

● Centre for Policy Studies

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① Mr. Edwards AR  $\frac{15}{4}$  ②  
② P.M.

Jacob Timerman I have acknowledged  
et.

Prime Minister Armedly seized - torturer  
Sweden because he was Jew  
I send you a brief historical note about Argentina  
wh. may be a helpful background to current problems

Borges. Hugh Thomas  
April 1982

Henry, Tony - see of our house.  
Videla

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To secure fuller understanding of the methods available to improve the standard of living, the quality of life and the freedom of choice of the British people, with particular attention to social market policies.

## A HISTORY WITH A MORAL

### ARGENTINA

The word "Argentina" is a Spanish adjective for silver. The River Plate recalls the Spanish word (plata) for silver. The two place names derive from the hope in the early 16th century that that part of South America would produce silver (the Plate was given its name by Sebastian Cabot). Argentina was only given that word in 1826.

But there was no silver in the region. Though formally a part of the Spanish Empire from the 1530s, the country which is now Argentina played no part in Spanish imperial history. It depended along with Bolivia, Paraguay and Uruguay on the Viceroyalty of Peru. Only in 1777 when the population of what is now Argentina could not have been more than half a million was a Viceroyalty of the River Plate founded. The capital was then Buenos Aires (founded in 1580 in its present form) but Montevideo was the centre of what military operations in the area there were. But even in the 18th century the number of cattle was huge - perhaps 48 million in 1748, though colossal over-slaughtering cut that to 6½ million in 1780.

### INDEPENDENCE

Argentinian independence like that of most of Latin America was the indirect consequence of Nelson's destruction of the Spanish fleet at Trafalgar (1805). Left to themselves during the Napoleonic wars the local town councils became accustomed to control their own affairs. In Argentina the issue was brought to a head by the brilliant, if mercurial, Commodore Home Popham, the British sailor, who, in the age before the telegram, determined to make policy on his own. He had been instructed in 1806 to take the Dutch base at Capetown and duly did so, so establishing British dominion there. Popham, on his own initiative, then crossed the South Atlantic, landed the 71st Regiment of Foot 8 miles from Buenos Aires - Spain was formally at war as France's ally against Britain - and captured the city by a landward assault with only one man killed.

X Probably less

/On his return

On his return to London, Popham was court-martialled but the City of London gave him a jewelled sword in anticipation of mercantile benefit. (Popham had long been planning the capture of all prominent points of Spanish America in the hope of the latter.)

Buenos Aires was soon recaptured by its inhabitants, and a British force, sent to reconquer it, failed (though they captured Montevideo). The Argentinians never followed Spanish orders again. The Viceroy was abandoned. Independence followed an exercise in logic. A debate occurred at the Jesuit university of Chuquisaca. It was argued that the Spanish Empire was the personal dominion of the King, not of Spain. But the King was prevented from ruling. Therefore the Indies ought to rule themselves. A good deal of fighting followed between then and 1830.

The new state set up in Argentina was essentially a laissez faire state since, with the removal of the Viceroy, all the economic and commercial controls of Spain vanished. Buenos Aires was opened to world trade. Protective tariffs were replaced by low revenue tariffs. The control of exports was eliminated. The expansion of ranching and farming, the building of railways, tramways and banks, shipping services and gas supplies were all carried out by private enterprise.

For the first years of independence there were numerous aspirant 'liberal' contenders for power (Rivadavia, Moreno, Lavalle etc) but the first stable government was provided by General Rosas (1830-1852), ultimately overthrown as a result of a war to capture Uruguay (he escaped with the help of the British Minister and died in Hampshire in 1877- it is said, though not confirmed, that he offered to give up the Argentinian claim to the Falklands on condition that their debts to Barings were forgotten). Most of the time he had a parliament of sorts and an independent judiciary, though he often interfered.

#### A LIBERAL AGE

The era between 1852 and 1929 was a golden age for Argentina. Population rose from 1,750,000 in 1869 to 11,600,000 in 1929. Constitutional

/presidents mostly

presidents mostly ruled. Laissez faire was an immense success. Argentina's commerce was so linked with Britain that the country came to be spoken of as "the sixth dominion". This commerce was based on wheat, linseed products, and, after the age of the refrigerated ship, meat. British firms built railways as well as tramways, established gas companies and managed shipping and insurance. Between 1900 and 1914 particularly, capital and immigrants poured in. Eloquent and well educated liberals competed for power in a gentlemanly manner, with not much military presence. The rich of Buenos Aires beautified the city and competed with Europe in wealth. Much of this wealth filtered down through society. Few Argentines were hungry: food was abundant and cheap. Education at a primary level was as good as in the US. The standard of living was higher than that of Southern Europe, and on the same level say as Australia. Argentina was unquestionably first in Latin America for stability as well as wealth.

#### FAILURE

The second third of the 20th century is the history of how this advantageous position was ruined by bad politics. The history of Argentina is an important object lesson as to how countries may go down in the development tables as well as up. The lesson is particularly worth investigating since the vast majority of the Argentines are white - either Spanish or Italian mostly. Their native Indians were decimated while Argentina had been too poor before 1800 to have a large slave population of Africans.

