

1914-2001: A people's history of Argentina



A working class history of Argentina from its "golden era" through Peronism, military dictatorship up until the uprising of 2001.

This article is an extract of [Picket and pot banger together: class recomposition in Argentina?](#) by Aufheben

1. The contradictions of the 'golden era' of the agro-export business 1

As thousands of Argentines loot stores for food and goods while grain and meat is shipped away to the western markets, the 'iron' laws of economy are exposed as reified expressions of the class war. Indeed, the whole history of modern Argentina, of its changes in economic strategies and its various crises, is the history of the Argentine bourgeoisie's battle to reimpose, again and again, capital's control on a fierce, riotous proletariat.

In 1914, Argentina's economy was based on agricultural exports, mainly of grain and beef. The Argentine bourgeoisie was composed of landowners, who had control of large latifundias, and export businessmen, and confronted a huge number of discontented agricultural workers whose pay and conditions were appalling but whose dispersion in a large backward countryside was a great obstacle in their attempts to organize. In the rural region of Patagonia the meat-processing, service and transport workers of the small towns of Rio Gallegos and Puerto Deseado were already developing organizations based on small federations. Patagonia's largest union organization, the Sociedad Obrera de Rio Gallegos, was centred in the small capital Rio Gallegos and had been active since 1911.

While Argentina's rural hinterland was left underdeveloped, the agro-business trade had necessitated the development of some subsidiary industries and services, such as meat-processing plants, cargo transport, railways, docks, triggering the expansion of a few coastal cities and a growing urban proletariat. The urban workers could organize more easily and by 1914 they were already a combative force and a challenge to the status quo.

The urbanization of the coast, functional to the export-oriented economy, involved the growth of an urban middle class and petit bourgeoisie composed of shop-keepers, petty businessmen, professionals, and civil servants. The development of the urban middle classes and the threat of the proletariat ² gradually started undermining the power of the agrarian oligarchy. By 1911, the conservative government had to concede to the struggles of the middle classes and the petit bourgeoisie and extended the electoral franchise to include middle classes and to the bulk of the working class with the law Saenz Pe-a (1912). In 1916, Hipolito Yrigoyen, candidate for the Radical Party, which represented the middle classes, was elected President of Argentina. Yrigoyen's populist government would combine repression with attempts to recuperate urban and rural working class struggles.

The dominant agrarian and mercantile bourgeoisie had little interest in promoting industrial production or the development of the countryside. However, the viability of Argentina's agrarian export economy depended on the ability of the Argentine exporters to realize profits by selling on the world market. The vulnerability of this economy, and of the class settlement which it expressed, was exposed by the First World War. Causing disruption to international trade, the war stirred up in Argentina a wave of strikes and insurrections which seriously threatened the bourgeois order. This was the beginning of the end of the era of an economy which was golden only to the extent of the Argentine agrarian oligarchy's pockets. As we will see later, the world crisis of 1929 was to give it the final blow.

Already before the First World War, Argentina's extensive but backward agriculture had begun to reach the limits of cultivable lands, and a change in economic strategy would sooner or later appear necessary to the bourgeoisie. However, with the First World War, the demand for agricultural export goods from the belligerent countries temporarily increased, pushing prices up and rewarding the agro-businessmen with huge profits. But, at the same time, the war caused a shortage in the import of raw material and capital goods, and led to a crisis in many industrial sectors. As unemployment rose and pay and working conditions worsened, waves of strikes affected transport and urban service sectors, as well as the mostly British or foreign, meat-processing plants, in the towns along the coast.

Meanwhile, there was also a change in the representation of the working class. By 1914 the largest union federation in Argentina was the [Federacion Obrera Regional Argentina \(FORA\)](#), which in its fifth congress in 1905 had adopted an anarcho-communist position. In September 1914 the syndicalist Confederacion Obrera Regional Argentina (CORA) dissolved themselves to join FORA. The syndicalists opposed FORA's anarcho-communist position and their entry to the federation was conditioned by a promise from the anarchist unions to discuss the problem of common objectives and principles in the forthcoming ninth congress of FORA. During this congress, in 1915, FORA's revolutionary positions were discarded in favour of a position of neutrality towards different political currents within the labour movement - this included the Socialist Party and other parliamentary and moderate currents, but, as we will see, it also gave freedom to the union leaders of FORA to accept any compromise with whoever was in power. ³ Also the revolutionary positions which had up until then characterized the syndicalists were toned down. In fact, while up until then revolutionary syndicalism had encouraged the use of the general strike as a tool to overthrow capitalism, the general strike was now accepted 'only when it is exercised with intelligence and energy to repulse the aggression of capitalism and the State'. ⁴ While moderation took root in the mainstream FORA, the now minority unions who were still faithful to revolutionary principles left FORA to create the 'FORA of the fifth congress' (FORA V). The syndicalist FORA was then known as the 'FORA of the ninth congress' (FORA IX).

With his election in 1916, the Radical President Yrigoyen sought a conciliatory approach with the working class and started a 'special relationship' with the unions of FORA IX. The Radical government took steps towards introducing labour reforms and intervened in industrial disputes through a representative of the President (the governor), sometimes on the side of the workers. On the other hand, Yrigoyen's government severely repressed strikes when no political gain or conciliatory agreements could be obtained or when important interests of capital were at stake.

FORA IX found it difficult to bridle the proletariat into submission and compromise. After 1918 news of the Russian Revolution added to the material conditions of crisis by encouraging the Argentine proletariat towards a uncompromising confrontation with the system. It was the revolutionary FORA V which took the lead of the new offensive. In January 1919 a major insurrection, which would be known as the Tragic Week, exploded in Buenos Aires, provoked by the death of workers during armed confrontations between the police and strikers in the occupied metallurgical plant Pedro Vasena & Hijos. FORA V called for a general strike and the on the 9th of January a march of 200,000 people led by about a hundred armed workers turned to a victorious battle with the police, while looters raided the city. FORA IX was obliged to join FORA V in calling a general strike for the 10th, whilst at the same time opening negotiations with the government. The struggle continued for the next four days and strikes paralysed the city, while FORA IX, who were able to negotiate and obtain petty concessions limited to the dispute within Vasena, tried to discourage the workers from carrying on and appealed for a return to work - but in vain. The insurrection was not really about one isolated dispute in an isolated factory, but about the general discontent shared by everyone, and the workers felt strong enough to prosecute the strikes while FORA V was pushing for the extension of the strikes to the revolution. Only the intervention of the army was able to reimpose social peace.

