

**UNIVERSIDAD DEL CEMA**  
**Buenos Aires**  
**Argentina**

Serie  
**DOCUMENTOS DE TRABAJO**

**Área: Economía y Ciencia Política**

**WHAT KIND OF POPULISM IS PERONISM?**

**Emilio Ocampo**

**Junio 2020**  
**Nro. 732**

**[www.cema.edu.ar/publicaciones/doc\\_trabajo.html](http://www.cema.edu.ar/publicaciones/doc_trabajo.html)**  
UCEMA: Av. Córdoba 374, C1054AAP Buenos Aires, Argentina  
ISSN 1668-4575 (impreso), ISSN 1668-4583 (en línea)  
Editor: Jorge M. Streb; asistente editorial: Valeria Dowding <[jac@cema.edu.ar](mailto:jac@cema.edu.ar)>



## What Kind of Populism is Peronism?

Emilio Ocampo<sup>1</sup>

### Abstract

After being dormant for several decades, populism has resurfaced in Europe and North America. Since the beginning of the 21st century Europe's populist parties have tripled their vote and were able to put their leaders into government posts in eleven countries, which has increased thirteen fold the population living under populist regimes. The virus has even contaminated Anglo-Saxon countries, which were considered immune. This new strain of populism seems different from the one that infected Latin America for most of the second half of the 20th century. Instead of fostering class struggle it appeals to racism, xenophobia and anti-globalization. In this regard, it has a closer resemblance to early 20th century European populist strains. Although much has been written about populism, a widely accepted definition remains elusive. Before Hugo Chavez burst into the political scene in Venezuela, Argentina's Juan Perón (1895-1974) was considered the quintessential Latin American populist leader. Perón was undoubtedly one of the most successful politicians of the 20<sup>th</sup> century. Although he entered politics in 1943 Peronism still dominates Argentine politics. Even though it may seem harder to define than populism, its study offers valuable clues about populism's nature and meaning that are relevant today in modern advanced democracies.

Keywords: Peronism, Fascism, Populism, Argentina.

JEL Codes: B00, N14, N16, P40, P47.

---

<sup>1</sup> I received valuable comments from Nicolás Cachanosky, Roberto Cortés Conde, Carlos Newland and Carlos Waisman. Any mistakes are my sole responsibility. My viewpoints do not necessarily represent those of Universidad del CEMA.

## What Kind of Populism is Peronism?

Emilio Ocampo

*The first Peronist revolution was based on the myth of wealth, of a land waiting to be plundered. Now the wealth has gone. And Peronism is like part of the poverty. It is protest, despair, faith, machismo, magic, espiritismo, revenge. It is everything and nothing*

V.S. Naipaul, *The Return of Eva Perón* (1972)

### 1. Introduction

After being dormant for several decades, populism has resurfaced in Europe and North America. Since the beginning of the 21<sup>st</sup> century Europe's populist parties have tripled their vote and were able to put their leaders into government posts in eleven countries, which has increased thirteen fold the population living under populist regimes (Lewis et al, 2018). The populist virus even contaminated Anglo-Saxon countries, which were considered immune. This new strain of populism is different from the one that infected Latin America for most of the second half of the 20<sup>th</sup> century. Instead of fostering a class struggle it appeals to racism, xenophobia and anti-globalization. In this regard, it has a closer resemblance to early 20<sup>th</sup> century European populist strains.

Although much has been written about populism, a widely accepted definition remains elusive. For decades, sociologists and political scientists have tried resolve this problem to no avail. Economists, who only recently started paying attention to the subject, have been equally unsuccessful (Ocampo, 2019). Even politicians are confused about the meaning of populism. Before Hugo Chavez burst into the political scene in Venezuela, Argentina's Juan Perón (1895-1974) was considered the quintessential Latin American populist leader. He can also be considered the most successful politician in modern history. He ruled Argentina from mid 1943 until September 1955 and between 1973 and 1974 and Peronism, his political party, has been in

power two thirds of the time since 1983, when democracy was reestablished.<sup>2</sup> Although Perón originally reached power through a military coup, he won the presidency thrice in free elections with an overwhelming majority of the votes (in 1946, 1951 and 1973). There is probably no other country in the world in which political developments that took place between 1946 and 1955 had such a profound and lasting impact. In fact, none of the political leaders that were contemporaneous with Perón had such influence on current events in their respective countries as he still does in Argentina. Peronism still dominates Argentine political, cultural and economic life. Its influence has extended beyond its borders; even Chávez once described himself as “a true Peronist” (La Nación, 2008).

There are good reasons why an American or European audience might be interested in understanding Peronism. First, populism is now rampant in some of the worlds’ most advanced democracies. Second, according to a Gallup poll, a majority of Americans are expressing “slightly greater support for activist government across a range of measures, suggesting a more conducive climate for socialist-style policies taking root than has been the case in recent years” (Jones and Saad, 2019). More importantly, despite having lost the primaries, the policies advocated by Bernie Sanders are very popular among the most “progressive” politicians of the Democratic Party. It is likely that a younger and more charismatic politician will take his platform of “democratic socialism”. Such platform includes, among other measures: 1) higher tax rates, 2) higher government spending to finance construction, public education, health care and social programs, 3) limits on interest rates, 4) increased union membership, onerous labor legislation and regulation, 5) more regulation of business, more state intervention and regulation of economic activity, 4) protectionism and restrictions on capital inflows and outflows, 5) universal health coverage, 6) national rent controls. According to a recent report from an analyst from J.P. Morgan, Argentina is the country in which currently more closely applied this “democratic socialism” paradigm (Cembalest, 2019). More importantly, Peronism offers an extreme demonstration that populism is not an ideology but a way of doing politics that degrades the institutional fabric of liberal democracy.

The structure of the paper is as follows. Section 2 addresses the confusion surrounding the term populism and proposes a definition which is operational for empirical purposes. Section 3

---

<sup>2</sup> Some provinces had nothing but Peronist governors since 1983.

describes Peronism and its evolution from an Argentine version of fascism to the archetype of Latin American Populism. The final section offers some conclusions.

## 2. What is Populism?

Despite having been described by ancient Greek philosophers, populism is essentially 20<sup>th</sup> century phenomenon (although some historians consider Napoleon III to be the first successful populist politician). The first populist party was founded in the US in 1891 but it did not have much electoral success.<sup>3</sup> In the 1920s and 1930s right-wing populism sprang up in Europe and then surfaced in several Latin American countries, always adapted to the local culture and political circumstances (e.g., in Mexico as left-wing populism under Cárdenas and in Argentina as right-wing populism under Perón).<sup>4</sup> After WWII, populism disappeared in the Old World and it thrived in South America, where in some countries such as Argentina it became endemic.

