

**The GREAT
DEPRESSION**
in **LATIN
AMERICA**



PAULO DRINOT and ALAN KNIGHT, editors

THE GREAT DEPRESSION IN LATIN AMERICA

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Remembering the toxic atmosphere he lived through in his teenage years in Weimar Berlin, Eric Hobsbawm wrote in his autobiography, “The collapse of the world economy was up to a point something young persons of the middle class read about, rather than experienced directly. But the world economic crisis was like a volcano, generating political eruptions. . . . Eruption was in the air we breathed.”¹ As is well known, the political eruptions in Europe led, albeit neither directly nor inexorably, to the Nazi seizure of power and the Second World War. In Latin America, the world economic crisis of the 1930s also sparked, or added fuel to, political eruptions from the Rio Grande to Tierra del Fuego. In most countries, governments of the Right and Left fell and were replaced, typically, by governments of the opposite persuasion. In the Southern Cone, for example, the reformist government of Arturo Alessandri in Chile replaced the military regime of Carlos Ibañez. Across the cordillera, the reformist government of Hipolito Yrigoyen in Argentina was replaced by the military dictatorship of General José F. Uriburu. As in Europe, in some cases these political eruptions resulted in military conflicts, such as the Leticia War between Peru and Colombia (1931–32) and, on a far greater scale, the Chaco War (1932–35), which saw Bolivia lose a large proportion of its territory to Paraguay.² As in Europe too, these political eruptions also brought about, or accelerated, economic, social, and cultural transformations, including, and perhaps most importantly, a transformation in the role of the state.

This volume explores these transformations as part of a broader examination of the impact of the Great Depression in Latin America. The current global financial crisis, which began in 2007, has produced a new vantage

point from which to reassess the history of what remains (although that may change) the deepest economic crisis of the modern era.³ As one of the key historical processes of the twentieth century, it is no surprise that, time and again since the 1930s, historians as well as economists and policy makers looking to draw lessons and devise policy responses applicable to more recent economic crises (and future crises) have chosen to examine the Great Depression in some detail.⁴ Indeed, interpretations of both the causes of the Great Depression and the factors that led to recovery are at the heart of ongoing debates between monetarists and Keynesians, which have acquired fresh currency today in the context of the so-called Great Recession.⁵ Since the 1930s, economic historians and historically inclined economists, including key figures in the current economic crisis such as Federal Reserve chairman Ben Bernanke (whose *Essays on the Great Depression* is now in its fifth edition), have fundamentally shaped these debates. As Bernanke notes, “To understand the Great Depression is the Holy Grail of macroeconomics.”⁶

Meanwhile, social, political, and even cultural historians, who largely agree on the centrality of the Great Depression to broader global historical processes since the 1930s, have sought to widen the focus beyond the economic collapse itself (or the debates on how recovery was achieved) to examine the ways in which the slump influenced social, political, and cultural processes around the world. In the European context, of course, the Great Depression is at the heart of interpretations of the origins of the Second World War and the making of the postwar welfare state.⁷ In the context of U.S. historiography, the Great Depression has prompted countless studies and has been extensively raked over, not least at the regional and local level. By way of contrast, the Latin American historiography is patchier, and despite the importance of the crisis to the economic and sociopolitical history of most countries, few systematic studies of the Great Depression have been published. Indeed, Rosemary Thorp’s edited volume on the economic history of the Great Depression, originally published in 1984, remains one of the few book-length studies to explicitly address the slump and to do so in comparative cross-national terms.⁸ An earlier collection, edited by Pablo González Casanova, included useful studies of a range of countries that combined economic history perspectives with a broader political angle.⁹ However, in the past few decades there has been much new scholarship that examines, albeit often indirectly, both the economic history and the broader social and political consequences of the Great Depression in Latin America.¹⁰

The chapters in this volume, therefore, build on an extensive literature on the Great Depression but also address processes associated with the slump that have received less systematic attention in previous cross-country studies. There is broad consensus among historians that the Great Depression was a watershed for Latin America. The direct economic impact of the slump varied from country to country. Some Latin American countries, such as Chile, were particularly badly hit, as were many economies in the Caribbean, notably Cuba, but most countries recovered their pre-1929 GDP levels by the mid-1930s.¹¹ They did so, as Victor Bulmer-Thomas has suggested, at different speeds and in different ways (with different sectors of the economy playing different roles in the recovery of each country).¹² However, arguably, Latin America as a whole weathered the Depression better than its neighbors to the north. In the United States, of course, the slump was catastrophic, with sharp drops in employment, and it brought about a significant shift in economic policy under Franklin D. Roosevelt, characterized by state intervention (the New Deal) and protectionism (with the Smoot-Hawley Act of 1930). Dealt a massive blow by collapsing commodity prices, Canada similarly experienced mass unemployment, perhaps affecting as much as 50 percent of the adult population, and, like its neighbor to the south, adopted New Deal-type reforms to address the impact of the slump. However, as late as 1939, Canada, like the United States, had still not recovered its pre-slump GDP level.¹³

Beyond the direct economic impact, as in Europe and the United States, and indeed as in Africa and Asia, in Latin America too the slump set in motion, or accelerated, a number of broader processes.¹⁴ Of course, establishing the direct causal relation between an economic phenomenon such as the Great Depression and social, political, or indeed cultural processes is far from straightforward.¹⁵ In the case of Africa, historians have debated the extent to which the Great Depression's impact on the continent resulted in a weakening or strengthening of the colonial economic system (particularly in terms of the expansion of commodity production at the expense of a "traditional" agricultural sector) and whether, because of the colonial authorities' attempts to extract further revenue from colonial subjects at a time of economic downturn, the slump stimulated protest and accelerated the process of decolonization that would gain traction after the end of the Second World War.¹⁶ In the case of Asia, similarly, historians have debated the extent to which the slump contributed to the rise of nationalism in India and much of Southeast Asia, where the slump impacted on the colonial econ-

omy and, as in Africa, sharpened tensions between colonial authorities and colonial subjects.¹⁷ In the case of Japan, historians argue, the relatively successful proto-Keynesian management of the slump occurred in a context of growing nationalist militarism boosted by the perceived bankruptcy of liberal democracies represented by the Great Depression.¹⁸ Regarding China, there is some debate on the economic impact of the Great Depression, with some authors suggesting that regions that were effectively delinked from the world economy were not greatly affected. By contrast, the impact of the Great Depression was greater in the eastern coastal cities, such as Shanghai and Hong Kong, which were more firmly inserted into the world economy.¹⁹ More generally, historians tend to attribute the major transformations that occurred in China in the post-Depression era to the impact of the 1931 Japanese occupation of Manchuria and the 1937 total war with the nationalist government rather than to the slump itself.

In the United States, historians roughly agree that the Great Depression and its chief legacy, the New Deal, brought about major political and institutional change. The slump engendered what Emily Rosenberg has called a “regulatory state” and extended the reach of federal government while strengthening the executive branch.²⁰ Moreover, as Maldwyn Jones notes, the Great Depression brought about a major political realignment: “By constructing a coalition that included the South, the big-city Northern machines, organized labor, the intelligentsia, and the underprivileged, it ensured that the Democrats replaced the Republicans as the normal majority party.” Finally, though wealth and income were unaffected, Jones contends, “the New Deal redistributed power between capital and labor.”²¹ In short, the Great Depression and the New Deal reshaped U.S. society profoundly and lastingly. In the late 1980s, Anthony J. Badger noted, “It is not surprising that Americans today cannot escape the memories of the 1930s: they work out their lives in a political economy that still bears the imprint of Franklin D. Roosevelt’s New Deal.”²² Such memories were particularly evident in recent debates over President Barack Obama’s social policy initiatives, particularly “Obamacare.”²³ Most recently, Ira Katznelson has suggested that the New Deal was a pivotal moment not only for modern U.S. history but also for the history of modern liberal democracy. The New Deal, Katznelson argues, addressed the fear that undergirded the dictatorships of the Right and the Left and at the same time demonstrated that liberal democracy had a future despite the collapse of the capitalist economy: “Of the New Deal’s many achievements, none was more important than the

demonstration that liberal democracy . . . could govern effectively in the face of great danger . . . that not all attempts at nonrevolutionary reform need fail.”²⁴

