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CHANGING AUTHORITARIAN POLITICAL SYSTEMS: AN
ASSESSMENT OF THEIR IMPACT ON ARGENTINE
PUBLIC POLICY, 1930-1970.

INDIANA UNIVERSITY, PH.D., 1979

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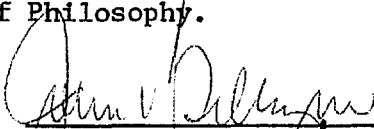
CHANGING AUTHORITARIAN POLITICAL SYSTEMS:
AN ASSESSMENT OF THEIR IMPACT ON ARGENTINE PUBLIC POLICY,
1930-1970

Benjamin A. Most

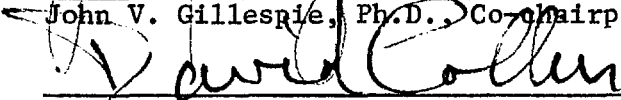
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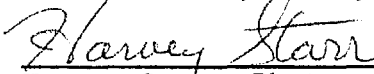
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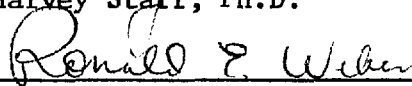
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CHAPTER I

INTRODUCTION

If recent events in Latin America have demonstrated anything, it is that the nations in that region are "progressing" neither toward the development of pluralist-democratic nor totalitarian political institutions and practices. Urbanization, industrialization, and middle class growth in Latin America appear to be leading those nations along a "third path"¹ toward the development and elaboration of new forms of authoritarian rule.² Scholarly adjustments to this newly perceived Latin American reality are already underway. The literature which predicted the eventual emergence of democratic governments in the region has been abandoned.³ Efforts to delineate the sub-types or varieties of authoritarian rule in Latin America are already numerous.⁴ Research on the factors which appear to contribute to the appearance of these systems has been, and continues to be, a focus of considerable scholarly attention.⁵

An important problem is evident within this emerging literature on authoritarian politics in Latin America. Researchers in this area emphasize that particular types of economic and social crises are associated with each phase of modernization. Each phase tends to bring a new dominant coalition to power and produce a different type of authoritarian government. Each of those authoritarian governments then pursues a distinct set of public policies in its efforts to solve the social, economic and political problems which it confronts. Analysts in this area thus tend to emphasize the links

between types of problems and crises, types of authoritarian rule, and the particular public policies which are pursued.

This orderly image of political change does not appear to be consistent with standard descriptions of the policy process in Latin America. A number of writers note that political elites in the region tend to exaggerate the degree to which the policies which they adopt are new and innovative. Others observe that wide gaps often develop between the policies which are proclaimed and those which are actually adopted. Still other scholars note that bureaucratic inertia typically thwarts the efforts of policy-making elites to change policies and that the most general characteristic of policy-making in the region is one of chronic failure to achieve policy goals.

Certain questions inevitably arise when these features of the Latin American policy process are juxtaposed with the arguments about changing patterns of authoritarian rule. Is the matching between types of economic and social problems, types of authoritarian rule, and public policies really as orderly as is often assumed? Although it may be analytically useful to classify these governments as "authoritarian," how successful are they in actually exercising authority when they attempt to implement public policies? Is policy change perhaps more (or less) erratic than the literature on authoritarian politics suggests? Do policies follow a pattern of slow, incremental change over time that is often only marginally influenced by major changes in government? Do policy trends in fact change sharply when one coalition is replaced by another? Does it really matter which coalition is dominant?

The purpose of this research is to address these questions by

exploring the linkages between changing types of authoritarian political systems and shifting policies in Argentina during the period between 1930 and 1970.

THE FRAMEWORK FOR THE ANALYSIS

Two "competing" arguments for explaining public policies are employed in the analysis. The first is derived from the research on authoritarian rule in Latin America and focuses on "who governs." Dominant coalitions determine what policies are made for whom and at whose expense. The replacement of one dominant coalition by another should produce fundamental shifts in public policies. The alternative thesis is drawn from North American public policy research. It implicitly queries, "Who cares who governs?" It assumes that the policy preferences, class backgrounds, and personal biases of dominant coalitions and the political personnel who represent them in the highest levels of government are unimportant. It is the public bureaucracy which in fact "governs" in fundamental ways. Basic policy decisions are made by middle- and low-level actors in the public bureaucracy who tend to make current policies which are based on prior policy decisions. If this is the case, coalition and elite goals and motivations may have little to do with what policies are made, who benefits from them, and who pays for them. Moreover, the replacement of one dominant coalition by another should produce no profound changes in public policies.

Rather than attempting to subject the "who governs" authoritarian and "who cares who governs" bureaucratic arguments to some sort of "crucial" test to determine which is the more useful for understanding

public policies, the strategy here is to synthesize the two approaches. The scope and generality of both theses is undoubtedly limited. It is likely that both arguments are useful, but it is also probable that both are useful in only certain contexts. The integrated formulation which this research constructs is sensitive to these possibilities. The goal in the integration process is therefore to develop a simple hypothetico-deductive network which enables one to predict "which model"--the authoritarian or the bureaucratic/incremental--should be useful in which contexts. In other words, the integrated formulation attempts to specify when "who governs" at the top should and should not be important for understanding public policies. It predicts in advance when shifts between dominant coalitions should and should not produce major policy changes.

THE CONTEXT FOR THE ANALYSIS

Two considerations suggest that Argentina is an appropriate context for the analysis. First, three distinct types of authoritarian political systems existed in Argentina during the 1930-1970 interval. Each was supported by a unique coalition of forces. Each coalition was constituted by different classes and sectors of the Argentine society. The policy goals and priorities of the three coalitions were widely divergent. No two consecutively-ruling coalitions shared a consensus on fundamental issues. If dominant coalitions and changes between them are ever important for understanding public policies, they should be useful in Argentina during the 1930-1970 period.

Argentina is also an appropriate context for this analysis because four important developments occurred there in the late 1940's and

and early 1950's. The public bureaucracy became large and extensively unionized. The ostensible leaders at the highest levels of government began to demonstrate a chronic inability to retain their positions for more than very brief intervals. A pervasive crisis of authority began to grip the nation. Finally, a shortage in previously unallocated government resources began to develop. All four of these developments are of interest because they form the basis on which the authoritarian and bureaucratic/incremental arguments are integrated. How and why this is the case are discussed below.

THE OBJECTS AND MODES OF ANALYSIS

The following Argentine policy outputs, outcomes and indicators are examined in this discussion:

- Efforts to depoliticize the political system by eliminating political parties, vetoing elections, intervening in union affairs, and imposing extended periods of military rule;
- Efforts to rationalize and centralize the policy-making process by effecting structural reforms of the government;
- Industrialization policies;
- Foreign Policies;
- Efforts to expand or contract the role of the state in penetrating and controlling the economy;
- Policies on borrowing from international lending organizations;
- Real income received by the wage and salary earners;
- The share of the Gross Domestic Product received by the wage and salary earners;
- Labor strikes;
- The level of government employment;
- Total government expenditures in both real and current pesos;

- Total government revenues in real pesos;
- Defense spending in both real and constant pesos and as a proportion of total expenditures; and,
- The rate of inflation.

In some chapters, the discussion of these policies, outcomes and indicators draws heavily on detailed historical materials. In other sections, interrupted time-series techniques are employed.

SO WHAT?

The research has a number of probable implications which can be specified in advance. Latin American specialists will find this as one of the first efforts to subject the authoritarian literature to rigorous testing. While the linkages between types of authoritarian rule and public policies have been specified by other analysts, most discussions have dealt at abstract theoretical or simple definitional levels. An empirical analysis of these relationships may yield evidence which supports the existing literature on authoritarian rule. On the other hand, the results here may run contrary to the expectations of researchers in this area. If this is the case, this discussion will raise new questions about the coalition/policy linkages.

The work here has a number of possible implications for researchers who are concerned with the state and various forms of corporatist interest representation in Latin America. These analysts often appear to assume that the Latin American state can be usefully regarded as a unified rational actor which purposefully formulates and executes public policies in order to maximize the gains of dominant coalitions and political elites. The integrated formulation which is developed

here, in contrast, predicts the possible fragmentation of the state in Latin America. It envisions political elites being placed in conflict with the low- and middle-level public bureaucrats and argues that under certain conditions public policies may cease to reflect the interests and motivations of the dominant coalitions and the elites who represent them in the highest levels of government. Policy outputs may instead increasingly become the outcomes of intra-state bargaining and conflict.

If this is the case, then a new explanation will have been provided to account for the economic and social problems which face the Latin American nations. Scholars typically explain those difficulties on the basis of "external" determinants such as the problems created by delayed dependent development, U.S. imperialism, multi-national corporations, and so on. The integrated formulation which is developed here does not seek to minimize the importance of such factors. It does suggest, however, that simple government mismanagement, poor planning, and faulty policy execution may in some cases be major contributing factors to the social and economic problems which beset the nations in the region.

This research also seeks to make a contribution by attempting to go to the heart of what is an increasingly important theoretical problem in public policy research. A confusing variety of elite, class, interest group, rational actor, organizational process, bureaucratic politics, pluralist-democratic and state-centric approaches to public policy analysis currently exist in the literature. Each constitutes an "island of theory." Each is apparently useful in some policy areas and in some settings. None of the existing approaches

seems in and of itself to hold much potential for emerging as a general, grand theory.

The problem is how to take the next step toward linking the islands of theory. One strategy would be to continue to test the different approaches to discover which ones work where. Eventually, this working from the bottom up might yield some feel or sense of the relevant contexts for each approach. The alternative which is employed here attempts to work from the top down. Apparently "competing" arguments are translated into common terms and linked together by specifying the conditions under which one or another approach is likely to be useful for explaining and predicting public policies. Regardless of whether or not the particular effort here stands or falls, the potential result of this strategy is a formulation which has greater scope and generality than either of the currently existing authoritarian or bureaucratic/incremental arguments.

Finally, this research poses basic political problems which are relevant to any polity. How effective can one expect political leaders to be? What are the limits of their power? Is it possible for leaders and other groups or individuals to change policies fundamentally? Are only marginal changes in public policies possible? Is it possible to govern as well as rule in a highly bureaucratized setting? Is "who governs" really important? Is that necessarily so? Is it always likely to be so?

THE ORGANIZATION

Chapters II and III are devoted to specifying the theoretical framework for the analysis. The discussion in Chapter II is largely

theoretical. The "who governs" authoritarian and "who cares who governs" bureaucratic/incremental theses are presented and eventually integrated. Chapter III serves as an introduction to Argentina for the noninitiated, but its main purpose is to develop expectations about which argument should work when in the specific Argentine context.

Chapter IV considers public policies in the last of Argentina's three types of authoritarian rule. Chapter V is largely devoted to an examination of the long-term trends in Argentina's industrialization, foreign, and international borrowing policies. Interrupted time-series techniques are utilized in Chapter VI to examine the trends in labor-related policy indicators and outcomes. Chapter VII utilizes similar methods to review basic expenditure and revenue policies. Finally, Chapter VIII attempts to specify where we should go from here.

NOTES

1. The term is from Schmitter (1972b).
2. See for example Stepan (1966) and Nelson (1969).
3. A sample of the literature which predicted the eventual emergence of democracy in Latin America includes the following: Fitzgibbon (1956, 1971); Lerner (1958); Lipset (1959); Coleman and Almond (1960); Kerr (1960); Deutsch (1961); Cutwright (1963a, 1963b); Apter (1965, 1969, 1971); Alker (1966); Needler (1968); Cutwright and Wiley (1969); Nie et al. (1969a, 1969b); Pride (1970); McCrone and Cnudde (1971); Fitzgibbon (1971); and, Flanigan and Fogelman (1971a, 1971b).
4. See for example Linz (1964, 1972), O'Donnell (1973, 1974a, 1974b, 1975); Schmitter (1974a); and Collier, Spencer and Waters (1975).
5. A sample of the research on the causes and consequences of corporatist authoritarian developments in Latin America includes: Hirschman (1961); Baer (1961-62); Hartz (1964); Morse (1964); Sarfatti (1966); Kling (1968); Dos Santos (1968); Soares (1968); Cardoso and Reyna (1968); Lipset (1967); Kenworthy (1967); Furtado (1969); Cardoso and Faletto (1969); Chalmers (1969); Putnam (1967); Cardoso (1973); Bodenheimer (1971); Schmitter (1971a); Cotler (1972, 1975); Erickson (1972); Wiarda (1973, 1974); Purcell (1973a, 1973b); Ray (1973); Kaufman (1975); Collier (1975). Excellent reviews of the literature are available in Collier and Collier (1977a, 1977b) and Malloy (1977). Special issues in the following journals also provide a wealth of

bibliographic sources: The Review of Politics, January, 1974; and, Comparative Political Studies, April, 1977. The underpinnings of much of this literature appear to rest on the following key analyses: Marx (1964); Engels (1969); Trotsky (1961); Gerschenkron (1952, 1966); Gramsci (1957); Moore (1966); Dahrendorf (1967); Di Tella (1968); and, Poulantzas (1973).

CHAPTER II

THE THEORETICAL FRAMEWORK: AUTHORITARIANISM, INCREMENTALISM AND CONSTRAINTS ON DECISION-MAKERS

Two contrasting arguments have been employed for explaining public policies and public policy-making. The first focuses on high-level actors in the government and assumes that they are the most influential actors in the formulation and execution of public policies. To the extent that such elite personnel share a common class background and a consensual view of their policy environment, knowledge of which class or class-based coalition has political hegemony--"who governs"¹ at the top--is assumed to predict and explain policy outputs.

The second argument implicitly queries, "Who cares who governs?" It assumes that the policy preferences, class backgrounds, and personal biases of the elite political personnel are relatively unimportant. It is the public bureaucracy which in fact "governs" in fundamental ways. Basic policy decisions are made by the middle- and low-level actors in the public bureaucracy who tend to make current policies which are only marginally different from previous policies.

The two arguments appear to lead to divergent expectations about what public policies should "look like." The first or "who governs" authoritarian formulation implies that fundamental policy realignments and reorganizations of the policy-making process itself should occur when one ruling coalition is supplanted by another. The contrasting bureaucratic/incremental formulation implies that changes in the elite political personnel of the state should produce no profound changes in

either policy processes or outputs. The policies of tomorrow will look much like those of today with only marginal changes and adjustments.

The evidence which is reviewed in the first section of this chapter suggests that both formulations are useful for understanding some public policies in Latin America. At the same time, that evidence also indicates that neither argument provides a complete explanation of all policies. Given that the two apparently divergent formulations both facilitate some understanding but that both also appear to have only limited scope or generality, a question arises: The query is not, "Which formulation is the more useful?" Rather, it concerns how one might integrate the authoritarian and bureaucratic/incremental theses and thereby create a single, unified formulation which retains the strengths of both individual arguments and yet has potentially greater scope and generality than either of the two separate arguments. It is this question which is explored in this chapter.

"WHO GOVERNS" OR WHO CARES WHO GOVERNS?"

Recent research on the political evolution of the Latin American nations indicates that those countries are developing along a new path which is leading them neither toward democracy nor totalitarianism, but instead toward the development and elaboration of a variety of authoritarian and corporatist political systems in which there is generally: (a) Only limited and not responsible pluralism; (b) no elaborate or guiding ideology; (c) little extensive or intensive mobilization of the populace; and, (d) a tendency toward small leadership groups which exercise power within poorly defined limits (Linz, 1964, 1972). A number of scholars attribute such developments to the region's hispanic

heritage.² Other researchers cite the cases of Germany and France as they are analyzed by Larx (1964), Engels (1969), Trotsky (1961), Gerschenkron (1952, 1966), Moore (1966), and Dahrendorf (1967) and argue that the emergence of authoritarian political systems in Latin America can be explained on the basis of such factors as the economically and politically dependent status of those nations,³ the latencies of their socio-economic modernization,⁴ or the fact that the Latin American nations are passing through certain novel stages in their socio-economic modernization.⁵

The implications of this trend toward "Bonapartist," "Bismarckian" or "corporatist-authoritarian" political systems (Schmitter, 1972a:90) are clear. At certain critical junctures, different coalitions tend to coalesce and establish their economic and political hegemony. These coalitions tend to replace one another in more or less orderly and sequential fashion as the Latin American nations pass through stages in which their modernization is dependent on their traditional exports, the expansion of their light or consumer goods industries, and eventually in their ability to expand their basic industries and infrastructure.

An understanding of these shifting coalitions is thought to be important to the policy analyst. Each coalition allegedly tends to adopt public policies which benefit its members and work to the disadvantage of other classes and sectors of society. Knowledge of which coalition is dominant at any given point in time is therefore said to be of critical importance for understanding public policies in Latin America. "Who governs" tends to determine what policies will be made for whom and at whose expense. Because coalitions hold sharply

divergent views about what should be done for whom, the replacement of one ruling group by another should produce a fundamental redistribution of the costs and benefits of public policies. Because contrasting coalitions appear to supplant one another in more or less sequential fashion in the course of a nation's history, a country's public policy outputs should evidence a series of such basic policy shifts.

O'Donnell (1973, 1974a, 1975) provides the most thorough treatment of this thesis which is referred to here as the "who governs" authoritarian argument. In his original examination of authoritarianism, O'Donnell identifies successive stages of traditional, populist, and bureaucratic authoritarian rule. Each Latin American nation is alleged to pass through each stage. Each type of authoritarian rule is associated with a particular stage of capital accumulation (O'Donnell, 1975), and as a consequence, with the economic and political domination of a particular coalition of forces. These dominant coalitions and the elite political personnel who represent the alliances in government determine what policies will be made, who will benefit from them, and who will pay for them. (A basic description of O'Donnell's three types of authoritarian political systems is presented in Figure 2.1. An outline of the positions which each appears likely to adopt on major policy issues is presented in Figure 2.2.)

FIGURES 2.1 AND 2.2 ABOUT HERE

The prime difficulty with the authoritarian thesis is that coalitions and elites do not always determine the basic distribution of policy costs and benefits. In some contexts, essentially identical coalitions adopt

FIGURE 2.1

O'DONNELL'S THREE TYPES OF
AUTHORITARIAN POLITICAL SYSTEMS

TYPE OF AUTHORITARIAN SYSTEM	LEVEL OF ECONOMIC MODERNIZATION	COALITION MEMBERS	DESCRIPTION
Traditional	Low	Foreign export sector and export related industrialists	"A small and quite homogeneous elite rules over a largely politically inert and scarcely differentiated population. The foreign export-oriented sector is dominant, and there have been no serious attempts to subordinate it to domestic industrial and market expansion" (112).
Populist	Middle	A "populist coalition" composed of: domestic industrialists, military, the popular sector, and producers of non-exportable agricultural goods	"What the coalition was <u>against</u> was quite obvious: the old oligarchies, the highly visible foreign-owned firms mediating between the international and the domestic market, the old policies of free trade with which the old rulers had traditionally been associated. In terms of what it was <u>for</u> , the new coalition agreed on two basic points: (1) industrialization and (2) the expansion of the domestic market" (56-57).
Bureaucratic	High	An "anti-popular coalition" composed of: technocratic state bureaucrats, part of the military, large and efficient industrialists, and foreign capitalists	Lacking the resources which would be needed to incorporate or payoff the popular sector, this antipopular coalition moves to exclude that sector. "First, political parties and elections would be eliminated, and with them the political personnel who were sensitive to the demands of the popular sector. Second, the 'domestication' of labor unions. ...Third, an attempt would be made to bureaucratically 'encapsulate' most social sectors..." (91).

FIGURE 2.2

TRADITIONAL, POPULIST AND BUREAUCRATIC AUTHORITARIAN
SYSTEMS: A COMPARISON OF THEIR EXPECTED POSITIONS ON
SELECTED ISSUES

1. Allocation of Benefits:

Traditional Authoritarian: Foreign-export sector; export-related industrialists
Populist Authoritarian: Light industrialists; working class; military; producers of non-exportable agricultural goods
Bureaucratic-Authoritarian: Large and efficient industrialists; foreign capitalists; state technocrats; portions of the military

2. Labor:

Traditional Authoritarian: Although labor legislation technically advantageous to labor may be enacted, it is seldom enforced. Increases in social welfare benefits are neither promised nor granted. Labor is patronized, ignored, and where necessary, violently repressed.
Populist Authoritarian: Labor legislation advantageous to workers and peasants is enacted and generally enforced. Increases in social welfare benefits to labor are granted. Labor organization is encouraged and assisted by the state. The autonomy of labor is simultaneously reduced through the application of co-optive measures and corporative controls.
Bureaucratic-Authoritarian: No new legislation advantageous to labor is enacted. Existing legislation beneficial to labor is not enforced. Efforts by labor to organize and bargain with employers are forbidden, controlled or repressed.

3. Economic Development:

Traditional Authoritarian: To the extent that national economic development is explicitly considered, it is promoted through reliance on, and expansion of, the nation's primary export sector and export-related industries.

FIGURE 2.2

(continued)

Populist Authoritarian: To the extent that national economic development is explicitly considered, it is promoted through reliance on, and expansion of, the nation's light, consumer good, import substituting industrial sector.

Bureaucratic-Authoritarian: National economic development is an explicit focus. It is promoted through reliance on, and expansion of, the nation's basic industrial and infrastructural sectors.

4. Tariffs:

Traditional Authoritarian: Protective tariffs are enacted where they are necessary for protecting agricultural and export-related activities.

Populist Authoritarian: Protective tariffs are enacted to protect the national, light industrial sector.

Bureaucratic-Authoritarian: Protective tariffs are enacted only reluctantly.

5. State Penetration of the Economy:

Traditional Authoritarian: State ownership and control of the means of production is limited and generally concentrated in those areas (transport, port, and export-related industries) where it will enhance the position of the export-sector.

Populist Authoritarian: State ownership and control of the means of production is extensive, if only as the result of the tendency to nationalize foreign investments.

Bureaucratic-Authoritarian: State ownership of the means of production is limited, but the state increases its efforts to control and direct the economy.

6. Foreign Investment:

Traditional Authoritarian: Such systems are not generally nationalistic. They are generally receptive to foreign investment.

Populist Authoritarian: Such systems are nationalistic. They are antagonistic toward foreign investment and nationalize existing foreign investments.

Bureaucratic-Authoritarian: Such systems are not nationalistic. They are extremely receptive to foreign investment.

different policies. In other settings, different coalitions enact similar measures. The distinctions outlined in Figure 2.2 are not always apparent, in other words, in the empirical world.

Anderson and Hirschman take note of this problem and observe that in Latin America:

1. Wide gaps frequently exist between policy proposals, plans or statements and actual policy outputs;
2. swings in official ideology are often far greater and more dramatic than swings in actual policy outputs;
3. the motivation to solve a problem often outruns an understanding of it;
4. the effectiveness of decision-makers is constrained or conditioned by the objective realities of their environment; and,
5. policies are more prudential and pragmatic than ideological or doctrinaire (Anderson, 1967:68-86, 115-138; Hirschman, 1968:227-246).⁸

The work of other researchers yields findings which appear to fall between those of O'Donnell on the one hand and Anderson and Hirschman on the other. Authoritarianism and different types of authoritarian rule are important, but policy decisions are found to be nonideological and incremental during the existence of a particular type of authoritarian system (Purcell, 1973b). Newly arriving political elites and coalitions are successful in altering policy outputs and processes only in those areas in which their goals are most intense and their technical expertise is most applicable (Schmitter, 1971b; Ames, 1973). Even in the Brazilian case which is presumed to be one of the most important coalition changes which have occurred recently in Latin America, the new coalition was cautious when it came to power in 1964. Its members did not seek to destroy the old system and effect radical policy change. They sought instead to mesh the old with the new, modify previous policies rather than abandon them, and advance carefully in a number

of policy areas (Schmitter, 1973:205).

The implication of these analyses is that "who governs" does not always appear to be a useful predictor of public policies. The replacement of one dominant ruling coalition by another does not invariably result in a fundamental or sweeping policy reorientation. The type of political system, the make-up of the dominant coalition, and the backgrounds and preferences of those actors who hold high-level government positions might be useful for predicting policy plans or proposals, but actual policy outputs do not invariably appear to be explained by the authoritarian formulation.

An obvious alternative to focusing on dominant coalitions and elite political personnel would be to assume that elites are irrelevant and employ some incremental change, organizational process, prior decision, or bureaucratic formulation. Despite the variations in such models, they all entail an assumption that the detection of problems, the perception of the nature of problems, and the range of available policy responses are at least partially dependent on what the policy-making organization did in the past. These formulations therefore lead to the following basic expectations: (1) The best single predictor of current policy should be previous policy; (2) the interests and preferences of dominant coalitions and political elites should not determine what policies are made for whom and at whose expense; and, (3) changes between sets of top-level governing groups should not produce major or nonincremental policy changes. These expectations appear to be congruent with much of the evidence which was discussed above.

The difficulty is that most Latin American specialists reject these

models almost out of hand. In most cases, they were developed and applied by analysts interested in policy problems in the stable democratic systems of North America and Western Europe. The conditions which are generally thought to contribute to the adoption of such styles or modes of decision-making are therefore thought not to exist in Latin America. In discussing their "disjointed incremental" model, for example, Braybrooke and Lindblom note that that mode of decision-making may be dominant only when power in society is diffused (1963: 73-78). Power in Latin America is allegedly not diffused. Instead, it is frequently concentrated in the state and its various coalitional backers. Incremental change models are alleged to be adopted when there is a need to maintain an underlying consensus on fundamental issues (Braybrooke and Lindblom, 1963:73-78). Latin American societies are frequently divided along class and sectoral lines. Their members appear to share no consensus on the issues which confront them. "Hegemonic crises" or "stalemates" frequently develop among the rival forces which contend for power. Authoritarian policies are allegedly adopted in the first place as a means for imposing some semblance of consensus and unity (Linz, 1972:26).

Incremental decision-making models are alleged to be appropriate when policies are made by middle- and low-level professional bureaucrats (Braybrooke and Lindblom, 1963:73-78). In Latin America, however, it is not the bureaucracy but rather the decision-makers at the highest levels who are said to make even day-to-day decisions (Anderson, 1967; Purcell, 1973b). Scholars such as Henry (1958), Waterston (1964), Scott (1966), Lambert (1971), and Hanson (1974) concur. Even the most minor and routine decisions are passed upward to persons who are situated at the highest levels of the bureaucratic hierarchy and those

leaders tend to deprecate and forget previous policy initiatives (Hirschman, 1968:244). Each attack on a problem is therefore alleged to be a fresh and original effort. Prior decisions fail to serve as a basis for learning. Previous policies fail to serve as the core policy commitments from which incremental adjustments might be made.

THE APPARENT INCONSISTENCIES: ARE THEY REAL?

The "who governs" authoritarian and the various bureaucratic (organizational process/incremental change) formulations appear to be inconsistent approaches to public policy analysis. The first directs attention to the dominant coalitions and those who hold high-level government positions. What policies are made are said to be explained by the make-up of those alliances and the preferences of the political elites. Through time changes in policies are believed to be predicted on the basis of factors which affect the interests of coalition members. The bureaucratic formulations, in contrast, direct attention away from the dominant coalitions and elite political personnel. Those who govern at the top are assumed to be unimportant. Today's policies will be much like yesterday's policies and there is little that dominant coalitions and political elites can do to alter existing trends. They may be able to effect marginal or incremental policy shifts, but basic policies will remain unchanged as different groups of political elites sequentially replace each other in the top levels of government.

Both the authoritarian and bureaucratic theses seem to be supported by, and inconsistent with, known empirical realities about policies and public policy-making in Latin America. While coalitions and elites should determine the basic distributions of policy costs and

benefits, they do not always do so. While changes between coalitions should produce major policy realignments, those transitions sometimes yield only minor adjustments in previous policies. The bureaucratic formulations are beset by similar difficulties. Much of what is known about the Latin American nations leads analysts to suspect that a bureaucratic-incremental style of policy-making is unlikely to be adopted by the nations in the region. Moreover, knowledge about the make-up of dominant coalitions does sometimes facilitate an understanding of policy outputs and outcomes. In some instances, transitions between dominant ruling coalitions do produce major policy realignments. Quite clearly, therefore, the authoritarian thesis is congruent with some of what is known and inconsistent with other known facts. Despite many researchers' initial hunches and predispositions, the same may be true of the bureaucratic formulations. They appear to be potentially useful for explaining some policy patterns in Latin America, even if they may fail to illuminate others.

The temptation is to retreat from these apparent inconsistencies. Since the authoritarian and bureaucratic formulations entail contrasting theoretical foci and empirical evidence can be cited to support or undermine either argument, a reasonable research strategy might be to attempt to determine which of the two theses provides the more satisfactory explanation. ¹⁴ Optimally, such evaluations might lead to the not terribly surprising conclusion that the two approaches work in different periods, contexts, and/or policy areas. Such work might be quite useful. It would probably not, however, provide insights into the conditions which determine why different models are useful in different settings. Evaluations of competing models might only lead to the rather

trivial conclusion that neither of the contrasting theses "really" works, that the two arguments are both fundamentally inadequate, and that the "truth" is somewhere in between them.

The strategy here is to confront the apparent inconsistencies in the authoritarian and bureaucratic/incremental change theses. The two approaches are translated into common terms so that their apparently competing aspects can be eliminated. (That translation has already been begun. The discussion has already called attention to that fact that one formulation focuses on "who governs," while the other implicitly queries, "Who cares who governs?") Once the translation is completed, a formulation which synthesizes the two arguments will be developed. That integrated thesis attempts to specify in advance and on theoretical rather than empirical grounds the conditions in which the predictions of the two currently distinct approaches should be supported. In that way, a formulation which has greater scope and generality than either the "who governs" or "who cares who governs?" theses is developed without any appreciable sacrifice in parsimony. ¹⁵

Construction of the integrated formulation presumes, of course, that the authoritarian and bureaucratic/incremental change arguments are not after all contradictory. The discussion below will show that to be the case. For the moment, it is only important to recognize that the integrated formulation assumes that "who governs" is always important. It is cautious in not assuming, however, that the ostensible rulers at the top levels of government are necessarily the real governors who act effectively to formulate, execute and otherwise influence public policies. Under certain conditions, the apparent rulers may lose their control. Other actors may enter the policy-making arena and dominate it.

Who these other actors are, the conditions which may enable them to gain control, and why their domination of the policy-making arena may be important are explored in the next two sections.

WHEN "WHO GOVERNS" AT THE TOP IS IMPORTANT AND WHEN IT IS NOT:
POINTS OF THEORETICAL CONVERGENCE

The Problem of Governing Effectively: Is "Willingness" Sufficient?

The task of reconciling and eventually integrating the "who governs" authoritarian and bureaucratic/incremental theses without simply adding new policy predictor variables entails a consideration of the logical structure of the authoritarian formulation. Three requisite assumptions of that thesis seem worthy of mention:

1. Dominant coalitions and the elite political personnel who represent them in the highest levels of government effectively formulate, execute, and otherwise influence public policies;
2. if knowledge about the constituency of the dominant coalition were available, such information would enable one to predict the basic distribution of goods and services, or in other words, what types of public policies would be made and who would benefit or suffer from them; and,
3. the degree of consensus about what public policies should be made, who should benefit from them, and who should pay for them is relatively greater within each of the dominant coalitions than across the coalitions which exist at different points in time.

None of the proponents of the authoritarian argument actually embrace these assumptions in their own research. The three postulates are important, however, because it appears that the replacement of one coalition by another should not result in a fundamental policy change unless all three assumptions are valid.

The first two assumptions are not unlike those made by other

approaches to public policy analysis which focus on elites, interest groups, organizations, bureaucracies, the citizenry at large, and so on. Almost all of those approaches make some, often implicit, assumption about which groups should be considered (Lowi, 1964, 1966, 1970, 1972). Once this critical assumption has been made, almost all of the existing approaches proceed immediately to link the motivations and interests of the dominant groups in the policy-making arena with actual policy outputs.

Two problems can develop in connection with these actor, actor/policy assumptions. First, the decision to focus on a particular type of actor may be an error in judgment. Such actors may not be important after all. Second, the decision to focus on a particular type of actor may be well-made, but there may be no direct relationship between the motivations and preferences of that actor and actual policy outputs. It is the potential breakdown of the simple actor/policy linkage which is of immediate interest.

Even if dominant coalitions and the elite political personnel who represent them in government are important in determining policy goals and priorities, there is no guarantee that the elites will be successful in actually executing the policies which they prefer. Motivations, or what Anderson (1967:134) and Starr (1978) call "willingness" may often be frustrated so that the ruling coalition and elite political personnel at each stage of authoritarian rule fail to govern effectively. Even if one could assume that the leaders in each of the three authoritarian political systems formulate and attempt to execute public policies as if they were unified "rational" actors who utilize a "synoptic" method of problem-solving, such leaders might still not produce policies

which would serve to maximize the gains of the members of the coalition at each stage (Allison, 1971:33).

The problems which the leaders of each coalition face are complex. The problem detection and information feedback systems which elites have at their control are limited. They may therefore give the elites only a partial view of the socio-economic conditions which surround them, the problems which may arise from that environment, the problems which do actually arise, and the possible range of policy alternatives which exist to deal with those conditions.¹⁷ In other words, the coalition leaders may seldom have the comprehensive understanding which is¹⁸ necessary to adopt a "rational" method of problem-solving. For this reason alone, dominant coalitions might not be able to translate their policy goals and priorities into actual policy outputs.

The ideologies and consensual bases of the dominant coalitions may help to organize and focus problems, however, so that the coalition members and political elites do know exactly what they want and need to do. Problem complexities and limitations in analytical capabilities might thereby be overcome. Even if this is the case, however, resource limitations and the difficulty in effecting rapid reallocations of resources from one sector of society to another may still constrain what the decision-making elites can actually do. Knowing what to do and how to do it may produce "rational" decisions, policy proposals and plans, but knowing is different from doing. Decisions are distinct from actual policy outputs.

All of this suggests that dominant coalitions might not be able to convert their policy goals and priorities into actual policy outputs. To paraphrase Starr (1978), dominant coalitions may be

"willing" to implement the policies which they prefer, but the complexities of the problems which they face and the limitations on the resources which they have at their disposal may deny them of the "opportunity" to govern effectively. If that is the case, if different coalitions acquire political control but many are limited in the extent to which they can actually apply their power, then "who governs" at the top may not after all be a critical consideration for understanding public policies. The replacement of one ruling group by another may produce only marginal changes in policy outputs. Finally, some variant of a bureaucratic or incremental change model might be useful for understanding public policies in Latin America.

The Public Sector, the Arena, "Opportunities" and the Problem of Constraints on Decision-Makers The discussion in the preceding section suggests two different lines along which one might work to integrate the authoritarian and various bureaucratic/incremental change/prior decision theses. Dominant coalitions in Latin America and the elite political personnel who represent each of them in the highest levels of government may be important considerations in public policy analyses, but the impact that those coalitions and changes between them have on actual policy outputs may be minimized by two factors. First, the complexities of the problems which elite decision-makers face and limitations on their time and analytical abilities may force even newly arriving elites to forego the formulation of radically new, utopian policies and instead utilize prior decisions as a means for reducing uncertainty. The second line of argument along which one might work to integrate the authoritarian and incremental change formulations focuses neither on the problems nor on the shortcomings of the

policy-making elites. Coalitions and high-level government personnel may be important, but resource limitations, the problem of mobilizing new resources and the difficulty of reallocating existing resources may constrain the effectiveness of policy-makers and force them to adopt current policies which are much the same as previous policies.

Both of these potential bases for integrating the authoritarian and incremental change/prior decision theses might help to clarify why shifts between dominant ruling coalitions in Latin America only sometimes result in major policy changes. It is important to reemphasize the perspective from which such work would proceed, however. Elaborations along either line would in effect presume that the dominant coalitions and elite political personnel are in fact the key actors which formulate and execute public policies. The goals, motivations, and policy priorities of those groups should be reflected in actual policy outputs. The integration effort would thus focus on adding in those factors which constrain and limit the effectiveness of those who govern at the top.

A third, more general line along which to integrate the apparently competing formulations is suggested by two additional considerations. The first focuses attention on the dominant configuration of actors in the policy-making arena. It assumes that once policies are implemented, they will tend to remain unchanged unless they are altered by factors whose source(s) are exogeneous to the policy-making process. In other words, current policies should be based on previous policies if a stable set of actors dominates the policy-making arena and those actors share a stable consensus about what should be done, hold stable interests and perceptions, and are confronted with stable sets of demands and

constraints.

The implications of this point should be clear. Braybrooke and Lindblom and those who reject the incremental change/prior-decision models because they are inappropriate to Latin American may be in error. Whether or not some incremental change/prior-decision model will be useful for understanding public policies has little to do with the diffusion or concentration of power in society, the degree of social consensus on fundamental issues, or whether or not policy decisions are made by middle- and low-level professional public employees. It is the concentration of power, consensus, and so on in the policy-making arena--rather than in society at large--which is important. Thus, there is no necessary contradiction between the "who governs" authoritarian and various incremental change formulations. If a new coalition comes to power in Latin America and succeeds in aligning policies along the lines which its members prefer, it is probable that subsequent policies will be altered in only an incremental fashion. Incrementalism can be the dominant mode of decision-making at least during the period in which a given coalition is dominant. The fact that power is concentrated in the hands of a dominant coalition whose members share common interests which are stable seems to insure that some form of incremental policy adjustment pattern will be adopted.

It is just this reasoning which makes major policy shifts seem likely when coalition changes occur, but the point can be reversed. If one suggests that "who governs" in the policy-making arena determines policies and one knows that one coalition has been supplanted by another which holds a sharply divergent perspective, then a possible explanation of why the transition between ruling groups fails to result in a funda-

mental policy realignment is obvious. Despite the shift in those who govern at the top, there may have been no change at all in those who effectively dominate the policy-making arena. The equation of change-overs in dominant coalitions and elite political personnel with shifts in the actors who actually control the policy-making arena may be misleading. The decision to focus on dominant ruling coalitions and the elite political personnel who represent them in government may not have been wise because such actors are not the ones who actually formulate, execute and otherwise influence public policies.

If different groups rule but many fail to govern effectively in Latin America, if coalitions acquire political control but many are limited in the extent to which they can actually apply their power, then what actors do in fact control the policy-making arenas in those nations? The answer to this question will of course vary through time and across different policy issues, but one general response seems plausible: Bureaucratic organizations and the middle- and low-level professional employees who work in them are fundamentally important in most policy-making arenas. Whether they are postmen, engineers on publicly-owned railroads, machinists in public corporations or individuals who are more generally classed as public bureaucrats, the professional public employees play critical roles in the policy formation and/or policy implementation stages of most decision-making processes. They are the bridges between society at large and the elite political personnel. Whether one focuses on coalitions, elites, interest groups or the citizenry at large, the professional middle- and low-level public employees are very much the "hidden actors"--the common denominators--in the policy-making arenas of all but the least complex and most highly

personalized political systems.

The professional public employees and the bureaucratic organizations in which they work collect information, process it, and pass it upward to the elite personnel. Thus, they at least partially determine what the elite political personnel perceive as problems and possible responses. If the elites lack a comprehensive view of the problems which confront them and the range of policy options which exist to deal with those conditions, it may be partially because the bureaucratic problem detection and information feedback mechanisms fail to provide such information. If the elite political personnel are to act, in most cases they must act through the public bureaucracy. Bureaucratic organizations execute whatever policy statements or plans are adopted by the political elites. They enforce public laws and collect revenues. They disburse benefits and locate new resources. If the elite political personnel have difficulties in mobilizing new resources, it may be because the bureaucracy has only a limited ability to collect revenues. If the elite political personnel have difficulties in reallocating existing funds, it may be because the bureaucracy is resistant to efforts to shift monies to different agencies or programs.

The relevance of these points becomes apparent when one considers
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the nature of the bureaucratic establishments in Latin America. Scholars cite different factors as possible explanations of why the bureaucracies in that region have developed as they have. Some mention an Iberic or colonial heritage (Henry, 1958; Lambert, 1971; Hanson, 1974) and poor recruitment practices (Scott, 1966; Petras, 1967). Others cite the weakness of previously existing administrative structures (Anderson, 1967), poor administrative practices and the complexities

of the developmental tasks which confront the public bureaucracies (Waterston, 1964). However, all of these researchers collectively perceive the bureaucracies in Latin America as being characterized by the following relevant features:

1. A marked tendency toward red tape or papelera;
2. a tendency toward bureaucratic inertia;
3. an unwillingness on the part of anyone to accept any responsibility for making even the most minor decisions;
4. a hesitancy to follow even direct orders, or the tendency to accept the principle of "se acata pero no se cumple" (I obey but I do not execute);
5. tendencies toward slackness, poor work, high absenteeism, low morale, and the retention of even the most incompetent employees;
6. tendencies toward the expansion of the number of autonomous agencies, increases in the size and complexity of existing agencies, and increases in the number of public employees which lead to: (a) An increasing inability on the part of the elite political personnel to coordinate and control the bureaucracy; (b) an increasing number of situations in which individual bureaucratic organizations end up working at their own speeds, for their own ends, and without much consideration for the progress of related efforts by other units; and, (c) an increasing trend toward over-staffing at especially the lower levels of the public bureaucracy;
7. a tendency toward hiring practices which are based on personal or political considerations rather than on ability;
8. a tendency toward a bias in which the bureaucrats perceive that change, however minor, may lead to the loss of their privileges and status; and,
9. a tendency toward a relatively low rate of turnover in the bureaucratic personnel at the middle- and low-levels which, if accompanied by high rates of turnover in the elite personnel, may lead to a lack of congruence between the interests of the high-level actors and the professional public employees.

An editorial on the Cuban bureaucracy which appeared in the Granma Weekly Review may capture the nature of the Latin American public bureaucracies:

"Bureaucracy leads to a brake on revolutionary action. Perhaps this is one of its most serious immediate consequences. Hemmed in by a rigid and inoperative

hierarchy, no one dares to decide, to act, to solve problems. 'I have to take this up above,' is an eloquent and all too familiar answer. ...Thus, practical executive decisions are reserved in many cases for intermediate or central echelons where at times they are put off indefinitely."²¹

All this leads therefore to the recognition of the following four rather basic points

- a). If what the political elites want to do, need to do and are capable of doing are often at least partially dependent on the capacity and willingness of the public bureaucracy to obey, then employees in the public sector are in a strategic position to deny the elites of their "opportunities" to govern effectively. More pointedly, in many settings it may be the middle- and low-level professional employees in the public sector who effectively govern in the policy-making arena.
- b). If left undisturbed, any stable configuration of actors in the policy-making arena whose members hold stable interests should at least attempt to make current policies which are only marginally different from previous policies which satisfy their basic interests.
- c). Elites and dominant coalitions do not make public policies in a vacuum. If such actors are to effect policy changes, maximize their gains and more authoritatively in those policy areas which interest them, they may often need to penetrate the professional public employee dominance of the policy-making arena and overcome the apparently normal reluctance on the part of middle- and low-level public employees to accept changes which could result in their loss of status and privilege. If the elites attempt to do these things but fail, if public employees do successfully resist the elites and thus constitute an additional constraint on their efforts to implement the policies which they prefer, then it seems likely that a shift from one dominant coalition to another will not after all result in a fundamental change in public policies.
- d). If the dominant coalitions and the political elites who represent them in the top levels of government once have the capacity to effect fundamental realignments in the costs and benefits of public policies, but at some later time they lose that capacity, then it appears to follow that: (1) A shift will have occurred in the types of actors who dominate the policy-making arena with effective authority passing out of the hands of the political elites

and moving downward into the hands of the low- and middle-level public employees; and, (2) a change in the policy-making model will have occurred so that the considerations which are necessary for understanding policies will have been altered. In other words, if the shift in the locus of authority in the policy-making arena actually occurs, "who governs" at the top may be important for understanding public policies prior to the shift while factors more germane to the public employees may be useful for explaining post-shift policy outputs.

It is this last conclusion which is quite obviously the most interesting. If it is possible to specify the conditions in which those who govern at the top should and should not dominate the policy-making arena (or conversely, when public employees and the bureaucratic organizations in which they work should and should not be dominant), then the apparent inconsistencies between the authoritarian and bureaucratic/incremental change theses will have been overcome. It is this task of finally integrating the two seemingly divergent formulations which is taken up in the next section.

When the Public Sector Constrains Elite Decision-Makers: The Importance of Populist Governments When might the constraints which middle- and low-level public employees and bureaucratic organizations impose on the efforts of high-level political personnel become significant? When might effective control of the policy-making arena pass out of the hands of the political elites so that those who ostensibly govern actually fail to do so?

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A number of considerations might be cited, but four factors appear to be particularly important for determining whether nonbureaucratic potential actors in general (actors other than those in more or less permanent positions in the middle- and low-levels of the public sector) and political elites in particular will have the opportunity to govern effectively in the policy-making arena. The first concerns

the ability of these other actors to press their demands in persistent and unambiguous fashion. If the cabinet-level leadership is unstable, for example, if elites' demands are unclear or constantly shifting and if there is a tendency toward recurrent cycles of policy initiation/abandonment and deprecation (Hirschman, 1968), two additional important tendencies may develop. First, as Hoffman (1968:243-252) and Halperin (1974:89) suggest, cabinet-level "in-and-outers" are more likely than professional public employees to look for quick results and exhibit ideological behavior. A high level of cabinet instability would probably exaggerate such tendencies. If cabinet officers recognize that they may have only a very short time in which to formulate and execute public policies, it is likely that they will exhibit a predilection for "the grand plan" or the dramatic policy statement. If "solutions" are called for, solutions must be presented even if that can only be done on paper. For this reason, it is probable that cabinet-level in-and-outers will tend to emphasize the ways in which their formulations are innovative and creative responses to the problems which confront them. They will tend to make their policies at least appear to be fundamentally distinct from those of their predecessors.

Gaps can be expected to develop, however, between the ideological policy statements and actual policy outputs if cabinet-level instability is so pervasive that what Davies (1966:175) calls a "gypsy encampment atmosphere" grips the highest levels of government. The problem is two-fold. From the point of view of the political elites, it should be apparent that true policy innovation and creativity require time and stability. At the very least, some period of time is required before a new cabinet official can be expected to have learned his office.

Formulating policy responses to complex problems requires careful thought and evaluation. Time and stability are exactly what the high level political elites may not have, however, if their turnover rate is high. They may live in a crisis environment in which solutions are demanded, but survival in office is dependent on their taking some (almost any) immediate action. Thus, it is likely that highly unstable political elites will reflect a predilection for "the grand plan," but that they may actually tend to respond in traditional ways to the problems which confront them. Short time horizons may require cabinet-level officials to "reach back" in their institutional memories to solutions which were tried by their predecessors.

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Elite instability may produce gaps between ideological policy statements and actual policy outputs for a second reason. If the elites are constantly being shuffled, it is unlikely that they will be able to mobilize their subordinates. The professional middle- and low-level public employees who retain their positions when the leadership is altered will recognize that their superiors will have only very short tenures in office. The permanent staffs may feel threatened by the elites' ideologically-based proposals for massive policy changes. They will be unwilling to risk their positions for a cabinet-level superior who probably will not be in office when the plans which are made today are executed tomorrow. The normal bureaucratic tendency to "hold back" and resist change may therefore be exacerbated by the fact that a cabinet officer is viewed as a lame duck on the very day he is appointed.

The second important factor which may constrain the effectiveness of the political elites and other potential nonbureaucratic actors is

related to the first. It concerns the balance of forces in the arena. If two or more nonbureaucratic actors participate in the policy process but their efforts cancel each other or result in a pluralist counterbalance, the middle- and low-level public employees may have considerable latitude in making new policy decisions and in simply continuing to execute old policies. The same outcome may pertain if two or more other opposing actors are participating and the public employees act as the "swing man" which enables one or another side to dominate.

The third critical consideration which may serve to deprive nonbureaucratic potential actors of the chance to participate effectively in the policy-making arena concerns the size of the public sector and its degree of entrenchment. In general, it appears that the greater the level of employment in the public sector and the greater the extent to which middle- and low-level professional public employees are protected from disciplinary acts by their superiors (as a result of public unions, some civil service programs, and so on), the more difficult it will be for elite political personnel to control and manage the public sector effectively. Public bureaucracies are notoriously unresponsive, in other words, and it may be the case that increasing employment and unionization, for example, may decrease the likelihood that nonbureaucratic actors will be able to dominate the policy-making arena.

The size of the bureaucratic establishment is related to a series of complex factors, however. Bureaucracies do not simply spring into being. They are created as responses to some need or demand which may originate either from civil society or from within the state. Each bureaucracy has some governmental or extra-governmental actor(s) for

which it provides some benefit or service. Thus, the creation of a bureaucratic agency represents a commitment on the part of the state to initiate some action and allocate some resource in behalf of those actors. The establishment of an agency is also a commitment to the bureaucrats and lesser-level employees who are hired to staff the organization.

Such commitments have a clear implication. An organization's standard operating procedures serve the interests of the agency's employees, but they may also serve the interests of the agency's clientele. If that is the case, then the public employees and their clientele can both be expected to resist efforts by political elites to withhold or constrain responsibilities, goods and services which have been provided in the past. In other words, once middle- and low-level public employees and their clientele have received some benefit, they may be mobilized to support at least the maintenance of the existing policy which serves their mutual advantage. To the extent that that occurs, the initial commitments are commitments which may constrain the subsequent decision-making latitude of the political elites insofar as they are difficult to break or reverse.

Thus for example, it should be easier from the point of view of elite political personnel to expand welfare and pension benefits than to contract them. It should be easier to create publicly-owned corporations than to dissolve them. It should be easier to expand the state's role in the economy than to retreat from an already high level of penetration and control. In a single phrase, it should be easier for the elites to start than to stop.

This implies, of course, that elites and other actors could over-

come the limitations imposed by the public sector if they could simply expand existing programs and create new ones.²⁴ This raises the fourth critical consideration. The more elites start, the more there is that may need to be stopped later on. Each new program or program expansion entails new commitments. More clientele are created. More resources are allocated. More bureaucracies are established and existing agencies expanded. Such developments will exacerbate command and control problems within the state. They will lead to the formation of more and more groups and interests in civil society which have a stake in the political game and as a result increase the likelihood of a pluralist balance in the political arena. Most important, however, these developments will lead to an even greater problem if and when the creation of a new program or the expansion of an old one requires the political elites to effect cutbacks in other areas. Such reversals will be difficult if prior commitments are old and well-established or if the public employees are well-entrenched. On the other hand, if the shift to a zero-sum game can be avoided--if the elites can control or acquire previously unallocated resources--then the elites may be able to retain a high degree of effectiveness, not by reversing old policies or by cutting back on existing programs, but by creating new programs, moving into new policy areas and adding yet another layer to the government. Once previously unallocated resources cease to be available, however, political elites and other nonbureaucratic actors may lose even that opportunity to govern effectively.

In summary, although a variety of factors may enable the low- and middle-level professional employees in the public sector to control the policy-making arena, the following four considerations

may be particularly important: (1) Elite instability and inability to press demands persistently and unambiguously; (2) a balance between opposing, nonbureaucratic forces in the arena; (3) high levels of employment and entrenchment in the public sector; and, (4) limits on the availability of previously unallocated resources. Which of these factors is the most important in depriving elites of the opportunity to govern effectively is not of interest here. This research is not concerned with why these factors develop or even with the question of whether or not all four necessarily develop simultaneously.

All that needs to be observed initially is that a growth in the size and complexity of the public sector tends to occur during periods of populist rule. Like the leaders of liberal democratic governments in the United States, populist leaders in Latin America sometimes have a genuine interest in improving the well-being of the low- and middle-income sectors of society. In other instances, the motivations of the populist leaders in Latin America may be purely cynical. They may adopt certain policies only because they wish to control the populace and forestall revolutionary upheaval. In either event, the populists appeal to the masses for support. They tend to create new programs and expand old ones which channel benefits and services to low- and middle-income groups (O'Donnell, 1973; Di Tella, 1968). Populist governments in Latin America also tend to nationalize foreign-owned enterprises and replace them with publicly-owned corporations and autonomous agencies. Finally, populist systems tend to expand the role of the public sector in managing and guiding the national economy.

All of these policies result in the increased bureaucratization

of the political system. That factor alone may be sufficient to initiate the shift of effective control out of the hands of the political elites and move real authority downward into the hands of the professional public employees. Populist expansion of the public sector may only create the potential for such a shift, however. Whether the political elites can prevent such a relocation of authority or retrieve control once they have lost it appear dependent on their stability, the balance in the arena and on the availability of previously unallocated resources.

Attempting to Govern in the Post-Populist Period: Elite Responses to the Constraints Tendencies toward elite instability, a pluralist balance between opposing nonbureaucratic forces in the policy-making arena and resource constrictions may or may not develop during or immediately after periods of populist rule. If such trends do develop, however, the problems created by populist bureaucratization will be exacerbated. Dominant political coalitions and elite political personnel which come to power in the post-populist periods will be unable to set basic policies or reallocate policy costs and benefits. The policy-making arena will be dominated by middle- and low-level professional public employees who may tend to resist their superiors.

Elites in the post-populist periods may attempt to respond to this public employee resistance by attacking the public bureaucracies. They may attempt to overwhelm the bureaucracies by persistently pressing unambiguous demands. Elites may reduce the number of public employees, attempt to return publicly-owned corporations to the private sector, and try to disrupt unions in the public sector. They may attempt to demobilize and suppress the clientele which support the

existing bureaucratic agencies and programs, tinker with civil service reforms, and so on. These measures are among those which are associated with O'Donnell's bureaucratic-authoritarian political systems, but one point should be clear. Such tactics are likely to be effective only if elites are stable, capable of being dominant or sufficiently coercive in the arena, and/or able to acquire the resources which are necessary to enact the policies which the post-populist leaders prefer. In other words, if two or more of the four factors develop more or less concomitantly, then effective control of the policy-making arena will almost certainly shift to the professional public employees. If that occurs, direct attacks on the bureaucracy will be likely to fail.

Even if control of the arena does shift into the hands of the public employees, however, it seems clear that post-populist political leaders and coalitions will not be completely incapacitated. A number of means exist through which elites can partially overcome or circumvent the constraints which are imposed by the public employees. As a result, the elites can retain at least some degree of control. For example, they may be able to act effectively at a symbolic level. They may be able to retain a degree of actual authority if they act in those areas in which policy pronouncements are tantamount to policy executions, or in other words, if they move in those areas in which they do not need to rely on bureaucratic compliance with their demands. They may be able to create "new" resources by concluding foreign loans and thus acquire the resources which are necessary to enact the policies which they prefer. Post-populist elites may be effective if they create new bureaucratic agencies which embody interests and values which are congruent with their own, or if they act in areas in which

no policies have been made previously. (From what has been said, it should be apparent that the professional public employees are not likely to resist these last-mentioned options unless they perceive such measures as impinging on the purposes, responsibilities, and resources of established agencies.) Finally, elites in the post-populist period may attempt to retain some control by centralizing and restructuring the bureaucracy itself. In all of these ways, the leaders of the post-populist period may respond to the public employee-imposed constraints with some degree of success if they eschew direct assaults on the bureaucracy and concentrate instead on (a) avoiding confrontations with the public employees and their clienteles, (b) acting outside established bureaucratic channels, and (c) disrupting those channels.

Policies which share these characteristics are clearly not insignificant. They are not, however, the types of measures which appear likely to effect fundamental redistributions of the costs and benefits of public policies. At least in the short run, such policies seem more likely to have the potential for resulting in only marginal cost/benefit changes. Indeed, if it is the case that effective control of the policy-making arena has shifted to the professional middle- and low-level public employees, these are precisely the types of measures to which successful policy-making by the political elites and dominant coalitions should be restricted during the post-populist period.

THE "WHO GOVERNS" AND "WHO CARES WHO GOVERNS" THESES: AN INTEGRATED FORMULATION

At different stages in this chapter, the following have been mentioned as factors which might impose limits on the actual policy-making authority of elite political personnel and dominant coalitions: The complexity of the policy problems; limits on the elite decision-makers' time and analytical abilities; inadequate problem detection and information feedback systems; resource limitations; problems in mobilizing new resources; problems in reallocating existing resources; low- and middle-level professional public employee resistance to elite-initiated orders and directives; elite instability; pluralism which results in a balance of forces in the policy-making arena; and, the size of the public sector and its degree of unionization.

Additional possible constraints could be added but even this listing provides one potential basis on which to integrate the authoritarian and various bureaucratic/incremental change/prior decision theses. The political elites and dominant coalitions would remain as the primary focus according to this line of argument and the authoritarian formulation would be altered only to the extent that the concern for "who governs" at the top was augmented by the additional consideration of factors which limit the real power of the elites. Shifts between opposing sets of elites would still be expected to result in policy alterations according to this argument. The absence of such changes and the appearance of a pattern of incremental adjustment in policy outputs would be explained by the intervening or constraining factors, or in other words, by the

argument that while the elites were still crucial, their real power had been overestimated.

An alternative line on which to integrate the theses is opened by questioning whether a focus on the elites and dominant coalitions is invariably justified. If conditions are such that the elites can effectively influence public policies, then a concern for them, their background, interests and motivations does seem to be potentially useful. On the other hand, if conditions are altered so that the elites are constrained and are therefore no longer effective, it seems reasonable to argue that a shift has occurred in the locus of authority in the policy-making arena and that it may be the professional low- and middle-level public employees who should become the primary focus of attention. Once it is recognized that both the authoritarian and bureaucratic/incremental change theses make critical assumptions about which types of actors dominate the policy-making arena, it becomes relatively facile to integrate the two arguments by specifying the types of conditions in which the predictions of one or the other are likely to prove useful. The approach is somewhat analogous to the reasoning at a decision point in a computer flow chart, of course: If certain conditions pertain, then the "who governs" authoritarian formulation should provide a useful basis for understanding public policies. Elites and dominant coalitions should be important. In contrast, if the conditions do not prevail, then the researcher can expect that elites and coalitions will not be effective and that some form of bureaucratic/incremental change formulation may be useful.

Of all the possible constraining conditions, four were mentioned as having particular potential for shifting the locus of authority: (1) Elite instability; (2) pluralist balances or stalemates between opposing nonbureaucratic forces in the policy-making arena; (3) a large and highly unionized public sector; and (4) a shortage in the previously unallocated resources which elites have at their command. These four factors are designed to predict whether dominant coalitions and the elites which represent them in the highest levels of government or the professional low- and middle-level public employees should dominate the policy-making arena.

With this preamble in mind, an integrated formulation can be specified:

When (a) elites are able to press their demands in persistent and unambiguous fashion in the policy-making arena, (b) a balance does not exist in the arena between opposing, nonbureaucratic forces, (c) the public sector is neither large nor extensively unionized, and (d) the elites possess previously unallocated resources, those who govern at the top--dominant coalitions and political elites--should be important for understanding public policies. The make-up of the dominant coalition should predict what policies are made for whom and at whose expense. Transitions between dominant coalitions which hold different perspectives should produce major policy shifts.

As the above-listed conditions cease to exist, effective control of the policy-making arena should pass out of the hands of the elite political personnel and move downward into the hands of the public employees. Under these conditions, the "who governs" authoritarian thesis will cease to be relevant for understanding public policies. The ability of the elites to direct and redirect public policies in the ways which they prefer will be decreased. Bureaucracies and the clienteles which they represent will constitute a constraint--a "drag"--on elite efforts. What policies are made, who benefits from them and who pays for them will be determined by what the public sector has done in the past and is capable of doing in the future. Who governs at the top will cease to be fundamentally important for understanding public policies.

The integrated formulation thus succeeds in merging two arguments--the "who governs" authoritarian and the bureaucratic/incremental change theses--which appear on the surface to be inconsistent arguments. Does the integrated thesis do anything else? In other words, does it provide the basis for developing an improved understanding of public policies?

The answer to this question entails a comparison of the incremental, "who governs" authoritarian and integrated formulations to see which provides the most accurate predictions. The expectations of the incremental argument need not be developed further. That thesis provides no basis for expecting that who governs at the top (or changes in such leaders) should ever be important. The pattern of policy outputs should never evidence major interruptions or shifts. The critical predictions of the authoritarian thesis have already been presented in Figure 2.2. Major policy shifts should not occur while a given coalition is dominant. Such shifts should always occur when one coalition is replaced by another.

Whether or not the integrated formulation leads to predictions which differ from those of the incremental and authoritarian theses is dependent, of course, on whether or not the four conditions develop so that control of the policy-making arena is transferred from one set of actors to another in a given empirical case. It is to that assessment that Chapter III is largely devoted. Before turning to that task, however, a few additional points might be noted.

Implications of the Integrated Formulation It is of course premature to say whether or not the integrated formulation has any empirical value for understanding public policies. It is not too early, however, to point out three of the argument's immediate implications.

One contribution may be seen in the formulation's attempt to link what Forward (1971) calls "islands of theory" in a crude hypothetico-deductive network. The thesis does not seek to arrive at the conclusion that different models are appropriate for different policy areas or that socio-economic variables determine the levels of policy outputs while political factors explain the distribution of goods and services across different social sectors (Salisbury, 1968; Salisbury and Heinz, 1970; Pryor, 1968; Fry and Winters, 1970; and, Hayes, 1972). It does not even attempt to conclude that there is no single "best explanation" of public policies and that less parsimonious, increasingly multi-dimensional models are needed (Rakoff and Schaeffer, 1970; J.L. Sullivan, 1972).

The effort here is designed to retain the apparently competing approaches so that their individual advantages may be salvaged. The integration effort goes beyond this point, however, to consider why certain formulations work in different policy contexts. It then proceeds to link the arguments in a common web. The four prior conditions provide a basis for predicting which types of actors dominate the policy-making arena. If that prediction is valid, there is some common theoretical ground for predicting "which submodel" should be useful. Regardless of whether or not the integrated formulation is empirically supported, this strategy for

synthesizing existing explanations appears to have a variety of implications for future research.

The integrated formulation also appears to have a number of implications for scholars who are interested in the political state and the development of corporatist systems of interest representation in Latin America. The new argument suggests that the state may not be a unified rational actor as many researchers in these areas in effect assume. Instead, the state may become fundamentally fragmented with the elite political personnel playing a role like any other "interest group" in an intra-state struggle to influence and control the policy-making arena. Public policies may not be the means by which the leaders of authoritarian states move to coopt or repress potentially rival sectors of society. Policy outputs may have little to do with elites' motivations and goals. Instead, policy "outputs" may in fact be the "outcomes" of intra-state bargaining and conflict.

Perhaps the most important aspect of the integrated formulation is its pessimistic implication for political change. If low- and middle-level public employees do take control of the policy-making arena so that political elites are reduced to being mere interest groups, then even in pluralist democratic settings the prospects for fundamental policy change seem slim. Because the power of the elites may be constrained by the public employees whose strategic position enables them to dominate the policy-making arena, the replacement of political elites either through elections or coups d'etat and shifts in constituency attitudes can realistically be expected to have only marginal impacts on what has been done in

the past. The integrated formulation is not deterministic, of course. Power may not after all shift to the public employees. If it does, however, there may be little short of a revolutionary destruction of the bureaucracy which will succeed in returning authority to the political elites. The new formulation is therefore quite clearly a thesis that one would prefer to reject. The very real fear is that rejection will not be possible and that under certain fairly common conditions, professional public employees may resist the political elites.

Caveats and Limitations of the Integrated Argument Several important caveats and limitations of the constraints argument should be mentioned before concluding this chapter. First, it should be recognized that the formulation greatly simplifies reality. An effort to specify the conditions under which elite or public employee dominance is more or less likely can be tremendously complicated. In any complex political system, it is probable that different sets of actors dominate different policy-making arenas. In such settings, elites or public employees may sometimes be dominant, but additional types of actors may also play important roles in different arenas. The dominant configuration of actors in a policy-making arena may change at different stages in the decision-making process. Finally, newly arriving elites might have partial success in penetrating public employee control of the policy-making arena. If that occurs, both elites and the low- and middle-level public employees might be important for understanding public policies. The newly arriving elites might produce policy realignments which are neither "fundamental" nor "marginal."

A number of additional points should be understood. The integrated argument predicts that elites will be generally unable to influence public policies when the four conditions are present and that professional public employee dominance of the policy-making arena will tend to result in a pattern of incremental adjustment in policy outputs. Those two expectations are distinct and mutually independent because there is no assurance that public employees will universally accept the operational priorities, standard operating procedures and long-range goals of their agencies. Public employees may not, in other words, conceive themselves to be members of the types of large-scale governmental organizations which are known to adjust outputs incrementally in some contexts. As a result, even though the professional public employees may successfully resist elite pressures for policy change, there is no assurance on these grounds that they will prefer to base current policies on prior decisions. Professional public employees, like the elites and coalitions, may have specific policy goals which lead them to promote sharp policy shifts. Professional public employees might therefore resist the policy changes sought by the elites and simultaneously promote important policy changes which they themselves desire. The prediction here, however, is that the public employees will not desire major policy changes and that they will be content with only marginal adjustments of previous outputs. The rationale for this prediction is based less on the argument that permanent government employees have some professionalized identity with their agencies than on the contention that low- and middle-level public employees generally tend to avoid uncertainty, seek continuity and resist changes which

might eventually work to their disadvantage.

Even if it is therefore plausible to begin with a prediction that permanent public employees will prefer to adjust policies incrementally, however, it should be understood that such actors may frequently lack the capacity to effect such adjustments. Neither elites nor public employees may actually be in full control of the policy-making apparatus. This possibility arises most clearly in Chapter VII when certain expenditure policies are discussed, but the point is general. Low- and middle-level professional public employees, like the political elites, may face difficulties in formulating and implementing public policies. Like the elites, they too may be frustrated in their efforts to implement the policies which are congruent with their goals. It may therefore not be a question of elites or professional public employees. The integrated argument uses permanent government staffs as a default option. If elites are not effective, if they do not control the arena, then the public employees do. This is a great simplification, of course, which is made plausible by the fact that public employees almost invariably play key roles in policy formulation and implementation processes. However, other, additional actors may also be important, or alternatively, it may be possible that no one controls the arena, that no one is dominant and that no one really decides.

If policy-making may not invariably follow a pattern of incremental adjustment once the elites become ineffective because the professional public employees do not have the capacity to make policies in that fashion, it should also be emphasized that marginal changes in policy outputs do not imply that public employees have

actually taken control of the policy-making arena. If one assumes, for example, that the interests and policy goals of decision-makers remain stable between time t and time $t + 1$, then it would be plausible to expect that policy decisions at time $t + 1$ should be based on prior decisions which were made at time t in any of the following contexts:

1. Situations in which policy-makers are sensitive to the interests of all (or many) sectors of society, but those "competing" sectors share a fundamental consensus which does not change between time t and time $t + 1$;
2. situations in which policy-makers are sensitive to the demands of all (or many) sectors of society, but the policy-makers perceive that those competing demands have counterbalanced each other between time t and time $t + 1$;
3. situations in which policy-makers are sensitive to the interests of some particular sector(s) and the interests of those sectors do not change between time t and time $t + 1$; and,
4. situations in which policy-makers are insensitive to the demands of all sectors of society.

If the set of decision-makers is stable, if the decision-makers share a stable consensus about what is to be done and how, and if their interests and perceptions are stable, in other words, then regardless of the identities, backgrounds and motivations of the decision-makers it seems reasonable to expect that implemented policies will remain basically unchanged. Incremental change patterns may also develop for yet another reason. While the integrated argument focuses attention on four factors which may limit the policy-making effectiveness of top-level governmental personnel and dominant coalitions, those four conditions clearly do not exhaust the range of possible constraints. Political elites may fail to execute their desired policies in the presence of the four conditions

and an incremental style of policy-making may be adopted in the presence of the four conditions, but such results might actually be attributable to other factors such as the international environment, balances which result from agency infighting or any of the other factors which have already been listed.

All this means, of course, is that one can not work backward by examining policy trends and concluding something about who made them and why. This point will be discussed extensively in Chapter III, but it should be noted here that a test of the integrated argument requires one to work forward. Assumptions are made about (a) what elites, coalitions and permanent low- and middle-level public employees desire or are willing to promote in the way of public policies, and (b) the conditions in which elites or public employees should be effective. These assumptions--postulates--lead to empirical predictions about what policies should "look like" through time.

Evidence of successful elite policy implementation and/or the lack of a pattern of incremental change in the presence of the four conditions will be sufficient for rejection (or at least revision) of the argument. At the same time, however, it should be recognized that satisfaction of the empirical predictions will not conclusively demonstrate or confirm the validity of the thesis. Such findings would support or be consistent with the integrated argument. This is the nature of the enterprise. As long as alternative explanations of the observed policy patterns exist--and they almost always will--progress is made by rejecting arguments which do not work.

It is for this reason that questions of timing become important

in the analysis. Shifts between dominant coalitions occurred in Argentina both in the absence and in the presence of the four conditions. Elite success in their absence and failure in their presence will provide persuasive evidence in favor of the integrated argument. The thesis will not be "proven," but neither will it be rejected.

NOTES

1. Dahl (1961).
2. Scholars who have argued that the patterns of political evolution in Latin America are explained on the basis of the region's hispanic heritage include: Hartz (1964); Morse (1964); Sarfatti (1966); Lipset (1967); Wiarda (1973, 1974); and Veliz (1972).
3. See for example: Hirschman (1961); Baer (1961-62); Kling (1968); Dos Santos (1968a, 1970); Furtado (1969); and, Cardoso and Faletto (1969).
4. See for example: Kenworthy (1967); Cardoso and Reyna (1968); Hirschman (1968); Soares (1968); Schmitter (1971a); Collier (1975); and, Collier and Messick (1976).
5. See for example: Bodenheimer (1971); O'Donnell (1973); and W.C. Smith (1976). The citations in this and the two foregoing notes barely begin to tap the literature on the causes and consequences of authoritarian political development in Latin America. Other sources would include: Collier and Collier (1977); Cardoso (1973); Chalmers (1969); Cotler (1972, 1975); Kaufman (1975); Purcell (1973a, 1973b); Putnam (1967); Ray (1973); Schmitter (1974b); Erickson (1972); Gramsci (1957); Poulantzas (1973); Di Tella (1965, 1968), Trotsky (1961); Merckx (1969); Mamalakis (1969); Newton (1974); Pike (1974); Malloy (1974, 1977); and, the January, 1974 issue of the Review of Politics and the April, 1977 issue of Comparative Political Studies.

6. Unless otherwise noted, all references are to O'Donnell (1973).

The interested reader may wish to consult O'Donnell's other works for more extensive treatments of the third or bureaucratic stage of authoritarian rule. Alternative typologies and discussions of subtypes of authoritarian and corporatist systems are available in Linz (1964, 1972), Schmitter (1974a), and Collier, Spencer and Waters (1975).

7. In O'Donnell's formulation, each type of authoritarian system is associated with a number of additional factors. In his extensive treatment of changes and developments which occur within bureaucratic-authoritarian systems (1975), for example, O'Donnell argues that such systems display the following defining characteristics:

1. They appear as a consequence of the political activation of the popular (urban) sector;
2. they correspond to an important transformation in the stage of capital accumulation;
3. they are excluding economic systems;
4. they are excluding political systems;
5. they are depoliticizing political systems; and,
6. in each of them, high government positions are held by persons who have risen through successful careers in complex and highly bureaucratized organizations such as the armed forces, the state itself, and private enterprise.

