

Introduction: Industrialization in an Agrarian Economy

This book describes how industry changed Argentina, an allegedly agrarian country, during a historical period of major transformations. The period begins in the 1870s—when an already ongoing modernization deepened—and ends with the 1930 Depression—when many dreams associated with this process died. In those sixty years, the country’s economic, social, political, and cultural traits dramatically changed. Argentina became a rising star in an internationalized economy; its population grew from two to twelve million, its gross domestic product (GDP) multiplied by twenty, its exports by eighteen, and its imports by fifteen. The country, wrecked by decades of civil wars and severe instability after gaining independence from Spain in the 1810s, seemed to be experiencing a miracle, attracting immigrants and capital in a way that surprised contemporaries. During that period, Argentina enjoyed its best economic performance in its entire history.

This so-called “*belle époque*” has usually been considered the outcome of a successful agrarian and export experience. From this perspective, the transformation was founded on wool, grain, and beef sales abroad, to the effect that scholar research has focused, for better or for worse, on this aspect of the Argentine experience. By contrast, this book attempts to demonstrate that this traditional approach only partially accounts for a more complicated process.

Chimneys in the Desert focuses on an atypical economic sphere and moves in a direction different from traditional studies on international trade. Whereas scholarly research focused on sales abroad from agrarian activities,

this book investigates instead the features of a domestic market (growing in parallel with and largely thanks to exports, but achieving a dynamic of its own). Recent estimates of the GDP of that period have shown that activities oriented to internal consumption, such as industry, affected the national income. Social studies also have illustrated the significance of manufacturing mills, which prompted the rise of social unrest. However, we have a limited understanding of the evolution and performance of these activities.¹

The origin of Argentina's industry is the target of this book. Manufacturing was then (and continues to be) oriented toward domestic consumption. Industry's share of Argentine wealth, however, was as large as that of agriculture by the 1920s. Moreover, as this study will show, industry's impact on society surpassed the significance of its output numbers. The analysis will focus on industrialization rather than on industry, a choice that reveals a spectrum of topics from factories to the symbols they engendered. To achieve its goal, the book investigates the production realm and, in parallel, how the world of manufactured goods encompassed consumers, the market rules, the minds of industrialists, the development of politics, and the formation of an Argentine nation. As a result, the hidden force of industrialization emerges as one of the keys to understanding a historical process traditionally associated just with the export sector.

Contemporaries had already noted industrial growth, some with alarm and fearing the changes it might provoke. A report produced in 1902 by a special commission appointed to study tariffs on imports captures these feelings. The commission members concluded that once protected, industrial firms had been free to erect large mills, the size of which fostered an atmosphere of social unrest, ripe for the violence advocated by Anarchists:

Modern machines have brought serious responsibilities. They remove the worker from the ennobling environment full of affection and human stimulus that home and family provide to convert him into one of the many wheels that the continuing movement of the workshops produces. . . . These working masses present an enormous danger since they are linked to life only with the unstable and precarious bond of salary and animated by resentment rather than hope. All this creates germs that spread from person to person and explains the immolation of presidents and monarchs, with astonishing cynicism, in broad daylight, before the entire world, without taking care, as in classical times, to hide their daggers behind myrtle boughs.²

The commission's comments referred to the ambience of growing social discontent gripping the country as it entered the twentieth century. Strikes,

bombings, and tumultuous rallies angered and frightened the elite. The new problems, by then labeled *la cuestión social* (the social question), impelled the government to institute measures in response. Inquiries into the causes for the uneasy times began, and the recent industrial growth became one of the favorite targets for blame.³

At that time, people accused industry of destroying the country's old pastoral society—which was fondly, though idyllically, remembered as peaceful—and dragging in the accompanying irritations of modern life. Women and children, the most vulnerable element of the Argentine social fabric, were trapped in the dreadful environment of the factories, which posed dangers for both their physical health and moral behavior, a topic skillfully portrayed in the fashionable literary style known as naturalism. The elegance of the booming capital city was dimmed by the gloomy neighborhoods surrounding the mills. Monopolistic industries were the supposed sources of ill-achieved personal wealth, squeezing consumers, while small-scale farmers and landowners described themselves as victims of an unscrupulous group of grain sack manufacturers who halted exports by charging outrageous prices. Usually, financiers were equated with opulent industrialists as the symbols of capitalist robbery.