General accounts of the impact of the Great Depression on Latin America have similarly tended to view the slump as a point of both economic *and* political inflection characterized by a shift from export-led growth to import substitution industrialization (ISI) in the economic sphere and from oligarchic to populist rule in the political sphere. In his survey of the global impact of the Depression, for example, Dietmar Rothermund views populism as the main political consequence of the slump in the region.²⁵ This is a view repeated in Robert Findlay and Kevin O’Rourke’s recent survey of the world economy: “The result across much of Latin America was populism, with urban workers and capitalists combining to seize power from the traditionally outward oriented landowning elites.”²⁶ In recent decades, historians have revised these accounts, put forward originally if not exclusively by scholars working from a perspective influenced by dependency theory.²⁷ The Great Depression certainly had a decisive impact on economic thought in Latin America, and the structuralism pioneered in the 1940s at ECLA/CEPAL by Raúl Prebisch was a direct product of how Prebisch and others interpreted the slump.²⁸ But the slump did not bring about a major shift in the region’s economic orientation from export-led growth to ISI. Economic historians have shown that in those few countries where ISI took place it did so usually in conjunction with a resurgence of (not in lieu of) the export sector.²⁹ Similarly, social and political historians have challenged the idea that the post-1930s political history of the region can be reduced to the emergence of a form of politics characterized by the successful co-option or “incorporation” of popular forces (particularly of urban working- and middle-class sectors) by charismatic populist leaders such as Lázaro Cárdenas in Mexico, Getúlio Vargas in Brazil, and, after a decade-long lag, Juan Domingo Perón in Argentina.³⁰

In short, neither ISI nor populism adequately accounts for the range of processes that the Great Depression either set in motion or accelerated. Certainly, the slump created a political and ideological context favorable to change, although the direction of change varied from country to country. Of course, some broad patterns in how contemporaries understood the Great Depression, particularly in relation to what it implied for the status quo, are discernible and help account for the divergent political processes that shaped Latin America in the post-Depression period. For the “outs”

of the old order the Great Depression showed that the foundations upon which that order had been built were profoundly shaky and that the moment was ripe for major change, even outright revolution. For the “ins” of the old order, the Great Depression forced a reassessment of the assumptions and hierarchies that had underpinned their privilege, if only to avoid more drastic and uncontrolled change. The social agitation and mobilization of new political forces, particularly of the Left, that either emerged or gained traction in the context of the Great Depression throughout the region often resulted in the establishment of authoritarian regimes (for example, in Argentina, Brazil, Cuba, and Peru), or the further strengthening of military rule (as in much of Central America), or, in a few cases, the development of reformist policies that aimed at both addressing social demands and weakening more radical alternatives. In several countries, repression and (social) reformism were combined with some success.

Indeed, historians tend to agree that one of the key consequences of the Great Depression was a strengthening of the state. But this was not simply a case of creeping protectionism. Throughout the world, in both liberal democratic and authoritarian contexts, the impact of the Great Depression strengthened the idea that the state had a role to play in managing the economy and society.³¹ Indeed, several post-Depression governments in Latin America, much as Franklin D. Roosevelt’s did in the United States, implemented economic and social policies that, however halting and inadequate, nevertheless signaled a new departure in terms not only of economic policy but more generally of nation building and state formation.³² A new emphasis on “state action” emerged equally in countries that were governed by the Right and by the Left and included policies developed by progressive governments such as those of Lázaro Cárdenas in Mexico and Arturo Alessandri in Chile and by conservative governments such as those of Getúlio Vargas in Brazil and Oscar Benavides in Peru. Such developments, which Peter Temin refers to as “socialism in many countries,” were obviously not exclusive to Latin America or Roosevelt’s United States.³³ In many ways, Latin American countries both reacted and in turn contributed to a wave of new “social politics” that swept much of the world during the 1930s. While historians have paid attention to this wave’s impact on the North Atlantic economies, they have yet to examine it in similar detail in the case of Latin America, or indeed to pay sufficient attention to the transnational dimensions of the process and to how different countries at once reacted to and inserted themselves into the new social politics of the post-Depression period.³⁴

The social politics of the 1930s, in Latin America as elsewhere, were to a significant extent a response to the ways in which the slump appeared, to many national elites, through its effect on employment and, more broadly, on the social welfare of Latin American populations, to sharpen class conflict and create the potential for revolutionary political change by increasing the appeal of radical political movements. In many countries, the Great Depression had a devastating impact on laboring peoples, particularly those that worked in export industries that collapsed, such as nitrate workers in Chile or sugar workers in Cuba, and unemployment soared in such sectors. Even in societies with large subsistence sectors, such as Mexico and Peru, or much of Central America, where in the past economic crises had been weathered by drawing on subsistence agriculture, the slump's impact was noticeable in the countryside. In the cities and export enclaves, a broad-based working class of blue-collar workers in a range of industries from Mexico all the way down to Argentina was particularly affected. But an arguably even more diverse middle class of white-collar workers was equally affected, as jobs were shed, wages were cut, and livelihoods were threatened.³⁵ In this context, radical political projects of both the Right and the Left, but particularly of the Left, gained considerable traction in most Latin American countries and threatened to challenge severely the status quo. The social politics of the 1930s, which consisted primarily of social programs and social legislation that attempted to alleviate the impact of the slump on working peoples, constituted one element, along with outright repression, that elites drew on to contain popular discontent and undermine the appeal of Communist and other radical movements throughout the region. However, the social politics of the 1930s were not merely reactive. They were also expressive of broader, indeed transnational, shifts in understandings of state–society relations.

As elsewhere in the world, the advent of a new social politics in post-Depression Latin America was a clearly gendered process. Some years ago, Linda Gordon suggested that in the United States the shift in paradigm for social assistance from charity to social security, a shift precipitated by the Great Depression and consolidated through the 1935 U.S. Social Security Act, was accompanied by a rhetorical shift from needs (associated with the private sphere and women's social activism) to rights (associated with the public sphere and male legislative action). The same was true of several Latin American countries, including Argentina, Chile, and Peru, which during the 1930s began to establish the foundations of social welfare systems. In

such processes, typically, social assistance and social protection initiatives pioneered in early years by women activists were either co-opted or sidelined by the new state institutions established to protect and “improve” the population. Typically, also, the establishment of such institutions promoted a gendered order in the workplace, since social reformers sought, through the particular ways in which the new institutions operated, to ensure the establishment and well-being of households headed by male breadwinners and female housekeepers. The extent to which the Great Depression brought marked shifts in employment ratios between men and women is difficult to assess given the paucity of data (although some evidence suggests that women were often the first to be laid off) but also because, with some exceptions such as textile manufacturing, it was rare to find men and women employed in the same industries (or, put differently, many industries were gender specific). But what is discernible is the emergence of a new gendered post-Depression discourse, shaped by the new social politics in Latin America, and elsewhere around the world, that sought to place men in the workplace and women in the home.³⁶

If both the impact of and the responses to the Great Depression were gendered, they also were racialized. As in the United States, where Depression-era unemployment rates among African Americans were much higher than among whites and where racism often broke down labor solidarity, in much of Latin America too race shaped how the slump was experienced.³⁷ In the circum-Caribbean black labor migrants from Jamaica, Trinidad, Haiti, and other islands were among the first to be laid off in the sugar and banana industries. In Costa Rica, for example, “anti-black racism pervaded the demands of Hispanic workers and the posturing of Costa Rican planters alike in the 1930s and found direct expression in the 1934 law that forbade the employment of ‘colored people’ on United Fruit’s new Pacific Coast plantations.”³⁸ In Peru, anti-Asian sentiments reached new heights and translated into the introduction of labor laws that implicitly targeted workers of Japanese background.³⁹ In Mexico, similar laws explicitly targeted the Chinese, and anti-Chinese racism, both bottom-up and top-down, culminated in the expulsions of tens of thousands of Chinese in 1931.⁴⁰ In much of the region, anti-Semitism, always present, became more vocal, and fascist movements and parties with overt racist programs were established.⁴¹ But the Depression was also a racialized process in the sense that the social politics that informed post-Depression policies were shaped by racialized, even eugenicist concerns, as indeed they were in Europe and North America, where, for ex-

ample, the U.S. 1935 Social Security Act was designed in a way that largely excluded African Americans.⁴² In Latin America too, race informed the social politics that shaped the post-Depression period, although it did so to different degrees, and with different outcomes, in each country.⁴³

