

THE INFLUENCE OF  
RAUL PREBISCH ON  
ECONOMIC POLICY-MAKING  
IN ARGENTINA, 1950–1962\*

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Se me elogió y se me criticó duramente por haber preconizado la industrialización para América Latina, menos en mi país. El país vivía en las nubes. En estos años no se había estudiado las ideas de CEPAL en Argentina. [¿Por qué?] Yo no estuve aquí en el país, así no sé, pero tal vez por oposición a mí. Tal vez.

Raúl Prebisch  
Interview, 23 October 1985

In much of Latin America during the 1950s, Raúl Prebisch, then Executive Secretary of the Comisión Económica para América Latina (CEPAL, known in English as the Economic Commission for Latin America, or ECLA), was recognized as a progressive and innovative development theorist and policy activist. In certain government circles in the United States, meanwhile, he was viewed with suspicion as a leftist critic of standard economic wisdom. Yet in his home country of Argentina during the same period, Prebisch was commonly identified with both conservative groups and liberal economic thought.<sup>1</sup>

This paradox of Prebisch's multiple public images underlines the way that new ideas never maintain a single meaning in all settings. The

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meaning and acceptance of new ideas derive not only from their content but from the nature of the political and ideological context into which they are introduced and from the political and personal histories of those who introduce them. The economic policy content of many of Prebisch's and CEPAL's ideas and recommendations did not differ substantially from that of the economic policies of the Peronist and Frondizi governments.<sup>2</sup> Yet the meaning that these ideas acquired within the Argentine political context differed considerably because the various groups in Argentina sharing pro-industrialization and developmentalist ideas were often bitter political opponents. The story of Prebisch's influence and lack of influence in Argentina reveals a good deal about the role that ideas can assume in a divided and conflict-ridden society.

CEPAL's ideas were less influential in Argentina than in a number of other countries in Latin America. In a recent work, Celso Furtado argues that CEPAL's ideas achieved the most influence in Chile and Brazil, met with enthusiasm in Central America and the Caribbean, but enjoyed less influence in Argentina, Mexico, Peru and Colombia.<sup>3</sup> While it is possible to distinguish the influence of the ideas of CEPAL and Prebisch from the influence of Prebisch as an individual, these two dimensions were often merged in practice. Thus Furtado points out that "em muitos países da América Latina a imagem da instituição [CEPAL] não se diferenciava da de Prebisch." He argues that this situation was particularly the case in Argentina, where Prebisch's negative image during the Peronist government limited the influence of CEPAL ideas.<sup>4</sup> The current Secretario Ejecutivo of CEPAL, Argentine Norberto González, also associates CEPAL's lack of influence in Argentina with Prebisch's political image in his home country.<sup>5</sup>

It is difficult to attribute this varying degree of influence and penetration of CEPAL's ideas in the region solely to the correctness of CEPAL's economic diagnosis in relation to the various economies. One must also look at the political and ideological conditions in the various countries that influenced the acceptance and nonacceptance of CEPAL's ideas.<sup>6</sup> This article will examine the political and ideological factors that limited the influence of CEPAL's and Prebisch's ideas in Argentina during the 1950s and early 1960s.

#### PREBISCH'S BACKGROUND IN ARGENTINA: FROM ESTABLISHMENT TO EXILE

Understanding what happened in the 1950s requires going back briefly to the period between 1922 and 1943, when Prebisch was a promising young economist and a member of the Argentine establishment. During the 1920s, Prebisch completed a masters in economics and began to teach at the Universidad de Buenos Aires. For a number of years, he was employed by the Sociedad Rural Argentina, the bastion

of the landholding elite in Argentina. Later, as an economic advisor to the conservative Argentine government of General José Uriburu, Prebisch proposed that a central bank be created, and he eventually served as Director-General of the Banco Central de la República Argentina for eight years (1935–1943). During this period, Prebisch was actively involved in the negotiations with Britain that resulted in the controversial Roca-Runciman Pact, which has commonly been perceived as disadvantageous to Argentine interests. All of these activities created a strong public perception of Prebisch in Argentine political and economic circles as an individual tied to traditional conservative landholding interests.

At the same time, however, in his research, teaching, and work at the Banco Central, Prebisch was grappling in a nontraditional manner with some of the economic dilemmas of the era. By 1934 he had begun to include in his articles and lectures concerns that he later incorporated into his theory of declining terms of trade. By 1942 the Banco Central, under Prebisch's influence, began to advocate pro-industrialization policies.<sup>7</sup> Prebisch nevertheless remained in many ways an essentially conservative man, drawn by events and his analytical mind to propose sometimes unorthodox theories and policies: "Durante la gran depresión mundial, no obstante que yo había sido un neoclásico, me di cuenta de que frente a la crisis, era necesario industrializarse. Y lo hice con un escrúpulo de conciencia, porque todos mis ideas eran contrarias. Pero ante de los hechos, ante la intensidad de la crisis, dije que no había otra salida. Después empecé a teorizar."<sup>8</sup>

Although the germ of Prebisch's later theories began to manifest itself in his thinking and writing in the 1930s and 1940s, the practical demands of his work at the Banco Central allowed little time for theorizing. It was not until he left the bank in 1943 that he dedicated himself to the reflection that permitted him to elaborate fully the theories that would later make him famous.<sup>9</sup>

Prebisch was removed from his position at the Banco Central in 1943 and from his chair at the university in 1948. During the Peronist government, he was also excluded from official posts, "perhaps because of his long and close association with the nation's traditional economic elite."<sup>10</sup> He was consequently free to go to Santiago in 1948, when he was invited to write a special economic report on Latin America for the newly formed Comisión Económica para América Latina (CEPAL). He subsequently became its Executive Secretary. Prebisch nonetheless remained bitter toward the Peronist government for abruptly dismissing him from his positions, dismantling the economic team that he had assembled at the Banco Central, and reversing some of the policies he had championed.<sup>11</sup>

No evidence indicates that Prebisch had any significant influence

on the economic policies of the Peronist government. Those policies were well in place by the time Prebisch published his most important works for CEPAL. He continued to teach at the Universidad de Buenos Aires until 1948, and in this capacity, he retained some influence on a handful of economics students.<sup>12</sup> But the curriculum of the School of Economics of the university at this time had not yet incorporated new material or approaches to economics, and as a result, Prebisch's contribution found no institutional support.<sup>13</sup>

#### THE PREBISCH PLAN AND THE REVOLUCION LIBERTADORA

It was not until after the fall of Perón that Prebisch again became involved in economic policy-making in his country. He reentered the policy-making arena by writing the controversial Prebisch Plan for the military government that replaced Perón, the so-called *Revolución Libertadora*.<sup>14</sup>

General Eduardo Lonardi, leader of the movement that overthrew Perón and first head of the *Revolución Libertadora*, took over the government under the slogan, "Ni vencedores ni vencidos." His initially conciliatory positions toward Peronist labor leaders indicated an attempt to reintegrate Peronists into Argentine political life. One keystone of Lonardi's program was reestablishing economic confidence and development.

In early October of 1955, General Lonardi asked Prebisch to return to Argentina as a special economic advisor to the president and to prepare the economic plan of the *Revolución Libertadora*. Prebisch's impeccable intellectual credentials and historical ties with the Argentine establishment made him an ideal candidate in the eyes of influential Argentine elites. Prebisch requested a three-month leave of absence from CEPAL to undertake the task.