Whereas contemporaries blamed industry for a variety of disasters, scholars by contrast have judged it insignificant. When depicting the economic features of the belle époque, they have paid—as said before—almost exclusive attention to activities related to international trade. This approach has some basis in fact, since exports were the economic engine, the most dynamic sector, and the area in which productivity gained momentum. Agriculture and cattle-ranching articles produced on Argentina's fertile prairies, the *Pampas*, lay at the root of a transformation that allowed the country to become one of the world's most notable cases of economic prosperity. Its achievements, however, went beyond international trade and included, just as an example, an impressive social mobility. This made the country different from other successful Latin American export economies during the same period, such as Cuba or Mexico. Whatever Argentina became as a result of the turn-of-the-twentieth-century expansion, an important part of the explanation should take into account the domestic economy, which contains some of the keys to understanding how Argentine society was shaped.⁴

Perhaps unsurprisingly, social historians also have delved into the impact of the rise of factories on the country. In so doing, they encountered a paradox: while most of the wealth was created in the countryside, social conflict developed primarily in the fast-growing cities, mainly Buenos Aires. A reconsideration of the domestic economy's role will transform this paradox

into an understandable outcome of the transformations experienced by Argentina.⁵ By the beginning of the twentieth century, Argentina was supposed to replicate in Latin America some features of recent settlement countries, such as Canada or Australia.⁶ A marginal place during Spanish rule and in the first half of the nineteenth century, Argentina showed growth from the 1860s up until 1930 that was so impressive that it was expected eventually to become the United States of South America. This expansion halted with the 1930 Depression and has never really recovered. With the exception of some years, stagnation has prevailed since the Second World War. The country had a slow rate of growth in the pre-1973 period—especially in the 1950s and part of the 1960s—when most of the rest of the world enjoyed a golden era, and experienced a decline in economic performance following the oil crisis in the 1970s, through the 1980s, and in the last years of the 1990s. During the twentieth century, the country fell from having one of the world's ten highest GDP per capita to the fiftieth or sixtieth position. Argentinians began to see themselves as Francesca da Rimini in hell: "There is no greater sorrow than to recall, in wretchedness, the happy time."⁷

Argentina's peculiar economic experience from prosperity to poverty during a century of peace captivated onlookers; it is comparable only with countries that suffered the consequences of a war, such as Lebanon from the 1970s to the 1990s, which was not its case. Discussion among academics was sparked with the first signs of economic decay in the 1940s and grew in the following decades, along with the continuing economic deterioration. This academic debate centered on the reasons for Argentina's alleged failure and a search for the roots of this decay—a perspective that did not consider the possibility that forecasts of the country's grandeur might have been overly optimistic. Industry was at the center of discussion, held accountable not for its evil consequences (as with contemporaries) but for its plain absence. Historians and economists blamed not industry itself but its failure to develop during the prosperous years as the reason for the country's future underdevelopment. And they did it with the same passion with which contemporaries had complained about its presence.⁸

Research on industry for this period has been minimal. The lack of scholarly works is such that Adolfo Dorfman's book is still the finest piece, despite being published in 1942.⁹ Conversely, from the 1940s to the 1970s the presumed lack of industrialization prompted an abundant debate, the roots of which can be traced back to when the limits of agro-exporting expansion became apparent. A consensus was reached in the form of a shared body of knowledge that I label the "canonical version." According to this narrative, the lack of state support was the most serious restraint to growth that

Argentine industry encountered. This perspective blamed the state for not using its banks to provide convenient long-term and low-interest loans for industrial firms and for not supporting tariff barriers against imports of manufactured goods.

Although its popularity increased notably after the 1940s, the historical construction of the canonical version had started at an earlier age. From its foundation in 1887, the Unión Industrial Argentina (UIA)—the industrialists' lobbying group—was especially active in the projection of this image.¹⁰ It is not surprising that a corporate association would use this tactic to obtain more benefits for its constituency. More problematic is the fact that its view became so widely accepted. Indeed, the canonical version tightened its hold on politicians, scholars, and the public at large until it turned into an article of faith.