8. Similar observations have been made by Beechert (1965); Waterston (1964); Anderson (1965); Lambert (1971); and Valenzuela (1976).

9. Schmitter (1973:205) labels this style of leadership as "defensive modernization." Moore (1966) calls it "revolution from above," but it is a style designed to effect evolutionary rather than radical change. Whether the outcome was intentional or simply the consequence of the limited effectiveness of the new Brazilian leaders, the result of the

1964 coup in Brazil is analogous to the following description of similar changes in Germany and Japan:

"As they proceeded with conservative modernization, these semiparliamentary governments tried to preserve as much of the original social structure as they could, fitting large sections into the new building wherever possible. The results had some resemblance to present-day Victorian houses with modern electrical kitchens but inefficient bathrooms and leaky pipes hidden decorously behind newly plastered walls" (Moore, 1966:438).

10. Perhaps Anderson says it most succinctly:

"No political ideology or political movement proved to be a 'cure-all' for the problems of development and post-war Latin America. Furthermore, few policy styles had the clear-cut distinctiveness that is generally attributed to them. Military governments tended to engage in large-scale public works projects, and so did other types of regimes. In some cases, political stability and 'no nonsense' government contributed to economic growth, and in other cases it did not. Large-scale public enterprise was generated by regimes espousing nationalism and social reform, but just as frequently by military conservative regimes" (Anderson, 1967:352).

11. Such models have been proposed by Cyert and March (1963), Wildavsky (1964) and Thompson (1967). Wildavsky notes, for example, that:

"Budgeting turns out to be an incremental process proceeding from an historical base, guided by accepted notions of fair shares, in which decisions are fragmented, made in sequence by specialized bodies, and coordinated by repeated attacks on problems through multiple feedback mechanisms" (1964:62).

Davis, Dempster and Wildavsky (1966a, 1966b), Crecine (1967, 1970), Sharkansky (1968, 1969, 1970a, 1970b), Anton (1970), G.E. Sullivan (1972), Tucker (1975) and Hoole (1976) apply incremental models in a series of budgetary analyses.

Models which focus on the impact of prior behaviors and decisions

are also developed and applied in research on non-fiscal policies. Alker and Greenberg (1971) and Alker and Christensen (1972), for example, develop a model of decision-making in the United Nations which draws directly on the work of Cyert and March (1963). Jones (1964), Allison (1971), Halperin and Kanter (1973) and Halperin (1974) develop similar formulations. Finally, a series of related bureaucratic politics, internal process, prior-decision or organizational models are developed and/or discussed by: Deutsch (1966); Lovell (1970); Starr (1972); Tanter and Ullman (1972); Neustadt (1970); Art (1973); Axelrod (1973); Rose (1973); and, Brady (1974).

12. The body of literature on hegemonic crises is extensive and includes the following: Gramsci (1957); Trotsky (1961); Di Tella (1968); Nun (1969); and, Poulantzas (1973).

13. As Linz puts it,

"Authoritarian regimes are fundamentally born as the result of the incapacity or fear of sustaining the unity of a society under conditions of freedom. ...Authoritarian regimes have as a basic purpose...to maintain the unity of a polity threatened, really or in their imagination, by deep divisions. ...Authoritarian rule is based on the denial of the existence of such divisions...and the need to build a secular community that would bridge or obliterate the loyalty to communities other than the state" (1972:26).

14. In other words, one might attempt to conduct a "critical" or "crucial" test in order to determine which of the two theses is "the best." For discussions of such procedures and why they can sometimes prove to be valuable, see: Popper (1962); Feyerabend (1962, 1965);

Achinson (1964); Chamberlain (1965); Hempel (1966); and Stinchcombe (1968).

15. For an explanation of the importance of parsimony, see Przeworski and Teune (1970).

16. According to Braybrooke and Lindblom, rational actors who utilize the "synoptic" method of problem-solving,

"...choose among alternatives after careful and complete study of all possible courses of action and all their possible consequences and after an evaluation of those consequences in the light of their values" (1963:40).

This mode of decision-making is thus distinct from Braybrooke and Lindblom's "disjointed incremental" style in which decisions are made,

"...through small or incremental moves on particular programs rather than through a comprehensive reform program. It is also endless; it takes the form of an indefinite sequence of policy moves. Moreover, it is exploratory in that the goals of policy-making continue to change as new experience with policy throws new light on what is possible and desirable. In this sense, it is also better described as moving away from known social ills rather than moving toward a known and relatively stable goal. In any case, it is policy-making that chooses those goals that draw policies forward in the light of what recent policy steps have shown to be realizable; the utopian goal, chosen for its attractiveness without thought of its feasibility, is not a heavy influence on this kind of policy making" (1963:71; emphasis in the original).

17. Scholars who make this argument include: Sprout and Sprout (1956, 1957, 1965); Snyder, Bruck and Sapin (1962); Robinson and Snyder (1966); Farrell (1966); Anderson (1967); Hirschman (1968); Paige (1968); Jervis (1968); Kissinger and Brodie (1968); Kissinger (1969); Boulding (1969); Deutsch (1970); Lovell (1970); Rakoff and

Schaefer (1970); and, Zinnes (1972).

18. A comprehensive understanding entails that decision-makers have (a) a specified set of relevant values and objectives, (b) a set of perceived alternative courses of action, (c) evaluations of the likely consequences of each alternative, and (d) a net valuation of each set of consequences (Allison, 1971:34).

19. These notions are drawn from the field theoretic work of Wright (1965).

20. A review of the existing research on public administration and bureaucracies in Latin America is available in Hopkins (1974).

21. This editorial is reprinted in Bonachea and Valdes (1972) and appeared originally in the Granma Weekly Review on March 5, 1967.

22. The complications are explored in Chapter VIII.

23. The reader may recall Paige's hypothesis that,

"The greater the crisis, the greater the propensity for decision-makers to supplement information about the objective state of affairs with information drawn from their own past experience" (1968:295).

Lovell (1970:133-203) offers much the same proposition in his discussion of what he calls "historical dynamics," but he goes a step further and appears to hypothesize that the institutional memory of the decision-maker's organization is also important.

24. To the extent that nonincremental expansions of policies do occasionally occur in situations in which the public sector is large and entrenched, one might expect them to be characterized by "learning curves."

25. This possibility is implicit in the work of Frankel (1963), Schilling (1962), Hilsman (1964), Cohen (1971), Tucker (1975) and Hoole (1976).

CHAPTER III

WHO GOVERNED WHEN IN ARGENTINA: COALITIONS, PRESIDENTS, CABINET OFFICERS AND PUBLIC EMPLOYEES

The focus in this chapter is on developing an understanding of the periods in which the "who governs" authoritarian, "who cares who governs" bureaucratic/incremental change, and integrated formulations should be useful for examining public policies and public policy-making in Argentina. The first section considers the political coalitions which are said to have dominated Argentina's history since 1930 and reviews the major economic periods through which Argentina has passed. The make-up and periods of domination of Argentina's political coalitions are important factors for the authoritarian argument. How a coalition is constituted tells one something about the types of public policies and the distribution of policy costs and benefits during the period in which it rules. The periods of domination help to mark the points in time at which one coalition was replaced by another. It is at these these transition points that major realignments in public policies can be expected if the authoritarian thesis is valid. Argentina's economic periods are also important to this argument. Economic crises are identified as the causes of coalitional shifts. The political elites face sharp constrictions in the resources which they have at their command during periods of economic crisis and new, potentially rival power blocs develop to contest for control of the policy-making arena.

The concerns in the second and third sections shift to Argentina's

cabinet officers and public employees. These considerations are germane to the integrated argument. It is of particular interest to note whether or not certain periods are characterized by chronic cabinet-level instability and/or the rapid expansion of employment and unionization of the public sector. Constantly shifting elites must find it difficult to govern effectively. Large public sectors and their extensive unionization may constitute important counterweights to even forceful and efficient political elites. For these reasons, it seems probable that when cabinet-level turnovers are high and large numbers of workers are employed in the public sector, public policies may slip beyond the control of the personnel at the highest levels of government.

All of these considerations are brought together in the fourth section. It is shown that the following four factors developed at approximately the same point in Argentina:

- a). The high-level government leaders became unable to press their demands in persistent and unambiguous fashion because of their own instability;
- b). employment in the public sector expanded and a large proportion of the public sector employees became unionized;
- c). a balance or stalemate came to exist between the opposing nonbureaucratic forces in the policy-making arena; and,
- d). the high-level political elites began to face sharp limitations on the resources which they had at their disposal.

It is argued that the point at which these four constraining factors developed is critical for understanding and predicting public policies in Argentina. It was at that point that a shift should have occurred in the types of actors who controlled the policy-making arena.

Prior to the development of the four constraints, the considerations of the authoritarian argument--dominant coalitions and the

political elites who represent them in the top levels of government-- should be important for explaining policies. Once the four factors developed, however, the integrated formulation suggests that coalitions and elites should have become less crucial. Their efforts to make and remake policies should have been sharply constrained. Public employees should have come to dominate the policy-making arena. Coalitions and elites should no longer have been able to fix basic policy alignments. Shifts between coalitions should no longer have produced major shifts in what policies were made for whom and at whose expense. Elites should still have been able to effect marginal changes in policies, but the basic policy guidelines should have been established by what had been done before.

This then is the thrust of the integrated formulation--the postulation of a set of conditions which should be useful for predicting where the authoritarian argument or some bureaucratic/incremental change thesis should be useful for understanding public policies. Neither the authoritarian nor the bureaucratic thesis is a general model which is useful for explaining all policies at all times and places. The four key theoretical considerations of the integrated formulation, coupled with the empirical discussions from the first three sections below, should yield a basis for predicting when the authoritarian and bureaucratic theses should converge. They should yield, in other words, some basis for predicting when elite decision-makers should and should not be important.

PRESIDENTS AND COALITIONS

The Standard Interpretation On September 9, 1930, the constitutionally elected government of Hipolito Yrigoyen was overthrown in a military coup d'etat. The insurgents, led by General Jose E. Uriburu, thus ended fourteen years of legally elected middle class, Radical Party rule. Between Uriburu's uprising in 1930 and 1970, 15 men sat in the Casa Rosada, the seat of the Argentine government. Nine came to power as a result of military coups. One ascended from the vice-presidency when the sitting president became ill and resigned. Only 5 of the 15 succeeded in governing for the constitutional six year period. One president lasted only three days in office. Three more governed for less than a year. Yet another remained in office for slightly more than a year.

This pattern of presidential instability masks what is generally seen as having been a basic underlying stability in who actually governed in Argentina. Although the identities at the top shifted repeatedly, the literature on Argentina's political history argues that only three coalitions dominated the life of the nation during the 1930-1970 interval. O'Donnell (1973), for example, argues that his three forms of authoritarian rule existed in Argentina during the following periods:

1930-1943

2

Traditional Authoritarian Rule

Dominant Coalition: The foreign export sector and export-related industrialists

1943-1952

Populist Authoritarian Rule

Dominant Coalition: Domestic industrialists, the military, urban workers, producers of non-exportable agricultural goods

1952-1966	<u>Period of Hegemonic Crisis</u>
	No dominant coalition
1966-1973	<u>Bureaucratic-Authoritarian Rule</u>
	Dominant Coalition: A segment of the military, large and efficient industrialists, foreign capitalists, and technocrats

O'Donnell's analysis of Argentina's dominant coalitions is supported by the work of other researchers. Peralta Ramos (1972), and Rofman and Romero (1973), for example, identify the very similar sets of coalitions and periods shown in parts (a) and (b) of Figure 3.1. Analyses by Eshag and Thorp (1974), Brodersohn (1974), Portantiero (1973), Ferrer (1967), Murmis and Portantiero (1971), Luna (1972) and Abelardo Ramos (1973) also tend to support O'Donnell's definitions of who governed when in Argentina.

The fact that Peralta Ramos, Rofman and Romero and others identify coalitions during O'Donnell's 1952-1966 era of hegemonic crisis poses no serious problems for his interpretation. Portantiero (1973), for example, associates the presidents and coalitions shown in part (c) of Figure 3.1. Having delineated those coalitions, however, Portantiero

FIGURE 3.1 ABOUT HERE

notes that the period from 1950/55 to at least 1966 was characterized by an ongoing crisis of authority. Different groups may have ruled, but none succeeded in actually governing for more than a very brief period.

Thus it can be said that Argentine specialists share a surprisingly high degree of consensus about which coalitions maintained political

FIGURE 3.1

ARGENTINE POLITICAL COALITIONS

(a)

Peralta Ramos (1972)

1930-1940/43	The foreign export sector; large industrialists with links to the foreign export sector and to foreign capital
1940/43-1950/55	Small- and middle-size industrialists; the military; labor; the public bureaucracy
1950/55-1966	The landed oligarchy; a more or less unified industrial bourgeoisie; foreign capital
1966-	Monopoly industrialists; small- and middle-size industrialists; the landed oligarchy; foreign capital

(b)

Rofman and Romero (1973)

1930-1943	The foreign export sector; industrialists with links to the foreign export sector and to foreign capital
1943-1952	Small- and middle-size industrialists; a segment of the military; labor
1952/58-1966	The landed oligarchy; a more or less unified industrial bourgeoisie; foreign capital; the middle class
1966-	Monopoly capitalists; technocrats; the military

FIGURE 3.1

(continued)

(c)

Portantiero (1973)

2/23/58-3/29/62

Frondizi

Monopoly capitalists; the public
bureaucracy; the union bureaucracy
(at least in the early stages);
portions of the military (at least in
the early stages)

3/29/62-10/12/63

Guido

The agrarian bourgeoisie (in the early
stages); the armed forces; monopoly
capital

10/12/63-6/28/66

Illia

Political parties; national capitalists;
the agrarian bourgeoisie

6/9/70-3/26/71

Levingston

Technocrats from national capital groups;
national capitalists; the armed forces;
the union bureaucracy

control in which periods between 1930 and 1970. Uriburu's overthrow of Yrigoyen on September 9, 1930 ended middle class rule in Argentina and reestablished the political domination of Argentina's conservative, export-oriented landed elites and their allies among the export-related industrialists. At some point between 1940 and 1943 the members of the traditional authoritarian coalition were themselves ousted from power. The end of their rule probably came on June 4, 1943 when the government of Ramon S. Castillo was toppled in a second military uprising. The rebellious officers were led by General Arturo Rawson, but less than 48 hours after Castillo's overthrow, Rawson himself was removed and replaced by General Pedro Pablo Ramirez.

The era in which a coalition of small- and middle-sized industrialists, labor, the military, and the producers of non-exportable agricultural goods would govern Argentina had thus begun. This populist coalition which Juan Domingo Peron mobilized and dominated maintained its control until some point during the 1950-1955 interval. Whether it was as early as the droughts of 1950-1951, the death of Eva Peron--the president's wife and key political advisor--and the beginning of Peron's second term in 1952, or as late as the eventual overthrow of Peron by the military in September 1955, the populist coalition also lost control. From that point until the overthrow of President Illia by the military on June 28, 1966, no group emerged to establish even the appearance of having a firm control on the course of events.

Argentina appeared to be entering a new era with the 1966 coup, however. The military had intervened in Argentine politics on numerous occasions since the overthrow of Peron in 1955, but in 1966 it appeared that the military had taken control and intended to keep it. The

officers named retired General Juan Carlos Onganía as president of the new government and moved with him to form a new, anti-populist coalition of large and efficient industrialists, foreign capitalists, and technocrats in the public bureaucracy.

If the authoritarian thesis that dominant coalitions are crucial for understanding policies is valid, these dates should be important. Fundamental realignments in what policies were made, who benefited from them, and who paid for them should have occurred at the following points:

- | | |
|------|---|
| 1943 | when the shift from traditional to populist authoritarian rule was made; |
| 1952 | when the shift from populist rule to the era of the hegemonic crisis took place; and, |
| 1966 | when the hegemonic crisis appeared to come to an end and the military under General Onganía began to establish the bureaucratic form of authoritarian rule. |

Major Economic Periods and Crises An examination of Argentina's economic periods and crises is important for an understanding of both the authoritarian and integrated formulations. A fundamental proposition of the former argument is that economic crises tend to erode the control of existing coalitions and create the contexts in which new alliances can evolve and establish their own economic and political hegemony. A finding in this section that certain economic emergencies preceded the above-listed transitions between different types of authoritarian rule would thus provide some degree of verification of the "who governs" authoritarian argument.

Economic crises are also an important consideration in the integrated argument. Constrictions in the resources which elites have

at their command are included among the four constraining factors which are expected to shift control of the policy-making arena out of the hands of the dominant ruling coalitions and their representatives in high government positions. These limitations on available resources seem most likely to occur when the economy is passing through its periods of greatest stress.

As the following listing indicates, most economic historians believe that the Argentine economy passed through two major periods since⁵ c1930:

Ferrer (1967)	1929/30-1945/49 (Era of Import Substitution Industrialization); ⁶ 1950-1962
Diaz Alejandro (1970)	1925/29-1948/50; 1948-1970
Di Tella and Zymelman (1973)	1933-1952 (Period of Self-Sustained Growth); 1952-1973 (Period of Readjustment)
Rofman and Romero (1973)	1930-1952 (Period of Import Substitution Industrialization); 1952-1970 (Period of Penetration of International Capital)

Two important crises are generally thought to have led to the economic realignments which developed in the two periods. The first crisis was the world wide depression of 1929 and its aftermath. The second developed at some point in the late 1940's or early 1950's when the consumer goods phase of import substitution industrialization (ISI) neared its completion.

The "fit" between these economic periods and the eras in which different coalitions were dominant in Argentina is surprisingly good (see Figure 3.2). Major economic emergencies did not precede the shifts to populist (1943) or bureaucratic-authoritarian (1966) rule.

In theory at least, economic considerations were related to those two transitions primarily because the leaders of the populist and bureaucratic-authoritarian coalitions came to power in order to effect

FIGURE 3.2 ABOUT HERE

major transformations of the economy. The 1929 depression and the completion of the domestically-oriented consumer goods phase of Argentina's ISI did, however, respectively precede the 1930 shift to traditional authoritarian rule and the erosion of the populist coalition in 1952. It is to a discussion of those two economic crises that the discussion now turns.

THE EFFECTS OF THE 1929 DEPRESSION Argentina passed through a major recessionary period following the end of World War I. By 1923, however, the economy had begun to expand once again under the leadership of Yrigoyen and the middle class Radical Party. Record levels of production in the agricultural sector were attained in 1924. New high levels in the volume of cereal exports were achieved. The number of bankruptcies reached a new low (Dalto, 1967:132). A slight recession set in during the 1925-1926 interval, but by 1927-1929 the economy appeared to be in the process of recovery.

The 1929 depression interrupted the nation's progress. The levels of both meat and cereal production fell far below their respective peak outputs of 1924 and 1929 (see Table 3.1). As Argentina's ability to export its primary products declined, the value which it received for its meat and cereal on the world market also dropped. A record merchandise trade imbalance developed in 1930 (see Table 3.2). For

FIGURE 3.2

PRESIDENTS, COALITIONS AND
TYPES OF AUTHORITARIAN SYSTEMS

Economic Period	System	Coalition	President
Era of Readjustment 1945/52--Present	Bureaucratic-Authoritarian	<u>Tecnicos</u> ; a segment of the military; large and efficient domestic industrialists; and, foreign capitalists	Levingston (6/18/70) Ongania (6/28/66)
	Era of the Hegemonic Crisis		Illia (10/12/63) Guido (3/29/62) Frondizi (2/3/58) Aramburu (11/13/55) Lonardi (9/22/55) Peron (6/4/52)
Era of Consumer Good Import Substitution Industrialization 1925/33-1945/52	Populist Authoritarian	Domestic industrialists; the military; urban workers; and producers of non-exportable agricultural goods	Peron (6/4/46) Farrell (3/9/44) Ramirez (6/7/43) Rawson (6/4/43)
	Traditional Authoritarian	Foreign export sector; and, export-related industrialists	Castillo (6/24/42) Ortiz (2/20/38) Justo (2/20/32) Uriburu (9/6/30)

TABLES 3.1 AND 3.2 ABOUT HERE

three consecutive years between 1929 and 1931, the overall balance
of payments was negative.⁷

The ultimate effect of the 1929 depression was the alteration of the dynamic factors which contributed to Argentina's economic growth. Before 1929, development had been largely induced by growth in foreign demand for Argentina's primary export products. Expansion of the production was made possible by simple extension of the cultivated area in the Pampa region. By 1930, both of these dynamic elements had disappeared (Ferrer, 1967:135).

As the role of the agricultural export sector declined after 1929, the importance of the industrial manufacturing sector increased. As Diaz Alejandro notes,

"The role of manufacturing changed with the Great Depression. Before 1930, it was just one of the sectors participating in the expansion of the economy, but since 1930 the growth of the economy has depended heavily on the ability of import-competing manufacturing to expand" (1970:218).

As Table 3.3 indicates, industrialization in Argentina did not begin

TABLE 3.3 ABOUT HERE

as a result of the 1929 depression. However, the pre-1930 governments seem to have been generally hostile to manufacturing which was not related to the export sector. Between 1930 and 1940/43, in contrast, industrial expansion was concentrated among those industries which

TABLE 3.1

INDICES OF RURAL OUTPUT*

Year	All Livestock		All Agriculture (Crop Raising)	
	ECLA (1950=100)	BCRA (1960=100)	ECLA (1950=100)	BCRA (1960=100)
1900	29		29	
1901	39		32	
1902	37		28	
1903	37		44	
1904	35		51	
1905	39		49	
1906	38		52	
1907	36		42	
1908	39		59	
1909	41		59	
1910	42		55	
1911	46		40	
1912	49		76	
1913	43		74	
1914	43		71	
1915	43		84	
1916	46		66	
1917	52		40	
1918	56		75	
1919	52		78	
1920	46		90	
1921	54		83	
1922	66		75	
1923	71		79	
1924	74		98	
1925	71		82	
1926	73		106	
1927	73		111	
1928	71		116	
1929	70		117	
1930	71		95	
1931	66		103	
1932	68		110	
1933	71		108	
1934	73		115	
1935	75	78	137	82
1936		80		70
1937		82		76
1938		83		67
1939		85		79
1940		88		73

TABLE 3.1
(continued)

1941	93	86
1942	95	85
1943	100	72
1944	100	94
1945	100	69
1946	102	74
1947	105	85
1948	97	84
1949	95	71
1950	95	72
1951	95	80
1952	89	63
1953	98	96
1954	106	91
1955	110	95
1956	102	90
1957	101	92
1958	101	99
1959	104	97
1960	100	100
1961	99	99
1962	96	107
1963	99	105
1964	106	112
1965	109	117

*For Sources and Methodological Notes, See Appendix A.

TABLE 3.2
TRADE STATISTICS*

Year	Trade Balance		Overall Balance of Payments	Gold Reserves
	Balboa (Million Current Argentine Pesos)	IMF (Million Current U.S. Dollars)		
1914	28		- 74	
1915	657		174	
1916	325		24	
1917	574		72	
1918	648		132	
1919	688		27	
1920	745		- 2	
1921				
1922	- 252		- 651	
1923	- 180		- 546	
1924				
1925	337		- 79	
1926	255		- 14	
1927	656		311	
1928	526		182	
1929	237		- 387	
1930	- 266		- 188	
1931	301		- 594	
1932	469		2	
1933	230		49	
1934	508		- 63	
1935	551		38	449
1936	668		393	553
1937	927		- 82	552
1938	- 121		- 514	440
1939	434		197	478
1940	197		- 77	426
1941	528		567	508
1942	745		597	608
1943	1460		1269	824
1944	1646		1169	975
1945	1718		1369	1192
1946	2295		282	1090
1947	1088		-1176	338
1948	144		-2209	143
1949	- 629	-136	- 367	210
1950	611	213	693	210
1951		-311		267
1952		-492		287
1953		330		372
1954		48		372
1955		-244		372

TABLE 3.2

(Continued)

1956	-184	224
1957	-336	126
1958	-239	60
1959	16	56
1960	-170	104
1961	-496	190
1962	-141	61
1963	384	78
1964	333	71
1965	295	66
1966	469	

*For Sources and Methodological Notes, See Appendix A.

TABLE 3.3

PROPORTION OF GDP CONTRIBUTED
BY THE MANUFACTURING SECTOR
(In Percentages)*

<u>YEAR</u>	<u>SHARE</u>	<u>YEAR</u>	<u>SHARE</u>
1900	18.1	1935	24.5
1901	16.7	1936	25.9
1902	18.0	1937	25.6
1903	17.4	1938	26.5
1904	17.3	1939	26.5
1905	17.8	1940	26.2
1906	17.8	1941	25.9
1907	19.3	1942	25.9
1908	18.7	1943	27.3
1909	17.6	1944	27.8
1910	20.0	1945	28.9
1911	21.2	1946	30.0
1912	18.5	1947	31.1
1913	19.4	1948	29.8
1914	19.8	1949	29.1
1915	17.6	1950	29.7
1916	18.7	1951	29.5
1917	20.2	1952	30.0
1918	20.3	1953	28.4
1919	20.3	1954	29.3
1920	19.7	1955	30.6
1921	20.2	1956	31.7
1922	20.8	1957	32.4
1923	21.8	1958	33.1
1924	21.4	1959	32.1
1925	23.3	1960	32.6
1926	22.8	1961	31.5
1927	21.7	1962	31.3
1928	22.7	1963	30.9
1929	22.8	1964	31.5
1930	23.6	1965	33.8
1931	22.5	1966	32.6
1932	21.8	1967	31.2
1933	23.6	1968	31.0
1934	24.9	1969	30.7

*For Sources and Methodological Notes, See Appendix A

produced light consumer goods for the domestic market. (Import substituting activities expanded even further under the populist governments of the 1943-1952 era.)

The outcomes of the post-1930 industrial expansion are readily apparent. The economy had been led almost exclusively by the foreign export sector before 1930, but textiles, foodstuffs, and beverages contributed 34-42 per cent of the increase in manufacturing value added between 1925/29 and 1948/50 (Diaz Alejandro, 1970:229). The production of metals, vehicles, machinery, and electrical appliances contributed 24-30 per cent of the increase in manufacturing value added over the same period. Between 1925/29 and 1957/61, real Gross Domestic Product grew at an average annual rate of 2.9 per cent. Over the same period, manufacturing expanded at an average annual rate of 4.1 per cent. Perhaps most significantly, the volume of Argentina's exports decreased by 25 per cent during the 1925/29-1957/61 interval (Diaz Alejandro, 1970:218-219).

The rapid expansion of Argentina's consumer goods import substituting activities came to an end in the late 1940's or early 1950's. The era of the first--the so-called "easy"--stage of ISI was over. Argentina had entered the second major economic crisis of the 1930-1970 period.

THE EFFECTS OF THE COMPLETION OF CONSUMER GOODS ISI The completion of the consumer goods phase of import substitution industrialization in the late 1940's or early 1950's resulted in the development of serious balance of payments problems, foreign exchange shortages, increasing unemployment, and volatile rates of inflation (Villanueva, 1966; Dalto, 1967; Ferrer, 1967; Diaz Alejandro, 1970; O'Donnell, 1973;

Di Tella and Zymelman, 1973; Eshag and Thorp, 1974; and Mallon and Sourouille, 1975).

The causes of this crisis are well-recognized. Argentina found itself confronted in the late 1940's and early 1950's with an increasing need to import intermediate and capital goods and a decreasing capacity to export. Economic expansion had been led throughout the 1930's and 1940's by the growth of relatively small, low technology, labor intensive industries. Such manufacturing alleviated Argentina's need to import light consumer goods, but it also created new demands for the imported petroleum products and intermediate and capital goods which were necessary to keep the new domestic industries in operation. The nationalistic and prolabor policies of the populist coalition are alleged to have exacerbated the situation. Labor legislation enacted by Ramirez, Farrell and Peron made it nearly impossible for employers to dismiss or even reassign inefficient or excess workers. Complex populist regulations, subsidy programs and government supported, pro-labor wage and benefit programs hampered industrialists who wished to expand and modernize their facilities. Industrial productivity therefore declined in the late 1940's. Populist cultivation of labor through extensive social welfare programs and the nationalization of foreign corporations drained both private capital and public revenue reserves which might otherwise have been utilized to promote the expansion of Argentina's basic industries and infrastructure. The redistribution of national wealth in the direction of labor resulted in increases in the domestic consumption of Argentina's traditional export goods at a time when actual production of those commodities was declining due to the neglect and lack of investment support for

the agricultural sector.

Many of the symptoms of this completion of the domestically-oriented consumer goods stage of Argentina's industrialization are apparent in Tables 3.1 to 3.5. The massive gold reserves which had

TABLES 3.4 AND 3.5 ABOUT HERE

been built up during World War II were drastically reduced in order to finance the populist movement. The manufacturing sector's share of the GDP fell from its 1946-1947 highs. Inflation sent the cost-of-living spiraling upward. Workers whose real wages had increased steadily since 1943 saw their position deteriorate between 1950 and 1952. The nation actually experienced a negative growth rate in its real GDP at factor costs in 1949.

In retrospect at least, the means for escaping from the crisis of the late 1940's and early 1950's seem obvious. Argentina would ultimately need to reequip its long neglected infrastructure and develop its basic or capital goods industries. The nation would have to move beyond the simple substitution of domestic production for imported consumer goods and intermediate products. "From then on," as Ferrer puts it, "imports of fuel and commodities produced by heavy industry and other complex industries would have to be replaced" (1967:166).

The difficulty since the early 1950's, of course, has centered on the problem of acquiring the capital which would be necessary to make the transition from consumer goods ISI to a more integrated, self-sustaining industrial economy. According to Villanueva, the

TABLE 3.4

COST-OF-LIVING AND WAGE INDICES*

Year	Cost-of-Living Indices		Real Wages		Annual Percent Change in Real Wages
	DNEC (1960=100)	Villanueva (1943=100)	Dorfman (1929=100)	DNEC (1943=100)	
1925	2.9		89		
1926	2.8		90		
1927	2.8		95		
1928	2.8		101		
1929	2.8		100		
1930	2.8		91		
1931	2.4				
1932	2.2				
1933	2.5				
1934	2.4				
1935	2.3				
1936	2.5				
1937	2.6				
1938	2.5				
1939	2.6			100	
1940	2.6			97	
1941	2.7			97	
1942	2.9			97	
1943	2.9	100.0		100	
1944	2.9	102.6		111	
1945	3.5	119.8		106	
1946	4.1	145.2		112	5.6
1947	4.6	168.1		140	25.3
1948	5.2	193.0		173	23.5
1949	6.9	259.9		181	4.9
1950	8.6	330.7		173	- 4.4
1951	11.8	461.5		161	- 7.0
1952	16.3	649.7		143	-11.3
1953	17.0	676.5		154	7.8
1954	17.6	703.0		165	6.9
1955	19.8	792.8		163	- 1.1
1956	22.4	902.6		164	0.5
1957	28.0	1132.1		176	7.2
1958	36.8	1497.2		184	4.7
1959	78.7	3225.0		146	-20.5
1960	100.2	4088.6		151	3.2
1961	113.7	4645.9		166	9.7
1962	145.7			163	- 1.9
1963	180.7			164	0.7
1964	220.7			174	7.0
1965	283.8			184	5.1

*For Sources and Methodological Notes, See Appendix A.

TABLE 3.5

ANNUAL GROWTH RATE OF REAL
GDP AT FACTOR COSTS
(Percent Change From Previous Year)*

<u>YEAR</u>	<u>BCRA</u>	<u>CONADE</u>	<u>YEAR</u>	<u>BCRA</u>	<u>CONADE</u>
1946	8.3	8.7	1956	1.7	2.2
1947	13.8	12.7	1957	5.5	5.1
1948	1.2	5.2	1958	7.2	5.0
1949	-4.6	-1.5	1959	-5.8	-4.6
1950	1.6	0.4	1960	8.0	6.2
1951	4.0	3.8	1961	7.0	6.0
1952	-6.3	-5.9	1962	-1.8	-2.9
1953	7.0	6.1	1963	-3.6	-4.6
1954	3.8	5.0	1964	8.1	8.5
1955	6.9	7.2	1965	8.6	
			1966	-0.5	

*For Sources and Methodological Notes, See Appendix A.

Argentine policy-makers since 1950 have seen only the following ways of generating the necessary investment capital:

1. Export expansion, either by increasing agricultural production or by decreasing domestic consumption of exportable goods;
2. import reduction by (a) decreasing the demand for finished consumer goods and thus the derived demand for imported inputs, (b) directly restricting imports, or (c) encouraging further consumer goods import substitution industrialization; and,
3. the attraction of foreign capital either through direct investments or loans (1966:133-141).

All of these options implied the ultimate dissolution of the populist authoritarian coalition of urban workers, light industrialists, the military, and the producers of Argentina's non-exportable agricultural goods. Each option appeared to require either the exclusion of at least one of the coalition members, or alternatively, the inclusion of the agricultural and foreign sectors to which the populist coalition was opposed.

If the completion of the consumer goods stage of ISI led to the dissolution of the populist coalition, however, no alternative alliance immediately appeared to replace it. "From that moment on," as Portantiero describes the situation, "the history of the dominant classes in Argentine has been a zigzag history, of the search for adjustments between the new economic conditions and existing political structures" (1973:86). It would not be until the overthrow of Illia in 1966 that a new bureaucratic-authoritarian coalition would form and show even the potential for ending the crisis of authority by imposing its own political and economic conditions on Argentina's problems.

A Second Cut: The Coalition-Policy-Coalition Link A consensus

does appear to exist about which coalitions were dominant when in Argentina. This accepted view is generally supported by the existing economic analyses. Despite this evidence, however, several important questions might be raised in connection with the standard interpretation of Argentina's coalitional history. The difficulties center on a simple point: What criteria do different scholars utilize to determine what groups are included in a given alliance? Precisely how do the proponents of the standard interpretation know, for example, that:

- (a). The export-related industrialists played a role in the traditional authoritarian coalition,
- (b). light industrialists were an important component of the populist authoritarian alliance; or,
- (c). the bureaucratic-authoritarian coalition included a unified military and excluded labor?

The answer is that all too often scholars focus on what they assume to be the intentional outcomes of public policies. If a given policy benefited a particular group, they conclude that that group must have been included in the coalition. They then proceed in many cases to come full circle. The enactment of the policy in question is "explained" by arguing that the group which benefited from it was influential in its formulation and execution. The reasoning is clearly tautological. As Kenworthy correctly observes,

"...the output of politics is simply too thin a reed on which to build an interpretation of the input, namely, who influenced whom when policy was being formulated" (1972:16; emphasis in the original).

A review of the above-listed examples illustrates the perils in making such linkages and points toward a revision in the standard interpretation of Argentina's dominant coalitions.

EXPORT-RELATED INDUSTRIALISTS IN THE TRADITIONAL AUTHORITARIAN

COALITION The import substitution industrialization policies of the 1930-1943 period are generally seen as having been made by and for the export-related industrialists who benefited from them and who were allied with the export sector in the traditional authoritarian coalition. This is the standard interpretation which was outlined above.

Both Merckx (1969) and Diaz Alejandro (1970:218) suggest a slightly⁸ different motivation for the ISI policies of the 1930-1943 era.

Industrialization may have been promoted, not to benefit the export-related industrialists, but instead to advance the interests of the export sector and facilitate the adjustment to the new socio-economic⁹ conditions of the post-1929 depression era.

This is an important possibility. It suggests that ISI policies of this period might have been undertaken unilaterally by the export sector. If the agriculturalists were engaging in defensive modernization to protect their own interests, the export-related industrialists need not have been involved in the policy formulation and execution process. They need not have been included in the traditional authoritarian coalition. The same industrial promotion policies might still have been enacted.

LIGHT INDUSTRIALISTS IN THE POPULIST AUTHORITARIAN COALITION

According to the standard interpretation, the promotion of light consumer goods was intensified after 1943 because light consumer goods industrialists were allied with labor, the military and the producers of non-exportable agricultural goods in the populist coalition. Industrialization policies benefited the light industrialists and they therefore pushed for their enactment. Here again, however, a question of inter-

pretation arises.

The problem, of course, is that there is little concrete evidence that the light industrialists played an important role in the populist movement during the early stages (1943-1945) when the major ISI promotion measures were enacted. Miguel Miranda and Rolando Lagomarsino, Peron's two key advisors who are most commonly associated with the promotion of ISI under Peron, may not even have known Peron until after the initial set of ISI promotion policies had been adopted (Kenworthy, 1972:18).¹⁰ Whether or not this was in fact the case, it is true that Miranda was not appointed to the presidency of the Argentine Central Bank until it was nationalized in March 1946. He did not become the president of the National Economic Council until he resigned from his bank position on July 17, 1947. Lagomarsino was not appointed Secretary of Industry and Commerce until Peron named his first cabinet on June 6, 1946.

In lieu of direct evidence that the light industrialists were involved in the early stages of the populist movement, at least four alternative explanations of the post-1943 ISI promotion policies can be noted. First, a very few light industrialists may have enlisted with Peron as a means for furthering their own personal and financial interests. Such individuals may have had important impacts on public policies, but they may also have been acting as maverick individuals rather than as true representatives of the light industrial sector. Di Tella's observations appear to support this possibility. Although he notes that "newly risen industrialists" from the consumer goods sector strongly supported the populist coalition (1965:71), he observes in another place that "most industrialists were against /Peron/, as

were the more traditional industrialists..." (1968:255-256). This seems to imply that light industrialists were important in the populist movement, but that they participated on their own and not as sectoral representatives.

A second possible explanation of the post-1943 ISI promotion policies should be noted. The leaders of the 1943 coup may have come to power with a view toward mobilizing labor support. If that is the case, measures to promote the labor intensive consumer goods industries might have been enacted, not to enhance the interests of the light industrialists, but rather as a means for attracting support to the populist movement. As Diaz Alejandro observes, "Light manufacturing, construction, government and nationalized railroads came to be viewed more as sources of jobs than as activities for producing goods and services" (1970:113). Put more simply, more jobs for Argentina's urban workers might have meant greater support for Peron's populist movement.

A third explanation of the 1943-1952 consumer goods industrial promotion policies is plausible. Beginning as early as the 1920's, the military began to promote the expansion and modernization of Argentina's basic industries and infrastructure as a means for safeguarding the nation's security in the face of perceived threats from the United States and Brazil. The 1929 depression and events surrounding the outbreak of World War II could only have served to
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increase such preoccupations. All that needs to be added to complete the argument is a link between the motivation for basic industrialization and the resulting expansion of the light consumer goods industries after 1943. This element is suggested by Treber (1969),

Díaz Alejandro (1970), and Kenworthy (1972). It is simple inadvertence and policy failure. Policies after 1943 may have been designed to encourage basic industrial development. The fact that the consumer goods industries expanded instead may be attributable less to conscious, rational design than to simple mismanagement and misapplication.

A fourth potential explanation of the 1943-1952 promotion of consumer goods industries combines elements of the first three. It draws heavily on the so-called "revisionist" interpretations of the Peronist movement (S.L. Baily, 1967; Snow, 1969; Smith, 1969, 1972; and Kenworthy, 1972, 1973, 1975) and assigns a dynamic quality to the populist coalition. This argument yields the following three tentative conclusions: (1) The initial post-1943 ISI measures¹² were adopted by the conservative military leaders of the coup who were attempting to safeguard national security; (2) the initial set of post-1943 ISI policies were probably executed and enforced during the July 7, 1944 to February 24, 1946 period with a view toward attracting the support of labor; and, (3) the two important ISI measures which were enacted shortly after the 1946 election--the nationalization of the Argentine Central Bank and the creation of the Argentine Overseas Trade Corporation, IAPI--probably resulted from the pressures of a few of Argentina's light industrialists.

All three conclusions are based on an analysis of the timing of events during the 1943-c1947 period. The enactment of the initial set of ISI policies came in the first half of 1944 at a point when official government policy was still harshly anti-labor and before Peron had emerged as the dominant figure in the government. The timing suggests that these measures were probably not conceived of originally as

bases for appealing to labor. The timing also places the adoption of these measures before the arrival of the light industrialists in the governing circle. It therefore seems unlikely that these particular policies were enacted by and for that sector. It seems more reasonable to conclude tentatively that the initial post-1943 consumer goods industrial promotion policies were motivated by the military's desire to modernize for defense.

The rationale for adopting the initial set of post-1943 ISI policies may not explain why they were enforced so extensively during the July 7, 1944 to February 24, 1946 interval. Although severe problems would be encountered in October 1945, Peron completed the first major stage of consolidating his position on July 7, 1944 when he was named to the vice-presidency. By late 1944, he had won the support of the old established labor unions (S.L. Baily, 1967:79). It was at this juncture that a change was made in the nature of the game. On October 22, 1944, Peron announced that all military officers who held civilian posts would gradually return to military duty. On November 15, a committee was created to draft a statute permitting the reestablishment of political parties. Finally, President Farrell announced on February 1, 1945 that the nation was in a phase of pre-electoral organization.

If Peron was to win the upcoming election, he would need to broaden his base of support. The old established unions which he already controlled would provide him with organizational assistance, but Peron would also need the support of rural workers and the new urban immigrants. It was at this point, therefore, that Peron began to appeal to a mass rather than a strictly unionized audience. The

Statute of the Peon which greatly improved the conditions for Argentina's rural workers was announced, perhaps not coincidentally therefore, on November 18, 1944 (M.P. Ramos, 1972:106). On December 4, the first mass rally in support of Peron took place as 200,000 workers paraded to thank him for a recent decree on pensions (Stickell, 1972). On February 27, 1945, the "Rights of the Worker" were announced (S.L. Baily, 1967:101). Not insignificantly, these rights pertained to all of Argentina's working class.

Peron's promotion of consumer goods industries may well have been yet another example of his efforts to broaden the base of the populist movement. A rapid expansion of such labor intensive operations meant jobs. If properly handled, jobs could be translated into votes. More than the members of the old established, pro-Peron unions who already held jobs, it seems likely that the new urban immigrants might have reacted favorably to efforts to expand Argentina's consumer goods industries.

The acquisition of the British and French owned railroads, the purchase of the American owned telephone system and so on are indications that Peron continued his nationalistic appeals for mass support in the period immediately after the 1946 elections. At the same time, however, Peron was also attempting to consolidate his movement and transform it from a loose coalition designed for attaining power to a well-organized, disciplined force for maintaining control. He moved to destroy the old established unions and the Laborista Party which had provided the organizational basis for his electoral victory. Parallel unions were created to rival and eventually replace the existing ones. New unions were established in previously ununionized areas and a new

Peronist (Partido Unico Revolucionario, later Justicialista) Party was created to incorporate the mobilized rural and urban workers in Peronist rather than labor organizations. Through all of this, the ISI measures may still have been utilized for cementing labor allegiance. By 1946, however, a small number of light industrialists such as Miranda and Lagomarsino had finally been recruited to government service. Their arrival marked the first documented point at which light industrialists could have been responsible for the adoption of ISI measures.

The alternative explanations of the ISI promotion after 1943 may not, of course, have any more than face validity. Industrialization policies between 1943 and 1952 may after all have been made by and for the light industrialists as the standard interpretation suggests. Nevertheless, the rival explanations can at least be tentatively supported by already existing evidence and that is precisely the point. As long as other arguments can be made, the fact that light industries expanded after 1943 does not allow one to conclude with any degree of surety that light industrialists were included in the populist coalition.

LABOR, THE MILITARY, "OLD FACES" AND THE BUREAUCRATIC-AUTHORITARIAN COALITION As was noted above, O'Donnell (1973) originally argued that a unified military came to power in the bureaucratic-authoritarian coalition with a view toward repressing the Argentine popular sectors and excluding them from the political and economic life of the nation. In his more recent discussions, however, O'Donnell maintains that the bureaucratic-authoritarian coalition actually evolved in a number of significant ways during the tenures of Presidents Onganía and

Levingston. The coalition was still unique and important, according to O'Donnell's latest analyses, but it was neither as coherent nor as enduring as he originally believed.

This new perspective on the bureaucratic-authoritarian coalition is reinforced by a review of events in two areas. On the one hand, there is evidence that both the coalition itself and the bureaucratic-authoritarian policy alignment evolved after the June 28, 1966 coup. On the other hand, Ongania and Levingston recruited high-level decision-makers who had originally risen to positions of authority during prior, nonbureaucratic-authoritarian administrations. Such "recycling" of cabinet officers should not have been common if Ongania and Levingston intended to break with the past. Both of these areas will be briefly examined.

The bureaucratic-authoritarian coalition came to power on June 28, 1966. During the next six months, Congress was disbanded, political parties were dissolved, the Supreme Court was reconstituted, the universities were intervened, and plans were announced to modernize and reorganize the nation's port facilities and railroads. Despite all of these actions, both Baily and Rowe conclude that the first six months of the Ongania administration were characterized by policy drift and ideological vagueness (1966:303; 1970:476). The basis for this assessment is clear. Although these actions were repressive and authoritarian, they were not unique. All of these steps had been taken before by nontechnocratic, nonbureaucratic-authoritarian governments of the pre-1966 era.

A positive sense of direction therefore may not have begun to develop until the January 4, 1967 appointment of Adalberto Krieger

Vasena as the Minister of the Economy and Labor. It is Krieger Vasena who is generally credited with having initiated the post-1966 influx of technocrats and it was the Krieger Vasena team which developed the economic policies of the post-1966 period (Braun, 1973; Portantiero, 1973). The government did not intervene in union wage negotiations, for example, until March 1967 when Krieger Vasena broke workers' collective agreements and gave the state the power to set wages.

The arrival of the Krieger Vasena economic team may have produced an immediate effect on state-labor relations. Sharp popular protests had erupted in reaction to the new government's policies during the August, 18, 1966-March 1, 1967 period. Following the General Confederation of Labor's (CGT) call for a strike on March 1, 1967 and the government's use of the Civil Defense Law, however, a period of labor calm developed. The number of strikes, strikers and workers days lost to strikes in the federal capital fell to levels below those reported in any year since 1907 (see Table 3.6).

TABLE 3.6 ABOUT HERE

Proponents of the authoritarian thesis maintain that this Pax Obrera developed because workers had been effectively suppressed, but at least one other explanation is possible. For reasons which had little to do with the policies of the Onganía administration, a considerable portion of the labor movement did not consider itself excluded from the government. The Argentine labor movement was sharply divided between those who wanted to resist the government and those who wished to cooperate with it. At the time of the first general work stoppage

TABLE 3.6

LABOR CONFLICTS IN THE FEDERAL CAPITAL*

Year	Number of Strikes	Number of Strikers	Number of Working Days Lost
1907	231	169000	911656
1908	118	12000	77728
1909	138	5000	45514
1910	298	19000	357996
1911	102	28000	1431457
1912	99	9000	88613
1913	95	24000	147651
1914	64	14000	83044
1915	65	12000	49183
1916	80	24000	233878
1917	138	136000	2100269
1918	196	173000	2191773
1919	367	309000	3262705
1920	206	134000	3693782
1921	86	140000	976270
1922	116	5000	150894
1923	93	19000	895842
1924	77	277000	1268318
1925	89	39000	125367
1926	67	16000	287379
1927	58	38000	352963
1928	135	28000	224800
1929	113	28271	457022
1930	125	29331	669790
1931	43	4622	54631
1932	105	34562	1299061
1933	52	3485	44779
1934	42	25940	742256
1935	69	52143	2642576
1936	109	85438	1344461
1937	82	49993	517645
1938	44	8871	228703
1939	49	19718	241099
1940	53	12721	224599
1941	54	6606	247598
1942	113	39865	634339
1943	85	6754	87229
1944	27	9121	41384
1945	47	44186	509024
1946	142	333929	2047601
1947	64	541377	3467193
1948	103	278179	3158947
1949	36	29164	510352
1950	30	97048	2031827
1951	23	16356	152243
1952	14	15815	313343

TABLE 3.6

(Continued)

1953	40	5506	59294
1954	18	119701	1449497
1955	21	11990	144120
1956	52	853994	5167294
1957	56	304209	3383737
1958	84	277381	6245286
1959	45	1441062	10078138
1960	26	130044	1661520
1961	43	236462	1755170
1962	15	42386	268749
1963	20	207216	812396
1964	27	144230	636303
1965	32	203596	590511
1966	27	235913	1003710
1967	6	547	2702
1968	7	1609	15502
1969	8	6697	150256
1970	5	2912	32849
1971	16	68632	159277
1972	12	61259	153047

*For Sources and Methodological Notes, See Appendix A.

under Ongania in October 1966, two major factions existed within the CGT. One group, headed by Jose Alonso and variously known as the "62 a pie de Peron," the "Alonsoistas," or the "Isabelistas," was loyal to Peron and against the Ongania regime. The other major group was headed by Augusto Vandor. It favored a program of "peronism without Peron" and cooperation with the Ongania administration. It had been Isabel Peron's visit to Argentina from her place in exile with her husband in Spain (October 1965 to July 1966), coupled with her efforts to prevent the unification of the labor movement behind Vandor, which had led to this division of the labor movement (S.L. Baily, 1966). At the October 1966 congress of the CGT, one of Vandors' independent Peronists was elected secretary general of the confederation; other Vandoristas captured half of the seats on the executive council (Jordan, 1970). Thus, the CGT was dominated by Augusto Vandor and the faction of the Argentine labor movement which favored cooperation with the government throughout the period of labor calm which began in March 1967.

Perhaps of equal importance, the period of labor peace ended when Vandor and his supporters began to lose their control of the labor movement. On March 28, 1968, the unions which were most opposed to the Ongania administration organized under the leadership of Raimundo Ongaro (head of the Peronist-dominated printers' union). That action led to yet another division of the CGT. One group (the CGT of Azopardo after the avenue where the faction established its headquarters) was led by Vandor. It generally favored cooperation with the government. The other faction (the CGT of Paseo Colon) was led by Ongaro and called for strong worker opposition to the government (Jordan, 1970:

89-90; Iscaro, 1973:382ff).

Thus, on August 23, 1968, the automobile workers in Cordoba went on strike. On September 25, the employees of the state-owned oil corporation (Yacimientos Petroliferos Fiscales) in La Plata and Ensenada initiated a 54 day strike in protest over government efforts to increase the working day from six to eight hours. The CGT of Paseo Colon announced support of the oil workers, but Ongaro's efforts to turn it into a general nation-wide work stoppage on October 17 failed to attract support.

Whether or not the Ongania administration would have been able to respond effectively to a unified labor movement is thus a moot point. It simply did not have to. A considerable portion of the Argentine labor movement was united behind Vandor in the CGT, the CGT of Azopardo, and later in the "participationist" or "dialogist" factions of the CGT of Azopardo. For a considerable period, these groups were willing to cooperate, or at the very least, communicate, with the government.

All of these considerations then appear to imply that the bureaucratic-authoritarian period may not actually have been initiated in Argentina until some time after March 1968 when sustained labor opposition began to develop. If March 1968 is thus taken as the point at which the bureaucratic-authoritarian coalition finally became integrated, however, the alliance was already beginning to dissolve by August 20, 1968. The move to oust Illia in 1966 had been led by the heads of Argentina's three military branches: Lt. General Pascual Angel Pistarini (Army); Rear Admiral Benigno Ignacio Varela (Navy); and, Brigadier General Adolfo Teodoro Alvarez (Air Force). It was

this classic military junta which persuaded Onganía to accept the presidency. It was this group of officers which issued the Statute of the Revolution on June 29, 1966 and thereby dissolved Congress and all provincial legislatures, disbanded all political parties, reconstituted the Supreme Court, and granted legislative power to the Revolution. In a single phrase, it was this group of soldiers who epitomized the military of the bureaucratic-authoritarian period according to most accounts.

The point of interest, therefore, is that by October 1968, Pistarini, Varela and Alvarez had all been removed from their cabinet positions, and the departure of Economic Minister Krieger Vasena had been assured. Less than six months after the coup (December 12, 1966), Pistarini was replaced by Lt. General Julio Alsogaray as Secretary of the Army. That Alsogaray was chosen by Onganía is interesting. The new Secretary's brother, Alvaro Alsogaray, had allied with former President Frondizi in opposing the tactics (if not the goals) of the Revolucion Argentina and Onganía's avowed intent to remain in power for perhaps five to ten years (Rowe, 1970). On August 20, 1968, Alsogaray, Varela and Alvarez were all removed from office. Thus, some ten months before the beginning of the popular uprisings of the "Cordobazo" which led to the eventual overthrow of Onganía and his replacement by General Levingston, ¹⁶ the leaders of the 1966 coup had lost their government positions.

Alsogaray's replacement as Secretary of the Army was Lt. General Alejandro A. Lanusse. During the conflicts between the Colorado and Azul factions of the military in 1962, ¹⁷ Lanusse had fought against those officers who wished to establish a more or less permanent military

dictatorship. Onganía had taken the same position, of course, at the time of the 1962 fighting; he had clearly shifted his views after coming to power in 1966. The point to be noted, therefore, is that it was Lanusse who eventually toppled the Levingston administration and ended the permanency of the bureaucratic-authoritarian Revolucion Argentina by allowing the election of Hector Campora and the final return of Peron. Finally, it should be recalled that in October 1968 Krieger Vasena's departure was assured when he was designated as the next president of the International Monetary Fund.

The removal of the three military leaders of the June 28, 1966 coup and the appointments of Alsogaray and later Lanusse quite clearly raise questions about the actual extent of military unity during even the first stages of the bureaucratic-authoritarian period in Argentina. Combined with the announced departure of Krieger Vasena and the shift in state-labor relations in March 1968, all of this evidence tentatively suggests that a "true" bureaucratic-authoritarian coalition may have existed for only an extremely short period in
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Argentina.

Yet another point might be noted. Both Onganía and Levingston recruited decision-makers who had served in previous administrations. Two examples of these "old faces" who returned to government service after 1966 were Dr. Jose Astiqueta and Maria de Pablo Pardo (see Figure 3.3). Following the June 28, 1966 coup, General Onganía placed

FIGURE 3.3 ABOUT HERE

right-wing Catholic nationalists such as Dr. Carlos Gelly y Obes

FIGURE 3.3

SELECTED EXAMPLES OF CABINET REAPPOINTMENTS:
 "OLD" FACES IN NEW ADMINISTRATIONS

	President/Position	Previous Service President/Position
Adalberto Krieger Vasena	Ongania/Economy and Labor	Frondizi/Finance
Cesar A. Bunge	Ongania/Finance	Lonardi/Trade
Alvaro Alsogaray	Ongania/Ambassador to U.S.	Frondizi; Guido/Economy
Jose Astiqueta	Ongania/Education	Farrell/Education and Justice
Aldo Ferrer	Levingston/Public Works and Services; Economy	Aramburu/Economics Counselor, Argentine Embassy, London
Eugenio Jose Folcini	Levingston/Finance	Lonardi/Treasury and Finance
Maria de Pablo Pardo	Levingston/Foreign Affairs	Lonardi/Interior

in charge of the nation's educational system (S.L. Baily, 1966; Rowe, 1970; W. Smith, 1976). The inclusion of right-wing Catholic nationalists is thought to have marked a departure from previous policies in Argentina and is taken as one of the indications that Onganía intended to exclude and repress labor. Less than a year after the coup, however, on June 8, 1967 Onganía replaced Gelly y Obes with Astiqueta. Astiqueta had served as the Minister of Education and Justice during the last days of the Peron-dominated, generally pro-labor administration of General Farrell. On June 17, 1970, Levingston named María de Pablo Pardo to the Foreign Ministry. Pablo Pardo had served for one day as the Minister of the Interior under Lonardi in 1955 when the latter was attempting to remove the hard-line anti-Peronist, Dr. Eduardo Busso, and effect a conciliation with labor and Peron's followers. Both of these reappointments by Onganía and Levingston may therefore have signaled at least a limited retreat from harsh anti-labor, anti-Peronist policy positions.

It is in the economic area, however, that reappointments by Onganía and Levingston are most interesting. Their key economic advisors--Adalberto Krieger Vasena and Aldo Ferrer--had served during the administrations of Frondizi and Aramburu respectively. Onganía's ambassador to the United States who played a key role in attracting foreign capital to Argentina during the bureaucratic-authoritarian period had served as a principal economic policy-maker under Frondizi and Guido. One of Onganía's Secretaries of Finance had served as the Minister of Trade under Lonardi. One of Levingston's Secretaries of Finance was the head to a combined finance and treasury ministry under Lonardi. With the exception of these last two individuals, all of these

policy-makers had served in nonbureaucratic-authoritarian administrations which apparently sought at different points in their existence--much like the bureaucratic-authoritarian governments of Ongania and Levingston--to exclude labor and attract foreign capital.

It is possible, of course, that these individuals had altered their views by the time they were incorporated by Ongania and Levingston. For that reason, one should be cautious not to overstate the importance of these reappointments. Nevertheless, they should not be overlooked. If the military and government technocrats gained new importance when the bureaucratic-authoritarian coalition came to power in 1966 as O'Donnell still maintains, there was also a resurgence of old leaders who may have carried with them biases toward policies which had been tried before. In any event, the reappointments raise questions about the contention that the bureaucratic-authoritarian coalition of Ongania and Levingston constituted a sharp philosophical break with the past.

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These observations raise questions about the neatly defined periods and coalitions which are presented in Figure 3.2. The standard interpretation about who governed in Argentina may be entirely accurate, but the possibility that it may be misleading or erroneous suggests the need for a healthy skepticism of the existing analyses. Other hypotheses might be used to explain the policies which were enacted in the different periods of authoritarian rule in Argentina. The export-related and light industrialists may not have been members of the traditional and populist coalitions respectively. Even O'Donnell's most recent treatments of the post-1966 bureaucratic-authoritarian era

may still credit the Onganía and Levingston administrations as having been more unique and more important than they actually were.

If the standard interpretation of Argentina's coalitional history can thus be shaken on these grounds, however, one should not be overly hasty in rejecting the existing work. Much new empirical research is needed; researchers need to dispense with the ideological blinders that raise doubts about the accuracy and credibility of their findings. Nevertheless, students of Argentina's coalitions still tend to accept the alliances and periods shown in Figure 3.2 above. As the discussion in the next section demonstrates, analyses of the occupational backgrounds of Argentina's elite political personnel tend to support this standard interpretation. The support is not unqualified, but the outlines of the three basic coalitions are identifiable. The traditional, populist and bureaucratic authoritarian coalitions may not have existed in the precise forms which are generally ascribed to them, in other words, but the occupational analyses of Argentina's "in-and-outers" indicate that the three coalitions did exist in at least some form.

THE CABINET OFFICERS

Different coalitions and presidents may have ruled in Argentina, but important policy innovations and shifts have frequently been associated with specific individuals who held cabinet or high-level advisory positions in the government. These were the elite political personnel--the "in-and-outers" in Halperin's terms (1974:89)--who actually formulated and implemented public policies.

Consideration of the cabinet officers in Argentina is relevant to

the authoritarian formulation. As different dominant coalitions gained political control, it is probable that they recruited high-level policy-makers whose backgrounds and interests were congruent with those of the alliance members. A finding that shifts between dominant coalitions are mirrored by parallel shifts in the sectors and classes represented in the Argentine cabinet would thus provide additional, direct support for the authoritarian argument.

The question of the stability of the "in-and-outers" is an important consideration in the integrated thesis. Although Argentina's chronic economic problems are frequently attributed to structural "bottlenecks" and the difficulty of developing in a delayed dependent setting, it seems likely that no small portion of that nation's problems may be explained by simple bad government, mismanagement and cabinet-level instability (Salera, 1966). True policy innovation and creativity require time and stability. If elites are constantly being shuffled, it is likely that they will be forced to rely heavily on plans and programs developed by their predecessors. If the elites are constantly being shuffled, it is unlikely that they will be able to press their demands in persistent and unambiguous fashion. When a chronic crisis of authority exists within the cabinet, middle- and low-level public employees will be encouraged to resist and even ignore their constantly changing leaders. In a few words, if the Argentine cabinet became wildly unstable at a particular point in time, it seems probable that effective policy-making authority might have begun to shift out of the hands of those who governed at the top.

The Backgrounds of the "In-and-Outers" A considerable body of evidence is already available on the class and occupational back-

grounds of Argentina's political elites. That information is only infrequently cited, but it is generally supportive of the authoritarian formulation. As each coalition came to power, it apparently tended to recruit policy-makers whose backgrounds were congruent with those of the alliance members. An examination of the backgrounds of the elites political personnel thus reveals a series of shifts in the sectors and classes which were represented in Argentina's various governing teams--cabinet officers and high-level advisors--since 1930.

Some of these shifts are apparent in Table 3.7. Part a of Table 3.7 is from Imaz (1970); part b is from Niosi (1974). Inter-

TABLE 3.7 ABOUT HERE

pretation of these analyses is somewhat difficult, but a number of general points can be made. First, it is clear that lawyers were predominant in the traditional authoritarian teams of 1936 and 1941 which Imaz considers. As he notes, "...almost all of the ruling teams /between 1930 and 1943/ came from within the ranks of the upper class" (1970:15). Recruitment was primarily ascriptive. The inclusion of other groups and sectors was minimal. The populist authoritarian teams of 1946 and 1951 were thus dramatically different from those of the pre-1943 period. Lawyers still constituted the single largest group, but their representation was reduced. The role of professional politicians and entrepreneurs also declined. Only the importance of the military and other groups not classified by Imaz increased from the traditional and populist authoritarian periods.

The direct role of the military was reduced under the bureaucratic-

TABLE 3.7

GOVERNING TEAMS BY OCCUPATIONAL GROUP*
(Percentages)

(a)

Occupational Groups	1936	1941	1946	1951	1956	1961
Military Men	8	8	20	19	42	4
Lawyers	69	92	30	23	20	52
Entrepreneurs	16	8	10	--	24	32
Professional Politicians	23	38	20	15	--	36

(b)

Occupational Groups	Lonardi/ Aramburu Admins.	Frondizi Admin.	Guido Admin.	Illia Admin.	Ongania Admin. (to Cordobazo)
Military Officers	30	12	19	19	8
Professionals Linked to Military	6	--	2	--	--
Entrepreneurs	38	61	69	37	76
Professional Politicians and Union Leaders	8	20	2	43	--
Professional Bureaucrats	10	7	3	1	6
Others and No Data	8	--	6	--	10
N	100% (50)	100% (66)	100% (68)	100% (27)	100% (50)

*For Sources and Methodological Notes, See Appendix A.

authoritarian government of General Ongania (1966-1969). This decline presents a mild paradox. The governments of Frondizi, Guido and Illia were ostensibly civilian administrations, but the direct role of the military was greater under those leaders than during the military dictatorship of General Ongania.¹⁹

The changes in the roles of the entrepreneurs and the professional politicians and union leaders after 1966 accords more closely with the standard interpretation and the authoritarian thesis. Although Frondizi and Guido included greater absolute numbers of entrepreneurs, industrialists constituted a greater proportion of the Ongania governing team. These were apparently the "technocrats" of the bureaucratic-authoritarian coalition. Before 1943, most of the entrepreneurs who participated in government were attorneys who represented the corporations that controlled Argentina's meat and cereal export operations (Imaz, 1970:28). The entrepreneurs who served during the populist period were small- and middle-size industrialists who actually owned their own enterprises. The entrepreneurs of the post-1966 period differed sharply from those who had preceded them in government service. These were the corporate executives who managed the largest national and multinational conglomerates. The elimination of professional politicians and union leaders from the Ongania administration should also be noted. This too appears to accord with the authoritarian thesis that the bureaucratic-authoritarian coalition moved to depoliticize the system and exclude labor from the government.

In summary, it appears that there is at least some similarity between the shifts from one dominant coalition to the next and the changing patterns in the recruitment of Argentina's elite political

personnel. The basic outlines of the different coalitions may indeed be discerned. If that is the case, however, it should be noted that certain aspects of the evidence on Argentina's cabinet members are clearly not consistent with what one might expect under the authoritarian thesis. Because these problems are almost entirely overlooked, they are examined in detail below.

The Stability of Argentina's "In-and-Outers" A number of scholars supplement the data on the backgrounds of Argentina's political elites by emphasizing the roles that key cabinet officers played in influencing particular economic policies since 1930. Murmis and Portantiero (1971), for example, point to the impact that Federico Pinedo--a lawyer for the British owned railway lines--had in promoting ISI policies during the Justo and Ortiz administrations. The importance of Miguel Miranda and Rolando Lagomarsino has already been mentioned. Raul Prebisch, president of the International Monetary Fund and advisor to Lonardi and Aramburu, is another such key figure (Eshag and Thorp, 1974). Rogelio Frigerio and Alvaro C. Alsogaray are thought to have been influential in setting economic policies during the Frondizi administration (Zuvekas, 1968). Adalberto Krieger Vasena is credited (or blamed) for the economic policies of the Ongania administration (Braun, 1973).

A number of additional economic advisors, ministers and cabinet secretaries might also be mentioned as having been influential. That is precisely the point, however. There have been far too many of them. Too few of Argentina's economic policy-makers have retained their positions long enough to have had impacts of major significance. Under Peron, for example, it is possible to identify three different economic

teams:

Team 1:	March 26, 1946	-Miguel Miranda appointed head of the Central Bank
	June 6, 1946	-Ramon Jose Cereijo appointed Finance Minister
	July 17, 1947	-Miranda left the Central Bank and became president of the National Economic Council
Team 2:	January 19, 1949	-Miranda removed as president of the National Economic Council; Roberto Antonio Ares appointed Economic Minister; Dr. Alfredo Gomez Morales appointed Finance Minister
	March 23, 1949	-Ramon Jose Cereijo appointed Treasury Minister
Team 3:	June 3, 1952	-Dr. Alfredo Gomez Morales named to the newly-created Ministry of Economic Affairs, one of Peron's five "super" cabinet positions; Pedro J. Bonani appointed Treasury Minister; Miguel Angel Revestido appointed Finance Minister

Even this example underestimates the chronic instability among Argentina's economic policy-makers, however. Between 1941 and 1970, 34 different individuals held the principal position in Argentina's economic policy-making establishment (see Table 3.8).²⁰ Each of those officers spent an average of only .88 years or approx-

TABLE 3.8 ABOUT HERE

imately 321 days in power. In each of five different years (1943, 1945, 1955, 1962, and 1963), three different leaders were named to head the economic establishment; the economic establishment had two leaders in each of two additional years (1957 and 1970). In a nation which since at least 1946 has developed successive five year plans to chart its economic development, the planners have seldom been in office

TABLE 3.8

TENURE IN THE ARGENTINE CABINET, 1941-1970*

Agency	Number of Office Holders	Average Years per Officer
Economy	34	.88
Foreign Affairs	33	.91
Interior ^a	32	.94
Army (War) ^{a, b}	27	1.11
Air Force ^c	21	1.24
Navy ^a	16	1.88
Public Works ^b	19	1.58
Labor and Welfare ^{a, d}	17	.71

*For Sources and Methodological Notes, See Appendix A.

^aIt has been impossible to trace change-overs during the period immediately preceding and following September 1962 when open fighting erupted between the Colorado and Azul factions of the Argentine military. The counts may therefore underestimate actual the number of office holders and overestimate their tenures in office.

^bCounts for the Army (War) exclude Defense Ministers after the creation of a separate Defense Ministry in 1949. Counts for Public Works exclude the Secretaries of Public Works during the period of existence of the higher level Ministry of Public Works and Services.

^cAugust 1, 1945 to 1970 only.

^dNovember 29, 1943 to 1966 only. Labor was merged with the Ministry of the Economy in 1966.

when the time came for actually implementing their projects.

Cabinet instability has not been limited to the economic policy area, however. The 33 individuals who served as Argentina's foreign minister between 1941 and 1970 averaged only .91 years (332 days) in office. The nation had 2 foreign ministers in 1941, 3 in 1943, 3 in 1944, 4 in 1945, and a total of 10 during the 6 years between January 30, 1958 and October 10, 1963. Only 6 men survived as foreign minister for periods of three years or more during the 1941-1970 interval. Of that six, four served in the period which pre-dated the overthrow of Peron in 1955.

It has been impossible to trace the change-overs in all of Argentina's cabinet positions, but the findings in Table 3.8 give some impression of the general instability. In none of the eight listed areas did the cabinet officers manage to retain their positions for more than an average of 1.88 years (686 days). In comparison, the various presidents from Lonardi through Ongania averaged 2.46 years or 897 days in office.

Cabinet shifts should be expected, of course, at the beginning of a new administration. A number of others should be expected as a result of deaths, illnesses, personal and financial problems, and so on. Even once such factors are considered, however, the image of Argentina's cabinets is one of only barely controlled chaos and confusion. Multiple change-overs in the same year were frequent so that a minister (or secretary) could not even be certain that he would survive long enough to spend the annual budget which he was proposing. On at least one occasion, a cabinet officer was replaced on the same day he was appointed. The replacement served less than four months

before he was removed; his replacement held office for only two days.

Even the shape of the cabinet was repeatedly altered (see Figure 3.4). In most cases, these reorganizations resulted in either the

FIGURE 3.4 ABOUT HERE

creation of entirely new, increasingly specialized ministries or secretariates, or they established a two-tiered cabinet system with an "inner" and an "outer" circle. As such, those reorganizations appear to have been efforts to gain administrative control over a political state which had grown increasingly complex in the period
22
after the overthrow of Castillo in 1943.