Although much has been written about populism, confusion remains about how to define it. For decades, sociologists and political scientists have dealt unsuccessfully with this problem (see Mudde and Kaltwasser, 2017). Even politicians are confused about what populism means. During a press conference at a NAFTA summit in mid-2016, Mexico's President Enrique Peña Nieto criticized populist politicians who "using populism and demagoguery, they choose the easiest way to solve the challenges of today's world. And things are not that simplistic." His comment was aimed at the yet to be nominated Republican presidential candidate whose poisonous rhetoric had Mexico and her citizens as favorite targets. To the surprise of Peña Nieto, President Obama publicly rebuked him. "I'm not prepared to concede the notion that some of the rhetoric that's been popping up is populist," said Obama. In his view, a populist politician was one who cared about "social justice issues or making sure that poor kids are getting a decent shot at life or have healthcare." Trump was a chauvinist and a xenophobe but not a "true populist." Obama claimed this label for himself and Bernie Sanders (Reilly, 2016).<sup>5</sup>

---

<sup>3</sup> The Russian Narodnik, although maybe the first to use the term populist, were not a populist movement as we understand it today. The People's Party in the US

<sup>4</sup> Hitler was the first successful populist politician of the 20<sup>th</sup> century. However, late stage Nazism was not right-wing populism but totalitarianism. See Paxton (2004), Finchelstein (2017) and Eatwell (2017) for an analysis of the similarities and differences between populism and Nazi-fascism.

<sup>5</sup> "Read the Remarks From the 'Three Amigos' Summit Press Conference", *Time*, June 29, 2016.

Peña Nieto was closer to the truth. By definition, populism is always popular (at least once at the voting booth), but not all popular politicians are populist. What distinguishes populism from what's popular is its contempt for the status quo, the antagonistic relationship it proposes between "the people" and "others" (who are the enemy) and the institutional and cultural degradation it inflicts on society. Populism is not and cannot be equated with a specific ideology. Rather, as Laclau pointed out, it is but a way of doing politics in a democratic setting that challenges the establish order. There is left-wing populism (e.g., Chavez's 21<sup>st</sup> Century Socialism), right-wing populism (e.g., Fascism) and chameleonic populism (e.g., Peronism).<sup>6</sup> The first promotes class conflict, the second, xenophobia (and racism in its most extreme variants), and the third, opportunistically alternates between both. All variants promote chauvinism, fanaticism and resentment. The object of the latter usually determines populism's ideological bias. It is important to clarify two points: a) fascism or socialism can manifest themselves without populism (e.g., Getulio Vargas' first presidency) and b) right wing populism doesn't necessarily have to adopt a fascist ideology.

The way the ancient Greek philosophers understood populism has stood the test of time. Aristotle defined it as "demagogy" and considered it a degeneration of democracy: "Most of the ancient tyrants were originally demagogues," wrote the Stagirite sage (1916, p. ). This institutional degeneration occurs because the rule of law is overturned. "The demagogues make the decrees of the people override the laws" (p.157). Following the Aristotelian approach, Polybius (1889) proposed the term "ochlocracy" to describe the government of the masses that destroys "the virtues of democracy" (Vol.I, p.466).

Ocampo (2018) proposed decomposing populism into three basic elements: 1) a simplistic, arbitrary and supposedly costless "solution" to structural problems that hamper society's progress (or the maintenance of pre-existing prosperity levels) and create a widening divergence between the expectations or aspirations of a majority and reality (the "frustration gap"), 2) a charismatic and opportunistic politician that advocates the "populist solution" with an antagonistic rhetoric that appeals to chauvinism and certain beliefs, prejudices and anxieties that are predominant in the society in which he or she emerges, and 3) a majority of the electorate

---

<sup>6</sup> As will be shown below, early Fascism was different to Nazism in many important ways. One of them was the absence of racial superiority as one of its main tenets. Mussolini had two Jewish Finance Ministers and several advisors who were Jewish. Only after 1938, and under pressure from Hitler, he passed anti-semitic laws.

that finds the “populist solution” convincing and, more importantly, emotionally appealing and therefore imposes it with its vote.<sup>7</sup>

With respect to the nature of the populist “solution” a few clarifications are in order.<sup>8</sup> First, it is a pseudo solution, as it doesn’t really solve the underlying structural problems that generated the “frustration gap”. In fact, it aggravates them. Second, it is simplistic, as it appeals and promotes prejudices, anxieties, fears and beliefs (overt or latent) that are widely held by the population. Since it does not require any intellectual effort to understand it, this makes it particularly compelling to voters with low educational levels. In the mind of those who vote for a populist candidate, the populist solution cannot fail to achieve its objectives. In fact, its effectiveness seems assured by its simplicity, which rests on the twin pillars of manichaeism and paranoia: the populist narrative only admits the existence of good (“the people”) and bad (“the enemy of the people”), the latter always conspiring to harm or exploit the former.<sup>9</sup> The inevitable consequence, or undeclared objective, of this narrative is to generate resentment, which is the psychological and emotional nutrient of populism. Finally, the populist solution is arbitrary because it requires trampling on established institutions (formal and informal).

Since the populist leader’s will supposedly represents the “will of the people”, it is above existing laws and established traditions or norms of conduct. This arbitrariness undermines the essence of liberal democracy. Populism’s arbitrariness also manifests itself in another important way. Which leads us to its final characteristic: it is supposedly costless for the majority who votes for it. The populist solution requires that certain groups (within or outside the country’s borders) bear the cost of closing the frustration gap. This in turn requires identifying them as “the enemy of the people” and “making them pay”. Almost by definition, the domestic enemies of the “people” are an electoral minority whose rights can be violated with impunity (i.e., arbitrarily). The external “enemy” (i.e., a foreign country or its nationals) can be punished with deportment, embargos, punitive tariffs, nationalization and/or expropriations. War and invasion are populism’s last resort, particularly for extreme right-wing variants.

---

<sup>7</sup> Majority is defined as the minimum number of votes required in a specific electoral setting to secure the power of the executive.

<sup>8</sup> Defining populism as a “solution” allows for the inclusion of populist manifestations such as Brexit into the analysis. No populist candidate won an election in England but a populist solution received a majority of the vote.

<sup>9</sup> Populist politicians conceive politics as described by Carl Schmitt: the only distinction which is valid in politics is antagonistic (Schmitt, 1927, 26). Although Schmitt was the ideologue of Nazism, his political ideas were revived by modern ideologues of left-wing populism such as Laclau (2005).