After the end of the First World War, a fall of international wool and meat prices affected the rural region of Patagonia. [5](#) Unemployment and the general worsening of the conditions of rural workers caused by the crisis encouraged the Sociedad Obrera de Rio Gallegos, affiliated to FORA IX, to call for a regional strike of ports and hotels in July 1920. The repressive response of the State triggered an escalation of the struggle, which extended among the rural workers in the hinterland. Armed nuclei composed of rural workers raided the countryside, spreading terror among the landowners and the bosses, recruiting, and propagating the struggle from hacienda to hacienda. Presidential appeals for reconciliation to the 'genuine-and-peaceful' workers were answered with armed defiance both in the coastal towns and in the countryside, and scabs sent from Buenos Aires were shot at by the workers of Rio Gallegos. Patagonia did not want a compromise, they wanted to go further: "This is not a working-class movement" said the governor Correo Falcon "but something much worse". The strike ceased first in the capital Rio Gallegos and later in the countryside in front of a total lack of support from the central FORA IX and of the promises of generous concessions by the new governor, Varela, who presented himself as a defender of workers' rights and was able to obtain an agreement with the rural workers. The promises were not met; but another attempt to organize strikes and armed struggles in 1921 was murderously repressed by the governor Varela. [6](#) The upsurge was over, to the relief not only of the Argentine bourgeoisie but also of the English and the German bourgeoisie, who had appealed to the Argentine chancery to protect their property in Patagonia.

Between 1919 and 1929 Argentina's economy recovered, real wages rose, unemployment decreased. This gave the government the economic basis for a renewed compromise with the

working class. New laws to regulate the labour market were introduced (e.g. a legislation which made payment in cash obligatory came in 1925, the restriction of the working day to 8 hours, except for rural and domestic workers, came in 1929). The working class were demobilized and most of the unions merged to form the reformist confederation Central General de Trabajadores (CGT, 1930). Only FORA V and a few communist unions stayed out.

2. Import-substitution production and Peronism [7](#)

The fall of world trade that followed the end of the First World War prompted some within the Argentine bourgeoisie to disengage with the world markets and look towards industrialization based on import substitution. [8](#) However, a concerted attempt at national industrialization required a break with the established class settlement. The emerging industrial bourgeoisie, in whose interests it was to really push for this new economic policy, was in fact weak and squeezed between the agro-trade oligarchy on the one hand, entrenched in their conservative free-trade oriented interests, and a militant and restless working class on the other. It was only with the economic crisis that followed Wall Street crash in 1929, which saw a collapse in world trade, that became possible to break the existing class settlement and pursue a policy of import substitution led industrialization. Even then the Argentine industrial bourgeoisie was too weak and the army had to step in.

The army overthrew the Radical government in 1930, installing a military presidency. In order to regulate overproduction caused by the international crisis, the military government placed agricultural trade under State control, against the entrenched interests of the agrarian and mercantile bourgeoisie. The monopoly of the agro-trade profits allowed the State to channel capitals into the development of a modern army, and a State apparatus which favoured industrial development; and (above all later with Peron) to channel profits into productive and industrial development.

At the same time the military government acted against the working class so as to increase the profitability of industrial capital. As soon as it took power, the new governments started repression of both militant and conciliatory unions. Despite the fact that the moderate CGT did not even condemn the military coup, declaring themselves 'politically neutral', the new government took repressive steps against the unions. The industrial bourgeoisie regained the ground previously lost to the working class. The labour laws conceded after the insurrection of 1919 were repealed; regulations were neglected by the bosses with the approval of state authorities and during the next ten years the average wage decreased. In the same period industrial production expanded and overtook agricultural production. This was accompanied by a recomposition of the Argentine working class: made redundant by the economic restructuring, masses of rural workers moved to the urban areas and provided the labour force for the new industries.

However, unable to find a stable form to mediate class conflict and to integrate the working class with some form of corporative compromise, the military government found itself caught between the interests of the old ruling oligarchy and rising popular discontent, and they were obliged to progressively concede power to bourgeois politicians.

In June 1943, during the Second World War, in the face of a bourgeoisie split by conflicting interests, the army, led by Generals Rawson and Ramirez, took power a second time in order to ensure Argentina maintained a neutral position in the Second World War. There was an ideological motive in the coup, since the right-wing army was inclined to maintain a friendly

relationship with the fascist side and many among them, Peron included, openly expressed their admiration of Mussolini. In fact the military was looking at fascism and corporatism as an answer to growing working class militancy. In 1942 the number of working days lost to strikes in Argentina was three times higher than in the past two years.

Indeed, in 1943, the new Labour and Social Security Secretary, Juan Domingo Peron, started a coherent economic and political policy based on the introduction of protective tariffs to support national accumulation and industrial development and on a corporatist compromise with the industrial working class. By 1944 he had become Vice President of Argentina. His popularity with the working class became so high that when the army tried to remove him from his post and send him into internal exile in 1945, a wave of grass-root struggles spread through the country obtained his return. In 1946, he was elected President with the support of the urban working class. ⁹ In 1946 Peron initiated an industrialization plan, based on the income from the State monopoly of the agro-export, which would be reinvested in new industries through State-owned banks.

The introduction of protectionism and the State control of industrial development provided the material means to integrate the working class through economic concessions. And at the same time the real improvement in working class conditions, particularly higher wages, was functional to the expansion of Argentina's internal market, and to the development of the import substitution economy. Indeed, the ideology of Peronism, based on the idea of a State 'above all particular class interests', was an ideology that the Radical government of Yrigoyen (and General Uriburu, with his corporatist commitment) had tried to propose in vain because it was challenged both by the old oligarchy and the working class, and as a result was contradicted by its actual economic policies. Only with the Peronist compromise this nationalistic 'third way' was grounded in the actual role taken by the State in the control of the economy. And by allowing for a real change in the conditions of the working class it was able to secure the material basis for its credibility.