The multiple change-overs and cabinet restructurings combine to prevent a complete tracing of all the personnel shifts which occurred in the Argentine cabinet since 1930. The over-all summary of such changes which is based on yearly data considerably under-
23
estimates the real fluidity of the situation (see Table 3.9).
Nevertheless, even that understatement is sufficient to demonstrate

TABLE 3.9 ABOUT HERE

that Argentina's "in-and-outers" failed to retain their cabinet positions for very long. Certain periods of relative stability can be identified. The 1933-36, 1946-49, 1949-52, and 1952-55 periods stand out most notably. The more general pattern, however, is one of almost continuous fluctuation within the cabinet. To the extent that such shifting can be taken as an indicator of a crisis of author-

FIGURE 3.4
MAJOR STRUCTURAL REORGANIZATIONS OF THE
ARGENTINE GOVERNMENT, 1898-1969

M: Ministry
S: Secretariat

	1898	1943	1949	1954	1955	1956	1958	1966	1969
1. Foreign Affairs	M	M	M	M	M	M	M	M	M
2. Interior	M	M	M		M	M	M	M	M
3. Interior and Justice				M					
4. Justice			M		M			S	S
5. Justice and Public Instruction	M	M				M	M		
6. Education		S	M	M	M			S	M
7. War (Defense)	M	S	M	S		M	M	M	M
8. Army			M	M	M	M	S	S	S
9. Navy	M	M	M	M	M	M	S	S	S
10. Air Force		S	M	M	M	M	S	S	S
11. Agriculture	M	M	M	M	M	M	S	S	S
12.									
13.									
14. Finance	M	S	M	M	M		S		S
15. Treasury			M	M	M	M	S	S	
16. National Economy (Econ. Affairs)			M	S					
17. Economy		S					M		
18. Economy and Labor								M	M
19. Labor								S	S
20. Labor and Welfare		S	M	M	M	M	M		
21. Social Welfare									
22. Health and Social Welfare				M	M	M	M	M	M
23. Public Health		S	M					S	S
24. Social Security								S	S
25. Housing								S	S
26. Community Dev. and Assist.								S	
27. Public Works	M	M	M	M	M	M	S	S	
28. Public Works and Services							M		
29. Public Works and Transport									
30. Transport		S	M	M	M	M	S	S	
31. Communications			M	M	M	M	S	S	
32. Broadcasting									
33. Power and Fuel							S	S	
34. Energy									S
35. Industry and Mining							S	S	S
36. Industry, Mining and Commerce									
37. Industry and Commerce		S	M	M	M	M			S
38. Commerce				M	M		S		S
39. Foreign Trade									
40. Political Affairs			M	S					
41. Technical Affairs			M	S					
42. Government								S	
43. Water Resources									S
Totals	8	15	20	20	17	15	20	23	23

1943: Dec. 15074/43 (12/4/43)
1949: Dec. 4359/49 (2/25/49); Art. 103 of the National Constitution
(3/16/49); Ley 13.529 (7/15/49)
1954: Ley 14303 (6/27/54); Dec. 1271/54 (7/27/54)
1955: Dec.-Ley 5600/55 (12/30/55)
1956: Dec.-Ley 10.351/56 (6/14/56)
1958: Ley 14.439 (6/17/58)
1966: Ley 16.956 (9/27/66)
1969: Ley 18.416 (10/23/69)

TABLE 3.9

SUMMARY OF PERSONNEL CHANGE-OVERS*
IN THE ARGENTINE CABINET, 1930-70

Year	Number of Reported Positions	Personnel Changes From Previous Year [#]	Gov't. Reorganization	
1931	8	8		Uriburu
1932	8	7		
1933	8	8		Justo
1934	8	3		
1935	8	1		
1936	8	0		
1937	8	5		
1938	8	2		
1939	8	7		Ortiz
1940	8	0		
1941	8	8		(Ortiz becomes ill 7/40)
1942	8	2		Castillo
1943	8	8	X	Ramirez
1944	8	5(1)		
1945	11	11		(10/20/45)
1946	12	10		Peron (1st. Term)
1947	13	2		
1948	14	3		
1949	22	10	X	
1950	22	1		
1951	22	5		
1952	21	12	X	Peron (2nd. Term)
1953	21	1		
1954	20	2(2)	X	
1955	16	15(1)	X	Lonardi
1956	15	12(1)	X	Aramburu
1957	15	9(1)		
1958	20	20	X	Frondizi
1959	20	16		
1960	20	7		
1961	20	13		
1962	18	18		Guido
1963	17	16		Illia
1964	18	18		
1965	18	2		
1966	24	24	X	Ongania
1967	24	14		
1968	24	5		
1969	24	14	X	
1970	24	22(1)		Levingston
1971	24	14	X	Lanusse

[#]Bracketed figures denote the numbers of positions for which personnel change-over data was not available.

*For Sources and Methodological Notes, See Appendix A.

ity within the government itself, it would appear that Argentina passed through such phases in the following periods: 1931-33; 1937; 1939; 1941; 1943-46; 1949; 1952; 1955-59; 1961-64; 1966-67; and, 1969-71. As Figure 3.5 clearly indicates, cabinet instability was pervasive even during the post-1966 period of bureaucratic-authoritarian

FIGURE 3.5 ABOUT HERE

rule.

As has been said, some of these personnel changes were undoubtedly insignificant. Some occurred for nonpolitical reasons. In other instances, individuals with virtually identical class and occupational backgrounds, policy preferences and priorities probably succeeded one another. It seems likely, however, that the majority of ministers and secretaries left their positions either because they were under pressure to do so or because they wished to protest some government action or policy. It seems probable, therefore, that individuals with divergent outlooks and goals may have tended to replace one another in at least the more important cabinet positions.

To focus exclusively on the similarities and differences between successive ministers or secretaries is to miss the point, however. The very fact that a shift occurs in the leadership of an administrative unit may be of consequence in and of itself. As Diaz Alejandro puts it, even though different administrations and ministers of the economy have attempted to execute major policy changes,

"Much time and effort are wasted by public and government officials waiting to see who the next president or minister of the economy is going to be. The time horizons of policy-

FIGURE 3.5

PERSONNEL CHANGE-OVERS IN THE ARGENTINE CABINET
DURING THE PERIOD OF BUREAUCRATIC-AUTHORITARIAN RULE,
1966-1971*

		1966	1967	1968	1969	1970	1971
M:	Existing Ministry						
S:	Existing Secretariate						
C:	Other Cabinet Office						
X:	Change in Office-Holder (if any) from previous year						
A:	Change-over information not available						
		1966	1967	1968	1969	1970	1971
1.	Foreign Affairs	M	X M	M	M	X M	X M
2.	Interior	M	X M	X M	M	X M	X M X
3.	Justice	S	X S	S	S	M	X M
4.	Education	S	X S	X S	S	X M	X M X
5.	Defense	M	X M	X M	X M	X M	X M
6.	Army	S	X S	X S	S	X S	X S
7.	Navy	S	X S	S	S	X S	X S
8.	Air Force	S	X S	S	S	X S	X S
9.	Agriculture	S	X S	X S	S	X S	A M X
10.	Pres. Central Bank	C	X C	C	X C	X C	X C X
11.	Finance	S	X S	X S	X S	X S	X M X
12.	Economy and Labor	M	X M	X M	M	X M	X
13.	Labor	S	X S	S	S	S	X M X
14.	Social Welfare	M	X M	X M	X M	X M	X M
15.	Public Health	S	X S	S	S	S	X S
16.	Social Security	S	X S	X S	S	S	X S X
17.	Housing	S	X S	X S	S	X S	S X
18.	Community Dev. and Assist.	S	X S	X S	S	S	X S X
19.	Public Works	S	X S	X S	S	X	
20.	Public Works and Services					M	X M X
21.	Public Works and Transports					S	X S X
22.	Transport	S	X S	X S	S		
23.	Communications	S	X S	S	S	S	X S
24.	Broadcasting						S X
25.	Power and Fuel	S	X S	S	S	S	X S
26.	Energy					S	X
27.	Industry and Commerce	S	X S	X S	X S	S	X
28.	Industry, Mining and Commerce						M X
29.	Government	S	X S	S	S		
30.	Water Resources						S X

* Agencies listed here as having existed in 1969 differ slightly from those shown in Figure 3.4 as a result of the differences in the reporting dates for the structural change and personnel change-over data. For sources and additional methodological notes, see Appendix A.

making have become extremely short, as survival takes precedence over other considerations. Public opinion, on the other hand, expects new ministers to perform economic miracles in a few months; grumbling begins punctually two or three months after a new minister is installed" (1970:134).

Chronic instability may have induced Argentina's cabinet-level political elites to adopt strong ideological positions. It may also have forced them to reach back, to modify previous policies in only marginal ways. At the same time, the rapid elite turnovers and the fact that Argentina's public employees remained leaderless for long periods may have encouraged the professional employees to hold back and resist. Thus to the extent that an ongoing crisis of authority existed within the government itself during much of the period since 1930, control of the Argentine policy-making arena may have shifted to those public employees who remained in office even through presidents, cabinet officers and coalitions came and went. Because the cabinet officers were constantly being shuffled, it seems unlikely that they could have pressed their demands in persistent fashion and thereby overcome the resistance of the permanent public employees. If that is true, then it may in fact be the case that Argentina's public employees, and through them their clientele, came to govern effectively in Argentina.

THE PUBLIC EMPLOYEES

A shift in the location of effective policy-making authority might have been likely even if the Argentine public sector had remained small and weak. If elite instability developed in a context in which the public sector was large and highly unionized, however,

then the transfer of authority would have been even more probable. The public employees might have been able to drag on the policy-making effectiveness of Argentina's elite political personnel and dominant coalitions.

Employment in the Argentine Public Sector The details of the expansion of the role of the Argentine government in penetrating and controlling the national economy may be left for Chapter V. At this point it suffices to say that as the state's economic activities increased, the number of public employees also grew. As Table 3.10 indicates, 82,300 new positions were created within the Argentine

TABLE 3.10 ABOUT HERE

government between 1935 and 1942. That number represented a 48 per cent increase, or an average of 11,760 per year over the seven year period. Bunge implies that this influx of public employees raised the cost of government by 138 per cent in the years between 1933 and 1939 (1940:404).

The expansion of public employment was most dramatic, however, during the populist era in Argentina. The decrease in the number of employees between 1942 and 1943 is probably attributable to the purging of the public sector in the period immediately following the overthrow of Castillo. Between 1943 and 1952, however, there was a 144.4 per cent increase as 349,900 new employees were added to the public payrolls. Under Farrell (1944-1946), the majority of the growth was in public and semi-public corporations. Thus, the expansion in public employment may have been an unintended consequence of nation-

TABLE 3.10

NATIONAL GOVERNMENT EMPLOYEES*

Year	(1)	(2)	(3)	(4)	(5)	(6)
	Central Administration	Special Accounts	(In Thousands) Decentralized Units	Total	Change in Total	Percent Change in Total
1935	146.7		23.1	169.8		
1936	159.9		26.2	186.1	16.3	9.60
1937	165.3		27.4	192.7	6.6	3.55
1938	167.8		28.9	196.7	4.0	2.08
1939	167.6		29.8	197.4	0.7	0.36
1940	167.9		31.9	199.8	2.4	1.22
1941	158.5		32.6	191.1	- 8.7	- 4.35
1942	196.8		55.3	252.1	61.0	31.92
1943	186.2		57.2	242.4	- 8.7	- 3.45
1944	207.6		64.3	271.9	28.5	11.71
1945	203.3		109.0	312.3	40.4	14.86
1946	204.5		109.3	313.8	1.5	0.48
1947	284.4		88.2	373.6	59.8	19.06
1948	294.4		95.3	389.7	16.1	4.31
1949	312.7	24.9	170.0	507.6	117.9	30.25
1950	328.0	18.2	186.5	532.7	25.1	4.94
1951	339.1	17.3	218.3	574.7	42.0	7.88
1952	347.0	19.8	225.5	592.3	17.6	3.06
1953	361.5	27.0	152.2	540.7	- 51.6	- 8.71
1954	361.8	23.2	151.7	536.7	- 4.0	- 0.74
1955	369.6	25.3	148.3	541.2	4.5	0.84
1956	412.5	23.7	154.4	590.6	49.4	9.13
1957	397.4	25.0	155.0	577.4	- 13.2	- 2.24
1958	396.5	22.4	155.3	574.2	- 3.2	- 0.55
1959	348.5	20.6	216.4	585.5	11.3	1.97
1960	344.3	20.5	212.8	577.6	- 7.9	- 1.35
1961	331.8	20.7	214.9	567.4	- 10.2	- 1.76
1962	298.1	32.6	210.5	541.2	- 12.7	- 4.62
1963	304.4		224.1	528.5	- 12.7	- 2.35
1964	305.6		228.6	534.2	5.7	1.08
1965	311.8		238.5	550.3	16.1	3.01
1966	311.7		245.3	557.0	6.7	1.22
1967	309.8		251.1	560.9	3.9	0.70
1968	312.2		257.7	569.9	9.0	1.60
1969	368.0		203.3	571.3	1.4	0.24

*For Sources and Methodological Notes, see Appendix A.

alizing foreign companies. Workers who had once been employed by domestic or foreign concerns were quickly transformed into public employees. Under Peron, the greatest immediate expansion was in the central administration. By 1948-1949, however, a recession had set in (see Table 3.5 above). The traditional authoritarian governments of the pre-1943 period had reacted to a similar downswing in the economy in the 1938-1939 interval by slowing the rate of increase in public employment. Peron's response was in the opposite direction. When the rate of economic expansion began to slow in the late 1940's, employment in both the central administration and the decentralized agencies grew sharply. If the 1948-1949 recession reduced the number of employment opportunities in the private sector, in other words, the populist Peronist state responded by placing more and more workers on the public payrolls.

By 1951, the number of national government employees had reached an all time high. The economy recovered somewhat in 1950-1951, but severe droughts in 1951-1952 reduced agricultural production. As a consequence, negative trade balances developed in those years and the economy entered another recession. As has been said, these factors combined with the slowing down of import substituting activities to bring an end to the populist coalition. They also combined to bring about a pause in the steady expansion of public employment in Argentina. Gold reserves from World War II had been sufficient to support increased government employment during the 1948-1949 recession, but such reserves were not available during the early 1950's. Thus, the number of public employees was reduced by 55,000 in 1953 and 1954. That reversal perhaps marks the end of

Argentina's populist period as well as any other single factor.

Employment in the Argentine public sector will be examined in systematic fashion in Chapter VI. Two points of immediate interest should be noted here, however. First, the "wrong" governments succeeded in reducing the size of the public sector in the post-1952 period. The relatively weak governments of Aramburu, Frondizi, Guido and Illia which existed during the era of the hegemonic crisis managed to reduce the number of national government employees by 61,900 between 1956 and 1963.²⁴ In contrast, public employment actually increased by 14,300 during the bureaucratic-authoritarian government of General Ongania (1966-1969). This difference in the direction of change in the 1956-1963 and 1966-1969 periods is surprising. One of the factors which led to the 1966 deposition of Illia was the costly and inefficient public bureaucracy (Rowe, 1970:475). A major goal of the 1966 coup makers was to centralize Argentina's bureaucratic establishment and increase its efficiency (O'Donnell, 1973; W. Smith, 1976). However, the actual result of Ongania's administration was a net increase in the number of employees. Employment never again returned to its 1952 peak of 592,300, but employment in 1969 was only 3.5 per cent below that level. In other words, the weak, not notably or strongly anti-bureaucratic governments after 1952 were the ones which managed some reductions in public employment, while none of the post-1952 governments produced more than marginal decreases in the number of public employees.

The second interesting aspect of the post-1952 patterns in public employment which should be noted at this point concerns the areas in which the governments were and were not able to reduce the

employment levels. The decreases were concentrated in the central administrative agencies, or in other words, in those areas which were the most likely to be under the close control of the elite political personnel. Decentralized agencies (public and semi-public corporations) showed only minor fluctuations except in 1959 when Frondizi apparently responded to a severe depression by allowing the number of employees in such units to rise sharply. This contrast should not be overlooked. It is generally conceded that the large deficits of the public and semi-public corporations created the need to reduce public sector employment (Eshag and Thorp, 1974:96). Unfortunately, these public and semi-public corporations are also the least likely to be controlled by cabinet level officials. As Jordan (1972) describes them, these "bureaucratic oligarchies" are sufficiently autonomous from the elite political personnel that the public and semi-public corporations constitute a major independent interest group in Argentine politics. That evaluation is supported by this evidence.

Granted that the number of public employees expanded sharply during the populist period and has since remained relatively constant, it is of some interest to consider how extensive government employment has been in comparison with employment in the private sector. Even before the beginning of Peron's nationalization policies, one out of every ten of Argentina's economically active persons was a public employee (Germani, 1955:113). Official government figures report that by 1953, 9.4 per cent of those who held jobs in Argentina were on the public payrolls (see Table 3.11). By 1963, that figure

TABLE 3.11 ABOUT HERE

TABLE 3.11

TOTAL EMPLOYED POPULATION BY ECONOMIC SECTOR*
(In Percentages)

	1953	1963	1969
Agriculture and Fishing	26.7	22.8	20.3
Mining	0.6	0.6	0.6
Industrial Manufacturing	23.6	19.4	18.7
Construction	6.2	5.9	7.5
Commerce	13.3	14.1	14.7
Transport and Communications	6.4	6.9	7.4
Electricity, Gas, and Water	0.7	0.9	0.8
Banking and Other Services	13.1	17.6	18.6
Government	9.4	11.8	11.5

*For Sources and Methodological Notes, See Appendix A.

had grown 11.8 per cent, but even those numbers may underestimate actual public employment. While the counts in Table 3.11 include employees at all levels of government (those in Table 3.10 include only national government workers), they may exclude employees who worked for state-owned corporations in mining, transport and communications, electricity, gas and water, and banking. In any event, Treber (1971:522) reports that in 1966, 1,118,400 employees held positions in various levels of government (national, provincial, and municipal), centralized and decentralized agencies, and state-owned corporations. Despite the efforts of the Onganía administration to decrease the level of public employment, that figure had grown to 1,159,900 by 1969. 25

It is well-recognized that this massive bureaucratic structure is inefficient and cumbersome (Rottin, 1949; Owen, 1957; Whitaker, 1964: 126; Garcia-Zamor, 1968; USBLS, 1968:17). Overstaffing and featherbedding undoubtedly vary from agency to agency, but two observations should be sufficient to make the point. The first is Aizcorbe's comment that,

"...the state oil company, Yacimientos Petroliferos Fiscales, employs approximately twice the personnel that private oil companies do. In 1966, the state-owned Aerolíneas Argentinas had about 115 employees per plane. For such private airlines as ALA and Austral, the rate was only 39 employees per plane. Squandering is evident" (1975:23-24).

The second observation develops from a search of the records of Argentina's office of governmental coordination and control. The role of this agency is to organize government operations and maximize inter-agency cooperation, but it had no information on what subministerial agencies existed, where they were located, or what their responsibilities were.

The Importance of Unions in the Public Sector If the Argentine public sector is cumbersome and inefficient, it also seems likely that the public employees are cautious, reluctant to accept change, and if Scott (1966:306) is correct, unresponsive even to the presidents and ministers who hire them. That situation would be difficult for Argentina's elite political personnel to overcome.

Their command and control problems may be exacerbated, however, by the fact that public employees in Argentina are union members. Cabinet level instability, resource shortages, the cumbersome and inefficient nature of the public sector, the unresponsiveness of the public employees and so on may all combine to impose constraints on the ability of the elites to penetrate the policy-making arena and bring it under their control. The fact that elites must deal with unionized public employees may reduce the capabilities of the leadership still further.

As can be seen in Table 3.12, it is possible to trace only the broadest outlines of the overall union movement in Argentina. The

TABLE 3.12 ABOUT HERE

point to be noted, however, is that the number of union members in Argentina increased sharply under the populist governments and it is highly probable that this pattern of expansion was extended to include public employees. A listing of the Argentine unions with more than 35,000 members as of August 23, 1957 includes the following public employee organizations:

TABLE 3.12
UNION MEMBERSHIP*

<u>Year</u>	<u>Membership</u>	<u>Source</u>	<u>Notes</u>
1930	200,000	(1)	Count includes membership in the CGT only
1931	250,000	(1)	Count includes membership in the CGT only
1932	255,000	(2)	Count includes membership in the following: (a) CGT -- 200,000; (b) FCRA IX --40,000; and; (c) 15,000 in autonomous unions
1933	250,000	(2)	Count includes membership in the CGT only
1935	390,000	(2)	Count includes membership in the following: (a) CGT --260,000; and, (b) 130,000 in other (unspecified) unions.
1936	369,969	(3)	Count includes membership in all unions
1937	418,902	(3)	Count includes membership in all unions
1938	440,242	(2)	Count includes membership in the following: (a) CGT --289,393; (b) USA --32,111; (c) Federation of Catholic Employees --17,500; and, (d) 89,319 in autonomous unions
1939	436,609	(3)	Count includes membership in all unions
1940	472,828	(3)	Count includes membership in all unions
1941	546,708	(4)	Count includes membership in all unions, plus 40,000 members of Catholic Workers' Clubs and Federations
1942	547,000	(5)	Count includes membership in all unions
1944	250,000	(6)	Count includes membership in the CGT only
1945	528,523	(7)	Count includes membership in all unions
1946	500,000	(8)	Count is alleged to include membership in all unions, but source (5) reports this figure as including membership in the CGT only

TABLE 3.12

(Continued)

1947	1,500,000	(9)	Count is alleged to include membership in all unions, but source (5) reports this figure as including membership in the CGT only
1954	6,043,000	(10)	Count includes membership in all unions
1955	4,200,000	(10)	Count includes membership in union with international affiliations
1960	2,500,000	(8)	Count includes membership in all unions, but source (10) reports approximately the same figure pertaining only to membership in unions with international affiliations
1964	2,532,000	(10)	Count includes membership in all unions, but source (7) reports 1,764,692 as the full count

Sources:

- (1) The American Labor Review;
- (2) International Labour Organization, Yearbook;
- (3) Carri (1967);
- (4) Weil (1950);
- (5) S. L. Baily (1967);
- (6) Troncoso (1946);
- (7) Torre (1974);
- (8) Alba (1968);
- (9) Costa (1947);
- (10) Statistical Abstract of Latin America

*For Methodological Notes, See Appendix A.

1. Railway Workers	208,406
2. National Civil Employees	190,000
3. State Workers	124,679
4. Municipal Workers	74,000
5. Light and Power Workers	<u>38,000</u>
	635,085

This list may exclude a number of additional public employee unions in fields such as oil, mining, bank, port, meat-packing, and the postal service. However, these unions alone account for 63.5 per cent of the 987,000 employees who held positions at all levels of government in 1957 according to Treber (1971). Thus, even though the evidence seems inconclusive, it is at least suggestive that a significant portion of Argentina's public employees are union members.

The relationship between the government and the employees of Argentina's state-owned railroads is an extreme, but nevertheless useful, example of the problems which may arise when political elites are forced to deal with public employee unions. According to S.L. Baily (1967:62-63), 100,000 workers were organized in three different transport unions (Union Ferroviaria, La Fraternidad, and Union Tranviaria) in 1935. By 1940, those unions included 115,000 members. Thus, these unions were reasonably large and well-established by the time the Ramirez regime came to power. As such, they were the targets of the repressive policies of the populist governments, but they were never brought firmly under government control. Resistance of the railway unions was not important, however, until December 1946 and February 1947 when the Peron government announced the purchase of the French and British railroad networks in Argentina. By those acts, large numbers of highly organized and reasonably independent workers became employees of the state. Deterioration of the rail lines increased rapidly (Whitaker, 1964:126). By the time president Illia took office in 1963,

the annual operating deficit of the railroads was approaching a third of a billion US dollars. Quite clearly, some reorganization or revitalization of the state-owned railway system was needed.

Peron is commonly criticized for having neglected the nation's infrastructure, but he initiated the reform efforts in 1951. Similar railroad reorganization plans were proposed by Frondizi (in 1958 and 1961), Illia (in 1963) and Onganía (in 1966). In each case, the presidents and the political elites were resisted by the most powerful railway unions. In each case a confrontation developed. More often than not, it was the elite political personnel who were forced to yield and postpone their plans.

Peron's effort led to a strike by La Fraternidad in January 1951. On January 24, 1951, the populist leader threatened to invoke a national civil defense law which would draft striking workers into the military if they did not return to their jobs. In May, La Fraternidad was intervened by the government. In July, that union renewed its strike. Workers sabotaged the equipment. Finally, in September 1951, the government was forced to declare a national state of siege.

In 1961, Frondizi announced the initiation of a new government plan (Decree 4061) to dismiss 80,000 railroad employees, speed up the retirement of 20,000 others, close 11 railroad equipment factories, and abandon some 23,000 kilometers of track. The railroad workers reacted by calling strikes on May 15 (24 hours), July 18 (24 hours), and August 21 (48 hours). Finally on October 30, a strike was begun which would last until December 12 when Frondizi announced that the government had yielded to the workers' demands. In Decree 11.578 of

that date, all workers were allowed to return to their jobs without danger of reprisals, all imprisoned workers were released, the railroad equipment factories were reopened, previous work rules and retirement policies were reestablished, the government agreed to pay strikers 80 per cent of their lost wages, a 20 per cent pay increase was granted, and finally, the government agreed to postpone all railroad-related questions for an indefinite period (Iscaro, 1973:361-363).

(In light of what was said in the previous section regarding elite instability, it is of interest to note that on January 12, 1962, the Minister of the Economy, Roberto T. Aleman, the Public Works Minister, Arturo Acevedo, and the director of the state railways, Constantino Plaghos, all resigned in protest over Frondizi's concessions to the railway workers in his December 12, 1961 decree. Frondizi's actions also failed to endear him to Argentina's military and may have been a contributing factor which led to his overthrow and replacement by Guido on March 28, 1962.)

In 1963 it was Illia's turn to attempt to revitalize the railroads. His Four Year Railroad Development Plan was designed to reduce gradually the number of railroad employees and trim the operating deficit of the railways by 42 per cent. The unions once again opposed the plan. Once again the government backed down and postponed its efforts. Once again also, Illia's alleged "derationalization" of the public bureaucracy was apparently a contributing factor in his overthrow on June 28, 1966 and replacement by General Ongania of the bureaucratic-authoritarian Revolucion Argentina (Rowe, 1970:475).

Thus, in December 1966 yet another railroad reorganization plan

was announced. Both La Fraternidad and the Union Ferroviaria announced strikes and called upon the General Confederation of Labor to issue a plan of resistance to the new government's policies. The government took advantage of the internal divisions which then existed within the labor movement. It revoked the legal status of the Union Ferroviaria, blocked union funds, dismissed striking workers, and invoked the old peronist national civil defense law under which striking workers could be drafted into the military and thereby placed under the threat of military justice.

Other instances in which public employees resisted (and on occasion, successfully blocked public policies can be cited).³² The point should be clear, however. Having developed a vast array of public enterprises and a massive, highly unionized public bureaucracy, the Argentine elite political personnel had deprived themselves of certain policy options. The middle- and low-level public employees, those individuals who retained their positions even though presidents and cabinet officers came and went, had vested interests in maintaining at least the existing distribution of policy benefits. When the cabinet instability began to become chronic, permanent government staffs became the only actors who held stable positions in the nation's policy-making apparatus. The establishment in which the public employees were enmeshed was cumbersome and inefficient. Bureaucratic operations constituted a massive drain on national resources. Elites may have wished to alter these conditions, but they frequently discovered that the large and extensively unionized Argentine public sector was difficult to administer. Thus, the Argentine state--like the Argentine society itself--began to become

increasingly divided against itself after 1950. Many of the post-1950 governments attempted to exclude, repress or otherwise control labor, but by 1950 labor had already assumed the guise of unionized public employees and taken at least partial control of the state.

THE "WHO GOVERNS" AND "WHO CARES WHO GOVERNS" THESES: THE TIMING OF THEIR CONVERGENCE IN THE ARGENTINE CONTEXT

According to the authoritarian thesis, three distinct types of authoritarian political systems existed in Argentina during the 1930-1970 period. Each of those three systems was associated with the domination of a different coalition of forces. The standard interpretation of Argentina's coalitional history locates the following points of transition between the eras of dominance of those three basic alliances: 1943; 1952; and, 1966. A number of questions were raised in the discussion above about the actual constituency of the traditional and populist authoritarian coalitions. It was suggested that the bureaucratic-authoritarian alliance may not have actually succeeded in establishing its control.

Despite these qualifications, the authoritarian thesis implies that each of the three transitions should have altered the underlying policy-making model. In other words, each coalition should have executed a fundamental realignment of policy costs and benefits. Once the members of each coalition had established the basic alignment of policies which they preferred, they should have proceeded to adjust policy outputs on the basis of the factors which affected their interests.

The bureaucratic/incremental change formulations posit no such changes in the policy-making model. The departure of old leaders and

the arrival of new coalitions and elite political personnel are expected to have only marginal impact on what policies are made for whom and at whose expense. The best predictor of current policies in this formulation lies, not in the backgrounds and interests of those who govern at the top, but rather in what policies were made previously.

The integrated formulation attempts to synthesize these "who governs" and "who cares who governs" arguments. It argues that coalitions and political elites are unlikely to be dominant in the policy-making arena if:

- a). The elites are unable to press their demands in persistent and unambiguous fashion;
- b). a balance exists between opposing nonbureaucratic actors in the arena;
- c). the public sector is large and extensively unionized; and,
- d). the elites possess no previously unallocated resources.

The lesser the extent to which these conditions prevail, the more likely it is that the predictions of the authoritarian thesis will hold. Coalitions and transitions between coalitions should be important for understanding public policies. The greater the extent to which the four constraining conditions prevail, the more likely it is that some bureaucratic/incremental/prior decision formulation should be useful for understanding policies. Middle- and low-level bureaucrats and public employees should dominate the arena and limit the policy-making effectiveness of the elite political personnel.

All four of these constraining conditions had developed by the end of the populist authoritarian period in Argentina. It was at that point, according to the integrated formulation, that control of the policy-making arena should have shifted out of the hands of the

elite political personnel and the dominant coalitions which they represented. It was at that point that Argentina's public employees may have begun to dominate the policy process.

According to the standard interpretation, the completion of the consumer goods stage of import substitution industrialization in Argentina in the late 1940's or early 1950's (a) eroded the power of the populist authoritarian coalition and (b) established the basic socio-economic context in which the bureaucratic-authoritarian alliance would coalesce in 1966. Although a lengthy crisis intervened between the end of the populist period and the beginning of the bureaucratic-authoritarian era, that thinking thus argues that the economic restructuring at the end of the consumer goods phase of ISI gave rise to a horizontal shift from one coalition to another.

The integrated formulation also emphasizes the end of the consumer goods phase of ISI as a factor which eroded the populist coalition. In addition, however, that argument stresses the importance of the populist governments which ruled Argentina between 1943 and 1952. Under those administrations, the Argentine state increased its penetration of the economy. The number of public employees was greatly expanded. They became unionized and enmeshed in a complex bureaucratic establishment which was cumbersome and inefficient. The public bureaucracies created a massive drain on the state. By the end of the populist period, tendencies toward elite instability and failure developed. In the post-populist period, those tendencies became chronic. As the consumer goods stage of ISI came to an end, a general hegemonic crisis began to develop. That too became chronic.

All of these factors may have combined to effect a vertical shift in the location of effective policy-making authority in Argentina. In the pre-1950 period before these trends and tendencies developed, who governed at the top may indeed have been crucial for determining what policies were made, who benefited from them, who paid for them, and what factors covaried with the fluctuations in policy outputs through time. The shift between the traditional and populist authoritarian coalitions (1943) should have resulted, therefore, in an important realignment of the costs and benefits of public policies. If the integrated formulation is valid, however, the above-mentioned trends may have led, not to another horizontal shift, but rather to the erosion of the context in which coalitions could govern effectively in the post-populist period in Argentina.

In the period of the hegemonic crisis, the bureaucrats and the lower-level public employees alone held stable positions in the policy-making arena. They alone had policy inertia in their favor. The large and generally inefficient public corporations in which many of the public employees were situated drained resources, and thereby reduced the capacities of new leaders to expand into new areas.

If the public employees may have become increasingly important for determining what policies could be made in the post-populist period, the importance of coalitions and political elites should have been reduced. The expectation of the integrated formulation is that the transitions from populist authoritarian system to the era of the hegemonic crisis (1952) and from the era of the hegemonic crisis to bureaucratic-authoritarianism (1966) should have had less dramatic

impacts on public policies than the 1943 shift. In other words, the two major coalitional changes which occurred in Argentina after 1950 should have resulted in policy reorientations which were less abrupt than the earlier transition. If public employees effectively dominated the policy-making arena, newly arriving elites should have found it difficult both to retreat from previous policies and to create new ones in the period after 1950 in Argentina.

NOTES

1. The precise dates of these transitions have been supplied by O'Donnell in personal communications with the author.
2. It is important to emphasize that the export and export-related industrial coalition did not maintain its hegemony over a scarcely differentiated population in Argentina. By 1930, a middle class had developed which was sufficiently large to have supported the 14 years of Radical Party rule. Labor organization movements were also well underway.
3. Not all of these researchers include the entire 1930-1970 period, and thus all four transitions, in their analyses.
4. Other scholars who discern an ongoing crisis of authority or hegemonic crisis in Argentina include: Whitaker (1964); Millington (1964); S.L. Baily (1966); and, Di Tella (1968).
5. Unless specifically indicated, the listed researchers do not supply descriptive titles for the periods which they delineate. The designated end-points for the second periods are in most cases dictated less by economic considerations than by the points in time at which the different scholars undertook their analyses.
6. According to Baer, Import Substitution Industrialization may be defined in the following way:

"ISI is an attempt by economically less-developed countries to break out of the world division of labor which had emerged in the nineteenth century and early part of the twentieth century. Under this division, Latin America (and most areas of Asia and Africa) specialized in the export of food and raw materials, while importing manufactured goods from Europe and the United States. Import substitution consists of establishing domestic production facilities to manufacture goods which were formerly imported" (1972:95).

7. The reports are from Balboa (1972).

8. A number of such alternative explanations are explored in detail in Chapter V.

9. According to Merx, most of the industrial promotion measures of the 1930's,

"...were not undertaken for the specific purpose of aiding the industrial sector, but rather were intended to safeguard the export market, aid agricultural production, and maintain Argentina's ability to meet her international obligations. Nevertheless, when the government policies of the thirties are summarized, they sound like a checklist of import-substitution techniques: expansionary fiscal policy, investment in the infrastructure; tariff increases, currency devaluations, negative terms of trade movement for rural goods, exchange discrimination, and artificially imposed bilateral trade patterns" (1969: 89-90; emphasis in the original).

10. Miguel Miranda was Peron's chief economic advisor during the period between 1946 and 1949. He is alleged to have been the embodiment of light industrialists who supported Peron (Abelardo Ramos, 1973:191), and a self-made man whose tin- and chrome-plating, food and canning concerns had expanded during the 1930's and early 1940's (Kenworthy, 1972:17).

11. These points are pursued in some detail in Chapter V.

12. The specific actions referred to here are the following:

- 2/12/44 Decree 4316 which authorized the Directorate of Military Factories (DGFM) to form mixed companies for the production of chemicals and metals
- 3/28/44 Decree 7595 which authorized the DGFM to form mixed companies for the production of chemicals and metals
- 4/ 4/44 Establishment of the Argentine Industrial Credit Bank for the purpose of granting long-term loans to Argentine industry
- 6/ /44 Decree 14.630 which authorized subsidies and protection for ISI activities

13. The discussion in Chapter IV is largely dedicated to demonstrating this point.

14. Useful surveys of the history of the Argentine union movement are available in: Alexander (1962, 1965, 1968); Troncoso and Burnett (1960); S.L. Baily (1967); Jordan (1970); Peralta Ramos (1972); Iscaro (1973); and, Zorrilla (1974).

15. Two additional points of interest might be noted. The first is that union opposition to the government originally began to coalesce in 1967 around the leadership of Amado Almos, head of the sanitation workers union. Ongaro (head of the printers union) assumed the leadership of the anti-government unions and formed the CGT of Paseo Colon in 1968 after Olmos's death (Peralta Ramos, 1972:176). The second point is that after 1968 the CGT of Azopardo became divided between the "participationists" who favored actual cooperation with the government, and the "dialogists" who were willing to maintain communications with the government and to refrain from actually opposing it.

Vandor himself was included in this latter group (Jordan, 1970).

16. The term "Cordobazo" is generally used to refer to a series of major popular uprisings which occurred between April and June of 1969. The government responded successfully to this crisis, but the Cordobazo is generally credited with having broken the back of the Ongania administration (Portantiero, 1973:94).

17. For a useful review of the Colorado/Azul conflicts including a precise statement of the positions of both sides, see Millington (1964).

18. These issues are raised again in Chapters VI and VII.

19. Under Ongania, the military participated in government primarily through the National Security Council (Consejo Nacional de Seguridad, CONASE). This point is discussed in greater detail in Chapter IV.

20. Leadership change-overs in the treasury and finance secretariates are not included here, but they were equally as rapid as those in the Ministry of the Economy.

21. The text only hints at the chaos in the Secretariate of the Army in 1962. The full sequence of changes was as follows: 4/2/62, retired General Martino Bartolome Carrera; early on 4/21/62, General Enrique Rauch; late on 4/21/62, retired General Juan Batista Loza; 8/10/62, General Eduardo Senorans; 8/12/62, General Jose Octavio Cornejo Saravia; 9/24/62, Lt. General Benjamin Rattenbach; 5/15/63,

General Hector Alberto Repetto; and, 10/16/63, retired General Ignacio Avalos. Even this sequence may be incomplete, however.

22. The author would like to thank Mr. Luis Zone for making his own unpublished research on the structural changes in the Argentine government available to him. Although a number of additional sources have been utilized in assembling the information which is presented, Mr. Zone's work has been invaluable in making a chaotic and confusing series of changes somewhat intelligible.

23. The reader will note, for example, that Rawson's 1943 cabinet is completely untapped by Table 3.9.

24. Illia did not assume the presidency until October 12, 1963. It is possible, therefore, that he should not be included in this list of those presidents who reduced public employment.

25. The OAS reports that there were 558,772 employees in the Argentine central administration in 1966. By 1971, that number was reduced to 479,472.

26. In evaluating the union membership data in Table 3.12 and generally in estimating the extent of the overall union movement, one should recall Zeuch's (1939) observation that everyone involved with such information has a vested interest in juggling the counts. Union leaders may wish to appear more powerful than they really are, so they will exaggerate the totals. Public officials in labor ministries

and secretariates may wish to justify their work, so they too will exaggerate the counts.

27. United States, Bureau of Labor Statistics, Foreign Labor Information, Labor in Argentina, (Washington, D.C.: June, 1959).

28. Shortly after assuming power in 1943, Ramirez promulgated a new Law of Professional Associations (Decree 2669) under which only those unions which were legally recognized by the government could represent their members in collective bargaining. The railroad unions protested the new policy and they were therefore intervened on August 23, 1943 (S.L. Baily, 1967:72-73; Iscaro, 1973:344). In October and November, labor opposition to government policies increased so that in December 1943, Peron effected the repeal of the hated Decree 2669. In January 1945 a new decree was issued making strikes illegal and declaring those which occurred without government permission to be crimes against the state. The February 27th announcement of the "Right of the Worker" which were later incorporated into the 1949 constitution did not include the right to strike. Once again, the railroad unions led the protest against government encroachment on union rights. In May 1945, the executive committee of La Fraternidad passed a series of resolutions condemning the government's limitations on the right to strike and its interventions of the municipal and textile workers' unions. On July 7, 1945, Farrell lifted the state of siege which had been in effect since 1943 and in the following months the "liberal" unions (La Fraternidad, shoemakers, textile workers, and commercial employees) increased their attacks on

the government (S.L. Baily, 1967:84-85). In September, La Fraternidad and the textile and shoemakers' unions withdrew from the CGT and formed the Argentine Committee of Independent Unions (COASI). The Union Tranviaria and commercial employees' unions supported these actions with wildcat strikes (S.L. Baily, 1967:86). In 1948, La Fraternidad protested against Peron's application of the 1902 Residence Law under which aliens could be deported if they constituted a threat to the state (Alexander, 1965:37). Alexander summarizes the situation,

"Although Peron was successful in gaining control of the top union leadership of the labor movement, he could never completely destroy the opposition in the rank and file, and there were numerous instances during his tenure in office when the lower-echelon leadership of the unions defied the President" (1968:187).

29. Several other instances in which the railway workers struck in protest against government policies might also be mentioned. On February 1, 1956, the Aramburu government announced that wages would be frozen until March 1958. The following month, the government imposed new legal restrictions on the unions (Iscaro, 1973:322-323). In October and November of 1956, therefore, the railroad workers joined with the commercial, bank, and telephone employees in a series of strikes for higher wages. In October 1957, the railroad workers struck again. This time the protest was against the government's wage freeze and its elimination of the right to strike (Decree 10.596). Troops were brought in to run the rail lines during the 48 hour strike on October 22 and 23. In 1958, yet another important railroad strike occurred. Nearly 240,000 workers walked off their jobs for six days

in a demand for higher wages. The dispute was not ended until November 28 when Frondizi declared the strike to be illegal and drafted all of the striking workers into the military.

30. The connection between the railroad strike and the declaration of a state of seige may have been only indirect. On September 28, 1951, dissident military officers led by General Benjamin Menendez attempted to topple Peron. The turmoil surrounding the strike may have encouraged that action, but the abortive coup may also have been stimulated by Peron's announcement on August 22 that his wife Eva would run as his vice-presidential candidate in the upcoming elections. (Eva was ultimately withdrawn and Quijano was named to the number two spot on the ticket.)

31. For discussions of Frondizi's 1958 railroad reorganization plans, see Eshag and Thorp (1974:96) and Zuvekas (1968).

32. Important strikes by government bank employees occurred in November 1956, January 1958, and between April and June 1969. Strikes by employees of the government-owned packinghouses erupted in January 1959 and April 1960. Major strikes by employees of the state oil corporation took place in October 1958, and in September and October 1968. Government dock workers struck in October 1966, and so on. In most cases, the disputes developed either in response to unfavorable government wage policies or in reaction to government reorganization plans.

CHAPTER IV
POLICIES TOWARD THE STATE,
THE MILITARY AND SOCIETY

The focus in this chapter is on a series of important propositions of the "who governs" authoritarian argument which relate shifting dominant coalitions to efforts to depoliticize the system, attempts to institutionalize the role of the military in government and to changes in policies toward the organization of the state itself. The "who governs" authoritarian thesis leads one to expect that sharp contrasts should be identifiable in all three of these areas when one compares the populist and bureaucratic authoritarian periods in particular. The populist authoritarian governments of Ramirez, Farrell and Peron should have mobilized the popular sector and included it for the first time in the political life of the nation. The military's role in government should have been largely provisional and ad hoc. While the size and complexity of the government should have increased as a result of the initiation and expansion of a variety of welfare and public works programs during the populist period, the "who governs" authoritarian formulation provides no reason for predicting that the populist governments should have sought to reorganize the public bureaucracy in order to bring it more firmly under their control.

Following in the wake of the populist mobilization and inclusion of the working class sectors, the bureaucratic-authoritarian coalition of the post-1966 period should have attempted to establish

an exclusionary and depoliticized system. Unlike their sharply divided colleagues in the pre-1966 period who allegedly intervened in government on only a temporary basis, the military members of the bureaucratic-authoritarian coalition should have unified themselves and taken control of the government with a view toward establishing a more or less permanent military dictatorship. Unlike their poorly trained and highly political predecessors in the public bureaucracy, the technocrats of the bureaucratic-authoritarian coalition should have rejected the political bargaining, electioneering and pressure group politics which distorted their efforts at objective policy-making. The technocrats should therefore have sought to reorganize the state, increase its operating efficiency and "rationalize" policy-making.

The integrated formulation predicts that the shift from populist authoritarian rule (1952) and to bureaucratic-authoritarian rule (1966) should not have produced fundamental policy changes in these three areas. Cabinet instability had become chronic by the early 1950's. A large, highly unionized public bureaucracy had developed. Cyclical balance of payments, foreign exchange and inflation problems combined with the cumbersome and inefficient public bureaucracy to drain the resources which elites had at their command. Finally, the completion of the consumer goods phase of import substitution industrialization in the late 1940's or early 1950's had eroded the populist coalition, but no new bloc of actors had evolved to establish firm political control.

All four of these conditions should have shifted control of the policy-making arena. From 1952 onward, it should have been

the public bureaucrats, rather than coalitions and political elites, who effectively governed the nation. Different coalitions may have ruled, but their ability to make basic policy changes should have been reduced. The military and the technocrats in the bureaucratic-authoritarian coalition may have tried to establish a permanent anti-labor, depoliticized regime in which policy-making was based on rational criteria, in other words, but it is unlikely that they could have succeeded if the integrated thesis is valid. All of the newly arriving political elites after 1952 should have been able to extend, intensify and even marginally reverse existing policies, but they should have failed in their efforts at fundamentally remaking and dramatically reversing what had been done before. Unable to go ahead, they should have built upon what had been done before.

The first section of this chapter considers efforts by the various Argentine governments to reorganize the public bureaucracy and centralize the policy-making process. Attempts by the military to institutionalize its role in government and establish a more or less permanent military dictatorship are discussed in the second section. Finally, policies aimed at depoliticizing the system are reviewed in the third section.

Efforts in these three areas relate to the "who governs" and integrated formulations in slightly different ways. Government restructuring seems most likely to evoke resistance on the part of the public bureaucrats. In contrast, political elites in even the most bureaucratized political systems should be able to suppress dissent by issuing decrees and executive orders and thereby acting outside normal bureaucratic channels. The integrated formulation

should therefore be useful in efforts to understand attempts to restructure the bureaucracy and centralize policy-making, while policies aimed at depoliticizing the system may be among those most likely to fit the predictions of the "who governs" authoritarian thesis. Having said this, however, it should be noted that efforts to stifle dissent may be a consistent element in the Argentine political tradition. Particular attempts to suppress the opposition may be simple reversions to the norm rather than departures from it. If this is the case, if all of the various Argentine governments tended to repress their opponents, then even the policies in this area may be related at least indirectly to the integrated formulation. The link should be obvious. The thrust of the drag thesis is that under certain conditions, governments may become ineffective. If this occurs so that elites consistently fail to resolve the fundamental problems which they confront, a consistent pattern of repression may develop as the elites attempt to "buy time" for themselves by acting in one of the few areas in which they can still be effective. All repression does not result from elite failure, of course. Nevertheless, much of the suppression which does occur may in a sense be explained if a pattern of chronic failure in other policy areas can be detected. If elites are unable to solve problems, they may prevent their critics from pointing out that the problems even exist.

POLICIES TOWARD THE ORGANIZATION OF THE STATE ITSELF

The focus in this section is on decision-makers' efforts to reform the state by centralizing and "rationalizing" the policy-making process. According to the authoritarian thesis, innovations in this

area should be restricted exclusively to the post-1966 period when the technocrats of the bureaucratic-authoritarian coalition were dominant actors in the Argentine policy-making arena. The impact of these "Harvard trained" administrators (Abelardo Ramos, 1973:286) in the post-1966 period is allegedly apparent in their efforts to: (1) Restructure the public bureaucracy; (2) create the Office of the President; and (3) establish the National Development Council (Consejo Nacional de Desarrollo, CONADE) (W. Smith, 1976).

The integrated formulation implies that these innovations may have been more apparent than real. The thrust of that formulation is that by the early 1950's, Argentina's public bureaucracy had become large and extensively unionized. This development is one of the four factors which is thought to have reduced the capacity of Argentina's political elites to formulate and execute public policies effectively. If that hypothesis is valid, it seems reasonable to expect that efforts to reform the public bureaucracy should have begun for the first time in the immediate post-c1950 period as the elites tried to regain administrative control over what had become a complex and cumbersome policy-making apparatus. If such efforts were made, however, they should have failed. It should have been easier for the pre-c1950 elites to create the bureaucracy than for the post-c1950 elites to reform it and bring it under control. It should have been harder to go back, in other words, than to go forward.

The analysis tends to support these predictions. The formal organization of the Argentine state remained largely unchanged between 1898 and 1943. (See Figure 3.4). With the arrival of the populist authoritarian coalition, however, the number of cabinet level positions

increased from 8 to 15. A second set of new, increasingly specialized ministries and secretaries was created in 1949 with the adoption of the Peronist Justicialista Constitution.

The first major structural reform measures were adopted in 1954. The new organization called for the retention of most of the previously existing cabinet positions, but it also established four "super" ministries¹ which constituted an "inner" cabinet which was designed to guide and manage the operation of the remaining ministries. The Frondizi reorganization of 1958 reinstated this two-tier arrangement. In this plan, eight ministries which closely paralleled the eight established by the 1898 constitution were to oversee the operations of a varying number of secretaries. Rather than being unique or innovative, the 1966 reorganization was a simple reinstatement of a hierarchical arrangement within the cabinet. In this instance, five ministries were designated to direct the operations of the remaining agencies.

A number of points might be noted in connection with these three efforts to restructure the Argentine government. First, none of the plans actually reduced the number of cabinet level positions. The trend since 1945 was toward increasingly specialized cabinet agencies. Units were frequently renamed or combined with other agencies, but they were seldom abolished.

The second point is that the evidence from the 1954, 1958 and 1966 government reorganizations is consistent with the expectations of the integrated formulation. All three reforms appear to have been efforts by the political elites to regain administrative control by centralizing decision-making authority at the highest levels of

government. As expected, the first effort at reform was made in the early 1950's. The 1958 and 1966 reorganizations appear to indicate the predicted failure of the preceding efforts. Finally, the technocratically-inspired bureaucratic-authoritarian reorganization of 1966 which created an "inner" and an "outer" cabinet appears to have been little more than a replication of the 1954 and 1958 reforms. Regardless of whether Argentina's elites have been technocrats or simple politicians, since 1954 they have frequently attempted to reorder the state so that they could govern effectively. Government reorganization is almost an established tradition in Argentina and more often than not, the leaders have gone about effecting their administrative reforms in similar rather than distinctive ways.

Reforms within the Office of the President provide additional if somewhat weaker support for the integrated formulation. Contrary to what one proponent of the "who governs" thesis believes, the technocrats of the bureaucratic-authoritarian period did not create the Office of the President (W. Smith, 1976). That office was in fact created in 1948 during the first Peron administration and originally included the National Defense Council, the National Bureau of Research, Statistics and Consensus, the Economic and Social Council, the Council for Interministerial Coordination, the Subsecretariate for Information and the President's personal assistants and secretaries. The following year, the Bureau of Coordination of State Information was added.

The creation of the Office of the President may thus have been a very early attempt to centralize policy-making authority.

FIGURE 4.1

ELABORATION OF THE ARGENTINE

OFFICE OF THE PRESIDENT: SELECTED YEARS

X: Position listed by sources	1951	1954	1956	1957	1961	1965	1968
1. Private Secretary	X	X	X ¹	X ¹		X	X
2. Assistant to the Pres.		X	X	X			
3. Consulting Secretary						X	
4. General Secretary			X	X	X	X	X
5. Chief of Secretariat			X				
6. Economic and Financial Adv.			X				
7. Ecclesiastic Assistant	X						
8. Chief of Protocol		X	X	X			X ²
9. Administrative Secretary	X		X	X			X ³
10. Sec. for Administration and Expedition		X					
11. Sec. for Expedition			X	X			
12. Chief of Coordination and State Information	X						
13. Sec. for State Information		X		X	X	X	X
14. Press Secretary		X	X	X	X	X	X ⁴
15. Sec. for Broadcasting and Tourism							X
16. National Tourist Bureau							X ⁴
17. National Cinemagraphic Bureau							X ⁴
18. Bureau of General Plans							X ⁴
19. Communications Services							X ²
20. Sec. for Union Affairs		X					
21. Dept. of Social Affairs			X				
22. Dept. of General Affairs			X				
23. Sec. for Administrative Investigations		X					
24. Sec. for Statistics			X	X			
25. Consejo Nacional de Desarrollo (CONADE)							X
26. Nat. Com. for Scientific and Technical Studies							X
27. Nat. Security Council							X
28. Council for Federal Investments							X
29. Nat. Atomic Energy Com.							X
30. Technical Secretary					X	X	
31. Technical Services				X			X ²
32. Legal and Technical Sec.			X				X ²
33. Chief of Security			X	X			X ²
34. Chief of Custodial Services			X	X			
35. Secretary for Decrees				X			
36. Intelligence Services							X ²
37. Aviation Services							X ²
38. Dept. of Personnel							X ²
39. Chief of the Casa Militar	X	X	X	X	X	X	X
40. Various Military aids-de-camp	X	X	X	X	X	X	X
Number of Positions	6	10	18	16	6	8	24

Notes:

¹Includes two different positions.

²Bureaus and Offices under the jurisdiction of the Casa Militar

³Subsecretariats under the jurisdiction of the General Secretary

⁴Bureaus under the jurisdiction of the Secretary for Broadcasting and Tourism.

The timing and early constitution of the office suggest that that may not have been its exclusive purpose, however. Coming as it did at a point when Peron was attempting to consolidate labor support and shift to providing workers with symbolic instead of material benefits,² the Office of the President may also have been conceived as a base from which to direct the massive propaganda campaign which Peron launched to retain labor support and suppress his opposition. The creation of the Subsecretariate for Information and the Bureau of Coordination of State Information in 1948 and 1949 thus coincide roughly with the initiation of Peron's systematic anti-press campaign in 1947.

Whatever the original reasons for creating the Office of the President, however, the point to be noted is that it remained in existence throughout the 1948-1970 period (see Figure 4.1). The apparent downgrading in the importance of the office during the

FIGURE 4.1 ABOUT HERE

Fronzizi-to-Illia (1958-1965) interval is difficult to account for under the integrated formulation. The proliferation of entirely new agencies and the establishment of a tiered system of agencies within the Office of the President in 1968 seem to provide some support for the authoritarian formulation. Nevertheless, the Office of the President in Argentina was created and sustained by the political elites of the 1948-1966 period. It was not an original, technocratically-inspired policy innovation of the bureaucratic-authoritarian era.

Similar observations can be made in regard to agencies which

have been charged with the tasks of planning and coordinating national development and collecting and analyzing statistics. From 1945 on, it is possible to trace the evolution of units which bore similar duties and responsibilities: The National Postwar Council (Consejo Nacional de Postguerra) which was headed by Peron himself; the National Economic Council which was led by Miranda and later by Dr. Alfredo Gomez Morales; the Economic and Social Council and the National Bureau of Research, Statistics and Censuses which formed part of the newly created Office of the President in 1948; the Secretariate for Administrative Research and the Secretariate for Statistics (see Figure 4.1 above); and finally, the National Development Council (Consejo Nacional de Desarrollo, CONADE) which was created in 1964 by Illia in response to requirements of the Alliance for Progress. The technocrats of the bureaucratic-authoritarian coalition may have upgraded these agencies in the period after 1966, but it seems clear that their efforts to improve the nation's planning and analysis capabilities were not true policy innovations. Rather than breaking sharply from previous policies, the efforts of the technocrats in these areas appear to have been simple extensions and intensifications of steps that had been taken originally by previous, nontechnocratic, nonbureaucratic-authoritarian policy-makers.

Several points of interest thus emerge from the discussion in this section. First, administrative reform efforts developed on time in the early 1950's. Since then, efforts to restructure the Argentine state and to centralize policy-making have almost become a part of the Argentine political tradition. The fact that successive reform efforts were required appears to indicate the predicted failure

to bring the public bureaucracy under control. The second major point concerns the incremental nature of the changes discussed in this section. There is little evidence that the technocrats of the post-1966 bureaucratic-authoritarian period had any special or particular impact in these areas. Rather than attempting to effect any new or particularly innovative solutions to the problems of managing the public bureaucracy, the governments of the post-c1950 period tended simply to redo what had been done before.

THE INSTITUTIONALIZATION OF THE MILITARY ROLE IN GOVERNMENT

The focus in this section is on the Argentine military's attempts to establish a more or less permanent military dictatorship and institutionalize its role in the policy-making process. According to the authoritarian thesis, such efforts should have been unique to the post-1966 bureaucratic-authoritarian administrations of Onganía and Levingston. Prior to 1966, the military was sharply divided over questions of how to deal with the nation's socio-economic problems and the appropriate nature of the military's role in resolving those difficulties. When the military intervened in politics in the pre-1966 period, it did so on only a temporary basis according to the "who governs" thesis. The military played only an ad hoc role in the policy-making process before 1966.

All of this is alleged to have changed with the arrival of the bureaucratic-authoritarian coalition in 1966. By that point, the military had finally developed a unified view on the need to repress labor and foster the development of the nation's infrastructure and capital or basic industries. The imposition of a permanent military

dictatorship and the institutionalization of a military role in decision-making were allegedly new policies which were designed to accomplish those ends.

The difficulty is that this description of the post-1966 changes in military attitudes and behaviors is misleading. When viewed from a long-term perspective, the coup d'etat of June 28, 1966 which toppled Illia and established the bureaucratic-authoritarian dominance of General Ongania does not appear to have constituted a radical or fundamental departure from previous military interventions. Some evidence to this effect has already been reviewed in Chapter III.³ Questions about the degree of unity of the bureaucratic-authoritarian military have been raised by the fact that (a) one of the members of the original junta lasted less than six months in office, and (b) none of the junta members remained in their positions after August 20, 1968. Doubts about the military's (as opposed perhaps to Ongania's personal) intent to establish a more or less permanent military government were also raised by the appointment of Lt. General Julio Alsogaray and later Lt. General Alejandro A. Lanusse--two figures who may have favored a return to civilian rule--as Secretaries of the Army.

Additional considerations suggest that analysts have tended to overstate the uniqueness of the post-1966 governments. The military did not, for example, come to see itself for the first time as the force of light in a messianic struggle against the forces of darkness when it deposed Illia in 1966. The military interventions by Uriburu, Lonardi and Aramburu clearly seem to have been regarded as

only temporary interruptions of civilian rule which were launched with the negative intention of simply removing the existing leaders from power. As such, those brief interludes do seem distinguishable from the Revolucion Argentina of 1966.

On at least one other occasion, however, the officers deposed a sitting president and established a permanent military dictatorship so that they could complete their perceived mission. That had been in 1943 when a group of pro-Axis military officers deposed President Castillo. Although the military was unified on few other points, as Potash observes, "the one point on which all seemed to agree was that theirs was a strictly military movement: civilians would take no part and the military would run the future government" (1969:197). The sense of mission of the 1943 coup-makers is apparent in the words of an anonymous document which was circulated among high ranking officers shortly before the uprising:

"A harsh dictatorship was necessary /in Germany/ to impose on the populace the sacrifices which were necessary for a formidable program /of national development and unification/. Such shall be the case in Argentina. Our government will be an inflexible dictatorship. ...It will attract the support of the populace, but the people will have to work, to sacrifice and obey. To work more and to sacrifice more than any other people. Our generation sacrificed on the altars of a higher good: The Argentine fatherland, which later will shine with unequalled light for the good of the continent and for all mankind" (cited in Romero, 1969:133).

Thus, the Revolucion Argentina was not the first military government which took control in Argentina and intended to keep it. Neither were the leaders of the 1966 coup the first to have the support of a united military. Internal disunity and fractionalization have been characteristic of the Argentine military, but at least a superficial consensus and a sense of mission or destiny were not

original with the bureaucratic-authoritarian era.

Was the institutionalization of a military role in the policy-making process a unique characteristic of the post-1966 period? W. Smith in particular alleges that this is the case (1976:36-37). Nevertheless, the National Security Council (Consejo Nacional de Seguridad, CONASE) which was designed to formalize military access has its own precedents. As Potash observes, the military played no regularized role in the policy-making arena from the beginning of Peron's first term in 1946 to the early days of Aramburu's administration in 1955 (1972:49-54). Aramburu changed that situation, however, on the very night that he became president when he signed Decree-Law 2908. That measure created a revolutionary council which was,

"...to consist of the Vice President and the ministers of each of the three armed services and was to countersign every decree-law issued by the government in exercise of legislative functions. It was also to countersign the appointment of all cabinet members and provincial interventors and to give its consent to all important plans, declarations, and measures designed to implement the goals of the Revolution. ...For almost two and one-half years the military, through a legally recognized body, shared authority with the President" (Potash, 1972:54).⁴

Even the duty of controlling internal unrest and subversion which was formalized in CONASE had precedents. A special police agency had been established by Castillo within the Interior Ministry on January 31, 1942, for example. Its mission was to exercise "vigilance over and suppression of anti-Argentine activities." A Comision Nacional de Investigaciones had been established following the overthrow of Peron in 1955. The mission of this agency was to organize and direct the repression of the peronist elements.

Once again, therefore, there is no evidence that the post-1966 bureaucratic-authoritarian period constituted a sharp break with the past. Like the bureaucratic-authoritarians, the leaders of the 1943 coup which toppled Castillo came to power with a positive view of what had to be done and with the apparent intent of remaining in power until it was accomplished. The bureaucratic-authoritarian military was not the first to attempt to institutionalize its role in government. Finally, the bureaucratic-authoritarian officers were not the first ones in Argentina to assume the role of suppressing the opposition.

EFFORTS TO DEPOLITICIZE THE SYSTEM

According to the standard interpretation, the overthrow of President Illia and his replacement by General Onganía on June 28, 1966, marked the beginning of a new era in Argentine history. The bureaucratic-authoritarian coalition came to power on that date and moved to establish an exclusionary political system. General Onganía and his eventual successor, General Levingston, sought to depoliticize the society and impose a more or less permanent military dictatorship.⁵

The question posed in this section is whether or not the steps which the bureaucratic-authoritarian coalition took to depoliticize the system were in fact new. Were they the true policy innovations of the technocrats and unified military of the bureaucratic-authoritarian coalition, or were they instead simply echoes from the past, efforts to reach back to the measures which had been adopted by previous nontechnocratic, nonbureaucratic-authoritarian governments?

Policy steps in the following four areas will be considered sequentially: (1) Policies toward elections, political parties and the national Congress; (2) policies toward the Supreme Court and the national universities; (3) policies toward the press; and (4) policies toward labor.

Policies toward Elections, Political Parties and the National Congress O'Donnell asserts that efforts to minimize bargaining and politics developed after 1966 because technocrats had gained increased policy-making authority in the Ongania administration and they viewed such practices as hindrances to the rationalization of the policy-making process which they sought to effect (1973:84). W. Smith makes much the same point (1976:37). Both of these researchers imply that an example of this bureaucratic-authoritarian desire to depoliticize the system is apparent in the fact that the military moved in 1966 and thereby forestalled the scheduled 1967 elections in which half of the Congress would have been up for election along with several crucial provincial governorships. The backers of the 1966 coup had good reason to expect that the peronists might win significant electoral gains.⁶ Rather than face that risk, they decided to "change the rules of the game," to use O'Donnell's terminology, and move in preemptive fashion to topple the Illia administration, dissolve the political parties and disband the national Congress.

These steps may have in fact been the result of technocratic desires to depoliticize the system. The difficulty, however, is that similar measures had been adopted by other, nontechnocratic, nonbureaucratic-authoritarian governments of the pre-1966 era.

The military had acted at least once before, for example, to forestall an election which seemed likely to produce an unfavorable outcome. That had been in 1943 when the officers deposed Castillo in order to prevent the election of Patron Costas (Potash, 1969:183), dissolved Congress and officially repressed the Communist and Socialist parties. Lonardi disbanded the Congress in 1955 after the overthrow of Peron. Guido decreed the abolishment of all parties and the closing of Congress on May 20, 1962.

Efforts to suppress the supporters of Peron were also not unique to the bureaucratic-authoritarian period. In 1956, Aramburu decreed the abolition of the Peronist (Justicialista) Party and banned peronist leaders from running as electoral candidates. On August 22, 1958, the Argentine Federal Court of Appeals rejected a petition by the Peronist Party for legal recognition. The Peronist and Communist parties were abolished again in December 1960 as a result of their alleged participation in an anti-government uprising. On July 24, 1962, Guido barred the Peronist and Communist parties from running presidential and vice presidential candidates. On May 17, 1963, Guido decreed that candidates of the Peronist Popular Union Party could field candidates in only congressional races. Even Guido's annulment of the Peronist victories in the elections of March 18, 1962 had a precedent. Uriburu had done much the same thing in 1931 when he annulled the results of the Buenos Aires provincial elections which had been swept by the Radical Party candidates.

The picture which emerges from all of this is one of almost chronic interventions in Argentine electoral politics. Technocrats may have been unique to the post-1966 governments of Ongania and

Levingston, but the desire to depoliticize the system was not. What Silvert refers to as a tendency toward "political absoluteness" or a "messianic view of politics" (1970:436-437) was a consistent theme which pervades Argentine history. It is apparent, he argues in Rawson's 1943 statement that, "Now there are no political parties, but only Argentines," and in Aramburu's 1955 inaugural message, "...we appeal to all inhabitants of the republic to postpone all tendentious and partisan interests to the higher interests of the collectivity."⁷

Policies Toward the Supreme Court and the National Universities

Additional examples of the bureaucratic-authoritarian efforts to suppress dissent appear to be evident in Onganía's reconstitution of the Supreme Court and his July 29, 1966 intervention of the nation's universities.⁸ Here again, however, nonbureaucratic-authoritarian governments had done similar things. Peron, for example, attacked the Supreme Court in his first inaugural address on June 4, 1946 because it had ruled that two of his favored measures were unconstitutional. The following month, a peronist representative in the Congress introduced a bill of impeachment of four of the five Supreme Court justices. Three justices and the attorney general were finally removed from office a year later.⁹ The lower courts were purged in 1949 under a provision of the new constitution which made all judicial appointments subject to reconfirmation (Whitaker, 1954). Finally, Lonardi dissolved the peronist-dominated Supreme Court on October 5, 1955. A less biased, more pro-government court was sworn in two days later.

In October 1943, the government dismissed university professors

who had signed a letter calling on the army to support "effective democracy and American solidarity" (Whitaker, 1954). The 40,000 member student association was dissolved. A number of the professors were reinstated after the March 27, 1945 declaration of war on the Axis powers, but many of the pro-Axis rectors and deans were then imprisoned. On May 2, 1946, shortly after Peron's first election, all of the nation's universities were simultaneously intervened for the first time in Argentine history. Between October and December of that year, nearly seventy per cent of the faculty were dismissed. On January 1, 1948, the government put into effect a new university plan which decreased the autonomy and administrative freedom of the universities. The removal of anti-government professors continued. By 1953, nearly ninety per cent of the 1945 faculty had been replaced. Another new university pact was announced in 1953. The measure gave Peron unlimited power to appoint the rectors and deans who were themselves responsible for all other appointments. A stipulation requiring rectors to have held a degree for ten years was removed. The prohibition against political activities was repealed. Finally, according to Whitaker, the entire educational system was converted into a peronist propaganda machine (1954:173). After the overthrow of Peron in 1955, Lonardi intervened the universities and a program of "deperonization" was begun.

Policies Toward the Press Efforts in the post-1966 period to censor and manipulate the mass media are apparently yet another indication of bureaucratic-authoritarian desires to depoliticize the system by stifling dissent. Such steps were taken by the Ongania and Levingston administrations, but harassment and censorship of the

press by the bureaucratic-authoritarian governments may actually have been less extensive than it had been under previous administrations (S.L. Baily, 1966:303; Rowe, 1970:483).

Through 1930, the Argentine press was relatively free of control by the national government. After the military overthrow of the constitutionally elected Radical Party government of President Yrigoyen, however, General Uriburu attempted to suppress two newspapers (La Prensa and La Nacion) which had remained hostile to the government. Under Justo, the Argentine Supreme Court reversed its position and sanctioned a measure of federal control over the press (Whitaker, 1954:158). Castillo took advantage of this new power. On May 6, 1942, a pro-Axis newspaper, El Pampero, was closed by government order. Control and censorship of the press continued after Castillo was ousted on June 4, 1943. On January 27, 1944, for example, Ramirez's successor, General Farrell, closed the internationally respected La Prensa for five days.

Control of the media was intensified even further under Peron:

"First, a pattern to which all /newspapers/were expected to conform was set by the regime's own papers. Chief among these was Democracia, which was owned by the Eva Peron Foundation and which had a circulation of about 200,000. One of its features was a column signed "Descartes," which was generally believed to be the pen name of Peron himself, though he never avowed it publicly. When conformity was not forthcoming and pressure had to be applied, he used various combinations of measures which included harassment by government inspectors, reduction of supplies of newsprint (a government monopoly), inspired attacks by Peronist mobs and strikes by Peronista employees, subsidies to persons willing to be corrupted, and purchase of controlling interests by his associates" (Whitaker, 1954:159).

These efforts to control the opposition press and mount a propaganda campaign were directed after 1948 from the already-mentioned agencies

within the Office of the President. The government thus took control of the privately-owned radio stations, for example, and linked them with a newly created agency in the Office of the President. New legislation in 1949 made it illegal to offend the dignity of any public official. If the author of any offending article could not be found, the editor of the publication in which it appeared could be imprisoned. A new congressional committee was established in January 1950 to oversee "anti-Argentine" activities. Its operation eventually led to the suspension of more than sixty newspapers. In October 1950, the supply of newsprint to La Prensa was reduced. Venders went on strike against the newspaper the following January and picketed the plant. The owner of La Prensa was indicted for anti-Argentine activities. On March 20, 1951, the government finally expropriated La Prensa. This newspaper which had detailed the worst violations of civil rights by the peronists reappeared on November 19, 1951 as an official voice of the peronist-dominated General Confederation of Labor (CGT). The nation's radio broadcasting system was reorganized once again toward the latter part of 1953 when all existing licenses were abruptly cancelled. New regulations requiring at least seventy per cent native Argentine ownership were enforced. Finally, the number of broadcasting companies was reduced to three, all of which were supervised or operated by the government.

Press controls were relaxed somewhat shortly before Peron's downfall in 1955. On July 6, Peron announced the end of the revolutionary stage of his movement and called upon his critics to engage in a dialogue with him. Arturo Frondizi, then the head of the opposition Radical Party, obliged the president and on July 27 made the

first opposition broadcast which had been heard in the nation for ten years. The relaxation of controls continued after the September 1955 coup d'etat. Lonardi decreed on October 19 that all Argentine newspapers would receive a uniform allotment of 15 tons of newsprint per day, for example. On December 7, 1955, La Prensa was removed from the control of the CGT and returned to its former owner.

Government control of the press began to intensify once again, however, once Lonardi had been replaced by General Aramburu. Lonardi had attempted to chart a course toward reconciliation with the peronists; under Aramburu, the supporters of the ousted dictator were repressed on nearly every front. While anti-peronist publications had thus been repressed during the 1945-1955 interval, Aramburu put the shoe on the other foot and moved quickly to suppress the pro-peronist media between 1955 and 1958.

The image which emerges from all of this is therefore quite similar to the one noted above in connection with Argentina's electoral history. Censorship and control of the media were common both before and after 1966. Whenever any government came under attack, the tendency was to react by attempting to suppress the critics. There was no sudden constriction of the freedom of the press by the bureaucratic-authoritarian administrations of Ongania and Levingston.

10

Policies Toward Labor Efforts to depoliticize the system by excluding labor from the political life of the nation are alleged to have been particularly important defining attributes of the post-1966 bureaucratic-authoritarian administrations of Ongania and Levingston (O'Donnell, 1973; W. Smith, 1976). Labor policies are the core of the authoritarian thesis. All of the governments in

Argentina may have attempted to limit dissent by intervening in electoral politics, subverting the courts, disrupting the universities, and controlling the press. Only the bureaucratic-authoritarian governments, however, should have been strongly anti-labor if the "who governs" authoritarian thesis is valid. In light of this prediction, the rather curious point to be noted here is that the repressive measures which were adopted by Argentina's most strongly anti-labor governments were not substantially distinct from the policies pursued by the nation's least anti-labor, most strongly populist regime. To be sure, there were differences in the labor policies of the populist and bureaucratic-authoritarian governments, but the distinctions may not have been as clear-cut as is commonly believed. Proponents of the authoritarian thesis may once again have overstated their case.

A national Civil Defense Law (17.192) and a compulsory arbitration act (Law 16.636) are a case in point. W. Smith (1976) regards these repressive measures as unique to the post-1966 bureaucratic-authoritarian period in Argentina. The former threatened the drafting of dissident workers who refused to return to their jobs. The latter effectively eliminated the right of the workers to strike. The difficulty, of course, is that Peron himself invoked a civil defense law in order to quell a railway workers strike on January 24, 1951.¹¹ The compulsory arbitration act was similar in substance if not in precise form to measures which had been enacted in 1943 (Decree 2669), 1945 (Decree 23.852 as ratified by Law 12.921), 1956 (Decree-Law 9270), 1957 (Decree 10.596), and 1962 (Decree 8946). Even the Illia government which Ongania toppled had decreed a new regulation of the Law of Professional Associations. Under that measure, political

activity by unions was prohibited, open shops were legalized, the government was given control over union funds, more than one union was permitted to exist in a given field, new rules for union elections were imposed, increased autonomy was granted to local unions, and strikes were made permissible only after a vote of the full union membership (S.L. Baily, 1966:303). Even the "Rights of the Worker" which were announced by Peron himself on February 27, 1945 and which were later incorporated into the 1949 constitution failed to include the right to strike.