This definition allows a distinction between populist politicians, populist policies and populist regimes. A populist politician proposes a populist solution to win an election. Electoral success and the effective implementation of such solution engender a populist regime. Even though the populist “solution” always requires or involves some form of arbitrary redistribution of economic resources (even the right wing variety) not all redistribution is necessarily populist. Also, an unelected dictator can resort to populist policies but this in itself does not make his or her regime populist. Populist regimes can only arise in a democratic setting.<sup>10</sup>

A few other clarifications are in order. First, the majority that brings a populist candidate to power is not a homogenous group of low-income voters but a fragile coalition that cuts across all income and social levels.<sup>11</sup> In fact, in most democracies with some degree of development, the middle class vote (or a significant portion of it) is key to his/her electoral success. Second, the frustration gap is a necessary but not a sufficient condition for the emergence of populism. This gap has an objective and a subjective component. The former can be the consequence of a crisis, a war, a migratory wave, technological progress or a radical change in the international economic order (e.g., protectionism in the 1930s or deindustrialization in the last few decades due to globalization). Basically, the frustration gap can generate a reaction against a perceived cultural, ethnical or religious threat to the established order (or an idealized one) or a demand for a redistribution of the economic resources generated by such order. The gap tends to be wider in societies that impoverished themselves after periods of prosperity (e.g., Argentina and Venezuela), in those in which median incomes have stagnated for a few decades (e.g., the US), or in those in which a majority of the voters feels that its cultural or religious values, or ethnic composition, are threatened by “outsiders” (e.g., the US, Western and Eastern Europe). The wider the frustration gap, the more likely an opportunistic politician will take advantage of it. Since by its failure to implement structural reforms, populism tends to widen the gap, in certain cases, it can trigger a vicious cycle that makes it endemic (e.g., Argentina). The frustration gap can result from an objective assessment of reality (e.g., stagnating real income or rapidly widening inequality). But in many cases originates in a subjective comparison of the present with unfulfilled expectations or an idealized vision of the past. Leftwing populists tend to emphasize

---

<sup>10</sup> Neither Mao nor Castro were populist leaders but dictators. Maduro is the leader of an authoritarian regime.

<sup>11</sup> Even in the case of Perón, who is usually associated with the “shirtless” poor peasants, won his first election in February 1946 with a significant urban middle class and even some high-income voters that adhered to catholic nationalism.

the former whereas rightwing populists underscore the latter. To the extent these subjective comparisons are unrealistic, they generate an “unsatisfied” demand that the populist politicians promises to fulfill. Arendt (1974) observed that totalitarianism starts with “contempt for what you have” and then tries to convince the masses that “everything must change”.<sup>12</sup> The same can be said about populism.

The late Ernesto Laclau always emphasized that populism was not an ideology but “a way of doing politics” (Mouffé, 2018, p.10). What determines the ideology of a particular populist strain is how the populist leader identifies the “enemy of the people”.<sup>13</sup> This identification is culturally and time idiosyncratic. Right-wing populists tend to define the “enemy” along ethnic, religious or cultural dimensions. Left-wing populists instead define it by its economic dimension –such as income or wealth levels– with a class-struggle connotation. The former promises the defense of a threatened cultural and racial status quo (or an idealized earlier version of it), while the latter promises a future economic nirvana and the extraction resources from those who benefit from the status quo. A foreign enemy is the common denominator of both variants.<sup>14</sup>

The experience in the US primary and presidential elections in 2016 eloquently proves this point. Both parties had populist candidates who agreed on the underlying diagnosis (the “American dream is over”) but proposed different explanations of the origin of the frustration gap and specified who was responsible for it (i.e., the “enemy of the people”) and different solutions. According to Trump, the culprits were unfair competition from Mexico and China.<sup>15</sup> Sanders, on the other hand, blamed income inequality and Wall Street bankers, an explanation that is also shared by a significant portion of the electorate. Their respective “solution” was different: Trump proposed tariffs and deportment (“make foreigners pay”), while Sanders taxing the top 1% (“make the rich pay”).

---

<sup>12</sup> Although Nazism in its later stage resembled Stalinism, its origin was essentially different. Bolshevism arose out of a violent revolution and Stalin rose to power through cunning, murder and repression. Hitler instead obtained the largest representation of any party in the Reichstag through free elections. He destroyed the Weimar Republic two months later after a majority in the Reichstag approved the Enabling Act.

<sup>13</sup> Carl Schmidt, the legal ideologue of the Nazi party, was the first to propose this dichotomy as a political strategy.

<sup>14</sup> This also explains why economic autarchy and protectionism are common denominators for right-wing and left-wing populist regimes.

<sup>15</sup> Although the evidence shows that automation was a much more important factor. See Acemoglu and Restrepo (2017).

The identification of the “enemy of the people” not only defines the ideology of a populist regime but also its economic policy. Left-wing populists will try to improve the material welfare of their constituencies by redistributing income and wealth from high-income voters, while right wing populists will redistribute resources from minorities or foreigners with strict protectionist policies in goods and labor markets. In both cases, these policies inevitably fail to achieve their stated objectives (i.e., closing the “frustration gap”).

Which raises another important point that was anticipated by classical thinkers: populism evolves. populist regimes are by nature politically unstable. With the passage of time, the coalition that brings a populist politician to power can become a threat to his/her political survival. The political life cycle of populism has three stages: demagogy (pre-election), ochlocracy (post-election, which entails the implementation of populist policies) and degeneration into autocracy (to prevent the next election). The dynamics of each phase are different and their overall length varies due to economic, cultural and institutional factors. Not all populist regimes complete the full cycle (it all depends on society’s antibodies). In the first stage, it is a contender for power and, in the last two, an incumbent. The first stage always requires legitimization by the popular vote. Even Hitler did it.<sup>16</sup> Hjalmar Schacht who served under the Nazi regime and later conspired to overthrow it described how it happened:

The Republic [of Weimar] lacked experienced statesmen to govern the country, such men as had developed in the course of time in the western democracies. Parliamentary and constitutional methods put men at the top in Germany who were not big enough for their tasks. They were unable to master the difficult problems which beset the life of the German people. And their inability opened the floodgates to irresponsible and reckless agitators. Operating formally on a perfectly legal democratic basis, a campaign of demagogy finally led to the establishment of a tyranny (Schacht, 1948, p.269).