Aware that no serious economic plan could be written on such short notice, Prebisch adopted a dual strategy. He convinced Lonardi to invite a CEPAL mission to Argentina to carry out an in-depth study of the Argentine economy. Simultaneously, he prepared and took responsibility for a diagnosis and a short-term economic program. Thus while Prebisch drew on the expertise of the CEPAL mission that had already begun work on the country study in Buenos Aires, the Prebisch Plan was not a CEPAL document.<sup>15</sup>

What is commonly called the Prebisch Plan was actually a collection of three separate documents prepared by Prebisch for the provisional government during late 1955 and early 1956.<sup>16</sup> Lonardi urged Prebisch to produce the new economic program as quickly as possible. By late October, scarcely three weeks after Lonardi asked him to prepare the plan, Prebisch presented his initial conclusions in a prelimi-

nary report. A few weeks later, military sectors that were unhappy with the government's orientation requested that Lonardi resign. General Pedro Eugenio Aramburu assumed the presidency and immediately adopted a more punitive position toward the Peronists. He took control of the Confederación General de Trabajo (CGT), dissolved the Peronist party, and repressed party and union members. Aramburu also asked Prebisch to remain as an advisor to his government. Under the Aramburu government, Prebisch prepared and presented the last two parts of his economic program. Thus Prebisch, and CEPAL by association, became identified with the three reports and the ideology of the *Revolución Libertadora*, along with its virulent anti-Peronism.

A rapid reading of these three reports reveals little to connect their content with the Prebisch of CEPAL fame. At no point in the reports did the author make reference to his renowned categories of center and periphery, to the problems of declining terms of trade, or to the need for regional integration. Only at the end of the final report did he make a passing reference to the need for planning and programming economic development, which would be based on the CEPAL country study being prepared. Although a concern for industrialization pervaded the report, it was often relegated to the background while problems of inflation, agricultural production, and exports took precedence.

These differences led Prebisch's critics to claim that the economist suffered from a "Dr. Jekyll and Mr. Hyde" complex, with two completely different personalities—one the CEPAL theorist and the other making recommendations for policy in Argentina. The most renowned criticism of the Prebisch Plan, Arturo Jauretche's *El Plan Prebisch: retorno al coloniaje*, argued that the differences were so great that the plan had not actually been written by Prebisch but by a group of experts associated with the journal *Economic Survey*, including Rodolfo Katz, Roberto Alemán, and Adalberto Krieger Vasena.<sup>17</sup> Jauretche supported his argument by pointing out discrepancies between the plan and other works by Prebisch and by suggesting that it was impossible for Prebisch to have prepared the plan in the short period allotted him.

Prebisch was accustomed to teamwork from his experiences at CEPAL and the Banco Central. He clearly relied on a group of experts in preparing the plan. Little support exists, however, for the argument that Prebisch unwittingly signed a document written by others that was contrary to his own beliefs. Prebisch was known as a man of intellectual integrity with a great capacity for intense work. With his broad background and knowledge of the Argentine economy and the wide range of data at his disposal in Argentina and at CEPAL, he easily could have prepared the reports in the time he had set aside for the project. Yet Prebisch can be criticized for failing to comprehend the changed nature

of political and economic debate in Argentina in the post-Peronist period, for excessive reliance on former colleagues for information and data, and for not providing any clear program to implement his economic recommendations.

Although Prebisch emphasized his efforts to maintain the strictest impartiality,<sup>18</sup> his anti-Peronist and pro-*Revolución Libertadora* sentiments were evident in the reports and in other Prebisch statements at the time.<sup>19</sup> The Prebisch Plan adopted a dramatic tone in discussing the depth of the crisis confronting Argentina and the errors and inadequacies of the Peronist economic policy. The plan exhibited a slight vindictiveness, a grudging refusal to recognize any of the successes of Peronist policies or some of the serious problems faced by the past government, notably the drought and floods of 1952. In this sense, the plan represented Prebisch's "last word" in response to the economic policies of the past decade rather than simply a new set of policies.

On other topics, the plan's prose was concise, technical, and to the point, with little rhetoric and few appeals to commonly held political goals. It appeared that Prebisch felt it unnecessary to make a strong plea for industrialization or to justify or clarify his own position on the topic. While he was highly critical of all that had been done wrong in the past, he failed to articulate clearly a powerful or appealing alternative vision of the Argentine future. Because Prebisch failed to present his plan in direct contrast to both the policies of the Peronist government and those of the pre-Peronist period, his opponents accused him of simply wanting to turn back the clock and return to the golden age of the "*vacas gordas*."<sup>20</sup>

A careful reading of the report makes it clear that Prebisch did not recommend a return to the economic policies of the 1930s. He presented a new kind of advice for continuing Argentine development within the confines of the international capitalist system and within the limits of Argentine domestic economic structure. His proposal was developmentalist, with some classical overtones, particularly in its focus on inflation and sound money. Argentine historian Tulio Halperin Donghi has argued that the Prebisch Plan proposed the development of a more complete and viable industrial structure and that only the provincialism of Argentine political culture caused by ten years of isolation could explain interpreting the plan as an attempt to return to a pre-industrial era.<sup>21</sup>

Prebisch recommended that relative prices be reversed to favor agricultural producers in order to expand exports and thus generate the foreign exchange necessary for capital goods imports to support continued industrialization. But in a country ideologically divided between two dominant economic doctrines (national populism and liberalism), little intermediate space existed for Prebisch's developmentalism. Be-

cause most allies of the Aramburu government belonged to the liberal school of thought and the plan advocated a reversal of prices favoring the rural sector, it was rapidly identified as a liberal document. Although the plan contained overtly liberal elements, in its entirety it was developmentalist. Prebisch did not have two theoretical personalities, one at CEPAL and another in Buenos Aires; rather, his positions on Argentina always reflected the most traditional options within the bounds of his beliefs. Prebisch believed that CEPAL ideas were applicable to the Argentine situation. But he attempted to adapt these ideas to existing conditions in Argentina in order to counterbalance what he considered the mistakes of the Peronist government.

The Prebisch Plan claimed that Argentina was facing the worst economic development crisis of its history. Prebisch diagnosed the Argentine economic crisis as one of production, stressing that per capita income had increased by only 3.5 percent in the previous decade. The primary obstacle to growth was the serious foreign exchange shortage, which had been provoked by several factors: first, disincentives for technical progress and production in agriculture had led to declining production and exports, which hampered Argentine capacity to import necessary capital goods; second, a shortsighted policy of import substitution had failed to develop the necessary basic industries such as steel and chemicals; and third, failure to stimulate the national production of petroleum had resulted in excessive foreign oil imports. In addition, Prebisch singled out inflation and excessive state intervention as obstacles to Argentine development.

The Prebisch Plan contained two sections: a series of emergency measures to deal with the short-term economic situation and a set of longer-term recommendations to guide the ongoing economic program of the government. The short-term recommendations were the most traditional: a large devaluation of the peso to provide price incentives for agricultural exports, liberalization of the foreign exchange market, a freeze on salaries and wages, and an expansion of foreign loans (to be facilitated by joining the International Monetary Fund and the World Bank). The longer-term recommendations called for several steps: setting up a program to technify the agricultural sector; establishing steel, mechanical engineering, paper and pulp, petrochemical, and basic chemical industries; increasing efficiency and management of the railroads; increasing state petroleum production; and expanding electric capacity. Eventually Prebisch advocated adopting a development program, based on the in-depth CEPAL study and programming techniques, to plan long-range capital investments.

The plan was as notable for what it omitted as for what it recommended. At no point did Prebisch mention the need for agrarian reform or rearrangement of land-tenure patterns. Nor did he discuss de-

clining terms of trade, the specific problems of peripheral economies, or the problems associated with reliance on foreign capital.