Beyond UIA's intentions, this interpretation of events was part of a movement that saw a powerful industrial sector and a state actively involved in the economy as the modernizing forces that would eventually lead the country toward development. In the formulation of this interpretation, the canonical version provided the historical background that gave legitimacy to industrialists' claims for credit and tariffs. A major thrust for this stance came in the 1920s with the support of Alejandro Bunge, the influential director of the *Revista de Economía Argentina* and a UIA consultant. Foreseeing an expansion in the population that would consume additional goods (thus decreasing commodities available for export and increasing the demand for imports), Bunge advocated industrialization as the only way to sustain economic growth and maintain a healthy balance of trade. The Great Depression gave a more defined shape to his proposals, in which he urged the state to take that task seriously, as clearly outlined in his *Una Nueva Argentina (A New Argentina)*, published in 1939 and destined to have a resounding impact. The conclusion was simple: if industry could not progress for lack of governmental support, it was the task of the New Argentina's standard bearers to make up for lost time by pushing manufacturing with all their strength.¹¹

To some, this news came not a second too soon. In 1944, Américo Guerrero published a book, with a foreword by Luis Colombo, the incumbent president of the UIA, which described the history of Argentine industry as a secular crucifixion, while announcing its final victory, the arrival of a glorious era when state help could be taken for granted. The long-awaited time finally became a reality with the creation of the state-owned Banco de Crédito Industrial (Bank for Industrial Loans) the very same year, and the launching of a preposterous import-substitution program that president Juan Domingo Perón carried out after 1946. From that time to the mid-1970s,

industrial growth became a major aim for any administration, whether civilian or military.¹²

In the academic sphere, the canonical version enjoyed a success as striking as that in the political arena. In the 1940s and 1950s, professional engineers such as the previously mentioned Dorfman produced valuable studies.¹³ Yet a more academic discussion began only in the 1960s and 1970s. A group of scholars, encouraged by the prospect of finding in history the origins of the country's decline, looked to the past for reasons why Argentina had not developed an industrial sector comparable to that of First World nations. The canonical version provided a perfect answer to this question for two reasons. First, fashionable theoretical assumptions led academics to believe that industry could not obtain any support (private or public) from an economy (and a state) dominated by agriculture and cattle-raising interests. Second, the essays overwhelmingly drew with little critical analysis on the biased sources published by industrialists themselves.

As a result, a group of scholars, who could be labeled Structuralists, coalesced around an argument claiming that a state held captive by a landed elite blocked industrial development until a major external shock occurred. According to these scholars, it was not until the 1930 Depression that industrialization was promoted as the direct result of forced import-substitution policies aiming to overcome the trade deficit induced by the collapse of the world economy.¹⁴ The Rostowian approach followed by Guido Di Tella and Manuel Zymelman is an example; they supported the idea that Argentina had had an opportunity to industrialize with the First World War and the shortages it brought. The state's narrow-minded policies, however, had prevented the country from seizing this chance until the world depression forced its leaders to put the economy on the path to modernity; the period in between the possibility and the actuality came to be known as the "long delay."¹⁵

Suggestions that industrial growth had occurred in the period of agrarian expansion prior to 1930 came in a twofold movement. First, scholars looking with more detail at data found the existence of a certain degree of industrialization in agricultural and cattle-related activities.¹⁶ Second, adherents of staple-theory (the idea that the export sector shapes the domestic economy) not only claimed that the country had experienced such a growth but also provided a theoretical context—based on the idea of comparative advantages—to explain its origin.¹⁷ One of these authors, Ezequiel Gallo, called into question some of the very pillars of the canonical version, such as the alleged lack of state support, and set the agenda for further research.¹⁸ This agenda seemed to hold great promise at the time, especially with the iconoclastic analysis of Carlos Díaz Alejandro. Drawing upon neoclassicism, he

suggested that some manufacturing development during the agro-export boom was nothing but the outcome of free-trade policies, since they promoted an optimal recourse allocation.¹⁹

Structuralists and neoclassicists confronted each other with hostility and prepared for battle. The debate, however, was short-lived and disappointing. For one thing, theoretical challenges did not go as deep as first anticipated. Neoclassicism merged with the canonical version when Díaz Alejandro's study finished with more of the same in the sphere of industrial financing and tariffs; he concluded that the Argentine state did not consciously work in favor of industry before 1930. His emphasis on the benefits of free-trade policies, indeed, prevented him from seeing any active effort regarding the manufacturing sector.²⁰ In addition, the methodology and the data used in different essays were unchanged; it was only variations in the theory that promoted different interpretative frameworks. Macroanalysis monopolized the debate while the aggregate census results continued to be the main source relied upon. As a result, as some scholars have pointed out, "the discussion ceased before it had finished, probably because it could only go on producing more of the same arguments with the tools available."²¹