In short, although it acknowledges the importance of the economic impact of the slump, this volume widens the focus beyond the economic history of the Great Depression of earlier volumes to consider the broader social, institutional, and political history of the slump while paying attention to the ways in which regional transformations interacted with global processes.⁴⁴ Written by scholars with extensive expertise in the history of several Latin American countries, this volume deepens our understanding of this crucial episode in the history of the region and its impact on its societies. To be sure, the authors of the individual chapters approach the impact of the Great Depression on the countries they study in different ways. Moreover, the time period covered in each chapter varies, with some focusing on the early 1930s and others taking a broader perspective. These variations reflect at once the authors' areas of expertise and interest and, in turn, the varied impact of the Great Depression in the region. Regretfully, but perhaps inevitably in a volume of this kind, it has proved impossible to include chapters on all Latin American countries. Notable omissions include Ecuador, Bolivia, Uruguay, and Paraguay, as well as several Central American countries (Panama, Costa Rica, Honduras) and, with the exception of Cuba, the Spanish-speaking Caribbean. As such the discussion of the Great Depression's impact on Latin America offered here is clearly incomplete. Despite these absences and while certainly not the last word on the subject, the chapters that follow offer new and useful perspectives on the slump of the 1930s that will hopefully be of interest to a broad range of scholars and not just to historians of the countries that are discussed. Moreover, it is our hope that this volume will also provide the reader a timely comparative perspective on the current global crisis. In the following paragraphs, I present each chapter briefly.

We begin in Argentina, where Roy Hora addresses the impact of the Great Depression by examining two opposed historiographical perspectives on the slump. An older literature emphasizes the rupture with the export age marked by the Great Depression leading to a period of growing industrialization. According to this view, the slump created conditions for the rise of a fundamental antagonism between conservative forces linked to the authoritarian governments of the *Concordancia* and urban labor. By con-

trast, a more recent literature emphasizes continuity between the pre- and post-Depression periods. Hora suggests that rather than being opposed, these two historical narratives are in fact complementary and must be seen as part of a broader historical process marked by the growing homogenization of Argentine society following the end of mass international migration. As Hora shows, different sectors of the Argentine population experienced the Great Depression in different ways. For the middle classes, the slump's impact was short-lived: demographic changes (reductions in family size), access to education, and consumption patterns suggest that social mobility trends that predated the slump were quickly reestablished. By contrast, for the working class, the slump resulted in significant drops in wages and an increase in state repression. Hora argues that this contributed to the growing influence of the Communists among organized labor. Hora concludes by noting that these two developments explain the character of Peronism, which drew on organized labor while at the same time emphasizing middle-class values and aspirations, which organized labor came to see as their own.

In the Chilean case, like Hora, Angela Vergara also focuses on how the Great Depression affected the working class. Vergara stresses the devastating impact that the slump had on workers throughout Chile and particularly in the nitrate fields in the north, where mass unemployment (50,000 nitrate workers were jobless by 1932) was a direct consequence of the collapse of the country's export economy. Emphasizing the agency of workers, Vergara explores the ways in which workers responded to the crisis by demanding that labor laws be observed and by contesting policies aimed at controlling their mobility as they left the nitrate *oficinas* in the north of Chile in search of employment elsewhere. Vergara similarly examines the negotiations that developed between workers and state officials over the state and private programs of social assistance, such as soup kitchens and shelters for unemployed workers. Finally, Vergara addresses worker agency, exemplified by unionization and collective bargaining. In contrast to interpretations that emphasize the ways in which the Great Depression enabled the co-optation of labor movements by populist regimes, Vergara uses these case studies to show how, even in a context of economic devastation, mass unemployment, and political repression, Chilean workers were able to influence the formation of a system of labor relations that would characterize Chilean politics for almost half a century.

Like Vergara, Joel Wolfe emphasizes the limits of the capacity of the regime of Getúlio Vargas to co-opt Brazilian labor in the wake of the Great

Depression. Wolfe challenges the widely shared view that Vargas effectively incorporated Brazilian organized labor. Rather, Wolf argues, the Vargas labor initiatives largely failed. Similarly, other state-building initiatives, focused on education and cultural programs, were far less effective than is sometimes suggested. A weak federal state, further weakened by the impact of the Great Depression and confronted by powerful interests in states such as São Paulo and Minas Gerais, could not push through reforms in a vast country hampered by poor transport infrastructure. However, Wolfe suggests that Vargas did succeed in laying the foundations for what would later be called “developmentalism.” Policies introduced during the Great Depression, such as a federal price support scheme for coffee and state promotion of new industrial sectors such as steel, automobiles, and later oil, as well as the colonization of the interior, represented a significant shift in ideas about the sources of economic prosperity in Brazil and about the state’s role in promoting economic development.

In Peru, as in Brazil, the Great Depression created conditions for innovation in the role the state played in the economic and social spheres, as Paulo Drinot and Carlos Contreras demonstrate. The impact of the Great Depression on Peru was severe but relatively short-lived. The Peruvian economy, quite diverse by regional standards, recovered relatively quickly, thanks to export growth. But the slump created economic dislocations and social tensions that brought about greater state innovation and intervention. In the economic sphere, the governments of the 1930s, lacking international credit, raised taxes in order to fund social assistance programs, created fiat money and a central bank, and set up development banks to extend credit to agriculture, industry, and mining. In the social sphere, institutions such as state eateries, worker housing, and a worker social insurance fund were established in order to address the economic impact of the slump and to undermine the growing appeal of left-wing forces, such as the Peruvian Communist Party and the Alianza Popular Revolucionaria America, among the working class. These policies had a marginal impact and did not result in a radical transformation of either the Peruvian economy or society. In fact, they contributed to strengthening the power of the oligarchy, now in alliance with the military. Nevertheless, as Drinot and Contreras argue, they reflected significant developments in state building, focused exclusively in the “modern” sector, that are expressive of the ways in which Peruvian elites understood national progress as being incommensurable with Peru’s indigenous population.

In the case of Colombia, as in Peru, the Great Depression was short-lived and recovery was largely export driven. As Marcelo Bucheli and Luis Felipe Sáenz argue, the Great Depression contributed to a major political shift, as the Liberal Party replaced the Conservatives who had been in power since the beginning of the twentieth century. However, in the economic sphere, the Great Depression did not bring about a major policy shift. Indeed, the policy of “export protectionism,” which had been introduced in earlier decades, was continued and strengthened by the new Liberal governments of the 1930s. As in other countries in the region, in Colombia too the state took an active role in managing the economy in the context of the slump. However, as Bucheli and Sáenz show, export protectionism worked in different ways in different export sectors characterized by distinct configurations of local bourgeoisies and foreign capital. In the coffee sector, the state worked closely with, and supported, national planters who controlled the sector by providing credit lines and government-sponsored promotion of exports. In the banana sector, the state had to contend with the United Fruit Company. It worked closely with the company, protecting its interests against those of both local power holders in Magdalena and workers. Finally, in the oil industry, which was largely controlled by Standard Oil, the Depression-era governments shifted away from an earlier antagonism to actively support oil investment and exports.

