

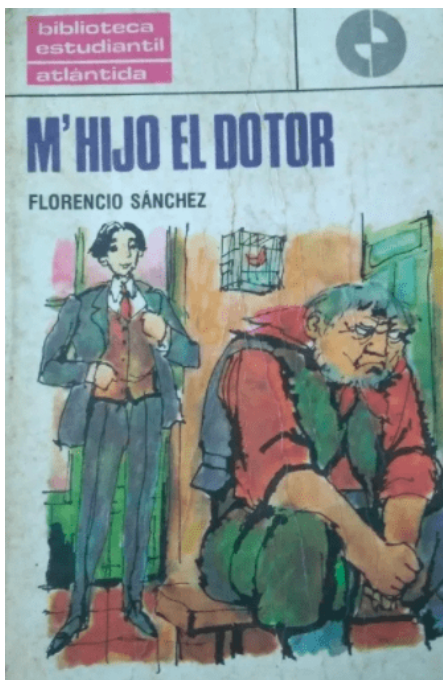
A Perfect Labyrinth? The Last Half Century in Argentina

by **Sebastián Carassai** | Mar 24, 2022

[Read English Version](#)

[Leer Versión en Español](#)

I remember reading in high school the play by Florencio Sánchez, “M’hijo, el doctor” [My son, the doctor], the story of a peasant’s son who studies at the university and becomes a doctor. My great-grandparents Antonio Carassai and María Pierucci arrived in Argentina the same year Sánchez wrote the play, 1903. Like many others, their children and grandchildren experienced firsthand the history of social mobility in Argentina.



M'hijo el Doctor

During a good part of the 19th century and the first three decades of the 20th, Argentina experienced one of the highest economic growth rates in the world thanks to the expansion of agricultural production and exports that provided economic resources to the country. This process was not evenly distributed throughout Argentina and had social costs. The popular and working-class sectors, in general, didn't have access to housing. The famous “conventillo,” SRO's, collective urban dwellings shared by several families, was a sign of that weakness.

This relative economic prosperity enticed a massive influx of immigrants who crossed the ocean to settle in Argentina, in a higher proportion than in the rest of the countries of the subcontinent—an indicator that individual and collective progress was relatively more likely there than in other latitudes. However, economic prosperity was not accompanied for much of this period by political modernity. It was only after the sanction of the Sáenz Peña Law, in 1912, that Argentine men were able to elect their rulers in votes that were not determined by electoral fraud. But even with these political shortcomings, the new generations had certain expectations of reaching better positions than their parents.

The Argentina of seemingly eternal prosperity was suddenly interrupted by the worldwide depression of 1929. However, a policy of import substitution industrialization—a new pattern of accumulation—led to considerable economic recovery of the economy. Rapidly at first and modestly later, this pattern made prosperity possible for many, regardless of social class credentials. Tourism, for example, was increasingly more accessible, and beach resort cities along the coast of Buenos Aires province would receive visitors from every social class. That does not mean that the

benefits of this progress were distributed equally throughout the entire social scale, but by the end of the 1960s Argentina was the most developed country of Latin America, whether considering level of literacy, minimum wages, level of poverty, access to education or the unemployment rate. In those years, the Italian sociologist Gino Germani, founder of the sociology department at the University of Buenos Aires, used to say that, in the world context of that time, Argentina did not have a serious problem. The problem, the historian Tulio Halperin Donghi added ironically years later, was that Argentines ignored that.



The Fiat factory in 1963, an example of import substitution in its best moment. Source: CLARÍN.COM

With its pluses and minuses, in relative terms to the region, it can be said that Argentina, first turned outwards exporting agricultural products and then oriented inwards substituting imports, was a successful nation. That is the image that emerges from the juicy dialogue recently engaged in by historians Pablo Gerchunoff and Roy Hora, published by Siglo XXI Press in 2021 under the title of *La Moneda en el aire. Conversaciones sobre la Argentina y su historia de futuros imprevisibles*. That success seems even more convincing when contrasted with the country's performance in the last half century, in which the history of relative prosperity of yesteryear is almost reversed.