The gains of the working class were to some extent comparable to those of workers in European social-democratic countries. A bureaucratic union apparatus would represent the workers and guarantee their 'interests' within a system of collective bargaining with the state as interlocutor (the unions received the status of *persona juridica* in 1945). The centralization of wage negotiations became a feature of most trades (already in 1945 there were 142 collective bargains signed at the National Department of Labour for Buenos Aires and 279 for the rest of the country). Legislation which benefited the workers was passed, including a steady rise of wages, the introduction of an extra month bonus at Christmas (the *Aguinaldo*, suspended only in August 2001), the implementation of health and safety regulations, free health care and new guarantees for rural workers.

These 'generous' concessions were offered in exchange for the workers' submission to the State and the social order. For Peron the good worker had to go 'de casa al trabajo y del trabajo a la casa': from home to work and from work to home - and give up class struggle. Peron's nationalistic ideology condemned communism and capitalism as 'foreign' and spurious ideologies, in the name of the 'third way' of justice and welfare provided by the Argentine State. The Peronist party was called 'Justicialist'. The other side of this 'third way' was of course military repression, which was turned against those unions and militants who opposed the regime (the socialist splinter of the unions' federation CGT was suspended).

Instead, the more moderate unions were encouraged and integrated into the State structure. The union's complicity with the corporatist state and their moderation was guaranteed in concrete by a redefinition of their role within the system of wealth distribution. The unions were in fact put in charge of benefit provision and they would run the health service and even holiday resorts for the workers. This control on resources was an element of real power and control on the individual workers based on relations of patronage.

However, the union representation found itself in a contradiction. In order to maintain their privileges which were the token for their submission to the State apparatus, the unions had to strive not to lose their control of the workers' movement; but on the other hand they had also to strive to maintain their legitimacy in face of the workers, whose militancy was growing. Indeed, contradictorily, in their efforts at recuperating the proletariat through representation, Peronism encouraged the workers to meet and participate in union activities, and to organize. Unionization was made obligatory for the state sector, and new unions promoted. The same fact that unionization was encouraged meant that while between 1940 and 1944 there were 332 strikes with a loss of one million working days, between 1945 and 1949 392 strikes soared to a record of nine million working days. In fact, while the main union federation CGT had become a bureaucratized mechanism at the service of the government, struggles proliferated around the shop stewards and the official representatives in the factories (comisiones internas), escaping the control of the leaders.

With its nationalistic and militaristic ideology, and with its attempt to suppress class conflict through a state-imposed corporatism, Peronism appears strikingly similar to European fascism. However, although Peron openly sought to emulate Mussolini, and although many commentators have seen Peronism as merely a form of fascism, there were vital differences. First, Peronism did not arise out of a mass movement rooted in the despair following a decisive working class defeat. Second, in his efforts to modernize Argentina through a policy of rapid industrialization, Peron was unable to rely on the backing of a relatively strong industrial bourgeoisie in order to overcome entrenched conservative agrarian interests. Instead, as we have seen, Peron came to power with the support of the working class. Far from smashing already demoralized working class organizations, Peron was obliged to establish a *modus vivendi* with such organizations.

The fact that Peron was obliged to establish an alliance with the working class has led some commentators to suggest that Peronism was essentially a form of social democracy, or at least a cross between social democracy and fascism. However, to the extent that social democracy becomes the representation of the working class within the state and capital, it represents the working class as individual commodity-owner/citizens. As such, social democracy tends to lead to the demobilization of the working class and the atrophy of its self-organization.

In contrast, although Peron could maintain an iron grip at the national level, at the grass-roots level both formal and informal working class organizations and networks were not only preserved but left with a large degree of autonomy. At a national level, Peron tied the working class as a whole to Peronism through substantial material concessions, while at a local level the various local grass-roots organizations were tied to the state through a system of patronage.

This co-option and preservation of the pre-existing forms of working class self-organization was further consolidated with Peron's move towards democratization. In doing so, Peron established a system of clientelist relationships which guaranteed political and financial

autonomy to the electoral base. Peronist local organizations were left totally or almost totally free from any political control on their activities. They would support their politicians at electoral times, receiving in exchange financial help and jobs. This encouraged identification with, and support for, Peronism, since such support actually meant welfare, state-guaranteed rights against the employers, and also space for militant actions and self-organization.

It is worth noticing that the Peronist structure of power, by giving a limited autonomy to its electoral base, encouraged and reproduced a traditional practice of self-help and solidarity at neighbourhood level. This tradition was rooted in the life of the pre-1920s *conventillos*, large buildings where working class families used to, and indeed some still do live (they have the structure of convents, with shared kitchens, and central patios). Workers' cultural associations, popular libraries and anarchist schools proliferated around the *conventillos'* patios, as well as instances of organized neighbourhood-based struggles. When, by the end of the 1920s, the workers were rehoused in individual houses in the suburbs of the cities, they tried to overcome their isolation by organizing themselves in the neighbourhood (*barrio*) through social and sport clubs and cultural associations - however, as Ronaldo Munck stresses, the new social heterogeneity in the suburbs would 'tend to dilute the harsh proletarian experience of the pre-1930 period. [10](#) This base activity was encouraged by Peronism, when welfare was provided by the union structures through a network of associations (such as recreational groups, co-ops, etc.); this situation probably reflected the weakness of a bourgeoisie which could not afford to provide the working class with a modern welfare system. The 'mafia'-like structure of Argentine power was one side of the coin of this weakness; the failure of the Peronist 'welfare system' to fragment and individualize the working class (as was achieved instead by the western welfare state) was the other side of this same coin.

This had allowed the Argentine working class to experience communal self-organization as a central part of its reproduction and survival, balancing the obvious pressure of capitalism towards bourgeois individualism. [11](#) This tradition of solidarity in the neighbourhood and at street level, which Argentine capitalism could not afford to dismantle, was an important element in Argentina's historical insurrections. One tradition which has reoccurred from pre-Peronist times up until today is the organization of *ollas populares*, community kitchens during episodes of strikes. But above all this experience is important for its revolutionary potential - the fact that struggles which start from certain categories of workers can actually involve other proletarians and expand to whole towns.

3. The end of the import-substitution economy [12](#)

By the end of the 1940s, import substitution-led industrialization was reaching its limits. Concessions for the working class and the its institutionalized strength restricted the rate of exploitation and hinder profits. The State apparatus necessary to Peronist patronage, with its army of white collar workers employed in the unions, hospitals, schools, etc., was a growing burden on the realization of surplus value at national level. Argentina's archaic agricultural trade, whose profits still constituted the main source of finance for the State, and which were challenged by competition from more advanced western countries, began to impose increasingly pressing limits on the Peronist system. As a consequence, inflation began to rise and real wages declined. A mounting petty bourgeois, middle-class and bourgeois opposition to Peronism emerged, politically articulated by the Catholic Church and by increasingly nervous associations of industry bosses.