Foreign investment was a watershed issue that divided Argentine public opinion. The Prebisch Plan tried to walk a middle line in recommending the involvement of foreign capital, ruling out foreign investment in the petroleum sector and railroads but advocating foreign loans in other selected areas. Prebisch argued for increased agricultural exports rather than foreign investment as the primary means of expanding capital-goods imports.

#### REACTIONS TO THE PREBISCH PLAN

To help legitimize the new economic plan, the government created the Comisión Asesora Honoraria de Economía y Finanzas in January 1956, comprised of selected representatives from industry, agriculture, and labor. Led by Dr. Adalberto Krieger Vasena as its secretary, the commission endorsed the plan with only minor qualifications, such as the recommendation that special incentives be offered to private enterprises and investors in areas other than agriculture.<sup>22</sup>

The most favorable response came from the rural sector. The Sociedad Rural Argentina editorialized in its *Anales* after the release of the preliminary Prebisch Plan: "El momento es propicio, los augurios son felices y los hombres inspiran confianza; esperamos pues que esta sea la oportunidad en que se cumplen las aspiraciones de la gente del campo. . . ."<sup>23</sup> Their optimism was not misplaced. A number of Sociedad Rural leaders and allies moved to positions in the federal government and in the province of Buenos Aires. The provisional government, in addition to devaluing the peso, responded to some of the dearest demands of the Sociedad Rural.<sup>24</sup> But the rural sector criticized other government policies, such as a 25 percent tax on foreign exchange recommended by Prebisch to soften the inflationary impact of the rural sector's exchange windfall.<sup>25</sup>

The industrialists' reaction to the new economic plan was more mixed. Aramburu had dissolved the small and medium-sized business association created by the Peronist government, the Confederación General Económica (CGE), and had resurrected in its place the old Unión Industrial Argentina (UIA, the traditional stronghold of large industrial concerns) as the sole representative of industrial interests. The heads of small businesses throughout the country, the backbone of the CGE, were unhappy over losing their organization and believed that their interests were not being taken into account adequately by the new economic policy.<sup>26</sup> The UIA supported the government that had supervised its rebirth by endorsing many of the policies of the Prebisch Plan, including its emphasis on expanding energy production, extending im-

port substitution of basic industrial inputs, opening the economy to more international capital, stabilizing the monetary system, and reorganizing the banking sector.<sup>27</sup>

During the *Revolución Libertadora*, the traditional political parties were grouped into the *Junta Consultativa*, where they could express opinions on political and economic issues but without exercising any power over what decisions were taken. Because the Peronists were excluded, the most important political party in the junta was the *Unión Cívica Radical* (the UCR, or the Radicals).

Representing much of middle-class opinion, the Radicals moved quickly to develop a position vis-à-vis the Prebisch Plan. The party's president, Arturo Frondizi, received comments on the plan prepared by two Radical economists, Aldo Ferrer and Norberto González. Ferrer's initial comments were surprisingly positive toward the plan, underscoring important similarities of the Prebisch Plan and the Radical economic program. Nevertheless, Ferrer singled out three areas where the economic doctrine of Radicalism diverged substantially from the Prebisch Plan proposals: foreign investment, agrarian reform, and subsidies for popular consumption. In spite of his differences with the report, Ferrer admitted, "El informe en sus líneas generales es bueno y cabe poca duda de que provocará a corto plazo la reactivación del desarrollo económico nacional."<sup>28</sup>

Eventually, Ferrer prepared a longer document for the UCR that incorporated many of his earlier points but in a more sharply critical tone. Frondizi sent copies of this report for comments to a wide range of individuals, both inside and outside the party. Perhaps most interesting of the responses are the handwritten marginal comments of Raúl Scalabrini Ortiz, a renowned nationalist intellectual formerly connected to FORJA (*Fuerza de Orientación Radical de la Juventud Argentina*) and later identified with the Peronist party: "Estas palabras preliminares tienen el defecto de dar por cierto la premisa fundamental de Prebisch: que el país estaba en estado de falencia, lo cual no es cierto. . . . El objetivo del Plan Prebisch, es decir de Gran Bretaña, es dismantelar la industria—dejar al país en el estado de 1935." Pages later, Scalabrini Ortiz concludes, "No vale la pena seguir leyendo. El que escribió esto es un agente británico disimulado."<sup>29</sup>

These comments point to a schism that was beginning to widen in the Radical party, generated partly by personalities and partly by policy differences between Frondizi and his younger followers and the traditional leader of the party, Ricardo Balbín. Both Frondizi and Balbín came from the majority faction within the party known as the *Intransigentes* (the *Movimiento de Intransigencia y Renovación*), but Frondizi and his followers believed that they stood for the new modern tendency within the party. The *Balbinistas* argued that the party should

support the *Revolución Libertadora* and therefore adopted a more conciliatory stance toward the economic policies of the government.<sup>30</sup>

Meanwhile, Frondizi was trying to promote his wing of the party as the primary opposition to the military government. Contrary to the Balbín line, he argued that the Peronists had to be reincorporated into the political system. These differences eventually led to a formal split in the party during the 1957 electoral campaign.<sup>31</sup> In order to defeat their former party members in the election, Frondizi and his advisors decided to appeal to Peronist voters, whose own party was prohibited from participating in the election. Frondizi's contacts with pro-Peronist intellectuals like Raúl Scalabrini Ortiz and Arturo Jauretche were part of the rapprochement with Peronism. Ferrer's analysis was too tame and centrist for the new opposition role that Frondizi was forging. He needed a more dynamic position and more tenacious rhetoric to attract the Peronist and leftist vote. Frondizi found practitioners of this style and tone in Rogelio Frigerio and his team at the magazine *Qué*.

#### DESARROLLISMO VERSUS PREBISCH

A primary mouthpiece of anti-Prebisch sentiments was the weekly news magazine *Qué sucedió en siete días* (or simply *Qué*), edited by Rogelio Frigerio. An adaptation of the *Time* magazine format, *Qué* was a novelty in Argentina with its snappy style and wide range of topics. It adopted a polemical editorial style in favor of its main themes of industrialization and protectionism and in opposition to its favorite targets: British interests in Argentina, the Aramburu government, and Raúl Prebisch. *Qué* brought a group of young intellectuals and industrialists from the left together with ex-Forjista pro-Peronista intellectuals like Scalabrini Ortiz and Jauretche. *Qué* also attracted support from rightist Catholic nationalists who favored the magazine's pro-industrialization line.

During the period between 1956 and 1958, *Qué* sharply criticized the Prebisch Plan and the economic policy of the Aramburu government. Referring frequently to Prebisch's historical involvement with conservative governments, the Roca-Runciman pact, the Banco Central, and the Sociedad Rural, *Qué* portrayed Prebisch as the embodiment of monetarist economic policy, the representative of British imperialism in Argentina, and the scion of the agro-export elite.<sup>32</sup>

As Frigerio and the team at *Qué* grew closer to Frondizi and his wing of the Radical party, this negative reaction to Prebisch (and hence to CEPAL in general) was incorporated into the doctrine of the Frondizista wing of the party. The merger of thought and political action resulting from the union of the Frondizi wing of the Radical party and the

young intellectuals surrounding Rogelio Frigerio and *Qué* magazine led to the formation of the *desarrollista* movement in Argentina.

The term *desarrollismo* took on new political meaning as the label for the Frondistas. In the rest of Latin America, *desarrollismo* (or *desenvolvimentismo*) is a more generic term meaning developmentalism, which is often associated with the ideas of CEPAL and endorsed by a range of parties and economic groups. But in Argentina, *desarrollismo* refers to one specific political party, the Frondistas, which was often at odds with the ideas of Prebisch and CEPAL.