From 1975 to the present, Hora reflects, "It is difficult to find examples of nations that have regressed as much as Argentina" (p. 229). Simplifying this bitter history, it could be said that since the mid-1970s, Argentina navigated waters that made it move between two shores: on the one hand, a price system crisis (in the extreme, hyperinflation); on the other, a debt service crisis (at the extreme, default). Both crises were and are related, as shown by the fact that much of what the country did to get out of (or avoid falling into) the first—such as the Convertibility Law in the 1990s, which tied the Argentine peso to the US dollar—sooner or later brought it closer to the second. Currency convertibility, like other economic regimes implemented before (1977-79) and after (2016-18), depended acutely on the inflow of foreign capital, a variable that escapes the will of governments and always ends up injecting instability to the macroeconomic balance. For the great majority, in the best of cases, this instability translates into their salary's loss of purchasing power or, in the worst of cases, unemployment.

Between crisis and crisis, Argentina experienced moments of growth that aroused the optimism of locals and the international community. But those moments were soon revealed as unsustainable over time and led to increasingly devastating crises. It is true that neither the inflationary processes nor the debt crisis have been exclusive to Argentina. We don't have to leave the region to see that other countries went through similar problems, even more or less at the same time. However, in relative terms, the way in which these problems impacted the social and economic

indicators of the different nations leaves Argentina among the countries that poorly coped with them. To cite two examples, one social and the other economic: in decades in which most of the countries managed to improve their poverty rate, Argentina worsened it; and in a Latin America that, except for Venezuela, finally managed to control inflation, Argentina today (and for several years) has one of the highest inflation rates on the planet.

Upstairs, downstairs

It would seem that growth in Argentina is what happens between one crisis and another. But this idea of a cycle that repeats itself with persistent tenacity should not prevent us from seeing that, in social terms, the general process is not circular but regressive. After each crisis, the country becomes poorer and the take-off that follows must start from a more broken social framework than the one that served as the basis for the previous cycle. This performance, in political terms, is not attributable to a single party nor to the government in power. Between 1973 and the present, democratic (1973-1976/1983-present) and dictatorial (1976-1983) regimes alternated. In the democratic years, different political forces governed: Peronism (1973-1976; 1989-1999; 2002-2015; 2019-present), Radicalism (1983-1989), and predominantly non-Peronist alliances, of which Radicalism was a part (1999-2001; 2015-2019). Contrary to what happened at the beginning of the 20th century, Argentina at the beginning of the 21st century combines a democratic and progressive political system, which gradually expands civil and social rights, with a mediocre and tendentially exclusionary economic performance, which conspires against the effective materialization of the rights sanctioned by politics.

As a result of this process, the social structure of Argentina also experienced significant changes. In the early 1970s, two of the characteristics that distinguished Argentina from many of the countries in the region continued to be its vigorous middle classes and its unionized working class. Although since the 1940s the electoral preferences of the former turned mainly towards non-Peronism and those of the latter remained mostly loyal to Peronism, post-war Argentina had offered enough benefits to both for avoiding desiring a radical change regarding the past. The best proof of this is that the economic project that Perón had in mind in 1973 and Raúl Alfonsín in 1983, beyond the rhetoric to which they appealed, did not differ substantially: both bet on an agreement between capital and labor in a semi-closed economy that would protect full employment, with a strong role of the state in the distribution of resources and administration of welfare.

The changes that occurred in the world economy in the 1970s caused that post-World War II consensus, which was able to sustain itself for a few more years thanks to the availability of abundant and cheap credit, came to a dramatic final at the end of the 1980s, when Argentina's debt crisis was followed by a hyperinflationary crisis and Alfonsín (1983-1989) had to bring forward the end of his term. Hyperinflation engraved an indelible mark in social memory. People who wanted their money to maintain its value had only two options: spend it or buy dollars. If they tried to save, they would lose.

Due to this crisis, Peronism returned to power with Carlos Menem (1989-1999) and began a profound and unprecedented reform of the state and the economy. The modernization of Argentine capitalism that Menem promoted managed to add to his original coalition (working-class and popular sectors) a portion of the middle classes that, although a minority, allowed him to comfortably win the 1991, 1993 and 1995 elections. Around 1997, however, when the social costs of this modernization became undeniable, Peronism's electoral base began to crack and many of its votes, fundamentally those of the middle sectors, contributed to catapulting a non-Peronist coalition to power.

ESTADO DE SITIO POR LOS SAQUEOS A SUPERMERCADOS

Lo anunció el Gobierno y Menem respalda la medida. Hoy lo trata el Congreso



Agencia DPA
Efectivos de seguridad, frente a uno de los supermercados saqueados. A la derecha, un grupo portando paquetes de comestibles de los negocios violentados.