It was increasingly apparent that Peronist power could survive only by changing the terms of its 'compromise': In order to deal with the increasing State deficit, Peron had to seek foreign investments, and in order to contain inflation had to discipline the working class. Already by 1948, the government responded to strikes with repression more frequently than by making concessions. In 1953 Peron had to abandon his commitment to his flagship policy of protectionism: causing outrage in public opinion, he allowed the USA to invest in a new steel plant, and started negotiations with the California-based Standard Oil Company for the exploitation of oil sources in Patagonia. All this weakened both the ideological and the material basis of the Peronist class compromise.

In fact a change at international level in the post-war settlement presented Argentina with the opportunity to shift towards export-led industrialization. The Bretton Woods agreement, together with multilateral agreements promoting free trade, established the dollar as world currency and stimulated a sustained recovery in world trade. Argentina's bourgeoisie could now in principle take advantage of an opening up of foreign markets, particularly in the USA and in Europe, to sell the products it could now manufacture. The governments which succeeded Peron's would make increasing efforts towards liberalization. But there was a fundamental problem confronting the attempts to pursue export-led growth. The industry developed under the Peronist compromise was backward and inefficient by world standards. Argentine industry needed massive investment to be able to compete on the world market, and this could only come from abroad. But Western Banks were not prepared to make large the large scale and long term investments in Argentina necessary to modernize its plant and machinery while the post-war boom was generating high profits in the Western countries.

However, the need to attract foreign investment and to discipline the working class into better standards of efficiency, faster work pace, higher intensity of work, meant that the bourgeoisie had to get rid of Peron and attack the privileges of a 'spoiled' working class. In September 1955 a military coup replaced Peron, populistically playing also on the disappointment of the public opinion about the deals with Standard Oil. The aim of the new military government was first of all to redefine the balance of power between employers and workers, since, according to the employers' federation of the metallurgical industry, workplaces were 'like an army in which the troops give the orders and not the generals'. [13](#) In the years following the coup, anti-labour laws were passed; the base structure of the Peronist union, the comisiones internas, were subjected to State intervention or forced into clandestinity. In 1958 the Radical government led by Frondizi implemented a series of privatizations and rationalizations, to patch up the State finances and encourage foreign investment. After 1958 production was restructured sometimes with the introduction of new technology; but often the effort of increasing productivity just meant imposing a faster work pace and discipline on the workers.

There was a strong grass-root workers' response to the new economic measures. Between 1955 and 1959 about four million working days were lost every year to strikes. In 1959 the days lost to strikes soared to ten million. The workers did not hesitate to consider occupations, sabotages and the use of explosives. Despite this resistance, the bourgeoisie recovered ground. Wage concessions were related to productivity; piece-work was introduced; speed-ups were imposed. It was a period of defeat for the class, paradoxically amidst a level of struggles which we may only envy today in the UK.

At the end of the 50s, however, a peak in militant factory occupations and strikes encouraged the CGT to get involved, both to control this militancy and to use it for achieving more political and negotiation power. With Augusto Vandor as leader, the CGT made every effort

to minimize grass-root influence on the assemblies with the use of intimidation by stewards and impose a total control of the struggles from the top. The workers' energies were channelled into 'controlled struggles', controlled in every detail by the union leaders, which were aimed to gain concessions for the union's power and for the workers, but also to weaken the Radical government and pave the way for a return of Peron. In particular, in 1964 a 'controlled' series of factory occupations involved eleven thousand factories and four million workers. [14](#)

Amidst growing social tension, a students' struggle swept the country in 1966. A new military regime took power the same year and smashed the movement, but it could not stop the process of politicization in universities which had started with it. The student's radicalization and their involvement with the workers' struggles would in fact be an important element in the later insurrectional events of 1969.

The new military government, led by General Onganía, initially presented itself as ideologically corporatist and its coup was welcomed by most of the unions. But in 1967 the government's economic policies shifted towards liberalization and rationalization, adopting anti-inflationary policies which led to the collapse of uncompetitive businesses, reducing barriers for the entry of foreign capitals, and cutting the powers and the resources of the CGT. However, a general strike called by the CGT for March 1967 met a cold response from many unions. In 1968 the CGT regrouped in a moderate CGT Azopardo and a more militant, and only initially large, CGTA ('of the Argentines'), created by base militants, and involving stalinists, left-wing Peronists, left-wing Catholics, and groups of the far left.

From 1968 however the workers rose up again in a crescendo of strikes which culminated with major insurrectional events in 1969, the Cordobazo. Tension in the industrial town of Córdoba built up mainly around the issues of the abolition of the five-day working week and the establishment of *quitas zonales*, regions where the bosses were allowed pay less than the wage nationally agreed, which included the region of Córdoba. The metal mechanical workers, the bus drivers and the car mechanics, and their respective unions UOM, UTA and SMATA were mainly at the centre of these struggles. The immediate trigger for the insurrection was a series of protests after murderous police repression of student struggles. The 29th May in Córdoba a march organized by SMATA, Luz y Fuerza (the local power workers union), UOM and UTA, joined by white collar workers and by students, soon transformed itself into a battle on the barricades. The whole town was on the streets and the centre was seized for many hours. But the day after the army counterattacked, numerous arrests were made, and militants were killed. In September a new insurrection exploded in the town of Rosario, in the Córdoba region; the town was seized and defended on the barricades against the police. Police headquarters, banks, shops and hotels of the city centre were raided.

The insurrections were heavily repressed, but the State had to restore collective bargaining with the unions and moderate their new economic policies. The participation of white-collar workers in the Cordobazo was the first major instance of participation of this sectors on the barricades. With the cuts on the state services, the participation of dissatisfied white-collar workers in the proletariat struggle was to become increasingly frequent: the *piquetero* movement of 1995 emerged precisely from a combative struggle of teachers. The Cordobazo is also another example, rooted in the Argentine tradition, of a struggle which does not stop at the factory gate but spreads throughout the town - a tradition which has become very important in today's movement.