Why did the *desarrollistas* oppose Prebisch and CEPAL, despite a number of similarities between their economic ideas? By 1956 many members of the Radical party and the left who would later become *desarrollistas* had tempered their earlier anti-Peronism. They began to advocate reintegrating Peronists into Argentine political life and resurrecting certain aspects of Peronism without Perón. The factions of the *Revolución Libertadora* identified with Aramburu, on the other side, represented the extreme view that only the destruction of Peronism could lead to the healthy development of Argentina. The *desarrollistas* and the *libertadores* were divided over the fundamental political issue of what position the government should take toward political incorporation of the Argentine working class, as represented by the Peronist party.

Because Prebisch had written a plan for Aramburu, he was identified with the anti-Peronist point of view. The political context within which the Prebisch Plan was conceived and applied, a context of repression against the majority political party and the Argentine working class, understandably colored all interpretations of the plan. Prebisch thus became a target for nationalists and *desarrollistas* wishing to attack the political and economic order. As an "outsider" without organic links to any political force (he had lived outside the country for six or seven years), he was an easier target than Aramburu or Economics Minister Eugenio Blanco, who was associated with the Radical party. The link with CEPAL, a mark of Prebisch's "foreignness" and lack of contact with Argentina, often became disadvantageous to Prebisch in the debate over the plan.

*Desarrollismo* cut its teeth on opposition to the *Revolución Libertadora*. It was forged in antagonism to the economic policies of Aramburu. No longer could important political capital be won by opposing Perón. The most pressing need of political definition of the movement was to distinguish the *desarrollistas* from the *libertadores*, and Prebisch was one symbol that facilitated this distinction. The fleeting *desarrollista* coalition of 1958 temporarily allied the Argentine working class with sectors of the national industrial bourgeoisie, middle sectors, stu-

dents, and intellectuals, and it was built on opposition to all that the *Revolución Libertadora* stood for, particularly its economic policy and its politics of exclusion.

#### IMPLEMENTATION OF THE PREBISCH PLAN

A series of problems converged to complicate the implementation of the Prebisch Plan, difficulties arising from context, process, and presentation. In the political context of the *Revolución Libertadora*, economic policy took a back seat to higher political priorities, especially the process of “de-Peronization” and the strengthening of non-Peronist parties and unions to prepare for transition to limited democracy. For example, the average real wage increased during this period, and by the end of 1957, it had risen 8.5 percent above the average real salary during the period from 1950 to 1955.<sup>33</sup> If Aramburu did not fight wage increases as vigorously as Prebisch wished, it was because he hoped to maintain social tranquility for the transition to democratic rule. Economic policy-making was tempered by political concerns from the outset, and the regime’s transitional status made it difficult to undertake any major restructuring of the economy.

In the authoritarian setting of the military government, the decision-making process was not structured to permit input from a variety of groups whose interests were affected by the plan. The *Comisión Asesora Honoraria de Economía y Finanzas* and the *Junta Consultativa* debated the plan, but neither was a truly representative body, nor did they have any power to make decisions. Second, Prebisch did not ensure that an adequate process was set up to guarantee full implementation of his recommendations.

Thus it is not surprising that many of the provisions of the Prebisch Plan were never put into effect by the *Revolución Libertadora*. Others were implemented but did not yield the anticipated results.<sup>34</sup> In addition, many of the longer-range recommendations of the Prebisch Plan, which were aimed at developing and revitalizing basic industries, never got off the ground. Precisely its most developmentalist aspects—such as the plans for energy, transport, and steel, and the expansion of the petroleum industry—were the ones least implemented.<sup>35</sup> The main long-term recommendation of the plan that was adopted and had significant impact over time was the establishment of the *Instituto Nacional de Tecnología Agropecuaria (INTA)*.<sup>36</sup> INTA was set up to promote technological research in farming methods and the dissemination of sound farming practices.<sup>37</sup>

Some of the measures that were adopted, such as the devaluation, did not produce the anticipated expansion of agricultural export earnings. The response from the agricultural sector appeared modest:

the area under cultivation increased 10 percent above the 1955–56 level and only 3.5 percent above the 1952–53 level. This response resulted largely from an adverse international situation for Argentine exports.<sup>38</sup> Prebisch's theory of declining terms of trade was perfectly equipped to explain the dilemma in which Argentina found itself. But Prebisch had failed to mention the problem of declining terms of trade in his report, and he thus failed to warn of the possibility that such a decline could cause gains in export volume to evaporate. Only Prebisch's critics, using his own theoretical framework, pointed to the terms of trade problem.<sup>39</sup> In this sense, Prebisch's ideas were influential in introducing concepts into the debate, even if they were used by his opponents to attack his policy recommendations.

By painting the economic panorama inherited from the Peronist government as a dark legacy, the economists of the *Revolución Libertadora* had hoped to gain understanding and support for their own efforts. But their tone was always so negative that they failed to articulate any clear economic perspective of their own.<sup>40</sup> Prebisch fell into the ultimate technocrat's trap of believing that an economic plan could be neutral, regardless of the political context, and that he would be judged as the unbiased observer who could stand above the violence of party disputes and dictate a technical solution, which would be carried out as written. His judgment and that of the policymakers of the *Revolución Libertadora* were flawed. Whether or not economic policy-making in Argentina in the 1950s was actually a zero-sum game, it was certainly perceived as such. In such an economy, a devaluation implied a transfer of income to the rural sectors, a highly political and controversial policy.

Because Prebisch misunderstood the context and debates of Argentine society, the plan was not presented in a way that would win it the widest possible support. It is likely that the success of the Prebisch Plan would have been greater if its content and tone had been more like the well-known CEPAL documents. One of Prebisch's errors was to assume that his fame as the leading Latin American economist favoring industrialization had reached Argentina and thus to believe it unnecessary to stress the importance of industrialization in the plan. He later recognized his misinterpretation: "Además, yo ya había estado ausente muchos años de la Argentina. Y cuando tuve que presentar este informe, ignoraba los corrientes de opinión pública argentina. Si yo hubiera vivido en la Argentina, hubiera cantado loas a la industrialización también. Pero a mí me parecía tan obvio. Yo creía que a mí se me conocían en Argentina por eso. . . . [L]a industrialización para mí era como el amor a la madre, es algo que no se dice a cada momento."<sup>41</sup>

Prebisch confronted a difficult situation: many of the government's anti-Peronist allies were not natural allies of the developmental-

ist aspects of the plan, while those groups more sympathetic to the general thrust of the plan were put off by the government's anti-Peronist policies. Thus the political context influenced acceptance or nonacceptance of the Prebisch Plan far more than the document's presentation and tone.