Chimneys in the Desert strives to break the stalemate by studying new topics, by applying a new methodology, and by using new primary sources. First, it deals with neglected subjects beyond the usual focus on production. Production is analyzed in depth here, but this study also delves into the sphere of consumption and the interaction between supply and demand. As a result, taste, fashion, and commercialization changes are investigated as closely as the evolution of productive strategies. Second, the book examines industry through a different lens: in its component production units, rather than the traditional macroeconomic approach. Therefore, this book abandons the standard idea of a homogeneous "industrial sector" acting as a block and adopts the firms' perspective. In pursuing this approach, the book draws on the methods and recent empirical achievements provided by "business history," although it just takes advantage of its methodology as a basis for the examination of the larger stage on which production units interact, thus combining micro and macro analyses.²² Finally, this research has mined unused archival sources—such as company, financial, and bank records—while looking at the traditional ones with the detail that microanalysis permits.²³

To capture the interaction of micro and macro perspectives, this study works in parallel with branch and firm levels of analysis, a methodological approach that requires the use of disaggregate data. The aggregate census results, indeed, present a variety of problems. Each of the censuses—undertaken in 1887, 1895, 1904, 1908, and 1913—used different criteria that inhibited

reliable comparison. The Municipal Census of 1904, for example, shows a diminishing workforce in comparison with data from 1895. Since industry grew substantially during those years, a quick assessment might suggest a dramatic increase in labor productivity, a misleading conclusion since the drop in workforce was, simply, the consequence of poor data collection in 1904.²⁴ In addition, censuses lumped together establishments of different sizes and productive natures. These data offer a general overview of industrial growth, but their conclusions are tainted by the problems of aggregation. The industrial scene depicted by these averages is, then, a constellation of small- to middle-size workshops, a description that cannot be further from the truth since, as will be shown, it hides the important role that large factories played in the origin of Argentine industrialization.

Chapter 1 focuses on the sphere of supply, a choice that requires some explanation, since I myself consider supply and demand two sides of the same coin. This choice, then, encourages a more logical organization of the argument, rather than a historiographical stand. The book starts with the beginning of Argentine industry, which has itself been a subject of discussion. Scholars have traditionally adhered to the idea of “radical ruptures,” insisting that the 1930 Depression was a dramatic watershed that changed the country’s economic orientation from the external to the domestic market. In this shift, industry would have played a key role as an almost entirely new force. By contending that the Depression sparked the country’s first period of industrial growth, this approach took on the appearance of a local version of Alexander Gerschenkron’s paradigm of big spurts, very much in fashion in the 1960s.²⁵

Glimpses of continuity regarding Argentine industrial history began to emerge with Javier Villanueva’s pathbreaking study, published in 1972. Challenging what he called the “Olympian version” depicting the 1930 Depression as a sharp rupture, Villanueva opened the field for renewed discussion by providing evidence of a significant increase in manufacturing in the 1920s, led by foreign investments in response to increasing domestic market demand.²⁶ His assertions did not fall on deaf ears; through a series of case studies, evidence began to accumulate that factories of significant size existed in the pre-1930 period.²⁷ Moreover, recent research has found a surprising degree of industrial growth during that period, when imports were rising, disproving the claim that manufacturing thrusts are necessarily the outcome of trade balance problems.²⁸ This time frame for industrial development, showing ruptures as well as continuities, is reinforced in this book.

Chapter 2 analyzes the demand for manufactured goods from the consumption perspective, in which market formation links material and cultural

lives. Consumption encompasses changes in taste, fashion, and commercialization of these goods. It also implies the parallel arrival of economic modernity to the Argentine market, demonstrated by the increasing presence of advertising, sales catalogues, and department stores in what was—as will be argued—the rise of a consumer society. The study of the formation of a consumer market in Argentina is a novelty.²⁹ Consumption as a field for historical research has given rise to a new perspective, so-called “consumerism,” to analyze economic changes.³⁰ Consumerism has been subject to an array of strong criticisms, not the least of which is the overemphasis on the demand side. It provides, however, a number of analytical tools that will be widely used in this chapter. By working with demand and supply as they interact with one another, this book attempts to develop a more integrated approach than consumerist or supply-side studies.