Agencia DPA
DOS MUERTOS Y NUMEROSOS DETENIDOS

ROBAN COMERCIOS EN ROSARIO Y EN EL GRAN BUENOS AIRES

(INFORMACION EN LAS PAGINAS DOS A SEIS)

Permiten retirar otros **A 20.000** de los bancos

(INFORMACION EN LA PAGINA TRECE)

Habrà mercado cambiario y el dólar lo fija el Central

(INFORMACION EN LA PAGINA DOCE)

Hyperinflation 1989, cover of Clarín magazine. Source: DIARIO CLARÍN

When that coalition, called ALIANZA, led by Fernando de la Rúa, came to power in 1999, Argentina was a very different country from ten years before. The commercial liberalization, the privatizations and the state reform (which, among other things, would transfer services such as education and health to the provinces, which, in many cases, did not have adequate resources to cope) promoted by Menem had significantly modified the social structure of Argentina. The middle classes had become even more heterogeneous than in the past, with a sector that benefited from the reforms of the 1990s and a much broader one that became poorer, giving rise to the phenomenon known as “new poverty,” people who were not poor in terms of their cultural capital but were poor considering their economic capital (Gabriel Kessler and Alberto Minujin, *La nueva pobreza en la Argentina*, Buenos Aires: Planeta, 1992). Where the social impact of these reforms was most noticeable was in the working class and popular sectors, paradoxically the electoral base of Peronism. Steve Levitsky (*Transforming Labor-Based Parties in Latin American Argentine Peronism in Comparative Perspective*, Cambridge University Press, 2003) was the first to identify the great transformation that Peronism experienced in the late 1980s and early 1990s when, in a context of growing poverty and industrial decline, it went from being a trade union party to being a clientelist party.

Simultaneous with this transformation, another was taking place—not political but social. Since the end of the 1980s and, more intensely, in the 1990s, the deindustrialization and privatization of public companies had generated an unprecedented level of unemployment. People who had lost their jobs, depending on their subsistence for state handouts, began to organize. The so-called “piqueteros,” named after their way of making themselves heard (cutting off routes or streets), constituted one of the two ways of expressing discomfort at the critical juncture that hung over the ALIANZA in 2001.

The middle sectors represented the other way—more significant because it represented the party’s traditional base. Argentina was on the brink of a new crisis. The economic stability achieved thanks to the 1991 Convertibility Law had been prolonged over time by the inflow of capital. Once this flow was suspended, the impossibility of devaluing the

currency and the loss of the economy's competitiveness forced the government to prohibit money to be taken out from the banks. The mostly middle-class savers took to the streets and demanded, together with the *piqueteros*, "that all of them [the politicians] go," and in December 2001 De la Rúa was forced to resign.

This new crisis provoked a severe currency devaluation, and the following year, under the provisional presidency of Peronist caudillo Eduardo Duhalde, Argentina declared the largest default in history up until that time. The poor multiplied, with more than two out of every three Argentines at the poverty level. Social movements—formerly reserved for labor organizations— were making their voices heard. More than 100,000 people from different sectors of the middle class left the country. The 2001 crisis once again showed that each crisis pushed the social majorities a little lower in status than they were in the past.

That descent to the limits of an abyss that Argentina had not known previously, added to the commodities boom that began to take place in 2002, laid the foundations for the growth that occurred in the 2000s. China became a locomotive that drove economies such as that of Argentina, which exported a large quantity of soybeans to satisfy the demand of the Asian giant. In 2003, in highly fragmented elections, another Peronist caudillo, Néstor Kirchner, until then a governor of the southern province of Santa Cruz, came to the presidency. Kirchnerist Peronism remained in power for twelve years, four years with Kirchner (2003-2007) and eight more with his wife, Cristina Fernández (2007-2015). The fiscal discipline and trade surplus that characterized the first part of this new cycle, however, were soon sacrificed on the altar of the boost to consumption and the increase in unproductive state spending. Deprived of access to international credit markets, the financing of the expansive phase of the cycle was carried out through an increase in inflation, which since it reappeared as a problem in 2007 has not stopped growing.



