



Universiteit
Leiden
The Netherlands

The great depression in Argentina, Brazil and Uruguay: revisiting vulnerabilities and policies

Gerona Morales, M.E.; Sosa Clavijo, S.M.

Citation

Gerona Morales, M. E., & Sosa Clavijo, S. M. (2015, October 1). *The great depression in Argentina, Brazil and Uruguay: revisiting vulnerabilities and policies*. Retrieved from <https://hdl.handle.net/1887/35598>

Version: Corrected Publisher's Version

License: [Licence agreement concerning inclusion of doctoral thesis in the Institutional Repository of the University of Leiden](#)

Downloaded from: <https://hdl.handle.net/1887/35598>

Note: To cite this publication please use the final published version (if applicable).

Cover Page



Universiteit Leiden



The handle <http://hdl.handle.net/1887/35598> holds various files of this Leiden University dissertation

Authors: Marcelo Esteban Gerona Morales and Silvana María Sosa Clavijo

Title: The great depression in Argentina, Brazil and Uruguay : revisiting vulnerabilities and policies

Issue Date: 2015-10-01

VIII. Political turmoil and revolutions in Argentina, Brazil and Uruguay

During 1930-1933, each of our case countries suffered swift regime changes that involved a breakdown of the constitutional order. As we have seen in the conceptual framework written in Chapter II, in every account of the economic life of a country, the conduct of interest groups working in the background of internal politics helps to explain the specific policies applied by governments. It also explains key events such as the coups of José Uriburu in Argentina (1930), Getulio Vargas in Brazil (1930) and Gabriel Terra in Uruguay (1933).

In each of those regime changes, there are political forces or pressure groups that shape the political outcome, and at the same time the economic situation had a contributing role in those events. In this chapter we mainly review the relationship between politics and economics during the end of the twenties for each of our case countries and the main actors and institutions that gave a framework to the political crises. This review of political events is necessary to tackle in the next chapter the economic contraction itself.

i. A politic maze in Argentina

In this section we present the turbulent political scenario in Argentina at the outbreak of the crisis focusing on the coup of 1930 and the attempt at oligarchic restoration.

In 1930 the government of Hipólito Yrigoyen fell into a trap similar to that which caught Alvear's presidency in 1922-1924, but with far more devastating consequences³⁵⁸. On the one hand, Yrigoyen demonstrated his inability to deal with the revenue crisis and the effects of the international crisis on the country. For example the global crisis negatively affected those companies that Yrigoyen's government supported such as the railways and shipping companies tied to foreign trade³⁵⁹. On the other hand, Yrigoyen was not able to unify and consolidate his party in a context of political conflict when he was being criticized for his populist and personal style of politics. Even the Chargé d' Affairs of the United States in Argentina, Mr. White, described the regime as exceptionally dictatorial and extraordinarily inactive and how the opposition within the government party was growing³⁶⁰. Thus, it started to undermine Yrigoyen's popular backing and this disappointment with the government escalated into

³⁵⁸ See Rock (1985, p. 212).

³⁵⁹ See Romero (2002, p. 57).

³⁶⁰ See note N° 899 (835.00/461) signed by the Chargé d' Affairs of the United States in Argentina Mr. White to the Secretary of State, in FRUS (United States Department of State, 1945, p. 378).

inflamed opposition. In this regard, just in the congressional elections of March 1930, the *yrigoyenista* vote was 25% lower than two years before, and in Buenos Aires the *yrigoyenistas* lost an election for the first time since 1924, defeated by the Independent Socialist party³⁶¹. Furthermore, the exposure by the press of details of administrative corruption, the fights of university students with rival factions of *yrigoyenistas* and their opponents for control of the streets and reports of the President's senility prompted the disintegration of the cabinet. That situation showed that finally Yrigoyen's opponents had their opportunity to destroy him. In the end, all these events constituted the prelude to what happened on September 6th 1930. On that date, as happened in other Latin American countries³⁶², Yrigoyen was overthrown by a military coup –the first of the army-led coups in Argentina in the twentieth century- commanded by the Nationalist José F. Uriburu³⁶³, a coup that had little planning and with only small forces (most of them junior officer cadets). He was arrested and sent to *Martín García* Island. This rebellion was the so-called 'Revolution of 1930'; although the country's political institutions were preserved.

The leaders of the coup were divided into two groups: on the extreme right was a nationalist faction led by Uriburu, who became President of the provisional government, but the majority in the revolutionary coalition were the liberal conservatives led by General Agustín P. Justo³⁶⁴,

³⁶¹ This party was a newly formed offshoot from the old Socialist party aligned with the conservatives. See Rock (1985, p. 212).

³⁶² According to the telegram 835.00/464 signed by the Ambassador of the United States in Argentina, Mr. Bliss, to the Secretary of State, in FRUS (United States Department of State, 1945, p. 379), the *coup d'état* in Peru made a strong impression in Argentina and it was used by party chiefs in an endeavour to influence the President to believe that his life was in danger and that his only safeguard was to resign.

³⁶³ General José Félix Uriburu (June 20th, 1868 – April 29th, 1932) was the first *de facto* President of Argentina, a position that he achieved through a military coup, from September 6, 1930 to February 20, 1932. He was born in Salta, Argentina, and the former President José Evaristo Uriburu was his uncle. He joined the *Colegio Militar de la Nación* (National Military College) in 1885 and in 1888 he received the rank of ensign, and then was promoted to second lieutenant. By 1890, when Argentina faced an important moral and financial crisis, he participated in the *Revolución del Parque*. He continued with his military career and went to Germany to study in Berlin where he was a member of the Imperial Guard Corps. When he came back to Argentina he was incorporated into the military service and in 1909 was promoted to colonel. In 1913 he joined a mission as an envoy to Germany and the UK as military attaché of the Embassy and in the same year he was elected national deputy from Salta under the auspices of the Progressive Democratic Party. He served several posts in the Armed Forces and in 1926 collaborated with Agustín P. Justo when he was Minister of War but when implementing the Armaments Law presented difficulties he requested exemption from duty. Finally, he led a military coup against the democratically-elected President Hipólito Yrigoyen, in which the far-right Argentine Patriotic League participated. He stayed as head of the government until 1932. Then he was diagnosed with stomach cancer in early 1932 and finally he died in Paris, France on 29th April 1932 (Abad de Santillán, 1971b, pp. 1-4, 34-36).

³⁶⁴ General Agustín Pedro Justo (February 26th, 1878 – January 11th, 1943) was President of Argentina from February 20, 1932 to February 20, 1938. He was a military man, diplomat, and politician. Justo was born in Concepción del Uruguay, Province of Entre Ríos. His family was very linked to politics. His father had been Governor of Province of Corrientes and he was soon a national deputy. He studied in the *Colegio Militar de la Nación* and being a cadet, he participated in the *Revolución del Parque*. He studied engineering at the University of Buenos Aires and in 1904 he became a military engineer. He continued his military career and with the rank of lieutenant colonel he completed diplomatic actions, becoming military attaché to Argentina's envoy at the centennial festivities in Chile in 1910. Then, he returned to Argentina and in 1915 he was appointed director of the Military College. Pursuant to the radical anti-personalist political branch, during the Alvear administration in 1922 he left the Military College to become the Minister of War and he was promoted to the rank of brigadier general on August 25, 1923. At the end of 1924 he was sent as plenipotentiary to Peru.

who had been Minister of War under Alvear. During the twenties the nationalist wing was characterized as anti-communist, anti-democratic and anti-liberal, and to some extent they were also influenced by Italian fascism as occurred during Terra's dictatorship (1933-1938) in the neighbouring Uruguay. Immediately after the coup, the nationalists were prepared to abolish or make radical revisions to the Constitution of 1853, to suppress elections and political parties and to create an authoritarian system based on corporate representation. But the other group headed by Justo was opposed to any extreme measures; unlike Uriburu's group the main idea was to restore the Constitution rather than to destroy it. The conservatives did not want a government based on corporatism with fascist overtones; instead of that they desired a government responsive to the commercial and landed elites which meant an 'oligarchic restoration'³⁶⁵. Thus, Uriburu as President *de facto*, decided to dissolve Congress which had become ineffective in a context of crisis and revolution, establishing a regime of legislation by executive power through 'decree-laws'. But he did not apply extreme measures towards political parties or the Constitution of the Republic, as the conservative wing wanted. In this regard, if one takes into account the imposition of the ideological basis of the majority, another decade of conservative rule started that has been called the 'infamous decade'. This name was an allusion to the fact that, unlike in the twenties, the governments of the thirties attempted to keep themselves in power through fraud and force when necessary amid a political, economic and social crisis.