The chapter focuses on the city of Buenos Aires, the place where changes in consumption were most evident, and deals with firms’ efforts to enlarge their circle of customers and promote changes in people’s habits.³¹ The implications this transformation had for the country’s industrialization were significant. Thanks to it, domestic factories underwent a previously unknown rate of growth and expansion, for the first time producing some goods in massive quantities. However, the process that transforms people into consumers goes beyond factory production and blends changing ideas, customs, and relationships between persons and things, as well as between people themselves. Adopting this perspective, Chapter 2 will also analyze the cultural and social shifts fostered by the rise of a consumer society and the first signs of a massive market for manufactured goods.

With the arrival of a new century, the reshaping of industrial capitalism changed the very nature of supply, as will be studied in Chapter 3. Argentine economic history during the export boom period has usually been considered a homogeneous period in terms of its main structural features—basically, an export-oriented and open economy. In the domestic market and at a microeconomic level, change rather than continuity prevailed in the turn-of-the-century period. By the first decade of the twentieth century, as this chapter will show, industrial supply moved toward “trustification” (as was the fashionable label at that time), capital concentration, and big business.³² Transforming the nature of market relations was not unique to Argentina. Most industrialized countries, as well as the largest Latin American economies, witnessed a trend toward capital concentration at the time. By moving in that direction, through a domestic market that closely followed the world’s lead, Argentina revealed how deeply it was integrated into the international market. Scholars differed in their interpretation of these changes;

some considered them a qualitative readjustment in the market, while others saw them as a major qualitative transformation of the capitalist system. Different perspectives offer useful analyses and conclusions that will be taken into account in this chapter.³³

For Argentina, the process was partially the result of a recession in 1897, followed by a highly prosperous decade that started around 1903. Despite its importance, scholars did not make note of this recession. This is not a surprise but rather the consequence of an export-oriented bias in the analysis of Argentine economic history—the end-of-the-nineteenth-century slump, indeed, mainly affected the domestic market. After 1903 and until a new depression hit the country in 1913, Argentina experienced glory days, which would be partially renewed in the 1920s. The golden years were shorter than usually perceived, and their extension to the whole export boom period is quite arbitrary. But the origin of the major structural features of the economy lay in its transformation at that time; any further opening of the domestic market to the international economy would follow this path.

A country has a national market for goods when their prices in any of its territory are just the result of adding transport costs to production values. A national market, then, is more than a sum of regional economic spaces in which people buy and sell; it implies a convergence of goods prices. The replacement of local transactions by national ones was, in many countries, the result of a process that cracked internal barriers to trade, such as domestic tariffs on the circulation of goods. The formation of a national market for manufactured goods as a major event in the building of Argentine capitalism is the subject of Chapter 4.³⁴ In this transformation, nationwide manufacturers replaced regional producers operating in more restricted areas; this process has received scant scholarly attention. Such indifference, which again arises from the alleged insignificance of the domestic market during the years of the export boom, finds an exception in Roberto Cortés Conde's study of the formation of a factors-of-production market.³⁵ The role of goods, however, has been especially neglected; no study of the formation of a national market for products has yet been undertaken.

This chapter delves into the complexities of the evolution of the national market for products by showing that the cheaper transportation provided by railways was a necessary but insufficient condition for the formation of such a market. Some regional studies have foreshadowed this assertion by indicating how long it took for some areas to become part of an integrated national economy.³⁶ As in the case of consumption, this process was not linear; every product had its own story, every region its own evolution. In addition, the formation of this market was a collective effort in which the state and the

private sector played a conscious and active role. Moreover, the historical construction of this market was one of the battlefields in the struggle to create an Argentine nation. Following decades of civil war, the central state defeated the last local rebellion in 1880. The next step was to create an entity that could foster a feeling of identification and common experience for the main bulk of the population. Efforts to firmly establish this nation became an obsession with the massive arrival of European immigrants in the late 1880s and grew to fanaticism in the first years of the twentieth century. Thus, the formation of a national market was not merely a field for contesting economic interests but also an arena for competing ideological positions, which interacted with market forces.³⁷