During the Peronist period, the unions' 'corruption' had been for the workers a comfortable means of obtaining benefits within a clientelist relation while as a by-product part of the State finances were redirected to the pockets of union bureaucrats. But with the political and economic reorientation of the ruling class, the bureaucratic union 'corruption' and their collaboration with a system, which was no longer generous, became a reason for resentment on the part of the working class. That the union was part of the bourgeois system was indeed apparent in the fact that the union bureaucrats were even owners of industries and businesses. [15](#) The movement of clasismo which started in 1970 with the rank-and-file struggles in the Fiat factory in Cordoba expressed this resentment. The unions of SITRAC and SIMAC were seized by the workers, who imposed rank-and-file leaders (mainly Maoist or independent Peronists), against the resistance of the union bureaucrats and of the State. A new insurrection in Cordoba, called the Viborazo, exploded in 1971 precisely around the new rank-and-file movements and in particular around a struggle in the FIAT car factory.

This hot climate, which also included raids by Peronist and Trotskyist terrorist groups ('guerrillas'), could not be defeated with the army or with the help of right-wing paramilitary groups. The return of Peron, who could still be seen by many as 'above the parties', was then accepted by the bourgeoisie: the Peronist Campora was elected in March 1973, and Peron was president later the same year. During this period strikes broke out everywhere in the country, with occupations, clashes with the police, raids on bosses' homes. 'Guerrilla' actions also multiplied.

While allowing a rise of wages, and making an attempt to control import prices, Peron carried on a policy in the three years of his power which was systematically and mercilessly repressive; he criticized Campora for his 'excessive concessions' to the workers. A redundancy law allowed the State to get rid of militant employees and a new 'Law of Professional Associations' allowed the trade union leaders to overthrow decisions made by the committees and increased the bureaucrat's control over the shop floor. Isabelita Peron came to power after her husband's death, and prosecuted his repressive policy. The repression had the consequence of isolating and radicalizing small vanguard groups - armed 'guerrilla' groups, in particular the Montoneros, got stronger and their kidnappings and murders of trade union bureaucrats and other members of the bourgeoisie earned general public support and sympathy. [16](#)

4. Petrodollars and the restructuring of the working class [17](#)

The quadrupling of the price of oil in 1973 precipitated a severe financial crisis in Argentina. The sharp rise in the price of oil triggered an inflationary spiral that soon led to hyper-inflation. At the same time the Central Bank sank deeper into the red. Yet this oil crisis not only brought the dangers of debt and hyper-inflation, it also offered the Argentine bourgeoisie new opportunities. The oil price rise of 1973 led to a huge increase in the revenues of the oil producing States. Unable to spend or invest more than a small fraction of these revenues at home, the oil producing States deposited their 'petro-dollars' in Western banks. As a result Western bankers found themselves awash with money-capital to invest. Faced with rising working class militancy and declining profits in Western Europe and the USA in the 1970s, the Western banks were prepared to channel a large part of their petrodollar funds into the more developed parts of the periphery of the world economy, such as Latin America. As a consequence, the oil crisis gave Argentina's economy the opportunity to present itself as a profitable place for the Western banks to invest their petrodollars. Foreign investments could then ideally be used to modernize Argentina's industry and economic infrastructure so that it could compete in the world market. But such a strategy required a

further concerted attack on the working class to guarantee the potential profitability of investments in Argentina.

Similar calculations were made in neighbouring [Chile, when in 1973 a military coup d'état](#) opened their doors to the 'monetarism' of the new bourgeois economists, educated in the 'Chicago school' of Milton Friedman. The prescription of the American 'monetarist' economists was to fight inflation by cutting state spending and privatize state enterprises; and abolish protectionist policies and subsidies for state industries, forcing the 'inefficient' industries to close down in the face of international competition. In 1974 the average Chilean wage fell by one half and unemployment exploded, while the welfare system, which was based on the profits of the national industries, collapsed. At the same time massive military repression hit Chilean workers and their organizations. In a word, the restructuring devised by the Chicago School was a class counterattack, whose rationale was founded in the imposition of the 'hard laws' of international competition.

In 1976, using the justification of the need to fight the 'guerrillas', the army took power in Argentina in a coup. The concept of 'guerrilla' was extended to that of 'industrial guerrilla' to launch a massive attack against workers' organizations. Indeed it was clear to the military that the main obstacle to restructuring was the proletariat. A wave of arrests and murders of militant workers and union leaders was carried out with the collaboration of paramilitary groups. A period of terror started. Militant workers would be sacked or resign for fear of arrest, torture and death, with a total of 30,000 dead or 'disappeared'. Laws were passed to attack the militancy of the rank-and-file (reduction of the number of shop stewards to half; limitations to the access to the role of shop steward in the unions, the obligation of a pre-approved agenda at union meetings).

The CGT was dissolved by the military regime, and legislation was passed to 'democratize' the unions. The right of collective bargaining was restricted to weaken the power and legitimacy of the unions. Their control on welfare and resources was withdrawn. The interest of the military to 'democratize' the unions was one with the attempt to break down their power based on patronage, and in the same time to make the workers look at the State as individuals for their benefits rather than seeking to belong to a group. But this attack on the unions had contradictory consequences. First, by losing the concrete basis for their power over people, the unions would cease to be an efficient form of social control of the proletariat. And, second, losing their privileges, which were the reason of their complicity with the government, many union leaders did not have any choice but to be drawn into the struggle and radicalized their position in an attempt at maintaining control of the situation.

However, this restructuring and liberalization of the economy had to be gradual, because of the backwardness of Argentina's industries in terms of technology and organization of work, which was the other side of the coin of the strength of a working class which had not allowed capitalism completely to follow its laws of free competition. Indeed when the State spoke about efficiency, it was the strength of the working class that was under discussion. The industries doomed by the neoliberal policies would be precisely those where the workers were stronger and had been able to gain and maintain high wages and comfortable working conditions. The restructuring meant dismantling those industrial sectors which, not uncoincidentally, were the strongholds of workers' militancy. The industries which would survive had to be competitive to face foreign competition, and the workers had to be efficient to face the pressure of a rising unemployment - this meant imposing labour discipline and speed ups on the workers, the reimposition of capital's control on labour. The introduction of

wage differentials was a way of encouraging efficiency and competitiveness in the workers, and at the same time a way of trying to break class solidarity in the workplace.