José Félix Uriburu (1930-1932) Agustín Pedro Justo (1932-1938)
Source: *El Bicentenario* (1930, p.481 and 1931, p. 485)

During the next few years he temporarily was the Minister of Agriculture and Public Works, besides holding the post as Minister of War, which he would not abandon until the end of the term of office of Alvear. Then, in 1930 Justo gave his agreement to the coup of September. But, he rejected several offers of Uriburu to join the government. He only briefly accepted the command of the army, resigning soon after. With the support of an alliance so-called '*la Concordancia*' he ran for President on the elections of November, 1931. With Yrigoyen's faction banned from the elections and its supporters using the strategy of 'revolutionary abstention', Justo easily won against Lisandro de la Torre and Nicolás Repetto, although under suspicion of fraud. His term of office finished in 1938 and he died in 1943 in Buenos Aires (Abad de Santillán, 1971b, pp. 37-38).

³⁶⁵ See Rock (1985, p. 216).

The political environment was tense: whilst Uriburu strengthened himself by patronizing a paramilitary organization, the *Legión Cívica Argentina* (LCA, Argentine Civic Legion), Justo intrigued persistently to weaken him. Furthermore, although the September revolution of 1930 had had important popular backing in Buenos Aires, that euphoria was short-lived because the depression deepened and the provisional government's emergency measures did not convince the citizens. As a consequence of this situation, in April 1931, at the urging of his Minister of the Interior, Uriburu called elections for Governor in the Province of Buenos Aires. To his dismay, the Radicals achieved an overwhelming victory but the government annulled the results. Moreover three months later there was an attempted pro-Radical rebellion among military personnel in Corrientes which was successfully repressed. In the meantime, Uriburu did not find a way to handle the economic depression. The currency was depreciating very quickly, foreign trade was suffering a rapid deterioration, the activity growth rate plummeted and the country was negatively affected by the world deflation³⁶⁶.

One possible explanation for the failure of Uriburu's government is the formation of its cabinet that was fundamentally a 'civil cabinet' linked to business activities (e.g. some elected ministers had been linked with petroleum companies) showing its preference for corporatism and the repudiation of political parties which had as a result a lack of political support³⁶⁷. In this regard, Table 33 presents the *ministros de hacienda* (ministers of finance) and presidents who had to deal with the crisis during 1928-1934.

The Ministry of Finance during Uriburu's government was run by Enrique Pérez (1930-1931) from the nationalist wing and later by his cousin Enrique Uriburu (1931-1932) who avoided public life and claimed to accept his post as 'patriotic sacrifice' (Beccar Varela, 2010). Both of them did not represent the majority of the revolutionary coalition and of course did not contribute to a period of 'restoration' in favour of the interests of the oligarchy. Thus, we can assume that it was very hard to implement policies to face the hardships in this complicated scenario. In relation to this, the lack of political support and the general situation of the Argentine economy led Uriburu to call general elections for November 1931. The government vetoed the candidature of Alvear³⁶⁸ and therefore his party (the main opposition), UCR, decided to return to its policy of abstention. On the other hand, General Justo had carefully upheld his military constituency and collected endorsements from the leading power groups. Thus, the way was paved for '*la Concordancia*'³⁶⁹ -a conservative national democratic party- and its candidate, Agustín Justo, won the presidential elections.

³⁶⁶ According to della Paolera et al. (2003, p. 54) during Uriburu's period (1930-1932), in average terms, the devaluation rate was 23.26%, the inflation rate -3.31% (deflation), the interest rate 8.72% and the activity growth rate -9.22%.

³⁶⁷ See Rapoport (2003, p. 215).

³⁶⁸ The Radicals were excluded by proscription and by the arrest or exile of their leaders (Rock, 1985, p. 217).

³⁶⁹ '*La Concordancia*' was a coalition of parties. It was integrated by the old-style conservatives (previous to 1916) naming themselves as *Partido Demócrata Nacional* (PDN, National Democratic Party; but few of its members were genuine democrats, and given their continual poor showings in many parts of the country, they were never fully national); the *Partido Socialista Independiente* (PSI, Independent Socialist Party) that was a

Table 33 Argentina: Ministers of finance that had to deal with the crisis during 1928-1934

Minister of Finance	Term of office	Minister's profession and/or political party	President	Term of office	President's political party
Víctor M. Molina	October 1923-October 1928	Lawyer. UCR (<i>anti-personalista</i>).	Marcelo T. de Alvear	October 1922-October 1928	UCR
Enrique Pérez Colman	October 1928-September 1930	Lawyer. UCR (<i>personalista</i>).	Hipólito Yrigoyen	October 1928-September 1930	UCR
Enrique S. Pérez	September 1930-April 1931	Lawyer. Nationalist.	José F. Uriburu	September 1930-February 1932	Nationalist - LCA
Enrique Uriburu	April 1931-February 1932	Lawyer.			
Alberto Hueyo	February 1932-July 1933	Lawyer and businessman.	Agustín Justo	February 1932-February 1938	<i>La Concordancia</i> (UCR-A, PSI, PDN)
Federico Pinedo	August 1933-December 1935	Lawyer and Economist. Socialist (PSI).			

Source: compiled from Abad de Santillán (1971 and 1971b). Notes: LCA (Argentine Civic Legion), UCR-A (UCR *anti-personalista*), PSI (*Partido Socialista Independiente* -Independent Socialist Party-), PDN (*Partido Demócrata Nacional* - National Democratic Party-).

After the repression of various revolts, on February 20th 1932, Justo assumed the presidency of the Nation and Julio A. Roca (junior) the vice-presidency, until 1938. It is important to highlight that the victory of November 1931 restored power to the same groups that had controlled Argentina before 1916, the pampas' exporting interests and the landowners in the provinces. But, the achievement of this restoration was down to the Army's backing, the proscription of the Radicals and electoral fraud. A good example of the real political situation is that in various parts of the country the police confiscated the ballot tickets of known opposition supporters; Justo's followers falsified voting registers, and in some jurisdictions the dead were resurrected in multitudes to cast their votes³⁷⁰.

Nevertheless, in relation to the style of politics, compared with the persecutions and acts of repression of Uriburu, Justo was far more tolerant but he was unsympathetic to the nationalist factions and controlled the Army. In this respect, in 1932 Justo lifted the *estado de sitio* (state of siege) that had prevailed since the coup. He released and amnestied political prisoners, among them Hipólito Yrigoyen. Furthermore, he reinstated university professors who had been

right wing offshoot from Juan B. Justo's original Socialist party formed in 1927 and from which Justo regime obtained two talented figures, Federico Pinedo and Antonio de Tomaso; and the *anti-personalistas* Radicals group, the most important of the three groups throughout the thirties (Rock, 1985, p. 218).