In the second stage, the regime appears to “close” the frustration gap with some degree of success. But this is a mirage disguised by favorable exogenous factors or a redistribution of

---

<sup>16</sup> Before being appointed Chancellor, Hitler was considered a “demagogue”. After his *putsch* failed he adopted a populist strategy from 1928 until 1932. Which obviously doesn’t mean that Nazism is equivalent to populism. The former is an ideology, the latter a political strategy.

resources at the expense of minorities that are electorally irrelevant (i.e., the “enemies of the people”). However, with the passage of time, these groups manage to evade exactions via capital flight and/or emigration or its resources are depleted. Over time, the institutional degradation implied by the arbitrariness of the populist regime and the absence of structural reforms (usually accompanied by protectionism) ensures that the frustration gap remains open or even widens. This is when populism’s third stage starts. With free elections, the broad and growing discontent threatens the survival of the populist regime. The populist leader and the clique that supports him/her react to this threat by doubling down: they promote a conspiratorial narrative (the crisis is due to the perverse action of the enemies of the people) through state controlled media and systematically abuse executive power (by violating property rights, restricting press freedom and tampering with the electoral system). If the democracy in which populism grows does not have strong antibodies, it is eventually destroyed, and, in its last stage, if ever reached, populism mutates into a dictatorship. History shows that populist regimes, if successful in eroding institutions, quickly evolve towards authoritarianism (e.g., Venezuela under Maduro) or totalitarianism (e.g., Hitler’s Germany).<sup>17</sup> Understanding populism requires distinguishing between these different stages and their respective dynamics, particularly when making cross-country comparisons.

The other key ingredient of populism is the populist leader. His or her electoral success depends on fostering (or reinforcing) a feeling of dissatisfaction with the status quo among a significantly large number of voters. This requires convincing them that they don’t have the standard of living, respect or recognition, than easily identifiable smaller groups (which, *ipso facto*, become the “enemy of the people”). This is why the populist narrative plays such an important role: it explains in simple terms the origin of frustration gap and how to close it. Generally, the populist leader embodies in an exaggerated way certain psychological and cultural traits typical of the median voter. This facilitates the process of identification that Freud (1922) explained so well. These characteristics do not have a positive connotation. Both left wing and right-wing populism reflect malignant group narcissism, a feeling of superiority that manifests itself as racism or xenophobia (Fromm, 1964, Federico and Golec de Zavala, 2018). Populist leaders are also

---

<sup>17</sup> The Nazi regime went from the first phase to the last almost instantaneously thanks to the Enabling Act.

narcissists. This was as true for Hitler, Perón and Chávez, as it is for Trump, Erdogan and Orban.<sup>18</sup>

When it comes to economic policy, Tirole (2018) has argued that populist policymakers have contempt “for elementary economic mechanisms” (pp.28-29). In essence, populism is “anti-economics”. It rejects the idea that the economy itself faces constraints. Instead, its policies are predicated on the assumption that external forces inimical to the interests of “the people” impose whatever constraints are evident. Therefore, to eliminate the latter it is necessary to neutralize the former with autarkic and nationalistic policies.

Dornbusch and Edwards (1991) defined the typical Latin American populist economic policy paradigm as a set of measures that emphasize income redistribution and the expansion of aggregate demand while ignoring any economic or financial constraints. Populist policymakers reject the idea that deficit financing through monetary expansion can lead to high inflation. In their mind, fostering consumption through expansive fiscal and monetary policies is non-inflationary because it leads to an expansion of real output. In reality, as Dornbusch and Edwards pointed out from an economic standpoint, this variant of populism also has three phases: first, a short-term boom fueled by wage increases and expansionary fiscal and monetary policies; second, increasing bottlenecks that lead to creeping inflation and foreign-exchange shortages; and third, a crisis followed by a period of adjustment (sometimes under a non-populist government). Usually, at the end of the cycle, real wages are lower. There is correspondence between the economic and political phases of populism. From an economic standpoint, the first phase of populism coincides with its second political phase, and the second and third, with its degeneration into autocracy.

### **3. Peronism: Fascism or Populism?**

Outside Argentina, Peronism is an enigma to social scientists. The categories applicable in most countries seem inadequate to define it: it is clearly populism (the archetype according to some), it is not exactly fascism but exhibits many of its key characteristics, it is not socialism but relies on

---

<sup>18</sup> As a well-known US political consultant explained, Trump is “an avatar” for the “worst instincts” and “deepest desires” of the American people (Wilson, 2018). A great number of voters channeled their resentment through him.

a class warfare rhetoric and advocates income and wealth redistribution.<sup>19</sup> Extremists from the right and the left claim to be Perón's true heirs and still cohabit, not without conflict, in the political party he created. According to *New York Times* columnist Roger Cohen (2014), "to give expression to its uniqueness, Argentina invented its own political philosophy: a strange mishmash of nationalism, romanticism, fascism, socialism, backwardness, progressiveness, militarism, eroticism, fantasy, musical mournfulness, irresponsibility and repression. The name it gave all this was Peronism. It has proved impossible to shake." This definition is as good as it gets. Peronism is a populist movement that was born fascist and militaristic in 1943. Unsure of itself but full of delusions of grandeur; contradictory and chameleonic, it is characteristically Argentine. It is tempting to anthropomorphize it. Although over time it evolved and adapted to remain in power or win elections, it never shed its authoritarian essence.

The literature on Perón and Peronism in Spanish is "oceanic" and includes countless academic books, papers and studies, as well as Perón's own extensive writings and the many interviews he gave over a period of almost four decades, plus hundreds of apologetic essays and pamphlets by his followers and supporters. Although much narrower in scope and size, the English language bibliography is also significant. Most of it is biographical (e.g., Page, 1983; Crassweller, 1987) or concerned with historical and political aspects of his regime (e.g., Wellhoffer, 1977; Lewis, 1980; McLynn, 1983; Tamarin, 1985; James, 1988; Horowitz, 1990; Jelin, 1997 and Brennan, 1998). Obviously any book covering 20<sup>th</sup> Argentine history includes an analysis of Perón and Peronism (one of the best summaries can be found in Whitaker, 1965; see also Rock, 1987). Although relatively less attention has been paid to Perón's economic policies there are several works that delve on the subject (e.g., Diaz Alejandro, 1970, Di Tella, 1983; Waisman, 1987; Gerchunoff, 1989; Lewis, 1989; Cortés Conde, 2008; Di Tella and Dubra, 2019). The intellectual origin of Perón's economic ideas is probably the area that has been explored less thoroughly (for a good summary in English see Elena, 2007).

Perón was an unknown army colonel until June 4, 1943, when together with a group of strongly nationalistic army officers he staged a *coup d'état*. Since then, he has been the dominant figure of Argentine politics. Intellectually, he reflected the *zeitgeist* of Argentina in the 1920s and

---

<sup>19</sup> Following Baker (2006) classical fascism refers to the phenomenon which existed in Europe between 1919 and 1945. Fascism, large 'F', is reserved for the original Italian movement/party and small 'f' for the generic concept. Nazism is the German version of fascism.