In Venezuela, again, the economic impact of the slump was slight. As Doug Yarrington shows, significant oil revenues meant that Venezuela was able to ride out the crisis, although the agricultural export economy, particularly the coffee sector, did not fare as well, and many Venezuelans suffered as a result. But it was the death of Venezuela’s dictator Juan Vicente Gómez in 1935, rather than the slump itself, that inaugurated a new era in Venezuelan politics, albeit one shaped indirectly by the broader impact of the Great Depression on the world economy. As Yarrington argues, Gómez’s successor, Eleazar López Contreras, initiated a number of moderate political and social reforms that sought to shift Venezuela onto a path different from that set during three decades of Gomecista rule. These reforms created a climate in which political forces of the Left, Center, and Right were able to flourish and an opportunity for Venezuela’s political leaders to return from exile. In what soon became a highly polarized atmosphere, in which local tensions and the ways in which those tensions refracted international conflicts such as the Spanish Civil War played key roles, López oversaw the establishment of a form of exclusionary democracy, which restricted the participation of

the Communist Left and inhibited popular mobilization more broadly. This exclusionary democracy, Yarrington argues, would characterize Venezuelan politics to a greater or lesser degree until the election of Hugo Chávez.

If the Great Depression indirectly led to the establishment of exclusionary democracy in Venezuela, in El Salvador, Guatemala, and Nicaragua it contributed to the establishment of military dictatorships that co-opted indigenous groups, as Jeffrey L. Gould shows. The steep fall in export commodity prices, in particular in coffee prices, hit Central America sharply. However, as elsewhere in the region, recovery from the slump was relatively swift. Nevertheless, the effect of the crisis on the laboring poor was generally devastating. It contributed to indigenous mobilization and support for a nascent Left and led to the establishment of labor and campesino movements. Tracing distinct but related trajectories in each country, Gould shows how, following the initial repression of these movements, the military regimes in all three countries adopted and adapted ideologies of *mestizaje* and *indigenismo* and introduced policies (for example, offering support to indigenous communities in land conflicts with ladinos) that succeeded in breaking nascent alliances between the indigenous communities and the Left. As Gould argues, the establishment of clientelistic relationships between indigenous communities and the military succeeded in co-opting indigenous communities and also gave these communities the capacity to resist ladino encroachment on their lands. These relationships proved to be strong and long-lasting and continued to shape the difficult historical trajectory of Central American democracy in the second half of the twentieth century.

To the north, in Mexico, the impact of the Great Depression was sharp and owed to a significant extent to the Mexican economy's close ties and exposure to the faltering U.S. economy. As elsewhere in the region, as Alan Knight shows, the slump in Mexico was characterized by falling export prices, a sharp drop in government revenue, and rising unemployment, which was compounded by the repatriation of thousands of Mexican workers from the United States. However, again as happened elsewhere in the region, the Mexican economy rebounded relatively quickly, partly because the country's export base was diversified, partly because the country's incipient industrial sector was able to take advantage of opportunities created by the collapse of imports, and partly because a large subsistence sector was able to soak up excess labor. Yet, as Knight argues, government policy also played a role in the recovery, particularly after Alberto Pani took over in the Treasury in 1932 and implemented a series of proto-Keynesian poli-

cies. More generally, the recovery from the Depression in Mexico, Knight shows, was shaped by the revolutionary nature of the regime: the major policies implemented under Cárdenas (1934–40), including land reform, a strengthening of labor institutions, and pragmatic economic nationalism (in the shape of nationalizations of key industries such as oil and railways), followed a logic of radical state policy that had its source in the revolution but which was given further traction by the economic dislocations created by the world slump.

With Chile, Cuba was one of the countries in Latin America that most suffered in the Great Depression. Like Mexico, its fortunes were closely linked to those of the United States. The shift to sugar monoculture that accelerated sharply following independence in the late nineteenth century meant that Cuba was particularly exposed to the commodity price shocks that antedated the slump and to the economic devastation that followed the 1929 crash, not least in the context of U.S. protectionism under the Smoot-Hawley Act. As Gillian McGillivray shows, the economic impact of the Depression on Cuba soon translated into labor unrest, which the Machado regime responded to with repression. The 1933 revolution, which deposed Machado and led to the Grau San Martín government, prompted policies that, McGillivray argues, significantly enhanced the role of the state in the economy and went some way toward empowering sectors of the population, including sugar workers, Afro-Cubans, and women, in a bid to channel grassroots mobilization and left-wing activism that was beginning to radically alter the character of Cuban society, including its relation with U.S. capital. Under Batista, these forces were increasingly contained, but, at least until the 1952 coup, and particularly in the period 1937–44, when Batista shifted to the Left in response to both local and global processes, popular forces continued to influence state policy and to gain important concessions. Following Batista's 1952 coup, of course, Cuba's popular forces would again be severely repressed. But, as we all know, they would resurface, with lasting consequences, in 1959.

In the final chapter, Alan Knight undertakes a comparative overview of the processes examined in the previous, country-focused chapters. Knight concludes that the Great Depression was indeed a crucial episode in the history of Latin America. But although it was a single, momentous process, its effects varied considerably from country to country (and, particularly in the larger countries, from region to region, from economic to economic sector, from class to class, and so on). So, while in general, and despite its

deep insertion into the global economy that collapsed in the wake of the 1929 crash, Latin America weathered the crisis relatively well and recovered relatively quickly, some countries fared better than others, and most, as argued above, did better than the United States, which took much longer to recover. Moreover, the engine of recovery varied from country to country, with import substitution playing a role in some countries but not in others. In political terms, too, there was considerable variation, although throughout Latin America political instability was characteristic, and in most cases the slump brought about, as I pointed out above, the collapse of the status quo (whether liberal or authoritarian) and its replacement by its antinomy. In structural terms, however, Knight sees the slump as accelerating, rather than starting ab initio, processes of social and political change, such as industrialization, urbanization, internal migration, the expansion of the state, and its role in both the economy and society, which nevertheless had broader consequences for the political configuration of much of the region.

It is therefore interesting to note, in closing, that, in contrast to the Great Depression, the current crisis has not—at least not yet—generated political eruptions, in Latin America or indeed elsewhere, of the sort that Eric Hobsbawm, his contemporaries in Weimar Berlin, and the peoples of Latin America lived through in the 1930s. We can tentatively attribute this to the fact that, in most countries, historically minded policy makers—who, remembering the past, have avoided repeating it—have implemented proactive policies that have stopped the crisis from becoming even deeper, or to the fact that the political (and ideological) elements that fueled the eruptions in the 1930s are largely absent today. Whereas the Great Depression was read as a crisis of capitalism tout court, the Great Recession has tended to be read as a crisis of a particular *variety* of capitalism (characterized by unregulated financial markets and feckless governments). Similarly, whereas the impact of the Great Depression strengthened challenges to liberal democracy from the left and right, there is little to indicate that, for all the calls for “radical rethinking” from the left or despite the emergence or strengthening of neo-fascist movements in parts of Europe, there is extensive support today for an alternative to liberal democracy, either “straight” or tweaked with participatory elements.⁴⁵ This could change if the current crisis spreads further (stalling, or even breaking down, the Chinese motor of the global economy) or deepens (collapsing the Euro and breaking up the European Union). So far, Latin America has weathered the crisis better than other regions. But, as in the 1930s, the fate of the region is firmly tied to that of the rest of the world.