³⁷⁰ See Rock (1985, p. 217).

dismissed for their pro-Radical sympathies and he suspended the activities of paramilitary groups like the LCA. By 1933-1934, the social unrest³⁷¹ and the rivalries among and within the political parties continued. In 1934, while Alvear, after his arrival to the country, began a new attempt to reunify the UCR, the Socialists gained ground in Congress³⁷². In this regard, throughout Justo's regime there was neither effective nor organized opposition offering genuine alternatives. The old Socialist party was weakened by the creation of the faction of Independent Socialists (more moderate) and the death of Juan B. Justo in 1928; and when *la Concordancia* consolidated itself under Justo, the initially spirited reaction of the Radicals was diminished³⁷³. In addition, although the Communist wing was banned but tolerated, as Halperin Dongui (1998, p. 387) argues, they continued protecting the rights and interests of the working class.

Moreover, Justo put all his efforts into facing the crisis that Argentina was going through and the petroleum issue became less significant (as well as during Uriburu's government), dismissing the idea of a state petroleum monopoly and treating the state petroleum directorate – the YPF- and its foreign competitors for the most part equally. In principle, as Table 33 shows, in 1932 President Justo designated the liberal businessman Alberto Hueyo as the new Minister of Finance. But, although during Hueyo's term some important measures were taken, the difficult economic circumstances that the country faced prompted a change of economic model passing from moderate protectionism to serious state intervention. Thus, later in 1933, in order to take the necessary steps to get Argentina out of the crisis by stronger interventionism in the economy and the putting into practice of more innovative ideas, President Justo³⁷⁴ designated the Socialist economist Federico Pinedo as Minister of Finance, who had a special strategic vision. He was responsible for the implementation of policies that we analyse in the rest of the thesis. However, although during Justo's presidency substantive economic measures were taken to fight against the crisis, his term was marked by significant economic concessions to the UK and its companies set up in Argentina after the signature of the Roca-Runciman Treaty, decisions that generated strong political debates. One good example is the scandal related to the meat trade and the activities of the British meat-packing plants. In 1934, the Senator from *Santa Fe*, Lisandro de la Torre³⁷⁵, requested an investigation into the meat trade and the activity of the

³⁷¹ In 1933, a new armed uprising was frustrated by the government, which blamed the Radicals and arrested again their leaders ("*1930/39 La década infame*", Cronista.com).

³⁷² In May, 1934, the Socialists gained ground in Congress, after their victory in elections for national deputies, by over 100,000 votes ("*1930/39 La década infame*", Cronista.com).

³⁷³ According to Rock (1985, p. 219) "...the Radicalism functioned best in times of prosperity, when it had something to offer the electorate, but during the depression it floundered constantly, strong on moral imperatives but usually weak on content, and divided perennially on tactics and strategy...".

³⁷⁴ According to della Paolera et al. (2003, p. 54) during Justo's period (1932-1937), in average terms, the devaluation rate was -0.62% (revaluation), the inflation rate 3.98%, the interest rate 6.02% and the activity growth rate 1.88%.

³⁷⁵ De la Torre was a landowner and leader in Santa Fe's SRA. He had been a presidential candidate in the 1916 election won by Yrigoyen and again in 1932 against Justo. He was the outstanding figure among the opposition of Socialists and Progressive Democrats. He denounced the meat-packing companies, as protected by the authorities, for not paying taxes, hiding their profits, and giving preferential treatment to some influential livestock farmers, such as the Minister of Agriculture himself, Luis Duhau, who had been President of the SRA. De la Torre's intervention in Congress was brilliant and lasted several years, attracting public attention and eliciting a violent response from the ministers Duhau and Pinedo (Romero, 2002, p. 72).

meat-packing plants. On this issue, the discovery of tax evasion cases, excessively low prices paid to the producers, monopolistic practices, abuse of power and other irregularities, impacted very quickly on Argentine society and the economy.

In summary, there was not only a turning point in the political life of this country but also a radical ideological change, the decline of *laissez-faire* and the rise of nationalism, encouraging major state intervention in the national economy.

ii. The rise of mate in Brazil

Being the official and only candidate in the elections of March 1926, Washington Luís³⁷⁶, from the *Partido Republicano Paulista*, assumed the presidency on November 15th, 1926. Not surprisingly, Luís was the successor of a mineiro, Artur da Silva Bernardes from the *Partido Republicano Mineiro*³⁷⁷, a natural consequence of the already mentioned ‘*café com leite*’ agreement and the influence that the coffee oligarchy had achieved in the federal government. The new President wanted to make currency stabilization one of his administration’s main objectives. This endeavour had been facilitated by the lifting of the British embargo on foreign government loans that since 1924 ruined the Bernardes economic strategy of returning to the gold standard with the backing of foreign loans. For this task, President Luís appointed people from Rio Grande do Sul, not much because of professional skills, but for political reasons. The southern State, known for the habit of its people to drink *maté*, had the third largest number of MPs, was more open to supporting the proposed stabilization program than the mineiros, showed an increasing economic performance, and claimed a more equitable share in the federal decision-making process. This explains the selection of Getulio Vargas³⁷⁸ as Minister of

³⁷⁶ Washington Luís Pereira de Sousa was born in Macaé, Rio do Janeiro, on October 26th, 1869, but he spent most of his life as a paulista resident and politician. He was a lawyer, historian and Brazilian politician, who took office as the eleventh President of the State of São Paulo, and the thirteenth and last President of the old Brazilian Republic. He was overthrown on October 24th 1930, twenty one days before the end of his mandate. He passed away in São Paulo on August 4th, 1957 (translation of pt.wikipedia.org, page visited in January 2015).

³⁷⁷ Bernardes governed Brazil from 1922 to 1926, most of the time under state of siege because of the rebellions of 1922 and 1924.

³⁷⁸ Getulio Vargas was born in April 19th, 1883 in São Borja, Rio Grande do Sul, a town separated by the Uruguay River from Argentina. The district in which Vargas was raised was mainly producer of cattle and according to Dulles (1967) famed for ‘contraband and border feuding’.

He was an admirer of the founder of the *Partido Republicano of Rio Grande do Sul*, Julio de Castilhos. His father was the third son of Manoel do Nascimento Vargas, a General who had fought in the Paraguayan War during the Empire. After a brief experience in the military, he chose to study law in Porto Alegre, and graduated in 1907. Soon after he joined the State Assembly under the ranks of Borges de Medeiros. Borges, ruler for 25 years of the Porto Alegre State from the Partido Republicano Rio-Grandense (PRR), was his political mentor.

Vargas married Darci Sarmanho as soon she was fifteen, and they raised a family of three boys and two girls. By 1921 he was majority leader in the State Assembly and secretary of its budget commission.

According to Dulles (1967, pp. 18), Vargas was a unique figure in Brazil, because he was calm, disciplined, prudent, temperate, and silent. He describes him as “(...) an attentive listener, he developed an engaging smile and used it so frequently that visitors spoke of his proverbial affability. No extrovert, he was friendly, patient, and apparently unemotional. Inclined to display genuine appreciation for the opinions which opponents might advance in a discussion, he came to be regarded by fellow legislators as one who excelled at reasonable compromise. The facade of friendliness and calm hid considerable tenseness, and he often felt less cheer than his surface indicated. Vargas was inwardly impatient, resenting late-comers and tellers of stories he already

Finance, a position he assumed at the age of 43 on November 15th, 1926. This appointment meant for him a jump from the state to the federal level, a decision that proved to be a further step in the political career of a figure that would change Brazil forever. Nevertheless, during his brief appointment, Vargas kept a low profile. His main objective as Minister was to implement the financial reform set out by President Luís in December, 1926. As reported by Pacheco Borges (1979, p. 70), Vargas was presented by the press of the time as a simple executor of President Luís' policies, always applying the administrative aspects of the presidential policies and in general was depicted as scrupulous with the tax payer's money and honest.