#### THE ARMY

The nature of the army was the cause of the trouble. This began in the first world war (when Argentina was neutral) as a result of the activity of an ultra radical president, Hirigoyen. Though fairly elected, he was faced by opposition from local leaders whose position in the provinces was entrenched by the constitution. He sent the army

/to take over

to take over power in provincial capitals. Generals were also put in charge of the new nationalised oil enterprise.

The Argentinian army had been re-formed in 1869 with the establishment of the Colegio Militar. They fought a successful if brutal war with Paraguay. In the 1870s they destroyed the Pampa Indians. Since then the Argentine armed forces have not fought external enemies. The British gave some help in naval training but refused to help the army largely on grounds of economy. That mission was fulfilled by German officers who taught the professional Argentinian officer to respect civil power. But after 1916 the code of professionalism became ambiguous, as it remains today.

President Hirigoyen was overthrown in the course of his second term of office as a result of the depression after widespread apprehension deriving from the suspension of gold payments in December 1929. This was the first coup d'état since the 1850s. Since then we have had in Argentina a system which is "neither an operative democracy nor an effective dictatorship".

#### PERÓN

The Generals ruled from 1929 till Colonel Perón's victory of 1946. These generals to begin with used civilian ministers and were subject to civilian pressures. A coup d'état in 1943 brought to power a group of younger officers who were plainly influenced by the Nazis. Colonel Perón had taken no part in the coup. But he asked for, and was given, the job of running the apparently unimportant Labour department. Not very well off, he is an example of how easy it was to rise in the Army, whatever class one belonged to. He became immensely popular in the Labour movement by the effect of bribing the trade union leaders: large wage increases, social security and health benefits were granted in return for political subservience. These concessions were launched with vast publicity

/at which art

at which art Perón and his mistress (subsequently his wife) were gifted. The rhetoric about shirtless ones (descamisados) was effective but actually Argentinian workers had as high standards of living as those in the US.

The success of Perón in the Labour department was such that he won a free election in 1946. He held power as a nationally popular populist-nationalist in his own right til 1955.

Perón determined to smash the old laissez faire state which he had inherited and in effect **he** did so. He nationalised the Central Bank, railways, telephones, gas, insurance, much of electricity supply etc. A state-sponsored mixed enterprise was set up to produce steel. A state marketing agency took control of all major exports. At the same time, the pension system was extended to all workers. The pensionable age was fixed at 55. Perón thus raised public expectation to its height. But like many other socialists, he omitted to consider how the damaged private sector could produce the wealth to earn the revenue. Further, Perón ran even this system badly and would not brook political criticism. The civil service grew. The proportion of GNP paid to civil servants grew to 9.2% in 1955. Investment declined. Foreign capital was frightened.

The consequence of trying to satisfy so many demands so quickly was that even in Perón's time the public services - so good in the 20s - declined: roads, railways and electric power all suffered from neglect. H.S. Ferns put it well "This happened in a thoroughly modern community. It is not the result of some legacy of terrible poverty in the past. This is precisely why Argentine experience is so important for others. It can happen in Western Europe. It can happen in the US." It certainly nearly did.

Perón was overthrown eventually because he offended all sections of the community, including the workers who found his promises led to inflation. The attacks on the church by gangs in his control led to his expulsion after a coup d'état in August 1955. He fled to Spain.

/POST PERÓN CHAOS

## POST PERÓN CHAOS & VIOLENCE

The officers who overthrew Perón thought that all that was necessary was the re-establishment of democracy. But they and the new political leaders had Perón's terrible legacy of state power to deal with: trade union power, the impossibility of discharging workers; state industries, overmanning achieved by unnecessary rules over shifts; wages fixed nationally with no regard for profits or costs, and so on. Thus the famous Argentinian rate of inflation began, with regular wage increases in the range of 25% to 30% in the 1950s, more in the 60s and 70s.

The consequences are with us still. Two democratic presidents (Frondizi, Illia) fumbled their way but both were overthrown because of rivalries within the armed forces. The second coup in 1966 led to something close to a civil war between different sections of the armed forces (colorados and azules). A senior general, Onganía, lasted for four years 1966-1970 and two successors (Levingston, Lanusse) tried to restore democracy. By now Perón in exile had recovered some of his reputation and he had still innumerable followers in the trade unions. A henchman of his, Campora, won an election - and by now people were beginning to give Perón the benefit of the doubt since it was felt that he might cope with a new phenomenon which had grown terribly in the late 1960s and early 1970s: urban terrorism inspired and helped to a modest extent, by Castro and Guevara. Many younger Peronists also were attracted by that path.

Perón returned in 1973 and pushed out his own nominee to resume the presidency - confirmed later by popular vote. He lasted two years but was unable to crush the Marxist guerillas and incapable of restoring the currency. He had the connivance, but scarcely the support, of the army. When his second wife succeeded him (1974) she did not even have the connivance. She was overthrown (1975) and since then the army has ruled. The generals became engaged in virtually a civil war against Marxists now allied with left Peronists. They won it by brutality but it must be said they did win it - at least for the time being. What else they have done is less clear. They have in effect continued the economic system which Perón created in the 1940s and which no one has managed to dismantle. Hence the rate of inflation of over 100%, the commercial collapse, and the desperate throw in the Falklands against a country closer to Argentina than any other for at least a hundred years (1829-1929).