Notes

- 1 Eric Hobsbawm, *Interesting Times: A Twentieth-Century Life* (London: Abacus, 2012), 47.
- 2 In turn, defeat in the Chaco War led—again neither directly nor inexorably, but the chain of transmission is clearly discernible—to the “nationalist” revolution of 1952. See Merilee S. Grindle and Pilar Domingo, eds., *Proclaiming Revolution: Bolivia in Comparative Perspective* (London: Institute of Latin American Studies, 2003).
- 3 Recent examples include Peter Temin, “The Great Recession and the Great Depression,” *Daedalus* 139, no. 4 (2010): 115–24; Richhild Moessner and William A. Allen, “Banking Crises and the International Monetary System in the Great Depression and Now,” *Financial History Review* 18 (2011): 1–20; Miguel Almunia et al., “From Great Depression to Great Credit Crisis: Similarities, Differences and Lessons,” *Economic Policy*, CEPR, CES, MSH, 25 (2010): 219–65; and the special issue of the *Oxford Review of Economic Policy* edited by Nicholas Crafts and Peter Fearon, “Lessons from the 1930s,” 23, no. 3 (2010). An earlier (pre-2007) study is Harold James, *The End of Globalization: Lessons from the Great Depression* (Cambridge, MA: Harvard University Press, 2002).
- 4 See Rick Szostak’s useful discussion of shifting macroeconomic explanations of the Great Depression since the 1930s. Rick Szostak, “Evaluating the Historiography of the Great Depression: Explanation or Single-Theory Driven?,” *Journal of Economic Methodology* 12, no. 1 (2005): 35–61.
- 5 See Robert Skidelsky’s recent book on Keynes, among others. Robert Skidelsky, *Keynes: The Return of the Master* (London: Penguin, 2010).
- 6 Ben Bernanke, *Essays on the Great Depression* (Princeton, NJ: Princeton University Press, 2004), 5. The economic history of the Great Depression is the focus of a number of studies. Foremost among them are Charles Poor Kindleberger, *The World in Depression, 1929–1939* (Berkeley: University of California Press, 1973); Peter Temin, *Did Monetary Forces Cause the Great Depression?* (New York: Norton, 1976); Peter Temin, *Lessons from the Great Depression* (Cambridge, MA: MIT Press, 1989); Barry J. Eichengreen, *Golden Fetters: The Gold Standard and the Great Depression, 1919–1939* (New York: Oxford University Press, 1992).
- 7 As Mark Mazower notes, “Capitalism’s great crisis . . . carried with it powerful political implications: was there a democratic alternative to fascism and communism that could face up to the economic challenges of the 1930s.” Mark Mazower, *Dark Continent: Europe’s Twentieth Century* (London: Penguin, 1998), 117.
- 8 Rosemary Thorp, ed., *Latin America in the 1930s: The Role of the Periphery in World Crisis* (London: Macmillan, 1984). Dietmar Rothermund’s study of the global impact of the slump dedicates one chapter and parts of another to Latin America, in which he largely summarizes the chapters in the Thorp volume. See Dietmar Rothermund, *The Global Impact of the Great Depression, 1929–*

- 1939 (London: Routledge, 1996), chaps. 10 and 14. For studies that locate the Great Depression in a broader history of financial crises, see Carlos Marichal, *Nueva historia de las Grandes Crisis Financieras: Una perspectiva global, 1873–2008* (Madrid: Editorial Debate, 2010).
- 9 Pablo González Casanova, ed., *América Latina en los años treinta* (México: Instituto de Investigaciones Sociales, Universidad Nacional Autónoma de México, 1977).
 - 10 A long list of titles is probably unnecessary. Examples of this literature, in English, include, in the case of Brazil and Chile, John D. French, *The Brazilian Workers' ABC: Class Conflict and Alliances in Modern São Paulo* (Chapel Hill: University of North Carolina Press, 1992); Joel Wolfe, *Working Women, Working Men: São Paulo and the Rise of Brazil's Industrial Working Class, 1900–1955* (Durham, NC: Duke University Press, 1993); Barbara Weinstein, *For Social Peace in Brazil: Industrialists and the Remaking of the Working Class in São Paulo, 1920–1964* (Chapel Hill: University of North Carolina Press, 1996); Patrick Barr-Melej, *Reforming Chile: Cultural Politics, Nationalism, and the Rise of the Middle Class* (Chapel Hill: University of North Carolina Press, 2001); Karin Alejandra Rosemblatt, *Gendered Compromises: Political Cultures and the State in Chile, 1920–1950* (Chapel Hill: University of North Carolina Press, 2000); Thomas Miller Klubock, *Contested Communities: Class, Gender, and Politics in Chile's El Teniente Copper Mine, 1904–1951* (Durham, NC: Duke University Press, 1998).
 - 11 As Victor Bulmer-Thomas notes, “The most disastrous combination was a high degree of openness, a large fall in the price of exports, and a steep decline in the volume of exports. It is no surprise therefore that the most seriously affected republics were Chile and Cuba, where the external shock was strongest.” Victor Bulmer-Thomas, *The Economic History of Latin America since Independence* (Cambridge: Cambridge University Press, 1994), 201.
 - 12 Bulmer-Thomas, *Economic History of Latin America*, 194–237.
 - 13 Robert Broughton Bryce, *Maturing in Hard Times: Canada's Department of Finance during the Great Depression* (Kingston, ON: McGill-Queen's University Press, 1986), 64; J. M. Bumsted, *A History of the Canadian Peoples* (Don Mills, ON: Oxford University Press, 2007), 334–41.
 - 14 Some of these processes would have a long-lasting impact. As Carlos Marichal notes, the debt defaults in much of Latin America in the early 1930s, following the sharp rise in real interest rates, not only helped to attenuate the impact of the financial and commercial shock but “also reduced financial dependency during more than a decade. This was a historical experience that would bear remembering.” Carlos Marichal, *A Century of Debt Crises in Latin America: From Independence to the Great Depression* (Princeton, NJ: Princeton University Press, 1989), 228.
 - 15 See Alan Knight's chapter 10 in this volume.
 - 16 See Bogumil Jewsiewicki, “The Great Depression and the Making of the Colonial Economic System in the Belgian Congo,” *African Economic History*

- 4 (1977): 153–76; Jane I. Guyer, “The Depression and the Administration in South-Central Cameroon,” *African Economic History* 10 (1981): 67–79; Moses Ochonu, *Colonial Meltdown: Northern Nigeria in the Great Depression* (Athens: Ohio University Press, 2009).
- 17 As Dietmar Rothermund notes, “Mahatma Gandhi started his famous Salt March in the Spring of 1930. This was not related to the impact of the depression at all, but once the North Indian peasants were hit by the fall in wheat prices they joined his campaign and gave a new lease of life to it.” Dietmar Rothermund, *An Economic History of India: From Pre-Colonial Times to 1991* (London: Routledge, 1993), 98–99. For a revisionist perspective on the impact of the Great Depression on Southeast Asia, see Peter Boomgard and Ian Brown, eds., *Weathering the Storm: The Economies of Southeast Asia in the 1930s Depression* (Leiden: KITLV, 2000).
- 18 See Myung Soo Cha, “Did Takahashi Korekiyo Rescue Japan from the Great Depression?,” *Journal of Economic History* 63, no. 1 (2003): 127–44. See also Mark Metzler, *Lever of Empire: The International Gold Standard and the Crisis of Liberalism in Prewar Japan* (Berkeley: University of California Press, 2006).
- 19 This point is relevant, of course, to large parts of the Americas. See Tomoko Shiroyama, *China during the Great Depression: Market, State, and the World Economy, 1929–1937* (Cambridge, MA: Harvard University Press, 2009); and Tim Wright, “Distant Thunder: The Regional Economies of Southwest China and the Impact of the Great Depression,” *Modern Asian Studies* 34, no. 3 (2000): 697–738.
- 20 Emily S. Rosenberg, *Spreading the American Dream: American Economic and Cultural Expansion, 1890–1945* (New York: Hill and Wang, 1982), 176–201.
- 21 Maldwyn A. Jones, *The Limits of Liberty: American History, 1607–1992* (Oxford: Oxford University Press, 1995), 476.
- 22 Anthony J. Badger, *The New Deal: The Depression Years, 1933–1940* (Houndmills, UK: Macmillan, 1989).
- 23 According to Paul Krugman, for example, “Mr. Obama took office in a nation marked by huge disparities in income and wealth. But where the New Deal had a revolutionary impact, empowering workers and creating a middle-class society that lasted for 40 years, [Obama’s Big Deal—a reference to Joe Biden’s reference to the health care reforms as a “big fucking deal”] has been limited to equalizing policies at the margin.” Paul Krugman, “The Big Deal,” *New York Times*, January 20, 2013.
- 24 Ira Katznelson, *Fear Itself: The New Deal and the Origins of Our Time* (London: W. W. Norton, 2013), 6.
- 25 Rothermund, *Global Impact of the Great Depression*, 140–44.
- 26 Ronald Findlay and Kevin H. O’Rourke, *Power and Plenty: Trade, War, and the World Economy in the Second Millennium* (Princeton, NJ: Princeton University Press, 2007), 468.
- 27 These scholars, including, most famously, Fernando Henrique Cardoso, Andre

Gunder Frank, and Celso Furtado, were arguably among the first to insist on the importance of the Great Depression in creating the conditions for a more autonomous form of the development based on industrialization. See Andre Gunder Frank, *Capitalism and Underdevelopment in Latin America: Historical Studies of Chile and Brazil* (New York: Monthly Review Press, 1967); Fernando Henrique Cardoso and Enzo Faletto, *Dependencia y desarrollo en América Latina* (Mexico: Siglo XXI editoriales, 1969); Celso Furtado, *Economic Development in Latin America: Historical Background and Contemporary Problems* (Cambridge: Cambridge University Press, 1970).