Getúlio Vargas after the Revolution of 1930 (left) and during his last presidency 1950-1954 (right) in Dulles (1967)

For the election of March 1930, the natural candidate should have been the Governor of Minas Gerais, Antonio Carlos Riveiro de Andradas³⁷⁹, who regardless of the presumed security of his candidacy, had exhibited a high profile during the Luís administration, and even opposed the President's monetary reform bill, his main government project. Even though the strained relations with the federal executive could have justified the rejection of Riveiro de Andradas as candidate, it was a big gamble for Luís, since the failure to support the *mineiro* President meant in fact the expiration of the agreement that secured Brazilian stability during most of the

knew, but self-discipline so dominated impatience that he would hold off moving until his shrewd analysis of a situation told him that the best time had come".

During the revolution of 1930 he was accused of duplicity, because on the one hand he cultivated a relationship with President Luís, and on the other participated in the plot against the government.

In 1954, surrounded by a mob in the presidential palace in Rio de Janeiro, Vargas committed suicide. His farewell words were: "This people whose slave I was will no longer be slave to anyone. My sacrifice will remain forever in your soul, and my blood will be the price of your ransom".

³⁷⁹ Antonio Carlos Ribeiro de Andrada (Barbacena, 5th of September of 1870 - Rio De Janeiro, 1st of January of 1946) was a Brazilian politician, mayor of Belo Horizonte, President of the Lower House (Câmara dos Deputados), Senator of the Republic, President of the National Constituent Assembly of 1932-1933, Minister of State and President of the State of Minas Gerais (translation of pt.wikipedia.org, page visited in January 2015).

Republic's recent history. It also would open the door for a more important role for Rio Grande do Sul in the coming elections.

In spite of the prospects of possible instability, Luís proposed officially the name of the paulista Governor Julio Prestes, who by the way had introduced the Reform Bill in 1926. The election of Prestes as a candidate was Luís' choice as the candidate that most likely would be prone to continue his policy of financial reform. Luís and Prestes both being *paulistas*, the election proved to be highly destabilizing, not only for breaking the agreement with Minas Gerais, but for dangerously gathering opposing forces in Minas Gerais, Rio Grande do Sul and Paraíba, the states most opposed to the prospects of a paulista monopoly of the federal government. Even before the official nomination, the leakage of the news precipitated the secret negotiation of a pact between the aged *riograndense* strongman Borges de Medeiros and the *mineiro* Riveiro de Andradas, which said that in the event that Prestes became the official candidate, both states would support the candidacy of the former to the presidency. Eventually, the move turned into the support of both states for the candidacy of Getúlio Vargas as the main contestant for the presidency. In this way, the scenario was set for the upcoming electoral process. According to Abreu (1990), the stereotype of the time was that Vargas represented the industrialists and the bourgeoisie, while Prestes was the defender of the coffee interests. However, according to many authors, Vargas was more prone to creating compromises among the different interests in conflict within the economy without taking sides. That was probably his main advantage.

The opposition movement was called *Aliança Liberal*, and was not a political party, but a coalition of political parties. As its self-explanatory name tells, the party could not be considered anti-system. In its political platform, the *Aliança* included the necessity to invest in society in order to promote development. As explained by Hilton (1977, p. 104), the proposed labour legislation and the efforts in education show the awareness of the politicians of the importance of the role of human resources in the development of the country. However, as clearly stated by the architect of the *Aliança Liberal* program, Lindolfo Collor³⁸⁰ in his Manifesto presented to the Convention of the Alliance on September 20th 1929, its objectives were liberal in political terms. It proposed to reform the electoral system and to address the multiple social problems ignored by the government, especially the alleged official disdain of the Brazilian worker, to whom the alliance promised syndicalist liberties, an eight hour working day, minimum wage, holidays, etc.

Regarding economic policies, it is possible to say that the orthodoxy was so predominant, that, for example, in spite of the increasing balance of payments deterioration, there was a general rejection of the enactment of an exchange control under the *Banco do Brasil* as a measure of policy, because it was perceived as an inadmissible interference in the free market. Furthermore, the opposition and the government had only minor differences when dealing with issues such as coffee policy, protection to the farming sector and support to the industries. Even Osvaldo Aranha, a personal friend of Vargas who articulated the alliance campaign and would become

³⁸⁰ Lindolfo Collor was also the first Minister of Labour, Industry and Trade under the Vargas administration.

later a key Minister of Finance under the Vargas administration, confessed that the opposition program would be presented later and that the presidency and the opposition programs were in fact twins³⁸¹. In other words, the political discourse mostly ran along the same lines as the official one. Probably the most important economic issue during the electoral campaign was Prestes' proposal for conferring on the *Banco do Brasil* complete Central Bank authority with full convertibility of the total note issue³⁸².

Whatever the political agenda of the Alliance, the logic of the old Republic prevailed, and the official candidate Julio Prestes became the President elect for the new presidential term scheduled to begin on November 1930. However, the fate of the old Republic was already defined, as the failure of the alliance to win the elections only paved the way for a new marriage of convenience among the disaffected old and new oligarchies with the '*tenentes*' to overthrow the government, only this time with resort to the use of force. With the support of Rio Grande do Sul and part of the military, a rebellion started on October 3rd 1930, and it progressed unstoppably throughout the country³⁸³. Finally, a military Junta overthrew the Luís government on October 24th 1930, and transferred the federal executive powers to Getulio Vargas, who entered triumphantly into Rio de Janeiro one month later. With the exile of Prestes, Luís and other supporters, the old regime was replaced by a provisional government. Vargas assumed control of all institutions of the federal government and the autonomy of the states was eliminated by the direct appointment of federal *interventores*. In Picture 2, for illustrative purposes there is shown a copy of an original telegram sent from Brazil to the Foreign Office in the UK defending the purposes of the revolution.

Many authors agree on the vagueness of the revolutionaries. According to Aspásia (1983, p. 13), the revolution of 1930 from the macro social perspective had a tendency to strengthen the State, which coincided with the readjustment of the oligarchy and the exclusion of the people from the country, the expansion of the middle classes, the framing of the labourers and the consolidation of the bourgeoisie. It was not a classical revolution in the sense that it was an oligarchic revolution, which grew along the same rules of its own game, and tried to re-establish a regional equilibrium. Instead, it contributed to the centralization of power in the federal government. It did not, however, dislocate immediately the power of the dominant elites of the old Republic. It also coincided with the generational change in the old *caudillos*, by new figures previously

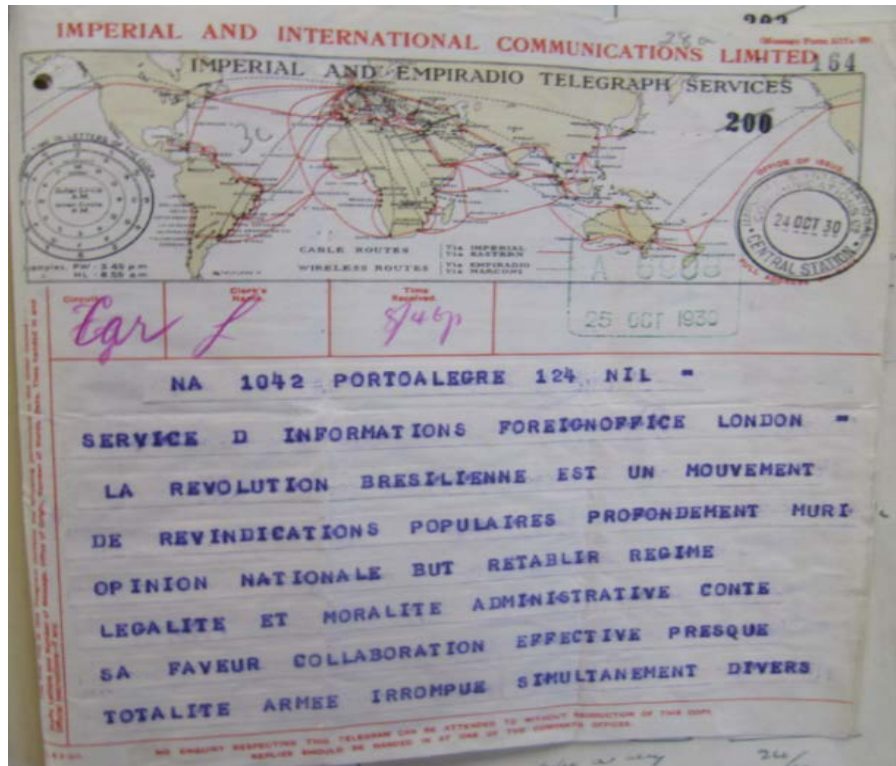
³⁸¹ See Aspásia (1983, p. 28).