The efforts to constrain and later freeze wages which were announced in 1967 and 1968 were also not unique to the post-1966 period. Even the ostensibly pro-labor government of Peron had adopted similar policies. Workers' salaries increased sharply after 1943 when the populist coalition came to power. By 1949, however, the government was already enacting measures which called for an increase in foreign investments, the stimulation of the long-neglected agricultural sector, a reduction in public expenditures, the restriction of new investment credits for Argentina's consumer goods manufacturers, an increase in labor productivity, and finally, the containment of real wage increases (Cafiero, 1961:329-346; Ferrer, 1967:197); In 1950, the "pro-labor" Peron government implemented a new program which compelled labor unions to sign new wage agreements at two year intervals rather than the usual one. In 1951, Peron asked the CGT and the principal manufacturer's association, the General Economic Confederation, to help stabilize wages and prices. The CGT itself helped launch a program in 1952 to control inflation by increasing production and decreasing spending. Limitations on the

domestic consumption of beef were imposed the same year in order to
 12
 increase Argentina's potential meat exports.

These points can be carried a step further. Peron himself, the leader of the populist coalition and the mobilizer of the Argentine masses, had begun to abandon labor at a point no later than 1948-1949. He had clearly sought to include labor in the political life of the nation by providing workers with tangible benefits during his rise to power within the populist coalition in the 1943-1945/46 period (see Figure 4.2). In the interval following his election, however, Peron consolidated his movement (see Figure 4.3). The CGT was finally brought under his direct control. The Laborista Party

FIGURES 4.2 AND 4.3 ABOUT HERE

which had provided the organizational backing for Peron's election and which sought to retain some independence from Peron was effectively destroyed and replaced by the Partido Unico. The CGT and the Secretariate of Labor and Welfare increasingly sought to discourage unapproved labor strikes. When workers walked out without permission, the government showed little hesitation in forcibly breaking the strikes.

SUMMARY AND CONCLUSIONS

The weight of the evidence reviewed in this chapter is clearly in favor of the integrated formulation. The arrival of the bureaucratic-authoritarian coalition in 1966 did not result in any major changes in policies toward the organization of the state, the degree of institution-

FIGURE 4.2

SELECTED EXAMPLES OF INCLUSIONARY MEASURES
DURING THE POPULIST PERIOD

- 7/ 3/43 Government lowers rents nationwide until 12/31/45
- 7/ /43 Juan Domingo Peron, a relatively minor official in the Rawson administration, begins a series of meetings with labor officials to hear their complaints
- 10/ 2/43 Jose Peter, secretary of the meatpackers union (FOIC) and a communist who had been arrested on 6/6/43, is returned from imprisonment by order of Peron. The two meet and arrange an agreement to end a meat workers strike that had begun in August
- 3/ /44 Peron marches with the meat workers in support of their strike against the Armour Corporation
- 6/ 1/44 The meat workers strike against the Armour Corporation is ended by a decree in which the workers win a 30 per cent wage increase
- 7/ /44 The government imposes new ceilings on the price of beef
- 11/18/44 The government issues the Estatuto de Peon which attempts to replace the patron-peon relationship by establishing the National Commission of Rural Labor
- 2/27/45 The government issues the "Rights of the Worker"
- 4/24/45 The government orders the meatpacking plants to reabsorb all workers who had been suspended as a result of a strike begun on 3/30/45. The government agrees to pay the salaries of up to 12,600 workers for 3 months when they can not be rehired
- 7/12/45 During a massive rally protesting an anti-Peronist manifesto, Peron tells the workers that they will be included as part of the government
- 12/20/45 The government decrees a Christmas bonus which applies to all workers including white collar employees
- 12/ /45 The government creates a National Salary Institute
- 3/ /46 Government pressure ends a three-month long strike by the meat workers. Packinghouse managers agree to cooperate with the National Salary Institute, rehire all workers suspended since 1/1/45, guarantee job stability and pay a full day's wage to workers who worked only 6 hours in the very harsh conditions of the freezing rooms. The meat workers union pledges only to enter into future negotiations with "good will" (Smith, 1969:46).
- 6/ /47 The Eva Peron Foundation is established. This technically private charity organization becomes a massive apparatus for channeling social welfare and public works money to the nation's rural and urban workers
- 7/ 9/47 Peron proclaims Argentina's economic independence
- 9/ /47 Women's suffrage legislation is passed
- 3/16/49 The Peronist Justicialista Constitution which includes the Rights of the Worker is adopted
- 7/ /49 The Peronist Justicialista Party is created to replace the Partido Unico Revolucionario which Peron had organized in 5/ /46

FIGURE 4.3

SELECTED EXAMPLES OF EXCLUSIONARY ACTIONS
DURING THE POPULIST PERIOD, 1945-1952

- 1/ /45 The government declares strikes which occur without government permission to be illegal. Those occurring without such permission are classed as crimes against the state
- 2/27/45 The government issues the "Rights of the Worker." The right to strike is not included
- 9/ /45 Railway workers in La Fraternidad, textile workers and shoemakers withdraw from the General Confederation of Labor (C.G.T.). Commercial employees and other railway workers in the Union Tranviaria support the action with wildcat strikes. Peron responds by replacing the C.G.T. leadership and reimposing the state of siege which had been decreed on 6/4/45 and lifted on 8/6/45
- 10/ 2/45 The government issues a new Law of Professional Associations (Decree 23.852) which provides for only circumstantial (not ongoing) participation by unions in the political life of the nation
- 5/ /46 Peron announces the creation of the Partido Unico Revolucionario to replace the Partido Laborista. The Laborista party had been formed on 11/16/45 as "an independent political counterpart of an independent C.G.T." (S. L. Baily, 1967:91). Under the leadership of Luis Gay and Cipriano Reyes, the Laborista party had provided the organizational backing for Peron's 2/24/46 electoral victory. Reyes refuses to abandon the Laborista party and a small part of it elects to stay together under his leadership. On 7/4/47, an attempt is made on Reyes' life. On 1/30/48, the government withdraws legal recognition of the Laborista party. On 9/24/48, Peron accuses Reyes of plotting against his life and has him arrested.
- / /46 Shortly after the 2/24/46 election, the leaders of La Fraternidad, shoemakers and textile workers' unions who had withdrawn from the C.G.T. in 9/ /45 unite to form the Argentine Labor Committee of Independent Unions (COASI). The leaders are subsequently exiled to Montevideo.
- 1/ /47 Peron replaces the C.G.T. leadership which favored an independent labor movement with his own puppet, Aurelio Hernandez
- 2/16/47 The C.G.T. warns against calling strikes without the permission of the Secretariate of Labor and Welfare
- 8/23/47 Following a report in local newspapers that production had declined by 40 per cent in the previous few months due to higher wages and the resulting increases in absenteeism, Peron outlines a program calling for penalizing absences and drops in production, but also stabilizing prices and adjusting wages to living costs

FIGURE 4.3

(continued)

- 9/ /47 The Secretariate of Labor and Welfare declares a strike by 100,000 textile workers in Buenos Aires to be illegal. The union is intervened and workers are arrested. The workers do win salary increases and increased benefits in the final settlement
- 10/ /47 A strike by the Buenos Aires dock workers is declared illegal. Strikers are arrested
- 9/ /48 Police detain workers in the Buenos Aires municipal meatpacking plant who are engaging in slowdowns. A strike erupts. Tear gas and clubs are used on 6,000 workers
- 2/ /49 Printers ignore their union leadership and strike. Government repression breaks the strike after a few weeks. Over 300 workers are jailed
- 3/ /49 The workers in Salta call a general strike to get the provincial government to lower prices on consumer goods. The strike is declared illegal and the province is intervened. The interventors are repulsed by the workers and forced to return to Buenos Aires. The police shoot several demonstrators
- 8/19/49 A labor court in Azul refuses to reinstate a worker who had been fired for negligence
- / /49 A new economic program to stop inflation is begun. The new measures seek to increase foreign investment, restore the long neglected agricultural sector, decrease public expenditures, restrict credit, contain real wages and increase productivity (S. L. Baily, 1967:138; Cafiero, 1961:329-346; Ferrer, 1967:197).
- 3/ /50 A strike by the municipal workers in Buenos Aires is declared illegal
- 5/ /50 A strike by the maritime workers of Buenos Aires is broken by the government. The meatpackers strike in 5/ /50, construction workers in 8/ /50, and the bank workers in 9/ /50
- / /50 The government implements a new wage policy which compels unions to sign new wage agreements at two year intervals instead of one (S. L. Baily, 1967:138).
- 1/24/51 The government uses the Organic Law of the Nation in Time of War to break a strike by railway workers which had begun on 11/15/50. The measure placed strikers who did not return to work under the jurisdiction of the military courts. On 12/20/50, the C.G.T. had intervened the Union Ferroviaria. A worker rally had been broken up by the police. In 5/ /51, La Fraternidad was intervened
- 12/ /51 Peron asks the C.G.T. and the General Economic Confederation (C.G.E.) to help stabilize wages and prices
- / /52 The C.G.T. launches an anti-inflation drive to increase production and decrease spending (S.L. Baily, 1967:139).
- / /52 Limitations on the domestic consumption of beef are imposed (Herring, 1955:686).

alization of the military's role in government, or in efforts to depoliticize the system. Efforts in these areas are among the defining characteristics of bureaucratic-authoritarian systems; policies of this variety are among those that induce analysts to characterize a regime as being of the bureaucratic-authoritarian type. The review in this chapter demonstrated that the post-1966 governments of Onganía and Levingston generally satisfied these definitional criteria. They attempted to reorganize the state, institutionalize the military role in government, and suppress labor.

As the discussion above also showed, however, the steps which were taken by the post-1966 governments were often little more than extensions or intensified versions of policies which had been adopted by previous, nontechnocratic, nonbureaucratic-authoritarian administrations. The fact that evolutionary or incremental patterns of development were identified in the sections on administrative reform and the military's role in government is also consistent with the integrated thesis. Finally, the discussion demonstrated that the policy preferences and even the exclusionary/depoliticizing means for achieving those goals were part of the normal pattern in Argentina since at least the early 1950's. The Onganía and Levingston administrations may indeed have been of the bureaucratic-authoritarian type as a number of researchers suggest, but they were not really new beginnings. In these policy areas at least, the shift to bureaucratic-authoritarian rule did not fundamentally change policies.

At least two other, somewhat surprising, points should be noted. The first is that the post-1966 and immediate post-1943 governments were remarkably similar. Like the bureaucratic-authoritarians, the

leaders of the 1943 coup which toppled Castillo (a) came to power with a view toward retaining it for a considerable period, (b) came to power with a positive, messianic sense of mission about how to solve the nation's problems, (c) moved immediately to depoliticize the system by closing the Congress, dissolving political parties and imposing controls on the press, and (d) acted to repress labor. This point will be carried a step further in Chapter V. It will be demonstrated that both the bureaucratic-authoritarians and the leaders of the immediate post-1943 governments attempted to promote the expansion of the nation's infrastructure and basic industrial sectors. The point should already be clear, however. Even though the eventual emergence of Peron altered the course of events after 1943, the post-1966 and immediate post-1943 governments seem indistinguishable when they are compared on the basis of the policies considered in this chapter.

The second point of interest is the gradual shift by Peron from a pro-labor, inclusionary stance to an anti-labor position in the 1947-1949 period. This shift was observed in Chapter III; it will be explored in more systematic fashion in Chapter VI. It is important because it roughly coincided with the adoption of a number of other policies which are generally associated with only the post-1966 bureaucratic-authoritarian period. It was in 1946, for example, that Peron launched his first attacks on the Supreme Court and the nation's university system. Those efforts were intensified in 1948 and 1949. The systematic campaign against the press was begun in 1947. In 1948, the Office of the President was organized as a base for conducting the extensive propaganda campaign which masked the fact that labor was receiving less and less in the way of tangible benefits from the government.

The upward trends in workers' real incomes and the share of the GDP
which they received were abruptly halted in 1949. The nationalistic
bias of the early stages of the populist movement was abandoned.

A U.S. military aid mission arrived in Buenos Aires in 1945. A small
loan was accepted from the Export-Import Bank in 1946. By June of
1947, Argentina had been included in U.S. President Truman's post-World
War II rearmament program. The apparent early populist support for
Argentina's consumer goods import substituting industrialists also
began to slacken. The nation's first integrated iron and steel plan
was approved and all bans on foreign loans were lifted in 1947. By
1949, the shift to bureaucratic-authoritarian socio-economic policies
was nearly complete. A year of productivity was proclaimed. Investment
credits for the nation's light industrialists were restricted. New
plans were made to stimulate the nation's agricultural sector. Finally,
efforts were launched to decrease government spending.

All of these considerations raise questions, of course, about the
standard interpretation of the populist authoritarian period in
Argentina. At this point, it appears that the 1943-1952 interval may
not have been as homogeneously populist as the majority of Argentina's
historians tend to believe. These suggestions will be reinforced as
the discussion proceeds.

NOTES

1. The reorganization under Peron in 1954 created the following four "super" cabinet positions: Political Affairs; Economic Affairs; Technical Affairs; and, National Defense. Some listings include the Ministry of Foreign Affairs and Culture and the newly recombined Ministry of Interior and Justice in the inner circle.
2. That this shift occurred is documented below.
3. See pages 86-88.
4. As Potash notes, the Vice President at the time was Admiral Rojas so the Navy actually had two seats on the revolutionary military council. He also observes that over time, General Aramburu managed to free himself of the control of the council and designate it (Decree-Law 3440 of November 22, 1955) as only an advisory body (1972:54-56). Nevertheless, while the CONASE under Onganía may have been the first successful attempt to institutionalize the role of the military in the policy-making process, it was not the first effort which was taken in that direction.
5. Labor-related policies are reviewed extensively in Chapter VI.
6. In the elections of March 18, 1962, neoperonist parties had won in four provinces. They had also backed a Christian Democrat who won in Jujuy. Under pressures from the military, Frondizi moved the next day to annul the results. He announced the intervention of the

provinces in which the neoperonists had scored victories. Only nine days later, President Frondizi was removed from office. Guido reannulled the elections on April 28, 1962. On April 21, 1964, Illia submitted a bill to Congress which rescinded the absolute restrictions on the Peronist and Communist parties which had been imposed by Guido. Henceforth, both would be allowed to run candidates as long as the Peronists did not use the name of Peron and the Communists were not subject to the interests of other nations. (Only a little over a year earlier on March 27, 1963, Guido's Minister of the Interior, Rodolfo Martinez, Jr., had been forced out of office by the military for proposing a similar plan for reincorporating the working class into the electoral process.) As a result of Illia's legislation, Peronists gained control of 35 seats in the Chamber of Deputies in March 14, 1965 elections. In April 1966, the Peronist candidate for governor in Mendoza won 41 per cent of the vote.

7. Quoted in Silvert (1970:437).

8. "Intervention" by the federal government in Argentina means that the freedom and autonomy of the intervened unit are suspended and that the unit is placed under the direct supervision of an individual appointed by the federal government.

9. One of the justices was simply allowed to resign so that four of the five justices on the Supreme Court were actually replaced.

10. The discussion here is preliminary. An extensive analysis of

labor-related policy indicators and outcomes is conducted in Chapter VI.

11. See Chapter III, note 29 for additional applications of similar measures.

12. The government also attempted to limit wage increases at several points during the 1952-1966 interval.

13. See Chapter VI.

14. The points which are presented below are presented in more detail in Chapter V.

CHAPTER V

INDUSTRIALIZATION AND FOREIGN POLICIES

An important tenet of the authoritarian thesis concerns the relationships which should have existed between the three types of authoritarian coalitions and the different types of industrialization and foreign policies which each pursued (see Figure 2.2). The traditional authoritarian leaders of the 1930-1943 period allegedly promoted the expansion of the export-related industries because such activities benefited certain elements of the dominant ruling coalition. The populist administrations of the 1943-1952 interval allegedly adopted a nationalistic bias and encouraged the development of the consumer goods import substituting industries (ISI). Light industrialists were members of the coalition; industrialization policies were made by and for them. Finally, the bureaucratic-authoritarian governments of the post-1966 period are said to have welcomed foreign capital and fostered the expansion of the nation's infrastructural and basic industrial sectors. Foreign and domestic monopoly capitalists were members of the bureaucratic-authoritarian alliance.

The question posed in this chapter focuses on whether or not this image of tight and orderly sequencing is empirically accurate. Did industrialization and foreign policies in fact change through time in accordance with the transitions from one type of authoritarian rule to another? As the integrated formulation suggests, the development of a bureaucratized political system reduces the capacity of political elites to direct and redirect public policies in the ways which they prefer.

Political elites may therefore find it somewhat difficult either to abandon existing policies or execute new ones. They may be willing to alter previous industrialization and foreign policies, in other words, but they may not have the capacity or the opportunity to do so.

This examination of Argentina's changing industrialization and foreign policies during the 1930-1970 period provides general support for the integrated formulation. Dominant coalitions did make a difference in setting those policies in the period before the development of the four constraining factors (c1950), while changing sets of political elites failed to alter policies in the subsequent interval. Those who governed at the top in Argentina were important during the first half of the 1930-1970 interval, but from then on, the dominant coalitions ceased to have major impacts. Changes in Argentina's industrialization and foreign policies became more evolutionary than abrupt or dramatic.

The discussion in this chapter also yields two unanticipated findings. First, it seems clear that different types of industrialization were often promoted simultaneously and that actual patterns of industrialization frequently had little to do with the motivations of the policy-makers. As a result, dominant and subordinant patterns of actual outcomes and policy goals can be identified throughout almost the entire 1930-1970 period (see Figure 5.1). The neat stages or periods of industrial development which are implied by the "who governs" authoritarian thesis did not always exist. Different coalitions may have

FIGURE 5.1 ABOUT HERE

attempted to promote the expansion of different industrial sectors, but

FIGURE 5.1

PERIODS IN ARGENTINE INDUSTRIALIZATION POLICIES

POLITICAL SYSTEMS:

1930-1940/43:	Traditional Authoritarian
1940/43-1950/55:	Populist Authoritarian
1950/55-1966:	Era of the Hegemonic Crisis
1966:	Bureaucratic-Authoritarian

ECONOMIC PERIODS:

1925/33-1945/52:	Period of Consumer Goods Import Substitution Industrialization
1945/52-Present:	Period of Readjustment

INDUSTRIALIZATION POLICY PERIODS:

CONSUMER GOODS IMPORT SUBSTITUTION INDUSTRIALIZATION

1933-1943/44:	Promotion
1943-44-1948/49:	Intensified Promotion
1948/49-1958/59:	Abandonment

HEAVY INDUSTRIAL AND INFRASTRUCTURAL DEVELOPMENT

1930-1938/40:	Initial Considerations
1938/40-1943/44:	First Steps
1943/44-1947:	Misdirection
1947-1954:	Delay
1954-Present:	Promotion

poor planning, mismanagement, and faulty policy execution often produced totally unanticipated outcomes.

The second somewhat surprising finding concerns the impact that the Argentine military and a variety of changing international and foreign policy factors had on the nation's industrialization efforts. It is argued, for example, that the military began to perceive the need for basic industrial development and modernization of the nation's infrastructure as early as 1930 and that factors such as the 1929 depression, the outbreak of World War II and the initiation of U.S. plans to modernize the Latin American militaries helped to create that perception. It is maintained that the military attempted to promote the nation's basic industries in the period after the 1943 coup which toppled Castillo, but that their efforts failed and served only to produce a largely unintended expansion of the consumer goods sector of the economy. It is argued that concern for industrial development and modernization of the military forced the abandonment of Peron's nationalistic, anti-American policies in the late 1940's. Finally, it is demonstrated that newly available foreign capital and new national security threats served to stimulate at least an incremental expansion of the basic industrial sector from 1954 on.

All of this leads to the tentative conclusion that basic industrial development in Argentina may have followed an evolutionary pattern. Expansion of this sector was not retarded until the arrival of the bureaucratic-authoritarian coalition in 1966. The Argentine military has promoted basic industrial development since at least 1930. Special efforts to promote that sector were made when the national security was most threatened. Progress was made when new capital became available

from foreign sources. Faulty policy administration in the pre-1950 era and bureaucratic resistance from then on delayed, misdirected and eventually masked this consistent trend. Neither policy outputs nor outcomes had any necessary or direct correspondence to what elements were included in the ruling coalitions or what they wanted to do.

In the first section of this chapter, the factors which contributed to the military's perception of the need for basic industrial development and modernization of the infrastructure are reviewed. The focus in the second section is on the military's efforts to promote basic industrialization during the age of populism. Finally, the third section reviews the growth in basic industrial development in the post-1954 era. In all three sections, an effort is made to link this developing emphasis on basic industrial development with a discussion of the actual outcomes of the industrialization process. An effort is made to trace both those factors which contributed to the perception of the need--the willingness--to expand the nation's basic industries and modernize its infrastructure and those considerations which denied the political elites of the opportunity to move ahead to accomplish those tasks.

INITIAL INCENTIVES FOR BASIC INDUSTRIAL DEVELOPMENT: THE 1938 RECESSION, NATIONAL SECURITY, AND THE AXIS EXAMPLES

Industrialization policies during the 1930's and early 1940's resulted in the expansion of Argentina's consumer goods industries. Under Uriburu and during the first part of the Justo administration, economic policies focused on balancing finances, paying off foreign debts, and hoping that the economy would eventually return to the boom

conditions of the 1924-1929 period (Dalto, 1967:132). An important shift occurred in 1933 when Justo appointed Federico Pinedo as his Finance Minister. In December of that year, Pinedo proposed the Plan de Reestructuracion-Plan de Sanchez Sorondo. The legislation called for the imposition of exchange controls, the creation of committees for the regulation of meat and cereal production, a new public works program, monetary devaluations, controls on imports, new controls on dumping and drawbacks, and the creation of a national central bank (Murmis and Portantiero, 1971:19-24).

1

The 1933 plan itself was never formally approved by the Congress. Nevertheless, the plan appears in many ways to have summarized the basic framework of the economic policies which were enacted in piecemeal fashion by the Argentine governments through the end of the 1930's. On March 17, 1932, for example, the Justo government issued Decrees 1096 and 1097. The first imposed state regulations on the grain futures market. The second prohibited the purchase of grain on the old fixed price system (Gravil, 1970:155). On April 13, 1932, the Justo administration appointed an Agrarian Regulation Commission under the leadership of the socialist Minister of Agriculture, Dr. Antonio de Tomaso. On September 23, 1933, the Congress approved Law 11,742 which initiated construction of a publicly-owned network of grain elevators. On October 7, 1933, the national meat board was established (Junta Nacional de Carnes). In November, the national grain board (Junta Nacional de Granos) was created via Decree 31,864/33. The grain commission immediately assumed control of overseas trade and fixed prices. Its role was to compensate producers for the differences between the official price and the world market price which they received

for their goods (Gravil, 1970). By 1935, therefore, three key agencies had been created to regulate and control the agricultural export sector: The elevator board; the meat board; and, the cereal board.

The governments of this period were also moving in other areas which had a more direct bearing on Argentina's industrial development. Differential exchange rate and import exchange permit systems were established in 1933. Measures were adopted in 1934 which unified the nation's internal taxes and thereby ended the erection of protective tariff walls between the provinces. In 1935, the Argentine Central Bank (Banco Central de la Republic Argentina, BCRA) was established.

In the summer of 1937-1938, poor harvests decreased agricultural production (see Table 3.1). The resulting lower export volume was combined with a reduction in the prices that Argentine agriculturalists were receiving on the world market. Those two developments produced Argentina's first negative trade balances since 1930 (see Table 3.2). In responding to the 1929 depression, Argentina's policy-makers had enacted a series of differential exchange rates, trade permits, and trade barriers. In November of 1938, the official exchange rate for the Argentine peso was devalued. Exchange permits were made a requirement for the importation of all goods. The type of product to be imported became a criteria for determining whether the purchase could be made at the free or official exchange rate. In August 1939, Ortiz took yet another protectionist step when he abolished the free market exchange rate for all merchandise imports.

The economy recovered somewhat in 1939, but by 1940 the Second World War had begun in Europe. Deprived of its traditional export markets, Argentina once again suffered a negative balance of payments.

Once again also, Argentina's policy-makers responded in predictable ways to the developing crisis. In September of 1940, Federico Pinedo was recalled to serve once again as the Finance Minister. On December 17, 1940, he introduced the Plan de Reactivacion-Plan de Pinedo in the Argentine senate. Included in this legislation were proposals for new drawback and anti-dumping regulations, the adjustment of the tariff system, the state purchase of excess agricultural produce, long term industrial credits, and the "nationalization"² of the British railroads (Murmis and Portantiero, 1971:35; Rofman and Romero, 1973: 145; and, Abelardo Ramos, 1973:68-71).³ In 1941, a Trade Promotion Corporation was established to encourage the export of nontraditional products (Diaz Alejandro, 1970:100).

This then was the well-recognized dominant theme of Argentina's economic policies during the 1930's and early 1940's. There is some disagreement over what motivated the adoption of these measures and in whose behalf they were enacted.⁴ Nevertheless, the outcome or result of these measures was clearly the expansion of Argentina's consumer goods import substitution sectors.

The dominant theme was not the only pattern which was developing during the 1930's and early 1940's, however. Since the early 1920's, there had been an interest in developing Argentina's basic industrial sector. From the outset, that concern was most apparent in the Argentine military. The first step may have been taken as early as 1922 when the state petroleum corporation (Yacimientos Petroliferos Fiscales, YPF) was created with General Enrique Mosconi as its first director. According to Potash (1969:24), the purpose of the agency was to demonstrate that Argentina had the capacity to develop its petroleum resources without

foreign assistance.

Following the overthrow of Yrigoyen by the military on September 6, 1930, a second critical step was taken toward the development of Argentina's infrastructure and basic industries. On November 8, the Superior Technical School was established and placed under the command of Lt. Col. Manuel Savio. Its purpose was to undertake the study of problems related to basic industrial development (Potash, 1969: 77). That action was significant. It indicates that by 1930, at least some portions of the military had already begun to show concern for developing the industrial base which would be necessary for Argentina's economic independence and military defense.

In the late 1930's, three factors began to develop which appear to have increased the perceived need for basic industrialization and modernization of the infrastructure. The first was the deterioration of the economy in 1938 which has already been mentioned. The military had intervened in 1930 at least in part because of the 1929 depression. The economy had recovered steadily after the implementation of Pinedo's trade controls in 1933. The abrupt reversal of the trend toward an improving economic situation in 1938 could only have served to reemphasize Argentina's continuing vulnerability to world economic conditions.

The second factor which may have encouraged the Argentine military to favor basic industrial development was the deterioration of Argentina's national security in the late 1930's. Both Brazil and the United States seemed to pose increasing threats to Argentine dominance of at least the southern cone of South America. The Brazilians were apparently spending considerably more for defense

than the Argentines (see Table 5.1). Iron and steel production--two goods of extremely high strategic value--had been initiated in Brazil in 1925 (see Table 5.2). By 1939, production was sufficiently high to reduce significantly the degree to which Brazil was dependent

TABLES 5.1 AND 5.2 ABOUT HERE

on imported iron and steel. In comparison, Argentine iron and steel production was not begun until 1938. Output was expanded at a much slower rate than had been the case in Brazil. Argentina's dependence on imported iron and steel consequently remained high through the early years of World War II.

As the potential Brazilian threat to Argentine national security and regional hegemony began to become more ominous in the late 1930's, a second danger began to develop as a result of increasing U.S. pressures for a hemispheric security pact. A special Inter-American Conference for the Maintenance of Peace was convened by U.S. President Franklin Roosevelt who journeyed himself to the meeting in Buenos Aires. Together with the U.S. Secretary of State, Cordell Hull, Roosevelt offered proposals for:

1. A binding commitment for reciprocal assistance in the event that any nation in the hemisphere were attacked by a non-American nation;
2. the creation of a new commission to implement that pledge; and,
3. the acceptance by all of the nations of the hemisphere of the neutrality measures which had just been adopted by the U.S. Congress in an effort to avoid the coming war in Europe (Whitaker, 1954:106).

The third proposal was rejected entirely by the conference and the U.S. was forced to accept the adoption of watered down versions of

TABLE 5.1

DEFENSE EXPENDITURES IN
ARGENTINA, BRAZIL, AND CHILE*

Year	Defense Expenditures (Millions of 1960 U\$S)			Defense Expenditures as a Percentage of GNP		
	Arg.	Braz.	Chile	Arg.	Braz.	Chile
1938	145.6	n.a.	63.3			
1939	n.a.	239.5	63.3			
1940	128.6	189.8	63.3			
1941	141.6	176.5	51.1			
1942	178.4	282.9	58.4			
1943	243.0	428.4	87.7			
1944	432.0	421.7	65.0			
1945	466.8	368.1	85.0			
1946	497.9	286.5	90.0			
1947	403.8	224.3	83.6			
1948	573.8	202.3	67.4			
1949	424.4	257.9	70.0			
1950	323.4	257.7	79.9	3.1	2.5	2.4
1951	328.8	297.4	75.0	3.1	2.5	2.4
1952	273.1	246.6	n.a.	3.3	2.6	n.a.
1953	304.3	254.0	135.5	3.2	2.6	3.3
1954	342.3	244.4	79.8	3.1	2.3	1.9
1955	274.1	282.1	123.4	2.4	2.6	3.3
1956	346.8	332.2	118.3	2.8	3.0	3.2
1957	270.2	394.3	118.7	2.3	3.3	3.2
1958	293.5	413.4	124.1	2.3	3.1	2.8
1959	245.0	309.3	99.7	2.4	2.5	2.2
1960	284.9	267.3	103.5	2.7	2.3	2.2
1961	291.2	252.0	102.9	2.5	2.0	2.2
1962	279.4	262.5	106.2	2.5	2.1	2.2
1963	274.4	267.9	88.1	2.5	2.1	1.8
1964	290.6	272.6	83.8	2.5	n.a.	1.7
1965	279.0	n.a.	98.6			

*For Sources and Methodology, See Appendix A.

TABLE 5.2

IRON AND STEEL PRODUCTION AND IMPORTS
IN ARGENTINA, BRAZIL, AND CHILE*

Year	Production (thousands of tons)			Imports (thousands of tons)		
	Arg.	Braz.	Chile	Arg.	Braz.	Chile
1925		0.3		734.4	380.9	126.1
1926		16.0		728.2	393.0	113.0
1927		16.6		850.9	442.2	129.1
1928		26.2		1091.4	473.9	174.8
1929		30.0		1054.0	458.3	224.5
1930		25.9		848.1	247.9	245.6
1931		18.9		437.7	125.5	92.3
1932		29.5		321.9	125.6	27.6
1933		42.4		416.1	237.8	40.4
1934		48.7		520.7	295.2	61.8
1935		52.3	10.0	612.9	297.1	103.1
1936		62.9	12.0	606.1	324.8	102.2
1937		71.4	15.0	916.7	435.1	113.2
1938	5.0	85.7	18.0	581.7	272.2	103.2
1939	18.0	101.0	22.0	603.5	329.0	106.6
1940	24.0	135.3	23.0	553.5	291.0	112.5
1941	45.0	149.9	22.0	356.7	249.3	84.6
1942	55.0	155.1	26.0	164.2	119.4	56.6
1943	70.0	157.6	22.0	74.6	182.0	67.7
1944	150.0	166.5	25.0	69.5	325.8	86.0
1945	150.0	165.8	28.0	105.3	316.5	99.4
1946	170.0	230.2	33.0	437.3	431.4	101.7
1947	170.0	296.7	36.0	744.9	476.5	109.5
1948	170.0	403.5	40.0	803.8	236.3	105.5 ^c
1949	200.0 ^a	505.5	37.0	712.6	247.6	130.4 ^c
1950	240.0 ^a	632.2	53.0 ^b	671.0	251.7	111.5
1951	300.0 ^a	n.a.	113.0 ^b	811.7	n.a.	93.2

^aEstimates

^bProduction for domestic consumption, excluding exports

^cExcluding some imports for assembling the Huachipato plant

*For Sources and Methodology, See Appendix A.

the first two. As Whitaker notes,

"...Hull found Saavedra Lamas /the Argentine Foreign Minister/not cooperative,...but hostile. He could hardly have been otherwise, for Hull's first two proposals ran counter to Argentine foreign policies, current and past, and his third proposal, an isolationist neutrality, would have exposed Argentina to greater economic losses than any other American nation in case of war in Europe, for Argentina was dependent in an exceptionally high degree upon her trade with Europe" (1954:106-107; see also, T.A. Bailey, 1969:684; and, Scenna, 1970:156).

In the face of Argentina's continuing economic vulnerability and increasing pressure from Brazil and the United States, the emergence of the Hitler and Mussolini regimes in Germany and Italy may have become significant. Those leaders demonstrated the rapidity with which nations could expand industrially. Their early successes following the outbreak of World War II in March 1939 provided striking evidence of the potential for a military-led program of industrial development. The 1938 recession, the apparently growing threat from Brazil and U.S. promotion of a hemispheric security pact may have underlined the need for an expansion of the basic industries. At least a portion of the Argentine military believed that the Axis powers demonstrated how such developments could be undertaken.

Argentine-U.S. relations remained relatively cordial, however, as these factors developed during the first two years of the Ortiz administration (2/30/38-6/20/40). An Argentine proposal to allow the foreign ministers to deal with hemispheric emergencies was adopted at the Inter-American Conference in Lima in 1938. At the first foreign ministers meeting in Panama in September and October, 1939, Argentina accepted a neutrality proposal in return for a U.S. pledge of assistance if Argentine trade with Europe were interrupted. In July

1940, the hemispheric foreign ministers reacted to the fall of France and the lowland countries by meeting in Havana. The result of that meeting, the Act of Havana, stipulated that: (a) The transfer of the American possessions of any European power was prohibited unless they were transferred to and administered by a commission of the American republics; and, (b) the signatories would regard an attack on one nation as an attack on all of them. Ortiz was clearly interested in the agreement. If England fell, Argentina might be able to acquire control of the Malvinas (Falkland) Islands and thereby end the Anglo-Argentine dispute over their possession. Argentina initialled the Act of Havana and Argentine-U.S. relations reached a new level of cordiality.

When Paris fell to the German troops on July 20, 1940, however, Argentina took another equally significant step. That same night, President Ortiz met with his military advisors to discuss Argentina's national defense needs. Four days later, the government requested a record defense appropriation measure from the Argentine Congress. At the same time, Ortiz submitted a bill calling for the creation of the General Directorate of Military Manufacturers (DGFM) "to manage existing and future military factories and to promote the development of industries related to the needs of the armed forces" (Potash, 1969: 123).

By August 1940, Ortiz had been forced by his ill-health to withdraw from active duty as the president. His departure allowed the ultraconservative, pro-isolationist Castillo to serve as the acting president. Relations with the U.S. immediately deteriorated. In response, the U.S. raised its tariffs on Argentine grains and beef.

Castillo responded in late 1940 by declaring a temporary embargo on all imports from the U.S.

Another turning point in Argentine-U.S. relations came in March 1941 with the passage of the Lend Lease Act. In July, Sumner Welles, the U.S. Secretary of State, offered the Argentine ambassador to the U.S. a US\$ 21 million loan for the purpose of reequipping the Argentine navy and promised to supply new equipment for the army. The pledge was received enthusiastically by the Minister of War (Army) who was concerned with the fact that the Brazilian military was already being modernized with Lend Lease funds. In the end, however, Ruiz Guinazu, Castillo's Foreign Minister, rejected Welles' offer on the grounds that it would increase U.S. influence in Argentina. On September 26, 1941, the General Directorate of Military Manufacturers (DGMF) was formally established. On October 16, Col. Manuel Savio, the former commander of the Superior Technical School, was named to head the DGMF. For the time being at least, it appeared that Argentina would refuse Lend Lease aid and attempt to modernize its own military.

Despite these efforts, however, Argentine-U.S. relations appear to have warmed during the last three months of 1941. In October, the Castillo government responded to a request from the Inter-American Financial and Economic Advisory Committee and began to nationalize foreign flag ships which were docked in its ports (Hazard, 1951). That same month, Argentina and the U.S. completed a new trade pact and agreed to lower tariffs on each other's exports. On December 10, 1941, all Japanese funds in Argentina were frozen. On December 29, Argentina recalled its ambassador from Germany.

Thus, by the end of 1941, the American use of the carrot and the

stick seemed to be pushing Argentina off its neutrality position. From the American point of view, however, Argentina had still not gone far enough. Castillo had still not broken relations with the Axis. Argentina had still not declared war on Germany, Italy or Japan. For that reason, the U.S. continued to push and prod Argentina into disavowing its neutral position. For example, at the foreign ministers meeting in Rio de Janeiro in 1942, Guinazu was informed of two new developments. The first was that Brazil planned to sever relations with the Axis powers in return for a "total reequipment of the Brazilian military and the installation of heavy industry in Brazil"(Scenna, 1970:171). The second development was that Argentina would not receive U.S. assistance in developing its heavy industry until Castillo broke relations with the Axis nations. In addition, U.S. military and nonmilitary aid to Argentina was suspended (Whitaker, 1954; Abelardo Ramos, 1973:75-76). One year later, in January 1943, Chile broke relations with the Axis and began receiving Lend Lease aid.

By the beginning of 1943, therefore, Argentina was completely surrounded by nations whose militaries were being modernized with U.S. assistance. Such developments had apparently exacerbated an important division within the Argentine military. One faction favored the Allies and hoped to receive Lend Lease funds to modernize the military. It may have been this group which promoted the warming of Argentine-U.S. relations in the latter part of 1941. The other faction was pro-Axis. Its members sought to maintain relations with Germany, Japan and Italy, receive assistance from those nations, and resist U.S. pressures for the establishment of a hemispheric security pact. Despite these important divisions, the two factions appear to have been

in full agreement on at least two points. They were opposed to Castillo and the continued rule of the traditional sectors of the economy. The president had attempted to manipulate divisions within the military for his own political ends. He failed to obtain military assistance from either the U.S. or Germany. Second, the two factions recognized that the establishment of Argentine hegemony in a Latin America which was free of U.S. and Brazilian domination would require the industrial development of the nation. These sentiments appear to have contributed to the overthrow of Castillo on June 4, 1943.

The post-1943 governments clearly intended to promote Argentina's industrial development. The critical question was whether they would do it on the basis of their own resources, seek U.S. assistance, or attempt to obtain aid from Germany. Two events appear to indicate that Argentina's military might be willing to move in the direction of the United States. The first came in Foreign Minister Storni's letter to U.S. Secretary of State Cordell Hull in September 1943. Storni insisted that the Ramirez government was really pro-Ally, but that it would take time for the new president to control the pro-Axis segments of the military. In the meantime, Storni inquired about the availability of Lend Lease aid such as Brazil was then receiving. Hull's public response to Storni's note forced the latter to resign on September 9, 1943, but the Ramirez government did move on January 26, 1944 to break relations with the Axis powers. This was the second incident which indicated at least the possibility for a warming of Argentine-U.S. relations. As events developed, however, Ramirez's breaking with the Axis led to his overthrow on March 9, 1944. When the Ramirez-to-Farrell shift produced no real changes in Argentina's

relations with the Axis, the U.S. withdrew its ambassador and persuaded England to do likewise. The U.S. attempted to block the renegotiation of a new Argentine-English trade agreement. In September, U.S. merchant vessels were ordered to avoid Argentine ports. In October 1944, Hull moved to prevent Argentina from presenting its case for neutrality to a meeting of the hemisphere foreign ministers.

These actions by the United States may have pushed Argentina in the direction of the Axis powers. In January 1944, the Ramirez government sent "Alberto Hellmuth" to Spain in a secret effort to negotiate an arms agreement with Germany. As late as September 1944, Argentine diplomats in Spain were negotiating with German armaments officials (Potash, 1969:252).

In the midst of this international intrigue, Argentina's military was moving on its own to develop defense related industries. The pattern had been set by the actions of Ortiz and Castillo vis a vis the General Directorate of Military Manufacturers (DGFM) in 1940 and 1941. Two decrees in 1944 established DGFM responsibilities for producing strategic metals and chemicals. An industrial credit bank was established to finance domestic industrial development. The War (Army) and Navy secretariates were given permanent seats on the board of directors (Potash, 1969:252). General Savio, the former commander of the Superior Technical School which was created in 1930 to study the problems of basic industrial development, was retained as the head of the DGFM. A graduate of Savio's school, General Julio Checchi, was appointed as the first Secretary of Industry and Commerce. In June 1944, what Kenworthy (1972:18) describes as Argentina's first integrated industrial promotion law was enacted (Decree 14.630).

The outcome of these actions was the expansion of Argentina's light, consumer goods import substituting industries. Such activities had been protected since 1933 when systems of differential exchange rates and import permits were instituted, but the Ramirez and Farrell administrations are commonly thought to have extended the protection of ISI industries in what Diaz Alejandro refers to as a "delayed response to the great depression" (1970:106).

The point that is often overlooked is that this acceleration in the growth of consumer goods ISI activities may have been an unintended policy outcome. A very different real goal may have motivated the establishment of the Superior Technical School in 1930, the military pressure for the development of a steel production capability in 1937 (Diaz Alejandro, 1970:247), the lobbying for U.S. basic industrial development assistance in 1942, and the establishment and expansion of the DGFm in 1940, 1941, and 1944. Even the continual reappearance of General Savio, General Checchi's appointment to the industry and commerce secretariate, and the assignment of extra military positions on the directorate of the industrial credit bank are consistent with the trend. The real goal may have been the development of the basic industrial base which would insure the adequate defense of the nation in the face of threats from the United States and Brazil. As Kenworthy notes,

"As first outlined, the pro-industrial policies /of the post-1943 governments/ were designed to promote industries that served the national interest, either through direct military relevance or, more generally, through their contribution to economic independence. ...In practice, however, these criteria were never strictly applied, and the policy became one of supporting almost any industry competitive or not, that had gotten a foothold during the breakdown of world trade in the 1930s and 1940s. This

relaxation of criteria favored light over heavy industry for the simple reason that most of the industrial growth of the preceding decades was light..." (1972:19-20).

Despite the contention that basic industrial development was neglected until the advent of bureaucratic-authoritarian rule in 1966, in other words, national security concerns stimulated at least some elements of the military to perceive the need for such developments during the 1930-1944 interval. Recessions in 1929 and 1938, the emergence of the Axis governments, and U.S. and Brazilian pressures may have encouraged the military to take some actions. Sincere wishes to expand the nation's basic industries may have been frustrated, however. Perhaps more by chance than by choice, light, consumer goods industries grew instead.

ARGENTINE-U.S. RAPPROCHEMENT AND BASIC INDUSTRIAL DEVELOPMENT IN THE AGE OF POPULISM

According to the standard interpretation of Argentine history, the political and economic life of the nation was dominated during the 1943-1952 period by a coalition of domestic (light) industrialists, urban workers, producers of non-exportable agricultural goods, and the military. This populist coalition allegedly promoted nationalistic policies and measures which were designed to expand the consumer goods import substituting (ISI) sector of the economy. The completion of the consumer goods phase of ISI in the late 1940's or early 1950's eroded the dominance of this coalition. It was at that point, according to the standard interpretation, that nationalistic and ISI policies were abandoned.

The existing evidence raises doubts about this interpretation.

Between 1946 and 1954, Argentine public policies were steering the nation in opposite, apparently contradictory directions. This was especially true during the 1947-1949 interval. During these years, the nationalistic policies of the early populist period were both extended and abandoned. Policies which had effectively supported consumer goods production were intensified, while at the same time consumer goods expansion was being rejected in favor of basic industrial development.

Consider, for example, the contradictions in Peron's position vis a vis the United States and foreign capital. Through the end of 1944, the U.S. Secretary of State, Cordell Hull, continued to use every available means for prodding President Farrell into declaring war on the Axis nations. On December 30, 1944, however, Hull was replaced by Edward R. Stettinius. The new U.S. Secretary of State was willing to effect a change in Argentine-U.S. relations. The Argentine government was also apparently ready for such a change. The Allied forces had landed in France the previous June. The eventual defeat of the Axis was apparent by the beginning of 1945. Finally, the Dunbarton Oaks proposals for a new international organization had been worked out in 1944. Argentina did not wish to be excluded from the new United Nations.

Stettinius dispatched a secret mission to Argentina in February 1945 (Whitaker, 1954:131; Scenna, 1970:201). As a result of the negotiations conducted by that mission, it was agreed that the U.S. would sponsor Argentina's admission to the U.N. and provide the Farrell government with military assistance if Argentina would (a) declare war on the Axis nations, and (b) ratify the Act of Chapultepec which multi-

lateralized the Monroe Doctrine and established a Pan-American defense pact (T.A. Bailey, 1969:755). The results of this agreement were immediately apparent. Argentina was admitted to the conference which opened at Chapultepec castle on February 21, 1945. On March 27, Argentina finally declared war on the Axis powers. German-owned industries in Argentina was nationalized. On April 9, 1945, the U.S. finally recognized the Farrell government. That same month, U.S. merchant vessels began arriving once again in Argentine ports. On April 25, 1945, the United Nations conference opened in San Francisco. U.S. Secretary of State Stettinius argued for Argentina's admission to the organization.

It was at this point that the February 1945 agreement began to break down. In the course of the San Francisco conference, Stettinius was forced to resign as a result of disputes over whether Argentina, Bielrussia and Ucrania would be included in the U.N. Stettinius' replacement was James F. Byrnes, a disciple of Cordell Hull. The new secretary dispatched Spruille Braden as the new U.S. ambassador to Argentina in May 1945. Braden advised the suspension of the economic and military aid agreements which had been negotiated by Stettinius in February 1945. When Farrell announced the scheduling of elections on July 7, 1945, the American ambassador proceeded immediately to interfere in Argentina's domestic politics in an effort to block the election of Peron.

Argentine-U.S. relations reached a new low when the U.S. Department
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of State published the famous "Blue Book" on the eve of Peron's electoral victory on February 24, 1946. The new president-elect did little to ease tensions. On March 25, the Argentine central bank was

nationalized (Decree-Laws 8.503, 11.554 and 14.957). On May 28, 1946, the Argentine Overseas Trade Corporation (IAPI) was established with Miguel Miranda as its director.⁶ Two days after Peron's inauguration on June 4, Argentina established diplomatic relations with the Soviet Union. In February 1947, Peron moved to purchase the British-owned railroad lines in Argentina. (The purchase became effective on March 1, 1948.) The French railroads were similarly taken over. The American telephone union was purchased. Private grain elevators were expropriated. On June 5, 1947, Peron offered to supply Spain with cereal products and moral support as partial compensation for Franco's exclusion from the U.S. Marshall and Truman plans. In a speech on July 9, 1947, Peron declared Argentina's economic independence. At a meeting of the United Nations Conference on Trade and Employment in Havana (November 1947-March 1948), Argentine delegates denounced U.S. imperialism and offered financial support to assist other Latin American nations with their development efforts. In April 1949, Peron outlined his now famous "Third World" position for the first time. In the face of the developing cold war between the eastern and western bloc nations, Argentina would follow its own nationalistic course between laissez faire capitalism and communist totalitarianism.

All of these points are well-recognized by Argentine specialists, of course. They are among the actions and occurrences which buttress the standard interpretation of Argentina's nationalistic populist period. The point that is often overlooked, however, is that Peron's nationalistic actions may have been largely symbolic. Immediately following his election in February 1946, the president-elect dispatched representatives to Washington to negotiate a new arms agreement (Scenna,

1970:208). One June 26, Peron took the first steps toward ratification of the Act of Chapultepec. On September 19, 1946, the Export-Import Bank (EIB) agreed to loan the Argentine government U\$S 210,000 for the revitalization of its ports.

The timing, rather than the size, of the 1946 EIB credit is significant. Argentina had had previous loan and credit agreements with the EIB. To the beginning of 1940, 7 loans had been approved for the purchase of trucks, oil refinery equipment, railway cars and engines and other equipment (Elasser, 1955:88). In 1940, the Ortiz government completed 3 agreements for a total of U\$S 82.42 million with the EIB. Of the pre-1940 agreements, however, only U\$S 120,000 was actually disbursed. All three of the 1940 agreements were cancelled as Argentina's improving balance of payments situation in the early 1940's eased the need for assistance. Despite the relatively small amount involved, the 1946 EIB credit is therefore of interest because the assistance was actually disbursed. Just as Farrell had apparently been willing to do in February 1945 when he negotiated with Stettinius' representatives for U.S. economic and military aid, Peron may have been willing by 1946 to abandon ideology for pragmatic politics.

An important turning point in Argentine-U.S. relations thus occurred by 1947. By June of that year, for example, U.S. president Truman had agreed to include Argentina in U.S. post-war military assistance programs. On July 8--the day before Peron's declaration of Argentine economic independence--all bans on foreign investments in Argentina were lifted. In 1948 when Argentina was promoting its own Marshall plan for the rest of Latin America at the foreign

ministers' meetings in Havana and Bogota, Miranda was optimistically noting that Argentina could expect to receive at least U\$S 1 billion in economic assistance from the United States (Weil, 1950:31).

Article 40 of the 1949 Justicialista constitution may have constituted a slight reversal of this trend toward decreasing nationalism,⁷ but the shift was only temporary. Miranda, the principal supporter of the nationalistic ISI policies of the 1946-1949 period, was removed from office on January 19, 1949 before the constitutional convention was even convened. His replacement, Roberto Cereijo, negotiated a U\$S 125.0 million monetary support agreement with the EIB the following year. On June 28, 1950,⁸ Argentina ratified the Pact of Rio de Janeiro, apparently because the U.S. had made approval of that agreement a prior condition for further economic assistance (Whitaker, 1954). In 1951, a U\$S 5 million credit was obtained from the EIB for the purchase of tungston and sulphur production equipment. In July 1953, Peron warmly received Milton Eisenhower who was visiting on a goodwill tour. The following month, the Peron government approved new legislation which was designed to attract foreign investors and partially circumvent Article 40 of the 1949 constitution (Whitaker, 1954:203-204; Rofman and Romero, 1973:155, 191). On June 9, 1955, a credit agreement totalling U\$S 72.3 million was completed with the EIB for the purchase of mining equipment.⁹

The picture of the nationalalistic policies which emerges from this evidence is thus one of pragmatism. Having come to power with the support of a popular coalition, Farrell and Peron took a number of steps which carried economic nationalism to new extremes between

1945 and 1949. In less obvious but nevertheless important ways, however, both Farrell and Peron moved simultaneously to make peace with the United States. Despite the traditional ideological interpretations of the populist period, the policies of the 1945-1949 interval were less nationalistic than is generally assumed. While nationalistic policies were being intensified in areas which were salient to the working class sector of the populist coalition, they were being abandoned in areas which were of particular interest to the Argentine military.¹⁰

A similar contradiction developed in Argentina's industrialization policies during the populist period. On three previous occasions--in 1933, 1938-1939, and 1940--Argentina's conservative leadership had reacted to deteriorating economic conditions by decreasing the nation's import bill by artificially raising the price of imported goods. The result (if not the intent) of those previous measures had been the expansion of Argentina's ISI activities. Thus when negative overall balances of payments developed between 1947 and 1949, Peron responded in traditional fashion. New tariff, exchange rate, and monetary devaluation measures were enacted in 1947, 1949, and 1950.¹¹ It has been those actions as much as any others which caused Peron to become identified with consumer goods import substitution industrialization.

What is not often understood is that the Argentine government was also trying to promote basic industrial development and the modernization of the infrastructure during the late 1940's. Here again the actions which were taken were typical of steps which had been taken previously. As early as the 1880's, Argentina's leaders recognized that it was the responsibility of the state to promote the expansion

of those sectors of the economy which benefited the nation in general and which were unlikely to be promoted by the private capital (Treber, 1967:26). In general, the state assumed its responsibilities by creating public or mixed public and private corporations. Two of those enterprises which were created by the pre-populist governments--the YPF and the DGFm--have already been mentioned. Prior to the 1943 coup, other state-owned corporations were established in the areas of transportation (Ferrocarriles Argentinas), energy production (Gas del Estado and Agua y Energia Electrica), trade (Lineas Maritimas Argentinas and Flota Fluvial), and aviation development (Fabrica Militar de Aviones).

The populist governments extended this trend toward the creation of new public and mixed public and private corporations in the period after 1943. A number of those enterprises resulted from highly political considerations of the nationalistic populist governments. Subterraneos de Buenos Aires, the Empresa Nacional de Telecomunicaciones, and Aerolineas Argentinas should probably be classed in that category.

A number of other state-corporations were apparently created as a result of more objective considerations, however. The Direccion Nacional de Fabricaciones e Investigaciones (DINIE), for example, resulted from the nationalization of the German-owned industries in 1945. As it was formally constituted on January 24, 1947 (Decree 1.921), DINIE included 31 separate enterprises which operated in the construction, chemical, metallurgical, and electrical sectors of the economy. Operations were later added in the areas of textile, cement, plastic and pharmaceutical production. By the time DINIE

was granted its institutional autonomy in 1948 (Decree 8.230/48), it was responsible for such diverse projects as dike construction, irrigation, hydroelectric power generation, a distillery, petrochemical plants, and the production of oil transport tankers (Treber, 1967:33).

In June of 1947 the first step toward the establishment of another important state corporation was taken when Peron approved the Savio Iron and Steel Development Plan. The formal approval of the plan and the eventual creation of the SOMISA (Sociedad Mixta Siderurgica Argentina) corporation are significant. As was noted in the previous section, the Argentine military had a long history of concern for developing the basic industrial base which would insure the adequate defense of the nation. It was that concern which led to the formation of the Superior Technical School under the command of Lt. Col. Manuel Savio in 1930 and to the creation of the Direccion General de Fabricaciones Militares (DGFM) under his command in 1941. The Savio Plan of 1947 carried the military's concern yet another step.

Measures such as the creation of DINIE and the approval of the 1947 Savio Plan are important indications of newly-developing policy goals even though the state corporations had few positive impacts on the Argentine economy. In general, the state enterprises were notoriously inefficient, costly, and overstaffed. As a rule, they failed to raise production levels in the basic industrial and high technology sectors of the economy. For that reason, the major economic expansion during this period continued to develop in the consumer goods ISI activities. That result may have been largely

unintended, however. DINIE, SOMISA, and later corporations such as DINFIA (Dirección Nacional de Fabricaciones e Investigaciones Aeronáuticas) and AFNE (Astilleros y Fabricaciones Navales del Estado) may reflect the actual policy preferences of the leaders of this period. As Mallon and Sourrouille put it, the

"Responsibility for developing larger scale, high technology activities was entrusted mainly to specially created mixed or state enterprises. The prime mover in this process was not a development corporation like those common in many other countries but an organization of Military Factories /DGFM/" (1975:75; emphasis added).

The conclusions that should be drawn here are obvious. The promotion of consumer goods ISI activities by the governments of the populist period does not imply that those same governments were not simultaneously attempting to develop capital and technologically intensive industries. The creation of DINIE and the approval of the Savio Plan in 1947 indicate that the populist governments recognized the limits of consumer goods import substitution industrialization by at least that date. The problem then became one of execution. In general, the domestic industrialists responded efficiently to the incentives which were offered through the state's tariff, trade, and exchange rate policies. It was the public sector which floundered. Publicly-owned capital and technologically intensive industries failed to develop along with the consumer goods industries in the private sector because the state failed. The interest was there. The need was apparently recognized. The problem was one of putting the public corporations into motion.

It was in the execution phase that delays developed. By 1947, the populist policy of economic nationalism had been effectively

abandoned and Peron was taking the first concrete steps toward developing Argentina's heavy industries. Despite those important policy changes, however, the shifts to open reliance on foreign capital and to major heavy industrial development were retarded. In 1950, for example, Peron was reluctant to publicize the fact that the EIB had granted Argentina a U\$S 125.0 million monetary support credit. Execution of the Savio Plan was delayed until Peron obtained EIB support for the project in 1955.¹²

The facts that such delays developed does not negate the fundamental importance of the 1947 policy shifts, however. Instead, the lags between the changes in policy goals and changes in policy outputs suggests two interesting questions. The first is centered on the problem of explaining why the goals changed when they did. The second focuses on the reasons for the delays.

At least two factors may explain why the shifts in policy goals--from nationalism to effective cooperation with the United States and foreign investors, and from exclusive ISI promotion to a balanced program of industrialization which favored both consumer goods ISI and basic industries--began to occur by at least 1947. On the one hand, it is reasonable to argue that at least two groups in the populist coalition were no longer willing to support a continued linking of consumer goods ISI with Argentine nationalism after 1947. The point is often overlooked, but it seems clear that Argentina's consumer goods light industrialists could not afford an extremely nationalistic government. While they benefited from the high tariffs and exchange restrictions of the Ramirez, Farrell and Peron administrations, the light industrialists could not risk antagonizing the suppliers of the

imported inputs on which their operations were dependent. During the Second World War, the United States had ordered its merchant ships to avoid Argentine ports. U.S. leaders had attempted to persuade the British to do the same. It could hardly have escaped the notice of the light industrialists that the United States might be willing to adopt similar measures in the future if Peron's nationalistic course became too extreme.

Portions of the military may also have been anxious to abandon both nationalism and the promotion of consumer goods industries by 1947. Argentine defense expenditures exceeded those of Brazil during the 1944-1946 period (see Table 5.1 above), but the Brazilians received U.S. Lend Lease assistance during that interval while Argentina did not. In the post-war era, Brazil could expect to continue to receive the latest in weaponry and advanced training from the United States. Argentina could not expect to provide such improvements for its own
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armed forces. Assistance would have to come from abroad and the U.S. had made it perfectly clear that the price for its military aid was the abandonment of the nationalistic and anti-American policies of the Ramirez, Farrell and Peron governments.

As has been said, this problem may have been recognized by at least some portions of the Argentine military during the 1930's. A key difference was that in 1947 there was no equivalent to the Axis to balance against U.S. and Brazilian pressures. The U.S.-Soviet dispute over Iran had begun to develop at the end of 1946. The Truman Doctrine was announced in the middle of the Greek-Turkish crisis on March 12, 1947. However, these were only the opening rounds in what would become the Cold War. The Soviet Union did not explode its first

nuclear bomb until September 23, 1949. The People's Republic of China was not established until the same month. The Argentine military therefore had few choices in 1947. If it could not modernize on its own, it might be forced to abandon the nationalistic policies and accept assistance from the United States.

Another factor may have influenced the thinking of the Argentine military in 1947. It had tried and failed to modernize itself without foreign assistance. Since the establishment of the DGFM in 1941, the military had made significant progress in a number of areas. In addition to armaments, the DGFM produced liquid gas piping, agricultural equipment and oil drilling machinery. It operated railroad equipment and maintenance facilities. The DGFM produced petrochemical products. Together with the YPF which was also dominated by the military, the DGFM exploited the nation's gas, oil, coal, iron ore, and sulphur deposits.

Despite these developments, the establishment of the DGFM and the effective (if unintended) promotion of ISI activities during the 1944-1946 interval had not succeeded in developing the domestic, basic industrial base which would insure the adequate defense of the nation. While iron and steel production climbed sharply between 1943 and 1944 (see Table 5.2 above), for example, output had remained relatively static from that point. As a consequence, iron and steel imports increased sharply after the end of World War II. In the meantime, iron and steel production in Brazil had surpassed Argentine output both in terms of its levels and rates of increase.

Both the light industrialists and a portion of the Argentine military may have been willing, therefore, to withdraw their support

for a continued linking of consumer goods industrial promotion and Argentine nationalism in 1947. The light industrialists may have favored even further promotion of consumer goods industries. It was Peron's nationalism that they might have seen as a threat to their interests. The military may have wished to abandon both nationalism and consumer goods ISI and instead rely on foreign capital to promote the expansion of the nation's basic industrial and infrastructure sectors.

In any case, the deterioration of the economic situation in 1947 may have been the second factor which prompted the policy shifts. The war years had been beneficial to Argentina. The balance of trade had been positive in every year between 1940 and 1946 (see Table 3.2 above). By 1947, however, the situation had begun to shift to Argentina's disadvantage. With the recovery of Europe under the stimulus of the Marshall Plan, the demand for Argentina's exports and the price that it received for them began to fall. The nationalization of foreign investments and Peron's foreign purchase of surplus trucks and buses in 1946 and 1947 exacerbated the situation. As a result, Argentina suffered a negative overall balance of payments in three successive years between 1947 and 1949. Gold reserves fell. The cost-of-living rose (Table 3.4). Real gross domestic product at factor costs actually declined between 1948 and 1949. In 1949, all payments to the exterior were halted, and Miranda's economic team was replaced. By 1950, Peron was forced to apply to the EIB for a monetary support credit.

Not all of these trends were apparent in 1947, of course. The onset of the recession in that year may have been sufficient, however, to convince at least some Argentines that consumer goods ISI could not

be relied upon to maintain an adequate rate of economic expansion. Sustained growth and adequate national defense would ultimately require the types of developments which the military had been promoting since at least the 1930's. In theory, it might have been possible to utilize the massive gold reserves to finance the development of the nation's capital and high technology industries, but by 1947 that chance had already been lost. Once the recession began, Argentina possessed the extensive capital inputs which were necessary to underwrite basic industrial development projects. If such works were to be undertaken, assistance would have to come from abroad. Unfortunately, such aid was not likely to be available if Argentina maintained its nationalistic course.

There is a paradox in this which should not be overlooked. From the beginning, nationalistic considerations had prompted the military's promotion of basic (capital-intensive, high technology) industrialization. That had been true in 1930; it had been true of both the pro-Axis and pro-Allies elements of the military during the immediate pre-World War II era. By the time the military succeeded in convincing others of the need for such developments, however, events had progressed to the point that basic industrial development required the abandonment of the nationalistic course. In other words, if Argentina was to develop the capacity to defend itself against U.S. and Brazilian pressures over the long-term, it would have to rely on U.S. assistance during the short-term.

Perhaps for these reasons, therefore, important shifts in the goals of Argentina's foreign and industrialization policies are detectable in 1947. From that point to at least 1970, the Argentine

governments showed a pragmatic and generally increasing willingness to rely on foreign capital to promote the nation's basic industries and modernize its infrastructure.

Given that important changes in policy goals can be detected in 1947, why was there a lag in their execution? Why did Argentina's leadership continue to espouse nationalism and support ISI after 1947? Why did the elite fail to execute successfully the measures which were more consistent with their new goals of basic industrial development and the modernization of the infrastructure? The answers to these questions are implicit in much of what has already been said, but it may be of some interest to explore these queries in more detail.

Consider the second question. The "who governs" authoritarian thesis would imply that nationalism and ISI were maintained through the late 1940's because the governing coalition supported such policies. That conclusion may be only partially valid. If one can distinguish between the sectors included in the coalition and the elite political personnel who actually held policy-making positions in the government, then it is possible to argue that coalitional pressures forced the political elites to maintain policies even after the leadership had recognized the limitations and unfortunate implications of such measures. Issues of economic nationalism had been used to mobilize labor by the Ramirez, Farrell and Peron governments. Light domestic industrialists may not have actually belonged to the populist coalition as both Kenworthy (1972) and Di Tella (1968) suggest, but they certainly enjoyed at least some benefits of the policies of the populist governments. For those reasons, neither the labor class nor the light industrial sector would have supported a rapid retreat from both economic

nationalism and the promotion of consumer goods ISI. The labor class and the light industrial sector may have "trapped" the coalition's leadership. Abrupt and well-publicised changes in the foreign and industrialization policies which had been used to organize the movement would probably have caused major erosions in the support for the populist coalition. In the terms used in Chapter II, it would have been harder for the elites to go back than to go forward.

If this reasoning is valid, a pattern of policy "dualism" should have characterized the immediate post-1947 period. Economic nationalism should have been both extended and abandoned. Support for consumer goods industries should have been intensified, while the leadership attempted to utilize the public sector to promote the development of Argentina's capital and high technology industries. Highly public disbursements of symbolic benefits to the popular sector should have continued at a time when the leadership was moving toward a secret rapprochement with the United States and foreign capital. As has been said, of course, this is precisely the pattern which one does observe during this interval. The pattern of the immediate post-1947 is consistent with the integrated formulation.

Why did the populist leadership fail in its apparent bid to expand rapidly into new areas of industrialization? On the one hand, the governments elected to promote basic industrial and infrastructural development by establishing public and mixed public and private corporations. In general, those enterprises proved to be counter-productive. They increased the number of public employees (see Table 3.7 above) and thereby exacerbated the nation's fiscal problems, but they failed to increase production. As has been said, the problem may

have been one of organization and execution.

Development via public corporations had another important implication, however. Even though the public enterprises were failures, the leadership could not abandon them. The creation of the public corporations brought labor--and particularly unionized labor--inside the state. The popular sector may have been able to pressure for its demands from positions outside the state as was suggested above. Once workers had actually become part of the state itself, however, they were in a much stronger position to force the political elites to maintain even the most outmoded and counter-productive policies. The fact that the public employees had been hired in the first place constituted both a political and a financial commitment on the part of the elite political personnel. The leaders could not simply abandon those commitments by destroying the bureaucratic agencies and public corporations. Thus, even though the new units in the public sector may often have been created for sound economic reasons such as the expansion of the nation's basic industries, the public corporations may have become political "albatrosses" which the elites could neither destroy nor manage effectively. In the meantime, the state enterprises continued to drain off resources.

This situation began to change around 1950 when new resources
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became available from foreign sources. A three-dimensional policy mix began to evolve in which the leadership acted simultaneously to (a) maintain supports for consumer goods production, (b) retain the "failed" state corporations, and (c) obtain new foreign capital and channel it into the basic industrial and infrastructure sectors either by creating yet another set of public corporations or by providing

direct inducements to the private sector. Thus for example, Argentina's retreat from consumer goods ISI policies proceeded only incrementally. The last vestiges of the 1944 measures were not eliminated until 1959. Existing, notoriously inefficient public corporations such as Ferrocarriles Argentinos and the YPF were seldom abandoned. More commonly, they were simply by-passed. It was difficult to dissolve existing commitments, but with new, previously unallocated resources from abroad the leadership could maintain many of the existing policies and agencies and yet move ahead into new policy areas.

Peron therefore opened negotiations with California Argentina (a branch of Standard Oil) for a petroleum prospecting agreement in August 1953 (Villanueva, 1966:14). On February 11, 1954, an EIB credit for U\$S 2.52 million was extended to the government for the purchase of railroad locomotives. In January 1955, the government approved a pact with Kaiser Industries for the construction of an automobile plant in Cordoba. Finally, on March 10, 1955--six months before Peron was overthrown and seven months before Raul Prebisch arrived in Argentina to act as Lonardi's economic advisor--the EIB extended a U\$S 60.0 million credit for the purchase of steel mill equipment. After years of delay, the 1947 Savio Iron and Steel Plan was about to be implemented with the assistance of foreign capital.

These events in the early 1950's were milestones in Argentine history. The point to be noted, however, is that they were totally consistent with the policy goals that had begun to develop by 1947. Rather than marking the end of the populist period as the standard interpretation suggests, these measures appear to have been the extensions of previously submerged policy trends which had begun to

form almost as soon as Peron was elected in February 1946. The recession of the 1951-1952 period may have served to underline the need for decisive action in stimulating the basic industry and infrastructure. The recession of 1938 had apparently had a similar effect on at least some portions of the military. Nevertheless, it was the increased pool of potential foreign resources which made possible the actual changes in Argentina's foreign and industrialization policies in the post-1950 period.

This then is the lesson of this section. Despite the standard interpretation that the 1943-1952 period was characterized by economic nationalism and support for Argentina's consumer goods ISI activities, the evidence cited here reveals a more complex picture. By 1947, Argentina's leaders may have been willing to abandon the nationalistic and consumer goods ISI policies which had been instrumental in bringing them to power. Coalitional pressures may have prevented the elites from abruptly reversing previous policies, however. The inefficiency of the public corporations, and later the shortage of available capital, precluded a rapid expansion into basic industrial development and modernization of the infrastructure. The first successful steps toward stimulating those sectors were not taken until after 1950 when the amount of available foreign capital increased. At that point, actual policy outputs did begin to change, even though the goals which gave rise to the "new" policies had begun to form by 1947. The new trends became increasingly pronounced toward the latter stages of the 1947-1955 interval so that industrialization and foreign policies before and after 1952 differed in degree rather than in their basic direction.

The same picture is characteristic of the policies which were

enacted before and after Peron's downfall in September 1955. The coup brought no changes in the basic directions of Argentina's foreign and industrialization policies. Once again, the differences were of degree rather than kind. The reliance on foreign capital increased around 1950. A second jump appears to have occurred in 1954. A third major upward shift is apparent in 1955-1956 after Peron's departure from office. Efforts to promote the nation's basic industries and modernize its infrastructure generally paralleled these shifts. The patterns are traced in detail in the next section.

GROWING RELIANCE ON FOREIGN CAPITAL AND INCREASED EMPHASIS ON BASIC INDUSTRIAL DEVELOPMENT IN THE POST-1954 ERA

The overthrow of Peron on September 25, 1955 and his replacement by General Lonardi initiated a series of events which caused Argentina to become increasingly receptive to foreign capital. On October 27, Raul Prebisch, president of the International Monetary Fund, delivered the first of his analyses of Argentina's economic situation. On April 19, 1956, the Aramburu government began proceedings to ratify the 1944 Bretton Woods agreement which would eventually bring Argentina membership in the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD or World Bank). Argentina signed the Act of Paris and thereby consolidated its foreign debts on May 30, 1956. The IMF extended a U\$S 75.0 million credit to Argentina on April 17, 1957 for the purpose of helping the nation pay off its foreign obligations.

In February 1958, Frondizi was installed as Argentina's new president. He acted almost immediately to reduce the budget deficits of Argentina's state-owned corporations, increase Argentina's domestic

oil production, and attract foreign capital. In June of 1958, for example, Frondizi announced that the government would return to the private sector the German industries which had been confiscated at the end of World War II and which since 1947 had been organized in the DINIE (Direccion Nacional de Industrias del Estado). On July 24, Frondizi moved to reduce Argentina's dependency on foreign oil. Just as Peron had done in 1953, Frondizi by-passed the state-owned oil corporation (YPF). In the future, private foreign capital would be utilized to increase domestic oil production. Thus on August 9, 1958, the first of a series of new oil exploration and production contracts was signed with the Pan American International Oil Company, an affiliate of Standard Oil of Indiana. Railroad modernization was initiated with a U\$S 70.0 million loan which was obtained from a consortium of Dutch banks on September 5. Thirteen days later, a U\$S 140.0 million credit from a group of British corporations was announced. The funds were to be used for the purchase of oil and industrial machinery and power plant equipment.

On December 30, 1958, Frondizi's Plan for Development and Stability was announced. The plan called for: The introduction of a free exchange system; the elimination of price controls and subsidies; increases in the fares and rates charged for public services; new limits on wage increases; a more receptive attitude toward foreign capital; and, the restriction of the money supply (Villanueva, 1966: 17-19). Specific elements of the plan were enacted even before the plan itself was announced. On December 29, the government revealed that stabilization credits totalling U\$S 328.5 million had been obtained from the IMF and private U.S. banks. That same month, the

government moved to enact Laws 14.780 and 14.781. The first granted foreign capital the same constitutional guarantees and legal rights as domestic capital, offered favorable tax advantages to potential foreign investors, and guaranteed the free repatriation of capital. Law 14.781 was designed to stimulate industrial development (Zuvekas, 1968:51).