1930s. It was then a wealthy country with a great promise. When it came to political ideas, Argentine elites looked up to Europe –particularly France, but in the 1920s and 1930s increasingly to Spain and Italy. However, their impact was felt with a lag: the revolutions of the Old World were re-staged in Argentina after several years or even decades. A noted Argentine historian remarked that Perón’s intellectual “precursors” were so many that it was hard to count them. The concoction had resulted “in something that had, for better or worse, a unmistakable Argentine flavor” and reflected, sometimes in an exaggerated way, “what the Argentina of his time was and felt” (Luna, 1984, p.408).

It is important to emphasize that when Peronism emerged as a political force –June 1943– Argentina’s institutional and economic development was more similar to that of Europe than of Latin America. In other words, the strongest and most durable form of populism was born in the most educated, prosperous and institutionalized country in Latin America with a the largest middle class. In fact, in 1943, 90% of the world’s population had a per capita income below that of Argentina.

#### Argentina’s Comparative Economic and Institutional Development (1939-1943)

##### *Index of Liberal Democracy*

	Argentina	South America	Southern Europe	Western Europe	Europe
1936-1939	0.23	0.15	0.11	0.46	0.32
1940-1943	0.21	0.18	0.08	0.27	0.21

##### *GDP per capita*

	Argentina	Latin America	Western Europe	Western Offshoots
1939-1943	7,222	2,468	5,984	12,604

Source: V-Dem Institute, The Maddison Project. Western Offshoots include Australia, Canada, New Zealand and the United States.

Paul Samuelson (1980) once admitted that if someone had asked him in 1945 which country was best position for an economic take off in the following decades he would have replied the following:

Argentina is the wave of the future. It has a temperate climate. Its density of population provides a favorable natural resource endowment per employee. By historical accident its present population is the fairly homogeneous progeny of Western European Nations. And Argentina is in 1945 at that intermediate stage of development from which rapid growth is most easily expected. How wrong I would have been! Nor would my prophecy would have been much better if I had substituted Chile for Argentina. In point of fact the southernmost countries of Latin America have fallen most markedly below their post-war potentials for development. The reasons do not seem to be narrowly economic. We cannot explain what has happened by appeal to Malthus's law of diminishing returns. There has been no exogenous shift in world demands peculiarly unfavorable to that region of the world. Their sickness, Schumpeter would claim, is political and sociological rather than economic. It has to do with the breakdown of social consensus. It has to do with the workings out of the logic of populist democracy (1980, p.69).

### *Early Peronism and Fascism*

European fascism was a reaction to the Bolshevik revolution and Peronism in its origins was the Argentine version of this reaction. Perón liked to say that in politics as in gardening transplants needed to be adapted to local circumstances. His own version of fascism reflected this philosophy. As a noted American historian correctly observed, Perón's fascist system "was neither a carbon copy nor a composite of those in Europe, and his was more deeply rooted in his country's history than were Mussolini's, Hitler's, or Franco's in theirs" (Whitaker, 1965, p.105).

This conclusion is by no means widely accepted. Ever since Germani (1956) and Lipset (1960) there has been an ongoing debate among academics on whether Peronism qualifies as fascism. Hennesy (1976) argued that it could "not be fitted into the fascist mould" (p.255).<sup>20</sup> According to Payne (1995), "a careful assessment reveals that Peronism had most but not all the characteristics of European fascism" (p.349). Paxton (2004) highlighted several important differences between Peronism and fascism. First, in his view, Perón came to power "against a narrowly based

---

<sup>20</sup> It is not clear a "fascist mould" exists. Mussolini's Italy between 1923 and 1929 was fundamentally different from Hitler's Germany from 1933 until 1939.



military-conservative oligarchy and then broadened the franchise”. Second, Peronism’s popular base was always “more explicitly proletarian than that of Mussolini or Hitler”. Third, in the first three years of his government Perón increased worker’s share in national income from 40% to 49% of GDP. Fourth, Peronism “lacked the diabolized internal/external enemy” (p.194-197). Paxton concluded that Peronism and other populist movements in Latin America –such as Brazil’s *Varguismo*– could not be considered “fully authentic” forms of fascism (p.197).

Paxton’s first and second arguments are factually incorrect. Perón “came to power” in June 1943 through a military coup and became the strongman of the narrowly military-conservative oligarchy Paxton referred to. Perón’s vote in 1946 cut across social and income levels and by no means was exclusively proletarian (Lupu and Stokes, 2009). As to the third argument, by 1945 workers’ share in national income was barely higher than in 1938 (Graña, 2005, p. 68). Besides, if increasing labor shares were a defining criteria of fascism, Mussolini’s regime cannot be considered fascist. As Gabbuti (2020) has shown, under Mussolini workers increased their share in national income from less than 40% in 1922 to about 65% in 1935. Perón started his political career in 1943 with the intention of establishing a “Corporate State” in Argentina along the same lines as the one Mussolini had set up in Italy. His objective was to forge an alliance between labor and capital with the support of the Army and the Church. However, since he never managed to convince the business establishment that it faced an existential threat from a communist uprising he increasingly relied on the support of labor unions (see Horowitz, 1990b, and Brennan and Rougier, 2009, pp.18-19).

By mid 1945, after the Allied victory, the pro-Axis regime led by Perón started to crumble due to social and political pressures. It was evident to him that an election was inevitable. The hostility of the business and social elite, which Perón had engendered with his arbitrary measures and authoritarian manner, forced him to forge an opportunistic alliance with the Church, an extreme faction of the Army, nationalist conservatives and the labor unions. It is also inaccurate to say that Peronism lacked an internal and/or external enemies. In all his speeches, Perón clearly identified the “people’s enemy” as the landed oligarchy, the business establishment and Yankee imperialism. Spruille Braden, who briefly served as US ambassador in Buenos Aires in 1945 and subsequently became Secretary of Inter-American Affairs, incarnated the latter. Braden actively and openly campaigned against Perón before the 1946 elections. Given the strong nationalism

and anti-American sentiment that predominated in Argentine society, this strategy completely backfired. In fact, Braden's intervention was probably one of the decisive factors that gave Perón an electoral victory (the other one being the open support of the Catholic Church and labor union leaders).