³⁸² It is important to point out that before the creation of the *Superintendência da Moeda e do Crédito* by law 7293 on February 1945; there was no institution in Brazil that properly conducted the functions of a central bank. Until then the *Banco do Brasil* was at the same time a commercial bank and the financial agent of the monetary authorities. There were contradictory views regarding the role of the *Banco do Brasil* as a monetary authority or a simple commercial bank. The controversy was whether if the bank effectively sterilized the deposits made by commercial banks, or if that bank operated as a commercial bank and those deposits have to be considered the same way as any of the commercial banks, or in other words suitable for lending activities (IBGE, 1990, p. 513).

³⁸³ The spark that ignited the revolution was the murder of the President of the State of Parahyba, Dr. João Pessoa on 26th July 1930. Parahyba was the only small State to support Minas Gerais and Rio Grande do Sul against Dr. Washington Luís' bloc. Dr. Pessoa therefore drew down upon himself the Federal government's displeasure, and became the focus of attention for the violent partisans of both factions. Added to this situation came the revolt against his authority in the backwoods of his own State Dr. Pessoa (see telegram from Mr. W. Seeds to Mr. A. Henderson in the Foreign Office, dated August 18th 1930, in FO 371-14200 1930, p. 350).

excluded. Among them, the most important were the already mentioned *tenentes*, the young military men who had struggled to change the basis of the State during the twenties. Although they were somewhat imprecise and ambiguous in their political program, their discourse emphasized nationalism, the centralization of power in the hands of the federal government, and uniformity of power.

Picture 2 Brazil: Telegram defending the coup



Source: FO 371-14201, dated October 15th 1930, pp. 165-166.

From the very illustrative compilation of letters and documents from those who played a leading role in the revolution compiled by Salgado Guimarães et al. (1982), it is possible to see the lack of economic proposals by the conspirators. Indeed, while in political terms the revolution looked for a more nationalistic approach to the country as a whole and over the interests of the federated states and their oligarchies; in social terms the core proposal included the creation of a Ministry of Labour and Education and the extension of working rights to the labourers. In a similar way to the *Aliança*'s experience, there was strong criticism of the government policies, but there was no indication of alternative measures to face the combined economic problems of the country in the turbulent seas of the Great Depression, the collapse of coffee prices and the economic consequences of the emergency measures taken by the Luís government in a state of war. This outcome is almost natural if we keep in mind that Vargas had been Minister of Finance at the beginning of the Luís administration, and as such he devoted his energies to consolidating Luís' stabilization program. It would have been difficult for him to forget this so recent background and apply a different approach once he turned his back on his former boss. Only some communists like Luís Carlos Prestes contested the predominant orthodoxy. After all, as we have seen, the oligarchy still prevailed behind the veil of the new government.

Nevertheless, the revolution did have a nationalistic political and social agenda that ultimately started the modernization of the country, and later would change forever the economic structure of the country. The analysis of this process, however, lies beyond the scope of this work.

This brief but necessarily schematic outline of the social and political context seems to be pointing to the lack of causality between internal political turmoil and the international economic situation, as the revolution can be linked more to the internal political disputes. The Great Depression probably played its role as a contributing factor, but was not the main driver of the revolution. In the remainder of this work, the role of the economic downturn is examined.

Furthermore, it is not possible to neglect the role of the political instability that came on top of the economic hardships, both domestically raised and externally imported. Indeed, if the panorama were not complicated enough, the analysis of the policies implemented in the face of the international downturn gets contaminated by the emergency measures taken by the Luís administration during the brief rebellion of October 1930 and the insurrection of the State of São Paulo in 1932. Those political unrests constitute elements of distortion in our economic analysis, since both events forced the adoption of emergency measures that were superimposed on those policies adopted to face the effects of the Great Depression properly.

In order to address the objectives of this thesis we analyse in next chapters the mechanisms of transmission of the Great Depression, the emergency policies implemented, as well as the role of coffee in the downturn and eventual recovery. In order to do so, it is important to know the authorities that had to deal with the crisis during the period and especially the ministers of finance, who are displayed in Table 34.

Table 34 Brazil: Ministers of Finance

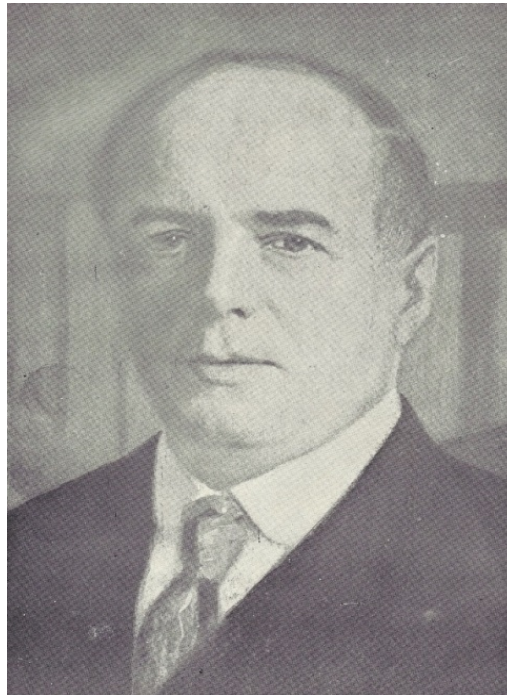
Minister of Finance	Dates	President
Getulio Vargas	11/15/1926 to 12/17/1927	Washington Luís
Francisco Chaves de Oliveira Botelho ³⁸⁴	12/17/1927 to 10/24/1930	
Agenor Lafayette de Roure	10/25/1930 to 11/4/1930	Junta Governativa Provisória
José Maria Whitaker	11/4/1930 to 11/16/1931	Getulio Vargas
Oswaldo Euclides de Sousa Aranha ³⁸⁵	11/16/1931 to 7/24/1934	

³⁸⁴ Francisco Chaves de Oliveira Botelho (1868 — 1943) was a physician and politician. He was President of the State of Rio de Janeiro in 1906. He ended his political career as Minister of Finance of President Washington Luís (translation of pt.wikipedia.org, page visited in January 2015).