As in Chile, while productivity increased, wages were halved in the first year of the coup. Unemployment rose and the gap between rich and poor increased. In the years following the coup a third of Argentina's industrial capacity was closed down in the face of foreign competition. A large part of the redundant workforce was absorbed by self-employment in the tertiary sector, but in 1981 the government was obliged to admit that forty per cent of the working population was under-employed, and in 1982 they had to introduce unemployment benefit. With the restriction of the state sector, between 1976 and 1980 half a million white collar workers employed in the state sector were also made redundant, contributing to a split in the middle class support for the state.

But Argentines were not willing to accept their fate of starvation and submission. Even in a situation of repression which obliged the leaders not to come out openly, even if repression and economic blackmail would tend to fragment them, Argentines continued their struggles. From 1976 there were hundreds of thousands of workers on strike every year and a general strike in 1979. After 1979 struggles intensified while the unions were unable to contain the grass-root activity. In 1980 the government and bosses of Argentina faced street protests and a solid general strike in Buenos Aires.

The middle class support for the military regime was severely undermined by the beginning of the 80s, with a new economic crisis provoked by the second oil prices surge in 1979 and the subsequent recession in the developed economies, which caused a widespread debt crisis (Mexico defaulted in 1982). Facing workers' resistance to their best efforts towards 'efficiency', and facing falling demand for its exports in the West, Argentina's economy confronted a growing balance of trade deficit and a mounting foreign debt to finance it. Foreign debt rocketed from about \$8bn in the mid-seventies to \$45bn in the mid-eighties. Unrest spread, as far as the army and even in the police, which came out on strike for wages in 1982. The government, seeking a desperate way to regain their support, invaded the British colony of the Falklands/Malvinas to inflame Argentine nationalistic hearts and obtain the support of left-wing workers' organizations (which they obtained, in the name of the leftist ideology of 'anti-imperialism!'). Unfortunately for them, they lost the war.

5. Democracy [18](#)

For the middle classes the fact that there was a problem in Argentina was undeniable. But this was not seen to be due to capitalism, but to moral issues which were superimposed on it - like the brutality of the military regime. Furthermore the crisis was not seen as a question of class struggle, but as the problem of the corrupt 'trade union barons' who were asking too much. In fact, this perception became the bourgeoisie's pretext for its need to carry on and intensify its attack against a working class reluctant to be sacked and sacrificed at the altar of the new monetarist and neo-liberal policies - as was expressed in the Radical Alfonsín's electoral pledge to 'clip the wings of the trade union barons', and to deal with the problem of 'uncontrolled union demands'. Alfonsín triumphantly won the elections in 1983 with the support of the middle classes and the petit bourgeoisie but soon faced the problems of recession and inflation by prosecuting the neoliberal policies of his predecessors. In 1987 the Radical government restricted the wages to fight inflation and it introduced a second currency, the austral, a move which did not solve the inflationary crisis. Between 1983 and 1989 the wages of State employees were substantially reduced, while discontent and strikes grew. Unable to stop inflation, Alfonsín resigned in 1990.

In the same year the Peronist Menem was elected as president of Argentina in the midst of the economic crisis, with the electoral promise to stabilize the economy, devalue the peso, increase wages, and provide 'social justice' (words which appealed to the memory of the old Peronist times). On the other hand, he assured the USA of his commitment to neo-liberal policies: With this commitment, the magic word 'justice', key word of the old Peronist class compromise, was deprived of any chance of a concrete backup.

In fact there was no choice for Menem. [19](#) During the 1990s the International Monetary Fund intervened in Argentina in order to bail the country out of the debts that it had been piled up since the dismantling of the import-substitution economy. The enormous loans that were conceded to Argentina were conditional on the adoption of concrete steps ('Structural Adjustment Programmes') whose stated aim was to guarantee the influx of foreign capital to enable Argentina to pay back its international creditors. In order to make Argentina attractive to investors, the IMF recommended the stabilization of the Argentine currency with respect to the dollar, a rise in interest rates and continuation of the process of privatization of state companies (water, gas, airports...) - together with further cuts in State spending. Whatever the Peronist promises might have meant to the electors, Menem had to be subservient to the IMF's requirements. Under Menem the austral, which was then worth one ten-thousandth of a peso, was suppressed, and a different monetary strategy was taken. In 1991, the government passed the 'Convertibility Law', which fixed the ratio between peso and dollar to 1:1. New laws on state reform sanctioned more deregulation of the economy, the privatization of gas, water, telecommunications and the postal service. The government also removed all restrictions on the transfer of foreign capital in or out of the country.

Menem dealt with economic 'inefficiency' with a reformulation of labour laws, which allowed the extension of the working day to 12 hours with no overtime paid, the possibility for employers to postpone weekend and rest days at will, deprived women and young people of labour rights (e.g. protection against dismissal), took away the right to paid days off and to strike and gave the employers the right to define job description to allow for introduction of multiple tasks. This practice heavily restricted those collective negotiations which still survived and rendered the workers more atomized and weaker in their bargaining with the employers. Industries, above all textiles, were allowed to relocate from the coastal towns to inland, where there was a 'more tranquil labour environment', and where labour regulations were less restrictive, with the conscious intent of making the country more attractive for investment.

Under this neo-Peronist government the exposure of Argentina to international competition was speeded up. In 1990 the government signed bilateral agreements (the Act of Buenos Aires) with Brazil that aimed to establish a new trade bloc modelled on the European Union. The following year Uruguay and Paraguay joined this agreement with the treaty of Asuncion which established the Mercado Comun del Cono Sur (MERCOSUR). Under these agreements it was decided to establish a custom union between the four countries by January 1995. All tariff barriers were to be dismantled between the four countries exposing Argentina's industry to the full competition of Brazil. [20](#) However, Menem's policy of a highly restrictive monetary policy to counter inflation meant that capital was unavailable for the medium and small companies to prepare themselves for liberalization. The weakest industries were closing while capitals were concentrated into large Transnational Corporations and domestic 'Great Economic Groups'.

By 1993 Menem's neo-liberal policies had begun to bear fruit. This dismantling of financial regulations, along with tough anti-labour laws, wholesale privatization and the pegging of the peso to the dollar, had transformed Argentina into an enticing prospect for foreign investors. With diminished investment opportunities due to the recession in the USA and Europe, international capital flooded into Argentina, preying on the national services, land, natural resources (oil) sold off by the government. The government of Argentina was duly praised by the IMF and the USA.