As this book is a study of the world that industrialization helped to build, it includes a discussion of labor's contribution to this process. Chapter 5 studies the complex relationship that linked factory owners and workers, and especially how it transformed their collective behavior. Traditionally, the industrialists' performance has been regarded as an extension of the activity of the UIA. Moreover, information produced by this association has been considered a direct expression of industrialist views.³⁸ This chapter challenges this assumption, which might be true for the 1940s but is of doubtful certainty for the pre-1930-Depression years. A long-standing vision, therefore, is replaced with a description of an unfolding process of industrial-identity formation. In the view of the entrepreneurs, workers played a significant role in this evolution by withdrawing from the paternalistic industrial family and becoming antagonists in the public sphere.

The birth of the Argentine working class has been one of the most researched topics in the country's historiography. Nevertheless, labor history has barely taken into account the relationship between the workers and the industrialists. When it has, it relied largely on the sources provided by the workers themselves. This story tells us a great deal about the work routine but not very much about the features of the mentioned relationship. The exceptions to this gap reveal a highly complex story in which paternalism coexisted with modernity and even prevailed over other more "rational" organizational tools, such as Taylorism.³⁹ In researching labor's influence on industrial growth, historians have examined it as a factor of production. However useful this analysis is, we still lack information on its qualitative effect on the entire society, let alone on industrialists.⁴⁰ In addressing this gap, Chapter 5 will concentrate on one of the most sensitive issues raised by industrialization, the appearance of the *fabricueras* (factory girls). They were central to the Argentine government's formulation of the "social question" and to the preoccupation of Catholic, Reformer, Socialist, and Anarchist groups.⁴¹ Their very

existence has been the subject of debate. Some feminist studies, for instance, have stated that the incorporation of women into the factory workforce was a limited phenomenon, a myth created by contemporaries, attractive only because of the very nature of work—an escape from the home and domesticity.⁴² This chapter will question this “image” and look at the actual role of these women, revealing the importance of their presence in the transformations wrought by industrialization.

Chapters 6 and 7 directly challenge the widely accepted canonical version, which portrays the origins of Argentine industry as a quixotic epic undertaken by factory owners against a hostile capital market and an antagonistic state. Chapter 6 not only shows that the issue of industrial financing needs to be revisited but also suggests it was not a major bottleneck for growth, as has been traditionally thought. The pioneer studies of manufacturing financing coincided with the well-established belief in the alleged anti-industrial bias of financing institutions prior to the 1940s. Not surprisingly, these studies only touched briefly on the issue—as an unquestionable truth, it did not need further research. This lack of attention was reinforced in the 1960s and 1970s, when an overemphasis on the real sector in economic analysis promoted an even wider acceptance of the canonical version.⁴³ Providing some relief from this version’s homogenous perspective, a few works offered important nuances that could have provided a basis for further debate, but such a debate never took place. With its variants, the canonical version held that, beyond personal ties, industry was bereft of access to credit, while the market mechanisms that could have provided loans to the industrialists did not work.⁴⁴

This chapter draws upon aims and methods provided by perspectives, such as neo-institutionalism, that have focused on this topic.⁴⁵ In so doing, it shows that firms found a variety of alternative methods to increase their working capital and to obtain money for their investments. As will be seen, they had access to capital in a simpler and more fluid manner than has ever been supposed. Moreover, some of this money was provided by the very institutions considered to embody the anti-industrial bias of the capital market: the state banks. Not only does the microanalysis challenge the canonical version, but company data, primarily from balance sheets rather than industrialist propaganda sources, also support this conclusion. Most of this information comes from the two major state banks reputed to be most hostile to industry, the Banco de la Nación Argentina (Bank of the Argentine Nation) and the Banco de la Provincia de Buenos Aires (Bank of the Province of Buenos Aires). In addition, this chapter analyzes the role of some forgotten economic institutions, such as the Stock Exchange, which just recently

has been recovered as a significant channel of finance for the export boom years.⁴⁶