³⁸⁵ Oswaldo Euclides de Sousa Aranha (1894 – 1960) was a Brazilian politician, diplomat and statesman from Rio Grande do Sul, who played a key role in the campaign of the Alliance in 1930 and the revolt that ended with the fall of the Old Republic. Under the Vargas government Aranha acted as Minister of Finance, Minister of Justice, and Minister of Foreign Affairs (translation of pt.wikipedia.org, page visited in January 2015).

iii. Executive power's tensions in Uruguay

Although the institutional framework of Uruguay is considered as relatively solid and stable, the particular juncture of the thirties was not free from political drama, marked by the authoritarianism of Gabriel Terra, as the international economic hardship translated into internal social and political turmoil. As mentioned, the CNA was created as a branch of the executive by the Constitution of 1918, forming a council of nine members. Whilst the CNA was responsible for the management of the Uruguayan economy and finances, the President was in charge of internal security and foreign affairs. That is why in this institutional framework, a major crisis would easily give grounds to the presidency to denounce its constitutional inability to take measures to fight it and to accuse the CNA of not doing enough. There lay the fuel of instability that found in the Great Depression a proper spark to ignite it, and that would introduce Uruguay into a period of authoritarianism.



Source: Terra, Gabriel -junior- (1962, p. 9).

When the crash of the US New York Exchange unfolded in 1929, the Uruguayan government was headed by the *riverista* President Juan Campisteguy (1927-1931), and the former *colorado batllista* President of the Republic between 1919 and 1923, Baltasar Brum, assumed responsibility as President of the CNA. In this regard, it is worth noting that during 1927-1933, the prime responsibility for the economy fell on the CNA. As a matter of fact, the ministers of finance Javier Mendivil and Eduardo Acevedo Álvarez, both under the direction of the CNA, were the most directly involved in managing the negative effects of the Great Depression during our period of analysis. Meanwhile, Gabriel Terra acted constitutionally as President from 1931 to 1933, but after then he ran a *de facto* regime that ended the Uruguayan democracy and was known as a 'soft dictatorship'. Table 35 lists the ministers of finance during the Great Depression, and the heads of government at the time.

Table 35 Uruguay: Ministers of Finance

Years	Minister of Finance	President
1927-1931	Javier Mendívil	Juan Campisteguy Oxcoby
1931-1933	Eduardo Acevedo Álvarez	Gabriel Terra (constitutional government)
1933	Pedro Manini Ríos	
1933	Pedro Cosío	Gabriel Terra (de facto government)
1934 – 1937	César Charlone	

Although maybe an oversimplification, it is possible to think that the two real drivers of the coup of 1933 were the conjunction of the personal ambition of Terra and the reaction of the property-owning class at a moment of severe crisis against the traditional *batllista* policies. A key element to take into account for the comprehension of the events of this period is the question of whether the CNA was really inefficient or the causes of its abolition were only to be found in Terra's personal interests. On the one hand, researchers such as Finch argue that Terra was widely regarded as a person dangerously ambitious, who sometimes acted inconsistently and impulsively. An example of this was the split with his former colleagues precipitated in 1931 by an agreement between the *batllistas colorados* and the main faction of the *Blanco* (National) party, the *nacionalistas independientes*. It is important to note that despite the effort of the politicians to convince the population that this agreement was meant to boost the process of industrialization and to fight against unemployment, it was known as the (aforementioned) *Pacto del Chinchulín*, ironically referring to its alleged purpose of distributing public jobs between the main factions of *colorados* and *blancos*. But the faction led by Luis A. de Herrera remained outside of that pact, so that the opposition within the *Blanco* party was strong. Therefore, Terra eventually obtained the valuable support of the *blanco* leader, so that they joined in questioning the CNA and supported a campaign for constitutional reform. In essence, although the *Pacto del Chinchulín* legitimized the politicization of the public administration by providing that the boards of public corporations reflected the political composition of the CNA, there was no immediate major increase in the level of public employment before 1933. And counter to all arguments of efficiency or effectiveness, the *batllista*-led CNA implemented quite severe measures of fiscal orthodoxy and conservatism. Similarly to Argentina, only after 1933 was public expenditure allowed to rise, but the Terra dictatorship maintained, albeit in modified form, the interventionist policies of the CNA in foreign trade³⁸⁶.

On the other hand, there was an increasing discontent within the property-owning class and the British-owned public utility companies because of the alleged unhelpful or hostile attitude of the *batllista colorados*³⁸⁷. During the twenties the strong *Federación Rural*, representing the landowners' interests, expressed its growing hostility to the *batllistas* for the expanded state

³⁸⁶ See Finch (1991, p. 198).

³⁸⁷ See Ibid., p. 198.

system, the bureaucratic employment and the fiscal burden and for initiatives such as the minimum wage and the reform of the land possession system. In 1929, it played a leading role in the creation of the *Comité de Vigilancia Económica* (CVE, Committee for Economic Surveillance), along with the *Unión Industrial* (Industrial Union) and organizations that grouped retail and wholesale commerce, all of them representing the conservative classes in defence of capital³⁸⁸. And therefore these organizations clashed with the increasingly organized movements that contested the system and exacerbated the conflictive political panorama of struggling interests. In this regard, in 1929 the *Confederación General del Trabajo* (CGT), with communist tendencies, was established, whereas the *Federación Obrera Regional Uruguay* (FORU) and the *Unión Sindical Uruguay* (USU) had an anarchist orientation³⁸⁹. Thus, according to the composition of the CVE, this committee had as its main objective to lobby for constitutional reform to suppress the CNA, to stop the growing size of the government and to diminish the fiscal burden, the bureaucracy and the frequency of elections.

The landowning and trade sector discontent was exacerbated by the government responses to the crisis. Those sectors were the hardest hit by the collapse of world markets, and their main complaint against the government policies was directed at the trade and exchange control policy introduced by the CNA in 1931-1932, which limited the rate of the depreciation of the peso. Another worrying issue was the forthcoming Anglo-Uruguayan trade negotiations that were meant to ameliorate the negative effects of the Ottawa Agreements of 1932, as well as the antagonisms between the British Foreign Office and the *batllistas* that in their view jeopardized the UK as the main Uruguayan export market. Thus, in order to preserve the interests of the conservative classes in the difficult scenario of the thirties, those sectors started to plot with the ultimate objective of ousting the *batllistas* from the government. As Rela (2009a, p. 330) states, this dissatisfaction with the government is well illustrated in January of 1930 by an important assembly of nationalists in the town *Blanquillo* (*Departamento de Durazno*), in which the heavy tax burden on rural producers and the urban middle-class nationwide, the deteriorating image of authority in people's perception and the need to increase the army's wages, among others, were strongly criticized.

The economic crisis affected the political environment by breaking the balance between the presidency and the CNA. In the mist of the Great Depression Uruguay suffered the depreciation of the currency, the fall of exports, and the growth of unemployment, and Terra felt that the CNA tied his hands and prevented him from adequately facing the economic consequences of the international crisis. Indeed, throughout his presidency, Terra insisted that the only way to rescue the country from the crisis was a constitutional reform with the aim of suppressing the CNA, under the argument that the decisions taken by that institution were inadequate to face the severe economic crisis that was striking the country harshly. Thus, in 1932, the political panorama became increasingly turbulent, and a symptom of this was that still during Terra's constitutional government, the communists were accused of conspiracy and of threatening

³⁸⁸ See Finch (1981, p. 15).

³⁸⁹ See Nahum (2008, p. 136).

national security, and the left-wing newspaper *Justicia* was forced to close in February 1932³⁹⁰. Terra also called for a meeting in June 1932 with the main political leaders to form a common plan for constitutional reform, namely the return to a ‘presidential’ regime, but some key politicians declined to answer the presidential call. Thus, the only legal way of promoting the idea was to convene a national plebiscite and for its success the President started to give several speeches around the country to convince the electorate. In this scenario of frantic political fragmentation, an important meeting was held in 1933 between Terra and Herrera to coordinate efforts on the campaign to reform the Constitution. ‘The radical change prevails, it is necessary to do it now’ was the slogan.