In contrast to the period under Alfonsín, in which the incomes of all but the very rich failed to keep pace with hyper-inflation, Menem's rule was a time of relative prosperity for the majority of the Argentine population. With the stabilization of the peso the middle class no longer had to fear inflation eating into their savings and financial deregulation opened up opportunities for profitable investment for even small or moderate savers. For the part of the working class which was still in secure jobs, wages began to rise faster than prices.

However, a large part of the wave of foreign capital encouraged by Menem's neoliberal policies did not go into productive investments. Foreign capital was more interested in buying up industries if they could quickly make profits by running them more efficiently - i.e. by sacking half the work force and making the other half work harder and more flexibly - rather than in building new factories and equipping them with up to date machinery. As a consequence, the inflow of foreign capital tended to increase, rather than decrease, unemployment at the same time as depressing wages for those at the bottom of the labour market. Between 1991 and 1999 both unemployment and underemployment more than doubled according to official figures.

As a result, the burst in economic prosperity of the early to mid 1990s was far from being evenly spread. Those amongst the Argentine bourgeoisie and middle classes who were in a position to become local agents for international capital - bankers, lawyers, consultants, accountants, managers and politicians - were able to make a fortune. At the same time those who lost their jobs through downsizing and public spending cuts found themselves swelling the ranks of the poor. Inequality rose sharply between the richest and the poorest. In 1990 the richest ten per cent of the population had an income fifteen times greater than the poorest ten per cent. By 1999 the richest ten per cent had increased their income to twenty three times that of the poorest tenth of the population.

With many of its more militant sections 'downsized', the bulk of the Argentine working class faced the prospect of steadily rising wages if they kept their heads down or the poverty of unemployment if they did not. As a consequence, militancy declined in the workplace and, as we shall see, the site of struggles shifted to the poor and the unemployed.

Yet this burst of prosperity under Menem was to be short lived. The flood of international capital into Argentina had allowed Menem to adopt more expansionary monetary and fiscal policies. Although a large part of the money pumped into the economy by higher public spending or through tax cuts would end up being spent on imports, thereby increasing the demand for dollars, this would be offset by foreign investors wanting to sell dollars for pesos in order to invest in Argentina. Such expansionary fiscal and monetary policies then gave a further boost to Argentina's economic prosperity which in turn attracted foreign investors anxious not to miss out on the profits to be made from this 'newly emerging market economy'. However, in the mid-1990s the dollar began to rise against the other main world

currencies dragging the peso up with it. As a consequence, Argentina's exports lost their competitiveness leading to a strong deterioration in its balance of trade.

The rise in the dollar had caused similar problems for the 'newly emergent market economies' in Asia and in 1997-8 led to financial crises in Indonesia, the Philippines, and South Korea. After the crisis reached Russia in 1999 fears spread that next in line would be Argentina. As a result the financial flows into Argentina went sharply into reverse as foreign investors sought to get their money out of the country before the peso collapsed. The IMF stepped in with a \$40bn loan to defend the peso and settle the nerves of international financiers. But in return the IMF insisted on major cuts in public spending, further privatization and more liberalization. As a consequence, Argentina went into recession. The 'virtuous circle' of high levels of foreign investment, expansionary policies leading to economic growth and more foreign investment went into reverse.

The IMF-inspired austerity measures deepened the recession, discouraging foreign investment that then led to the IMF demanding even more austerity measures before it would roll over its loans. Tension increased between the Argentine government, increasingly unable and unwilling to make further cuts to appease the IMF, and the IMF, increasingly reluctant to bail out recalcitrant governments.

In 1999 the Radical de la Rúa became President, after Menem was involved in a corruption scandal. In his electoral campaign, de la Rúa promised 'order and honesty' in Argentina's political affairs. However, the scandals which were going on discouraged investors and undermined Argentina's economic credibility. By November 2001, with the government unable to impose further cuts without causing public outcry and fearing that the IMF would carry out its threat of not renewing its loans, (leading to the collapse of the peso), the well-off started converting their credits from peso to dollars or other reliable currencies and withdrawing money from the banks. In order to prevent a collapse of the banking system, de la Rúa imposed the corralito, restrictions on the money that could be withdrawn from the banks (\$1,000/month). [21](#)

The middle classes, who had supported policies of successive governments since the 1970s, and who had prospered quietly during the 1990s, were now hit with the full brunt of the crisis, losing not only their savings but often also their jobs. Swathes of the Argentine middle class were proletarianized almost overnight! Driven in to the street, the middle class now joined the protests of the working class (the piqueteros) that had been going on since 1997.

Edited from an article by Aufheben by libcom.org

- [1](#). Sources for this section: Ronaldo Munck, Ricardo Falcon and Bernardo Galitelli, *Argentina, From Anarchism to Peronism*, (London: Zed Books Ltd 1987), pp. 24-105; Confederation Nationale du Travail - Association Internationales des Travailleurs, 'La Fora dans le Mouvement Syndical Argentin', Marseille, 2002; pp. 25-30; pp. 17-20; 'Working Class Report 1917-1921: Generalised Revolutionary Struggle in Patagonia', *Communism*, 4. A good source which was considered throughout the article is *Mouvement Communiste*, 'Argentine: La Cohesion Sociale Vole en Eclats', No. 1, Février 2002, B.O. 1666, Centre Monnaie, Bruxelles; <http://argentinanow.tripod.com.ar/news.html>