Villa Miseria CABA, illustrating the contrast between the poor and the better off in the same city. Source: ELPAIS.COM

Although Peronism continues to be the electoral option of a part of the privileged universe of unionized workers and of a minority sector of the urban middle classes with a national-popular heart, today, and for at least two decades, it is fundamentally the party of the poor. The party obtains its best electoral results on the outskirts of the big cities and in the poorest provinces. The richest area of the country, geographically located in the middle (from the Andes to the city of Buenos Aires), is elusive to Peronism. Class, more than ideology, decides the fortune of politicians. Today, as at other times in the past, Argentine politics is organized around two coalitions, one Peronist and one non-Peronist. When the Peronist coalition goes to the elections disunited, as happened in 2015, the chance of victory of the non-Peronist space, in this case led by Mauricio Macri (2015-2019), increases. When it is united, as in 2019, the probability that its candidate wins, in this case Alberto Fernández (2019-present), is strengthened. In both coalitions there are

voters of all types. But an enormous majority of the sympathies of the lower third of the social pyramid turn to the Peronist coalition and that of the upper third to the non-Peronist coalition.

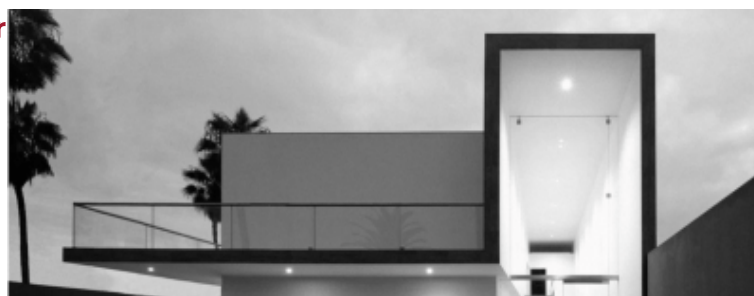
The history of recent decades in Argentina, however, invites us to think that no matter who governs, the country travels the paths of a perfect labyrinth from which it is difficult to escape. The path that leads to economic stability seems possible only if social justice is sacrificed and, conversely, the path that leads to social justice seems necessarily to lead to economic instability. The intensity of the crises that the country suffers, on the other hand, is strongly determined by variables that the governments do not control, such as the price of commodities, whose export rights give or take away rulers' margins of action. Fate is not written. Like any other country, Argentina can escape or remain in its labyrinth. It has a great asset: a solid and relatively transparent democracy not questioned by any of the political actors. If it were to come to some minimal but permanent agreement on what place it aspires to occupy in the global economy and order, it would add another asset that would leave it in a better position to explore an eventual way out of its labyrinth.

Sebastián Carassai is professor of Introduction to the Knowledge of Society and the State at the Universidad de Buenos Aires and a Researcher at the National Council for Scientific and Technical Research. His most recent book is *Lo que no sabemos de Malvinas. Las islas, su gente y nosotros* (Buenos Aires: Siglo XXI Editores, 2022). As a hobby, he plays piano and guitar.

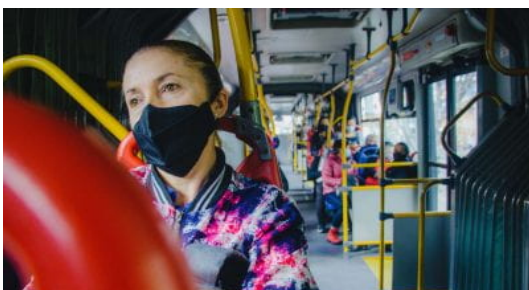
Sebastián Carassai es profesor de Introducción al Conocimiento de la Sociedad y el Estado en la Universidad de Buenos Aires e investigador del Consejo Nacional de Investigaciones Científicas y Técnicas en Argentina. Su libro más reciente se titula *Lo que no sabemos de Malvinas. Las islas, su gente y nosotros* (Buenos Aires: Siglo XXI Editores, 2022). Como hobby, le gusta tocar el piano y la guitarra.

RELATED ARTICLES

Editor's Letter



Paid Domestic Workers, Women and Democracy



Invisible Commutes

English + Español

 [Print Friendly](#)

Home	Current Issue	Arts and Humanities	History
About	Spotlights	Business and Economics	Indigenous Issues
Contact	Student Views	Culture	Public Health and Medicine
Subscribe	Book Reviews	Film and TV	Public Policy and Governance
	Past Issues	Food	Science and the Environment