As a consequence, radical changes began to happen in the political environment. Followers of the *blanco* Nepomuceno Saravia talked about ‘a march on Montevideo’ from the northern border with Brazil. The *Federación Rural* and the CVE pronounced in favour of the reform and several meetings among President Terra, de Herrera and other key political figures such as Manini Ríos announced immediate political changes³⁹¹. Accordingly, the *batllistas* accused Terra of ‘assembling in the shadow the machine of the dictatorship’³⁹². And they were not wrong. As already mentioned, on March 31st 1933, Terra coordinated the coup with the support of the police and the fire-fighters from the fire department headquarters in Montevideo and announced the abolition of the CNA and the legislative power. Instead, a Board of Government was established with advisory functions for the executive and political leaders from the *batllismo* were arrested. A dramatic twist occurred that day when the President of the CNA, Baltasar Brum, put an end to his life while shouting: “Viva Batlle! Viva la libertad!” (‘Long live Batlle! Long live freedom!’).

The so-called ‘*Revolución de Marzo*’ (‘March Revolution’) or ‘*Revolución del Machete*’³⁹³ received the support of several factions within the society at different levels. Following the classification of Nahum (2008, pp. 147-149), at a political level, the support for the coup came from some close allies of Terra within the *batllismo*, the *anti-batllistas* factions of the *Colorado* party (*sosistas*, *vieristas*, *riveristas*) and the *herrerismo* (the majority of the *Blanco* party), as well as former presidents of the Republic such as Williman, Campisteguy, Serrato, and ex-national counsellors such as José Espalter, Andrés Puyol and Federico Fleurquin. However, there was opposition from *batllistas*, *nacionalistas independientes (principistas)*, socialists and communists. The split between supporters and opponents of the coup went through each traditional party, showing little or null political ideology. At the economic level, the coup was welcomed by the CVE, the national banking sector, the *Federación Rural*, the chambers of industry and trade and other institutions that felt threatened by the old regime, as well as British

³⁹⁰ It is important to clarify that by that time the left-wing press were the following newspapers: *Justicia* which responded to the Communist party, and the socialist weekly magazine *El Sol*. On the other hand, the *colorada-batllista* press was the newspaper *El Día* and the *colorada anti-batllista (riverista)* press *La Mañana*; the *blancos*’ speech was reflected in the newspapers: *El Debate*, *La Tribuna Popular*, *El País* and the *Democracia* (Rela, 2009).

³⁹¹ See Rela (2009b, pp. 404-405).

³⁹² See Nahum (2008, p. 144).

³⁹³ The phrase ‘*Revolución del Machete*’ refers to the weapon used by the police during the coup. See Frugoni (1934, p. 31).

investors and public utilities companies. Even the British Minister in Montevideo, R.C. Michell, immediately congratulated Terra and supported the coup and the British companies provided loans to the new regime, under the assumption that the hostile attitude from the *batllistas* to British capital would be replaced by a more sympathetic one. At a military level, only the police and the fire brigade took part, whilst the military remained mostly neutral. But according to Nahum (2008, p. 148), the neutrality of the military was not a surprise, since most of them were *colorados* opposing the *batllista* faction, and probably were in favour of the coup. Finally, at a popular level, the opposition was lacking in strength and coordination. In 1933, the workers' movement was split into several unions, was not organized enough, and even the occupation by students of the University and the extensive strike they performed did not reach out beyond academic circles. In fact, most of the population was more concerned about the cost of living or the football matches³⁹⁴ than the political events of the time.

Certainly, although there was some reaction against the coup, most of the population expressed its adherence or was indifferent, and anyway there was almost no active resistance. This soft support and mild reaction could explain why this period was called *dictablanda* (soft dictatorship), as opposed to the more common term *dictadura* (dictatorship) used in other Latin American countries. However, of course there was a generalized violation of basic political human rights such as opposition leaders exiled and jailed, limitations to civic rights, press censorship, suppression of the right to assemble, among others; but the dictatorship did not prohibit political activity nor did it outlaw any political party. In general, the mild repression was matched by an even milder resistance. Nevertheless, Terra needed a new Constitution to legitimize his regime and to remain in power. Thus, a *Convención Constituyente* (Constituent National Convention) was called in 1933 and the resulting new constitution was adopted by plebiscite in 1934. In May of 1934, Gabriel Terra assumed the presidency of the Republic for a second term and Alfredo Navarro the newly created vice-presidency. Since then, the conduction of economic affairs was concentrated on the executive, under the direction of a reshuffled cabinet³⁹⁵. The new institutional framework relied on a co-participation agreement between both factions supporting Terra and de Herrera, and this was reflected in the new composition of the Senate at the bicameral Parliament. Despite the institutional breakdown, there was some sort of political continuity beneath the events, as the concept of co-participation continued to guide Uruguayan politics. Moreover, changes in the electoral laws in 1934 gave both traditional political parties the exclusive use of the *Colorado* and *Blanco* party names (*lemas*).

³⁹⁴ In 1930 Uruguay had become the first football world champion after winning the first FIFA World Cup against Argentina in Montevideo.

³⁹⁵ In 1933, the cabinet was completed with: Pedro Cosío in Finance, Andrés Puyol in Justice and Public Education, Aniceto Patrón in Public Works, Alberto Demichelli in Interior (replaced by Francisco Ghigliani from November 24th to April 1934), Augusto César Bado in Industry, Alberto Mañé in Foreign Affairs and Gral. Domingo Méndivil in National Defence. As ministers without ministry were designated: Eduardo Blanco Acevedo in Public Health, César Charlone in Public Works and Social Security, Roberto Berro in Childhood Protection. In 1934, there were other changes in the cabinet. Juan José Arteaga was designated as Minister for Foreign Affairs (until March 19th, 1935), José A. Otamendi assumed the Ministry of Justice and Public Education and César Charlone was designated Minister of Finance (until December, 1937) (Rela, 2009b, p. 408).

Finally, it is worth noting that the totalitarian European regimes gained some growing influence in Uruguay. Italian fascism had impressed Terra, and that was mirrored in Terra's attempt to build a corporatist State. German influence also grew with the increasingly administered bilateral trade and with the involvement in development projects such as the hydroelectric dam on the *Río Negro* effected by the signature of a contract with a German consortium (a project which was also financed by the Italian government). Furthermore, diplomatic relations with Argentina in 1932, the Soviet Union in 1935 and Spain in 1936 were seriously hampered³⁹⁶. In this regard, it is important to highlight that these movements curiously occurred while the British thought that they had unmatched leverage in the Uruguayan economy and described Terra as an 'anglophile' because he had been able to suppress the anti-foreign CNA³⁹⁷. Moreover, the British companies provided loans to the new regime, under the assumption that the hostile attitude from the *batllistas* to British capital would be replaced by a moresympathetic one³⁹⁸.

iv. Conclusion

In Figure 11 we contrast these three countries. On the one hand it is outstanding how close together chronologically the coups of Getulio Vargas and José Urriburu were in September – October 1930. On the other hand, the endurance of the Uruguayan government is noticeable, lasting two more years before witnessing a political crisis of concrete consequences. However, the national circumstances were very different. In Brazil and Uruguay there were institutional shortcomings that would be put to a test during the Great Depression.