#### THE INFLUENCE OF THE CEPAL STUDY

If the fate of the Prebisch Plan was mixed, the reception of the parallel CEPAL study that Prebisch had urged Lonardi to request was scarcely more positive. The CEPAL team that came to Argentina was an impressive assembly of CEPAL skill and new Argentine talent.<sup>42</sup> This group produced the most extensive study of the Argentine economy ever made. The three-volume report became a model for other CEPAL country studies and a gold mine of statistics for academics. Using the projection technique then being introduced at CEPAL, the report refrained from actual recommendations and instead projected outcomes based on hypothesized levels of investment and growth. Implicit recommendations abounded, however, in favor of expanded investment in basic industries, infrastructure, and transportation along classic CEPAL lines.<sup>43</sup>

The completed report was turned over to the newly elected Frondizi government, but this impressive study "fell between the cracks" during the change in governments from the *Revolución Libertadora* to the new Frondizi government. Rogelio Frigerio maintains: "No, ese informe de la CEPAL no tuvo ninguna influencia sobre la política que aplicamos. Ni siquiera recordaba que un informe de ese origen hubiese sido presentado al doctor Frondizi. Seguramente se trató de un intento del monetarismo para influir sobre el gobierno."<sup>44</sup>

Why did a study of this size and scope, produced by a large and prestigious team, achieve so little impact on policy-making? In Brazil during the same period, a joint study undertaken by CEPAL and the Banco Nacional do Desenvolvimento Econômico (BNDE) is often cited as one of the bases of the Kubitschek government's target program, the Programa de Metas. As is the case with all studies by international organizations, the CEPAL staff could not implement or follow through on the report and its recommendations. The impact of the report thus depended on the degree to which it persuaded policymakers in key positions in the Argentine government. After Frondizi's victory, the Argentine government counterparts to the CEPAL team were removed from office and with them went the "institutional memory" of the accomplishments and recommendations of the CEPAL study.

No lasting alternative institutions were created as carriers of the new Cepalista ideas, either inside or outside the state. Argentina had

no national development bank with a permanent staff (as did Brazil) to become the institutional embodiment and memory for new ideas. Such an institution might have given greater continuity to Prebisch's ideas.<sup>45</sup> The military government of the *Revolución Libertadora* created institutions in an ad hoc manner to legitimize policies but gave them little administrative or institutional autonomy. The institutions of the Peronist government were dismantled, but no lasting state institutions were created in their place to take responsibility for economic development.<sup>46</sup> The absence of state institutions to implement policy and guarantee ideological continuity left the findings of the CEPAL report in a void.

#### PREBISCH AND THE FRONDIZI ADMINISTRATION

Arturo Frondizi built up his image as a political leader and nationalist intellectual with the 1954 publication of his book *Petróleo y política*, a historical defense of the national oil monopoly. It therefore surprised his enemies as well as many of his supporters when, after assuming office, he adopted a new policy of signing contracts with foreign oil companies to explore and exploit Argentine petroleum. Sometime in late 1957, Frondizi and Frigerio changed their position on petroleum policy, possibly as a result of their analysis of the failures of the Prebisch Plan. The failure of previous economic policy to expand export earnings and thus provide adequate funds for industrial expansion fueled the belief that the capital accumulation process could not continue without major foreign assistance, given that agricultural export expansion had apparently encountered structural limits that could only be overcome slowly. It seems likely that this lesson was partly responsible for the turnaround by Frondizi and Frigerio on the increased need for foreign investment in general, and in the petroleum sector as well. They were clearly worried, as Prebisch had been, by the large proportion of the import bill resulting from petroleum imports, especially in a country with a large potential for producing petroleum domestically.<sup>47</sup>

As a result of Frondizi's abrupt about-face on the issue of petroleum and foreign investment, his government became the target of the kinds of attacks that Frondizi and Frigerio had successfully used against Prebisch only a few years earlier. Just as they had chosen to remember only the Prebisch of the past and refused to recognize that the Prebisch of 1956 was a different theorist than the Prebisch of the 1930s, their opponents refused to believe that the Frondizi of 1958 was no longer the Frondizi of *Petróleo y política*.<sup>48</sup>

Although apparently neither the Prebisch Plan nor the CEPAL study was used by the *desarrollistas* in designing their policies, the

Prebisch Plan contained many similarities to the policies the desarrollistas advocated and even more to the policies they adopted while in office. In many important areas, Frondizi policy was more similar to the Prebisch Plan than to the policies advocated by Frondizi's party only two years earlier. A striking similarity existed in the emphasis on the need to expand petroleum production in order to decrease foreign-exchange bottlenecks, in their concentration on creating and expanding basic industries, and in their promoting technical advances in the rural sector. Likewise, when Frondizi adopted an orthodox IMF stabilization program, it was viewed as continuity with the policies of the *Revolución Libertadora*.

But important differences also existed between the Prebisch Plan and the Frondizi-Frigerio program. While Prebisch had emphasized the need to increase agricultural production and secure more balanced development of the industrial and agricultural sectors, the Frondizi-Frigerio program stressed channeling foreign investment into basic industry. During the Frondizi government, policies toward foreign investment were more favorable than those recommended either by the Prebisch Plan or by CEPAL and Prebisch in general.

Another policy difference between Prebisch and the desarrollistas evolved around the issue of regional integration. By the mid-1950s, CEPAL and Prebisch were advocating regional integration as a means of overcoming the limits of small domestic markets. Frondizi and Frigerio, in contrast, argued for more extensive "national integration" as a prior step to regional efforts. The Prebisch Plan itself did not call for regional integration, but desarrollistas used this divergence as a general argument against Prebisch and his ideas.<sup>49</sup>

Despite the differences, the similarities in the positions of the desarrollistas and the Cepalistas are the most striking. To stress the similarities of the economic programs is not to suggest that the Frondizi-Frigerio program "borrowed" or was influenced by the earlier plan. To the contrary, Frigerio vehemently denied that Cepalista ideas, which he characterized as monetarist, commercialist, and voluntarist, had any influence on the desarrollistas' program: "Las ideas de la CEPAL no ejercieron influencia alguna en nuestra formación. . . ." <sup>50</sup>

Although Frigerio's analysis is based on a concept of declining terms of trade that was clearly derived (directly or indirectly) from Prebisch, it appears that one can take the desarrollistas at their word that their program was not influenced by CEPAL *per se*. The level of actual diffusion of Cepalista ideas was minimal before 1956; CEPAL did not conduct its first course in Argentina until 1958; and developmentalist ideas were not being taught at the School of Economics.<sup>51</sup> Contact between desarrollistas and Cepalistas was rare prior to 1956 and largely conflictual after that. One is therefore obliged to examine the possibility

of parallel evolution of developmentalist ideas rather than any kind of direct Cepalista influence. Developmentalist ideas were "in the air" in Argentina at this time. As one Argentine academic said, "Una cierta ideología desarrollista era común a los intelectuales latinoamericanos de entonces. Todas éramos desarrollistas en alguna medida."<sup>52</sup> Prebisch himself argued, "Eran ideas que se iban surgiendo en América Latina. El mérito de la CEPAL era demostrar que teóricamente era correcta. De manera que yo soy muy cuidadoso en decir 'es la influencia de la CEPAL.'"<sup>53</sup>

The division of the Radical party in 1957 and internal fractures within the Frondizistas further reduced the potential influence of CEPAL and Prebisch on economic policy under Frondizi. The group within the Frondizi wing of the Radical party most identified with the ideas of CEPAL was a set of young economists connected with Aldo Ferrer. Many had worked with the CEPAL mission in Argentina and were generally sympathetic with CEPAL's views. Before Frondizi took office, Ferrer had been frequently mentioned as a possible candidate to serve as the Minister of Economics in the Frondizi government. Ferrer and his team, certain that they would be invited to help formulate economic policy, wrote an economic program that they believed would be adopted by the Frondizi government, unaware that another group connected with Rogelio Frigerio was simultaneously preparing an economic plan for Frondizi.<sup>54</sup>

Once in office, Frondizi named neither Ferrer nor any of his associates to policy positions in the Federal government because he had already decided to implement the plan drawn up by the Frigerio team.<sup>55</sup> Thus Ferrer's team, the faction of Frondizi's party most influenced by Cepalista ideas, was excluded from the federal government, possibly because its members were not disciples of Frigerio. At the invitation of Radical Governor Oscar Alende, Ferrer became the Minister of Economics for the province of Buenos Aires, where he formed the Junta de Planificación. His "exile" to the province of Buenos Aires consequently limited the arenas for economic policy-making and for implementing Cepalista ideas at the national level.<sup>56</sup>

The individuals who stayed to work with the economic policy of the Frondizi administration were either those associated with Frigerio and *Qué*, who were therefore hostile or indifferent to CEPAL and Prebisch, or other Radical and independent economists without extensive exposure to CEPAL ideas. Later, in order to win confidence in military and industrial circles, Frondizi invited several noted liberal economists to join the government, including Alvaro Alsogaray, Roberto Alemán, and Jorge Wegbe.