- [2.](#) The strength of the proletariat was an important element for the power balance of the ruling class. In fact Ronaldo Munck (op. cit., p. 57) stresses the importance of the general strike of 1910 for this political change, which happened two years later.
- [3.](#) Notice that the decision of bending towards the moderate socialists did not make FORA admittedly 'socialist'. In fact, due to radically divergent questions of principles, the socialist unions were united in a different federation, the UGT (Union General de Trabajadores, founded in 1906), and did not join FORA. All the moderate unions joined together only in 1930 to form the CGT, as we will see later.
- [4.](#) As quoted by Munck, op. cit., p. 67.
- [5.](#) It is worth saying that the struggles of 1919-1920 in Patagonia involved also Chilean Patagonia, where for example the Chilean workers were able to seize the town of Puerto Natales for more than a year. The efforts of FORA V to link the workers in struggle across the boundary were boycotted by FORA IX.
- [6.](#) The repression led by Varela was a real massacre, where more than 1,500 workers were killed.
- [7.](#) Sources for this section: Ronaldo Munck, op. cit., pp. 106-146. Confederation National du Travail, op. cit., pp. 29-30.
- [8.](#) That is, substituting the import of goods with national production oriented to sell on the internal market. This implied a major restructuring of the Argentinean economy.
- [9.](#) Ronaldo Munck argues that the 'orthodox' interpretation of Peronism as based on a new working class who had recently moved from the countryside, and who was less class conscious, more traditionalist and were thus prone to accept an authoritarian State. According to studies quoted by Munck, 'the organizations and leaders of the 'old' working class participated intensely in the rise of Peronism' and, contrary to the theories of the separation between new and old workers, Argentinean working class was 'remarkably homogeneous'. See discussion in Ronaldo Munck, pp. 121-123. If the 'orthodox' theory on Peronism might make sense at the ideological level, it is difficult to explain the strength of the Argentinean working class under Peronism without taking into account the existence of a 'remarkable unity' of the working class.
- [10.](#) Op. cit., p. 231.
- [11.](#) Individualism is a one-sided ideological viewpoint within capitalist social relations, where social interaction among producers takes the form of the social relationship of their commodities on the market. The viewpoint of our society as a civil society based on free individuals is of course ideological, being one-sided, because it hides the fact that the real personal freedom and happiness of the producers is denied by alienation and exploitation inherent in wage labour and in market relationships. Obviously, the other side of the same ideology is the integration of the fragmented individuals within the system through identification with abstract communities centred around unifying issues such as nationalism, the bourgeois party, etc. The fact that individualism and collectivism are contradictory may tempt us to oppose the first by appealing to the second one or vice versa. But this approach would fail to grasp the problem dialectically and see the common root of both ideological standpoints in the concrete bourgeois relationships within capitalism. Only with the concrete challenge to commodity relations in the practice of class struggle both individualism (the denial of real happiness and freedom) and abstract collectivism (the denial of real collective management of our lives) will lose their compensatory attractions and their reason of being.
- [12.](#) Sources for this section: Munck, op. cit., pp. 127-228.
- [13.](#) Ronaldo Munck, op. cit., p. 150.
- [14.](#) As accounted by Ronaldo Munck, op. cit., p. 158.

- [15.](#) Mouvement Communiste gives us a list of names of union bureaucrats and their businesses in the 70s. Some of them are: Marcelino Mansilla, general secretary of UOCRA of Mar de Plata, who owned night-clubs, a textile factory and a restaurant. The brothers Elorza, secretaries of the union of hoteliers, had a restaurant. Triacca, bureaucrat in the plastics union owned a pig farm and a transport company. Lorenzo Miguel, secretary of UOM, was co-director of another transport company. Armando March, secretary of the union of the commercial employees was a director of a 'union' bank. Regelio Coria, leader of UOCRA, co-owned the building materials factory TUCON and had a huge farm in Paraguay...
- [16.](#) As Mouvement Communiste explain, the 'guerrilla' movement started in Argentina in 1955, with the Movimiento Revolucionario Peronist (MRP), which split into a right-wing and a left-wing faction. After the student struggles of 1966, and the struggles against the military regime of Onganía, encouraged also by 'theology of liberation', more numerous groups appeared in the '70s (there were Peronist, Catholic, Guevarist, Trotskyist, Maoist factions). The Montoneros came out in 1970, with a mixture of Peronism, nationalism and third-worldism ideology. In 1974 they had 100,000 members, with 3,500-5,000 cadres.
- [17.](#) Sources for this section: Ronaldo Munck, 'Argentina', *Capital & Class*, 22, Spring 1984, p. 15; Martha Roldán, 'Continuities and Discontinuities in the Regulation and Hierarchization of the World Automotive Industry'; Andy Beckett, 'Blueprint for Britain', *The Guardian Weekend*, May 4 2002, p. 17; Arthur P. Whitaker, *Argentina Upheaval* (London: Atlantic Press), p. 97; p. 100; p. 109.
- [18.](#) Sources for this section: Donald G. Richard, 'Regional Integration and Class Conflict: MERCOSUR and the Argentine Labour Movement', *Capital & Class*, 57, Autumn 1995, p. 55; Martha Roldán, op. cit.; Hernán Camarero, Pablo Pozzi, Alejandro Schneider, 'Unrest and Repression in Argentina', *New Politics*, Vol. 7, No. 1 (new series), Summer 1998; Gerard Baker, 'US Defends its Stance on Argentina' and Thomas Catão, 'European Countries Protest at Argentina Recovery Plan', *Financial Times*, 7/1/02; articles in *Financial Times*, 22/12/01; Instituto de Estudio y Formación, *Highlights of Labour Market Conditions in Argentina*, Global Policy Network.
- [19.](#) After the Second World War the USA had emerged as the unrivalled economic super-power. Since the US could out-compete all its potential competitors in all the most important industries it was in the interests of American capital to promote free trade and liberalization. However, although the USA sought to promote the free movement of capital and commodities, and endeavoured to break up the old European empires and their associated special trading relationships, such policies were always tempered by the need to contain the Eastern Bloc. As a result the USA was prepared to tolerate allied countries imposing policies of national development, even though such policies may have inhibited the profitability of US capital, insofar as such policies prevented the spread of 'Communism'. With the fall of the USSR such a constraint on the USA's insistence on liberalization was lifted.
- [20.](#) Between 1991 and 1998 the trade between the four countries making up MERCOSUR quadrupled. However, with the crisis of 1998-9, which saw Brazil devalue the Real by 40%, MERCOSUR began to unravel. Between 1999 and 2001 the trade between the four countries fell. As Argentina's trade deficit continued to rise, exacerbated by a further 30% devaluation of the Real, it was agreed to temporarily suspend the MERCOSUR customs union in March 2001.
- [21.](#) The role of the IMF in this desperate situation, again, was primarily that of defending the interests of the creditors. One of the main policies imposed by the IMF

on the developing countries was that of financial liberalization, the removal of restrictions on the movement of capitals in and out of the countries. In the latest hectic years, when it was clear that the peso would collapse, financial companies (for example Citibank) and individual creditors rushed to take dollars out of the country. In order to stop this movement, Argentina's authorities employed then a 'Law of Economic Subversion', previously designed to track financial movements related to terrorism; but the IMF put pressure on the government to cancel this law.