The study of industrial policy in Chapter 7 tackles this issue by analyzing the economic role of the state within a flexible framework. This chapter focuses on the political and ideological meaning of industrial policy in order to examine the place of manufacturing on the political map from 1880, when the central state consolidated, to 1930, when military intervention ended seven decades of constitutional administration. On this terrain, parties, bureaucracies, and institutions battled. Traditionally, scholars have looked for a one hundred percent protectionist policy during this period; when they did not find it, they concluded that free trade prevailed. Some historians have even argued that the different administrations engaged in a *proteccionismo al revés* (reverse protectionism) by not only failing to protect domestic industry but also placing high tariffs on the foreign inputs that local producers desperately needed.⁴⁷ This vision fails to take into account the many possible settings that lie between a coherent and well-enunciated industrial policy and its absence. It is on this middle ground that this study focuses. In so doing, it demonstrates the existence of industrial policies notwithstanding their restricted nature.⁴⁸

For many supporters of the canonical version, a state controlled by landowners (as was supposed to be the case prior to 1930) presumably would have been anti-industrial. This perspective has theoretical and historical flaws. Studies on the nature of the state have illustrated the complexities in the interaction between interest groups and the implementation of policies. The school of thought that stresses the relative autonomy of the state, for instance, has shown that the idea of its alleged captivity and performance as the instrument of a particular group is shortsighted, as well as empirically rare.⁴⁹ Even if some degree of captivity is accepted, the canonical argument remains historically unproven. The assumption that landowners had substantial power in the government of a country experiencing an agro-export boom makes sense. But, as some scholars have shown, these landowners were a diverse group with a wider web of interests that went beyond agriculture and included commerce, industry, and any profitable activity at hand. This makes it difficult to equate social actors with economic interests taken as separate activities.⁵⁰ Actually, industrial and exporting interests were not necessarily at odds; both supported the same monetary and exchange policies, which aimed at keeping local currency cheap.⁵¹ Beyond theory and common sense, the evidence upon which the canonical version was constructed—mainly sources from the industrialists themselves—reveals another shortcoming of an already weak argument.

Scholars generally accept that any discussion of industrial policy during an era when national states were not yet involved in the production of goods and services must target the impact of tariffs on foreign imports. Crucial to understanding the importance of Argentine tariffs during the export boom is an analysis of the parliamentary debates, especially those preceding the long-lasting customs law of 1906, a project not yet accomplished by scholarship.⁵² Díaz Alejandro challenged the belief in anti-industrialism by demonstrating how beneficial open market policies could be to industrialists. Nevertheless, as already stated, he emphasized the *laissez-faire* nature of the Argentine economy prior to 1930 and consequently left out any discussion of the political nature of tariffs. Moreover, when evidence forced scholars to recognize the existence of some tariffs, they continued to highlight the subservience of the state to agricultural interests.⁵³ Some studies have questioned the *laissez-faire* policies of the export boom period.⁵⁴ These challenges to the canonical version stress the need to reassess the nature of the relationship between the Argentine State and economic policies. By studying the meaning of industrial policies, this chapter delves into the complexities of this relationship and depicts a state more favorable toward industry than previously thought.⁵⁵

In sum, this book attempts to reveal the importance of the domestic economy in different spheres of Argentina's social life by studying industry during the export boom years, a neglected subject in Argentina's history. On the one hand, it focuses on production for Argentine internal consumption, since its aim is to study industry as a part of the domestic market. It excludes export manufacturing such as meatpacking houses and cereal mills, which were also (and in the first case mainly) oriented toward foreign customers; nor does it delve into regional production, such as wine and sugar, which have already been extensively studied.⁵⁶ On the other hand, this book deals especially with the industrial world of large factories, those which—by the eve of the Great Depression—were involved in substantial production (in many cases, already standardized), usually employed hundreds of workers, and almost always used steam power. This choice is not arbitrary, for these were the production units in which real industrial activity took place, while the dense universe of simultaneously operating small establishments worked a slower handicraft production. This is not an easy task. What might be considered a large factory in turn-of-the-twentieth-century Argentina is a highly complicated issue discussed extensively in the first chapter. And this is just one of the complexities that a study on industrial growth in Argentina implies.⁵⁷

The complexities, nuances, and contradictions that characterized industrialization will dog our steps through the following pages. By focusing on this topic, this book will delve into the nature of a country carving its way to economic growth, social expansion, political consolidation, and nation building before the rift of a military coup and a world depression changed its history. In this slow-motion wave of modernization, industry played a leading role.