In August of 1961, the Frondizi government created the Consejo Nacional de Desarrollo (CONADE) in response to a recommendation

by the Alliance for Progress. CONADE did not become an influential planning institution during the Frondizi government, however. Under the government of Arturo Illia (1963–1966), CONADE gained influence and established extensive contacts with CEPAL, collaborating on a major study of the economy. This collaboration marked the high point of CEPAL influence in Argentina to date.

## CONCLUSIONS

During the 1950s and 1960s in Argentina, developmentalist ideas spread almost in spite of the influence of Raúl Prebisch. The political demise of the Prebisch Plan clearly must be separated from the question of the general diffusion and influence of Cepalista ideas. Prebisch's opponents often used CEPAL's ideas to criticize the Prebisch Plan, and desarrollistas like Frigerio implicitly relied on Prebisch's theory of declining terms of trade while denying that CEPAL had any influence on their thinking. Likewise, a generation of young economists began to imbibe CEPAL ideas at the Universidad de Buenos Aires after the economics curriculum was revised in 1958 and also from publications like *Desarrollo Económico*. All these findings suggest that the influence of CEPAL and Prebisch's ideas was broader than the influence of Prebisch as an individual and that of the Prebisch Plan.

Yet CEPAL's ideas were less influential in Argentina than in a number of other countries in the region. This relative lack of influence cannot be entirely explained by a lack of "fit" between Cepalista ideas and Argentine economic realities. Prebisch's ideas were originally developed specifically in response to his observations on Argentina. Similar ideas, such as the pro-industrialization aspects of Peronist economic doctrine and desarrollismo, gained a wide following. One must also take into account the political and ideological factors that limited acceptance of Cepalista ideas.

In particular, the association between Prebisch the individual and his background and political activity with the ideas of CEPAL in general led to a linking of CEPAL with anti-Peronism that inhibited the influence of CEPAL in Argentina. The episode of the Prebisch Plan and Prebisch's collaboration with the Aramburu government was the most powerful impetus to this association.

Second, the exclusionary theoretical definitions and political practice of the desarrollista movement in Argentina further marginalized CEPAL's influence during this period. The desarrollistas tended to emphasize their differences with other intellectuals who shared some of their economic views. This exclusionary definition of developmentalism led Frigerio to categorize as "antidevelopment" many potential allies:

"[M]e encontré, muy pronto, con que el espectro ideológico del anti-desarrollo comprendía desde los sectores llamados de la derecha hasta el propio Partido Comunista, pasando por los puntos intermedios de los economistas afectos a la tesis de la CEPAL y los economistas del gran movimiento popular que es el peronismo."<sup>57</sup>

While the differences in emphasis that divided the desarrollistas from CEPAL were significant, it seems clear that desarrollista opposition to the Prebisch Plan and to CEPAL in general was motivated largely by the political context and political needs that colored desarrollistas' interpretation of Cepalista policies. Initially, they opposed Prebisch because the desarrollista coalition was being forged in opposition to the policies of the Revolución Libertadora. Later they did not support Prebisch's ideas, despite similarities to their own, because he was considered a liability due to his past association with the economic policies of the 1930s, his lack of a personal political base, and the possibility of connecting him with "foreign interests," including British concerns and those of CEPAL itself.<sup>58</sup> It also seems likely that Frigerio's earnest desire to be seen as an economic theorist in his own right, one of equal or superior stature to Prebisch, led him to highlight the differences and downplay the similarities to Prebisch's thought.

The differences between Raúl Prebisch and other developmentalists in Argentina were both theoretical and political. But the common ground of theory and policy was broad enough for tactical alliances to have emerged around specific shared goals, such as industrialization, planning, and the technification of agriculture. Political fractures, however, made it impossible to bridge the gaps and form the necessary tactical alliances. These political differences, rather than the unsuitability of CEPAL doctrine to the Argentine situation, limited the influence of CEPAL ideas and blocked the formation of a broad developmentalist coalition in Argentina.

#### NOTES

1. Prebisch was one of the foremost theorists of developmentalism, which called for rapid industrialization of peripheral economies through import substitution and development of basic industries. The originator of the theory of declining terms of trade for primary products, Prebisch argued that rapid industrialization supported by vigorous state action was necessary to overcome underdevelopment. He has been credited with generating much of what was later called CEPAL doctrine. While other CEPAL theorists expanded and applied these ideas, much of the doctrine was already present in the pathbreaking document that Prebisch prepared for CEPAL in 1949. See Raúl Prebisch, *The Economic Development of Latin America and Its Principal Problems* (New York: UN, ECLA, 1950).
2. As Prebisch recognized, "la tesis de la CEPAL sobre industrialización ha sido presentado por Perón en términos muy parecidos. . . . [T]odos [Peronismo, CEPAL y desarrollismo] tienen el común denominador de haber comprendido que había