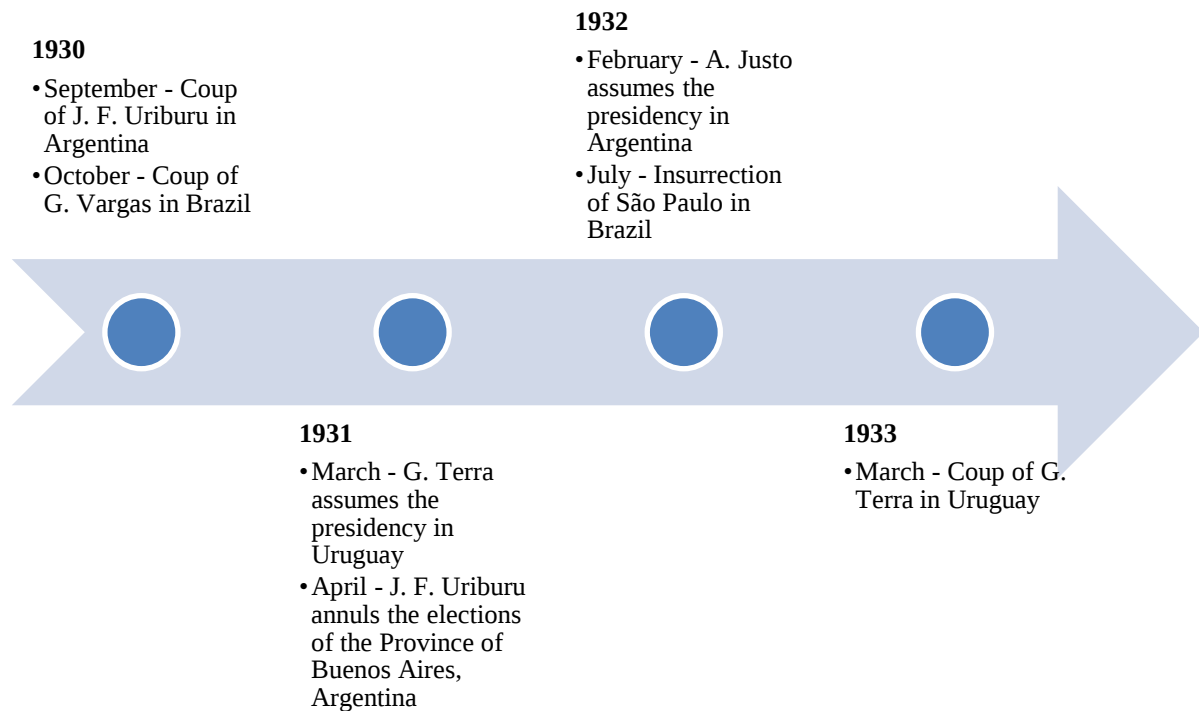
In Brazil, the Great Depression impacted the coffee prices, which in turn deepened an economic downturn. However, we cannot say that the economic downturn triggered the revolutions of 1930 and 1932, because the seed of those events were already present. There was an increasing illegitimacy in the political pact between São Paulo and Minas Gerais, because it was contested by the rest of the federated states, who were marginalized from the presidency. Even before the crash of October, 1929, there were signs of both economic and politic troubles. Even though after the revolution of 1930 there were sharp changes in the structure of the national and state institutions, by no means there was so evident a revolution in social or economic terms, or in other words, changes so profound that the very foundations of society were shaken. The complex interconnectedness of short-term revolution and external constraints, and the long-term decadence of the coffee oligarchy, continued to influence the policymaking authorities, including those that took office soon after the coup of October, 1930. Finally, regarding economic policies, it is possible to say that the orthodoxy during the Luís administration and its commitment to returning to the gold standard would have an important role after the Great Depression arrived.

³⁹⁶ See Finch (1991, p. 201).

³⁹⁷ See note signed by T.G.J dated May 12th, 1933, in "Uruguay Exchange Restrictions", BT 11/151.

³⁹⁸ See Finch (1991, p. 199).

Figure 11 ABU: Regime changes



In Argentina, the Great Depression has various meanings, marking a turning point in its history. With the military *coup d'état* of September 1930 led by General José Félix Uriburu that overthrew Hipólito Yrigoyen and paved the way for the assumption of General Agustín P. Justo (1932-1938), the so-called '*década infame*' ('infamous decade') started and it would last until the coup that marked the Revolution of '43. This reputation of the decade has its justification. Firstly, this period meant the end of order and progress and the beginning of an age of conflict and frustration. The coup ousted the constitutional government and its institutions and inaugurated a long path of weak democracies, electoral frauds and corruption³⁹⁹. Furthermore, this period is characterized by the collapse of Argentine foreign trade, a situation aggravated by its strong dependence on very few markets for its chief export goods fundamentally of rural origin, and on the swings of international prices; as well as the significant rural exodus because many small rural landowners were ruined by the depression. Leaving behind Uriburu's ideas of corporatism influenced by fascist ideology and the repudiation of political parties, a new decade of conservative rule led by Justo started. Unlike Uriburu, Justo found a way to handle the economic depression. He encouraged major state intervention in the national economy and he could manage the commercial and landed elites' interests, attempting an 'oligarchic restoration'.

³⁹⁹ Many definitions and indicators about corruption exist. Nye (1967, p.419) uses the following operational definition: "Corruption is behaviour which deviates from the formal duties of a public role because of private-regarding (...) pecuniary or status gains; or violates rules against the exercise of certain types of private regarding influence. This includes such behaviour as bribery (...); nepotism (...); and misappropriation (...)". Furthermore, he concludes that corruption is endemic in all governments. On the other hand, Gray & Kaufmann (1998, p.7) use a general definition of corruption: "the use of public office for private gain. This includes bribery and extortion, which necessarily involve at least two parties and other types of malfeasance that a public official can carry out alone, including fraud and embezzlement".

He was more tolerant than his predecessor and it was thanks to his power of persuasion that he collected endorsements from the leading power groups; and he controlled the Army. As happened in Uruguay with Terra's coup, he was close to the foreign interests: one example is that his term was marked by significant economic concessions to the UK and its companies set up in the country after the signature of the Roca-Runciman Treaty.

In the case of Uruguay, the problem was mainly within the executive power. There was an important institutional shortcoming that would put to a test the government stability in the event of a strong economic downturn, due to the inability of the presidency to manage economic policies, under the control of the CNA. There was also an increasing discontent within the property-owning class and the strong British interests. Those discontents were exacerbated by the government responses to the Great Depression. Thus, the balance between the presidency and the CNA broke, paving the way for the coup of Gabriel Terra on March 31st 1933. The delayed economic debacle clearly gave a strong argument to Gabriel Terra to pursue a coup. He aligned himself with the criticisms of the landed class of the inefficacy of the CNA in fighting the economic contraction. Nevertheless, Uruguay enjoyed the benefits of being a small country, easier to administrate, institutionally more stable. The bigger stock of gold probably helped the CNA to manage the crisis longer than its bigger neighbours. All in all, this small country was less vulnerable from the political point of view, since its democratic culture still predominated during the first years of the contraction.

The similarities between the economies of Argentina and Uruguay suggest that the external shock and the political outcomes were correlated, at least in the short and medium-term. However, the analysis of the case of Brazil suggests that the causes of the coup of Vargas were less related to the economic situation. This does not mean that the Great Depression did not have a role. It refers to the fact that the main arguments of the campaign of the *Aliança* and the reasoning of the coup conspirators were not so much linked with economic concerns, but to the need to create a strong national government, to give new rights to the workers, etc. Even the outcome of a new de facto President coming from a state not mainly a coffee producer suggests the predominance of forces that cannot be so automatically traced to the negative effects of the Great Depression on the coffee economy.

However, in all these political changes in ABU, it is clear that the internal struggle for power among pressure groups was determinant to the final political outcome. Possibly the most important difference between Brazil, Argentina and Uruguay is that the bigger complexity of the first is explained by the struggle among states for the control of the federal government, while in the other two the landing classes managed in the end to keep a firm grip on national governments. The role of the military is also one way or another very important. In the case of Argentina there was the first of the army-led coups in this country in the twentieth century, in Uruguay, army inaction during Terra's coup; or in the case of Brazil we see the strong presence of the Rio Grande do Sul military in the overall Brazilian army.