- 28 As Joseph L. Love notes, “Prebisch’s interest in industrialization as a solution to Latin America’s economic problems originally arose from the desire, shared by many Argentine contemporaries, to make Argentina less economically ‘vulnerable,’ a vulnerability painfully evident for the whole period 1930–1945.” Joseph L. Love, “Economic Ideas and Ideologies in Latin American since 1930,” in *Ideas and Ideologies in Twentieth Century Latin America*, ed. Leslie Bethell (Cambridge: Cambridge University Press, 1996), 224. On ECLA and Prebisch, see also Joseph L. Love, *Crafting the Third World: Theorizing Underdevelopment in Rumania and Brazil* (Stanford, CA: Stanford University Press, 1996). See also Valpy Fitzgerald and Rosemary Thorp, eds., *Economic Doctrines in Latin America: Origins, Embedding and Evolution* (Basingstoke, UK: Palgrave Macmillan, 2005).
- 29 See Thorp, *Latin America in the 1930s*; and Bulmer-Thomas, *Economic History of Latin America*. See also Marcelo de Paiva Abreu, “The External Context,” in *The Cambridge Economic History of Latin America*, vol. 2, *The Long Twentieth Century*, ed. Victor Bulmer Thomas, John Coastworth, and Roberto Cortés Conde (Cambridge: Cambridge University Press, 2006), 104–18.
- 30 See, a fortiori, Daniel James, *Resistance and Integration: Peronism and the Argentine Working Class, 1946–1976* (Cambridge: Cambridge University Press, 1988); and French, *Brazilian Workers’ ABC*. For a useful overview of debates on populism in Latin America, see Alan Knight, “Populism and Neo-Populism in Latin America, especially Mexico,” *Journal of Latin American Studies* 30, no. 2 (1998): 223–48.
- 31 For such shifts in the European context, see, for example, Philip Nord, *France’s New Deal: From the Thirties to the Postwar Era* (Princeton, NJ: Princeton University Press, 2010).
- 32 As Victor Bulmer-Thomas notes, many of the changes in the economic sphere were not planned; they did not amount to an “intellectual revolution.” Authorities were often forced into implementing reforms by circumstances, but these reforms did pave the way and to some extent amounted to a new paradigm of import substitution, which would come into focus in later decades. Bulmer-Thomas, *Economic History of Latin America*, 234. See also Rosemary Thorp, *Progress, Poverty and Exclusion: An Economic History of Latin America in the 20th Century* (Washington, DC: IDB, 1998), 97–125.

- 33 See Temin, *Lessons from the Great Depression*.
- 34 See, in particular, Daniel T. Rodgers, *Atlantic Crossings: Social Politics in a Progressive Age* (Cambridge, MA: Belknap Press of Harvard University Press, 1998).
- 35 On the middle classes in this period, see, among others, David S. Parker, *The Idea of the Middle Class: White-Collar Workers and Peruvian Society, 1900–1950* (University Park: Penn State University Press, 1998); Brian P. Owensby, *Intimate Ironies: Modernity and the Making of Middle-Class Lives in Brazil* (Stanford, CA: Stanford University Press, 1999); Patrick Barr-Melej, *Reforming Chile: Cultural Politics, Nationalism and the Rise of the Middle Class* (Chapel Hill: University of North Carolina Press, 2001). See also A. Ricardo López and Barbara Weinstein, eds., *The Making of the Middle Class: Toward a Transnational History* (Durham, NC: Duke University Press, 2012).
- 36 See Linda Gordon, “Social Insurance and Public Assistance: The Influence of Gender in Welfare Thought in the United States, 1890–1935,” *American Historical Review* 97, no. 1 (1992): 19–54; Donna J. Guy, *Women Build the Welfare State: Performing Charity and Creating Rights in Argentina, 1880–1955* (Durham, NC: Duke University Press, 2009); Karin Alejandra Rosemblatt, *Gendered Compromises: Political Cultures and the State in Chile, 1920–1950* (Chapel Hill: University of North Carolina Press, 2000); Paulo Drinot, *The Allure of Labor: Workers, Race and the Making of the Peruvian State* (Durham, NC: Duke University Press, 2011).
- 37 On African Americans during the Great Depression, see Cheryl Lynn Greenberg, *To Ask for an Equal Chance: African Americans in the Great Depression* (New York: Rowman and Littlefield, 2009).
- 38 Laura Putnam, *The Company They Kept: Migrants and the Politics of Gender in Caribbean Costa Rica, 1870–1960* (Chapel Hill: University of North Carolina Press, 2002), 73. For similar laws and more generally for anti-West Indian racism elsewhere in the circum-Caribbean region, see, among others, Dario Euraque, “The Banana Enclave, Nationalism, and Mestizaje in Honduras, 1910s–1930s,” in *Identity and Struggle at the Margins of the Nation-State: The Laboring Peoples of Central America and the Hispanic Caribbean*, ed. Aviva Chomsky and Aldo Lauria-Santiago (Durham, NC: Duke University Press, 1998), 151–68; and Barry Carr, “Identity, Class, and Nation: Black Immigrant Workers, Cuban Communism, and the Sugar Insurgency 1925–1934,” *Hispanic American Historical Review* 78, no. 1 (1998): 83–116.
- 39 See chapter 4 of this volume.
- 40 Gerardo Rénique, “Race, Region and Nation: Sonora’s Anti-Chinese Racism and Mexico’s Postrevolutionary Nationalism, 1920s–1930s,” in *Race and Nation in Modern Latin America*, ed. Nancy P. Appelbaum, Anne S. Macpherson, and Karin Alejandra Rosemblatt (Chapel Hill: University of North Carolina Press, 2003), 211–36; Robert Chao Romero, *The Chinese in Mexico, 1882–1940* (Tucson: University of Arizona Press, 2011), 155–90; Grace Peña Delgado, *Making the*

Chinese Mexican: Global Migration, Localism and Exclusion in the U.S.-Mexico Borderlands (Stanford, CA: Stanford University Press, 2012), 157–89.

- 41 On anti-Semitism in the context of the rise of nativism and anti-immigration sentiments, as well as the establishment of anti-Jewish policies, in Brazil in the 1930s, see Jeffrey Lesser, *Welcoming the Undesirables: Brazil and the Jewish Question* (Berkeley: University of California Press, 1995), chaps. 2 and 3. On anti-Semitism in the context of the rise of fascist movements in Argentina, Brazil, and Chile, see part 3 of Sandra McGee Deutsch, *Las Derechas: The Extreme Right in Argentina, Brazil and Chile, 1890–1939* (Stanford, CA: Stanford University Press, 1999).
- 42 See Robert C. Lieberman, *Shifting the Color Line: Race and the American Welfare State* (Cambridge, MA: Harvard University Press, 2001); and Ira Katznelson, *When Affirmative Action Was White: An Untold History of Racial Inequality in Twentieth-Century America* (New York: W. W. Norton, 2005).
- 43 In Peru, for example, the 1936 social security law was designed in a way that excluded the indigenous from its coverage. See Drinot, *Allure of Labor*, chap. 6.
- 44 Thorp, *Latin America in the 1930s*.
- 45 On the need for “radical rethinking” after the “implosion” of “global free-market capitalism” following the banking crisis and credit crunch of 2007–8, see Stuart Hall, Doreen Massey, and Michael Rustin, “After Neoliberalism: Analysing the Present,” accessed April 29, 2013, <http://www.lwbooks.co.uk/journals/soundings/pdfs/s53hallmasseyrustin.pdf>.