- que industrializar. . . ." Interview with Prebisch, 23 Oct. 1985, Buenos Aires. During this interview in the CEPAL offices in Buenos Aires, Prebisch spoke lucidly of the past, with a fine memory for details, especially for old battles over ideas and policies. Prebisch died six months later in Santiago, Chile, at the age of eighty-five.
3. *A Fantasia Organizada* (Rio de Janeiro: Paz e Terra, 1985), 99–103.
  4. *Ibid.*, 101.
  5. "La CEPAL nunca influyó demasiado en Argentina. Esto es una impresión que uno tiene y siempre escucha de otros. Yo no sé si pueda haber influido el hecho de que Prebisch siempre estuvo un poco de contramano en Argentina. . . . [T]al vez no fue la única razón, pero esa pueda haber sido una razón por la cual la CEPAL nunca penetró mucho en Argentina. Penetró más en otros países de la región que en Argentina." Interview with Norberto González in Santiago, Chile, 13 Sept. 1985. David Bruce's comparative study of CEPAL-trained *técnicos* also indicated that CEPAL's ideas were more influential in Brazil than in Argentina. In his interviews, CEPAL-trained Argentines reported that CEPAL missions and publications had little profound influence in Argentina. "This is in keeping with the conclusions of the literature and of the ECLA staff members consulted in Santiago." See David Cameron Bruce, "The U.N. Economic Commission for Latin America and National Development Policies: A Study of Noncoercive Influence," Ph.D. diss., University of Michigan, 1977, 145.
  6. It is also true that CEPAL trained fewer students in Argentina than in most other countries in Latin America. Between 1955 and 1970, CEPAL trained 141 Argentines in in-country training courses, as compared with 1,330 Brazilians, 434 Mexicans, 333 Bolivians, 333 Peruvians, 278 Colombians, 230 Uruguayans, 192 Central Americans, and 181 Dominicans during the same period. Of all the countries where in-country training courses were held, only Cuba, Ecuador, and Chile had fewer students trained by CEPAL than Argentina. See *Interim Report of the Latin American Institute for Economic and Social Planning, 1962–1971*, Santiago, August 1971, 11. CEPAL did not organize more in-country training courses in Argentina because it was not invited by the government to provide these courses. Thus one must attribute lack of CEPAL influence not only to lack of CEPAL training but to the disinterest or unwillingness of Argentine governments and institutions to request CEPAL training.
  7. Most of the material in these two paragraphs draws on Joseph Love, "Raúl Prebisch and the Origin of the Doctrine of Unequal Exchange," *LARR* 15, no. 3 (1980):45–72.
  8. Interview, Prebisch.
  9. Raúl Prebisch, *La crisis del desarrollo argentino* (Buenos Aires: Ateneo, 1986), 150–51.
  10. Love, "Prebisch and Unequal Exchange," 57.
  11. A softening of the Peronist position toward Prebisch occurred in the early 1950s. Some authors have suggested that Perón invited Prebisch to write an economic plan for his government. Prebisch, however, denied in the interview that he was ever invited to write a plan for Perón, although Perón did offer to return his job at the university.
  12. Norberto González and Aldo Ferrer, for example, were both Prebisch's students at the university. Ferrer recalls first hearing Prebisch's discussion of the center-periphery system in his university lectures. Interview with Aldo Ferrer in Buenos Aires, 27 Nov. 1985.
  13. Prior to 1959, the School of Economics at the Universidad de Buenos Aires trained all its students simultaneously as accountants and economists, at both undergraduate and graduate levels, with emphasis on public accounting and public law. Prebisch stated baldly in 1948, "Esta Facultad, no obstante su pomposo nombre de Facultad de Ciencias Económicas, . . . no forma economistas." See his "Introducción al curso de dinámica económica," *Revista de la Facultad de Ciencias Económicas* 1, no. 1 (Mar. 1948):448. In 1948 Prebisch participated actively in a committee proposing a curriculum change that would have separated the accounting and economics specializations within the department. But the changes were not adopted until 1958 and 1959, when new curricula and texts were introduced at the School of Economics. This was the first time that CEPAL material was incorporated systematically into courses at the university. Interview with Daniel Vilas, an Argentine economist who

- collaborated on the curriculum changes while a student at the university and later helped organize development courses at the School of Economics. The interview took place on 3 July 1985 in Buenos Aires.
14. Although the "Prebisch Plan" was actually a set of recommended policies and Prebisch frequently denied that it was a plan, it was usually referred to as a plan in Argentina. For this reason, I decided to retain this usage.
  15. Raúl Prebisch, *Informe preliminar acerca de la situación económica*, Buenos Aires, 26 Oct. 1955, 9. This report was probably published by the Ministerio de Hacienda. Interview with Adolfo Dorfman, a member of the CEPAL mission to Argentina, 6 June 1985, Buenos Aires.
  16. *Informe preliminar acerca de la situación económica*, 26 Oct. 1955; *Moneda sana o inflación incontenible*; and *Plan de restablecimiento económico*, 7 Jan. 1956. According to Prebisch, only the third document was the "genuine and definitive Prebisch Plan." In the minds of his supporters and critics, however, all three documents formed the Prebisch Plan. The second report became the best known, possibly due to its dramatic title.
  17. See the section entitled "Historia secreta del Plan Prebisch" in *El Plan Prebisch* (5th ed.; Buenos Aires: Peña Lillo, 1984), 137–66.
  18. *Informe preliminar*, 8.
  19. Prebisch commented on the "desastre económico que ha vivido el país . . . en los últimos diez años" and to "aquel estupendo Señor Miranda, que tanto daño hizo al país," referring to Perón's first president of the Banco Central. Prebisch ended one presentation with an emotional evocation of General Lonardi, "aquella figura noble y austera que junto con otros compañeros de armas desenvainó su espada para derribar una dictadura y no para levantar otra en este suelo sufrido de América Latina." See La Agrupación Reformista de Graduados en Ciencias Económicas, *Mesa redonda* of 28 Nov. 1955, published 19 Dec. 1955 (Buenos Aires: n.p.), pp. 5, 8.
  20. For example, see Arturo Jauretche, *El Plan Prebisch*; also Isaac Libenson, *Cara y ceca del Informe Prebisch*, (published by the author, n.d.). The revolutionary socialist newspaper *Lucha Obrera* said of Prebisch, ". . . no podemos decir que sea un agente de imperialismo porque es el imperialismo en persona." See "¡Abajo el Plan Prebisch! La oligarquía y el imperialismo no ganaron la última batalla," *Lucha Obrera* (Buenos Aires), 10 Nov. 1955, p. 1.
  21. Tulio Halperin Donghi, *Historia argentina: la democracia de masas* (Buenos Aires: Paidós, 1983), 90–91.
  22. Comisión Asesora Honoraria de Economía y Finanzas, "Dictamen sobre el informe *Moneda sana o inflación incontenible*," mimeo, Buenos Aires, 20 Jan. 1956, 12.
  23. *Anales de la Sociedad Rural Argentina* 11 (Nov. 1955):479.
  24. The policymakers of the Revolución Libertadora dismantled the Instituto Argentino de Promoción del Intercambio (IAPI), returned the genealogical animal registers nationalized by Perón to the Sociedad Rural Argentina, and renewed its twenty-year lease on the Palermo fairgrounds and exhibition halls where the annual rural exposition was held. See Jorge Newton, *Historia de la Sociedad Rural Argentina* (Buenos Aires: Boncourt, 1966), 255.
  25. Gary Wynia, *Argentina in the Postwar Era: Politics and Economic Policy Making in a Divided Society* (Albuquerque: University of New Mexico Press, 1978), 157–58.
  26. In 1958, under the Frondizi government, the CGE was again allowed to function.
  27. Unión Industrial Argentina, *Memoria y balance, 1956–1957* (Buenos Aires: n.p., 1957), 22–24.
  28. Aldo Ferrer, "Notas sobre el Informe Prebisch" (n.d.), Frondizi Archives, Centro de Estudios Nacionales, Buenos Aires. Specifically, Ferrer supported six points: strengthening agricultural production; modifying the exchange rate (as long as measures were taken to blunt the impact on popular consumption); developing basic industries and promoting industrial exports; constructing gas and oil pipelines; enacting anti-inflationary measures; and liberalizing the economy while retaining a state role in the overall direction of economic development. But Ferrer argued that the Radical party, although not opposed to foreign investment in well-defined areas, did not believe that such investment was essential to Argentine development. Simi-