Retreat from intense promotion of Argentina's consumer goods industries continued to follow its incremental pace. On January 1, 1959, the Argentine peso was returned to the free market exchange rate for the first time in nearly twenty years. By the end of 1959, most import restrictions had been eliminated. The era of intense promotion of the domestic industries which had been initiated by the conservatives in 1933 and intensified by the populists in 1944 was finally at an end.

These government policies were resisted and public employees were frequently among those leading the fight. At times, the policies appeared to be leading the state toward both increasing and decreasing roles in managing and guiding the national economy. Nevertheless, foreign private direct investments in Argentina increased sharply after 1955 (see Table 5.3). Despite Peron's efforts, foreigners had apparently been unwilling to invest in Argentina through the early 1950's.

TABLE 5.3 ABOUT HERE

An average of only U\$S 3.16 million was invested in each year between 1951 and 1955. Because the repatriation of profits was limited during most of that period, it appears likely that most of the increases were

TABLE 5.3

ANNUAL CHANGES IN PRIVATE DIRECT INVESTMENT IN
FIVE LATIN AMERICAN NATIONS, 1951-1962*

(in millions of U\$S)

Year	Arg.	Braz.	Mex.	Per.	Chi.
1951	2.4	63.0	123.8	30.2	36.0
1952	4.0	94.0	63.3	50.3	53.8
1953	4.2	60.0	40.9	37.4	56.5
1954	1.4	51.0	104.6	28.1	-54.0
1955	3.8	82.0	106.8	24.2	1.6
1956	62.8	140.0	118.0	39.9	32.9
1957	69.6	179.0	131.6	48.3	45.6
1958	120.1	128.0	100.3	49.4	46.5
1959	244.3	158.0	81.2	34.6	54.3
1960	332.0	138.0	- 7.6	7.0	29.0
1961	- 18.0	147.0	119.3	13.1	51.1
1962 ^a	71.8	69.0	129.6	n.a.	83.0

^aFigures for 1962 are preliminary.

*For Notes and Methodology, See Appendix A.

simple reinvestments of previous earnings (FIAT, 1966:304).

That situation had begun to change by 1956, however. New private U.S. investments began to arrive in greatly increased amounts in all of Latin America. During the 1951-1955 period, private interests in the United States had invested a total of U\$S 1,750.0 million in Latin America; between 1956-1960, new private direct investments from the U.S. totalled U\$S 3,332.0 million with U\$S 2,200.0 million of that amount arriving in the 1956-1957 interval (ECLA, 1965:214)²³. Partially as a result of this increased flow of capital from the United States, new investments in Argentina by all private foreign sources rose to an annual average of U\$S 165.76 million between 1956 and 1960.

The majority of the direct private investment in Argentina after 1955 was concentrated in petroleum and consumer durable, chemical, petrochemical, and pharmaceutical industries whose production was designed primarily for domestic markets (ECLA, 1965:145, 215). Those trends had been set by Peron, but Aramburu and Frondizi carried them to a new extreme. The pattern of U.S. direct private investments is represented in Table 5.4. This distribution differed sharply from the pre-1950 pattern when most of the U.S. and foreign capital was concentrated in the transportation and public utility sectors of the economy (see Table 5.5).

TABLES 5.4 AND 5.5 ABOUT HERE

This post-1955 shift of direct private investments to the petroleum and manufacturing industries does not imply, however, that Argentina's basic industrial and infrastructures were entirely neglected.

TABLE 5.4

U.S. PRIVATE DIRECT INVESTMENTS
IN THE ARGENTINE MANUFACTURING SECTOR*

(As Percentages of Total U.S. Private Direct Investment)

1950	41.0	1961	42.9
1951	n.a.	1962	50.7
1952	40.2	1963	54.7
1953	49.3	1964	56.7
1954	51.4	1965	62.2
1955	51.4	1966	63.4
1956	53.4	1967	62.7
1957	n.a.	1968	63.1
1958	n.a.	1969	63.3
1959	42.2	1970	60.2
1960	45.1		

*For Sources and Methodological Notes, See Appendix A.

TABLE 5.5

(a)

DISTRIBUTION OF THE FOREIGN CAPITAL
INVESTED IN ARGENTINA, 1940*

(in percentages)

1. Manufacturing	8.0
2. Railroads	51.0
3. Port Installations	1.0
4. Tramways	4.3
5. Electric Power, Gas, Water- works, and Sanitation	17.2
6. Telephone, Radio	5.1
7. Meat Packing	4.0
8. Agriculture, Livestock	1.0
9. Commerce	4.3
10. Real Estate	1.4
11. Banking	1.8
12. Insurance	0.6
13. Other	0.1

(b)

DISTRIBUTION OF U.S.
TOTAL DIRECT INVESTMENTS IN ARGENTINA, 1929, 1943, and 1950*

(in percentages)

	1929	1943	1950
Manufacturing	24.7	26.6	45.2
Public Utilities and Transportation	44.6	47.9	21.6
Petroleum	9.0	10.3	a
Commerce	16.0	7.1	9.8
Other	5.7	8.1	23.3
Total (in millions)	332	380	358

^aIncluded in Other

*For Sources and Methodological Notes, See Appendix A.

In fact, new investments in what Ferrer (1967:191) calls the "social overhead" sectors actually increased sharply after 1955. As can be seen in Table 5.6, new loan and credit commitments to Argentina from foreign public sources began to increase dramatically just prior to

TABLE 5.6 ABOUT HERE

Peron's downfall in 1955. Under Aramburu, the utilization of these sources was sporadic, but it was clearly not insignificant. Frondizi drew in large amounts, with greater consistency, and from a larger number of sources than either Peron or Aramburu. ²⁴ Borrowing from foreign public sources continued under Guido, despite the political problems which erupted continuously during his administration. Illia reversed the trend toward increasing utilization of foreign public capital. Both foreign private and foreign public capital flows to Argentina almost ceased during the first years of his administration. ²⁵ Borrowing patterns returned to an upward trend, however, with the arrival of Onganía in June 1966. The shift to Levingston in 1970 coincided with another decrease in the investment commitments which were obtained from foreign public sources, but by 1971 the upward ²⁶ trend was reestablished.

These loans and credits from foreign public sources such as the EIB, IBRD, IADB, and AID are generally ignored by researchers, but ²⁷ they are clearly important. In Argentina, foreign private and foreign public investments have been channeled into very different sectors of the economy. Private capital has gravitated to those areas in which the short-term return on investments was potentially the

TABLE 5.6

NEW LOAN AND CREDIT COMMITMENTS TO ARGENTINA
FROM THE EIB, IBRD, IADB, AND AID*

(in current U\$S)

EIB: Export-Import Bank
 IBRD: International Bank for Reconstruction and Development (World Bank)
 IADB: Inter-American Development Bank
 AID: Agency for International Development

YEAR	EIB ¹	IBRD	IADB ²	AID ³
1946	0 ⁴			
1947	210,000			
1948	0			
1949	0			
1950	125,000,000			
1951	5,000,000			
1952	0			
1953	0			
1954	2,520,000 ⁵			
1955	132,300,000 ⁶			
1956	80,000			
1957	99,927,700			
1958	0			
1959	130,000,000			
1960	- 3,897,820			
1961	68,902,650	48,500,000	24,639,679	
1962	55,471,659	95,000,000	44,334,267	21,900,000
1963	20,379,537	0	29,578,746	99,700,000
1964	1,400,000	0	35,007,384	19,800,000
1965	22,699,087	0	48,767,429	1,800,000
1966	33,566,000	0	28,356,144	1,774,000
1967	1,448,900	15,300,000	106,397,897	1,618,000
1968	41,700,075	137,000,000	42,361,357	2,822,000
1969	n.a.	85,000,000	120,164,234	1,909,000
1970	n.a.	0	80,217,156	974,000

¹To 1964, the amount shown is equal to New Credits - Active Loan Credits. After 1964, the amount shown is equal to New Credits only.

²The amount shown includes new loans from Ordinary Capital Resources, the Fund for Special Operations, and the Social Progress Fund.

³The amount shown includes new development grants, new development loans, and new support assistance.

⁴Operations prior to 1946 included new credit agreements totalling

TABLE 5.6
(continued)

U\$S 93,480,000. Of that amount, only U\$S 390,000 was actually disbursed by 1946.

⁵Includes a 2/11/54 loan of U\$S 2,520,000 for locomotives which was later cancelled.

⁶Includes the following two loans: 3/10/55, U\$S 60.0 million for steel mill construction; and, 6/9/55, U\$S 72.3 million for the purchase of mining equipment. The latter loan was later cancelled.

*For Sources and Methodological Notes, See Appendix A.

greatest. There was probably very little that any of the Argentine governments could have done to redirect that flow. They could have forbidden investments in some areas and utilized a variety of profit, tax, and repatriation incentives to encourage them in others. ²⁸ At best, however, government control over foreign private capital could have been only indirect. Critical decisions about whether or not to invest, in what areas to expand, and to what degree would still have been made by the executives of foreign corporations and their local subsidiaries and branches. None of the Argentine governments could have forced foreign private investors to move into areas which did not seem profitable.

With foreign public capital, Argentina's elite political personnel had much more direct control. Regardless of how much or how little a given government obtained in the way of loan and credit commitments from foreign public lenders, the elites were free to allocate the support and control its disbursement in ways which may have suited their own priorities more closely. When private capital (both foreign and domestic) failed to invest in basic industries and the infrastructure because such investments had low profit potentials, Argentina's elite political personnel borrowed from foreign public sources in order to expand rapidly the pool of previously unallocated resources which they had at their command. They then utilized those resources to promote the expansion of the crucial social overhead sectors of the economy.

It might be argued that Argentina's political elites should have begun to utilize foreign public capital for basic industrial development at an earlier point in time. It could also be maintained that they should have utilized foreign public capital to a greater degree. Ferrer

makes both points (1967:191). The key to be noted, however, is that Argentina's political elites did begin to utilize foreign public capital during the last two years of Peron's administration. As a result, foreign private investments in Argentina's industrial and infrastructure sectors were largely replaced by foreign public capital in the post-1954 period.

That this was the case is apparent in Table 5.7 where loans and credits for four selected areas of basic industrial and infrastructure

TABLE 5.7 ABOUT HERE

development--transportation, steel, electric and hydroelectric power, and water systems--are presented. Those figures are intentionally conservative insofar as they underestimate actual borrowing from foreign public sources in the four areas. ²⁹ Nevertheless, the figures in Table 5.7 indicate that foreign public commitments for major new investments in basic industries and the infrastructure were in fact acquired by the various Argentine governments throughout the 1954-1970 period.

New commitments from the EIB, IBRD, IADB, and AID for transportation, steel, power, and water systems projects totalled U\$S 1,025.673 million between 1954 and 1970. Of those credits, 44.5 per cent were acquired by the bureaucratic-authoritarian governments of Ongania and Levingston during the last 3.5 years of the 16 year interval. Between the ousting of Illia on June 28, 1966 and December 31, 1970, Ongania and Levingston obtained new commitments for investments in the four areas at an average daily rate of U\$S 276,654.00. Between February 11,

TABLE 5.7

LOANS FOR TRANSPORTATION, STEEL, POWER, AND WATER
PROJECTS FROM THE EIB, IBRD, IADB, AND AID*

EIB: Export-Import Bank
 IBRD: International Bank for Reconstruction and Development (World Bank)
 IADB: Inter-American Development Bank
 AID: Agency for International Development
 IFC: International Finance Corporation

Date ¹	Amount ² (U\$S)	Source
<u>1. For Transportation Projects</u>		
2/11/54	2,520,000	EIB ³
9/10/56	15,000,000	EIB
11/ 5/56	85,000,000	EIB
(9/ 5/58	70,000,000	Dutch Banks)
6/ /61	48,000,000	IBRD(IFC)
12/21/61	55,600	EIB
12/30/61	40,000,000	EIB
7/31/62	6,700,000	AID
1/26/63	30,500,000	AID
12/28/67	43,000,000	IADB
6/24/69	25,000,000	IBRD
12/31/69	25,000,000	IADB
12/17/70	33,500,000	IADB
<u>2. For Steel Development Projects</u>		
3/10/55	60,000,000	EIB
3/12/59	700,000	EIB
5/ 5/60	5,645,000	EIB
6/ /60	3,660,000	IBRD(IFC)
11/10/60	12,000,000	EIB
12/30/60	170,000	EIB
8/21/61	241,660	EIB
11/ 9/61	20,600	EIB
2/21/62	580,769	EIB
6/ 1/64	4,000,000	IADB
1/ 1/65-6/30/65	10,850,000	EIB
1/ 1/65-6/30/65	10,000,000	EIB
7/ 1/65-6/30/66	1,625,000	EIB
7/ 1/67-6/30/68	33,700,000	EIB
8/30/69	5,300,000	IADB
<u>3. For Power (Electric and Hydroelectric) Development Projects</u>		
1/22/59	3,500,000	EIB
2/26/59	8,000,000	EIB
7/13/61	637,000	IADB

TABLE 5.7

(continued)

7/20/61	10,125,000	EIB
12/21/61	9,710,223	IADB
1/19/62	95,000,000	IBRD
11/21/62	4,332,200	EIB
7/30/64	4,500,000	IADB
2/ 2/67	20,000,000	IADB
3/16/67	100,000	IADB
1/25/68	55,000,000	IBRD
7/ 1/67-6/30/68	4,900,000	EIB
7/ 1/67-6/30/68	3,100,000	EIB
9/ 6/68	15,000,000	IADB
12/19/68	82,000,000	IBRD
12/19/68	15,000,000	IADB
3/27/69	5,000,000	IADB
11/ 4/69	60,000,000	IBRD
5/ 7/70	30,000,000	IADB

4. For the Development of Water Systems (excluding irrigation) Projects

7/30/64	2,000,000	IADB
7/30/64	3,500,000	IADB
8/12/65	5,000,000	IADB
12/19/65	18,500,000	IADB
11/ 3/66	7,000,000	IADB

¹The date, where it is available, is the date on which the loan or credit agreement was approved by the lending agency. After 1963, the EIB omits the dates on which specific loans were either approved or signed. Post-1963 dates for the EIB therefore refer to the report period during which the loan or credit was approved.

²Amounts are approximate. In some instances the original amounts were adjusted in the years after approval and signing of the commitments.

³Cancelled.

*For Sources and Methodological Notes, See Appendix A.

1954 when Peron obtained approval for a transportation loan from the EIB and June 28, 1966, the average daily rate was only U\$S 126,447.84. Quite clearly, the post-1966 governments obtained new commitments for the four areas of basic industrial and infrastructural development at a rate which was appreciably higher than that of the pre-1966 administrations.

A very different picture emerges when one focuses on the borrowing patterns in each of the four areas, however. The governments of the pre-1966 period accounted for 71.8 per cent of the commitments which were obtained to modernize Argentina's transportation systems (see Table 5.8). Those administrations acquired 72.6 per cent of the commitments obtained for the expansion of the nation's steel production capacity. Finally, the governments of the 1954-1966 interval accounted

TABLE 5.8 ABOUT HERE

for 80.6 per cent of the commitments which were obtained from the EIB, IBRD, IADB, and AID for the development of Argentina's water systems. Only in the area of electric and hydroelectric power does borrowing by the bureaucratic-authoritarian governments of Onganía and Levingston appear to have been inordinantly high.

To a certain extent, even this picture is misleading. While the governments of Peron, Lonardi, Aramburu, Frondizi, Guido, and Illia acquired between 71.8 and 80.6 per cent of the commitments for transportation, steel and water system development, those administrations also accounted for 73.2 per cent of the February 11, 1954-December 31, 1970 period. Because those leaders were collectively in office longer

TABLE 5.8
 DISTRIBUTION OF NEW LOAN AND CREDIT COMMITMENTS¹
 ACROSS ADMINISTRATIONS*

	Peron	Aram.	Fronde.	Guido	Illia	Ongania	Leving.
1. Per Cent of the 11/2/54-12/21/70 Period in Office.	9.5	13.2	24.6	9.1	16.0	23.5	3.2
2. Cumulative Per Cent of the 11/2 11/2/54-12/31/70 Period.	9.5	23.5 ²	48.1	57.2	73.2	96.7	100.0 ³
Per Cent of Commitments Obtained in:							
3. All Four Areas	6.1	9.7	30.0	4.0	5.7	41.1	3.3
4. Transportation	0.6	24.1	38.1	9.0	0.0	20.2	8.1
5. Steel	40.4	0.0	15.5	0.0	16.7	27.4	0.0
6. Power	0.0	0.0	29.8	1.0	1.1	68.1	0.0
7. Water Systems	0.0	0.0	0.0	0.0	80.6	19.4	0.0
Cumulative Per Cent of Commitments Obtained in:							
8. All Four Areas	6.1	15.8	45.8	49.8	55.5	96.6	100.0 ³
9. Transportation	0.6	24.7	62.8	71.8	71.8	92.0	100.0 ³
10. Steel	40.4	40.4	55.9	55.9	72.6	100.0	100.0
11. Power	0.0	0.0	29.8	30.8	31.9	100.0	100.0
12. Water Systems	0.0	0.0	0.0	0.0	80.6	100.0	100.0
Borrowing-Time Ratios							
13. All Four Areas 3/1	0.64	0.73	1.22	0.44	0.36	1.75	1.03
14. Trans. 4/1	0.06	1.82	1.55	0.99	0.00	0.86	2.53
15. Steel 5/1	4.25	0.00	0.63	0.00	1.04	1.16	0.00
16. Power 6/1	0.00	0.00	1.21	0.11	0.07	2.90	0.00
17. Water Sysys. 7/1	0.00	0.00	0.00	0.00	5.04	0.82	0.00

¹Figures based exclusively on the loans and credit commitments in Table 5.7.

²Includes President Lonardi's tenure (.8).

³Within rounding.

*For Sources and Methodological Notes, See Appendix A.

than the post-1966 regimes, it might be argued that they should have borrowed more extensively than Ongania and Levingston. When taken collectively, the pre-1966 governments certainly had a longer period of time--a greater opportunity--in which to win new loan and credit approvals.

The pre-1966 governments still perform quite well even when the leaders' tenures in office are taken into consideration, however. In lines 13-17 of Table 5.8, the proportion of the commitments obtained by each president is divided by the proportion of the February 11, 1954-December 31, 1970 period that he was in office. ³⁰ That ratio approaches 0.00 when a leader's borrowing rate was low in comparison to the time he spent in office. It approaches infinity if the rate was high. On the other hand, if a leader's rate of obtaining new investment commitments was roughly commensurate with the proportion of the full period that he spent in office, the ratio should approach 1.00.

These ratios are of interest because, with the exception of Lonardi who understandably obtained no new commitments from foreign public sources during his brief tenure, each of the presidents of the entire 1954-1970 period scored approximately 1.00 or higher in at least one of the four areas. In other words, the rate of borrowing for transportation, steel, power, or water system projects by each president was at least commensurate with the proportion of the full period that he was in office.

Peron scored well in the area of iron and steel. Aramburu utilized the assistance which Peron obtained to begin construction of the General Savio Iron and Steel Complex at San Nicolas in 1956, but the new commitments which Aramburu acquired were directed toward the modern-

ization of Argentina's antiquated transportation systems. Frondizi's borrowing strategy was more integrated. Once again, large loans were approved for transportation development, but for the first time major new investments were planned for the expansion of Argentina's electric and hydroelectric power generating capacity. Guido concentrated on transportation and power. New commitments in both areas were relatively small, but Guido was in office for only 562 (rather tumultuous) days or 9.1 per cent of the period. Under Illia, new commitments were concentrated primarily in steel and water systems projects. Onganía returned to an integrated borrowing strategy. In contrast to Frondizi, however, Onganía's primary emphasis was on power development projects. Finally, through the end of 1970 at least, all of the new loan and credit commitments which Levingston obtained from these sources were directed toward the transportation sector.

None of this evidence is at all consistent, of course, with the contention that the post-1966 governments of Onganía and Levingston initiated a new phase of industrialization and modernization of the infrastructure. Whatever else the late Peron-to-Illia governments did or tried to do, they obtained massive new investment commitments from foreign public lenders for critical areas of Argentina's basic industrial and infrastructural sectors. Those administrations might have done more. ³¹ They might have channeled loans and credits into slightly different areas. In the end, however, the pre-1966 governments at least made a beginning. The post-1966 bureaucratic-authoritarian regimes were not the first to promote basic industrial development in Argentina.

In closing this section, two more general points are in order. First, the considerations which stimulated elements of the Argentine

military to make special pushes for basic industrialization and modernization of the infrastructure may have changed during the post-1954 period. Prior to 1954, the military's concern appears to have been aroused when international security crises developed. The 1929 depression, the 1938 recession, the onset of World War II, the U.S. decision to rearm the Brazilian military in the immediate post-war period, and the Korean crisis were among the examples of such episodes.

Argentina's military appears to have reacted in the post-1954 period when crises developed which threatened (a) the nation's domestic security situation, (b) its international security, and/or (c) the military's own organizational interests and integrity. A few examples illustrate this point. An attempted military coup against Frondizi occurred in June of 1959. In September of that year, Frondizi was forced to use loyal troops to remove a dissident commander-in-chief of the army. Those two events were preceded by the following chain of occurrences: Castro's victory in Cuba (January 1, 1959); the president's announcement of a U\$S 100.0 million trade credit from the USSR (January 10, 1959); the expulsion of several communist bloc diplomats (April 3 and June 8, 1959);³² the publication of the Frigerio-engineered agreement which led to peronist support for Frondizi in the 1958 elections; and finally, the foreign ministers' meeting in Santiago which convened to discuss Cuba but which only succeeded in condemning totalitarianism in general (August 12-18, 1959). When coupled with the increasing wave of strikes and economic problems in 1959, it seems clear that Argentina's military had ample reasons to feel insecure. Frondizi was allowed to remain in office, but he yielded ground to the military when he approved a plan which placed

accused terrorists under military control in March of 1960.

Fronidizi also attacked the organizational interests of the military. His oil development plan and the creation of Yacimientos Carboniferos Fiscales (YCF) to control coal production served to by-pass the military-dominated YPF. The plan to return DINIE to the private sector which was announced in June 1958 had the same effect. The first iron and steel development credits which Fronidizi obtained (March 12, 1959; May 5, 1960; and, June 1960 in Table 5.7) were not directed toward the military-dominated SOMISA corporation. Instead, they were obtained for the privately-owned ACINFER and ACINDAR corporations. On November 27, 1960, Fronidizi by-passed Economic Minister Alsogaray and signed a contract with the MISIPA corporation. The agreement called for this consortium of local and foreign firms to develop the iron ore deposits at Sierra Grande which were owned by the military's DCFM (Zuvekas, 1968:54).³³ Finally, on January 12, 1961, the Congress approved a Fronidizi-backed bill to increase the private stock subscriptions in the SOMISA iron and steel facilities at San Nicolas.

Fronidizi's assaults on military interests coincided with increases in security threats. On the international scene, Castro's Cuba was already becoming of increasing concern. As early as April of 1959, Castro had begun to export his revolution to the rest of Latin America. Cuban trained guerrilla fighters landed in Panama. Cuban radio stations were bombarding Latin America with revolutionary propaganda (T.A. Bailey, 1969:861). On February 13, 1960, Cuba and the USSR signed a wide-ranging trade agreement. The U.S. finally broke relations with Cuba on January 3, 1961. On April 17, the U.S. supported the ill-fated Bay of Pigs invasion. Fronidizi's vacillation in responding to the

"communist threat" seems clearly to have irritated the military. The March 1961 election of Alfredo Palacios, a pro-Castro socialist senator from the Federal Capital, brought charges that Frondizi was leaning toward communism. Military concerns for possible communist sympathies on the part of Frondizi's two chief economic advisors, Frigerio and Alsogaray, forced the latter to resign as Minister of the Economy on April 24, 1961. Frondizi's meeting with Ernesto "Che" Guevara on August 8, 1961 only heightened dissent and led to General Rosenda Fraga's resignation as Secretary of the Army on August 18.

On November 24, 1961 an event occurred which was reminiscent of the "Blue Book" affair of 1946. Returning from a world tour, Frondizi met with U.S. President Kennedy in Florida. During the conference, the Argentine leader was presented with Cuban documents which described the Buenos Aires government as vacillating toward Cuba (Luna, 1972:136). Although those documents later proved to have been falsified, Foreign Minister Miguel Angel Carcano did in fact argue at the O.A.S. meeting in January 1962 that the expulsion of Cuba from the organization would set a dangerous precedent. Strong military reactions to this position were apparently instrumental in forcing the Foreign Minister's resignation. On February 29, 1962, Argentina finally broke diplomatic relations with Cuba.

It was in this context that Frondizi's actions raised new domestic security concerns. On March 16, 1961, the president signed Decree 1619-61 and thereby restored control of the General Confederation of Labor (CGT) to a committee composed of 10 representatives

from the communist and peronist unions and 10 from the independent unions. Major work stoppages by the nation's railroad workers erupted in May, August, October, and November. On December 10, 1961, Frondizi's railroad reorganization plan (Decree 4061) was cancelled and replaced by Decree 11,578 which constituted a virtual surrender to the railway union's demands.

The end for Frondizi came when neoperonist parties won several victories in the March 18, 1962 elections. The heads of the three armed services met with Frondizi that same day. They demanded that he (a) intervene the provinces in which the peronists had won, (b) proscribe peronism completely, and (c) take up the fight against communism. The president moved to comply. The elections were nullified the following day. Nevertheless, the president who had refused to suppress domestic unrest, ignored the Cuban threat, and attacked the organizational interests of the military was ousted from the Casa Rosada on March 28, 1962.

These same three concerns--domestic security, international security, and the organizational integrity of the military--reappear as explanations of the 1966 coup and Ongania's and Levingston's subsequent interest in basic industrialization and development of the infrastructure. On April 21, 1964, Illia submitted a bill to congress which rescinded the absolute restrictions on the peronist and communist parties.³⁴ As a result, the Peronist Popular Union Party scored important victories in the March 14, 1965 elections. Both of these events must have raised questions about the domestic security situation.

Other occurrences raised doubts about the extent to which Illia

would protect the military's organizational interests. Like Peron and Frondizi before him, Illia postponed railroad reorganization. Although he annulled the contracts which Frondizi had signed with the foreign oil companies and returned the control of oil to the YPF, it is not clear that Illia developed any policies of his own to replace the abrogated agreements. In April of 1965, a wheat trade agreement with the Soviet Union was announced. That pact was upgraded on August 10 to include 1.1 million bushels. Finally and perhaps most important, Illia simply failed to utilize the foreign public investment commitments which prior governments had already obtained to expand the nation's basic industries and develop its infrastructure.

The critical event which helped to precipitate the coup appears to have occurred on April 28, 1965 when the United States intervened in an allegedly communist uprising in Santo Domingo. General Ongania was at that time the army commander-in-chief. An Azul stalwart at the time of the Colorado-Azul outbreak in 1962, Ongania had been instrumental in guiding the nation's return to civilian rule under Guido and later Illia. Ongania's personal history was important. In the midst of the Santo Domingo episode, he apparently shifted his views and embraced the Colorado position that Argentina needed a more or less permanent military government which would promote basic industrial development and exclude the peronists.

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Argentina voted with the U.S. to send an O.A.S. peace keeping force to Santo Domingo once the fighting had subsided. The Argentine military favored sending its own contingent of troops as part of that force (Scenna, 1970:255). In the end, however, public protests

forced Illia to block the plan. That action in and of itself served to increase the military's dissatisfaction with the Illia government. The situation was exacerbated, however, by the fact that Brazil sent troops, just as it had done during World War II. Even worse, a Brazilian general was placed in overall command of the O.A.S. peace keeping force. Whether or not the Argentine military believed the U.S. allegations that communists had plotted the uprising in Santa Domingo, it must have appeared to the officers that an uncooperative government was once again forcing Argentina to lose an opportunity to gain international prestige. On November 22, 1965-- only a little over eight months before the June 28, 1966 Revolucion Argentina would initiate the bureaucratic-authoritarian period-- General Ongania resigned as commander-in-chief of the army.

The second point to be made in concluding this section is that it was Peron, rather than Ongania or Levingston, who actually initiated foreign-financed basic industrial development in Argentina when he obtained the U\$S 60.0 million iron and steel development credit from the EIB on March 10, 1955. Foreign public investments had been utilized before in Argentina. A trend toward increasing receptivity toward foreign capital began to develop by at least 1947. Efforts to develop Argentina's basic industrial and infrastructural sectors can also be noted by that point. The 1955 iron and steel credit is important because it marks an intensification of both of those trends.

The March 10, 1955 EIB credit is important for another reason, however. By the time the commitment was obtained, serious difficulties had developed in a number of sectors of the economy.

Agricultural production was lagging. The transportation network had seriously deteriorated. The domestic capacity to produce manufactured goods for the export market was low. Despite all of those problems, Argentina's first major development credit from foreign public sources was allocated to the one area--iron and steel development--which was of special concern to the Argentine military. That concern was consistent throughout the 1930-1955 period. It is apparent in the establishment of the Superior Technical School in 1930, the creation and expansion of the DGFM in the 1940-1944 interval, and finally, in the approval of the Savio Iron and Steel Plan in 1947. The 1947 plan was not immediately implemented, but Peron's 1955 EIB credit was dispersed to Aramburu. Construction of the SOMISA Iron and Steel Complex at San Nicholas was finally begun in 1956. Production began in June of 1960.

SUMMARY AND CONCLUSIONS

The evidence in this chapter raises doubts about the standard interpretation of Argentine industrialization and foreign policies. Consumer goods import substitution industrialization (ISI) was promoted by the traditional authoritarian governments during the 1930-1940/43 interval. Such activities received an effective, but perhaps unintended push by the populist governments of the 1943-1952 period. From that point, however, the periods identified by the standard interpretation have only limited validity.

Efforts by the military to promote Argentina's basic industrial sectors began to be apparent as early as 1930. They were intensified in the events surrounding the creation and expansion of the DGFM

during the 1940-1944 period. Evidence suggests that the "ISI legislation" of June 1944 was intended to promote the types of industrial development which would insure the nation's defense. The Savio Plan, the creation of a series of public corporations, and the attempt to effect a rapprochement with the U.S. and foreign capital in 1947 were consistent with that bias. By 1950, foreign capital was being actively pursued. New legislation in 1953 granted new privileges to foreign investors. By 1954, assistance was being obtained from the EIB for the revitalization of Argentina's rail networks. From that point, Argentina's leaders showed a generally increasing tendency to utilize foreign public capital to underwrite the nation's efforts to expand its basic industries and modernize its infrastructure.

The evidence thus tends to support the integrated formulation. Major policy shifts and realignments occurred prior to the late 1940's when the Argentine state expanded and became highly bureaucratized. From that point, policy changes were more evolutionary than abrupt or dramatic. When important policy shifts did occur in the post-1954 period, those changes tended to coincide with two different general types of factors. On the one hand, the "willingness" of certain segments of the military to promote basic industrial expansion and the modernization of the infrastructure tended to increase when crises developed which threatened (a) Argentina's international security, (b) the nation's domestic security, and/or (c) the military's own organizational interests and integrity. The first factor was important even prior to 1954. All three factors appear to have been important during the ensuing period.

If such concerns tended to increase the "willingness" to industrialize, changes in the availability of resources affected the "opportunities" which they possessed to translate policy goals into actual policy outputs. After 1944, the military attempted to promote basic industrial development by relying sequentially on (a) the domestic private sector (1944-c1947), (b) the public sector (1947-1950/54), and finally, (c) a combination of both the private and public sectors (1950/54-1970). During the first two periods, primarily domestic capital was utilized. After 1950, and especially after 1954, foreign public capital was relied on more and more extensively. Prior to 1950/54, new developmental efforts therefore developed during periods of economic expansion. They ended during recessionary periods. After 1950/54, new efforts in the actual promotion of basic industrial development ceased to move with national expansion/recession cycles. Major shifts in the availability of foreign capital (as in 1950, 1955/56, and 1961) appear to have been more important in facilitating such efforts.

That important policy shifts did occur after the expansion and bureaucratization of the Argentine state does not undermine the integrated formulation. It will be recalled that that argument predicts that Argentina's policies should have displayed incremental trends after the late 1940's except when the political elites were able to increase rapidly their pool of previously unallocated resources. To the extent that such new resources were available, they should have been able to (a) maintain supports for consumer goods industries, (b) retain the "failed" state corporations, and (c) channel the new resources into the basic industries and

infrastructure by creating new public corporations and/or by providing direct inducements to the private sector.

This pattern of maintaining previous policies and expanding new ones is exactly what developed after 1950/54 when new foreign public capital became available. The retreat from consumer goods ISI was extended to 1959. With the exception of DINIE, the state never divested itself of any major state enterprises.³⁶ The new resources were frequently channeled in ways which by-passed the older, less efficient, more politicized state agencies.

For example, while Frondizi downgraded the military-controlled DGFm and YPF and attempted to attract foreign investors to exploit Argentina's iron ore and petroleum deposits, he created a new separate state corporation (Yacimientos Carboníferos Fiscales, YCF) in 1958 to control the exploitation of Argentina's coal reserves.³⁷ In the area of iron and steel production, the initial efforts were directed through the publicly-owned SOMISA corporation. By 1959, however, the Frondizi government was acting as guarantor for credit commitments which private iron and steel producers such as ACINFER, ACINDAR, and SIDERGA were obtaining from foreign public lenders. In the area of electric and hydroelectric power, the presidents of the post-1954 period continued to channel foreign public funds through established public corporations such as Gas del Estado and Agua y Energía Eléctrica. At the same time, however, the predominantly Dutch-owned CADE corporation (Compañía Argentina de Electricidad) was replaced by the publicly-owned SEGBA corporation (Servicios Eléctricos del Buenos Aires).

Perhaps the best example of the tactic of by-passing inefficient

and highly politicized state enterprises developed in the transportation sector, however. Argentina's rail networks were in a deteriorated state when Peron obtained them. They became even more antiquated and inefficient during his administrations. Despite this situation, however, Ferrocarriles Argentinos received almost no new foreign public investments after 1954. The EIB, IBRD, IADB, and AID transportation loans and credits were instead devoted almost exclusively to highway construction. Of the U\$S 415.2756 million in transportation loan and credit commitments shown in Table 5.7, only 17.46 per cent were devoted to railroad modernization. Approximately U\$S 284.2556 or 68.44 per cent of the commitments obtained for the transportation sector were directed for highway construction. (The remainder was broken down in the following way: U\$S 25.0 million or 6.02 per cent which was directed to a river channel project by Ongania; and, U\$S 33.5 million or 8.07 per cent which Levingston devoted to bridge construction.) No major new government units were created to guide the highway development efforts. As a rule, the presidents obtained new foreign public credits and loans and reallocated them to domestic industrialists. The first major new commitment for Argentina railroads which came from the EIB, IBRD, IADB, or AID was a credit for U\$S 84.0 million which was obtained from the IBRD on April 28, 1971.³⁸

One other set of considerations provides additional support for the integrated formulation. Far from being a monolithic representative of the dominant coalition at each stage of the nation's history, the Argentine state showed increasing signs of internal fragmentation after the late 1940's. Public employees repeatedly resisted policies

which would have worked to their disadvantage. The same can be said of the various factions of the military. As a result, the elite political personnel were not infrequently in open conflict with other sectors of the state during much of this period. It was the public bureaucracy as much as any other force which blocked elite initiatives and imposed an inertial tendency on public policies which could only be overcome when the elites acquired new resources from foreign public sources. From the point of view of the elite political personnel, it was in fact easier to go forward than to retreat.

Finally, one point clearly emerges from this discussion. Foreign-financed expansion of Argentina's basic industrial and the modernization of its infrastructure were initiated long before the advent of the bureaucratic-authoritarian period in 1966. As was said above, the pre-1966 governments might have done more. They might have utilized foreign public capital even more extensively than they did. In the end, however, the pre-1966 governments at least made a serious beginning.

NOTES

1. It was proposed in the Argentine Senate in 1933 by Matias Sanchez Sorondo, but the measure was never actually passed.

2. According to Abelardo Ramos (1973:68-71), the Pinedo Plan to "nationalize" the British railroads would have required the British to give up some control to native Argentines. In return, they would have retained direct majority control over the network and a guarantee that the Argentine government would not take 50 per cent possession until after 30 years (in 1970) and 100 per cent until after 60 years (in the year 2,000).

3. The Plan de Pinedo was debated in the Senate on December 17-18, 1940. It passed that body by a vote of 17 to 3, but was subsequently rejected by the House of Representatives.

4. See for example Murmis and Portantiero (1971), Merckx (1969) and the discussion in Chapter III, page 76.

5. According to Whitaker,

"This 131-page booklet was the work of the Assistant Secretary of State Braden and his staff. It gave what it called 'incontrovertible evidence' (much of it drawn from recently captured German documents) that 'the present Argentine Government and many of its high officials were so seriously compromised with the...enemy that trust and confidence could not be reposed in that government.' Peron himself was prominent among the Argentines against whom such evidence was presented" (1954:148).

6. IAPI was in many ways a perversion of the Trade Promotion Corporation

that had been established in 1941 in conjunction with the Plan de Pinedo. As it was originally designed, the TPC was intended to encourage the export of nontraditional products. Under Miranda's leadership, however, IAPI became a "supermarketing board" whose pricing policies served to reduce the production of goods for the export market (Diaz Alejandro, 1970:100).

7. Article 40 declared minerals, waterfalls, oil fields, coal fields, gas fields, and other sources of energy to be the property of the Argentine state. It therefore represented a significant expansion of the role that the state would play in managing and guiding the economy. Luna raises an interesting point, however. He suggests (alas without hard evidence) that Peron may have attempted to block the inclusion of Article 40 in the 1949 constitution because the president had begun to recognize the need for foreign investments in the nation's energy, mining and public service sectors (1972:58-59).

8. Bailey describes the 1947 Treaty of Rio de Janeiro in the following way:

"It provided for action by all of the contracting nations against an armed attack on any American republic, even from an American state like Argentina, pending measures by the Security Council of the United Nations. This historic pact... further strengthened the multilateralization of the Monroe Doctrine. It was by all odds the most significant inter-American agreement to date. It was also the first regional defense pact, as envisioned by Article 51 of the United Nations Charter. As such, it served as both a model and a precedent for the multipower North Atlantic Treaty of 1949" (1969:807).

9. This agreement was subsequently cancelled.

10. Whitaker suggests in two places that the abandonment of the populist nationalist policies may have been even more general. First, he points out that Argentina purchased, rather than expropriated, the foreign owned rail networks. The distinction is of interest. As he puts it, "the object was to promote Argentina's economic independence without alienating the country's trading partners" (1964:123). Nationalism clearly could not be allowed to become too extreme. In another place, Whitaker observes that it is possible to interpret Peron's 1946 inaugural address as a "bid for accommodation with the United States on a 'forget and forgive basis'..." (1954:218).

It is entirely possible, of course, that Peron's foreign policy behavior during this period was totally calculated. His simultaneous initiation and abandonment of pro- and anti-U.S. policies on the domestic scene would have built both popular and military support for his government. Both groups would have had something to gain from Peron and something to lose if he left office. On the international scene, the simultaneous moves toward Washington and Moscow evoked the predictable U.S. response. Argentina thus received benefits of U.S. military support, but at the same time retained considerable latitude in its capacity to operate independently in the international scene.

This interpretation may be consistent with much of the existing evidence. It does nothing to undermine the integrated formulation, but its validity would raise new problems for the authoritarian argument. Peron would emerge less as the leader of a classical "populist," Bonapartist coalition, than as a consummate politician who was playing a common manipulative political strategy.

11. The March 1947 measure authorized the president to adjust existing tariff rates by as much as 50 per cent and to impose import duties as high as 25 per cent on items which had previously been duty free. The 1949 measure increased import restrictions. Finally, in August 1950 the existing 9 exchange rates for the Argentine peso were consolidated into 3 (2 official and 1 free).

12. The delay in executing the 1947 Savio Iron and Steel Plan generally brings researchers to the conclusion that Peron approved the measure for cynical reasons, or in other words, that iron and steel production was not a serious goal. Diaz Alejandro implies, however, that foreign credits for the plan were sought immediately after 1947 (1970:247). If that was the case, then the delay may have resulted, not from a lack of serious intent, but rather from simple problems of execution.

13. Potash's discussion of the domestically-produced "Nahuel" tank is sufficient to make this point" (1969:252).

14. Reversals of this trend did occur under Lonardi and Illia. In both cases, however, the shifts were short-lived and of little consequence for the long-term trend.

15. Indications of the changing situation after 1950 are apparent in the data on cumulative book value of U.S. private direct investments in Latin America at year end which may be obtained in UNECLA (1965), OAS (1971) or the U.S. Department of Commerce, Survey of Current

Business. The last source reports that the cumulative book value of U.S. private direct investments in Latin America at year end rose from 4.445 million in 1950 to 14.760 million in 1970.

16. This agreement was later cancelled.

17. Additional measures of the 1950-1954 period have already been mentioned in the foregoing discussion.

18. Their impact is apparent in the capital goods quantum import indices for both the agricultural and transportation sectors during the early 1950's.

19. Formal membership in the IMF came via Decree-Law 16.970 on August 31, 1956.

20. YPF workers reacted to the July 24, 1958 announcement of a new oil policy and the August 9 contract with the Pan American International Oil Company by initiating a strike in October. The Dutch railroad loan (September 5, 1958) may have contributed to the beginning of a strike by the state-owned railway workers on December 3, 1958. Rumors that the government planned to sell the state-owned meat packing plant were denied by Frigerio on September 19, 1958, but the Buenos Aires municipal meat packers went on strike in January 1959. Labor reaction to the December 30, 1958 announcement of the Plan for Development and Stability was intense. On January 18, 1959, a general strike was begun. Strikes by bank and insurance workers erupted

repeatedly between April and June. By July, the sugar workers were on strike. Other examples of public employee resistance to government policies are discussed in Chapter III (pages 107-111).

21. Measures which were enacted by the Aramburu and Frondizi regimes and which were consistent with a policy of government withdrawal from a high level of penetration of the economy include: The liquidation of IAPI; the giving of increased autonomy to the Central Bank (BCRA); the restoration of the 1893 constitution and the resulting abolition of Article 40 of the 1949 constitution (see note 7 above); the plans to sell DINIE to private investors; the downgrading of the YPF; the elimination of price controls and subsidies; and, the return to a free market exchange rate for the peso. Other steps were taken which either slowed the rate at which the state was retreating from direct control of the economy or moved the nation in exactly the opposite direction, however. Thus when IAPI was abolished in 1956 by Aramburu, national meat and cereal boards were reestablished to regulate production. Both boards had originally been created in 1933 as Argentina was attempting to recover from the 1929 depression. At the same time, Aramburu's government established INTA (Instituto Nacional de Tecnologia Agropecuaria) to increase agricultural research. As the government was downgrading the YPF by attracting foreign investors to exploit Argentina's petroleum reserves, it moved in 1958 to create a new separate state corporation to control the utilization of the nation's coal reserves (Yacimientos Carboniferos Fiscales, YCF). On July 28, 1957, Aramburu annulled the government contract with the predominantly Dutch owned CADE corporation (Compania Argentina de

Electricidad) which was at that time the largest private power producer in Argentina and the principal source of electric power for Buenos Aires. On October 18, 1957, the government took over direct control of CADE's management. In 1958, a mixed public and private corporation (Servicios Electricos del Buenos Aires, SEGBA) was created to replace the CADE operation.

22. Foreign private direct investment refers here to new capital inflows and reinvestments in enterprises in which foreign investors or parent companies control at least 25 per cent of the voting stock in foreign subsidiary companies or unincorporated foreign branches.

23. Unlike the cumulative U.S. investment figures mentioned in note 15 above, the data here refer to average annual changes in year end book values.

24. Frondizi may have borrowed from a wide range of sources simply because more agencies came into existence during his tenure in office. The EIB was created by executive order of the President of the U.S. in 1934. The IBRD formally began operations on December 27, 1945. Both Peron and Aramburu had the opportunity to utilize those lending agencies. The IADB did not formally begin operations until October 1960, however. The AID was not created until March 1961 when U.S. President Kennedy announced the Alliance for Progress.

25. These declines appear to be at least partially attributable to Illia's petroleum policies. During the election campaign, he promised

to free Argentina from foreign financial and economic control and to annul the contracts which Frondizi had signed with the foreign oil companies. In his October 12, 1963 inaugural address, however, the new president adopted a slightly more conciliatory position toward the U.S. when he approved the initiation of Alliance for Progress projects in Argentina. The U.S. appeared anxious to cement this compromise. U.S. Undersecretary of State for Political Affairs, W. Averill Harriman, was dispatched to Argentina to meet with Illia on November 9 and 10. He apparently warned Illia that cancellation of the government's contracts with U.S. petroleum firms would jeopardize future investments in Argentina by the U.S. government and U.S. private investors. The problem of possible cancellation of the contracts came up in President Kennedy's press conference on November 14. His response was that the U.S. would insist on adequate compensation. Illia ignored the warnings. On November 15, 1963, he signed a decree cancelling oil contracts with 8 U.S., 2 European, and 4 Argentine oil firms.

26. Two points should be noted. First, a loan or credit commitment is an indication that both the Argentine government and some lending agency were "willing" to enter into the agreement. The decline in Illia's utilization of foreign public capital may therefore be attributable to his own disinclination to apply for such funds, disinclination on the part of lending agencies to grant them, or a combination of both factors. The second point is that one should not expect the pattern of utilization to have been incremental. Loans and credits from the listed agencies were obtained in most cases for

specific projects which the Argentine governments wished to undertake. There is no reason to expect that because an initial commitment had been obtained, the governments would require subsequent, increasingly larger loans.

27. The reason for the neglect of loans and credits from foreign public sources such as the EIB, IBRD, IADB and AID is clear. The inflow of public capital to Latin America has been relatively small when compared to new investments which came from foreign private sources. For example, only 36 per cent of the U\$S 10,840 million which U.S. sources invested in all of Latin America between 1951 and 1963 came from public agencies (ECLA, 1965:208).

28. As will be noted below, these practices were in fact utilized by the Argentine governments.

29. Loans and credits were excluded from the counts unless they were for equipment and project material which was specifically designed for (or limited to) use in a given area. The table also includes loan and credit commitments from only a limited number of sources. The thermoelectric complex at Dock Sud, for example, is omitted even though it was financed by the Bank of England in 1957.

30. The rationale for selecting February 11, 1954 as the starting date for these analyses is clear. The U\$S 125.0 million EIB commitment in 1950 (see Table 5.6) was designed exclusively to help Argentina repay its outstanding foreign debts. The 1951 loan of U\$S 5.0 million

was for the purchase of tungston and sulphur production equipment. It was guaranteed by the Centra Bank (BCRA), but it was actually obtained by the Sociedad Minera Argentina, S.A. In contrast to both of those commitments, the February 11, 1954 credit was the first since 1946 which was designed for development projects and it was obtained directly by the transportation agencies of the Argentine government. Computing forward from February 11, 1954 , Argentina's presidents spent the following numbers of days in office: Peron (588); Lonardi (52); Aramburu (812); Frondizi (1,514); Guido (562); Illia (989); Ongania (1,450); and, Levingston (196, to December 31, 1970).

31. According to ECLA (1965), Argentina ranked third among the Latin American nations in utilizing the EIB through December 31, 1963, second in the use of the IADB through December 31, 1963, and fourth in the utilization of the IBRD through June 30, 1964.

32. Soviet diplomat Nikolai Belous was expelled along with three other Soviet and one Rumanian officials on April 3, 1959 for allegedly interfering in union, student and cultural group activities. The Bulgarian ambassador to Argentina, Boris Popov, was asked to leave on June 8, 1959. Radio messages from the Belgian embassy reporting on Argentine conditions had allegedly been used for agitation purposes.

33. Chilcote (1963:34) reports that this agreement was signed in January 1961 and that the DGFM deposits at Zapla were also included.

34. Peronist and communist parties would be allowed to offer candidates

but the peronist parties would not be allowed to use the name of Peron and the communist parties could not be subject to the interests of other nations.

35. For a discussion of the Colorado-Azul conflicts and a detailed elaboration of the positions of the Azul faction, see Millington (1964).

36. Even in the case of DINIE it is not clear that the state actually succeeded in divesting itself of any major state enterprises. About 20 establishments were returned to the private sector in 1961, but DINIE continues to function as a public enterprise. Much the same can be said in the case of SOMISA. Despite the 1961 plan to increase privately-owned stock in the corporation, SOMISA remains a predominantly public enterprise.

37. The Directorate of Coal was created in 1941 as part of YPF. In 1945, it was renamed as the Directorate of Solid Combustibles and transferred to the control of the National Directorate of Energy. The agency remained there until 1958 (Treber, 1968:29).

38. An alternative explanation of Argentina's concentration on highway development should not be overlooked. It is entirely plausible that foreign public lenders granted transportation loans and credits in a manner which was consistent with current transportation policies in the U.S. In other words, it is possible that Argentina's leaders wished to modernize the nation's rail systems, but that funding was available only for highway construction. Such an argument could be

supported. For example, the Minister of the Economy announced on July 21, 1961 that a mission headed by Krieger Vasena had obtained a new U\$S 50.0 million credit from the EIB for railroad revitalization. That agreement appears in the EIB reports as a U\$S 40.0 million highway construction credit which was approved on December 12, 1961.

CHAPTER VI
LABOR POLICIES

An important proposition of the authoritarian thesis relates different types of labor policies with the three types of authoritarian political systems which existed in Argentina between 1930 and 1970 (see Figure 2.2 above). The traditional authoritarian leaders of the 1930-1943 period were allegedly anti-labor. The populist authoritarians of the 1943-1952 interval allegedly mobilized Argentina's labor force and included workers in the political and economic life of the nation for the first time. These pro-labor or "inclusionary" administrations were eventually supplanted in 1966 by the anti-labor, repressive administrations of the bureaucratic-authoritarian period (1966-1970). While the populist governments of Ramirez, Farrell and especially Peron had promoted the union movement and incorporated it into the political system, the bureaucratic-authoritarian governments of Ongania and Levingston attempted to suppress, demobilize, exclude, and "bureaucratically encapsulate" (O'Donnell, 1973:91) the popular sector. Only if the "excessive" demands of the popular forces could be controlled, in the view of the bureaucratic-authoritarian coalition, would it be possible to accumulate sufficient capital to expand the nation's basic industries and infrastructure. Once those areas had been developed and the structural bottlenecks which blocked Argentina's progress had been thereby eliminated, it would be at least theoretically possible to reopen the system to popular demands. At least in the short-term,

however, the political system had to be depoliticized according to the bureaucratic-authoritarians. Competing political interests had to be excluded; policy decisions had to be made on the basis of rational and objective, rather than political, criteria.

This chapter probes whether the transitions from one type of authoritarian system to another did in fact have these hypothesized effects on labor policy trends. Questions related to this have already been examined, of course, in the two previous chapters. It was shown, for example, that the post-1966 efforts to depoliticize the political system by eliminating political parties, postponing elections, intervening in union affairs, and by imposing an extended form of military rule had precedents in Argentine history. It was pointed out that efforts to rationalize and centralize the state and its policy-making processes paralleled earlier efforts by nontechnocratic, nonbureaucratic-authoritarian governments of the pre-1966 period. It was demonstrated that the policies which allegedly necessitated the exclusion of the popular sector after 1966--the expansion of the nation's basic industries and infrastructure and the promotion of foreign private and public investments--were actually begun by the administrations of the pre-1966 period. Finally, it was argued that labor was not repressed in any unique fashion after 1966. Indeed, the evidence supports the contention that systematic repression of labor by Peron's "populist" regime may have begun as early as 1946-1947 and certainly began no later than 1948-1949.

In each of these areas, the policies of the pre- and post-1966 political systems were more similar than distinct. More specifically, from a point in the late 1940's or early 1950's onward, policies in

the above-mentioned areas did not shift in accordance with changing coalitions. Instead, they were adjusted only incrementally. In those few instances where nonincremental policy changes did develop, they appear to have had more to do with alterations in Argentina's international environment--increases and decreases in the degree of perceived foreign threat, sharp changes in the amount of available foreign investment capital, and so on--than with the nation's ruling coalitions.

All of this evidence tends to support the integrated formulation. Once the Argentine state became highly bureaucratized as it did in the late 1940's, sharp policy shifts became somewhat unusual. When major policy discontinuities did develop, they tended to coincide with large increases in the pool of previously unallocated resources which the elites had at their disposal. In those instances, elites were able to maintain the previously existing levels of goods and services while at the same time they used new resources to move into new policy areas.

The question posed in this chapter is whether or not a more systematic examination of Argentina's labor policies yields similar findings. Do the policy trends once again remain generally unbroken after 1950 when different types of data and analytic techniques are employed? Are the impacts of changing coalitions more apparent when new data are utilized? Does additional information indicate that the outcomes of Onganía's and Levingston's bureaucratic-authoritarian administrations were in fact distinct from those of previous administrations? Or, do new data reinforce the earlier conclusion that Onganía and Levingston may have been caught like their predecessors in

a pattern of drift?

THE POLICY OUTCOMES

The following four indicators are used to operationalize in somewhat more systematic fashion the outcomes of Argentine labor policies: The real income received by the nation's wage and salary earners; the share of the nation's gross domestic product (GDP) received by wage and salary earners; union strike activity; and, the level of government employment. The 1930-1970 trends in these four indicators are shown in Figures 6.1 to 6.4.¹ The first three indicators are commonly utilized in studies of labor policy in Latin

FIGURES 6.1 TO 6.4 ABOUT HERE

America. The rationale for employing the fourth series will be specified in a moment. At this point, it need only be mentioned that all four of these indicators are properly regarded as policy outcomes or resultants rather than policy outputs. This point was made in connection with the patterns in Argentine industrialization in Chapter V and it is quite basic. Nevertheless, it is often overlooked. When workers' real income and/or their share of the GDP fall, for example, scholars have typically concluded that such changes are the result of conscious anti-labor biases of the government. Decreases in the level of strikes have on occasion been taken as indicating that the government has increased its sanctions against such activities.

Such interpretations are quite obviously fallacious. While

FIGURE 6.1

REAL INCOME

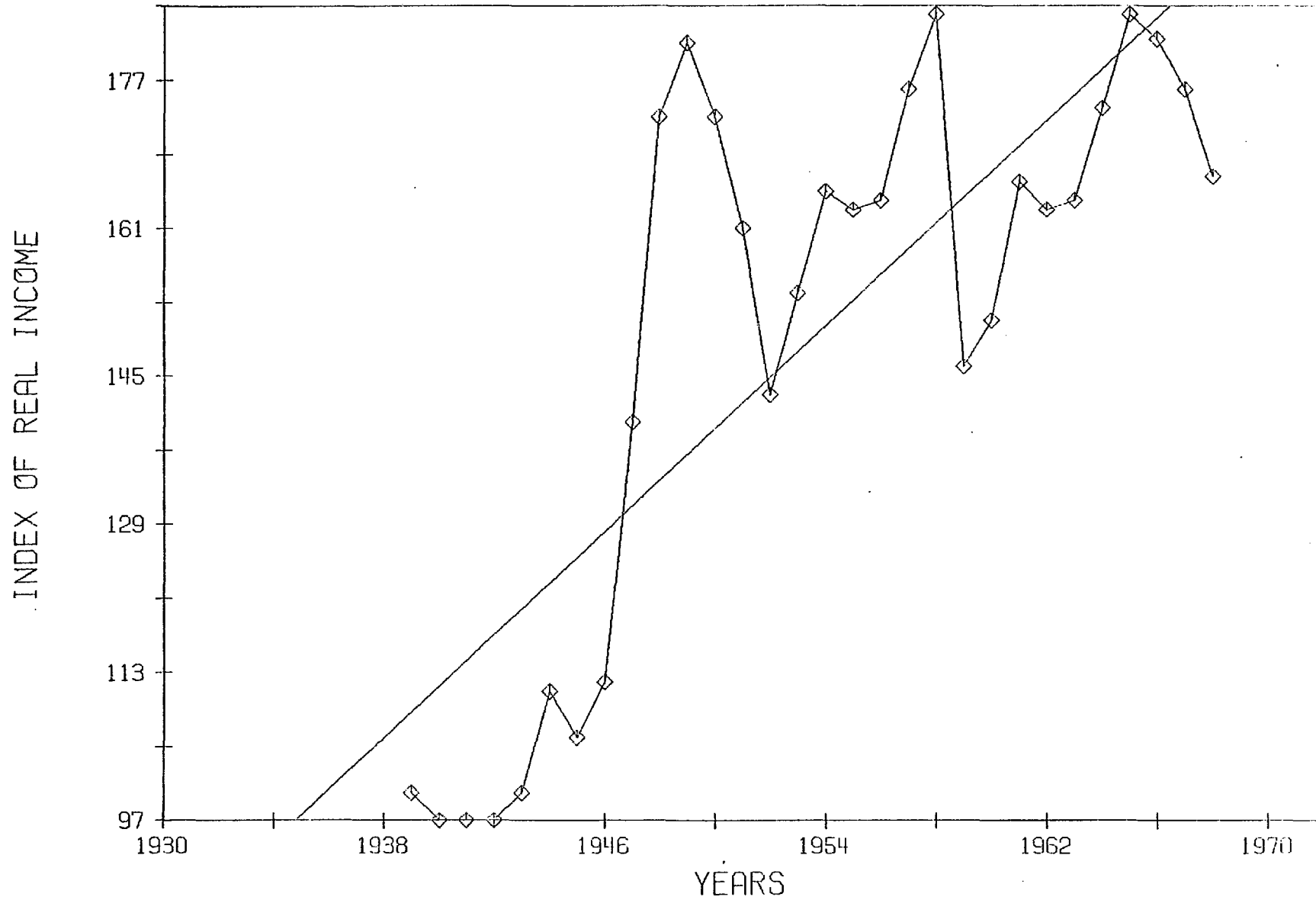
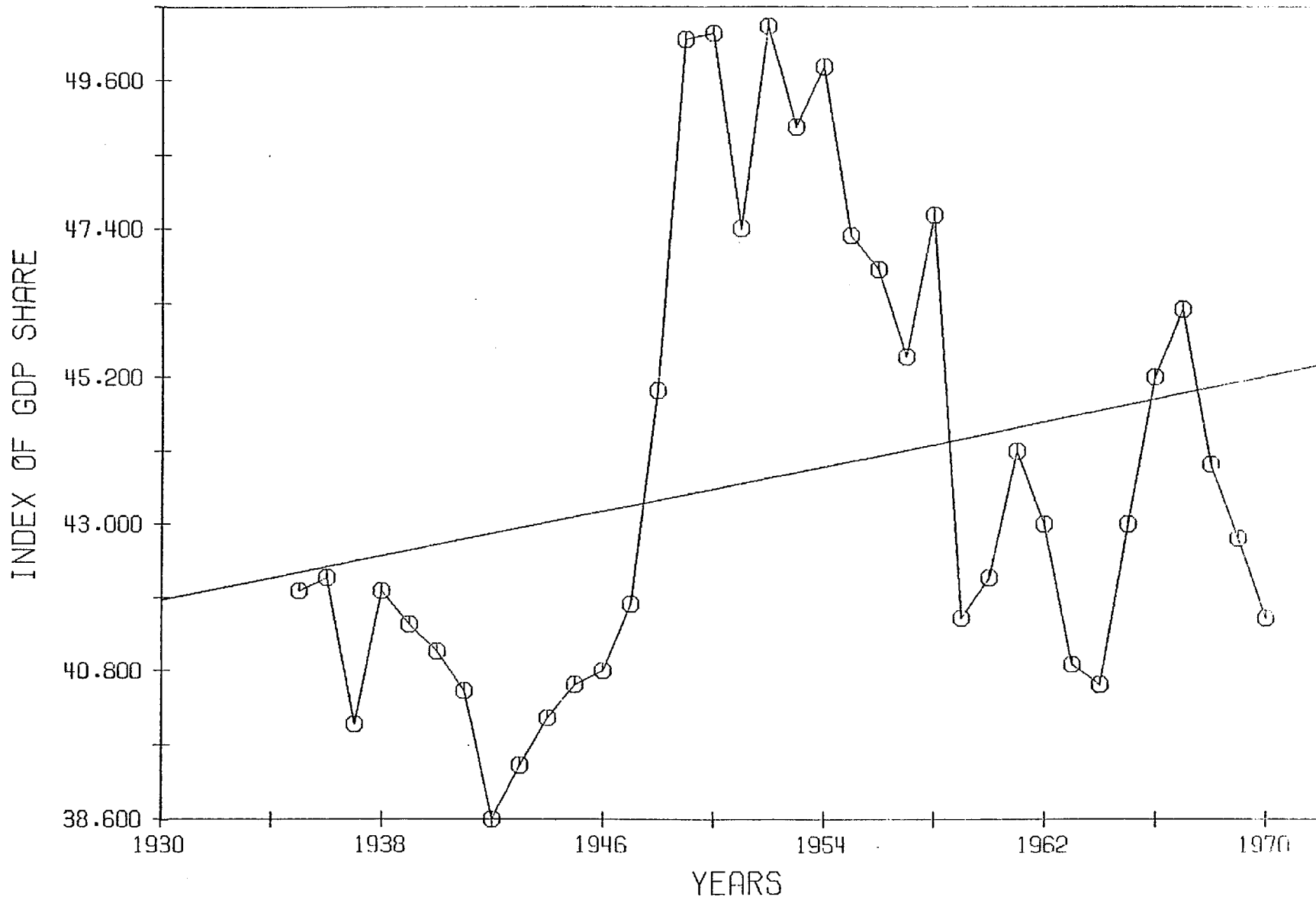


FIGURE 6.2

GDP SHARE



NUMBER OF STRIKES

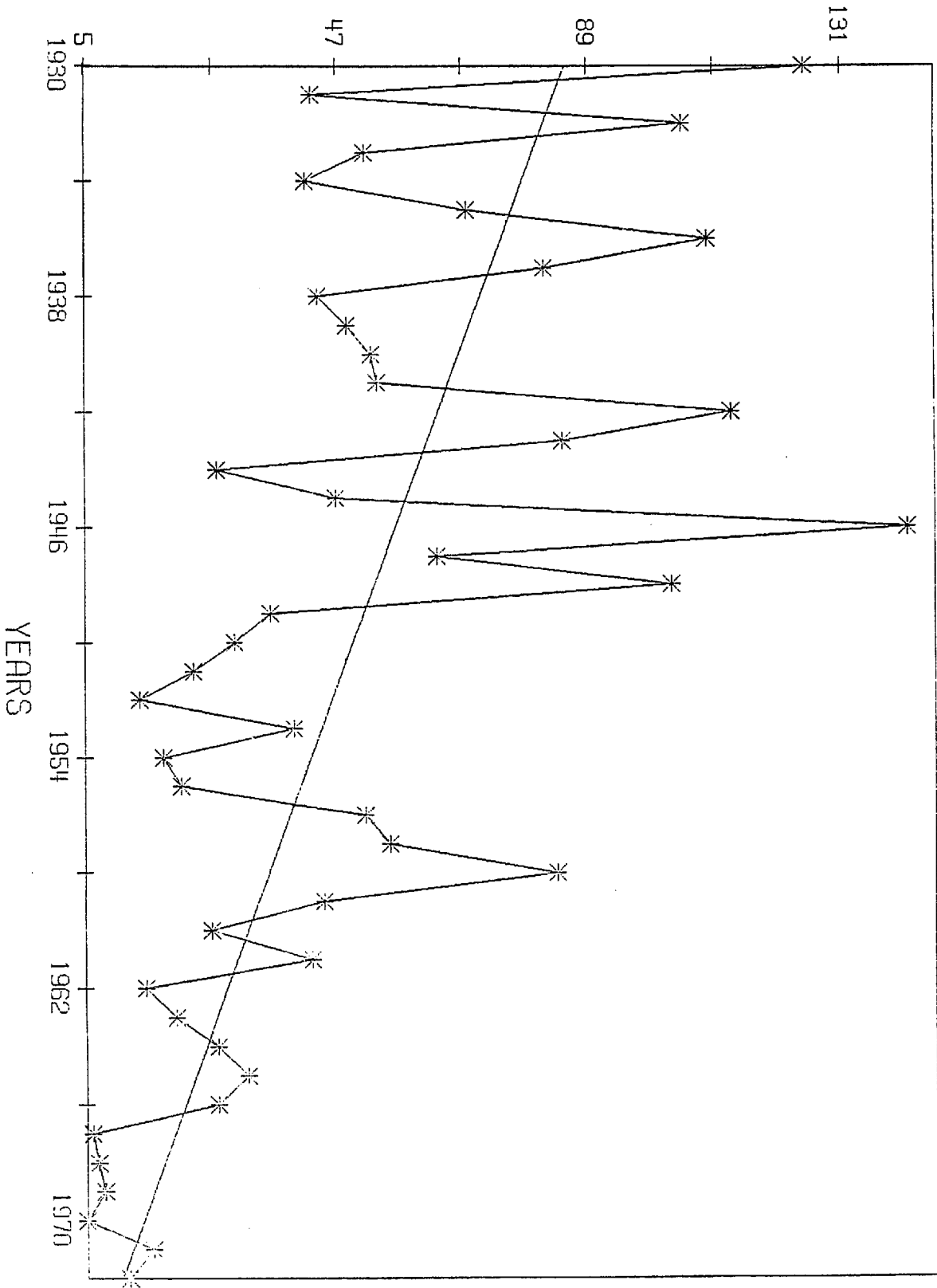
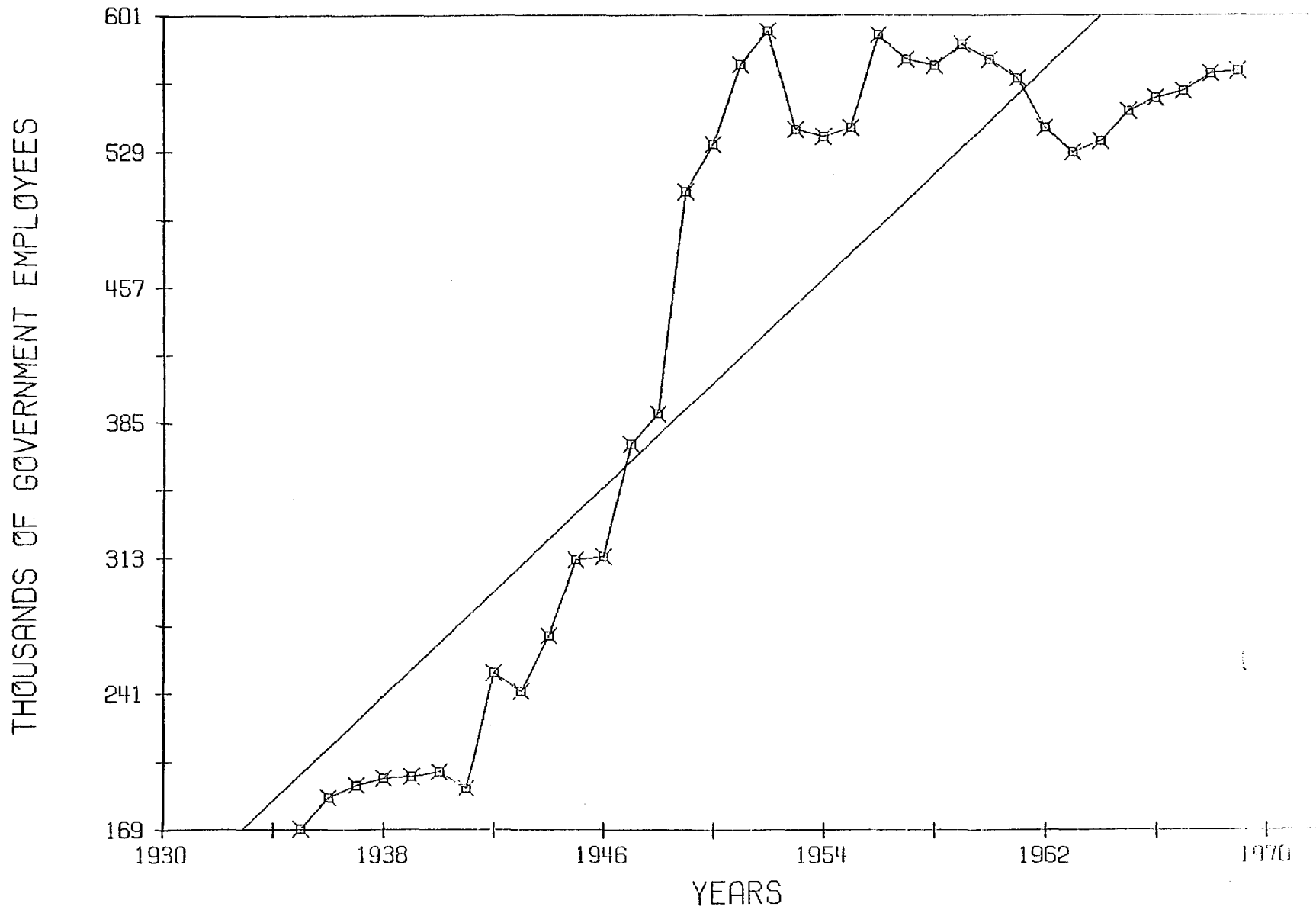


FIGURE 6.3

LABOR STRIKES

FIGURE 6.4

GOVERNMENT EMPLOYMENT LEVELS



changes in these indicators may be consistent with certain government motivations and actions, indicator changes do not demonstrate that biases were held and measures were adopted to satisfy them. The four indicators utilized in this analysis reflect what actually occurred; they may say nothing about what decision-makers wished to do or actually did.²

With this preamble in mind, the rationale for focusing on government employment levels should be explored. When this series was discussed in Chapter III, it was noted that increases in the level of employment in the Argentine public sector were effected at some points in time during the 1943-1952 populist period as a means for offsetting stagnating employment opportunities in the private sector. A total of 349,900 new employees (an increase of over 144 per cent) were added to the public payrolls during the 1943-1952 interval. Under Farrell, the major increases appear to have been attributable to the policy of nationalizing foreign-owned industries. Workers who had once been employed by private concerns were transformed into government employees. By 1948-1949, however, the economy had entered a major recessionary period and public employment surged to new highs. In 1949 alone, 117,9000 new workers were hired by the Argentine state so that the level of total government employment rose by 30.25 per cent between 1948 and 1949. By 1952, the number of public employees in Argentina had reached an all time high of 592,300.

The policy of using the public sector to compensate for stagnating employment opportunities in the private sector began to be reversed in the early 1950's. Three sources of pressure for

this policy change have already been noted. The inefficient and heavily overstaffed public and semi-public corporations created massive budget deficits which allegedly contributed to the nation's chronic inflation problems. High levels of government employment raised the fixed costs of simply maintaining the state and reduced the pools of resources which the elite political personnel could allocate at their discretion. As a result, the decision-making latitude of Argentina's top-level policy-makers may have been constrained. Finally, pressure for a reduction in public employment began to come from the International Monetary Fund (IMF) in the period after 1952. As the Argentine economy passed through a series of expansion/recession cycles, the nation was repeatedly forced to rely on the IMF for monetary support. One of the prices that the IMF exacted for its assistance was a reduction in the spending of the Argentine government.