CHAPTER 1

The Impact of the Depression on Argentine Society

Roy Hora

Social and political developments in Argentina during the period that stretches from the beginning of the Great Depression to Colonel Juan Perón's rise to power a decade and a half later have been studied from two points of view. During the 1960s and 1970s, most scholars characterized this period, known as the *Década Infame*, as one of political reaction and social regression. According to this view, the coup d'état led by General José F. Uriburu on September 6, 1930, that overthrew President Hipólito Yrigoyen and the subsequent systematic use of electoral fraud by the ruling *Concordancia* (1932–43) allowed the Conservatives and their allies on the right to reverse the reformist politics furthered by the Radical governments (1916–30) after the Sáenz Peña electoral reform democratized the (male) franchise. This interpretation also emphasizes that the Great Depression had a negative impact on popular welfare, in both rural and urban areas, whose effect lasted for more than a decade, and which undid much of the social progress that had been achieved in previous decades, most particularly during the period of Radical rule.

This way of looking at the 1930s holds that this social and political relapse ran parallel to deep economic transformations. As a result of the contraction of the world market for agricultural products, Argentina's export sector lost momentum. When economic recovery began, the inward-looking, labor-intensive manufacturing sector overtook export agriculture as the major engine of growth. Recovery was aided by public policy that, as a result of the change in the political base of the state, became more favorable to business interests than during the democratic era that ended in 1930. After General Uriburu's coup d'état removed Yrigoyen from office, the country fell under the rule of the *Concordancia*. A sort of united front of those forces of the

Center and the Right that had been ousted from the scene by the rise of the Radicals, the Concordancia controlled politics from 1932 to 1943, and for that matter repeatedly resorted to electoral falsification in various degrees, especially in the province of Buenos Aires. Far more pro-capitalist than its Radical predecessors, the Concordancia served the interests of a business elite made up of large landowners (whose wealth dated back to the agro-export period) and, to a lesser extent, of manufacturing and urban entrepreneurs who benefited from inward-looking growth. Indifference to popular demands on the part of the governing elite, repression of political dissidents and labor militants, and the weakness of the unions explain why there was no social or labor reform in the 1930s, despite mounting discontent. It was only with the accession of Perón to government that social reform became a central aspect of public policy.¹

According to this narrative, then, the 1930s was a period marked by rupture with the previous export-led era but also with the Peronist years. In fact, much of the persuasive power of this account lies in its capacity to explain the rise of Peronism as the product of the new social forces that emerged in the wake of the economic and social changes brought about by the Depression, and as a response to the reactionary political climate prevalent throughout the *Década Infame*. Following this interpretation, the critical factor in the emergence of Peronism—the movement that would from that point onward take center stage in Argentinean politics—was the growing tension between this undemocratic, elitist political order and the growing economic and social weight of urban labor.

In the past twenty-five years, this interpretation has been called into question. Major processes of change that have taken place since the 1980s, such as deindustrialization, the erosion of working-class politics, and Peronism's electoral defeats (and changes) during the post-1983 democratic period, have had a strong impact on the way historians regard the 1930s. Also, greater awareness of the importance of manufacturing growth and social betterment during the export-led era has given rise to more balanced, even more sympathetic, views on the oligarchic republic (1880–1916) and the pre-1945 economic and social development of the country. As a result, the rise of industrial society has lost much of its centrality as the dominant theme in the country's mid-twentieth-century history. Understanding of the *Década Infame* as an era of manufacturing growth and working-class ascent has given way to an alternative view that emphasizes continuity with earlier periods. The 1930s are seen as a period not of rupture but of continuation of the pro-

cesses of economic growth and diversification and, more importantly, social betterment that wide sectors of society, including the popular classes, had experienced since the turn of the century, and which had gathered pace during the prosperous 1920s. In this way, the *Década Infame* is located within the context of a broader, interwar period. According to this view, once the worst effects of the Great Depression had subsided, society again became open and mobile, characterized by increasing levels of well-being and renewed opportunities for social advancement, especially in the large littoral cities. It is often noted that, apart from manufacturing, the services sector also experienced significant growth during the 1930s, thus consolidating an economic structure that was not only more industrialized but also more complex and diversified.

According to this view, as social mobility and individual progress became more widespread in the interwar period, the confrontational, class-based popular identities forged during the turn-of-the-century years (when Anarchist influence over the working classes was at its height) lost salience. Thus, while adherents to the first interpretation outlined above suggest that the formation of labor institutions and a stronger (albeit repressed) worker culture gained momentum during the 1930s, this second interpretation emphasizes a gradual erosion in class-based identities. Instead, it points to the making of a wider “popular sectors” identity, in part shaped by middle-class values, and defined less by class than by determinants such as culture, consumption, and residential patterns. In sum, where the first narrative emphasizes the social and political alienation of the new urban laborers created by industrialization, the second highlights the identification of large sections of the urban population with aspirations for social or family betterment compatible with the existing order and, as a result, a strong popular identification with the moderate, reformist political agenda articulated by the Radicals and the Socialists.²

Finally, this second perspective sees the political developments that put an end to the *Década Infame* under a different light. Explanations of the rise of Peronism downplay the analytical weight of labor activism and of popular demands that could not be accommodated within a reformed version of the political order of the *Década Infame*. In the more integrated and harmonious society portrayed by proponents of this argument, the economic and social transformations brought about by the growth of manufacturing play a minor part in the emergence of Peronism. Politics and ideology, rather

than social and economic change, are the most important explanatory variables. According to this view, the authoritarian, nationalist ideas dominant in the armed forces and the Catholic Church, the political and ideological impact of World War II, the mobilization of the center and left political parties and the middle classes against the military that took power in June 1943, and the besieged military regime's struggle for survival in 1944–45 were developments even more important than the upsurge of working-class activism in shaping the political scenario that brought Colonel Perón to power.³

Because of their emphasis on either change or continuity, exclusion or integration, these two interpretations of the Great Depression years are often regarded as alternative narratives. However, important divergences stem from the fact that they focus on two distinct groups: the industrial workers in the first case, and the urban middle classes and the more integrated and prosperous segments of the urban popular classes in the second. In fact, this chapter argues that these interpretations actually explore two parallel and (to some extent) complementary realities, both of equal importance for understanding how Argentina developed during the 1930s and what was the political legacy of the Great Depression. In order to achieve a better understanding of the 1930s, therefore, these two narratives need to be brought together.

The first section of this chapter briefly describes the impact of the Great Depression. Then, the chapter looks into how the slump affected the middle classes and the most integrated and prosperous sectors of the urban workers. I contend that long-established forces of integration were at play during this period, promoting social mobility and increased levels of welfare. However, this experience was less widespread and less potent than in earlier decades. The next section shifts attention to the word of labor, exploring how the rise of industry and new forms of labor organization affected the workforce. It states that deteriorating living conditions and greater hostility toward the established order contributed to the emergence of the first industry-wide trade unions in the manufacturing sector, and it assesses the long-term significance of the changes in the workers' political consciousness associated with this process. Finally, the concluding section summarizes the central themes of this article and offers some indications on integrating the two narratives outlined above into a more complex view of how Argentinean society was transformed as a result of the Depression.