- larly, although he did not oppose the agrarian recommendations, he suggested that increased agricultural production was insufficient and that an effective agrarian reform was necessary for development. He also recommended that the government subsidize basic food items to avoid price increases for the popular sectors.
29. Aldo Ferrer, "El Informe Prebisch y el problema económico argentino" (undated), Frondizi Archives, Centro de Estudios Nacionales, Buenos Aires. Scalabrini Ortiz's comments are signed and dated 13 Dec. 1955.
  30. In return, the government appointed a number of sympathetic members of the Balbinista wing of the party to positions in the government, such as Radical economist Eugenio Blanco as Minister of Economics.
  31. For more on the division within the Radical party, see Ricardo Gallo, *1956–1958: Balbín, Frondizi y la división del radicalismo* (Buenos Aires: Belgrano, 1983).
  32. Reading the pages of *Qué* published in 1956–57, one finds Prebisch in the pictures more often than any other single figure, even though he spent more time in Santiago than in Buenos Aires during that period.
  33. Marcelo Cavarozzi, *Sindicatos y política en Argentina* (Buenos Aires: Estudios CEDES, 1984), 90.
  34. See Pablo Gerchunoff, "Política económica de la Revolución Libertadora," mimeo, Instituto Torcuato di Tella, n.d., 2.
  35. E. Eshag and R. Thorp, "Economic Policies in Argentina in the Postwar Years," Oxford University Institute of Economics and Statistics *Bulletin* 27, no. 1 (Feb. 1965):14.
  36. For the recommendation, see the *Plan de reestablecimiento económico*, 38.
  37. Carlos Díaz Alejandro argued that INTA activities led over time to technological improvement and productivity gains in the rural sector. See his *Essays on the Economic History of the Argentine Republic* (New Haven, Conn.: Yale University Press, 1970), 190–91, 194.
  38. The international terms of trade fell rapidly during this period, and by 1957, they were 13 percent below the 1955 level, 36 percent below 1950, and 44 percent below 1948. See Gerchunoff, "Política económica," 4, 6.
  39. For example, see Jauretche, *Plan Prebisch*; and Tomás Economicus, *Radiografía del Informe Prebisch* (Buenos Aires: Realidad Económica, 1955), 11–12, 19.
  40. For example, a transcript of a speech by Minister of Economics Blanco made to the Escuela Superior de Guerra in April 1956 on budget policy, public debt, and the national economy spent nineteen pages and twenty-one graphs elaborating the failures of Peronist economic policy and the negative economic legacy of the previous regime but only seven uninspiring pages outlining what the new government was offering as an alternative. See Eugenio A. Blanco, *La política presupuestaria, la deuda pública y la economía nacional*, speech made 17 Apr. 1956 (Buenos Aires: Ministerio de Hacienda de la Nación, 1956).
  41. Interview, Prebisch.
  42. Norberto González, current executive director of CEPAL, did his first work with CEPAL as a consultant on this study. Other members of the CEPAL team included Adolfo Dorfman, Roque Carranza, and Ricardo Cibotti.
  43. An English summary of the three-volume report can be found in "The Problems of Economic Development in Argentina," *Economic Bulletin for Latin America* 4 (Mar. 1959):13–24.
  44. Rogelio Frigerio, written responses to interview questions, p. 11, received 15 July 1985. Although I briefly interviewed Rogelio Frigerio and Arturo Frondizi, both preferred to prepare written responses to my interview questions.
  45. Prebisch recommended that the Banco Industrial (established in 1944) be transformed into an autonomous institution called the Banco de Desarrollo Económico, which would undertake only medium- and long-term investment financing. The recommendations were adopted but were soon reversed by the Frondizi administration. Banco Industrial de la República Argentina, *Memoria y Balance, 1958* (Buenos Aires, 1959), p. 11.
  46. The main exception was the Instituto Nacional de Tecnología Agropecuaria (INTA), which was previously discussed.

47. Frondizi justified his change of position on the state petroleum monopoly with the following reasons: "Cuando llegué al gobierno, me enfrenté a una realidad que no correspondía a esa postura teórica [that of *Petróleo y política*] por dos razones. Primero, porque el Estado no tenía los recursos necesarios para explotar por sí sólo nuestro petróleo; y segundo, porque la inmediata y urgente necesidad de sustituir nuestras importaciones de combustible no dejaba margen de tiempo para esperar que el gobierno reuniera los recursos financieros y técnicos." See Arturo Frondizi, *Petróleo y nación* (Buenos Aires: Transición, 1963), 8.
48. One of the bitterest attacks on Frondizi's petroleum policy was written by his vice-president, Alejandro Gómez, after he was forced to resign. See Gómez, *Política de entrega* (Buenos Aires: Peña Lillo, 1963).
49. By *national integration*, the desarrollistas meant not only the integrated industrial development of the country and the rearrangement of its trading patterns with industrialized nations but also a more metaphysical emergence of an integrated "nation" with "una unidad histórica tradicional y conciencia histórica comunitaria." See Rogelio Frigerio, *Hacer el desarrollo o remendar la vieja estructura* (Buenos Aires: Editorial Desarrollo, 1965), 13, 15. One root of this conflict between CEPAL and the desarrollistas appears to have been an alleged statement by a CEPAL expert on integration suggesting a logical regional division of industries that would assign Brazil the role of regional producer of steel and steel products. This idea was unacceptable to Argentine nationalists and desarrollistas because of the longstanding economic and military rivalry between the two countries.
50. Frigerio, written responses to questions.
51. CEPAL offered two in-country training courses in Argentina at the School of Economics of the Universidad de Buenos Aires in 1958 and 1959.
52. Interview with Alberto Petrecolla, Director of the Instituto Torcuato Di Tella, Buenos Aires, 2 July 1985.
53. Interview with Prebisch.
54. Interview with Norberto González. The document prepared by the Ferrer team was called "Informe sobre la situación económica nacional: análisis preliminar de los principales problemas y medidas propuestas."
55. Because Frigerio was unacceptable to military leaders and many of his own party members, Frondizi named Donato del Carril, a noneconomist and loyal Radical party member, to head the Ministry of Economics and installed Frigerio as a special presidential secretary for economic and social affairs. Frigerio became the real force behind economic policy-making.
56. The members of the Junta de Planificación included Norberto González, Ricardo Cibotti, Eric Calcagno, Federico Herschel, and Samuel Itzcovich. This group of Argentine economists was one of the most familiar and sympathetic with the ideas of CEPAL. The junta undertook an ambitious program of study and reform, focusing on an area within their jurisdiction, land taxation in the province. The early articles on agrarian reform and land-tax reform by the junta were published in a journal that formed the initial volumes of *Desarrollo Económico*, one of the most prominent journals in Latin America and a forum for Cepalista ideas. The land-tax plan provoked a strong reaction from landed interests in the province and opposition from the central government. Frondizi's group believed that the junta's land-tax reform fueled the opposition's attack on the central government and distracted attention from more pressing governmental priorities on economic policy, especially petroleum policy. Interview with Oscar Alende, 27 Nov. 1985, in Banfield, Argentina. Governor Alende eventually felt obliged to request Ferrer's resignation, and the Junta de Planificación closed shop. González, Cibotti, and Calcagno later went to work for CEPAL. At the initiative of Alende and his economic team, an interprovincial organization was set up in 1959 called the Consejo Federal de Inversiones (CFI). Like the Junta de Planificación, the CFI maintained a good relationship with CEPAL. According to Eric Calcagno, who left the junta to become secretary general of the CFI, the latter was envisioned as a "Cepalito" that would provide technical assistance in developing the Argentine provinces. Interview with Eric Calcagno, 11 July 1985, in Buenos Aires. Although the CFI was an interprovincial organization, rather than a national

one, it became the most permanent planning organization in the country, with a high degree of administrative continuity that was unusual in Argentina. See Antonio Federico Moreno, *El planeamiento y nuestra Argentina* (Buenos Aires: Corregidor, 1978), 111; and "La historia del CFI," *Todo Es Historia*, no. 106 (Mar. 1976):32.

57. Rogelio Frigerio, *Estatuto del subdesarrollo: los corrientes del pensamiento económico argentino* (Buenos Aires: Ediciones Librería del Jurista, 1983), 16.
58. "No obstante esos trabajos, se nos vinculó con alguna frecuencia a esa escuela [CEPAL]. Creo que esto no fue hecho de manera inocente, pues a quienes rechazaban nuestras ideas les resultaba más cómodo asimilarlos a un pensamiento extraño y combatir contra una caricatura ideológica que hacerlo con nuestras rigurosas proposiciones." Frigerio, written responses to interview questions.