All of these factors combine to make government employment levels a useful indicator of labor policy outcomes. The considerations which led sequentially to efforts to ignore, mobilize and then repress labor should have been general across both the public and private sectors. The hypothesized goals of labor policies in general--traditional neglect and patrimonialism, populist inclusion, and bureaucratic-authoritarian exclusion--should therefore be reflected in policies toward employment in the public sector.³

Taken together these four indicators--the real income of wage and salary earners, the share of the GDP received by wage and salary earners, the number of strikes, and the level of government employment--constitute a useful set of measures of the impact of labor

policies. They usefully augment a focus on the disruption of labor union activities, labor legislation, the suppression of strikes, and so on. If the authoritarian proposition which relates different types of authoritarian political systems with different orientations toward labor is valid, the transition from one type of authoritarian rule to the next should have produced some impact on the patterns that the four indicators display through time. It is to a systematic examination of this hypothesis that the discussion now turns.

THE 1952 TRANSITION: FROM POPULIST AUTHORITARIAN RULE TO THE ERA OF THE HEGEMONIC CRISIS

The general question posed in this and the two succeeding sections has already been stated: Did the transition from one type of authoritarian political system to another (or in other words, from the era of domination by one coalition to that of another) produce an impact on the patterns that the four indicators of labor policy display through time? The results reported here are based on techniques and procedures which have been employed previously in interrupted time-series and impact analyses.⁴ The focus is on the detection of rather simple slope and intercept changes which may have resulted from the transition between different types of authoritarian rule. Finally, the analyses are conducted separately on each of the four indicators, but the following two basic equations are employed throughout the discussion:

$$\hat{Y}_t = a + b_1 X_{1t} + e_t \quad (6.1)$$

and

$$\hat{Y}_t = a + b_1 X_1 + b_2 D_i + b_3 (X_1 D_i) + e_t \quad (6.2)$$

where: \hat{Y}_t = the predicted value of a given dependent variable in year t ; X_1 = the year; a = the intercept of the regression line; b_1 to b_3 = the regression parameters; e_t = an error term which takes into account factors which are not otherwise included in the equation; and, D_i = a variable which "dummies in" the impact of a given transition.⁵ In this section, D_i refers exclusively to the 1952 transition. It is coded in this section as 0 for the 1943-1952 period and as 1 for the 1953-1965 interval.

These equations are utilized for exploring the following slightly more precise versions of the initial question:

- 1). When Eq. (6.1) is estimated separately on the pre-transition and combined pre- and post-transition periods, are the resulting regression parameters the same in the two periods?

If the transition did in fact have an impact on the trend of a given indicator, the parameters in Eq. (6.1) should not be similar in the two periods.

- 2). If the estimation of Eq. (6.1) on the combined pre- and post-transition period produces autocorrelation, does the introduction of dummy variables in Eq. (6.2) resolve that problem?

Autocorrelation is a technical problem which frequently develops in time-series analyses. When it is present, ordinary least squares estimates of the regression parameters are unbiased, but a number of other difficulties arise. If autocorrelation is detected when Eq. (6.1) is estimated, one explanation may be that that model is seriously misspecified insofar as (a) it omits the impact of the transition, and (b) the inclusion of a variable which taps the transition is important for understanding the pattern of the predicted variable. If that explanation is valid, autocorrelation problems should be reduced when Eq. (6.2) is employed.⁶

- 3). Does the introduction of dummy variables, or in other words the use of Eq. (6.2) instead of Eq. (6.1), significantly increase the amount of explained variance in the dependent variable?

If a transition did in fact have an impact on the trend of a given indicator, the inclusion in the analysis of variables which tap that transition should yield an increase in the variance for which one can account.

The first step toward answering these questions is taken by estimating Eq. (6.1) on the following overlapping time periods: 1943-1965, the combined pre- and post-1952 transition period; and, 1953-1965, the post-1952 transition interval. The results of these analyses are presented in part (a) of Table 6.1.

The initial focus of interest is on the degree of similarity

TABLE 6.1 ABOUT HERE

in the regression parameters (b's) when the estimation is based on the two different periods. The appropriate technique for determining whether or not the parameters are significantly different in a statistical sense is the Chow's F statistic.⁷ The results of those tests are presented in part (b) of Table 6.1. The null hypothesis that the regression parameters are identical when Eq. (6.1) is estimated on the 1943-1965 and 1953-1965 intervals is rejected except in the case of Strikes. In other words, the conclusion to be drawn from the Chow's F tests is that the parameters from the equations involving workers' Real Income, workers' GDP Share, and the level of Government Employment were different in the pre- and post-1952 transition periods. The inference is that these parameter shifts are attributable to the 1952 transition

TABLE 6.1

IMPACT OF THE 1952 TRANSITION

(a)

Overlapping Regressions

Dependent Variable	Equation	n	k	R ²	b	Durbin-Watson	Runs
<u>PERIOD: 1943-1965</u>							
Real Income	(1)	23	1	.44	2.469	0.60194 ^a	6
GDP Share	(1)	23	1	.00	0.170	0.38606 ^a	3 ^b
B. A. Strikes	(1)	23	1	.18	-2.010	1.70587	9
Gov't. Employment	(1)	23	1	.58	12.668	0.21762 ^a	3 ^b
<u>PERIOD: 1953-1965</u>							
Real Income	(1)	13	1	.10	0.951	1.51964	4
GDP Share	(1)	13	1	.75	-0.696	2.14943	7
B.A. Strikes	(1)	13	1	.05	-1.110	1.22930	5
Gov't. Employment	(1)	13	1	.03	-0.937	0.73912	3

^aH₀ of no positive, first order autocorrelation rejected at the .01 level using the Durbin-Watson d statistic.

^bH₀ of random distribution of the residuals rejected at the .01 level using the Geary Sign test.

(b)

Chow's F Statistics
on the Overlapping Periods,
1943-1965 and 1953-1965

	F	Degrees of Freedom	Significance Level
Real Income	5.337	10,12	p < .01
GDP Share	11.402	10,12	p < .01
B. A. Strikes	2.838	10,12	p > .05
Gov't. Employment	23.938	10,12	p < .01

(c)

Dummy Variable Regressions
on the Period, 1943-1965

Dependent Variable	Equation	n	k	R ²	Durbin-Watson	Runs
Real Income	(2)	23	3	.65	1.10776 ^c	6
GDP Share	(2)	23	3	.81	1.77199	11
B. A. Strikes	(2)	23	3	.26	1.82140	5
Gov't. Employment	(2)	23	3	.96	1.24211 ^c	6

^cH₀ of no positive, first order autocorrelation is in the indeterminate range using the Durbin-Watson d statistic.

(d)

R² Tests

Dependent Variable	R ²		R ²	n
	Eq. (1)	Eq. (2)		
Real Income	.44	.65	.59	23
GDP Share	.00	.81	.78	23
B. A. Strikes	.18	.26	.14	23
Gov't. Employment	.22	.96	.95	23

from populist authoritarian rule to the era of the hegemonic crisis. This then is the answer to the first question. Except in the case of Strikes, the evidence is consistent with the hypothesis that the 1952 transition altered the regression parameters.

Consider now the second question concerning the problem with positive first order autocorrelation. The Durbin-Watson d statistic⁸ and the Geary Runs test⁹ are used as complementary techniques for detecting this problem. An examination of the last two columns in part (a) of Table 6.1 reveals that the 1943-1965 estimations of Eq. (6.1) resulted in the detection of autocorrelation in all but the case of Strikes. The introduction of dummy variables-- or in other words, the use of Eq (6.2)--helps to reduce the autocorrelation problems, however. The Geary Runs test detects no autocorrelation problems when Eq. (6.2) with the dummy variable treatments of the 1952 transition is utilized (see part (c) of Table 6.1). The Durbin-Watson d statistic produces somewhat weaker results, but it can at least be said that the null hypothesis of no positive first order autocorrelation can not be safely rejected at the .01 level. When autocorrelation problems develop, they are at least partially resolved when the previously omitted effects of the 1952 transition are inserted into the analysis.

What then can be said in regard to the third question? Does the introduction of dummy variables increase the amount of explained variance in the dependent variables? One knows of course that Eq. (6.2) with three independent variables will produce a higher R^2 than Eq. (6.1) with only one predictor. For that reason, \bar{R}^2 is utilized to correct for the number of independent variables.¹⁰

The appropriate comparisons then involve the R^2 from Eq. (6.1) with the corrected coefficients of determination (\bar{R}^2) calculated from Eq. (6.2). If the dummy variables do provide an increase in the explained variance, the \bar{R}^2 should be greater than its respective R^2 from Eq. (6.1).

An examination of part (d) of Table 6.1 reveals that the \bar{R}^2 is in fact greater than the R^2 from Eq. (6.1) in the case of workers' Real Income, workers' GDP Share and Government Employment. The introduction of dummy variables which tap the effects of the 1952 transition does significantly increase the amount of explained variance in those three indicators. Only in the case of Strikes does a consideration of the 1952 shift fail to improve the explanation of the trend.

Summary and Interpretation of the Results The results of the tests which were conducted in this section are briefly summarized in Table 6.2. Inspection of that table reveals that all three tests produce results which are consistent with the proposition that the

TABLE 6.2 ABOUT HERE

transition from populism to the era of the hegemonic crisis produced an impact on the long-term trends in workers' Real Income, workers' GDP Share, and Government Employment. In contrast, the 1952 transition does not appear to have affected the long-term pattern in union Strikes.

As predicted by both the authoritarian and integrated formulations, labor benefits apparently did increase during the

TABLE 6.2

SUMMARY OF THE 1952 TRANSITION:
 FROM POPULIST AUTHORITARIAN RULE
 TO THE ERA OF THE HEGEMONIC CRISIS

Dependent Variable	Parameter Change?	Autocorrelation Resolved?	\bar{R}^2 Increase?
Real Income	Yes	Yes	Yes
GDP Share	Yes	Yes	Yes
B. A. Strikes	No	-	No
Gov't. Employment	Yes	Yes	Yes

populist period between 1943 and 1952. (See Figures 6.1 and 6.2 and the regression parameters in part (a) of Table 6.1.) This pattern toward the increasing "inclusion" of labor then shifted during the ensuing 1953-1965 interval.

The point to be noted, however, is that while workers made significant gains in terms of their Real Income and Government Employment during the post-populist period, there were no immediate or abrupt reversals of those trends in the subsequent interval. A steep positive 1943-1952 trend in Real Income was succeeded by a gentle but still positive slope in the 1953-1965 period. The 1952 shift had a significant impact on Real Income, not because the previous trend was reversed, but rather because the previous trend leveled out.

Government Employment followed a similar pattern. (See Figure 6.4 and part (a) of Table 6.1.) Sharp increases in the number of employees in the public sector during the 1943-1952 period were followed by decreases between 1953 and 1965. These decreases were only marginal, however. By 1965, the number of government employees in Argentina was only 7.1 per cent lower than the 1952 all time high of 592,300. Despite the pressures for a reduction in public sector employment, in other words, the number of employees was decreased at an average annual rate of only 0.5 per cent between 1953 and 1965.¹¹

These results appear to have one obvious implication. At least in the areas of Real Income and Government Employment, workers were "included" more rapidly by the populist governments than they were excluded by the 1953-1965 administrations.¹²

These observations do not directly contradict the authoritarian thesis which is generally mute on the era of the hegemonic crisis. The above-mentioned findings do support the integrated formulation, however. As expected, it was apparently difficult for the leaders of the post-1952 governments to stop what had already been started. The administrations of Ramirez, Farrell and Peron mobilized the popular sectors and brought them into the political life of the nation. The leaders of the post-1952 governments were able to halt or slow the advance of those trends, but at least in the areas of Real Income and Government Employment Argentina's political elites did not succeed in executing major reversals during the era of the hegemonic crisis. Workers' Real Income and the number of government employees had been raised to new levels by the populist governments. Those indicators never again returned to their low, pre-populist levels.

One additional point might be noted before concluding this section. Examination of the plots in Figures 6.1 and 6.2 yields the impression that the trends in Real Income and GDP Share may have changed in 1949 instead of in 1952. It will be recalled from Chapter IV that some evidence suggests an important change in Peron's labor policy began to become apparent almost immediately following his election in 1946. The discussion in Chapter V indicated that Argentina's foreign and industrialization policies began to be altered in 1947. The discussion in both of those chapters supported the contention that Argentina had begun to abandon its nationalistic, pro-labor and pro-consumer goods import substitution industrialization policies by the onset of a recession in 1948-1949. A finding here

that the trends in workers' Real Income and GDP Share occurred in 1949 rather than in 1952 would be consistent with those earlier results and tend to support the integrated formulation. The identification of 1949 shifts would also disrupt the logic of the authoritarian thesis. If the long-term patterns of Real Income and GDP Share were altered in 1949, they may have resulted from the economic crisis of the 1948-1949 interval rather than from the 1952 political shift from populist authoritarian rule. It is therefore of some interest to examine the 1949 possibility in some detail. The results of this reanalysis are shown in Table 6.3.

Several interesting findings emerge from these tests.

TABLE 6.3 ABOUT HERE

Autocorrelation problems which are evident for both Real Income and GDP Share are largely resolved when variables which tap a possible 1949 shift are included in the analysis (see parts (a) and (c) of Table 6.3). Similarly, the proportion of explained variance in both of these indicators of labor policy is increased when one moves from Eq. (6.1) to Eq. (6.2). Neither of these results is surprising. Tests on the 1952 transition indicated that that interruption may have had similar effects on Real Income and GDP Share trends, and of course dummy variables based on 1952 and 1949 transition possibilities are highly correlated at .75.

The surprising finding develops from the Chow's tests (see part (b) of Table 6.3). A possible 1949 shift emerges as an authentic rival to the 1952 transition. The hypotheses that the

TABLE 6.3

EXAMINATION OF A POSSIBLE 1949 TRANSITION

(a)

Overlapping Regressions

Dependent Variable	Equation	n	k	R ²	b	Durbin-Watson	Runs
<u>Period: 1943-1965</u>							
Real Income	(1)	23	1	.44	2.469	0.60194 ^a	6 ^b
GDP Share	(1)	23	1	.00	0.170	0.38606 ^a	3 ^b
<u>Period: 1950-1965</u>							
Real Income	(1)	16	1	.10	0.804	1.44422	5
GDP Share	(1)	16	1	.79	-0.639	2.20308	8

^aH₀ of no positive, first order autocorrelation rejected at the .01 level using the Durbin-Watson d statistic.

^bH₀ of random distribution of the residuals rejected at the .01 level using the Geary Sign test

(b)

Chow's F Statistics
on the Overlapping Periods,
1943-1965 and 1950-1965

	F	Degrees of Freedom	Significance Level
Real Income	6.482	7, 15	p < .01
GDP Share	15.735	7, 15	p < .01

(c)

Dummy Variable Regressions
on the Period, 1943-1965

Dependent Variable	Equation*	n	k	R ²	Durbin-Watson	Runs
Real Income	(2)	23	3	.79	1.35343 ^c	7
GDP Share	(2)	23	3	.81	1.92540	11

*D₁ in Eq. (2) is coded here to represent a possible 1949 shift. It is 0 for the 1943-1949 period and 1 for the 1950-1965 interval.

^cH₀ of no positive, first order autocorrelation is in the indeterminate range using the Durbin-Watson d statistic.

(d)

R² Tests

Dependent Variable	R ²		R̄ ²	n
	Eq. (1)	Eq. (2)*		
Real Income	.44	.79	.76	23
GDP Share	.00	.81	.78	23

*D₁ in Eq. (2) is coded in the manner described in part (c) above.

Real Income and GDP Share regression parameters were identical before and after 1952 were rejected, but rejection is also possible when a potential 1949 shift is considered. The implication of this finding is clear. The trend changes in workers' Real Income and Share of the GDP which occurred in 1949 during Peron's first term in office can not be attributed to the 1952 transition from populist authoritarian rule to the era of the hegemonic crisis.

THE 1943 TRANSITION: FROM TRADITIONAL TO POPULIST AUTHORITARIAN RULE

The focus in this section is on the 1943 shift from traditional to populist authoritarian rule. This was the first of the three transitions between different types of political systems which occurred in Argentina. Certain methodological considerations which will be mentioned in a moment dictate its being left for examination at this point. The questions and methodologies employed here are nearly identical to those developed in the previous section. Where differences do develop, they will be noted.

From the previous section, it will be recalled that the initial focus in these analyses concerns the question of whether or not the pre- and post-1943 regression parameters are identical. This query is considered in part (a) of Table 6.4. The reader will note that Eq. (6.2) is utilized in these initial tests rather than

TABLE 6.4 ABOUT HERE

TABLE 6.4

IMPACT OF THE 1943 TRANSITION

(a)

Dependent Variable	Equation *	Overlapping Regressions			Durbin-Watson	Runs
		n	k	R ²		
<u>PERIOD: c1930-1965^d</u>						
Real Income	(2)	27	3	.78	0.98760 ^a	7
GDP Share	(2)	31	3	.59	0.83721 ^b	9
B. A. Strikes	(1)	36	1	.25	1.81305 ^b	15 ^c
Gov't. Employment	(2)	31	3	.94	0.54256 ^b	6 ^c
<u>PERIOD: 1943-1965</u>						
Real Income	(2)	23	3	.65	1.10776 ^a	6
GDP Share	(2)	23	3	.81	1.77199	11
B. A. Strikes	(1)	23	1	.18	1.70587	9
Gov't. Employment	(2)	23	3	.96	1.24211 ^a	6

*D_i dummy variables in Eq. (2) in this section are treatments of the 1952 shift. They are coded as 0 for the c1930-1952 period and as 1 for the 1953-1965 interval.

^aH₀ of no positive, first order autocorrelation is in the indeterminate range using the Durbin-Watson d statistic.

^bH₀ of no positive, first order autocorrelation rejected at the .01 level using the Durbin-Watson d statistic.

^cH₀ of random distribution of residuals rejected at the .01 level using the Geary Sign test.

^dData is available beginning with 1939 for real income, 1935 for GDP Share, 1930 for B. A. Strikes, and 1935 for Government Employment.

(b)

Chow's F Statistics
on the Overlapping Periods,
c1930-1965 and 1943-1965

	F	Degrees of Freedom	Significance Level
Real Income	0.487	4,20	p > .05
GDP Share	4.405	8,20	p < .05
B. A. Strikes	1.044	13,22	p > .05
Gov't. Employment	8.965	8,20	p < .01

TABLE 6.4

(continued)

(c)

Dummy Variable Regressions
on the Period, c1930-1952

Dependent Variable	Equation*	n	k	R ²	Durbin-Watson	Runs
Real Income	(1)	14	1	.71	0.67439 ^f	4 ^a
GDP Share	(1)	18	1	.48	0.48653 ^g	3
B. A. Strikes	(1)	23	1	.11	1.88657 ^f	10
Gov't. Employment	(1)	18	1	.87	0.36907 ^h	3 ^e
Real Income	(2)	14	3	.75	0.73794 ^h	6
GDP Share	(2)	18	3	.86	1.65393	9
B. A. Strikes	(2)	23	3	.17	2.09478	10
Gov't. Employment	(2)	18	3	.98	1.79439	7

*D_i dummy variables in Eq. (6.2) in this section are treatments of the 1943 shift. They are coded as 0 for the c1930-1942 period and as 1 for the 1943-1952 interval.

^aH₀ of random distribution of residuals rejected at the .01 level using the Geary Sign test.

^fH₀ of no positive, first order autocorrelation rejected at the .01 level using the Durbin-Watson d statistic.

^hH₀ of no positive, first order autocorrelation is in the indeterminate range using the Durbin-Watson d statistic.

(d)

 \bar{R}^2 Tests*

Dependent Variable	R ² Eq. (1)	R ² Eq. (2)	\bar{R}^2	n
Real Income	.71	.75	.67	14
GDP Share	.48	.86	.83	18
B. A. Strikes	.11	.17	.04	23
Gov't. Employment	.87	.98	.97	18

*These tests pertain to the equations presented in part (c).

Eq. (6.1) as in the previous section. This procedure is dictated by the combined effects of relatively short pre-1943 series for some of the variables and the rather brief period between the establishment of populist authoritarian rule in 1943 and its erosion in 1952. A small n problem arises if one compares a pre- or post-1943 transition regression with a second which includes the c1930-1952 period. A solution to this difficulty is found by finding an appropriate treatment for the 1952 shift and inserting it in Eq. (6.2). In this way the post-1943 and pre- and post-1943 periods can be extended to include the 1943-1965 and c1930-1965 intervals respectively. When the c1930-1965 period is considered in this manner, D_i in Eq. (6.2) represents the effects of the 1952 shift and is coded as 0 for the c1930-1952 period and as 1 for the 1953-1965 interval. (Eq. (6.1) is utilized here in the case of Strikes because the analysis in the previous section indicated that the 1952 transition had no detectable impact on that series. The "appropriate treatment" for the 1952 interruption in the case of Strikes is thus to ignore it entirely.)

The Chow's F tests for pre- and post-transition parameter changes are reported in part (b) of Table 6.4. Rejection of the null hypothesis that the regression parameters are identical in the two periods (c1930-1965 and 1943-1965) is possible only in the cases of workers' GDP Share and Government Employment. It is not possible to say on the basis of these tests that the 1943 transition from traditional to populist authoritarian rule altered the long-term trends in either the Real Income received by workers or Strikes.

Consider now the problem of positive first order autocorrelation.

If one focuses exclusively on the 1930-1952 interval, positive, first order autocorrelation problems develop in connection with Real Income, GDP Share and Government Employment. (See the first four lines in part (c) of Table 6.4.)¹³ If however one codes D_i to represent the effects of the 1943 transition--0 for the 1942 period and 1 for the 1943-1952 interval--in Eq. (6.2) and reanalyzes the data, the autocorrelation difficulties can be resolved almost completely. In other words, even though the 1943 transition from traditional to populist authoritarian rule apparently did not alter the regression parameters of any of the series except GDP Share and Government Employment, the insertion of variables which tap the effects of that interruption does help to resolve autocorrelation problems when they develop.

Consider now the third question. Does the introduction of dummy variables increase the amount of explained variance in the dependent variables? \bar{R}^2 comparisons of the equations reported in part (c) of Table 6.4 are examined in part (d). These tests show that the \bar{R}^2 is in fact greater than the R^2 from Eq. (6.1) in the case of GDP Share and Government Employment. The introduction of dummy variables which reflect the effects of the 1943 transition does increase the amount of explained variance in those two indicators. In the cases of workers' Real Income and Strikes, a consideration of the 1943 transition fails to improve the explanation of the trend.

Summary and Interpretation of the Results The results of the tests which were conducted in this section are briefly summarized in Table 6.5. Inspection of that table reveals that the 1943 transition

had somewhat less of an impact on the four indicators than the 1952

TABLE 6.5 ABOUT HERE

transition. The shift from populist authoritarian rule to the era of the hegemonic crisis altered the regression parameters in three of the series (workers' Real Income, workers' GDP Share and Government Employment). Analyses in this section reveal that the 1943 transition may have had a similar effect on workers' GDP Share and Government Employment. This does not mean that the 1943 transition from traditional to populist authoritarian rule is unimportant for understanding the trend in workers' Real Income, however.

The analyses above showed that the 1943 coalition change did not alter the regression parameters of the Real Income series and that a consideration of that transition fails to increase the \bar{R}^2 . Those results were produced using equations which dummied in a possible 1952 trend change in Real Income. As the analyses in the preceding section demonstrated, however, the Real Income series underwent a trend shift in 1949 at a point prior to the erosion of the populist coalition. This point is important because reanalyses of the 1943 transition which use equations which dummy in this 1949 shift in Real Income succeed in producing a significant Chow's F statistic. In other words, if it is the case that the trend in workers' Real Income shifted in 1949 instead of in 1952, then it is possible to say that the pre- and post-1943 Real Income regression parameters are distinct. (The remaining tests for autocorrelation and \bar{R}^2 increases produce results which are identical to those summarized in Table 6.5

TABLE 6.5

SUMMARY OF THE 1943 TRANSITION:
FROM TRADITIONAL TO
POPULIST AUTHORITARIAN RULE

Dependent Variable	Parameter Change?	Autocorrelation Resolved?	R^2 Increase?
Real Income	No	Yes	No
GDP Share	Yes	Yes	Yes
B. A. Strikes	No	-	No
Gov't. Employment	Yes	Yes	Yes

above. Parallel tests on GDP Share also fail to alter the original findings.)

THE 1966 TRANSITION: FROM THE ERA OF THE HEGEMONIC CRISIS TO BUREAUCRATIC-AUTHORITARIAN RULE

The focus in this section is on the impact of the shift from the era of the hegemonic crisis to the period of bureaucratic-authoritarian rule. The questions and methodologies are identical to those developed in the previous sections. Only two changes need be noted. First, there is of course a shift in the time periods employed in these analyses. The pre- and post-transition period in this section included the 1953-c1970 interval. The results from regressions on that period are compared with those from the pre-transition interval, 1953-1965. The second difference here concerns the dummy variable (D_i) in Eq. (6.2). In this section, D_i is coded as 0 for the 1953-1965 period and as 1 for the 1966-c1970 interval.

The results of Eq. (6.1) estimations on the 1953-c1970 and 1953-1965 periods are presented in part (a) of Table 6.6. If the bureaucratic-authoritarian governments of the post-1966 era did in

TABLE 6.6 ABOUT HERE

fact move to exclude labor, positive trends obtained on the 1953-1965 regressions should be reversed at least slightly and negative 1953-1965 slopes should be accentuated when the full 1953-c1970 period is included in the analysis.

An examination of part (a) of Table 6.6 reveals that these

TABLE 6.6

IMPACT OF THE 1966 TRANSITION

(a)

Overlapping Regressions

Dependent Variable	Equation	n	k	R ²	b	Durbin-Watson	Runs
<u>PERIOD: 1953-c1970^a</u>							
Real Income	(1)	16	1	.17	0.980	1.48042	5
GDP Share	(1)	18	1	.41	-0.335	0.96580 ^b	6
B. A. Strikes	(1)	20	1	.37	-2.074	1.1884	8
Gov't. Employment	(1)	17	1	.00	0.119	0.59980 ^c	4
<u>PERIOD: 1953-1965</u>							
Real Income	(1)	13	1	.10	0.951	1.51964	4
GDP Share	(1)	13	1	.75	-0.695	2.14943	7
B. A. Strikes	(1)	13	1	.05	-1.110	1.22930	6
Gov't. Employment	(1)	13	1	.03	-0.957	0.75912	3

^aData is available through 1968 for real income, through 1970 for GDP Share, through 1972 for B. A. Strikes, and through 1969 for Government Employment.

^bH₀ of no positive, first order autocorrelation is in the indeterminate range using the Durbin-Watson d statistic.

^cH₀ of no positive, first order autocorrelation rejected at the .01 level using the Durbin-Watson d statistic.

(b)

Chow's F Statistics
on the Overlapping Periods,
1953-c1970 and 1953-1970

	F	Degrees of Freedom	Significance Level
Real Income	0.406	3,12	p > .05
GDP Share	3.070	5,12	p > .05
B. A. Strikes	0.253	7,12	p > .05
Gov't Employment	0.251	4,12	p > .05

(c)

Dummy Variable Regressions
on the Period, 1952-c1970

Dependent Variable	Equation	n	k	R ²	Durbin-Watson	Runs
Real Income	(2)	16	3	.25	1.54425	7
GDP Share	(2)	18	3	.76	2.53317 ^d	10
B. A. Strikes	(2)	20	3	.40	1.28581 ^d	8
Gov't. Employment	(2)	17	3	.08	0.74363 ^d	7

^dH₀ of no positive first order autocorrelation is in the indeterminate range using the Durbin-Watson d statistic.

(d)

R² Tests

Dependent Variable	R ² Eq. (1)	R ² Eq. (2)	R ²	n
Real Income	.17	.25	.07	16
GDP Share	.41	.76	.71	18
B. A. Strikes	.37	.40	.29	20
Gov't. Employment	.00	.08	.00	17

expectations are satisfied only in the case of Strikes. A positive 1953-1965 trend in Real Income becomes slightly stronger in the positive direction when the post-1965 years are included in the analysis. Negative 1953-1965 trends in GDP Share and Government Employment become weaker when the estimations are based on the 1953-1970 interval.

Because of these results, the findings from the Chow's F tests for pre- and post-1966 transition parameter changes are not surprising (see part (b) of Table 6.6). In no case is it possible to reject the null hypothesis that the regression parameters are identical before and after the interruption. In other words, the conclusion from these initial tests of the 1966 shift to bureaucratic-authoritarian rule is that that interruption did not alter the previous trends in workers' Real Income, workers' GDP Share, Strikes and Government Employment.

The 1966 transition did produce at least some effects, however. Positive first order autocorrelation was detected quite frequently in the sections above when Eq. (6.1) was estimated on the combined pre- and post-transition periods. The explanation of that difficulty was that it resulted from the omission of variables which tap the important effects of the 1943 and 1952 shifts in authoritarian rule.

In considering the 1966 interruption it is thus of interest to note that autocorrelation problems here are less severe and less numerous than in the sections above. No autocorrelation is detected when Real Income and Strikes are examined on the 1953-1970 period so that one may conclude that the 1966 shift was probably not of major importance in deflecting the trends in those indicators. If the 1966 transition had little impact, the omission of variables which

tap the effects of that shift should not lead to problems with positive first order autocorrelation.

Autocorrelation is detected, of course, with GDP Share and Government Employment and the utilization of Eq. (6.2) helps to resolve those difficulties at least partially (part (c) of Table 6.6). The regression parameters of GDP Share and Government Employment may not have shifted, but the 1966 interruption appears to have had at least some impact on those two indicators of labor policy.

The introduction of variables which tap the effects of the 1966 transition to bureaucratic-authoritarian rule seems also to enhance one's ability to explain the variance in the workers' GDP Share (part (d) of Table 6.6). Here again, however, the impact of the 1966 shift does not seem to have been general across all four of the series. In no other case is an explanation enhanced by a consideration of the transition from the era of the hegemonic crisis to bureaucratic-authoritarian rule.

Summary and Interpretation of the Results The results of the tests which were conducted in this section are briefly summarized in Table 6.7. Inspection of that table reveals that the 1966 transition had less of an impact than the 1943 and 1952 shifts when

TABLE 6.7 ABOUT HERE

all four indicators of labor policy are viewed collectively. The transition from the era of the hegemonic crisis to bureaucratic-authoritarian rule apparently failed to alter the pre- and post-

TABLE 6.7

SUMMARY OF THE 1966 TRANSITION:
FROM THE ERA OF THE HEGEMONIC CRISIS
TO BUREAUCRATIC-AUTHORITARIAN RULE

Dependent Variable	Parameter Change?	Autocorrelation Resolved?	\bar{R}^2 Increase?
Real Income	No	-	No
GDP Share	No	Yes	Yes
B. A. Strikes	No	-	No
Gov't. Employment	No	Yes	No

interruption regression parameters. While the inclusion of variables which tap the effects of the 1966 shift helps to resolve autocorrelation problems which develop in connection with GDP Share and Government Employment, the omission of such considerations does not produce difficulties when Real Income and Strikes are considered. Finally, only in the case of workers' GDP Share is an increase in the explained variance produced when Eq. (6.2) with 1966 dummy variables is utilized.

All of these results tend to support the integrated formulation and raise additional doubts about the validity of the authoritarian thesis. Even stronger supportive evidence for the integrated argument might be noted, however. The estimates of the regression slopes in part (a) of Table 6.6 are not sufficiently different to produce significant Chow's F. statistics. However, with the exception of Strikes, the parameters change in the wrong direction as one moves from the pre-1966 regressions to the combined pre- and post-1966 estimations. If the authoritarian thesis is valid, positive pre-1966 slopes should be washed out as labor is excluded in the period after 1966. Similarly, negative pre-1966 slopes should become steeper as the Ongania and Levingston governments move to repress labor even more severely. The curious point therefore is that--again with the exception of Strikes--the marginal slope changes which do develop are in the wrong direction.

During the 1950-1965 interval, Real Income received by workers improved only very slowly. This trend toward improvement is not reversed when the analysis is extended to include the post-1966 interruption years. Instead, labor's Real Income actually appears to have climbed at a very slightly more rapid pace during the 1950-1970

interval than during the 1950-1965 period. The number of government employees was slightly reduced between 1952 and 1965. The Ongania and Levingston administrations should have accelerated that trend. Instead, the number of employees increased in 1966 and thereafter so that a negative 1953-1965 slope actually becomes positive during the 1953-c1970 period. Labor clearly lost ground in terms of its Share of the GDP between 1950 and 1965. However, the decreases in workers' GDP Share are seen as being less rapid when the analysis is extended to include the post-1966 interruption period.

Having said all of this, it should be noted that the findings in regard to GDP Share appear to be altered significantly when that series is reexamined on the basis of the 1950-c1970 and 1950-1965 intervals (see Table 6.8). (The selection of these new periods is dictated, of course, by the fact that both the GDP Share and Real Income series

TABLE 6.8 ABOUT HERE

were found to have undergone shifts in 1949.) The new starting point does not alter the findings outlined above in connection with the impact of the 1966 transition on the Real Income received by workers. Auto-correlation and \bar{R}^2 tests on GDP Share similarly remain unchanged. The apparently significant departure here is that if one focuses on the 1950-c1970 and 1950-1965 periods instead of the 1953-c1970 and 1953-1970 intervals, it is possible to say that the transition to bureaucratic-authoritarian rule in 1966 altered the regression parameters in the GDP Share series.

This new result is obviously of some interest, but even here a

TABLE 6.8

EXAMINATION OF THE 1966 TRANSITION
USING 1950 STARTING POINTS

(a)

Overlapping Regressions

Dependent Variable	Equation	n	k	R ²	b	Durbin-Watson	Runs
<u>PERIOD: 1950-c1970</u>							
Real Income	(1)	19	1	.18	0.885	1.41580	6
GDP Share	(1)	21	1	.56	-0.381	1.08141 ^a	7
<u>PERIOD: 1950-1965</u>							
Real Income	(1)	16	1	.10	0.804	1.44422	5
GDP Share	(1)	16	1	.79	-0.638	2.20308	8

^aH₀ of no positive, first order autocorrelation is in the indeterminate range using the Durbin-Watson d statistic.

(b)

Chow's F Statistics
on the Overlapping Periods,
1950-c1970 and 1950-1965

	F	Degrees of Freedom	Significance Level
Real Income	0.386	3,15	p > .05
GDP Share	4.108	5,15	p < .05

(c)

Dummy Variable Regressions
on the Period, 1950-c1970

Dependent Variable	Equation*	n	k	R ²	Durbin-Watson	Runs
Real Income	(2)	19	3	.23	1.54944	8
GDP Share	(2)	21	3	.80	2.46527	11

*D₁ dummy variables in Eq. (6.2) are coded as 0 for the 1950-1965 period and as 1 for the 1966-c1970 interval.

(d)

\bar{R}^2 Tests

Dependent Variable	\bar{R}^2		\bar{R}^2	n
	Eq. (1)	Eq. (2)		
Real Income	.18	.23	.08	19
GDP Share	.56	.80	.76	21

problem for the authoritarian thesis should be noted. An examination of Figure 6.2 reveals that labor suffered decreases in its GDP Share during the 1968-1970 era. This is exactly what should be expected if Ongania and Levingston moved to exclude labor but their efforts to do so were delayed. Unfortunately, it is also a pattern which is consistent with the observations in Chapter III (pages 84-86) that state-labor relations may have been largely conciliatory during the early stages of the bureaucratic-authoritarian era. The important point to be noted, however, is that decreases in labor's GDP Share in the 1968-1970 interval were preceded by increases between 1965 and 1967. The downward trend between 1967 and 1970 was the norm for the full 1950-1970 period. The trend toward increasing Shares of the GDP which workers received between 1965 and 1967 was the deviation. With the exception of the Peronist years, the redistribution of wealth in the direction of labor was never so rapid as during the Illia administration. Thus it appears that the dummy variables in Eq. (6.2) are detecting a post-1967 return to the norm--a reinstatement of a long historical trend--rather than a sharp departure from a previous trend which resulted from the 1966 coalition change.

None of this minimizes the fact that a consideration of the 1966 shift from the era of the hegemonic crisis to bureaucratic-authoritarian rule is important for understanding pre- and post-1966 trends in the GDP Share which labor received. These observations do, however, alter the substantive interpretation of the 1966 interruption. In terms of the Share of the GDP which workers received, labor may indeed have been excluded by the bureaucratic-authoritarian regimes of Ongania and Levingston. However, that redistribution of

wealth away from Argentina's wage and salary earners was neither immediate nor unique. Labor's GDP Share position did not deteriorate until 1967-1968--at a point when Vandor's faction of the labor movement was losing control--and when it did come, the reversal marked a return to previous policies whose negative effect can be seen throughout the area of the hegemonic crisis. To reemphasize these points, the analyses in this section do not support the contention that labor was immediately repressed after the June 28, 1966 coup. They do support the contention that workers were not suddenly excluded for the first time by the bureaucratic-authoritarian governments. The policies of previous, nontechnocratic, nonbureaucratic-authoritarian governments had produced similar effects.

CONCLUSIONS

An overall summary of the analyses in this chapter is presented in Table 6.9. One characteristic of that review stands out quite clearly. In comparison with the 1943 and 1952 coalition changes, the

TABLE 6.9 ABOUT HERE

establishment of bureaucratic-authoritarian rule in 1966 had only a marginal impact on the four labor policy outcomes which were discussed in this chapter. Although workers' Real Income and Strikes did decline after 1966 as the authoritarian thesis predicts, the 1966 transition appears to have had no statistically significant impact on those series when even the weakest of the three tests is utilized. The Chow's F tests indicated that only the trend in GDP Share was

TABLE 6.9

OVERALL SUMMARY

(a)

By Policy Indicator

	Parameter Change?			Autocorrelation Detected?			Autocorrelation Resolved?			\bar{R}^2 Increase?		
	1943	1952	1966	1943	1952	1966	1943	1952	1966	1943	1952	1966
Real Income	Y ^a	Y	N	Y	Y	N	Y	Y	-	N	Y	N
GDP Share	Y	Y	Y ^b	Y	Y	Y	Y	Y	Y	Y	Y	Y
B. A. Strikes	N	N	N	N	N	N	-	-	-	N	N	N
Gov't. Employment	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y	N

^aAssuming a 1949 break in the Real Income series.

^bUsing a 1950 starting point.

(b)

By Transition

	Parameter Changes	Autocorrelation Detected	Autocorrelation Resolved	\bar{R}^2 Increases
1943 Transition	3	3	3	2
1952 Transition	3	3	3	3
1966 Transition	1	2	2	1

different in the pre- and post-1966 intervals. Even that result was not obtained until one rejected the proposition that the populist coalition was displaced in 1952 and reanalyzed the GDP series using the 1950-1970 and 1950-1965 comparisons. Somewhat surprisingly, the fact that a 1966 shift in GDP Share can thus be detected does not provide support for the authoritarian thesis. The transition to bureaucratic-authoritarian rule appears to be important in explaining the series only because wealth was redistributed toward labor during the tenure of President Illia (1963-1966). This improvement in the position of labor was a deviation from what had been the trend in Argentina since 1949. The redistribution of wealth away from labor which eventually occurred under Onganía and Levingston was simply a return to the established trend.

Somewhat similar findings emerged in connection with the impact of the 1966 transition on Government Employment. Consideration of that interruption did help to resolve an autocorrelation problem which otherwise existed. Nevertheless, the bureaucratic-authoritarian coalition which allegedly came to power with the avowed purpose of increasing government efficiency and decreasing the size of the deficits added more workers to the public payrolls. In other words, even though the variables which tap the effects of the 1966 interruption are of use for understanding the trend in Government Employment, they appear to work for the wrong reasons. Despite the authoritarian prediction that Government Employment would be reduced in the bureaucratic-authoritarian period, the number of public employees rose incrementally during the post-1966 era.

These findings concerning the 1966 transition from the era of

the hegemonic crisis to bureaucratic-authoritarian rule tend to support the integrated argument and raise doubts about the validity of the authoritarian thesis. Labor was neither excluded immediately nor excluded in any particularly unique fashion when the bureaucratic-authoritarian coalition came to power in 1966. Instead, the policy trends which were established in the late 1940's or early 1950's remained largely unbroken throughout the remainder of the period. At best, the 1966 interruption served to end deviations from the long-term historical trends which had developed during the immediate pre-1966 years. All of these findings are consistent with the integrated thesis.

Having said this, it should be added that an almost identical set of results emerged from the more qualitative analyses in the previous chapters. It was shown that the repression of labor after 1966 by Onganía and Levingston was genuine but not unique. There was a strong anti-labor bias in the policy outcomes during the administrations of those two leaders, but the particular steps which they took had numerous precedents in Argentine history. Previous, nontechnocratic, nonbureaucratic-authoritarian governments had intervened in union affairs, imprisoned union leaders, suppressed strikes, used the military to force workers to return to their jobs, and frozen wages. The repressive, anti-labor policies which Onganía and Levingston adopted may have been more extensive and intensive than anything that had come before in Argentina, but in the final analysis their institution of repressive practices was a return to a pattern which was consistent with Argentina's political traditions.

The discussions in the preceding chapters thus lead to the same

basic conclusions as the quantitative analyses conducted here. Whether one focuses on qualitative data--the suppression and control of the labor movement, the freezing of wages, the imposition of constraints on collective bargaining, the exclusion of labor union candidates from the electoral process, and so on as was done in earlier chapters--or on Real Income, GDP Share, Strikes and Government Employment, the outcomes of the pre- and post-1966 labor policies were more similar than distinct. The effects of the 1966-1968 changes in the unity of the military and in state-labor relations which were noted in the previous discussions are also apparent here. Both the constituency of the coalition and the policy mix which its members preferred may have evolved in rather significant ways in the period immediately following the June 28, 1966 coup.

The analyses of the 1952 transition also tend to support the integrated formulation. It is true that the evidence is consistent with the hypothesis that the shift from populist authoritarian rule to the era of the hegemonic crisis deflected the trends in Real Income, GDP Share, and Government Employment. It is also the case that variables which tap the 1952 shift succeed in resolving autocorrelation problems which develop in connection with those three series and that they produce increases in the proportion of the variance in those indicators which can be explained. The 1952 transition was clearly of major significance.

The 1952 shift was not important for the reasons suggested by the authoritarian argument, however. The post-1952 trends were not invariably in the directions predicted by that thesis. While workers made important gains in terms of their Real Income, GDP Share and

Government Employment during the post-1943 populist period, there were no immediate or abrupt reversals of those trends. A steep positive 1943-1952 trend in Real Income was succeeded by a gentle but still positive slope in the 1953-1965 period. The 1952 shift had a significant impact on Real Income, not because the previous trend was reversed, but rather because the previous trend leveled out. A sharp positive 1943-1965 trend in Government Employment was succeeded by a negative but nevertheless shallow slope during the 1953-1965 era. Finally, once the proper breakpoint in the GDP Share series has been located in 1949, it becomes clear that the rapid 1943-1949 improvements in labor's position were only slowly reversed in the immediate post-interruption era. Thus in these areas at least, it is clear that the workers were included by the populist governments more rapidly than they were excluded by the post-transition administrations. In the words of the integrated formulation, it was harder to go back than to go forward.

The analyses also isolated a 1949 breakpoint in workers' Real Income and GDP Share. Certain key economic advisors were replaced in 1949 as the economy deteriorated. It was at that point that Peron began to assemble a massive propaganda apparatus in the Office of the President and switch from providing material to symbolic benefits to labor. ¹⁵ Nevertheless, if the dates associated with the erosion of the populist coalition are correct, the 1949 shift in the Real Income and GDP Share series could not have resulted from the transition ¹⁶ from populist authoritarian rule.

All of this brings one to a consideration of the 1943 transition from traditional to populist authoritarian rule. Both the authoritarian

and integrated formulations predict that this shift should have been significant. The analyses provide support for this hypothesis. The impact of the 1943 coalition change is considerably more clear-cut than the 1966 shift and only slightly weaker than that of the 1952 (1949) interruption.

In summary, it appears that the integrated argument performs quite well when tested in the context of Real Income, GDP Share, Strikes and Government Employment. In the pre-c1950 era, it predicts along with the authoritarian thesis that changing coalitions will produce changes in policy outcomes. That expectation is generally satisfied despite the fact that 1949 shifts can be detected in the Real Income and GDP Share series. In the post-c1950 period, the integrated formulation predicts that changes between coalitions will cease to result in alterations in the outcomes of labor policy outcomes. It is in this period that the integrated thesis proves to be more useful than the authoritarian formulation. From approximately 1950 on, three of the indicators ceased to be influenced by changes between different types of authoritarian rule. Only the workers' Share of the GDP continued to respond to coalition changes. Even in this area, however, the post-1966 trend was more the reinstatement of an established pattern than a new departure toward authoritarian rule.

NOTES

1. Reports are available for the following periods: Real Income, 1939-1968; GDP Share, 1935-1970; Strikes, 1930-1972; and, Government Employment, 1935-1969. The Real Income data is a linked series from Diaz Alejandro (1970:538) and CONADE (1970:154). The GDP Share data are a linked series from the Ministry of Economic Affairs (1955), UN ECLA (1969:170), CONADE (1970:154), and Siguat (1972: 57, 66). The Strike data pertain to the Greater Buenos Aires province only and are drawn from the ILO, Carri (1967:47), and S.L. Baily (1967:180). Information on the number of government employees is from Treber (1971:521-522).
2. Having said this, the reader should note that the technically correct, but unfortunately somewhat cumbersome term, "outcomes of labor policies," is frequently abandoned in the discussion below.
3. The fact that Ongania and Levingston allegedly wished to rationalize the government and increase its efficiency serves to make a focus on the level of government employment of particular interest.
4. See especially Hoole (1976).
5. For readings on the use of dummy variables in regression analyses, see Gujarti (1970a, 1970b), and Johnston (1972).
6. For a discussion of the effects of autocorrelation, see Johnston (1972:246-249).

7. See Chow (1960), Davis, Dempster and Wildavsky (1966a, 1966b).
8. See Durbin and Watson (1950, 1951).
9. Geary (1970), and Habibagahi and Pratschke (1972).
10. See Goldberger (1964:217) and Bohrnstedt and Carter (1971:129).
11. The low point in the number of government employees during the 1953-1965 period was reached in 1963 when 528,500 workers were on the public payrolls. That level represented a 10.77 per cent reduction from the 1952 level of 592,300 or an average annual decrease of .98 per cent between 1952 and 1963.
12. As will be seen in the discussion below, these remarks also pertain to the GDP Share indicator.
13. Eq. (6.1) can be employed at this stage of the analysis because the small n problems which were noted above can now be avoided.
14. This conclusion is reinforced by the fact that forward stepwise regressions of Eq. (6.2) on the 1950-c1970 and 1953-c1970 periods result in the loading of D_i and the exclusion of the interaction term, $(X_1 D_i)$. This indicates that the significant Chow's F results in a post-1966 change in the intercept rather than from a change in the slope of the regression line. If that is the case, the intercept shift seems attributable to the 1965-1967 increases in the GDP Share

received by labor.

15. These points were discussed extensively in the preceding chapters.

16. This point is examined further in Chapter VII.

CHAPTER VII

EXPENDITURE AND REVENUE POLICIES

An important series of propositions of the authoritarian thesis links transitions between the three different types of authoritarian political systems (see Figure 2.2) with changes in governments' overall spending and revenue collection policies, with shifts in the levels of military spending, and with changes in governments' effectiveness in controlling inflation. This chapter probes whether or not the shift from one type of political system to the next did in fact alter the policy trends in these four areas.

The changes in the four policy areas which should be observable if the authoritarian thesis is valid can be readily summarized. The transition from traditional to populist authoritarian rule in 1943 should have produced sharp increases in overall expenditures as the governments of Ramirez, Farrell and Peron created and expanded a variety of expensive social welfare and public works programs as a means for attracting and subsequently maintaining popular support. Revenues should not have kept pace with the increases in spending so that the 1943-1952 era of populist rule should have been characterized by an ever-widening gap between government resources and expenditures. Partially because the military was included in the populist coalition and partly because the populist governments were extremely nationalistic and hostile to the United States, defense spending should have climbed dramatically as a result of the shift to populist authoritarian rule. Finally, rising government deficits and

the slowed expansion of the nation's consumer goods industries should have served to make inflation an increasingly serious problem during the latter stages of the populist period.¹

Yielding to pressures from the International Monetary Fund for sound fiscal policies,² the technocrats of the post-1966 bureaucratic-authoritarian administrations of Onganía and Levingston should have attempted to improve the operating efficiency of the state and balance the budget by decreasing overall spending and increasing government revenues. Those measures, coupled with the initiation of wage controls, should have served to reduce the rate of inflation. Since the military was included in the bureaucratic-authoritarian coalition and a capable military would have been important for effecting the important bureaucratic-authoritarian goal of excluding the popular sectors from the political life of the nation, the authoritarian thesis seems to imply that military spending should have climbed once again after 1966.³

The integrated formulation departs from the authoritarian thesis in predicting that sharp policy changes should have been infrequent after the expansion and extensive unionization of the Argentine public sector. The capacities of the newly arriving elites to alter dramatically the trends in Argentina's public policies should have been reduced so that the shift from populist authoritarian rule to the era of the hegemonic crisis in 1952 and the 1966 transition to the domination of the bureaucratic-authoritarian coalition should not have produced major reversals in the policy areas considered in this chapter. In other words, if the integrated formulation is valid, shifts between coalitions of political elites should have ceased to produce major policy changes in the period after the growth and unionization of the

Argentine public bureaucracy. The middle-and low-level bureaucrats should have taken control of the policy-making arena so that the political elites who had set "basic" policies in the traditional and populist authoritarian periods were reduced to effecting only marginal changes in policies from c1950 on.

THE POLICIES

The following eight policy indicators are used to operationalize the four broad policy areas which are examined in this chapter:

Total Government Spending

- Total Expenditures of the Argentine national government in 1960 pesos
- Total Expenditures of the Argentine national government in current pesos

Total Government Revenues

- Total Government Revenues from all sources in 1960 pesos

Defense Spending

- Defense Expenditures in 1960 pesos
- Defense Expenditures in current pesos
- Defense Expenditures as a proportion of Total Expenditures

Inflation

- The Cost-of-Living Index for Buenos Aires
- The Rate of Change in the Buenos Aires Cost-of-Living Index.⁴

The indicators in the first two areas seem adequate for tapping the proposition that certain of the Argentine governments sharply increased overall spending while others moved to balance their budgets by reducing expenditures and increasing revenues. (An additional series--the size of the annual operating deficit--is computed on the basis of these indicators.) The hypotheses which relate the Argentine military with changing public policy outputs are examined by utilizing the three series listed in the third area.⁵

Finally, the arguments which link shifting dominant coalitions with different degrees of success in controlling inflation are examined by employing the indicators in the fourth area. The 1938-1970 trends in the eight policy indicators are shown in Figures 7.1 to 7.8.⁶

A Methodological Aside: The Policy-Motivation Link The

FIGURES 7.1 TO 7.8 ABOUT HERE

reader will note that both current (undeflated) and real (deflated) currencies are used to operationalize Total Expenditures and Defense Expenditures. Both current and real operationalizations are utilized as a result of the difficulty in interpreting the meaning of year-to-year changes in spending. One focuses on expenditures in the first place because they reflect something about the decision-makers' motivations and their allocation of values. Unfortunately, there is a potential for a high degree of "slippage" between what decision-makers "really" want to spend and the amounts that are actually expended in either real or current terms. It is the contention here that as long as this potential slippage exists, neither real nor current expenditures allow one to draw inferences about the real goals and policy preferences of the decision-makers.

The nature of the problem here can be readily explained. In the absence of better information, it seems intuitively plausible that in situations--such as the Argentine case--which are characterized by sporadic bursts of double-digit inflation, the

FIGURE 7.1

TOTAL EXPENDITURES IN 1960 PESOS

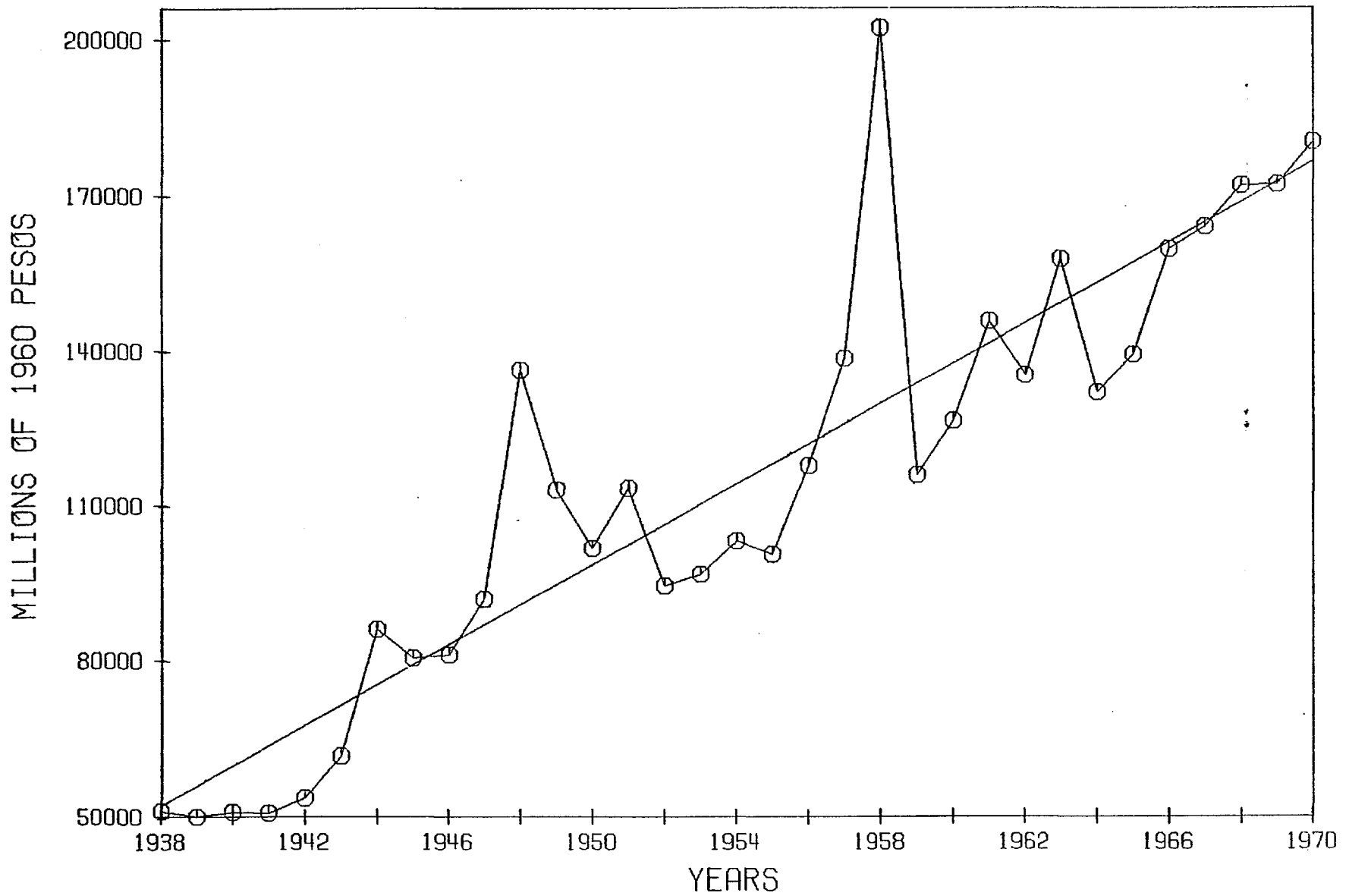


FIGURE 7.2

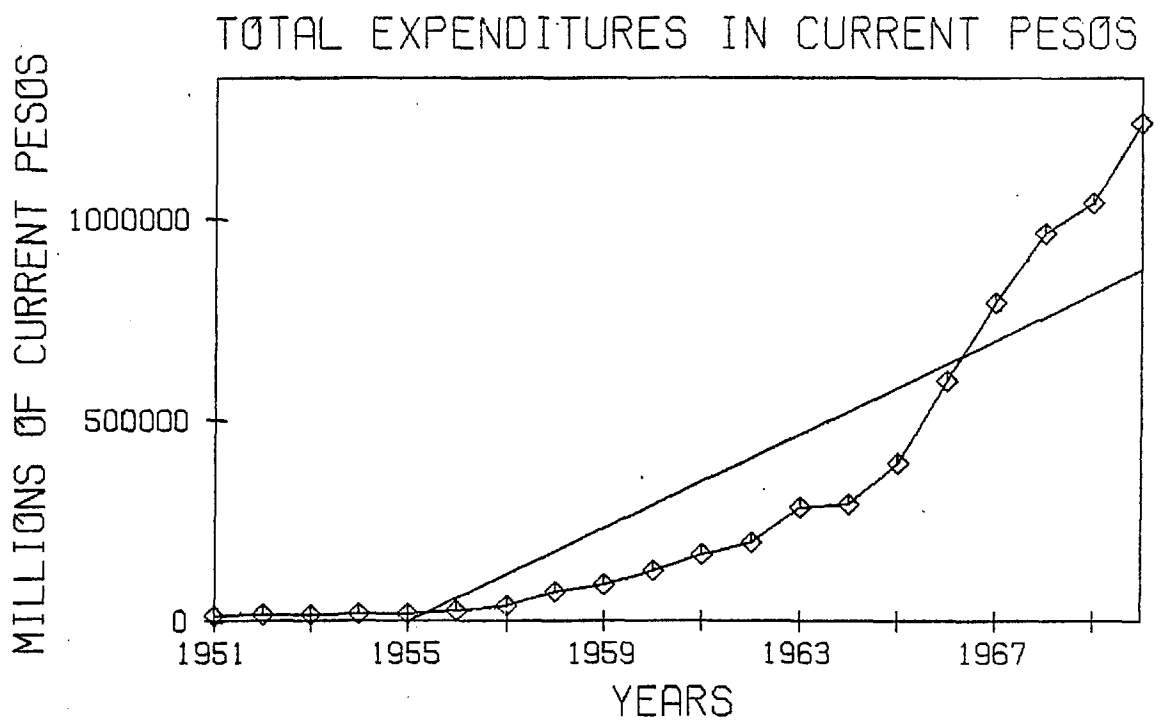
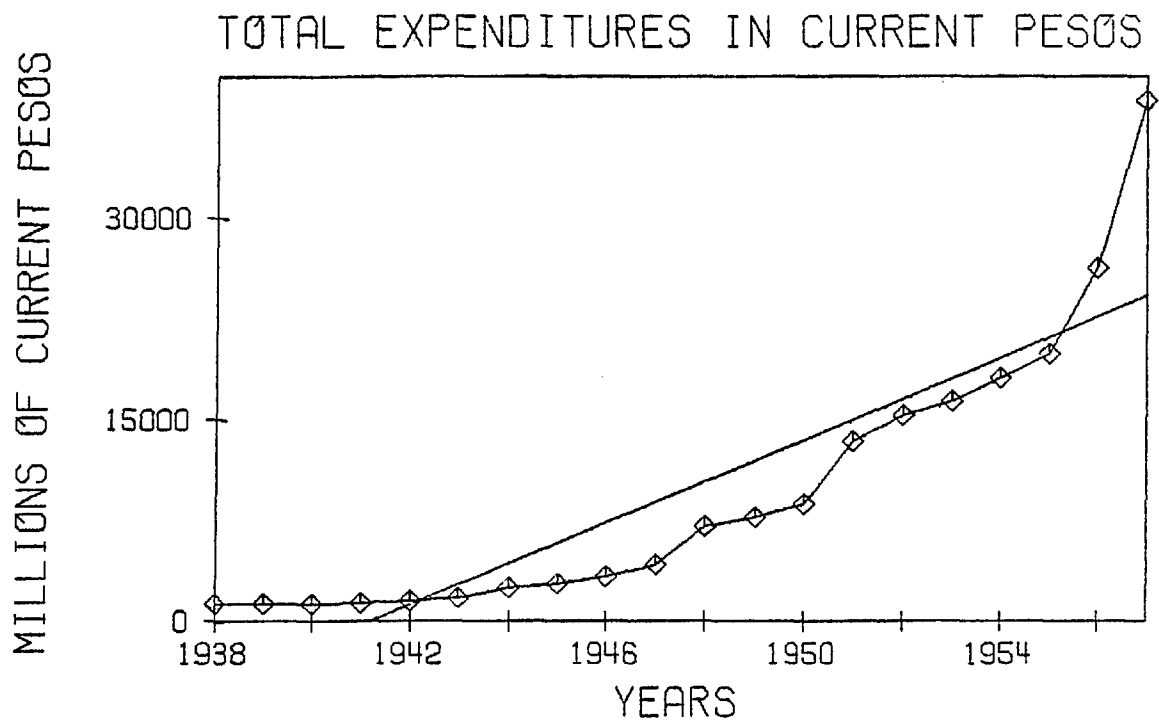


FIGURE 7.3

TOTAL REVENUES IN 1960 PESOS

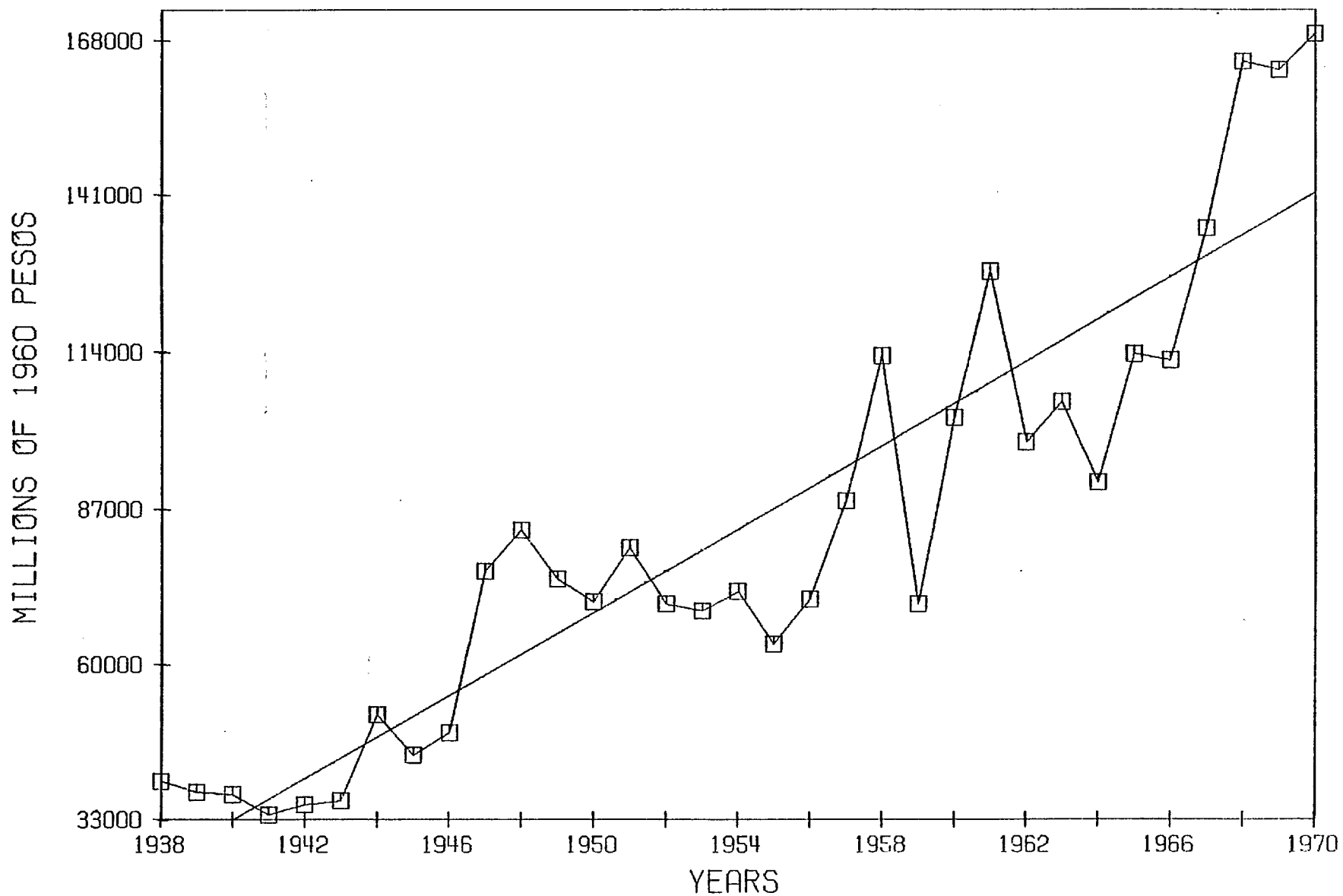


FIGURE 7.4

DEFENSE SPENDING IN 1960 PESOS

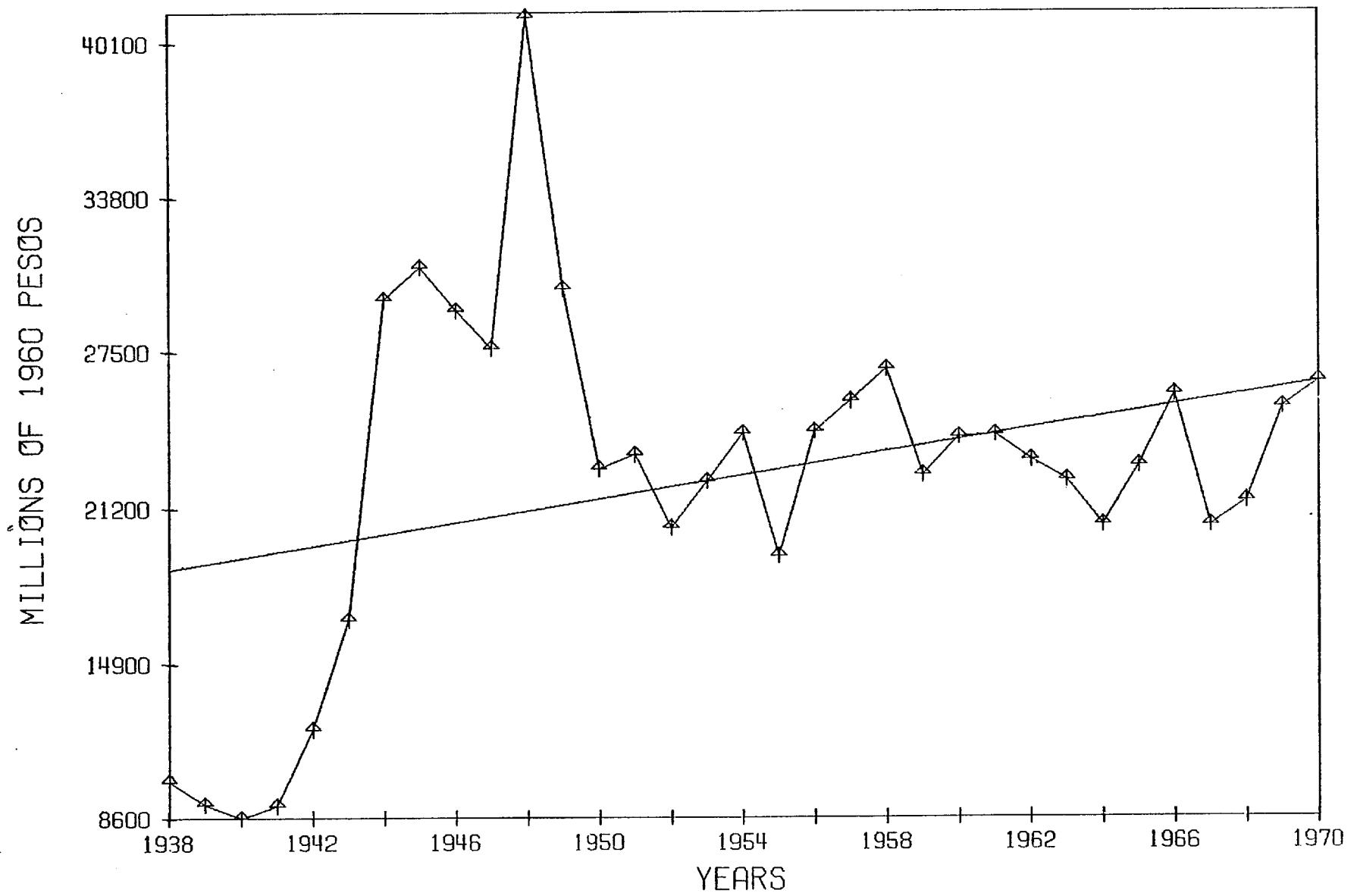


FIGURE 7.5

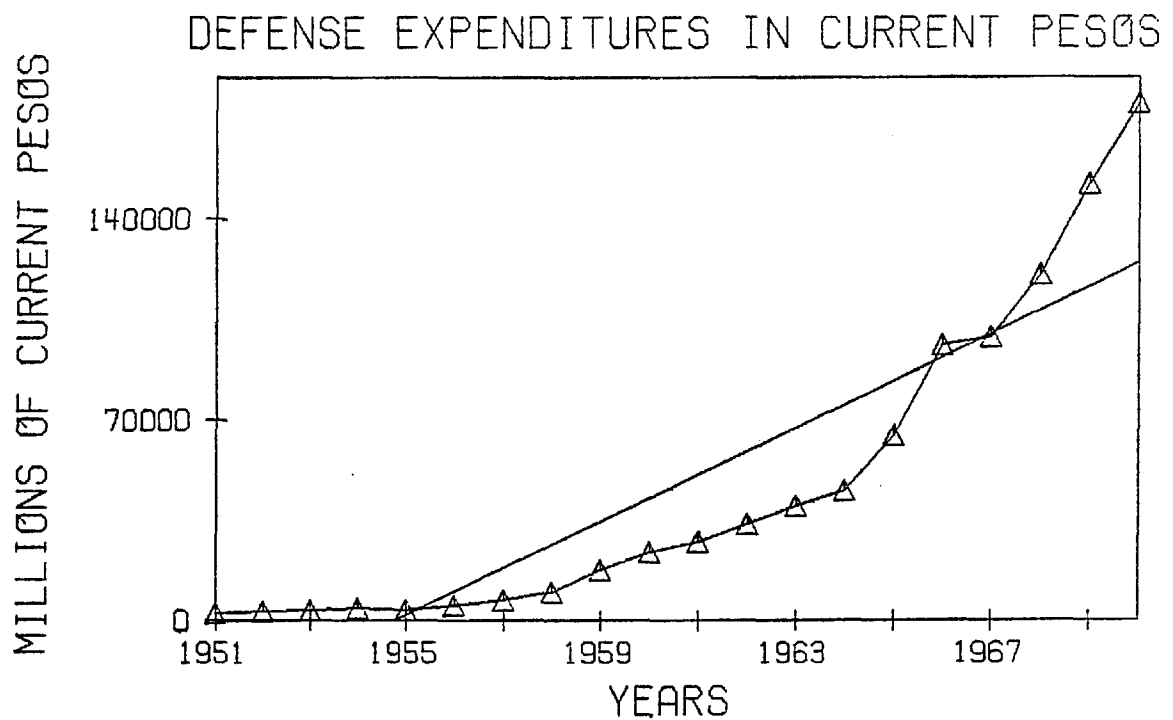
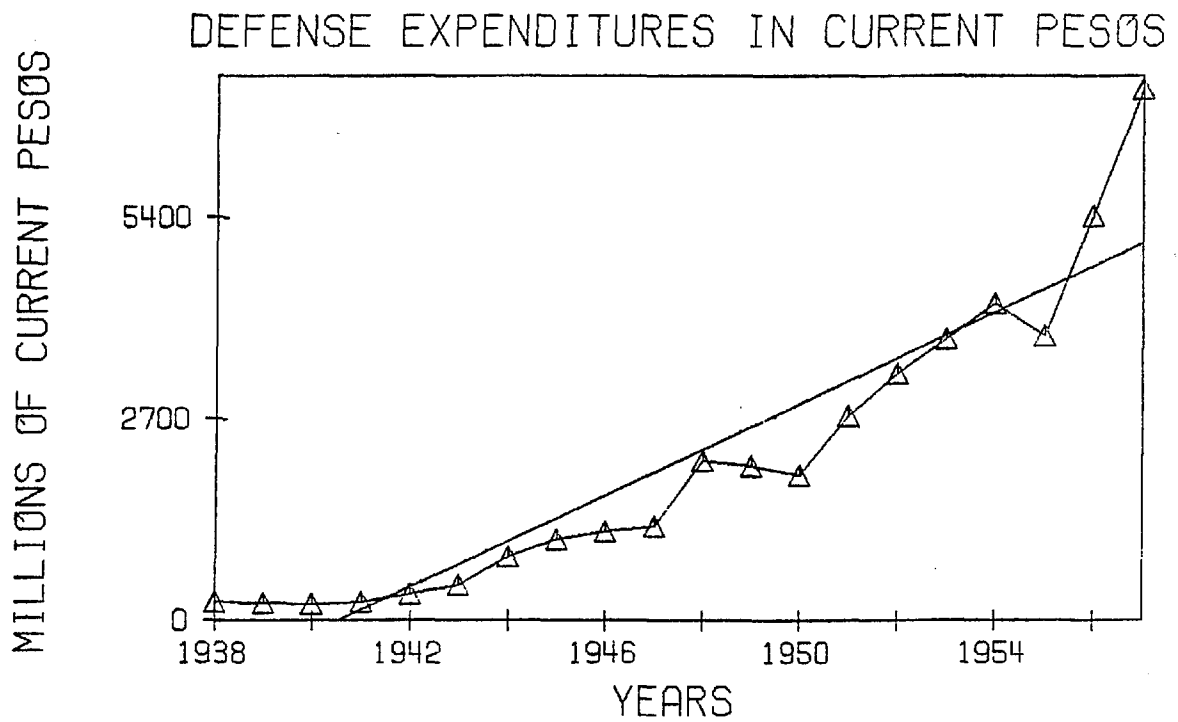
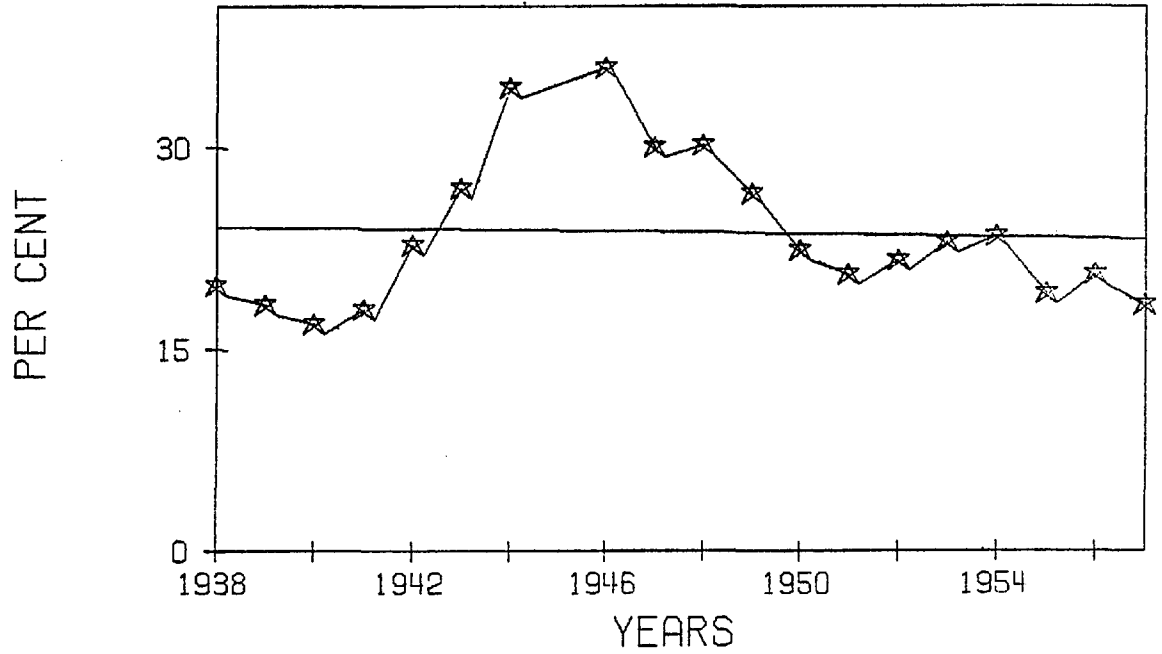