Argentina into the Depression

The Argentine economy, highly integrated into international trade and finance flows, was strongly affected by the world slump. Between 1928 and 1932, exports fell from \$1 billion to \$335 million. GDP contracted by 14 percent between 1929 and 1932. Public finances also suffered, the consequence not only of decreasing revenues (still highly dependent on international trade taxes) but also of the drying up of external credit. To balance the trade deficit, the government restricted external purchases and remittances (devaluation of the peso, exchange controls). Duties on imported goods were increased, and quantitative restrictions on imports were imposed.

These measures created incentives for the development of domestic production through import substitution industrialization, and by 1933 the manufacturing sector began to revive. Argentina's industrial structure, the most advanced in Latin America, developed in new directions. A modest increase in export values contributed to growth, but economic recovery was largely the result of increased production for the domestic market, led by new sectors such as textiles, chemistry, and metals. Between 1933 and 1945, GDP expanded by almost 4 percent per year on average, barely a point below the 1920–29 pace of growth.⁴ Despite the weak performance of the export sector throughout the decade, the impact of the Great Depression was less intense in Argentina than in Chile, Canada, or the United States, all countries where GDP fell by over 20 percent and recovery was slower and more laborious.⁵ However, recovery was not as fast as in Brazil or Mexico, probably because strong links with Britain and a rather timid, orthodox economic policy prevented Argentina from channeling more resources into the most dynamic sectors of the economy. The much-criticized Roca-Runciman bilateral agreement, designed to protect beef exports to Britain and which forced Argentine producers and consumers to buy British goods rather than cheaper and more useful U.S. and German products, was probably inevitable in a world that was moving toward bilateralism. Even if less contentious, servicing the debt proved less beneficial, largely because, despite Argentina's good behavior, the influx of foreign loans and investment was never resumed. To a certain extent, then, Argentina paid a higher price for its financial policy than for its commercial policy.⁶

Economic recovery was largely an urban phenomenon, spurred by the development of manufacturing and the expansion of the services sector.⁷ One of the most important consequences of the shift from export agricul-

ture to inward-looking development was that it reshaped the economic elite, which had up to that point been dominated by large landowners. The fall in exports brought with it a dramatic decrease in the value of both the assets and the income of this group. Large *estancieros* suffered heavy losses. Over the course of the 1930s, rural wealth was silently displaced from the top echelons of the wealthy elite by the more dynamic and prosperous urban capitalists. By the early 1940s, less than one out of every six among the largest one hundred taxpayers derived their income from rural business. However, newly amassed wealth remained detached from high society. Very few of these urban *nouveaux riches* came from upper-class circles, and even fewer of them harbored aspirations to marry into or intermingle with the landed establishment. Thus, the renovation of the top echelons of the business community was deeper and more abrupt than the social decline of the turn-of-the-century rural elite. In the popular mind, wealthy landowners remained as the country's most powerful group. In a period of greater popular hardship, this came at a price. During the 1930s, the public image of Argentina's most exclusive group turned increasingly negative. Widely perceived as reactionary, exploitative of the laborers who worked the land, and harmful to the national interest, the *oligarquía terrateniente* became the object of much criticism.⁸

Public hostility toward this landed oligarchy was closely tied to the problems faced by the rural population. We lack a clear picture of the impact of the Depression in the interior provinces. The available evidence, however, suggests that the gap in living standards between the littoral and the interior provinces deepened further.⁹ This was also what most contemporaries believed. In a well-known study of social conditions in the northwestern provinces published in 1938, Alfredo Palacios denounced "the lack of any future for innumerable Argentinean children," the consequence of all those "illnesses fostered by misery."¹⁰

The Great Depression had a profound and negative impact on popular welfare in the pampean countryside, the heart of the agrarian export economy. Agricultural mechanization in the 1920s and the collapse of grain and livestock prices during the Depression led to a twin, long-lasting contraction in labor demand and income. Large landowners saw their assets and incomes shrink, but their superior market power allowed them to transfer much of this fall to tenants and wage laborers. A number of important labor conflicts and tenant strikes erupted between 1930 and 1933. Lacking a strong organization and further weakened by the economic downturn, workers and

tenants were always defeated. Thereafter, migration became a more viable option than speaking out.¹¹

Migration, one of the most important consequences of the Depression, had a profound demographic impact. Between 1930 and 1947, Argentina grew from eleven to sixteen million inhabitants. However, during the 1930s, for the first time in the country's history, the rural population (those residing in settlements of less than two thousand inhabitants) declined, reaching a similar level to that of 1914. People leaving the countryside went primarily to the large littoral cities, especially Buenos Aires and its surrounding area. Between 1936 and 1943, this metropolis absorbed some 72,000 internal migrants each year; between 1943 and 1947, that average rose to 117,000.¹² In little over a decade, one million *provincianos* settled in Buenos Aires. This sustained increase in urban population meant that by the mid-1940s, one in every four Argentines resided in the federal capital and its urban periphery. The growing demographic weight of this large metropolis did not go unnoticed. By the 1940s, views like those of Alejandro Bunge and Ezequiel Martínez Estrada, who argued that Argentina was a country with a large head and a withered body, had become quite common.¹³

Migration from the pampean provinces dominated during the first half of the 1930s (when the impact of the crisis in export agriculture was at its height), accounting for some two-thirds of total migrants. In the latter part of the decade, however, migration from the interior provinces increased markedly. For residents of places such as Santiago del Estero, Catamarca, or La Rioja, leaving their land was not a new experience: migration from the poor interior provinces to the labor-hungry pampean region stretched back to colonial times. For much of the nineteenth century and until 1930, however, the sheer size of the European migration made internal migration rather invisible. Furthermore, much of the internal migration that took place before 1930 was directed toward the more developed and labor-demanding areas of the interior, such as Mendoza or Tucumán. As a result of the Depression, this pattern was dramatically altered. European migration stopped (with the exception of a brief resumption in the immediate postwar period) at the same time that an increasing number of dark-skinned provincianos were moving toward the large littoral conurbations. Between 1914 and 1947, foreign-born inhabitants in Buenos Aires fell from 49.3 to 27.5 percent of the total population. In that same period, provincianos rose from 18 to 44 percent of the total native population in the federal capital, and most likely to over 55 percent in Greater Buenos Aires.

This demographic transformation coincided with, and reinforced, cultural change. In the 1930s, the coastal cities lost some of their cosmopolitan character, acquiring instead a more native flavor. New forms of imagining the nation, which rediscovered and idealized pre-immigration Argentina and were hostile to the Europeanized ideas that had captivated the imagination of the country's ruling elite for much of the previous half century, gained ground. This nativism was often accompanied by a new appreciation of the Spanish cultural roots and legacy, which in some cases included a critique of democracy and political liberalism. Anti-imperialist rhetoric also became more apparent. British economic and political interests became the subject of open attack, starting with the publication in 1934 of *La Argentina y el imperialismo británico* by Julio and Rodolfo Irazusta.¹⁴

It was not only in elite circles that these visions of a less cosmopolitan Argentine culture gained ground. They also appealed to the middle and popular classes, to both recently arrived and long-established urban residents. In the large cities that set the tone of the country's political and cultural life, the growing demographic weight of provincianos contributed to the emergence of a more nationalistic, inward-looking cultural climate. First- and second-generation Argentine descendants of European immigrants turned their backs on their forebears and became open critics of recently arrived Europeans.¹⁵ The development of musical genres such as tango and folklore, together with the growth of the radio and of a local film industry, offered powerful channels for the exploration of new themes relating to this *Argentina criolla*.¹⁶

The Quest for Social Mobility and the Middle Classes

It is important not to exaggerate the disruptive power of the new ways of imagining the nation. In the 1930s, new social and cultural tensions that divided white, European Argentina from its *criollo* counterpart contributed to the spread of views that praised the virtues of the land and demonized the big, artificial, cosmopolitan city that only looked toward Europe. However, this trend rarely implied a rejection of urban modernity or condemnation of the urban experience as such: for most people, migrants included, the superiority of the city lay not only in the dynamism of its labor market but also in its greater opportunities for leisure, consumption, access to education, and improved medical care (all of which were praised in the popular press, on the radio, and in the cinema). The example of the young Eva Duarte, who moved