

RAUL PREBISCH AND ARGENTINE
ECONOMIC POLICY-MAKING,
1950–1962:
A Comment*

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There is no denying that CEPAL had less influence in Argentina than in many other countries of Latin America and that Raúl Prebisch, the man, had a limited impact on Argentine policy-making. Kathryn Sikkink's article seems somewhat misleading, however, and I believe that part of the problem derives from the cutoff dates of 1950 and 1962 that she selected.

I would contend that the ideas of Raúl Prebisch probably had more influence on Argentine policy-making than the author allows. Moreover, political and ideological factors were less important in explaining the low level of influence of Prebisch, the man, in the critical formative period of the new industrial policy-making but may have achieved more far-reaching impact by the mid-1950s than Professor Sikkink suggests.

To begin with, any effort to gauge Prebisch's influence should start with the early 1940s, when he first voiced his concerns about the declining terms of trade and recommended greater emphasis on industrialization. Both opinions were noted, albeit briefly, in the annual reports of the Banco Central in the early 1940s, and relatively greater emphasis on industrialization was urged in the Plan de Reactivación Económica, which was submitted to the Argentine Senate in 1940. Prebisch was a principal author of both these documents; he was thus one of a handful of leading economists and even fewer establishment figures who endorsed a sectoral shift in the economy at that stage. It seems difficult to believe that those not in power, some of whom had

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much more reason to favor industrialization, failed to take note of these supporting arguments appearing in prominent public documents.

Removed from his position at the Banco Central in 1943, Prebisch continued to expound his ideas in the Universidad de Buenos Aires through 1948, as the article notes. In the years 1945 to 1950 (particularly between 1948 and 1950), others in Argentina advanced similar arguments for industrialization. By 1948, the key figure in Argentina's economic policy-making was Alfredo Gómez Morales, who was almost certainly familiar with the just-mentioned Prebisch writings. It was not until 1950 that the famous Prebisch-CEPAL papers began to appear and his message began to be considered by other Latin American governments. But by the early 1950s, when CEPAL was calling for state-supported industrialization as the key to modernization and growth, this perspective had already become part of Argentine policy. Argentina was the foremost example of a nation that was increasing its effort to industrialize, and the country's extensive public relations campaign abroad, laying claim to recent industrialization gains, must have tended to reinforce the argument of the Prebisch-CEPAL thesis in other Latin American nations. Whatever negative attitudes toward Prebisch existed in Argentina, the country's approach to industrialization could hardly have been influenced by the CEPAL thesis during the key turnabout period of industrial policy-making in Argentina for the simple reason that the thesis had not yet been formulated. Differences—such as the CEPAL emphasis on basic industries (which had gotten sidelined in Argentina)—became apparent only after the Argentine experiment was well underway, and the country's delay in emphasizing basic industries resulted more from Argentina's economic adversities in the early 1950s (due, for example, to drought) than from any antagonism toward CEPAL or Prebisch. Moreover, as the article also notes, the official Argentine attitude toward Prebisch became more favorable during those years. Argentine industrialization policies of the late 1940s preceded the CEPAL formulation, but it remains likely that Prebisch's ideas contributed to the Argentine approach.

The article refers to Prebisch's lack of influence on public policy between 1956 and 1962, even when similar ideas were adopted (as they were by Frigerio and Frondizi). While similarities in ideas may reflect parallel intellectual developments, it is likely that much of what took place represented developments that Prebisch and CEPAL had set in motion. Some of them Frigerio may have found it inexpedient to acknowledge, and some he may not even have been completely aware of, all the more so because many other economists influenced by Prebisch had contributed to the discussions. In any event, as the article notes, the ideas of Prebisch and CEPAL achieved considerable influence between 1963 and 1966, following the Frondizi government. Some influ-

ence even occurred between 1958 and 1961, through the Ferrer group in the Province of Buenos Aires from 1958 to 1960 and through the studies of the Consejo Federal de Inversiones and *Desarrollo Económico*, beginning in 1959.

The Prebisch papers written in 1955–56 differed from those he had authored for CEPAL in three respects. First, although they undoubtedly reflected a long-standing awareness of the condition of the Argentine economy, they were prepared much more quickly and gave relatively more attention to short-run measures than to long-run strategies. Second, these papers did not mention a number of major CEPAL themes (notably, the concepts of center and periphery and the claims concerning the declining terms of trade), nor did they have much to say about the need for planning. Third, some of the sections revealed a partisan character. Considerable emphasis on the short run was to be expected from any qualified economist brought in to advise a provisional government, and the brief mention of planning and programming probably reflected the expectation that the CEPAL study then underway would provide such strategies. A few omissions and the partisan nature of certain discussions are more difficult to explain, however.

Some of Prebisch's recommendations were implemented between 1956 and 1958, as Dr. Krieger Vasena notes in his comment. Beyond that, the Prebisch Plan may have influenced Argentine policy-making in two additional ways. First, the plan provided a critique of industrialization that penalizes or neglects other sectors to such a degree that the economy as a whole suffers, and it takes issue with industrial policies that largely overlook efficiency considerations within the sector itself—as in the approach to protectionism. Prebisch did not develop the efficiency theme very far, however. He certainly was not the first to deal with these subjects, but his raising them encouraged many of those whom he had influenced to turn their attention to these issues as well. These themes became ongoing concerns, and their analyses became part of later efforts to rationalize Argentine industrial production and overall development in the 1960s and 1970s and to foster industrial exports. I do not mean to claim that all these analyses and policy implementations led to long-term successes but merely to suggest that the doubts expressed about the efficiency of import-substituting industrialization from within (by one who had been in the vanguard of that movement) contributed to intellectual analyses and policy proposals fostering a more balanced and efficient process of industrialization. Prebisch appears to have achieved this indirect influence on his followers, although perhaps more through subsequent papers dealing with the same matters than through the Prebisch Plan.

The Prebisch papers may have made another contribution that

was less felicitous. In Prebisch's earlier work, the conflicts he noted were between the developing world and the so-called center countries, and even then the tone of his expositions was relatively measured. In departing from this tone and addressing the Perón government as a sort of modern Black Legend, in condemning so much of what had gone before, Prebisch may have reinforced the already well-developed Argentine tradition of political intransigence. This tendency has played a major role in the stop-go pattern of Argentine economic policy, a phenomenon of frequent policy reversals that make it difficult for producers to plan very far ahead. The intransigent "change everything" approach entails major increases in the level of incentives accorded newly favored areas, and such increases in incentives often lead to disappointing responses because those who stand to gain understand the political process and sense that the incentives are too great to last. Moreover, the policy alternations and incentive gyrations divert attention from important everyday considerations of operational efficiency. These pronounced policy reversals sometimes also led to the dissolution of production teams—and even the emigration of some of those adversely affected. Prebisch may have contributed to this tradition of political intransigency and the resulting frequent policy reversals. In any event, he did not attempt to alter this tradition even while calling for many changes in emphasis that were desirable.