As to Paxton's last observation, Peronism was distinct in fundamental ways from all other contemporaneous populist experiments in Latin America, in great part because Argentina was socially and economically much more advanced. Therefore, it is incorrect to conflate them. In the early 1940s, Argentina had more in common with Australia and Canada, or even Germany, Italy and Spain than with Brazil, Colombia, Chile or Mexico. The second reason, also related to the first, is that unlike other Latin American *caudillos*, Perón had personally imbibed Fascism at its source. He had lived in Italy in 1939-1940, had carefully studied Hitler's *Mein Kampf* and Mussolini's writings and had great admiration for the Third Reich (Perón, 1975, p. 28-29) A profile of Perón as a presidential candidate published by the *The New York Times* in early 1946 noted that he viewed himself "as a second Mussolini" (Cortesi, 1946).

Lewis (1980) concluded that Perón's regime during 1946-55 was a fascist based on the following reasons: a) its reliance on a single party and corporatist economic institutions, b) its stated ideals "of government-imposed class collaboration, obedience, and national power", and, c) its tendency to extend its "coercive powers in a totalitarian fashion". In his view, the main features of Perón's Argentina closely resembled Mussolini's Italy, even though the Peronist party and corporatist structure were not as developed. In fact, he considered that the similarities between the two systems were so striking "that the conclusion seems warranted that Perón was indeed a fascist" (p.256). According to Lewis, what explained the difference between both experiences was their relative longevity: twenty-one years for Mussolini, and only nine for Perón.<sup>21</sup> This is partly true. As a relevant political force, Peronism lasted much longer than Fascism. It started in 1943 and is still the dominant political force in Argentina. But it's true that Perón was unable to complete the "corporatization" of Argentina. As mentioned earlier, to a great extent this was because from the beginning he confronted and alienated the business establishment. Therefore his "Corporate State" missed one important leg. However, what Perón achieved was his full identification with the Peronist party, which he then identified with the State and the

---

<sup>21</sup> He didn't count the three initial years when Perón was the strongman of the military regime.

incorporation of corporatized labor unions into the latter. Simplistic comparisons of Peronism with European strands of fascism are not appropriate, as they would be equivalent to comparing the beliefs and accomplishments of someone who died at the age of twenty with someone who lived well into his seventies.

One argument usually brandished in support of the thesis that Peronism was fundamentally different from fascism is that it was not totalitarian, aggressive towards its neighbors and did not start a massive rearmament program. This argument is invalid and again results from believing that Peronism was born in 1946. Perón rapidly emerged as a key figure of the military clique that took power by force on June 4, 1943 (Josephs, 1944, p.38). The military regime, in which he played a key role, immediately started a massive rearmament program which increased defense expenditures from less than 2% in 1943 to 6% of GDP in 1945. In relative terms, it was the same increase that took place in Nazi Germany from 1933 to 1935. In fact, by the end of 1945, Argentina's military expenditures equaled those of the rest of the entire Southern Cone (Loftus, 1968, p.11-12). This didn't make any sense in the absence of any foreign threat or border disputes.

Argentina's neighbors obviously felt threatened by its rearmament. As early as 1941, Souza Aaranha, Brazil's foreign minister had expressed fears of an "eventual attack on Brazil by the Argentine if Brazil is openly lined up against Germany" (Hilton, 1985, p.31). These fears obviously increased after Brazil joined the Allied Cause in 1942 and Perón's pro-Axis regime took over in Argentina. In Brazilian military and diplomatic circles "the level of threat perception in Brazil remained high during the Perón era" (ibid. p.32). These fears were not totally unfounded. Three months after the June 1943 coup, the Argentine military *junta* openly and seriously suggested to a Nazi envoy the possibility of opening a new front in WWII in South America if they could secure military aid and protection from the Axis powers (German Foreign Ministry, 1943, pp.466-468).

Perón's version of fascism retained key features of the European version. First, in both cases the main element in their ideology was a negative one. "They drew their strength from the fact that they were always against someone" (Joll, 1973, p.346). As already mentioned, in the case of Peronism, it was the landed oligarchy, the business establishment and Yankee imperialism.

Second, the personality of the leader “was of supreme importance, giving unity to the rival elements in the party and cohesion to the government. Since his will alone was law, it was on him that the whole state depended as long as he could as long as he could enforce that will (ibid., p.346). Third, “the ruthless suppression of independent labour organisations and their supersession by organs of state control” (Milward, p.391). Fourth, “an appeal to the oppressed elements” and frustrated members of society (Laski, p.94), which cut across income and social levels. Fifth, Perón’s propaganda techniques of were identical to those advocated by Hitler in *Mein Kampf*, which in turn he had learned from reading Gustave Le Bon’s famous essay on mass psychology. Finally, just like Hitler and Mussolini, Perón had a strong national pride and an equally strong conviction that his nation’s destiny of greatness was threatened by dark foreign forces. As Laski said in relation to Hitler and Mussolini, Perón embodied a “disappointed national ambition” (p.94). The irony is that all three managed to embark their countries on self-destructive paths.

However, there were also several important differences between Perón’s version of fascism and the original. Let’s start with those of a political and ideological nature. First, Perón never advocated racism or anti-Semitism (although there were several vocal anti-Semites among his followers and advisors). Which made sense since Argentina was a melting pot and he was of mixed race. Also, although sizable, the Jewish community at the time did not wield much economic power in Argentina. Second, violent political repression and persecution of the opposition under Peronism existed but never reached the levels seen in Fascist Italy, much less those of Nazi Germany.<sup>22</sup> Third, in contrast to Hitler and Mussolini, after reaching power through a *coup d’état* Perón won the presidency in three elections with a majority of the popular vote.<sup>23</sup> He thus reversed fascism’s logic of power, which started with democracy and ended in dictatorship. In this regard, what Perón accomplished has not been matched by any other dictator

---

<sup>22</sup> Perón didn’t need “brown shirts” or “black shirt” paramilitary organizations. He controlled the Argentine army and therefore had the monopoly of violence.

<sup>23</sup> Free elections may be a misnomer given that Perón controlled most of the media, limited press freedom and jailed many leaders of the opposition.

of modern times: he was more powerful as an elected president than as an autocratic military strongman. Only Chávez can claim a similar feat.<sup>24</sup>

Eatwell (2017) has argued that while populism and fascism differ notably ideologically “in practice the latter has borrowed aspects of populist discourse and style, and populism can degenerate into leader-oriented authoritarian and exclusionary politics”.<sup>25</sup> Peronism represents the most effective synthesis of fascism and populism: it started as a local version of the former and to remain in power it was forced to adapt and became the archetype of the latter. Another important difference is that Hitler’s *lebensraum* (or Mussolini’s *spazio vitale*) made no sense in Argentina, which had eight times the size of Germany and, when Perón rose to power, a quarter of its population. After 1945 Argentina could not realistically embark on a campaign of military aggression against any of its neighbors with any chance of victory. However, relationship with Uruguay remained strained during several years.