FIGURE 7.6

DEFENSE SPENDING-TOTAL SPENDING RATIO



DEFENSE SPENDING-TOTAL SPENDING RATIO

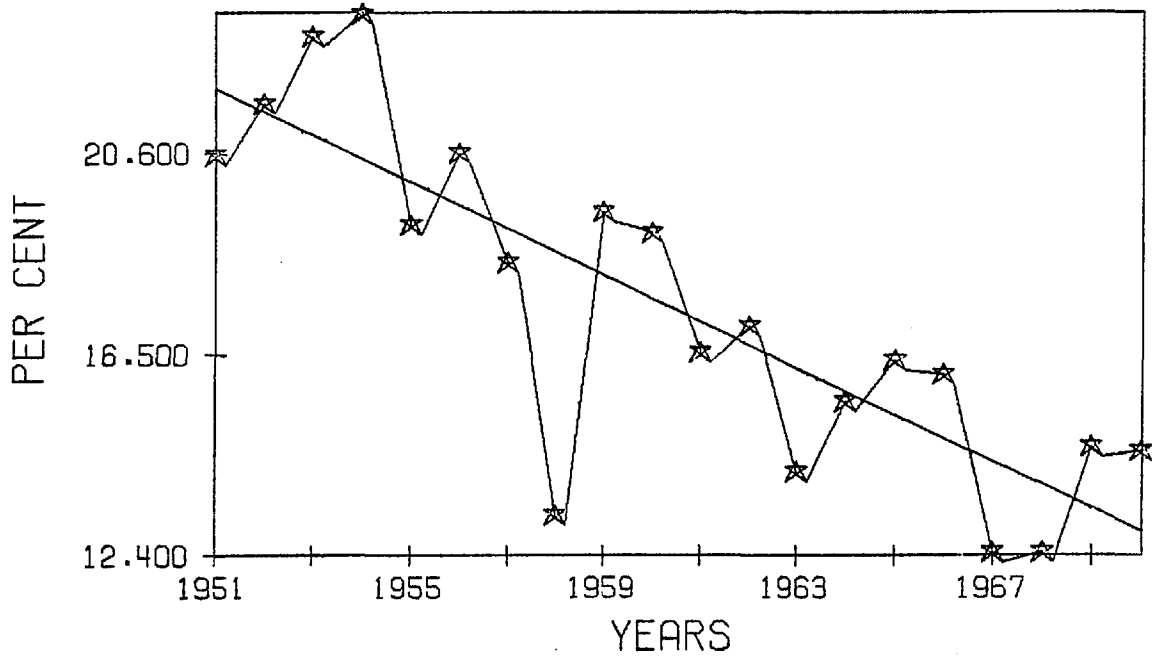
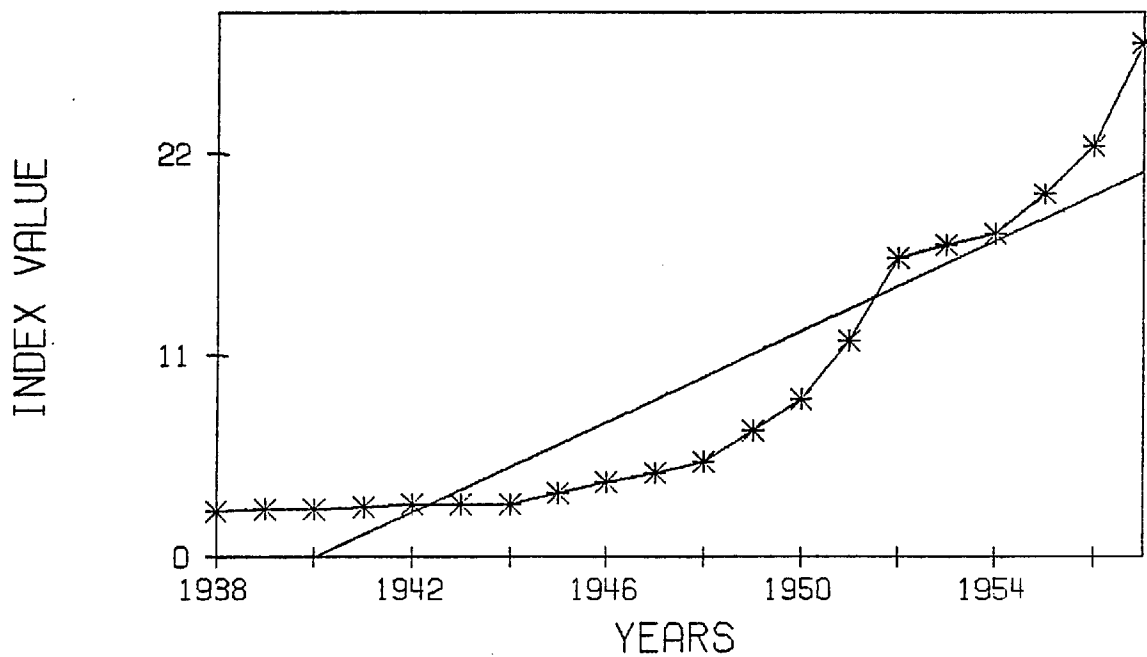


FIGURE 7.7

COST-OF-LIVING INDEX



COST-OF-LIVING INDEX

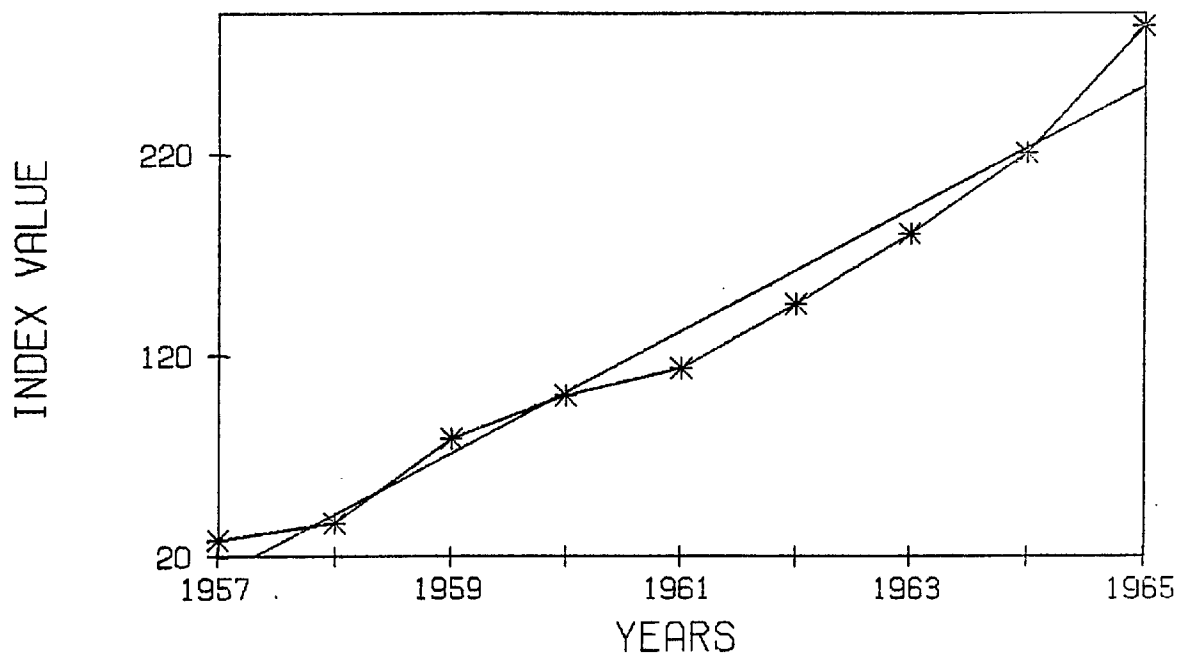


FIGURE 7.7
(continued)
COST-OF-LIVING INDEX

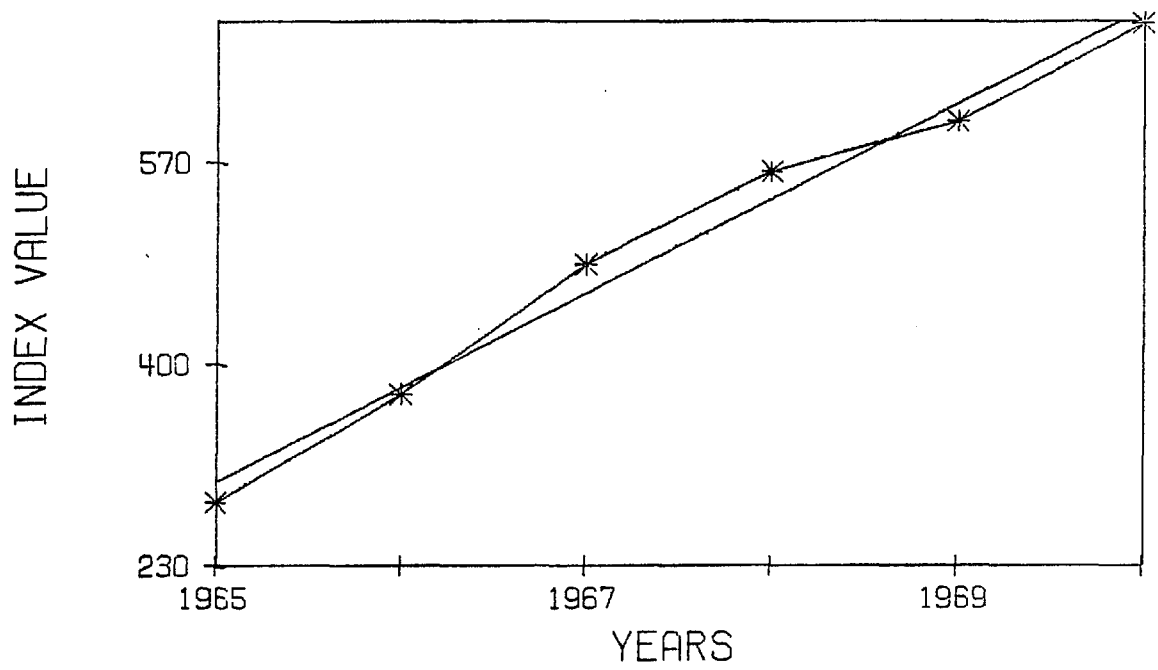
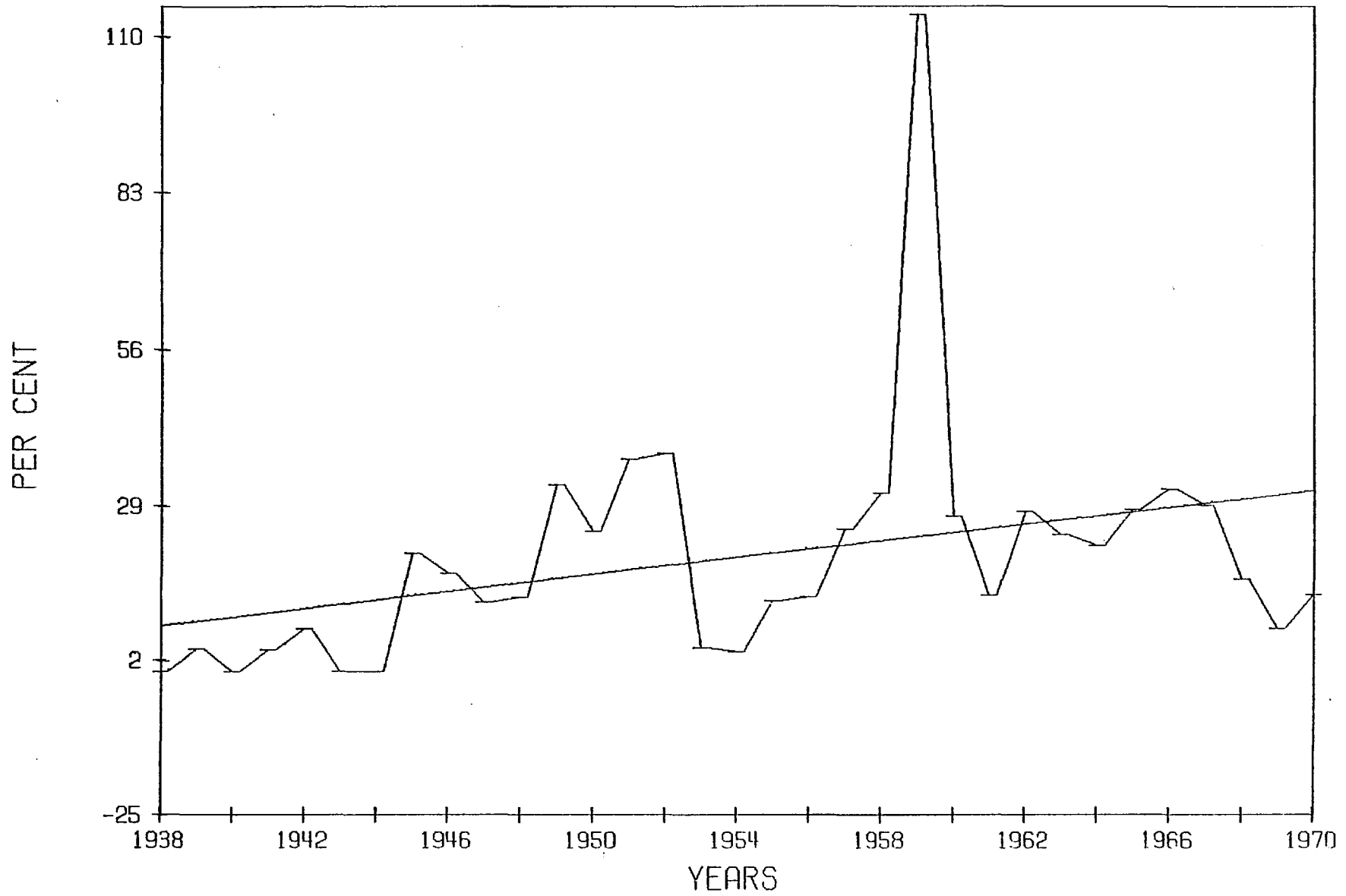


FIGURE 7.8

CHANGE IN THE CLI



expenditure decisions can be decomposed into at least two parts:

(1) The amount that decision-makers "really" want to spend which may be expressed in either deflated or undeflated terms; and, (2) the increment (or decrement) which must be added to (or subtracted from) the total in part (1) in order to offset the anticipated effects of inflation. If this assumption is valid, then it follows that an increase between time t and time $t + 1$ in the undeflated expenditures which decision-makers allocate to a given area may only partially reflect the way in which they wish to allocate their resources. For example, a 10 per cent increase between time t and time $t + 1$ in the undeflated expenditures devoted to defense may not indicate a desire by the decision-makers to enhance the position of the military if they expected a 10 per cent rate of inflation and "padded" their expenditure requests accordingly. Indeed, a 10 per cent increase in undeflated military expenditures may actually reflect a "real" desire of the decision-makers to deemphasize the military if they predicted a 15 per cent rate of inflation.

Utilization of real (deflated) expenditures only shifts the problem. The effects of actual inflation are removed, but the problem of interpreting through time changes in spending remains because decision-makers may not always predict the effects of inflation accurately. They may wish to maintain spending levels, for example, and therefore request a 10 per cent increase in expenditures if they expect that that amount will be needed to offset inflation. If inflation instead rises by 20 per cent, there will be an "accidental" decrease in the spending level in

real terms. Alternatively, what may appear to be an effort by decision-makers to increase real spending in a given area may be extremely misleading if the expenditure decisions are based on a decision calculus which overestimates the effects of inflation. In that way, a 15 per cent increase in deflated military expenditures may be greater than the decision-makers really wanted if they predicted a 10 per cent increase in inflation and the cost of living rose by only 5 per cent.

The question here does not seem to reduce to the two assertions that one should use current (undeflated) currencies because decision-makers "really think" in those terms or that real (deflated) monies should be employed in order to improve the through time comparability of the data. As was said above, one focuses on expenditures in the first place because they reflect--at least in theory--something about decision-makers' motivations and their allocations of values. Unfortunately, neither real nor current expenditure figures allow one to draw inferences about the real goals and policy preferences of the decision-makers unless one is willing to assume that decision-makers accurately predicted the effects of inflation and "padded" their spending requests accordingly. In situations such as the Argentine case where inflation is generally high but also extremely sporadic (see Figure 7.8), that assumption may be unrealistic so that there is room for considerable slippage between decision-makers' goals and the amounts that they spend in either real or current terms.

This difficulty in interpreting expenditures is of course only an example of the more general problem which was first mentioned in

Chapter III and which was subsequently noted in several places: Policy outputs are a thin reed on which to hang our interpretations of why something is done. The possibility that miscalculation, inadvertence and simple policy failure may have intervened between decision-makers' goals and actual policy outputs can not be ignored if one wishes to understand what policy-makers attempted to do and why.

The only immediate escape from this problem seems to be to supplement a focus on policy outputs (what is actually done) with a consideration of what the decision-makers attempted to do. This was done extensively in Chapter V where Argentina's actual and intended industrialization policies were reviewed. It is done again here in this chapter by employing both undeflated and deflated operationalizations of total and defense expenditures. As the discussion below reveals, this somewhat cumbersome strategy is rewarded by the fact that the results from the real and current spending analyses vary strikingly.

THE 1952 TRANSITION: FROM POPULIST AUTHORITARIAN RULE TO THE ERA OF THE HEGEMONIC CRISIS

The general question posed in this and the two succeeding sections has already been stated: Did the transition from one type of authoritarian political system to another (or in other words, from the era of domination by one coalition to that of another) produce an impact on the patterns that public policies display through time? The results reported here are developed by using the techniques and procedures which were outlined in Chapter VI. The

focus is on the detection of rather simple slope and intercept changes which may have resulted from the transition between different types of authoritarian rule. The general question is explored by considering the following three slightly more precise versions of that query:⁷

- 1). Are the regression parameters (the slope and the intercept) the same in the pre- and post-transition periods;
- 2). When an equation which ignores the possible affects of a transition is estimated on a combined pre- and post-transition period, does autocorrelation develop and does the introduction of dummy variables which tap the impact of the transition resolve that difficulty; and,
- 3). Does the introduction of dummy variables which tap the effects of a transition increase the amount of explained variance in a dependent policy variable?

The focus in this section of course is on the policy impacts of the end of populist authoritarian rule in 1952. Specifically, is the evidence consistent with the hypothesis that the erosion of the populist coalition--domestic industrialists, the military, urban workers, and producers of non-exportable agricultural goods--and the onset of an ongoing crisis of authority altered the trends in the policies under consideration in this chapter? The first step toward answering this question is taken by estimating Eq. (6.1) which ignores the possible impact of the 1952 shift on the following overlapping periods: 1948-1965, a combined pre- and post-1952 transition period; and, 1953-1965, the post-transition interval.⁸ The results of these analyses are presented in part (a) of Table 7.1.

The initial focus of interest is on the degree of similarity

TABLE 7.1 ABOUT HERE

TABLE 7.1

IMPACT OF THE 1952 TRANSITION

(a)

Overlapping Regressions

Dependent Variable	Equation	n	k	R ²	b	Durbin-Watson	Runs
<u>PERIOD: 1948-1965</u>							
Total Exp. ^a	(6.1)	18	1	.24	2439.2632	1.70686 _b	10
Current Exp.	(6.1)	18	1	.78	19708.2840	0.28818 _b	3 ^c
Total Revs.	(6.1)	18	1	.45	2387.8271	1.90094 _b	11
Defense Exp. ^a	(6.1)	18	1	.21	- 414.7745	0.83547 _b	7
Cur. Def. Exp.	(6.1)	18	1	.78	3087.3369	0.30785 _b	3 ^c
Def/Exp. Ratio	(6.1)	20 ^d	1	.76	- .8565	1.02763 _a	7
CLI	(6.1)	18	1	.78	13.9056	0.22047 _b	3 ^c
Change CLI	(6.1)	18	1	.02	0.5756	1.75416	5
<u>PERIOD: 1953-1965</u>							
Total Exp.	(6.1)	13	1	.22	3404.9879	1.90162	7
Current Exp.	(6.1)	13	1	.39	30265.2820	0.61423	3
Total Revs.	(6.1)	13	1	.49	3717.1665	2.29159	6
Defense Exp.	(6.1)	13	1	.02	- 63.6659	1.89094	8
Cur. Def. Exp.	(6.1)	13	1	.39	4697.2901	0.63579	3
Def/Exp. Ratio	(6.1)	13	1	.55	- 0.5916	2.04921	9
CLI	(6.1)	13	1	.88	21.2341	0.41227	3
Change CLI	(6.1)	13	1	.05	1.6636	1.71309	3

^aIn millions of 1960 pesos.

^bH₀ of no positive, first order autocorrelation rejected at the .01 level using the Durbin-Watson d statistic.

^cH₀ of random distribution of the residuals rejected at the .01 level using the Geary Sign test.

^dIn the case of the Def/Exp. Ratio, the 1946-1965 period was utilized

^eH₀ of no positive, first order autocorrelation is in the indeterminate range using the Durbin-Watson d statistic.

(b)

Chow's F Statistics
on the Overlapping Periods,
1948-1965 and 1953-1965

	F	Degrees of Freedom	Significance Level
Total Exp.	0.544	5,12	p > .05
Current Exp.	4.084	5,12	p < .05
Total Revs.	0.681	5,12	p > .05
Defense Exp.	14.111	5,12	p < .01
Cur. Def. Exp.	3.918	5,12	p < .05
Def/Exp. Ratio	3.526	7,12	p < .05
CLI	3.603	5,12	p < .05
Change CLI	0.220	5,12	p > .05

TABLE 7.1
(continued)

(c)

Dummy Variable Regressions
on the Period, 1948-1965

Dependent Variable	Equation	n	k	R ²	Durbin-Watson	Runs
Total Exp.	(6.2)	18	3	.37	1.94614	10
Current Exp.	(6.2)	18	3	.92	0.81734 ^a	5
Total Revs.	(6.2)	18	3	.56	2.30453	10
Defense Exp.	(6.2)	18	3	.76	1.86231	11
Cur. Def. Exp.	(6.2)	18	3	.92	0.82770 ^a	5
Def/Exp. Ratio	(6.2)	20 ^c	3	.89	2.06981	13
CLI	(6.2)	18	3	.91	0.60915 ^b	3
Change CLI	(6.2)	18	3	.08	1.74727	7

^aH₀ of no positive, first order autocorrelation is in the indeterminate range using the Durbin-Watson d statistic.

^bH₀ of no positive, first order autocorrelation rejected at the .01 level using the Durbin-Watson d statistic.

^cIn the case of Def/Exp. Ratio, the 1946-1965 period was utilized.

(d)

R² Tests

Dependent Variable	R ²		R ²	n
	Eq. (6.1)	Eq. (6.2)		
Total Exp.	.24	.37	.24	18
Current Exp.	.78	.92	.90	18
Total Revs.	.45	.56	.47	18
Defense Exp.	.21	.76	.71	18
Cur. Def. Exp.	.78	.92	.90	18
Def/Exp. Ratio	.76	.89	.87	20
CLI	.78	.91	.89	18
Change CLI	.02	.08	.00	18

in the regression parameters when the estimation is based on the two different periods. The appropriate technique for determining whether or not the parameters are significantly different is the Chow's F statistic. The results of those tests are presented in part (b) of Table 7.1. The null hypothesis that the regression parameters are identical in the two overlapping periods is rejected except in the cases of Total Expenditures in 1960 pesos (Total Exp.), Total Revenues in 1960 pesos (Total Revs.) and Per Cent Change in the Cost-of-Living Index (Change CLI). In other words, the conclusion to be drawn from the Chow's F tests is that the parameters in the equations involving Total Expenditures in current pesos (Current Exp.), Defense Expenditures in 1960 pesos (Defense Exp.), Defense Expenditures in current pesos (Cur. Def. Exp.), Defense Expenditures as a Per Cent of Total Expenditures (Def/Exp. Ratio) and the Cost-of-Living Index (CLI) were different in the pre- and post-1952 transition periods. The evidence is thus consistent with the hypothesis that the 1952 transition from the era of populist authoritarian rule to the era of the hegemonic crisis altered the regression parameters.

Consider now the problem of positive first order autocorrelation. The Chow's F tests indicated that the trends in Total Expenditures in 1960 pesos, Total Revenues, and Change in the CLI were not significantly different in the 1948-1965 and 1953-1965 intervals. Examination of the last two columns in part (a) of Table 7.1 reveals that the Durbin-Watson d statistic and the Geary Signs test detect no indications of autocorrelation when Eq. (6.1) is used to estimate

those three policies on the combined pre- and post-1952 (1948-1965) interval. The results from the Chow's F and autocorrelation tests on these three policies are perfectly consistent. If the 1952 shift from populist authoritarian rule to the era of the hegemonic crisis did not alter the trends in Total Expenditures in 1960 pesos, Total Revenues and Change in the CLI, autocorrelation problems should not develop when Eq. (6.1) which omits the effects of the 1952 transition is estimated on the 1948-1965 period.

The Chow's F tests revealed that a shift occurred in the pre- and post-1952 patterns of the remaining five policies. If that is the case, autocorrelation problems should develop when Eq. (6.1) is used to estimate those policies on the 1948-1965 interval. Here again the Chow's F and autocorrelation tests produce consistent results. Autocorrelation is detected in connection with Total Expenditures in current pesos, Defense Expenditures in 1960 pesos, Defense Expenditures in current pesos, Defense Expenditures as a Per Cent of Total Expenditures and the CLI. The conclusion that these difficulties may have resulted from the omission of variables which tap the effects of the 1952 transition is reinforced by the findings in part (c) of Table 7.1. Except in the case of the CLI, the introduction of dummy variables which reflect the 1952 shift--or in other words the use of Eq. (6.2)--at least partially helps to resolve the autocorrelation problems. In other words, with the exception of the CLI, autocorrelation problems which develop are either reduced or eliminated when the previously omitted effects of the 1952 transition are inserted in the analysis. The shift from populist authoritarian rule to the era of the hegemonic crisis does

in fact appear to have marked a major turning point in the trends of Total Expenditures in current pesos, Defense Expenditures in 1960 pesos, Defense Expenditures in Current pesos and Defense Expenditures as a Per Cent of Total Expenditures.

What then can be said in regard to the question about whether or not the introduction of dummy variables increases the amount of explained variance in the dependent variables? It will be recalled that if the dummy variables which tap the effects of the 1952 transition provide an increase in the explained variance, the \bar{R}^2 (which corrects for the number of predictor variables) should be greater than the R^2 from Eq. (6.1). An examination of these comparisons in part (d) of Table 7.1 reveals that the \bar{R}^2 is in fact greater than the R^2 from Eq. (6.1) in the cases of Total Expenditures in current pesos, Total Revenues in 1960 pesos, Defense Expenditures in 1960 pesos, Defense Expenditures in current pesos, Defense Expenditures as a Per Cent of Total Expenditures and the CLI. The introduction of dummy variables which reflect the 1952 shift does increase the amount of explained variance in these six policy indicators. Only in the case of Total Expenditures in 1960 pesos and Change in the CLI does a consideration of the 1952 transition fail to improve the explanation of the trend.

Summary and Interpretation of the Results The results of the tests which were conducted in this section are briefly summarized in Table 7.2. Inspection of that table reveals that all three tests produce results which are consistent with the hypothesis that the

TABLE 7.2 ABOUT HERE

transition from populism to the era of the hegemonic crisis produced an impact on the long-term trends in Total Expenditures in current pesos (Current Exp.), Defense Expenditures in 1960 pesos (Defense Exp.), Defense Expenditures in current pesos (Cur. Def. Exp.), Defense Expenditures as a Per Cent of Total Expenditures (Def/Exp. Ratio), and the Cost-of-Living Index (CLI). In contrast, the findings indicate that the 1952 shift had only a very marginal effect on Total Revenues in 1960 pesos (Total Revs.) and almost no impact at all on Total Expenditures in 1960 pesos (Total Expenditures) and the rate of Change in the CLI (Change CLI).

The fact that major shifts can be detected in five out of the eight policies appears to provide general support for the authoritarian thesis which predicts that major policy realignments should have resulted from the 1952 transition from populist authoritarian rule to the era of the hegemonic crisis. Conversely, the findings in this section appear to undermine the integrated formulation which hypothesizes only minor policy changes as a result of the 1952 transition. The somewhat surprising point, however, is that two additional considerations appear to shift the evidence in favor of the integrated argument.

The first point is that when policy shifts coincided with the erosion of populist authoritarian rule in 1952, the new policy trends did not invariably move in the directions predicted by the authoritarian thesis. The integrated formulation predicts only that

TABLE 7.2

SUMMARY OF THE 1952 TRANSITION:
 FROM POPULIST AUTHORITARIAN RULE
 TO THE ERA OF THE HEGEMONIC CRISIS

Dependent Variable	Parameter Change?	Autocorrelation Resolved?	R ² Increase?
Total Exp.	No	-	No
Current Exp.	Yes	Yes	Yes
Total Revs.	No	-	Yes
Defense Exp.	Yes	Yes	Yes
Cur. Def. Exp.	Yes	Yes	Yes
Def/Exp. Ratio	Yes	Yes	Yes
CLI	Yes	No	Yes
Change CLI	No	-	No

pre-1952 trends should not have been sharply reversed in the 1953-1965 period. The authoritarian argument implies a number of such directional changes. For example, spending on the military should have increased during the 1943-1952 interval both as a means for safeguarding the security of the nationalistic regimes of Ramirez, Farrell and Peron and as a means for cementing military support for the populist coalition. According to the authoritarian thesis, the dissolution of the populist coalition in 1952 should have reversed that trend. Defense expenditures should have declined after 1952 as Peron moved away from his nationalistic policies and attempted to reduce his reliance on the military. A focus on Defense Expenditures in current pesos reveals, however, that military spending actually increased sharply rather than decreased after the shift from populist authoritarian rule (see Figure 7.5). Expenditures on defense climbed at an average rate of nearly 3.1 billion pesos during the 1948-1965 period; defense expenditures rose at an average annual rate of 4.7 billion current pesos during the post-transition (1953-1965) interval. Thus, as the integrated formulation predicts, the pre-1952 trend was continued through the 1953-1965 period.

Consideration of the trends in Defense Expenditures in 1960 pesos and in the Proportion of Total Expenditures devoted to Defense reveals similar problems for the authoritarian formulation. Both of these series show downward tendencies in the period after 1952 (see Figures 7.4 and 7.6), but the slopes in part (a) of Table 7.1 indicate that reductions in both policies occurred at a faster rate during the combined pre- and post-1952 transition period than during the 1953-1965 interval. Rather than initiating or even accelerating a

shift away from the military as the authoritarian argument predicts, the 1952 transition simply slowed or dampened the pre-transition trends.

The pre- and post-1952 trends in Total Expenditure also fail to satisfy the expectations of the authoritarian thesis. According to that argument, the populist governments of the 1943-1952 period mobilized and later retained popular support by initiating or expanding a variety of expensive social welfare and public works programs. These massive government outlays and the resultant growth in the government's operating deficit were, in theory at least, partially responsible for the eventual erosion of the populist authoritarian coalition in 1952. Overall expenditures should therefore have declined after the end of populist rule as the new political elites moved to exclude the popular sectors, abandon expensive populist policies and reduce the government's operating deficit.

The analysis in this section reveals quite a different pattern which is more consistent with the integrated formulation, however. The expensive populist policies were apparently not simply abandoned. Overall spending was not quickly reduced and new revenues were not immediately raised so that the budget could be brought into balance. Instead, expenditures appear to have climbed during the post-1952 interval. During the 1948-1965 period, for example, Total Expenditures in current pesos climbed at an average annual rate of nearly 20 billion pesos; during the 1953-1965 interval, Total Expenditures in current pesos rose at an average annual rate of slightly more than 30 billion pesos. Even though the 1952 transition

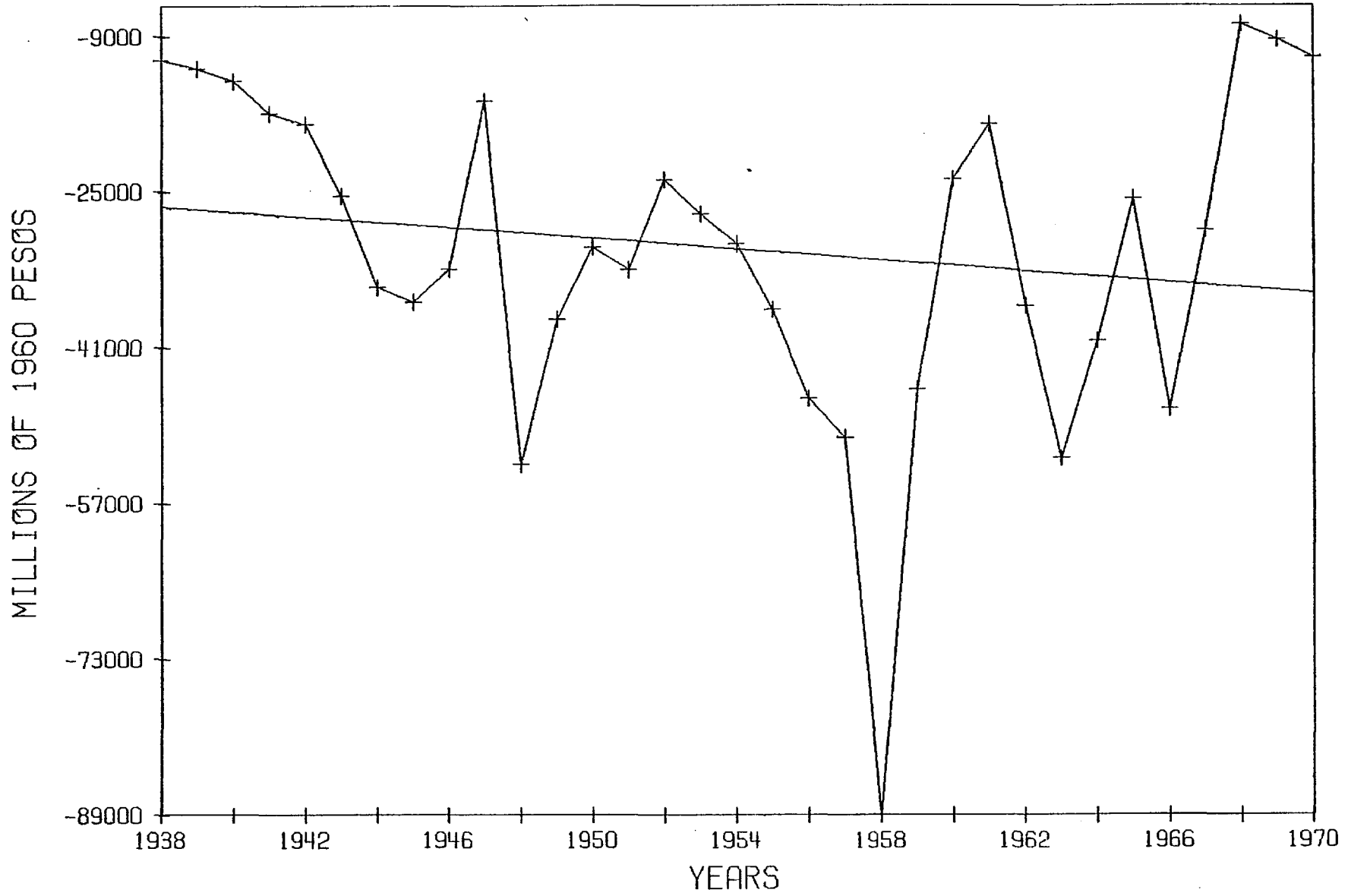
produced no major impact on the trend in Total Expenditures in 1960 pesos, the same pattern emerges when that indicator is considered. Slight reductions were made through 1955 in Total Expenditures in 1960 pesos (Figure 7.1), but Total Expenditures rose at a faster rate during the 1963-1965 period (3.4 billion 1960 pesos per year) than during the 1948-1965 interval (2.4 billion 1960 pesos per year). The estimates of the average annual increases in Total Expenditures in 1960 pesos are of course affected by the major increase which occurred in 1958, but it is of interest to note that the annual operating deficit (total amount revenues - total annual expenditures) also increased in the period immediately after 1952 (see Figure 7.9). While Peron bankrupted the nation with his expensive social welfare

FIGURE 7.9 ABOUT HERE

and public works programs, it appears that he actually succeeded in reducing the annual operating deficit during the 1948-1952 interval. After the end of populist authoritarian rule in 1952, Total Revenues rose at an average annual rate of 312.2 million 1960 pesos faster than Total Expenditures. The gap between government income and outgo should therefore have continued to narrow as the post-populist governments raised new revenues faster than they increased spending. The paradox is that the government's annual operating deficit increased rather than decreased between 1953 and 1958. The administrations which supposedly came to power with views toward reducing the high, populist-period expenditures and balancing the budget actually widened the gap between government

FIGURE 7.9

DEFICIT IN 1960 PESOS



resources and expenditures in the period immediately after the end of populist authoritarian rule.

If the integrated formulation is thus more often supported than the authoritarian argument by a consideration of the directions in which policies shifted after 1952, a second major problem with the latter thesis should be noted. Pre- and post-1952 shifts were detected in five of the eight policies. However, the shifts in three of those five policies (Total Expenditures in current pesos, Defense Expenditures in current pesos and the CLI) may be attributable to the fact that those policies are linked with changes in the Argentine Cost-of-Living Index. It seems reasonable to assume that total budgeted expenditures, for example, are a function of what the political elites want to spend plus some increment (or decrement) which is based on their projection of the change in the CLI. If that is the case, then it follows that high rates of increase in the CLI may be paralleled by similarly high rates of increase in expenditures. This is precisely what occurred in Argentina. The CLI rose sharply during the 1953-1965 interval and Eq. (6.1) estimations on the 1953-1965 period yield standardized regression coefficients (Betas) which are remarkably similar: CLI (0.940); Total Expenditures in current pesos (0.945); and Defense Expenditures in current pesos (0.945). Given this similarity, it seems plausible that the 1952 shifts in Total Expenditures in current pesos and Defense Expenditures in current pesos may have resulted from the post-1952 increases in the CLI rather than from the transition between different dominant ruling coalitions.

This conclusion is reinforced by the analyses of Defense

Expenditures in 1960 pesos, Total Expenditures in 1960 pesos, Total Revenues in 1960 pesos and the rate of Change in the Cost-of-Living Index. Although these four policies are outcomes rather than outputs because they compensate for the (possible unintended) effects of inflation, it is significant that the last three behaved in the manner predicted by the integrated formulation and were only marginally affected by the 1952 transition. In other words, of the five policies which shifted after 1952, only the changes in Defense Expenditures in 1960 pesos and Defense Expenditures as a Per Cent of Total Expenditures may actually be attributable to the erosion of populist authoritarian rule.

A third major problem for the authoritarian thesis appears to arise because a number of the policies displayed in Figures 7.1 to 7.8 seem to have undergone shifts during, rather than at the end of, the populist period. A 1945 shift from a steeply rising to a steeply falling trend is observable, for example, in the proportion of the total expenditures devoted to defense. Shifts from a rising to a falling trend can be noted in 1948 in the Total Expenditures in 1960 pesos, Total Revenues in 1960 pesos and Defense Expenditures in 1960 pesos series. A reverse 1948 shift can be noted in the size of the government's operating deficit (Figure 7.9).

The shift in the share of total expenditures devoted to defense would appear to be attributable to the end of World War II and need not create a problem for the authoritarian thesis. It is of interest to note, however, that the 1945 shift coincides almost perfectly with Peron's efforts to effect a secret rapprochement with the United States so that the Argentine military could benefit from

U.S. President Truman's postwar military assistance programs. The end of the war would have naturally allowed Argentina to shift away from emphasizing military spending. A pragmatic abandonment of the Peronist nationalistic, anti-American position and a secret rapprochement with the United States in return for military aid would have facilitated that shift.⁹

If the pre-1952 shifts in the military-related policies do not therefore create a problem for the authoritarian thesis, the same thing can not be said about the apparent 1948 shifts in Total Expenditures in 1960 pesos and Total Revenues in 1960 pesos. It will be recalled from Chapter III that Argentina passed through a major recessionary period between 1948 and 1949. The discussion in Chapters IV and V showed that it was at that point that Peron substituted material benefits to the popular sector with symbolic benefits and began to build a massive propaganda apparatus in the Office of the President. Analyses in the previous chapter showed that the trend in the share of the GDP received by labor and workers' Real Income shifted in 1949. All of this suggests the possibility that if shifts actually occurred in 1948, they may have resulted from the 1948-1949 recession and its political after effects rather than from the 1952 transition from populist authoritarian rule.

In light of this possibility, all eight of the policies were reexamined with a view toward detecting shifts in 1945 and 1948. This work required only a modest extension of the procedures employed above. It will be recalled that Eq. (6.2) was written:

$$\hat{Y}_t = a + b_1X_1 + b_2D_i + b_3(X_1D_i) + e_t \quad (6.2)$$

where: \hat{Y}_t = the predicted value of a given dependent variable in year t; X_1 = the year; a = the intercept of the regression line; b_1 to b_3 = the regression parameters; e_t = an error term which takes into account factors not otherwise included in the equation; and, D_i = a variable which "dummies in" the impact of a given transition. The examination of possible shifts in 1945 and 1948 now occasionally requires the use of the following equation:

$$\hat{Y}_t = a + b_1X_1 + b_2D_i + b_3(X_1D_i) + b_4D_j + b_5(X_1D_j) + e_t \quad (7.1)$$

where all terms are as defined above and D_i and D_j represent dummy variable codings for the 1952 and 1948 (or 1945) shifts respectively. (Eq. 7.1 is used only in those instances in which major policy shifts were detected in 1952. In all other cases, Eq. 6.1 and 6.2 are utilized and D_i is coded to represent the possible 1945 or 1948 shift.)

The important results of the 1945/1948 reanalyses are shown in Table 7.3 and are summarized in Table 7.4. A shift was detected in 1945 only in the case of the Proportion of the Total Expenditures

TABLES 7.3 AND 7.4 ABOUT HERE

devoted to Defense. The only major shift detected in 1948 was in Defense Expenditures in 1960 pesos. Despite the impression that might

TABLE 7.3

EXAMINATION OF POSSIBLE SHIFTS
IN 1945 AND 1948

(a)

Overlapping Regressions						
Dependent Variable	Equation	n	k	R ²	Durbin-Watson	Runs
<u>PERIOD: 1943-1965</u>						
Total Exp. ^a	(6.1) _b	23	1	.52	1.79702	13 _d
Current Exp.	(6.2) _b	23	3	.93	0.80738 _c	5 _d
Total Revs. ^a	(6.1) _b	23	1	.67	1.80107	12
Defense Exp. ^a	(6.2) _b	23	3	.17	1.41410	10
Cur. Def. Exp.	(6.2) _b	23	3	.93	0.82550 _c	7
Def/Exp. Ratio	(6.2) _b	23	3	.81	1.26924 _e	12 _d
CLI	(6.2) _b	23	3	.92	0.58745 _c	5 _d
Change CLI	(6.1)	23	1	.11	1.70885	7
<u>PERIOD: 1949-1965^f</u>						
Total Exp.	(6.1) _b	17	1	.34	1.88866	10
Current Exp.	(6.2) _b	17	3	.91	0.82068	7
Total Revs.	(6.1) _b	17	1	.51	2.07946	9
Defense Exp.	(6.2) _b	17	3	.43	2.15313	11
Cur. Def. Exp.	(6.2) _b	17	3	.91	0.83372	5
Def/Exp. Ratio	(6.2) _b	20	3	.89	2.06981	13
CLI	(6.2) _b	17	3	.91	0.61280	5
Change CLI	(6.1)	17	3	.01	1.73603	6

^aIn millions of 1960 pesos

^bD₁ codings in Eq. (6.2) are treatments of the 1952 shift.

^cH₀ of no positive, first order autocorrelation rejected at the .01 level using the Durbin-Watson d statistic

^dH₀ of random distribution of the residuals rejected at the .01 level using the Geary Sign test.

^eH₀ of no positive, first order autocorrelation is in the indeterminate range using the Durbin-Watson d statistic.

^fThe 1946-1965 interval is used in the case of the Def/Exp. Ratio

(b)

Chow's F Statistics
on the Overlapping Periods,
1943-1965 and 1949-1965^a

Dependent Variable	F	Degrees of Freedom	Significance Level
Total Exp.	0.706	6,16	p > .05
Current Exp.	0.002	6,14	p > .05

TABLE 7.3

(continued)

Total Revs.	0.922	6,16	$p > .05$
Defense Exp.	16.510	6,14	$p < .01$
Cur. Def. Exp.	0.002	6,14	$p > .05$
Def/Exp. Ratio	163.281	3,17	$p < .01$
CLI	0.006	6,14	$p > .05$
Change CLI	0.176	6,16	$p > .05$

^aIn the case of Def/Exp. Ratio, the overlapping periods are 1943-1965 and 1946-1965

(c)

Dummy Variable Regressions
on the Period, 1943-1965

Dependent Variable	Equation	n	k	R ²	Durbin-Watson	Runs
Total Exp.	(6.2)	23	3	.58	1.87975	12
Current Exp.	(7.1)	23	5	.93	0.82079 ^a	9
Total Revs.	(6.2)	23	3	.72	2.07135	11
Defense Exp.	(7.1)	23	5	.68	2.15802	14
Cur. Def. Exp.	(7.1)	23	5	.93	0.83427 ^a	8
Def/Exp. Ratio	(7.1)	23	5	.94	2.17055	16
CLI	(7.1)	23	5	.92	0.61286 ^b	7
Change CLI	(6.2)	23	3	.14	1.75219	9

^aH₀ of no positive, first order autocorrelation is in the indeterminant range using the Durbin-Watson d statistic.

^bH₀ of no positive, first order autocorrelation rejected at the .01 level using the Durbin-Watson d statistic.

(d)

R² Tests

Dependent Variable	R ²		R ²	n
	Eq. (6.1)/ (6.2)	Eq. (6.2)/ (7.1)		
Total Exp.	.52	.58	.51	23
Current Exp.	.93	.93	.91	23
Total Revs.	.67	.72	.68	23
Defense Exp.	.17	.68	.59	23
Cur. Def. Exp.	.93	.93	.91	23
Def/Exp. Ratio	.81	.94	.92	23
CLI	.92	.92	.90	23
Change CLI	.11	.14	.00	23

TABLE 7.4

SUMMARY OF THE POSSIBLE SHIFTS IN
1945 AND 1948^a

Dependent Variable	Parameter Change?	Autocorrelation Resolved?	\bar{R}^2 Increase?
Total Exp.	No	-	No
Current Exp.	No	Yes	No
Total Revs.	No	-	Yes
Defense Exp.	Yes	-	Yes
Cur. Def. Exp.	No	Yes	No
Def/Exp. Ratio	Yes	Yes	Yes
CLI	No	No	No
Change CLI	No	-	No

^aWith the exception of the Def/Exp. Ratio, all results pertain to a possible shift in 1948. The results for Def/Exp. Ratio pertain to a possible shift in 1945.

be gained from an examination of Figures 7.1 and 7.3, 1948 did not mark a statistically significant turning point in the Total Expenditures in 1960 pesos and Total Revenues in 1960 pesos series. It is true that deflated expenditures and revenues declined during the 1948-1955 interval, but those reductions were only very marginal and are barely detected by even the least rigorous of the three tests. It is tempting to attribute the expenditure reductions to Peron's initial efforts in the late 1940's to exclude the popular sectors, but it seems likely that it was the military which bore the burden of the decreasing expenditures between 1948 and 1955 insofar as Defense Expenditures in 1960 pesos dropped by 53.2 per cent and Total Expenditures in 1960 pesos fell by only 26.2 per cent over that period. In addition, it seems likely that the declining expenditures may have been partially unintended. The rate of inflation increased between 1948 and 1952 and Argentina's political elites may have been unable to predict those rises accurately. The elites may therefore have actually attempted to increase or at least maintain the level of expenditures during the 1948-1955 interval, but they may have failed to do so in terms of 1960 pesos because they did not compensate adequately for the impact of inflation. In any event, the declining 1948-1955 pattern in Total Expenditures and Total Revenues in 1960 pesos did not mark a statistically significant deviation from the 1948-1965 trends. The reductions may have had important political implications, but the predictions of the authoritarian thesis are technically valid. The apparent 1948 shifts in Total Expenditures in 1960 pesos and Total Revenues in 1960 pesos were not large enough and they did not last long enough to emerge significantly in a statistical sense.

In summary, the analyses of the 1952 transition from populist authoritarian rule to the era of the hegemonic crisis generally seem to support the integrated formulation. The trends of five of the eight policies were apparently affected by the erosion of the populist coalition as the authoritarian thesis predicts they should have been, but the post-1952 trends were more often in the directions predicted by the integrated argument. Moreover, at least three of the five 1952 policy shifts may have occurred as a result of post-1952 increases in the Cost-of-Living Index rather than the transition from populist rule. A third problem with the authoritarian thesis was found to be more apparent than real. Except in the cases of the Proportion of Total Expenditures devoted to Defense and Defense Expenditures in 1960 pesos which shifted respectively in 1945 and 1948, the statistically significant policy realignments during the 1943-1965 period occurred in 1952. Even in those two areas where shifts did occur in 1945 and 1948, however, the key prediction of the integrated formulation is still supported. Basic policy trends which were established prior to the transition from populist authoritarian rule were maintained and only dampened by the transition to the era of the hegemonic crisis.

THE 1943 TRANSITION: FROM TRADITIONAL TO POPULIST AUTHORITARIAN RULE

The focus in this section is on the 1943 transition from traditional to populist authoritarian rule. The questions and methodologies employed here are nearly identical to those utilized in the previous section. Slight differences will be noted as the

discussion proceeds.

It will be recalled from the previous section that the initial focus in these analyses concerns the question of whether or not the replacement of the traditional authoritarian coalition (the foreign export sector and export-related industrialists) by the populist alliance (domestic industrialists, the military, urban workers, and producers of non-exportable agricultural goods) altered the trends in the eight policy indicators. This query is considered in part (a) of Table 7.5 where the trends in the overlapping periods, 1938-1965 and 1943-1965 are examined. (The reader will note the following:

TABLE 7.5 ABOUT HERE

Eq. 6.1 is utilized in those cases where trend shifts were not detected in 1945, 1948 or 1952; Eq. 6.2 is employed in those cases where a 1952 shift was previously detected; and, Eq. 7.1 is used in the cases of Defense Expenditures in 1960 pesos and the Proportion of Total Expenditures devoted to Defense which were shown to have undergone shifts in 1948 and 1952 and 1945 and 1952 respectively. These procedures are dictated by the necessity of extending the post-1943 transition era to include the 1943-1965 period and the resultant need to "dummy in" treatments of major shifts which occurred during that interval.)

The Chow's F tests for pre- and post-1943 transition parameter changes are presented in part (b) of Table 7.5. It is possible to reject the null hypothesis that the regression parameters are identical in the two periods (1938-1965 and 1943-1965) only in the

TABLE 7.5

IMPACT OF THE 1943 TRANSITION

(a)

Overlapping Regressions

Dependent Variable	Equation	n	k	R ²	b	Durbin-Watson	Runs
<u>PERIOD: 1938-1965</u>							
Total Exp. ^a	(6.1)	28	1	.71	3849.6678	1.64505	11 ^d
Current Exp.	(6.2) ^b	28	3	.93	-	0.79358 ^c	5 ^d
Total Revs.	(6.1)	28	1	.78	2891.3923	1.73615	13
Defense Exp. ^a	(7.1) ^b	28	5	.82	-	1.58527 ^e	15
Cur. Def. Exp.	(6.2) ^b	28	3	.94	-	0.81442 ^c	7
Def/Exp. Ratio	(7.1) ^b	28	5	.85	-	1.25461 ^e	15 ^d
CLI	(6.2) ^b	28	3	.93	-	0.37014 ^c	5 ^d
Change CLI	(6.1)	28	1	.22	1.2590	1.70692	7 ^d
<u>PERIOD: 1943-1965</u>							
Total Exp.	(6.1)	23	1	.52	3261.2780	1.79702	13 ^d
Current Exp.	(6.2)	23	3	.93	-	0.30738 ^c	5 ^d
Total Revs.	(6.1)	23	1	.67	2817.0396	1.80107	12
Defense Exp.	(7.1)	23	5	.68	-	2.15802	14
Cur. Def. Exp.	(6.2)	23	3	.93	-	0.82550 ^c	7
Def/Exp. Ratio	(7.1)	23	5	.94	-	2.17055	16 ^d
CLI	(6.2)	23	3	.92	-	0.58745 ^c	5 ^d
Change CLI	(6.1)	23	1	.11	1.0899	1.70885	7

^aIn millions of 1960 pesos.^bD_i codings in Eqs. (6.2) and (7.1) are treatments of the 1952 shift. In the case of Defense Exp., D_j in Eq. (7.1) is a treatment of the 1948 shift. In the case of Def/Exp. ratio, D_j in Eq. (7.1) is a treatment of the 1945 shift.^cH₀ of no positive, first order autocorrelation rejected at the .01 level using the Durbin-Watson d statistic.^dH₀ of random distribution of the residuals rejected at the .01 level using the Geary Sign test.^eH₀ of no positive, first order autocorrelation is in the indeterminate range using the Durbin-Watson d statistic.

(b)

Chow's F Statistics
on the Overlapping Periods
1938-1965 and 1943-1965

Dependent Variable	F	Degrees of Freedom	Significance Level
Total Exp.	0.425	5,22	p > .05
Current Exp.	0.008	3,20	p > .05
Total Revs.	0.214	5,22	p > .05
Defense Exp.	1.906	5,18	p > .05
Cur. Def. Exp.	0.007	5,20	p > .05
Def/Exp. Ratio	5.132	5,18	p < .01
CLI	0.041	5,20	p > .05
Change CLI	0.361	5,22	p > .05

TABLE 7.5
(continued)

(c)

Dummy Variable Regressions
on the Period, 1938-1952

Dependent Variable	Equation ^a	n	k	R ²	Durbin-Watson	Runs
Total Exp.	(6.1)	15	1	.74	1.41248 ^b	8
Current Exp.	(6.1)	15	1	.80	0.37611 ^b	3
Total Revs.	(6.1)	15	1	.75	1.11234	8
Defense Exp.	(6.2)	15	3	.84	1.50666 ^c	7
Cur. Def. Exp.	(6.1)	15	1	.90	0.93194 ^c	5
Def/Exp. Ratio	(6.2)	15	3	.82	0.90553 ^c	7
CLI	(6.1)	15	1	.69	0.35141 ^b	3
Change CLI	(6.1)	15	1	.78	1.83260	9
Total Exp.	(6.2)	15	3	.78	1.68191	10
Current Exp.	(6.2)	15	3	.94	1.00942 ^c	5
Total Revs.	(6.2)	15	3	.81	1.43099 ^c	12
Defense Exp.	(7.1)	15	5	.90	2.44874	9
Cur. Def. Exp.	(6.2)	15	3	.96	1.93922	7
Def/Exp. Ratio	(7.1)	15	5	.95	2.24916	11
CLI	(6.2)	15	3	.86	0.71590 ^c	5
Change CLI	(6.2)	15	3	.86	2.56508	10

^aAll Eqs. in the first section (lines 1-8) omit treatments of the 1945 transition. In the case of Def. Exp., D₁ in Eq. (6.2) is a treatment of the 1948 shift. In the case of Def/Exp. Ratio, D₁ in Eq. (6.2) is a treatment of the 1945 shift. All Eqs. in the second section (lines 9-16) include treatments of the 1945 transition. The second section Eq. for Def. Exp. therefore includes treatments of the 1943 and 1948 shifts. The second section Eq. for Def/Exp. Ratio includes treatments of the 1945 and 1945 shifts.

^bH₀ of no positive, first order autocorrelation rejected at the .01 level using the Durbin-Watson d statistic.

^cH₀ of no positive, first order autocorrelation is in the indeterminate range using the Durbin-Watson d statistic.

(d)

R² Tests^a

Dependent Variable	R ² Eq. (6.1) (6.2)	R ² Eq. (6.2)/ (7.1)	R ²	n
Total Exp.	.74	.78	.72	15
Current Exp.	.80	.94	.92	15
Total Revs.	.75	.81	.76 ^d	15
Defense Exp.	.84 ^b	.90 ^c	.84 ^d	15
Cur. Def. Exp.	.90	.96	.95 ^d	15
Def/Exp. Ratio	.82 ^b	.95 ^c	.92 ^d	15
CLI	.69	.86	.82	15
Change CLI	.78	.86	.82	15

^aThese tests pertain to the Eqs. presented in part (c).

^bThree predictors.

^cFive predictors.

^dCorrections on Eq. (7.1). R² corrections on Eq. (6.2) with three predictors are: Defense Exp. (.80); and, Def/Exp. Ratio (.77).

case of the Proportion of Total Expenditures devoted to Defense. It is not possible to say that the 1943 transition to populist authoritarian rule altered the long term trends in the remaining seven policy indicators.

This does not mean that the end of traditional authoritarian rule was not important, however. If one estimates equations which ignore the impact of the 1943 transition on the 1938-1952 interval, autocorrelation is detected in the case of Total Expenditures in current pesos, Defense Expenditures in current pesos, the Proportion of Total Expenditures devoted to Defense and the CLI (see the first 8 lines in part (c) of Table 7.5).¹² These problems are reduced, however, when equations which tap the effects of the 1943 transition are estimated on the 1938-1952 interval (see the last 8 lines in part (c) of Table 7.5). Thus, even though the 1943 shift from traditional to populist authoritarian rule apparently did not alter the regression parameters of any of the series except the Proportion of Total Expenditures devoted to Defense, the insertion of variables which tap the effects of that interruption does help to resolve autocorrelation difficulties when they develop.

The \bar{R}^2 comparisons of the equations in part (c) of Table 7.5 reflect an even more general impact of the 1943 shift to populist authoritarian rule (see part (d) of Table 7.5). If a consideration of the 1943 transition improves the explanation of a given series, the \bar{R}^2 from an equation with variables which tap the 1943 shift should be greater than the R^2 from an equation which ignores the interruption. The results here show that the \bar{R}^2 's are greater than the respective R^2 's in all but the case of Total Expenditures in 1960 pesos. Although

the improvement is only very slight in the case of Total Revenues in 1960 pesos, the introduction of dummy variables which detect the 1943 transition effects does increase the amount of explained variance in the remaining series.

Summary and Interpretation of the Results The results of the tests which were conducted in this section are summarized in Table 7.6. Inspection of that table reveals that the impact of the 1943 transition

TABLE 7.6 ABOUT HERE

from traditional to populist authoritarian rule was less dramatic than the 1952 shift from populist rule to the era of the hegemonic crisis. While the 1952 transition altered the trends in five of the policy indicators (Total Expenditures in current pesos, Defense Expenditures in 1960 pesos, Defense Expenditures in current pesos, the Proportion of Total Expenditures devoted to Defense, and the CLI), the Chow's F tests show that the 1943 shift had a similar impact on only the Proportion of Total Expenditures devoted to Defense.

A more generalized impact of the 1943 shift is found, however, when one examines the summary results from the tests for autocorrelation and increases in the explained variance. Autocorrelation is detected by the Durbin-Watson d statistic in four of the series when equations which ignore the 1943 interruption are estimated on the combined pre- and post-transition period. Subsequent inclusion of dummy variables which tap that shift reduces autocorrelation problems in all four instances. Finally, a consideration of the 1943 transition from traditional to populist rule helps to increase

TABLE 7.6

SUMMARY OF THE 1943 TRANSITION:
 FROM TRADITIONAL TO
 POPULIST AUTHORITARIAN RULE

Dependent Variable	Parameter Change?	Autocorrelation Resolved?	R^2 Increase?
Total Exp.	No	-	No
Current Exp.	No	Yes	Yes
Total Revs.	No	-	Yes
Defense Exp.	No	-	Yes
Cur. Def. Exp.	No	Yes	Yes
Def/Exp. Ratio	Yes	Yes	Yes
CLI	No	Yes	Yes
Change CLI	No	-	Yes

the proportion of explained variance in seven of the eight policy indicators.

The first conclusion to be drawn from this section, therefore, is that the erosion of the populist coalition in 1952 had a more dramatic impact on the eight policy indicators than the 1943 transition from traditional to populist authoritarian rule. Nevertheless, the 1943 coalition change is important for understanding the trends in all of the series except Total Expenditures in 1960 pesos. (Total Revenues might also be excluded from those series which were influenced by the 1943 transition.)

Having said this, it is important to note that the post-1943 trends in all eight of the series are in the direction predicted by the authoritarian thesis. Total Expenditures and Defense Expenditures (in both current and real pesos) and the Proportion of Total Expenditures devoted to Defense all increased after the populist coalition came to power in 1943. Revenues did not rise sharply until 1947 when the government began to receive income from the recently nationalized corporations in the transportation and communication sectors. Despite a sharp increase at the end of World War II, the Cost-of-Living Index did not begin to rise steadily until the late 1940's when the economy began to show the effects of the completion of consumer goods import substitution industrialization. Finally, the size of the government's annual operating deficit showed a generally increasing trend through 1948 when the gap between expenditures and revenues began to be closed.

This congruence between the directions of the actual post-1943 trends and the predictions of the authoritarian thesis is of interest

because no similar consistency was noted in the preceding section where the pre- and post-1952 trends were examined. While the 1952 coalition change thus had a more dramatic effect than the 1943 shift from traditional to populist authoritarian rule, the post-1943 trends were more frequently in the directions predicted by the authoritarian formulation.

This finding that the 1943 trend shifts were gradual but in the directions predicted by the authoritarian thesis suggests that the standard interpretation of the populist coalition may be misleading. The reader will understand by this point that observed policy changes do not permit the researcher to draw inferences about changes in the identities and motivations of the policy-makers. Nevertheless, when the evidence from the previous chapters is combined with the results produced in this section, the overwhelming impression is that the populist coalition--domestic industrialists, the military, urban workers, and producers of non-exportable agricultural goods--may not have actually come to power on June 4, 1943 when the military moved to overthrow President Castillo. While certain elements of the populist alliance certainly did take control at that point, it would seem more accurate to argue that the populist coalition was an extremely fragile grouping which evolved only very slowly between 1943 and 1945/46, existed as an integrated alliance of forces only during the 1946/47 period, and then began to disintegrate slowly until its apparently abrupt dissolution in 1952. Insofar as one is willing to assume that there was a direct connection between what policy-makers wanted to do and what was actually done during this period, such an interpretation of the populist coalition

would help to clarify: (1) The changes in Argentina's industrialization and foreign policies which began to become apparent in 1947; (2) the shifts in Peron's relations with labor after his election in 1946; and, (3) why the post-1943 trend changes in the eight policy indicators examined here were more gradual than abrupt. The 1943 coup may not have marked an immediate shift from the era of domination of one coalition to that of another. While the traditional authoritarian alliance may have been abruptly displaced at that point, there may have been a delay before a new dominant coalition took control. It was during that period of delay that policies--possibly even including the military's desire to promote basic industries--began to drift in the populist direction.

The exception to this rule of immediate post-1943 drift is in the area of defense spending. The Chow's F tests indicated that the Proportion of Total Expenditures devoted to Defense did follow a different trend in the pre- and post-1943 eras. Inspection of Table 7.4 appears to indicate that the trend in Defense Expenditures in 1960 pesos was also altered in 1943. The abrupt 1943 shifts in these two series are of some significance, of course, because the military was the one element of the populist coalition which actually did come to power in 1943.

It is possible that neither of these shifts were the result of the transition to populist authoritarian rule. The upward trends in both indicators began in 1941, prior to the 1943 coup. Subsequent increases through 1945 may have been more the direct result of World War II than the change in Argentina's dominant coalitions.

It is quite likely, however, that the 1941-1945 increases in

these two indicators might not have been so large if the military had not taken power in 1943. The Castillo government (1942-1943) had resisted U.S. pressures to abandon its neutral position and declare war on the Axis nations, but at least some of the military officers of the Castillo administration favored a compromise with the U.S. which would make Argentina eligible for U.S. Lend Lease aid. ¹³ A number of these pro-American officers apparently participated in the 1943 coup which ousted Castillo. Had those elements been able to dominate the immediate post-1943 government, it seems likely that U.S. assistance might have been obtained and that there would therefore have been less need for sharp domestic increases in defense spending between 1941 and 1945.

The point here, of course, is that the pro-American faction of the military was quickly subordinated by pro-Axis officers and the Argentine government consequently took on nationalistic and anti-American characteristics. This shift quite obviously eliminated the option of acquiring U.S. military aid, but Argentina's adoption of an anti-American, pro-Axis foreign policy also had the more important effect of increasing the perceived U.S. and Brazilian threats to the nation's security. Had the efforts to obtain Axis military aid been successful, major increases in Argentina's own military spending might still have been avoided. Efforts to obtain German aid were launched, but they were apparently not successful. Argentina was therefore forced to insure its national security by increasing its own military spending.

The point of all of this is that it was Argentina's shifting position on the role of the U.S. in World War II rather than the war

itself which may account for the sharp 1941-1945 increases in defense spending. If Argentina had become pro-American or even it had remained completely neutral, there might have been less impetus to increase military expenditures dramatically. It was the 1943 coup and the rapid emergence of the pro-Axis officers which made the sharp increases necessary.

THE 1966 TRANSITION: FROM THE ERA OF THE HEGEMONIC CRISIS TO BUREAUCRATIC-AUTHORITARIAN RULE

The focus in this section is on the impact of the 1966 shift from the era of the hegemonic crisis to the period of bureaucratic-authoritarian rule. The questions and methodologies are identical to those developed in the previous sections. Only two changes need be noted. First, there is of course a shift in the time periods employed in the analyses in this section. The pre- and post-transition period now includes the 1953-1970 interval. The results from regressions on that period are compared with those from the pre-transition period, 1953-1965. The second difference concerns the dummy variable (D_i) in Eq (6.2). In this section, D_i is coded as 0 for the 1953-1965 period and as 1 for the 1966-1970 interval.

It will be recalled that the authoritarian thesis maintains that the bureaucratic-authoritarian coalition (large and efficient industrialists, foreign capitalists, a segment of the military, and technocrats) came to power in 1966 with views toward controlling inflation, improving the operating efficiency of the state and balancing the budget. Inflation should therefore have been slowed in the post-1966 period if the authoritarian thesis is valid. Overall

spending should have been decreased. New revenues should have been raised. Since the military was included in the coalition and the Ongania and Levingston administrations were allegedly seeking to exclude the popular sectors from the political life of the nation, the authoritarian thesis also seems to imply that military spending should have increased after 1966.

The post-1966 bureaucratic-authoritarian governments did in fact make progress in a number of these areas. Examination of the slopes from the overlapping regressions in part (a) of Table 7.7 and Figures 7.3, 7.5, 7.8 and 7.9 reveals that Total Revenues in 1960 pesos and

TABLE 7.7 ABOUT HERE

Defense Expenditures in current pesos increased while the Rate of Change in the Cost-of-Living Index and the size of the government's operating deficit declined after 1966. The downward trend in the Proportion of Total Expenditures devoted to Defense continued in the post-transition period, but the rate of decrease was at least slowed after 1966 (Figure 7.6). Finally, the gentle downward trend in Defense Expenditures in 1960 pesos in the 1953-1965 period was actually reversed and became slightly positive when the 1953-1970 interval was examined (Figure 7.4). Only if one focuses on Total Expenditures in either 1960 or current pesos does a pattern which is inconsistent with the authoritarian thesis emerge. While total expenditures should have fallen after 1966, they actually rose at an annual average rate which was nearly 527 million 1960 pesos higher during the 1953-1970 period than during the 1953-1965 interval. Total

TABLE 7.7

IMPACT OF THE 1966 TRANSITION

(a)

Overlapping Regressions

Dependent Variable	Equation	n	k	R ²	b	Durbin-Watson	Runs
<u>PERIOD: 1953-1970</u>							
Total Exp. ^a	(6.1)	18	1	.50	3931.6349	1.91965 ^b	8
Current Exp.	(6.1)	18	1	.82	67726.6550	0.19132 ^b	3 ^c
Total Revs.	(6.1)	18	1	.77	5531.6123	1.54071	7
Defense Exp. ^a	(6.1)	18	1	.01	28.3978	1.82700	10
Cur. Def. Exp.	(6.1)	18	1	.84	9429.1946	0.24628 ^b	5
Def/Exp. Ratio	(6.1)	18	1	.65	- 0.4999	1.89278	11
CLI	(6.1)	18	1	.87	39.4226	0.16522 ^b	3 ^c
Change CLI	(6.1)	13	1	.00	0.3488	1.55144	7
<u>PERIOD: 1953-1965</u>							
Total Exp.	(6.1)	13	1	.22	3404.9879	1.90162	7
Current Exp.	(6.1)	13	1	.89	30265.2820	0.61433	3
Total Revs.	(6.1)	13	1	.49	3717.1665	2.29159	6
Defense Exp.	(6.1)	13	1	.02	- 63.6659	1.89094	8
Cur. Def. Exp.	(6.1)	13	1	.89	4697.2901	0.65597	3
Def/Exp. Ratio	(6.1)	13	1	.55	- 0.5916	2.04921	9
CLI	(6.1)	13	1	.88	21.2341	0.41227	3
Change CLI	(6.1)	13	1	.05	1.6636	1.71039	3

^aIn millions of 1960 pesos.^bH₀ of no positive, first order autocorrelation rejected at the .01 level using the Durbin-Watson d statistic.^cH₀ of random distribution of the residuals rejected at the .01 level using the Geary Sign Test

(b)

Chow's F Statistics
on the Overlapping Periods,
1953-1970 and 1953-1965

	F	Degrees of Freedom	Significance Level
Total Exp.	0.020	5,12	σ > .05
Current Exp.	54.851	5,12	σ < .01
Total Revs.	1.758	5,12	σ > .05
Defense Exp.	1.565	5,12	σ > .05
Cur. Def. Exp.	38.848	5,12	σ < .01
Def/Exp. Ratio	0.629	5,12	σ > .05
CLI	23.160	5,12	σ < .01
Change CLI	0.307	5,12	σ > .05

TABLE 7.7

(c)

Dummy Variable Regressions
on the Period, 1953-1970

Dependent Variable	Equation	n	k	R ²	Durbin-Watson	Runs
Total Exp.	(6.2)	18	3	.51	1.92606	10
Current Exp.	(6.2)	18	3	.99	1.59004 ^a	7
Total Revs.	(6.2)	18	3	.85	2.23255	8
Defense Exp.	(6.2)	18	3	.07	1.98276	10
Cur. Def. Exp.	(6.2)	18	3	.98	1.03159 ^a	5
Def/Exp. Ratio	(6.2)	18	3	.67	2.01197	11
CLI	(6.2)	18	3	.99	1.07416 ^a	6
Change CLI	(6.2)	18	3	.10	1.72390	6

^aH₀ of no positive, first order autocorrelation is in the indeterminate range using the Durbin-Watson d statistic.

(d)

R² Tests

Dependent Variable	R ² Tests		R ²	n
	Eq. (6.1)	Eq. (6.2)		
Total Exp.	.50	.51	.50	18
Current Exp.	.82	.99	.99	18
Total Revs.	.77	.85	.82	18
Defense Exp.	.01	.07	.00	18
Cur. Def. Exp.	.84	.98	.98	18
Def/Exp. Ratio	.65	.67	.60	18
CLI	.87	.99	.99	18
Change CLI	.00	.10	.00	18

Expenditures in current pesos increased at a rate almost 123.8 per cent faster during the 1953-1970 period than during the 1953-1965 interval.

Unfortunately for the authoritarian thesis, only one of the post-1966 trend changes which support that argument emerges as having been statistically significant. As the results in part (b) of Table 7.7 show, the null hypothesis of identical pre- and post-1966 regression parameters can be rejected only in three instances (Total Expenditures in current pesos, Defense Expenditures in current pesos, and the CLI) when the Chow's F test is applied. In other words, the Chow's F tests permit one to conclude that the regression parameters for these three policies were different in the two overlapping periods, and only one of those significant shifts (the post-1966 increase in Defense Expenditures in current pesos) was in the direction predicted by the authoritarian thesis. As the alternative integrated formulation hypothesized, none of the 1953-1965 trends in the remaining five series were apparently altered significantly as a result of the 1966 shift to bureaucratic-authoritarian rule.

The lack of impact of the 1966 transition is indicated in another way. When Eq. (6.1)--which omits variables which tap the effects of the 1966 coalition change--is estimated on the 1953-1970 period, the Durbin-Watson d statistic and the Geary Sign test detect positive first order autocorrelation problems only in the cases of Total Expenditures in current pesos, Defense Expenditures in current pesos, and the CLI. Although the use of Eq. (6.2) helps to resolve these autocorrelation difficulties when they develop (see part (d) of Table 7.7), the important finding here is that the transition to

bureaucratic-authoritarian rule apparently is not an important consideration for understanding the 1953-1970 trends in Total Expenditures in 1960 pesos, Total Revenues in 1960 pesos, Defense Expenditures in 1960 pesos, the Proportion of Total Expenditures devoted to Defense, or the Rate of Change in the Cost-of-Living Index.

This conclusion is modified only very slightly when the \bar{R}^2 's from Eq. (6.2) are compared with the R^2 's from Eq. (6.1) in part (d) of Table 7.7. The insertion of dummy variables which tap the effects of the 1966 transition to bureaucratic-authoritarian rule increases the proportion of explained variance only in Total Expenditures in current pesos, Defense Expenditures in current pesos, CLI, and Total Revenues in 1960 pesos. The Chow's F and autocorrelation tests had already indicated the impact of the establishment of bureaucratic-authoritarian rule on the first three of these series. Total Revenues is an interesting addition, but in no other case is an explanation enhanced by a consideration of the transition from the era of the hegemonic crisis to bureaucratic-authoritarian rule.

Summary and Interpretation of the Results The results of the tests which were conducted in this section are summarized in Table 7.8. A review of that table reveals one significant point. While at least

TABLE 7.8 ABOUT HERE

one of the three tests showed that the 1943 and 1952 transitions respectively affected seven and six of the policies, the 1966 transition

TABLE 7.8

SUMMARY OF THE 1966 TRANSITION:
 FROM THE ERA OF THE HEGEMONIC CRISIS
 TO BUREAUCRATIC-AUTHORITARIAN RULE

Dependent Variable	Parameter Change?	Autocorrelation Resolved?	\bar{R}^2 Increase?
Total Exp.	No	-	No
Current Exp.	Yes	Yes	Yes
Total Revs.	No	-	Yes
Defense Exp.	No	-	No
Cur. Def. Exp.	Yes	Yes	Yes
Def/Exp. Ratio	No	-	No
CLI	Yes	Yes	Yes
Change CLI	No	-	No

to bureaucratic-authoritarian rule had an impact on only four of the series considered in this chapter. In terms of the scope of its impact on these policies, the 1966 shift emerges as having been the least significant of the three coalition changes.

It is possible to go a step further. Although the tests in this section revealed that the establishment of bureaucratic-authoritarian rule had at least some impact on the trends in Total Expenditures in current pesos, Defense Expenditures in current pesos, the CLI, and Total Revenues in 1960 pesos, the shifts in the first three of those policies may be attributable to the fact that they are linked with changes in the Argentine Cost-of-Living Index. The CLI did rise sharply over the 1953-1970 period and once again the Eq. (6.1) estimations on that interval yield standardized regression coefficients which are remarkably similar: CLI (0.932); Total Expenditures in current pesos (0.908); and, Defense Expenditures in current pesos (0.916). This similarity suggests that the post-1966 shifts in the trends may have had more to do with increases in the CLI than with the 1966 transition to bureaucratic-authoritarian rule. This conclusion is supported by the fact that no parameter changes or autocorrelation problems are detected in connection with any of the deflated series. The point here, therefore, is that if one discounts the results from the analyses on Total Expenditures in current pesos, Defense Expenditures in current pesos, and the CLI as being falsely attributable to the 1966 transition, then the establishment of bureaucratic-authoritarian rule had an impact on only one of the remaining five policies. Consideration of the 1966 transition increases one's ability to explain the variance in Total Revenues

in 1960 pesos. In comparison, the 1943 transition produced one parameter shift, resolved one example of autocorrelation and provided four increases in the \bar{R}^2 in the remaining five policies. The 1952 transition resulted in a parameter shift in two of the remaining five series, resolved autocorrelation in two instances and produced an \bar{R}^2 increase in three cases.

One additional series of points might be noted. In the discussion above, it was observed that the figures and the parameters in part (a) of Table 7.7 showed that the post-1966 trends in the following six series had at least moved in the directions predicted by the authoritarian thesis: Defense Expenditures in 1960 pesos; Defense Expenditures in current pesos; the Proportion of Total Expenditures devoted to Defense; the Rate of Change in the CLI; the size of the Deficit; and, Total Revenues in 1960 pesos. This point is raised here again because the initial post-1966 changes in the first three of these policies were in directions which were inconsistent with the authoritarian formulation. Although Defense Expenditures in 1960 pesos generally rose after 1966, for example, defense spending actually fell between 1966 and 1967 so that by 1970 it was only barely above its 1966 level. Although the rate of decline in the Proportion of Total Expenditures devoted to Defense was slower in the 1953-1970 interval than during the 1953-1965 period, the share of overall spending which the military received declined steadily between 1966 and its all time nadir of only 12.46 per cent in 1968. Finally, although Defense Expenditures in current pesos rose steadily after 1966 as the authoritarian thesis predicts, the rate of increase between 1966 and 1967 was actually slower than it had been between 1964 and 1966

under the civilian, nontechnocratic, nonbureaucratic-authoritarian administration of President Illia.

These findings in regard to the initial post-1966 changes in Defense Expenditures in 1960 pesos, Defense Expenditures in current pesos and the Proportion of Total Expenditures devoted to Defense are consistent with two points which were raised in Chapter IV. First, the predicted increases in these three series did not begin until after the leaders of the 1966 military junta had been removed from their cabinet level positions. In other words, it was not until the supposedly unified military of the bureaucratic-authoritarian period had begun to show signs of strain that the policy trends associated with bureaucratic-authoritarian rule began to be evidenced. The second point is perhaps more subtle. Although there was an initial wave of popular protest against the policies of the Onganía administration, it was not until 1968-1969 that sustained opposition to the bureaucratic-authoritarian government began to develop. The declining control that Vandor had over the Argentine labor movement, the decay in the Pax Obrera and the sharp increases in worker opposition to the government coincided closely with the 1968-1969 increases in the three military-related policy indicators. A somewhat analogous post-1966 shift was detected in Chapter VI where the indicators of Argentine labor policy were reviewed. The share of the nation's GDP received by workers declined during the era of bureaucratic-authoritarian rule as the authoritarian thesis predicted, but that decline did not begin until 1968.

The point to be noted, therefore, is that while Total Expenditures in either 1960 or current pesos never moved in the direction

predicted by the authoritarian thesis in the post-1966 period, the trends in Defense Expenditures in 1960 pesos, Defense Expenditures in current pesos, the Proportion of Total Expenditures devoted to Defense, and the Share of the GDP received by workers all started out in the wrong direction. In terms of all six of these series, in other words, the bureaucratic-authoritarian administration of General Ongania began by implementing "nonbureaucratic-authoritarian" policies. The post-1966 trends in the last four of these series did eventually shift, of course, in the directions predicted by the authoritarian formulation, but those shifts did not occur until after the original leaders of the 1966 military junta had been replaced and labor opposition had begun to pose a serious threat to the government.

Delays in implementing preferred policies and simple inadvertence may account for these lags between the 1966 coalition change and the trend shifts in c1968. The integrated formulation, of course, predicts that such delays should develop when the public bureaucracies are large and extensively unionized, elites are unable to press their demands, elites lack pools of previously unallocated resources, and a balance of forces exists in the policy-making arena. It is also possible, however, that changes within the bureaucratic-authoritarian coalition and alterations in the resistance which Ongania faced may account for the c1968 trend shifts. This possibility would suggest that the bureaucratic-authoritarian coalition evolved incrementally toward a bureaucratic-authoritarian policy alignment during the 1966-1968 period. The leaders of the 1966 coup which toppled Illia may not have come to power with precise policy prescriptions in mind.

The policies which were eventually adopted may not have been inspired by the initial goals of the leaders of the 1966 coup as the authoritarian thesis suggests. The evidence here is only indirect and extremely tentative, but it is at least consistent with the hypothesis that the standard interpretation of the post-1966 coalition may be misleading. Considerations cited above suggest that the populist coalition may have evolved in significant ways in the period between 1943 and 1952; the evidence outlined here suggests that a similar pattern of evolution and change may have characterized the post-1966 period. The bureaucratic-authoritarian coalition may have been dynamic in even its earliest stages. Its decision-makers may have been highly pragmatic. The bureaucratic-authoritarian policies which were eventually adopted may have been developed as new elements entered and exited the post-1966 policy-making arena and as the decision-makers adapted to the real problems which they discovered after coming to power. In any event, the bureaucratic-authoritarian government which came to power in 1966 was not "bureaucratic-authoritarian" in terms of the initial post-1966 changes in Total Expenditures in 1960 pesos, Total Expenditures in current pesos, Defense Expenditures in 1960 pesos, Defense Expenditures in current pesos, the Proportion of Total Expenditures devoted to Defense, and the Share of the GDP received by workers.

The three remaining series (the Rate of Change in the CLI, the size of the Deficit, and Total Revenues in 1960 pesos) did have initial and general post-1966 trends in the directions predicted by the authoritarian thesis. Even in these areas, however, an examination of Figures 7.3, 7.8 and 7.9 shows that the trends under the nonbureau-

cratic-authoritarian governments of the pre-1966 period were frequently in the same direction as during the administrations of Onganía and Levingston. If in some areas the bureaucratic-authoritarian governments never succeeded in adopting bureaucratic-authoritarian policies and were delayed in adopting such policies in other areas, Onganía and Levingston never succeeded in being more than marginally more bureaucratic-authoritarian than the nontechnocratic, nonbureaucratic-authoritarian governments of the pre-1966 period.

CONCLUSIONS

An overall summary of the analyses in this chapter is presented in Table 7.9. In part (a), the impact of the three transitions on each of the policy indicators is reviewed (Y denotes a "yes" response;

TABLE 7.9 ABOUT HERE

N denotes a "no" response). Part (b) summarizes the scope of the impact on the eight series.

The 1966 transition to bureaucratic-authoritarian rule holds few surprises for the integrated formulation. As that thesis predicts, the 1966 shift had only a marginal impact in comparison with the 1943 and 1952 coalition changes which took place prior to or roughly in conjunction with (a) the expansion and unionization of the Argentine public sector, (b) the establishment of a tendency toward chronic instability in Argentina's cabinet level leaders, (c) the exhaustion of the pool of previously unallocated resources which elites had at their disposal, and (d) the initiation of a stale-

TABLE 7.9

OVERALL SUMMARY

(a)

By Policy Indicator

	Parameter Change?			Autocorrelation Detected?			Autocorrelation Resolved?			\bar{R}^2 Increase?		
	1943	1952	1966	1943	1952	1966	1943	1952	1966	1943	1952	1966
Total Exp.	N	N	N	N	N	N	-	-	-	N	N	N
Current Exp.	N	Y	Y	Y	Y	Y	Y	Y	Y	Y ^a	Y ^b	Y ^c
Total Revs.	N	N	N	N	N	N	-	-	-	Y ^a	Y ^b	Y ^c
Defense Exp.	N	Y	N	N	Y	N	-	Y	-	Y	Y	N
Cur. Def. Exp.	N	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Def/Exp. Ratio	Y	Y	N	Y	Y	N	Y	Y	-	Y	Y	N
CLI	N	Y	Y	Y	Y	Y	Y	N	Y	Y	Y	Y
Change CLI	N	N	N	N	N	N	-	-	-	Y	N	N

a.01 increase

b.02 increase

c.05 increase

(b)

By Transition

	Parameter Changes	Autocorrelation Detected	Autocorrelation Resolved	\bar{R}^2 Increases
1943 Transition	1(1) ^a	4(1)	4(1)	7(4)
1952 Transition	5(2)	5(2)	4(2)	6(3)
1966 Transition	3(0)	3(0)	3(0)	4(1)

^aBracketed figures are the totals if Total Expenditures in current pesos, Defense Expenditures in current pesos and the CLI are excluded.

mate in the policy-making arena. It is true that distinct pre- and post-1966 regression parameters describe the trends in Total Expenditures in current pesos, Defense Expenditures in current pesos, and the CLI. However, it is impossible to say whether those parameter shifts resulted from the shift to bureaucratic-authoritarian rule or whether they simply reflect the fact that the Argentine policymakers were including CLI increases in their budget decisions. If the analyses of these three series are therefore discounted, consideration of the 1966 transition serves only to produce a .05 increase in the proportion of the variance explained in Total Revenues.

Some support for the authoritarian thesis does appear if one considers the direction of the post-1966 trends. Although some of the pre- and post-1966 shifts were only marginal, post-1966 trends in six of the series (Defense Expenditures in 1960 pesos, Defense Expenditures in current pesos, the Proportion of Total Expenditures devoted to Defense, the Rate of Change in the CLI, the size of the Deficit, and Total Revenues in 1960 pesos) were at least in the directions predicted by the authoritarian thesis. The initial changes in the first three of these series were in directions which were inconsistent with that argument, however. The three remaining series had initial and general post-1966 trends which were in the predicted directions. However, the fact that the trends in those indicators were frequently identical under both bureaucratic-authoritarian and nonbureaucratic-authoritarian administrations raises questions about the uniqueness of the impact of the 1966 transition. In summary, the governments of the post-1966 period never succeeded in adopting bureaucratic-authoritarian policies in some areas. In other areas the

institution of bureaucratic-authoritarian trends was delayed. In still other areas, Ongania and Levingston never succeeded in being more than marginally more bureaucratic-authoritarian than the nontechnocratic, nonbureaucratic-authoritarian governments which preceded them.

An additional point might be made in connection with the 1966 shift. It is perilous to draw inferences about why policies were made on the basis of these policy indicators and the integrated formulation itself suggests that leaders should meet resistance when they attempt to change policies in bureaucratized contexts. Nevertheless, it should be emphasized that the findings in this chapter are consistent with those obtained in foregoing sections. Specifically, both the qualitative and quantitative evidence suggests that the bureaucratic-authoritarian coalition may have evolved in important ways during the 1966-c1968 period. The Ongania administration may not have been bureaucratic-authoritarian in the true sense until the leaders of the original junta had been replaced and increasing labor unrest in 1968 forced the president to abandon his conciliatory policy toward labor. If that is the case, then the period of classical bureaucratic-authoritarian rule in Argentina may have been extremely short. If the bureaucratic-authoritarian policy alignment did not come into existence until sometime in 1968, the bureaucratic-authoritarian coalition was effectively fragmented by the outbreak of major protests in the Cordobazo of 1969.

The statistical findings from the analyses of the 1952 transition from populist authoritarian rule provide support for the authoritarian thesis. That shift was clearly more dramatic than

one would expect under the integrated formulation. Nevertheless, the evidence seems to shift in favor of the integrated thesis by reason of the fact that the pre- and post-1952 trend alterations were generally not in the directions predicted by the authoritarian formulation. Only the trend in Total Revenues in 1960 pesos clearly moved in the direction predicted by the authoritarian argument. In the remaining series, the pre-1952 trends were not reversed. At most, they were only slightly dampened. This evidence is consistent, of course, with the integrated formulation that it is difficult to reverse long-term policy trends.

The authoritarian and integrated formulations provide identical predictions in regard to the impact of the 1943 transition from traditional to populist authoritarian rule. It is in this area that perhaps the most interesting findings emerge. There is overwhelming support for the hypothesis that the populist era is important for understanding the trends in seven of the eight series. However, the fact that only one significant Chow's F was obtained on the 1943 transition suggests that the populist authoritarian coalition may not have come to power as an integrated alliance when the military moved to overthrow President Castillo in 1943. As the more qualitative evidence in Chapters III to V suggests, the populist coalition may have evolved only very slowly during the 1943-1945/46 period, existed as an integrated unit only during the 1946/47 interval, and then began to disintegrate slowly until its apparently abrupt dissolution in 1952. It is difficult to work one's way backward along the policy-to-motivation link. Direct evidence is clearly needed to document that interpretation. Nevertheless, such a revised view of the populist

period is at least consistent with the evidence reviewed here, the quantitative labor policy indicators discussed in Chapter VI, and the more qualitative discussions of Argentina's labor, foreign, industrialization, and governmental organization policies. As was the case with the bureaucratic-authoritarian period, a dynamic interpretation of the populist period may be more accurate than the existing standard interpretation.

Several additional miscellaneous points might be made. First, the trends in the Proportion of Total Expenditures devoted to Defense and Defense Expenditures in 1960 pesos underwent downward shifts in 1945 and 1948 respectively. The former trend change may have been the result of the end of World War II, but it is of interest to note that it corresponds with an assertion in Chapter V that there was a marked decrease in all but symbolic nationalism shortly after Peron came to power in February 1946. With reduced Argentine-U.S. tensions and the reinsertion of Argentina in U.S. President Truman's postwar rearmament programs in June 1947, there may have been less need for Argentina to finance massive military outlays. The 1948 shift in Defense Expenditures in 1960 pesos corresponds roughly, of course, with the onset of the 1948-1949 recession and the post-1949 decreases in workers' Real Income and their Share of the GDP which were noted in Chapter VI. Thus, even though the evidence here is once again not conclusive, it at least suggests that Peron may already have been beginning to dismantle the populist coalition by 1948-1949.

Either of these interpretations of the 1945 and 1948 reductions in the Proportion of Total Expenditures devoted to Defense and Defense Expenditures in 1960 pesos would be reinforced by findings which show

similar changes in Total Expenditures in 1960 pesos and Total Revenues. Trend alterations in both of these series appear to be evident in Figures 7.1 and 7.3. Those shifts may have had important political implications. Unfortunately, however, even the weakest of the tests fails to detect any statistically significant changes in the pre- and post-1948 trends in these two series.

One final point should be made here. Of all of the policies examined in this and the preceding chapters, the integrated formulation seemed at the outset to have the greatest potential utility for understanding the long-term trends in Total Expenditures in 1960 pesos, Total Revenues in 1960 pesos, and Government Employment. Failure of the integrated formulation in these three areas might have been taken as ample cause for abandoning the argument.

The substantive rationale for focusing on these three series is clear. Since c1950, high expenditure levels, low revenue totals, resultant government deficits, and high levels of public employment have frequently been seen in Argentina as being among the principal causes of that nation's economic problems. Efforts to reduce overall expenditures, increase revenues and reduce the number of public employees therefore have frequently had high priority in the policy goals of Argentina's political elites. Unfortunately, these areas are also the ones in which the integrated formulation predicts that successful bureaucratic resistance to elite pressures should be the most likely. The evidence in Tables 7.9 and 6.9 shows overwhelming support for this proposition. With only minor exceptions, changing dominant coalitions had little effect on these three series once (a) the public sector had become large and extensively unionized,

(b) the elites lost their ability to press their demands in persistent and unambiguous fashion, (c) the pool of previously unallocated resources which elites had at their command was exhausted, and (d) a balance or stalemate began to exist among the forces in the policy-making arena. In these areas in particular, it really did cease to matter who governed at the top.

NOTES

1. This statement combines the structuralist and monetarist interpretations of the causes of Argentina's inflation problems. It implies a concurrence with Diaz Alejandro (1970) who argues that while Argentina encountered an important economic "bottleneck" as it neared the completion of its consumer goods stage of import substitution industrialization, the impact of that structural limitation was exacerbated by the government's deficit spending. For a discussion of the economic crisis of the late 1940's, see Chapter III.
2. For readings on the impact of the IMF, see Braun (1973) and the various selections in Ferrer (1974).
3. The authoritarian thesis is mute, of course, on the effects of the 1952 transition from populist authoritarian rule to the era of the hegemonic crisis. However, mild versions of the 1966 transition effects seem to apply to the immediate post-1952 period.
4. The expenditure and revenue indicators are based on codings from the annual reports of the Argentine Finance and Treasury Ministries. Wherever possible, the original codings were cross-checked with reports in UN, ECLA, OAS, U.S. Department of State and Stockholm International Peace Research Institute sources. Corrections were made in all reports so that the figures are for calendar rather than fiscal years. Data on the Buenos Aires Cost-of-Living Index are from Diaz Alejandro (1970) and various issues

of the OAS, America en Cifras. This linked series was used as the deflator in the indicators which are expressed in 1960 pesos.

5. These indicators supplement the discussion of other military-related factors in Chapters III and IV.

6. Even though the CLI and the Change in the CLI are traditionally considered as policy outcomes rather than as policy outputs, the discussion below occasionally refers to all eight of the series as public policies.

7. The rationale for exploring these points is presented in Chapter VI.

8. The reader will recall that Eqs. (6.1) and (6.2) are written:

$$\hat{Y}_t = a + b_1 X_1 + e_t \quad (6.1)$$

and

$$\hat{Y}_t = a + b_1 X_1 + b_2 D_i + b_3 (X_1 D_i) + e_t \quad (6.2)$$

where: \hat{Y}_t = the predicted value of a given dependent variable in year t ; X_1 = the year; a = the intercept of the regression line; b_1 to b_3 = the regression parameters; e_t = an error term which takes into account factors which are not otherwise included in the equation; and, D_i = a variable which "dummies" in the impact of a given transition.

9. These points are extensively discussed in Chapter V.

10. Figures 7.1 and 7.3 also appear to indicate a possible 1955 shift in Total Expenditures in 1960 pesos and Total Revenues in 1960 pesos. This possible 1955 shift was examined, but once again even the weakest of the three tests failed to detect any trend changes in that year.

11. The rationale for adopting this procedure is presented in Chapter VI.

12. The reader will note that the results in part (c) of Table 7.5 are based on estimations from the 1938-1952 period.

13. In February 1943, the pro-Ally chief of the Argentine general staff urged President Castillo to arrange an accommodation with the United States so that Argentina could receive U.S. military aid (Potash, 1969:187). Immediately after the 1943 coup, Vice Admiral Segundo Storni, Ramirez's Foreign Minister, sent a memo to U.S. Secretary of State Cordell Hull in which he argued that the new government was really pro-Ally and requested that the U.S. begin to supply Argentina with Lend Lease materials. These points are presented with greater supportive detail in Chapter V.

14. Writing in November 1966, Rowe notes that,

"At its inception, the movement of June 28, 1966, could be termed a golpe with revolutionary pretensions. Ideological vagueness and the lack of an organized cadre

of supporters raised some doubt from the beginning as to its ability to evolve into a true revolution. Ideological vagueness plus the heterogeneous participation and support given the movement also made the use of conventional labels...dubious at best" (1970:476).

CHAPTER VIII

CONCLUSION

The discussion in the foregoing chapters has produced new and hopefully useful descriptive insights on the Argentine political scene. The chronic instability of that nation's cabinet level political elites was traced. The various and frequently repeated efforts to reorganize the government were reviewed in detail. The growth in employment in the public sector was documented. Efforts were made to advance the study of Argentina's dominant political coalitions by suggesting that the standard interpretations of those alliances may need at least minor revisions and that a number of the coalitions had a dynamic nature which is frequently overlooked. The analysis pointed out the important and ongoing efforts by the Argentine military to promote basic industrialization as a means for safeguarding national security and suggested that this continuity of interest may provide a useful basis on which to construct a new explanation of the stages of industrialization in Argentina. Finally, the discussion documented for the first time that Argentina began in the 1950's to promote the expansion and modernization of its basic industries and infrastructure by borrowing from international lending organizations.

Beyond providing these descriptive insights, the major thrust of the analysis was to develop and test the integrated argument. A number of policy indicators and policy outcomes suggested by the authoritarian literature were utilized for this purpose:

- Efforts to depoliticize the political system by eliminating political parties, vetoing elections, intervening in union affairs and imposing extended forms of military rule;
- Efforts to rationalize and centralize the policy-making process by effecting structural reforms of the government;
- Industrialization policies;
- Foreign policies;
- Efforts to expand or contract the role of the political state in penetrating and controlling the economy;
- Policies on borrowing from international lending organizations;
- Real income received by the wage and salary earners;
- The share of the Gross Domestic Product received by the wage and salary earners;
- Labor strikes;
- The level of government employment;
- Total government expenditures in both real and current pesos;
- Total government revenues in real pesos;
- Defense spending in both real and current pesos and as a proportion of total expenditures; and,
- The rate of inflation.

In some cases, qualitative evidence was reviewed. In other instances, quantitative data were used and interrupted time-series techniques were employed.

In almost all of these policy-related areas, the results were consistent with the integrated formulation which synthesizes the "who governs" authoritarian concern for dominant coalitions with the "who cares who governs" interest in bureaucratic organizations and prior decisions. Despite qualifications about the existing discussions of Argentina's dominant coalitions, those alliances made a difference in determining what policies were made for whom and at whose expense

during the eras of traditional and populist authoritarian rule. "Who governed" at the top did influence the examined policies in those years. Except in the areas of industrialization and foreign policies, those two coalitions succeeded in pushing Argentina in directions which were congruent with the interests of the alliance members.

The political elites failed to execute their desired public policies, however, once employment in the public sector had expanded and become extensively unionized, the elites in high-level government positions began to show a pattern of chronic instability, a generalized crisis of authority began to grip the nation and the government no longer possessed previously unallocated resources. The considerations needed to understand Argentina's public policies underwent a basic change as the new political elites who came to power in the post-populist era were constrained by these four factors. They found it difficult to effect fundamental policy changes. It was difficult for them to go forward rapidly in new policy areas. It was almost impossible to reverse dramatically what had already been started.

The integrated formulation performed almost perfectly in areas most closely related to the public sector. Despite repeated efforts to reduce spending, increase revenues and decrease the level of public employment, it simply ceased to matter very much who governed at the top. The integrated argument worked less well in other areas. Argentina's leaders from Peron to Levingston, for example, were finally able to begin implementing plans for basic industrial development and the modernization of the nation's

infrastructure which the military had been promoting since at least 1930. The post-1966 bureaucratic-authoritarian governments were in fact anti-labor. These exceptions are important, but they can be explained within the integrated framework. Basic industrial development and modernization of the infrastructure were possible because new resources became available from international lending organizations in the 1950's. Even though the government's domestically-available resources were already committed, these newly available funds increased the decision-making latitude of Argentina's policy-makers. The leaders used the new international capital to expand into basic industrial development. The post-1966 deterioration in the position of labor can be similarly explained. It was a simple return to what had been the norm in Argentina since the late 1940's. While the workers' share of the GDP and Real Income fell after 1966, similar declines had occurred under nonexclusionary, nonbureaucratic-authoritarian and even pro-labor governments. The methods by which the post-1966 governments sought to exclude labor and depoliticize the system were reprises, intensified versions of repressive policies which had been enacted by previous administrations.

What then are the implications of these results? What do they tell one about the emerging literature on authoritarian rule in Latin America? Do the findings here have any relevance to developments in public policy research? Are the findings perhaps flawed or misleading? Do they provide some basis for generating policy prescriptions? What do they imply about the prospects for policy change? These questions are briefly addressed in the next five sections.

IMPLICATIONS FOR THE LITERATURE ON AUTHORITARIAN POLITICAL SYSTEMS
IN LATIN AMERICA

This analysis is among the first to test the hypothesized links between changing types of authoritarian rule and shifting public policies in Latin America. The existing literature treats these relationships at abstract theoretical or simple definitional levels. The goals and interests of the dominant coalitions are assumed to be directly and immediately translated into public policy outputs. What is done is done purposefully. "Who governs" determines what policies are made for whom and at whose expense.

The results here raise questions about this reasoning. Coalitions and the elites who represent them in the highest levels of government may be "willing" to adopt policies which maximize their gains, but there is no certainty that they will have the "opportunity" to execute the policies which they prefer. There is no automatic link between the goals and interests of those who govern at the top and actual policy outputs. It may therefore be necessary to rethink at least this portion of the authoritarian argument.

A major problem is that the "who governs" focus on dominant coalitions in Argentina has apparently contributed to a general neglect of the important policy changes which occurred during the period in which one or another of the coalitions was dominant. Because "who governs" should be directly related to policies, policy gradations and shifts are almost completely ignored by the proponents of this thesis. The policies of the 1943-1952 period, for example, are thus regarded as having been homogeneously populist because the populist coalition was in power. It is only after close

examination that one begins to recognize the true heterogeneity of policies during this interval. The immediate post-1943 governments were almost indistinguishable from those of the post-1966 bureaucratic-authoritarian period when they are compared on the basis of their policy goals. The emergence of Peron subverted the 1943 movement, of course, but by 1947-1949 Peron himself had begun to consolidate his movement, abandon labor and embrace the socio-economic and fiscal policies which are generally associated only with the bureaucratic-authoritarian period. The populist coalition therefore appears to have evolved only very slowly during the 1943-1945/46 period, existed as an integrated unit only during the 1946/47 interval, and then began to disintegrate slowly until its apparently abrupt dissolution in 1952. A similar evolutionary quality characterized the post-1966 period. The Onganía administration may not have been bureaucratic authoritarian in the true sense until the leaders of the original junta had been replaced and increasing labor unrest forced the president to abandon his conciliatory policy toward labor. If this is the case, then the period of classical bureaucratic-authoritarian rule in Argentina was extremely short-lived. If the bureaucratic-authoritarian coalition did not come into existence as an integrated unit until sometime in 1968, it was effectively fragmented by the outbreak of major protests in the Cordobazo of 1969.

A focus on dominant coalitions therefore presents a double edged problem for the policy researcher. On the one hand, concern for dominant coalitions tends to mask the real phenomena which we should be seeking to understand. Scholars end up trying to "explain"

periods and policy alignments which do not actually exist in the empirical world. Other analysts have to start all over again to discover the authentic policy goals, outputs and outcomes. It is only after the brush imposed by the coalition focus is cleared that an explanation of the real phenomena can begin. On the other hand, a focus on dominant coalitions may be unnecessarily abstract, "Who governs" could still be important for explaining public policies even if dominant coalitions are not. The emergence of Peron in the post-1943 period, his efforts to consolidate his movement and the removal of the leaders of the 1966 coup d'etat were all important political changes which did result in at least minor policy shifts. Static, monolithic dominant coalitions fail to predict such policy alignments.

The findings here also suggest that reconceptualizations of the political state and public policies in Latin America are needed. It may no longer be reasonable to regard the state as a unified rational actor which purposefully formulates and executes public policies as a means for coopting and suppressing supporters and opponents. The integrated formulation predicts the possible internal fragmentation of the state and the resultant breakdown of the unified rational actor/state centric approach. The integrated thesis is not deterministic. The fragmentation is expected to occur only under certain conditions. If the conditions do develop, however, political elites may be placed in conflict with the low- and middle-level public employees. Public policy "outputs" may increasingly become the outcomes of intra-state bargaining and conflict. It may no longer be possible to infer intent on the basis of what is done. It may no longer be

reasonable to expect motivations to be translated into policies.

An example of how the reasoning in the existing authoritarian literature can be misleading can be found in Argentina's experience with basic industrial development. The standard interpretation envisions the traditional, populist and bureaucratic authoritarian coalitions as respectively promoting export-related, consumer goods and basic industrial expansion. The work here demonstrates that the Argentine military had a stable and long-term history of "willingness" to promote the nation's basic industrial sector as a means for safeguarding national security. Indications of this military desire are evident as early as 1930. They increase during the World War II era. The populist coalition adopted policies in 1943 which were apparently designed to move the nation in this direction. Despite all of this pushing and prodding, however, progress was limited. Plans were never executed. Policies which were enacted often produced unintended effects. It was not until new resources and new national security threats began to develop in the 1950's and 1960's that the military finally had an "opportunity" to act. This suggestion that Argentina may have begun as early as 1930 to attempt to "industrialize for defense" should be of interest to researchers in several areas. The point here, however, is that policy "outputs" were not always intended, while intentions did not invariably emerge as public policies.

This point can be carried a step further. Scholars typically explain economic and social problems in Latin America on the basis of "external" determinants such as the difficulties created by delayed dependent development, U.S. imperialism, foreign multi-

national corporations and so on. The work here does not minimize the real importance of such factors. It does suggest, however, that simple government mismanagement, poor planning and faulty and erratic policy implementation may be major contributing factors to the economic and social problems which confront the nations in the region.

A new argument could thus be developed to account for the sequential replacement of one type of authoritarian system by another. The literature on authoritarian rule argues that real problems develop for reasons which are beyond the control of the Latin American governments. The intermittent social and economic crises associated with these problems lead to the continual shifting from one coalition to the next. The critical assumption of this literature is that these difficulties and crises are virtually intractable given the conditions imposed by the stage of capital accumulation, international capital, delayed development and so on.

Are the problems facing the Latin American nations in fact unresolvable given the existing conditions, or are they simply not yet resolved as a result of government waste and inefficiency? Is it not possible that it is chronic government inability to develop solutions to difficulties which are technically manageable rather than the problems themselves which leads to the continual shifting between coalitions? Does not each coalition come to power because its predecessor failed to resolve the outstanding dilemmas?

This is, of course, in the realm of conjecture, but it does suggest a new, highly political explanation for the successive

assertions of different types of authoritarian rule in Latin America. Each new coalition comes to power, not because of the social and economic crises per se, but rather because preceding administrations failed to resolve those problems. Authoritarian rule then may be a political solution which is in many ways made necessary by the mismanagement, poor planning and faulty policy implementation of previous governments.

All of this suggests that it may no longer be fruitful to continue to theorize at the level of the political state in Latin America. It may be necessary instead to "dissect" the state in both theoretical and empirical terms so that its inner workings and final policy products can be examined with greater precision. The four constraints--the size and degree of unionization of the public sector, elite stability, the balance between nonbureaucratic actors, and the availability of uncommitted resources--provide at least an initial agenda for this dissection. Attention should also be paid to the number and efficiency of public and semi-public corporations. Analysts should be sensitive to indications of public employee resistance to elite demands. The means by which elites attempt to insure bureaucratic obedience and government command and control procedures should be researched with a view toward determining their extensiveness and actual utility. The steps by which the Latin American governments formulate and subsequently attempt to execute public policies should be detailed. An effort should be made to identify the groups within the state which seem most likely to defy elite pressures. Finally, some effort should be made to discover the types of "cues" that different

actors within the state use as guides in their policy-making.

IMPLICATIONS FOR RESEARCH ON PUBLIC POLICIES

This analysis appears to have a number of implications for research on public policies and public policy-making. At one level, this first effort to imbed two apparently competing arguments in a common hypothetico-deductive framework seems to have been reasonably successful. The four constraining factors were crude, but they did provide some basis for predicting which types of actors-- dominant coalitions and political elites or permanent public employees-- would dominate the policy-making arena. With those rough predictions, it was then possible to predict with surprising accuracy "which submodel"--the "who governs" authoritarian or the "who cares who governs" bureaucratic/incremental thesis--would be useful for understanding public policies. Rejecting the "crucial" test strategy in this fashion may provide a pattern which researchers in other areas may use to integrate their various economic, political, prior-decision, rational actor, bureaucratic politics, and organizational process models.

The effort here is only a first step, however. If who governs in the policy-making arena is important for determining what policies are made, then factors which affect the interests of those who formulate, execute and otherwise influence public policies should be useful for explaining through time variations in policy outputs. In other words, the dominant configuration of actors in the policy-making arena--who effectively governs--may play a dual role. On the one hand, it may determine the basic types of policies

which are made. On the other hand, it may also serve as a structural condition which in effect "selects" what variables will be useful for explaining policy variations during the period in which a given configuration of actors is dominant. Because different arenas are dominated by different actors who respond to different cues in their environment and whose interests and perceptions are affected by different factors, work in this area may further help to clarify why different models work in different policy areas.

On a more basic level, this research serves to sensitize public policy researchers to a number of simple points which appear to have been generally overlooked. It calls attention, for example, to the fact that most of the existing arguments in the policy literature at least implicitly make a critical assumption about which type of actors dominate the policy-making arena. They also appear to assume that knowledge about what types of actors really govern enables one to predict what types of policies will be made, who will benefit from them, who will pay for them, and what factors will covary with changes in policy outputs.

The existing arguments often run into problems for four reasons. First, they commit the "who governs" authoritarian mistake of equating those who appear to be important with those who actually dominate the arena. Second, they are almost invariably unidimensional in the sense that only one type of actor is assumed to be dominant rather than some possibly complex and shifting combination of elites, bureaucracies, and interest groups. In a related way, the existing arguments often assume that a particular type of actor is dominant across all issue areas and/or in a given issue area through all time.

Finally, many of the approaches for explaining public policies which currently exist in the literature overlook the fact that professional middle- and low-level public employees are likely to be the "core" actors in the policy-making arenas of almost any polity. The models tend to ignore the rather obvious points that public employees are often crucial in policy formation and policy execution, that other types of actors must almost invariably struggle with the permanent staffs in order to implement their own policies, and that policy outputs may therefore be the outcomes of intra-governmental bargaining and conflict.

All of these points lend support, of course, to an old conclusion. An improved understanding of public policies is most likely to be achieved by combining a focus on dominant actors in the policy-making arena with a decision-making perspective. If one can identify what actors dominate the arena, specify their policy goals and interests and link those interests with the factors to which the actors are responsive, then it may be possible to proceed immediately to develop expectations about what basic policies those actors will pursue and about what variables should covary with fluctuations in policy outputs through time.

LIMITATIONS OF THE ANALYSIS: TOO MUCH? TOO LITTLE? ALL WRONG?

Is all of this too simplistic? Is it perhaps too abstract? Are the results and interpretations misleading? Are the conclusions believable? Questions such as these are not easy to answer, but facing them provides new insights about where one might go from here.

Is the Evidence Persuasive? It was noted near the beginning of this chapter that the results are "consistent with" the integrated argument. Certain assumptions were made in developing that formulation and the analyses showed that one could not reject the empirical predictions which were based on those initial postulates. Having said this, however, it should perhaps be emphasized that there is no pretension here that the findings "confirm" or "demonstrate the validity of" the integrated thesis. The reason for this hesitancy is clear. The hypotheses and propositions which are imbedded in the constraints argument are simple "if..., then..." statements rather than the more complex "if and only if..., then..." statements. In simple terms, this means that other assumptions might lead to the same predictions and that as long as that is the case, one can not be certain whether the argument is "the" explanation of the observed policy trends or simply one which appears to work only as a result of some strange quirk or misconception. This is a problem, of course, in almost all of the social science literature. "If and only if" statements are rare. Other explanations of the observed findings are almost always possible.

Recognizing this point leaves one in a position of not knowing quite what to think of the integrated argument. It could not be rejected in these tests, but it may also not be completely persuasive. Short of additional empirical tests, it would appear that immediate evaluations of the argument must hinge on its believability or plausibility in light of the following obvious alternative explanations of the lack of apparent elite effectiveness during the c1950-1970 interval:

1. The intractability of the issues limited the effectiveness of the political elites;
2. constraints imposed by the international environment limited the effectiveness of the political elites;
3. the pluralistic nature of the Argentine society limited the degree of effectiveness of the political elites;
4. the effectiveness of the political elites was not limited and only the artificial effects of data aggregation make it appear that their power was reduced; and,
5. the effectiveness of the political elites was not limited and it is only the fact that a coalition change did not occur in 1966 which makes it appear that their power was reduced.

The first two alternatives to the integrated argument suggest that the four constraints currently imbedded in the thesis are not the real factors which limited the effectiveness of the Argentine political elites during the latter part of the 1930-1970 period. The integrated argument might therefore be "right" for the wrong reasons. At least three points can be made in response to these possibilities. First, it was noted in Chapter II that the argument does not even attempt to exhaust the range of factors which may decrease elite effectiveness. Other conditions can--and perhaps should--be added. Beyond this, it should be observed that support for either of these alternatives would have to show a change in the conditions through time. If the complexity of the issues and the international environment limited elite and coalition effectiveness during the c1950-1970 interval, then the results seem to suggest that those conditions must have been absent during the preceding 1930-c1950 period when elites were able to influence policies. Problems would somehow have had to have been more manageable and/or the international environment less constraining.

The point to be noted is that important changing aspects of both

of these conditions are already implicitly embedded in the integrated argument. Problems may have become more complex as the number of relevant interests expanded and the difficulties of public sector coordination and control increased. Changes in the international context were an important factor in determining the amount of resources which elites had at their command. Inclusion of the problem complexity and international environment considerations as separate constraining factors might therefore strengthen the argument, but any useful addition of these concerns would have to tap changing dimensions which are not included in the formulation as it currently stands.

A final problem might be noted in connection with the first two alternatives to the integrated argument. While the problem complexity and international environment considerations might be related to at least some of the policy areas examined in the analysis, no apparent rationale exists to link either one with all of the policies examined here. This point is important because of the consistency of the results. With a few exceptions which have already been noted, all of the policies follow the same pattern and display little or no alteration in 1966. In other words, while the problem complexity and international environment concerns might provide an explanation of some of the findings, those arguments do not have any immediately apparent and plausible bearing on all of the results.

Several of these points could be reiterated, of course, in response to the third alternative that the pluralistic nature of the Argentine society adequately accounts for the observed policy patterns. Many researchers focus on what Whitaker (1964b) calls the "fragmented" Argentine society and emphasize that a hegemonic crisis

grips that nation. In doing so, they frequently imply that pluralism is a block on effective government. They thereby succeed in providing both a partial explanation of, and rationale for, bureaucratic-authoritarian rule. Following an extended period of industrialization and populism during which a variety of groups and interests are mobilized, bureaucratic-authoritarian coalitions allegedly come to power with a view toward suppressing and coopting the popular sector. Only once the system has been depoliticized by demobilizing the conflicting interests does it become possible to formulate and execute policies successfully.

The integrated formulation's concern for a balance of opposing forces in the policy-making arena already embodies at least a portion of this thinking in two different ways. Increasing social differentiation is one factor which may contribute to a decrease in elite effectiveness and lead to an increase in the degree to which the permanent public employees effectively control the policy process. At the same time, increasing pluralism is linked to populist rule insofar as governments of that type generally promote new programs which result in a growth in the size and complexity of the public sector. This expansion of the state exacerbates the command and control problems which political elites must confront, but it also leads to increasing pluralism as more and more clienteles receive some policy benefit and are mobilized to resist its withdrawal. Subsequent attempts by bureaucratic-authoritarian coalitions to demobilize these interests are not simple state-directed actions toward civil society, according to the integrated formulation. The middle- and low-level permanent employees of the state are in fact

allied with groups and interests in civil society in efforts to protect what has already been done. As a result, the state itself may be fragmented with the professional middle- and low-level public employees resisting the initiatives of the political elites.

Having reemphasized these points and in the process suggested a somewhat more complex link between social pluralism and elite ineffectiveness, two additional considerations might be noted. First, according to the standard thinking embodied in analyses from Marx (1961) to Poulantzas (1969), a pluralist balance should result in an increase in the power of the state. Given a pluralist balance, elites should therefore become (or remain) ineffective for only two reasons. Either the traditional thinking and the arguments in this discussion are in error because pluralism does not in fact shift power away from civil society, or the predicted shift does tend to occur but the actual recipients of the new power are often the permanent public employees rather than the political elites. In other words, it would appear on the surface at least that either pluralism generally does not result in a gravitation of power toward the state and that states should be expected to remain weak in such settings because too many interests in society can veto policy initiatives, or pluralism tends to shift power to only the permanent staffs in a fragmented state.

Whether states are in fact weak or only fragmented internally when a high degree of pluralism is combined with the remaining three constraints, however, the integrated argument predicts that the elites will have only limited power. They may control social pluralism by employing authoritarian tactics of repression and cooptation or they may attempt to gain control of the policy-making apparatus of the state

itself by restructuring the public bureaucracy and centralizing authority. The elites may even succeed in doing these things. In the meantime, however, public policies will still be formulated and executed. In most cases, the probability seems high that it will be the permanent public employees who will be responsible for what is done.

Finally, it should be noted that there currently exists little convincing evidence that pluralism per se produces states which are either powerful or weak in comparison with civil society and/or that the degree of pluralism alone tends to enhance or hinder effective policy-making. Governments in some pluralist-democratic societies are obviously powerful. They do formulate at least foreign policies as effectively as authoritarian states. The degree of social differentiation fails as a predictor of at least some types of state actions. The degree of openness of the political system explains little of the variance in the foreign policy behaviors of nations. Even the assumptions of the pluralist critique may be ill-founded. Pluralism and the lack of centralized control do not necessarily imply that policy-makers will be ineffective.²

In summary, it appears that the possible link between the degree of pluralism and effective policy-making should be--and in fact is--included in the integrated formulation. Additional research on the degree to which pluralism acts independently to hinder policy-making is clearly needed. In the meantime, however, the existing evidence remains unpersuasive that power was so dispersed in Argentina that that condition alone explains the post-1950 trends in the

observed policies.

The fourth alternative to the integrated formulation suggests that the observed trends and resulting conclusions are the artificial products of data aggregation effects. If less aggregated policies had been examined, according to this argument, the elites would have been found to have been effective and the trends much more erratic. This may be true, of course. Less aggregated policies might indeed be fruitful areas for subsequent research. Here again, however, several points of rebuttal can be made. First, the policy areas which are considered in the analysis are among those which the proponents of the authoritarian thesis believe should be explainable within their framework. The examined trends were not selected because they were easily available and/or highly aggregated. Rather, they were chosen because the existing authoritarian literature suggests that they are relevant and important. The integrated argument might not prove to be useful for understanding less aggregated policies. All of the conclusions and interpretations are strictly limited to the policy outputs and outcomes examined in the foregoing chapters. Thus, even though disaggregated policies may eventually be shown to fall beyond the scope of the constraints argument, the point to be noted here is that that formulation does appear to be useful for explaining at least some, fairly important policy trends. Once the four conditions developed, Argentina's political elites and coalitions did not control the important global or aggregate aspects of their environment which were considered here.

It should also be noted that the integrated argument appears to handle a problem which might create difficulties for the aggregation

complaint. If aggregation of the data washes out the impacts of the elites and thereby biases the results, the complaint must also explain why the bias appears only in the latter half of the 1930-1970 interval. In other words, it must demonstrate why even the aggregated policy-related trends follow nonincremental patterns during the 1930-c1950 period.

A final alternative to the integrated argument maintains that policy trends did not shift in the post-c1950 period because Argentina remained in the grips of an ongoing crisis of authority during that interval and no coalition emerged to establish control. Recent events in Argentina and the discussions in Chapter III regarding the post-1966 bureaucratic-authoritarian coalition might be taken as providing at least preliminary evidence in support of this contention. The Argentine bureaucratic-authoritarian coalition may have been less integrated and unified than the traditional and populist alliances which preceded it. The bureaucratic-authoritarian leaders may have had less determination to change policies than many of their predecessors. Having said that, however, it remains the case that the best informed literature on authoritarian rule in Latin America continues to maintain that the post-1966 tenures of Generals Onganía and Levingston were of the bureaucratic-authoritarian mold and that they were therefore unique interludes in Argentine history. If the bureaucratic-authoritarian coalition failed to coalesce completely and if it failed to establish its control and endure, it may be because its leaders were constrained to the extent that they failed to formulate and execute the policies which they professed.

In conclusion, it should be emphasized that these rebuttals are

not meant to be the final word. The alternatives to the integrated formulation still stand. They should not be ignored. Additional research may demonstrate that they have greater scope and generality than the arguments developed here. In the meantime, however, the integrated argument can not be rejected. Its validity has not been proven and it should continue to be regarded with some skepticism and suspicion. It may not prove to be "the" explanation of the examined policy trends. In the end, it is simply the only existing argument which is supported by the evidence.

Theoretical Limitations A number of theoretical limitations of the constraints argument were mentioned in Chapter II. Three additional points should be noted here. First, the analysis operates at an overly abstract level. It is conducted throughout as if Argentina has only one policy-making arena and that coalitions and elites or the permanent low- and middle-level public employees dominate it. At least the first part of this assumption may be tenable. Almost all of the policies considered here are seen by many researchers as being closely interlocked. Even if this is the case, however, this assumption is not one which most researchers would like to make. In any complex political system, it seems likely that different policy-making arenas may exist and that different sets of actors may be dominant in them. A second problem in this area might be noted. The dominant configuration of actors in a policy-making arena may change at different stages in the decision-making process. Finally, both political elites and regular public employees may be important in the arena so that the either elites or public employee distinction serves only to distort reality.

The second major theoretical limitation stems from the nature of the four conditions which were used to predict which submodel should be relevant. These conditions are clearly useful in a first pass, but they may have only very limited value in the long run. They are designed to describe the situations in which permanent public employees should be able to deny even "willing" nonbureaucratic actors of the "opportunity" to participate effectively. Other factors which might increase the probability of public employee dominance might be mentioned: Bureaucratic control of intelligence; bureaucratic control of the option formulation steps in the process; bureaucratic control of policy execution; and, the degree of institutionalization of an issue.

Once all of these factors are catalogued, however, it should be noted that the permanent public employees may most often become dominant in the policy-making arena because other actors are simply unwilling to attempt to intervene. In general, whether or not the potential participants are "willing" to participate appears to be dependent on whether or not they perceive that: (1) The issue, problem or question under consideration is important or salient; and, (2) they possess the necessary organizational capacity to be effective in influencing policy. For example, it can be expected that actors other than the permanent public employees will not have the "willingness" to attempt to participate when they perceive that:

- (a). The issue is not being considered;
- (b). their preferences are congruent with those of the actors who are already involved;
- (c). the problem is too complex to be understood, given the limited time, energy and information which is available to them;

- (d). the issue is intractable and not subject to resolution or amelioration by any means or by any set of decision-makers;
- (e). the potential costs and benefits which are related to the resolution of the issue are public goods;
- (f). only a small change from their present and expected future status will result from resolution of the issue regardless of whether or not they participate;
- (g). previous resolutions of the issue were generally satisfactory and have not led to a threshold of dissatisfaction;
- (h). the particular issue involved is not linked to other issues which do have a high degree of salience;
- (i). the costs which would be expected to be incurred as a result of attempting to participate greatly outweigh the costs that would be incurred in the event that a given policy which works to their disadvantage is adopted;
- (j). the benefits which would be expected to be attained if a policy which works to their advantage is adopted are less than the costs which would be expected to be incurred as a result of attempting to participate; and,
- (k). participation would result in the loss of benefits which they are receiving (or expect to receive) as a result of the resolution of other issues.

This list is of course only a beginning, but the point here should be apparent. A variety of complex situations exist in which professional low- and middle-level public employees may be able to dominant a policy-making arena. In some cases, they will be in control because they can effectively deny even willing rival actors of the "opportunity" to intervene. If other actors are unwilling to intervene, the public employees may dominate by default. In still other instances, the public employees may be dominant because they can influence the "willingness" of other actors by affecting the context in which an issue arises, definitions of the nature of the issue and the other actors' perceptions of probable outcomes. The four conditions used here--the size and degree of unionization of the public sector, the degree of elite stability, the question of balances between opposing

nonbureaucratic actors and the amount of uncommitted resources--are only a crude basis on which to begin to predict who really governs in the policy-making arena.

The third important theoretical limitation of this research arises because the analysis has dealt with the public sector in holistic terms. This too is unrealistic. The public sector in any complex society is likely to be far from unified or homogeneous. If permanent public employees resist elite demands, they also resist the influences of their peers in other agencies. The degree to which low- and middle-level employees are susceptible to elite pressures undoubtedly varies widely across different agencies. Employees at different levels in the administrative hierarchy may resist elites to different degrees.

All three of these theoretical limitations are clearly important. Whether they destroy or simply undermine the analysis, however, will be left for the reader to decide. All that can be said here is that the integrated thesis proved useful. Although the formulation may be a gross distortion of reality, it provided a better basis for understanding public policies in Argentina than either of the two individual arguments.

POLICY IMPLICATIONS: COMBATING THE "IMPERIAL BUREAUCRACY"

Despite the limitations of this research, it nevertheless provided some insights for political elites who wish to combat the "imperial bureaucracy" (Kristol, 1976) and increase their own effectiveness in the policy-making arena. The first point to be noted is that direct assaults on the public employees and their clienteles do not seem to

have been particularly successful in Argentina. Repeated efforts to reorganize the structure of the bureaucracy, dismiss employees, abandon or at least curtail established programs and return publicly-owned corporations to the private sector were noticeably ineffective as the integrated thesis predicted. The Argentine experience may be unique. Elites might be able to move incrementally by restricting their efforts to a succession of narrowly-defined portions of the public sector. Nevertheless, it does not appear that direct attacks on the low- and middle-level employees necessarily hold the greatest potential for increasing elite control of the policy-making arena.

Fortunately, at least three alternatives to direct attacks appear to be available. Bureaucratic dominance stems in large part from the fact that public employees are indeed "those that never leave." Given their job security, low- and middle-level public employees may have little reason for being responsive to elite demands. A possible solution to the problem of public employee resistance, therefore, might be to attack the factors which contribute to this security. Placing at least the salary portions of budget proposals on "soft" rather than "hard" money in some sort of "sunset" bill and a program of cost-effectiveness or "zero-based" budgeting in which the value of each existing program and agency is periodically reassessed might serve this purpose. In both these ways, the certainty that the employees would never leave might be reduced. Low- and middle-level worker dependency on, and hence obedience to, the elites might be increased.

The danger in "sunset" bills and "zero-based" budgeting is that, like direct assaults on the public sector such measures might

provoke rather than reduce resistance. If employee insecurity is made too pervasive, the workers may be afraid to do anything or they may do little more than engage in incessant attempts to justify their existence. The first result might lead to complete and total inaction. The second could lead to a breakdown of coordination across agencies and to efforts by one agency to swallow up the duties and responsibilities of others. Finally, "sunset" bill and "zero-based" budgeting may become routinized. The outcomes of reviews and reassessments may become predictable. The destabilizing and insecurity-inducing effects of these measures might thereby be eroded.

The problem of increasing public employee insecurity might therefore be approached in another way. The merit system of public employment might be abandoned and replaced by at least a threatened return to an extensive form of political patronage. This strategy might be limited to nonmilitary areas. It would not necessarily be limited to nontechnical positions. The main advantage of this approach is that it would enable elites to generate insecurity at a personal level. Whole agencies and programs would not be threatened as they would be with the sunset and zero-based budgeting measures. Rather, each employee would be individually placed in jeopardy. No worker could shroud himself in the protective cloak of his agency or program. Each would ultimately be dependent on the personal goodwill of the political elites.

An alternative to increasing elite control by increasing public employee insecurity would be to balance the "imperial bureaucracy" with an "imperial presidency." Argentina failed in this area because

elite instability became chronic. No stable, powerful alternative existed to counterbalance the public sector or to force public employee compliance. An imperial president (and/or a stable, highly ideological mobilizational political party) might be capable of doing these things. The alternative to the "imperial bureaucracy" would have to recognize one critical point, however. In any bureaucratized political system, the enemy may be within the administrative apparatus of the political state itself.

A third and final alternative for increasing elite control would be to circumvent the public sector by avoiding direct conflict with it, moving outside established bureaucratic channels, disrupting those channels and increasing the pool of previously unallocated resources. Although the importance of these measures was minimized in Chapter II, they should not be overlooked. They leave the problem of limited elite effectiveness unresolved, but political elites in most polities do have spheres in which they can personally execute policies. They can appeal to the populace and thus attempt to mobilize support for their preferred policies. Elites can and do create informal circles within the government which are personally dependent on them and which are themselves capable of formulating and executing public policies. If new, previously uncommitted resources can be obtained, elites can leave untouched the existing agencies and programs and still move ahead to create new programs and agencies which embody their own interests.

All of these steps can be taken. In the end, however, victory over an "imperial bureaucracy" appears unlikely. As was said at the outset, the integrated formulation is a thesis which one would

prefer to reject. Given that this is not possible, it appears that a quick and facile elimination of the constraints on the effectiveness of the political elites is not likely.

THE POLITICAL IMPLICATIONS

The political implications which arise when the public sector takes advantage of its strategic position in the policy-making process and captures the policy-making arena are obvious. It becomes difficult to govern as well as rule. Government restructuring and administrative reform seem destined to have only marginal impacts on low- and middle-level public employee control. New policy elites, other interest groups and changing public attitudes appear unable to effect fundamental changes in public policies once permanent government workers have begun to resist. Top-level leaders can have only limited effectiveness. Their power in any polity may be limited. They may find it nearly impossible to stop what has already been started. Once public employees have begun to resist, it may really cease to matter "who governs" at the top.

NOTES

1. Frankel (1963) and Hoole (1976) are exceptions to this rule.
2. Recent research on the impact that different types of government have on the foreign policies of nations is summarized in McGowan and Shapiro (1973).

APPENDIX A

- Table 3.1: Indices of Rural Output
Source: Diaz Alejandro (1970:433-436)
- Table 3.2: Trade Statistics
Sources: Trade Balance
Balboa (1972)
Diaz Alejandro (1970:353)
Overall Balance of Payments
Balboa (1972)
Gold Reserves
Diaz Alejandro (1970:486)
- Table 3.3: Proportion of GDP Contributed by the Manufacturing Sector (In Percentages)
Source: United Nations (1969a)
- Table 3.4: Cost-of-Living and Wage Indices
Sources: Cost-of-Living Indices
Diaz Alejandro (1970:460)
Villanueva (1966)
Real Wages
Dorfman (1970)
Diaz Alejandro (1970:538)
Annual Per Cent Change in Real Wages
Diaz Alejandro (1970:527)
- Table 3.5: Annual Growth Rate of Real GDP at Factor Costs (Per Cent Change from Previous Year)
Source: Diaz Alejandro (1970:352)
- Table 3.6: Labor Conflict in the Federal Capital
Sources: Various years for strikes, strikers, and working days lost are drawn from Di Tella and Zymelman (1967)
Carri (1967)
S.L. Baily (1967)
Dorfman (1970)
International Labour Organization, Yearbook of Labour Statistics
- Table 3.7: Governing Teams by Occupational Group (Percentages)
Sources: Imaz (1970); Niosi (1974)
Note: Two problems in particular seem to cloud an interpretation of the Imaz effort. First, the occupational classifications were

not mutually exclusive. Actors were classed in more than one category. As a result, the percentages sum to more than 100 per cent. Second, the meaning of the Imaz classifications is not always self-evident. Lengthy test discussions are needed to trace the differences among different types of lawyers, different types of entrepreneurs, and so on.

Table 3.8: Tenure in the Argentine Cabinet, 1941-1970
Sources: Information on the holders of various offices in the Argentine cabinet was collected from the following

Quien es Quien en la Argentina?
Biograficas Contemporaneas.
Buenos Aires: G. Kraft.
Joseph P. Whitaker's Almanac.
London.
Statesman's Yearbook. New York.
The New York Times; New York Times
Index. New York.
Facts on File. New York. Facts
on File, Inc.
Political Handbook and Atlas of
the World. New York. Council
on Foreign Relations, Inc.
Almanac of Current World Leaders.
Pasadena, California.
Pan American Union, Chiefs of
State and Cabinet Members of
the American Republics.
Washington.
Lewis A. Tambs, et al. (1970).

Table 3.9: Summary of Personnel Change-Overs in the
Argentine Cabinet, 1930-70
Sources: Same as for Table 3.8
Note: Codings here are made on a yearly
basis for the entire cabinet.

Table 3.10: National Government Employees
Source: Treber (1971)

Table 3.11: Total Employed Population by Economic Sector
(In Percentages)
Source: Republica de Argentina (1974:134)

Table 3.12: Union Membership

Sources: As listed

Note: Data on union membership in Latin America are extremely unreliable. The reported figures are the most accurate which are currently available, but they should be interpreted with considerable caution.

- Table 5.1: Defense Expenditures in Argentina, Brazil, and Chile
Sources: Loftus (1968)
Heare (1971)
- Table 5.2: Iron and Steel Production and Imports in Argentina, Brazil and Chile
Source: United Nations (1954:84-85)
- Table 5.3: Annual Changes in Private Investment in Five Latin American Nations, 1951-1962 (in millions of U\$S)
Source: United Nations (1965:144)
Note: The reports are based on annual differences in the year end book values of the private foreign investments in each nation. The data therefore include depreciation and simple reinvestment factors in addition to actual monetary transfers. Interpretation of the reports is confounded by another problem. Year end book values were expressed in local currencies. For the purpose of enhancing cross national comparisons, those reports were then converted to U\$S at the then current rates of exchange. As a result, annual changes may reflect changes in currency exchange rates. For an analysis of this difficulty, see U.S. Department of Commerce, Survey of Current Business, 40:9 (September, 1960), p. 16.
- Table 5.4: U.S. Private Direct Investments in the Argentine Manufacturing Sector (as percentages of total U.S. private direct investment)
Source: United States, Department of Commerce, Survey of Current Business. Various issues.
Note: A number of the problems outlined in

connection with Table 5.3
are also relevant here.

- Table 5.5: Distribution of the Foreign Capital Invested in Argentina
Source: United Nations (1955:36-37)
- Table 5.6: New Loan and Credit Commitments to Argentina from the EIB, IBRD, IADB, and AID (in current U\$\$)
Sources: Export-Import Bank of Washington
- Report to the Congress.
- Statement of Authorized Loans and Credits.
International Bank for Reconstruction and Development
- Annual Report.
- Statement of Loans.
Inter-American Development Bank
- Annual Report.
- Statement of Loans Approved.
United States, Agency for International Development
- Statement of Agreements and Loans.
- Economic Data Book: Latin America.
- Table 5.7: Loans for Transportation, Steel, Power, and Water Projects from the EIB, IBRD, IADB, and AID
Sources: Same as for Table 5.6
- Table 5.8: Distribution of New Loan and Credit Commitments Across Administrations
Sources: Same as for Table 5.6
- Figure 3.4: Major Structural Reorganizations of the Argentine Government, 1898-1969
Sources: Primary sources were the decrees and laws listed in the figure. These were cross-checked with the listings of agencies appearing in various issues of the Guia Kraft and budgeted agencies appearing in the Republica de Argentina, Ministerio de Hacienda, Contaduria de la Nacion, Memoria de la Contaduria. The able assistance

of Mr. Luis Zone should again
be mentioned.

Figure 3.5: Personnel Change-Overs in the Argentine Cabinet
During the Period of Bureaucratic-Authoritarian
Rule, 1966-1971

Sources: Same as for Figure 3.4

Figure 4.1: Elaboration of the Argentine Office of the
President: Selected Years

Sources: Same as for Figure 3.4

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II. Areas of Specialization

International Relations
(International Politics, American and Comparative Foreign
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Comparative Politics
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III. Academic Experience

Teaching:

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Brown University, Beginning, September 1977
-Associate Instructor, Department of Political Science,
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Awards, Fellowships and Assistantships:

-Phi Beta Kappa
-Social Science Research Council Pre-Doctoral Fellowship
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- NDFL Language and Area Fellowship, Department of Political Science, Indiana University, 1971-72, 1972-73, 1974-75
- Research Assistant, Department of Political Science, Indiana University, 1973-74
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Field Experience:

- May to July, 1965, Saltillo, Mexico
- July, 1965 to August, 1966, Santa Cruz, Bolivia
- June to September, 1974, Buenos Aires, Argentina (Participant in Social Science Research Council Seminar on Public Policy Analysis)

IV. Publications

"The Substance and Study of Borders in International Relations Research," International Studies Quarterly, December, 1976 (co-authored).

"A Return Journey: Richardson, 'Frontiers' and Wars in the 1946-1965 Era," Journal of Conflict Resolution, Forthcoming, Summer, 1978 (co-authored).

V. Professional Papers

Changing Authoritarian Political Systems: An Assessment of their Impact on Argentine Public Policy, 1930-1970.
Unpublished Ph.D. Dissertation, Department of Political Science, Indiana University, 1978.

"Authoritarianism and the Growth of the State in Latin America: An Assessment of their Impacts on Argentine Public Policy, 1930-1970," mimeograph, Brown University, 1978.

"Bridging the Islands of Theory: Policy Analysis in the American State, Comparative Foreign and Third World Settings," mimeograph, Brown University, 1978.

"The Spread of War: An Empirical Critique of the Poisson/Modified Poisson Approach to the Study of Diffusion," Center for International Policy Studies, Indiana University, 1977, (co-authored).

- "Techniques for the Detection of Diffusion: Geopolitical Considerations in the Spread of War," Paper presented at the Annual Convention of the International Studies Association, Toronto, Canada, February, 1976, (co-authored).
- "The Consequences of War for War: A Design for the Study of Contagion/Diffusion Effects," Paper presented for delivery at the Annual Meeting of the Peace Society (International), Midwest Section, Chicago, May 1975, (co-authored).
- "Testing for Geographic Contagion: A Cross National Study of Nine Types of Violent Events in Latin America, 1945-1965," (Department of Political Science, Indiana University, 1973).