Finally, and perhaps more importantly, Perón’s version of fascism, although stunted in its development and adapted to political circumstances, was by 1955, more versatile and successful than in any other ever implemented on both sides of the Atlantic.<sup>26</sup> Ever since it has shown an extraordinary adaptability to remain in power and influence Argentina’s politics. Ironically, the missing leg of the “Corporatist State” was incorporated by Perón’s successors, many of who were determined to eradicate Peronism. They did it under the pressure of the business elite that had also opposed Perón. But they had no choice once the urban industrial sector became the economy’s largest employer. Wages became a political decision and were no longer driven by productivity. For the same reason, businessmen also lobbied hard for protectionism. The only way to pay higher wages was to insulate the economy. Consumers became hostages that were forced to pay higher prices for lower quality goods.

There are also important similarities between the economics of fascism and Peronism. First, the subordination of economic considerations to political needs. Second, the “glaring contradictions and inconsistencies in the economic pronouncements... towards market capitalism and the

---

<sup>24</sup> Mussolini did not ascend to power thanks to an election but was named prime minister in a parliamentary democracy. He validated his popularity two years later in an election in which he got more than 60% of the votes. Hitler was appointed as Chancellor thanks to an election in which he wasn’t even a candidate and later suppressed elections.

<sup>25</sup> As argued earlier, populism is not an ideology. It can adopt the ideology the best suits its electoral strategy given the *zeitgeist*.

<sup>26</sup> The irony is that by then any version of fascism, even if moderate, meant going against the rest of the civilized world.

proper functions of the state” (Baker, 2006, p.228). Third, the drive to autarky and economic self-sufficiency, which was notably enforced in Nazi Germany. Fourth, the prominent role given to the state in economic affairs, which in Argentina squared well with a long-standing tradition inherited from the Spanish colonial system. Even before Perón’s arrival, government played very important in Argentine economic life and entrepreneurship and private initiative in business usually considered with a mix of suspicion and derision (Herron, 1943, p.155-156).

Several factors explain why Peronism evolved differently from Fascism and Nazism. Different economic circumstances imposed a different economic policy paradigm (see Ocampo, 2020b). First, Peronism surfaced in 1943 at a time of relative prosperity, low inflation and full employment, when Argentina faced a unique opportunity to successfully complete its industrialization. By the end of 1945, when Perón was campaigning for the presidency, industry was running at full capacity and both employment and wages were on the rise as well as inflation.

### Industrial Wages, Employment and Production (1940=100)

Year	Wages	Employment	Production
1940	100.0	100.0	100.0
1941	109.0	105.3	101.9
1942	123.0	111.3	105.1
1943	133.5	113.5	108.1
1944	150.4	118.0	122.6
1945	166.3	119.3	123.5

Source: BCRA Boletín Estadístico Diciembre 1945-Mayo 1956 and Blanco (1956),

Whatever economic difficulties Argentina faced by the end of 1945 –slower growth and higher inflation– they were the result of the military regime’s misguided economic and foreign policies. Perón was the main architect of those policies. By alienating the business community and supporting labor’s growing demands, these policies led to lower investment and productivity growth (see Horowitz, 1990b).<sup>27</sup> Also a foreign policy of false neutrality supportive of Nazi espionage activities in South America and open defiance of the US government, led to retaliatory measures. In 1944 the US withdrew its ambassador in Buenos Aires and imposed a virtual embargo on exports of vital intermediate and capital goods to Argentina.

Second, Mussolini inherited an economy in the midst of a financial crisis and Hitler one in a deep depression with a “chronically weak balance of payments that severely limited its freedom of manoeuvre” (Tooze, 2008, p.181). When Perón campaigned for the presidency Argentina was a growing economy with vast foreign reserves accumulated during the war, which gave him enormous financial flexibility. Third, Argentina had not suffered yet the scourge of high inflation, as Italy did shortly after WWI, or hyperinflation, as Germany in the 1920s.<sup>28</sup> Therefore, Perón didn’t think inflation was something he had to be concerned about. Contrast this with Mussolini’s views on inflation:

The monstrosity of inflation instead gave to everybody a fatuous, inconsistent, artificial sense of prosperity... Progressive inflation and [201] the printing presses gave to everybody the old illusion of prosperity. It created an unstable delusion of

<sup>27</sup> Contrary to typical trotskyst analysis, Peronism was a pseudo bonapartism, that instead of the defending the interests of the establishment, it confronted them (Waisman, 1987, p.267).

<sup>28</sup> During 1923-39 the average inflation rate in Italy was 1.1%, whereas in Argentina during 1946-55 the inflation rate averaged 19.8%, even with price controls.

well-being; it excited a fictitious game of interests. All this had to be expiated when faced by the severe Fascist financial policy (Mussolini, 1928, p.149, 200-201).

Besides differences in ideology and Argentina's particular political and economic circumstances, Perón's policies also differed from those of Hitler and Mussolini due to other important factors. First, different aims. Perón had no intention of going to war with any of Argentina's neighbors, at least by 1945.<sup>29</sup> His main objective was to preserve what he considered the social and economic "accomplishments" of the military regime he had led for almost two years by winning a presidential election that was unavoidable. Also, Perón had learned from the mistakes of Mussolini and Hitler. A profile of Perón as a presidential candidate, *The New York Times'* correspondent in Buenos Aires, who had served for many years in Fascist Italy, reported that he boasted he would follow in Mussolini's footsteps but "avoid his mistakes" (Cortesi, 1946). Perón himself explained many decades later how he had converted to fascism during his two-year stay in Europe in 1939-1940:

All my life, and I have already 45 years of service (1910-1955), I have marched to the Prussian pass and when I was president of the republic, the troops marched at that pace, one, two, three. I already knew the doctrine of national-socialism. I had read many books about Hitler. I had read, not only in Spanish, but also in Italian, *Mein Kampf*. I didn't go to Italy to see the Leaning Tower [of Pisa], but other more important things; I did not go to Berlin only for the Brandenburg Gate, but was interested in everything that was happening there. I was especially interested in the social phenomenon... During the time I stayed in Germany I had the feeling it was a huge machinery that worked with wonderful perfection and where not a single screw was missing. The organization was altogether formidable. The highways were already fully operational. Another dazzling wonder. One entered Germany one soon realized that Europe had not seen anything as perfect and exact in its operation. I studied the social and political phenomenon in depth. There was a large furnace in which something new was melting. The Communist

---

<sup>29</sup> However, as mentioned earlier, the archives of the German Foreign Ministry show that the military regime that took over in June 1943, of which Perón was the strongman, contemplated opening a new front in South America with Axis support.



revolution marched in Russia and developed according to the theories of Marx and Engels, as interpreted by Lenin. But in Germany an unusual social phenomenon had emerged and it was National Socialism, in the same way that in Italy fascism had triumphed. On the American continent, especially in North America, many superficial people who went to Germany, took notes, took photographs and then, upon returning to their country, exclaimed: –Ugh, fascism and national socialism are tyrannical systems! And remained content without understanding the social phenomenon that was incubating there. From Germany I returned to Italy and dedicated myself to studying the matter. My knowledge of Italian allowed me to understand, I would say deeply, the foundations of the system, and that is how I discovered something that was very interesting for me from a social point of view. Italian fascism led popular organizations to an effective participation in national life, from which the people had always been excluded. Until Mussolini's ascension to power the nation went on one side and the workers on the other, and the latter had no participation in government. I discovered the resurgence of corporations and studied them thoroughly. I began to discover evolution would lead us if not to the corporations or guilds –because it was not possible to go back to the Middle Ages– but to a formula in which the people had an active participation and were not the community's unwanted guest. Upon discovering this, I thought that exactly the same phenomenon occurred in Germany, that is, an organized State, for a perfectly ordered community, for a perfectly ordered people too, a community where the State was the instrument of that people whose representation was, at my judgment, effective. I thought that such should be the political form of the future, that is, the true popular democracy, the true social democracy (Perón, 1975, pp.28-29).

In economic terms, the starting point of Perón's fascist-populist experiment was unique because Argentina was also in a unique position. It was by far the largest economy in Latin America, and, thanks to the war, the ninth largest in the world, as well the seventh wealthiest in the planet in terms of GDP per capita. Its infrastructure had suffered due to lack of investment but it was not destroyed, its middle class was large and well fed and educated, and the state apparatus functioned relatively well. During the war, industry's contribution to GDP had surpassed that of

agriculture. By 1943, exports of manufactured goods represented more than 20% of total exports and more than 20% of overall production. Argentine manufacturers exported to all of Latin America, South Africa and even the US. The economy was undergoing a profound transformation. The main challenge was that, due to the war and restrictions imposed by the US government, businessmen had not been able to replace depreciated machinery and acquire new technology.

#### The Starting Point for Peronism, Fascism and Nazism

Averages	Argentina (1939-42)	Argentina (1942-45)	Germany (1929-32)	Italy (1918-21)
Inflation	4.3%	8.4%	-6.1%	26.9%
GDP per capita as % of UK	76%	74%	62%	39%
Per Capita GDP growth	1.1%	0.6%	-6.0%	-1.7%

Source: The Maddison Project, Reinhart and Rogoff (2010).

Policymakers' main challenge in 1945 was to help the economy complete its industrialization and prepare it to take full advantage of the opportunities that the end of the war could bring. It was a challenge that could have been easily met with sensible domestic and foreign policies. However, the National Postwar Council (NPC) that Perón created in early 1944 made dire predictions about the effects that the end of the war would have on the Argentine economy (Waisman, 1987, pp. 201-204). The NPC staff included a group of young economists who had been trained by Alejandro Bunge (1880-1943), considered one of the country's foremost authorities on economic matters. Their economic thinking mixed nationalism, catholic social teaching and a flawed interpretation of Keynesianism. Perón himself was extremely pessimistic and in mid-1944 he warned the business establishment that a "social cataclysm" awaited the country after the war. He even claimed that there were "stronger causes for a [communist] revolution in Argentina in the postwar period than in Spain in the thirties". Unless, businessmen reacted by giving up some of their profits, "they could lose everything" (Waisman, 1987, pp. 229, 249). However, his arguments were not convincing.<sup>30</sup> The business community never bought into Perón's apocalyptic scenarios and therefore never accepted his policies or authoritarianism. This rejection created a serious rift that hampered Perón's efforts at establishing a "Corporate State" like the one that he had witness in Italy or Germany in the late

<sup>30</sup> Waisman's analysis of the NPC projections shows that they were unrealistic (Waisman, 1987, pp.200-205).

1930s. Perón’s foreign policy of openly antagonizing the US was also inconsistent with his objective of achieving Argentina’s “total industrialization”. Argentine manufacturers needed American technology, machinery and inputs to expand production.

Given this background, it is worthwhile to compare the evolution of Peronism, Fascism and Nazism along three dimensions: institutional quality, economic growth, inflation, and militarism. As the table shows, in its early stages Peronism resembled more Nazism than Fascism and post 1946 it diverged from both. It is also clear that in its early stages Fascism was very different from Nazism, both in militarism and institutional quality.

#### A Comparison of Peronism, Nazism and Fascism

	Perón (1943-1945)	Perón (1946-1952)	Hitler (1933-1939)	Mussolini (1923-1929)
Compounded annual growth rate				
Liberal Democracy Index	-19.00%	10.80%	-38.10%	-23.10%
GDP per capita growth	2.10%	1.10%	7.00%	3.90%
Consumer Price Index	6.90%	25.20%	6.90%	2.70%
Military Expenditure per capita	48.60%	3.40%	85.70%	-9.60%

Source: Correlates of War, V-Dem Institute, The Maddison Project (2018) and Reinhart and Rogoff. Note: in all cases the rates of growth are calculated in relation to the full year before each movement reached power.

Three key principles have supposedly guided the policies of Peronism since 1943: social justice, economic independence and political sovereignty. The most important was the first, which in turn derived from three key assumptions it shared with fascism: a) communism represented an immediate and existential threat to the country, b) communism arose out of the injustices created by unfettered capitalism, and c) capitalism would collapse and would be inevitably replaced by communism.<sup>31</sup> This justified the “third way” advocated by fascism (also favored by the Catholic Church). However, by the end of the war, when Perón started to campaign for the presidency, it no longer seemed obvious in Europe and the US, as it had in the early 1930s, that capitalism –at least its American version– would or could not survive. In fact, the opposite was true. Therefore, the “third way” argument was not as strong in Argentina, at least intellectually as it had been then. Nevertheless, from the start of his political career Perón made it one of his doctrine’s key dogmas.

<sup>31</sup> This was much less important for Peronism than it was for fascism.

Economic independence or autarchy was also common to European fascism, particularly the German version. In the case of the latter it “represented a natural outgrowth of their political premises” (Maier, 1987, p.86). Same could be said about Peronism. Autarchy was a necessary condition to achieve its domestic objective of social justice: it was impossible to pay higher wages to industrial workers while keeping the economy open to foreign trade. As to political sovereignty, in Perón’s conception it was related to protecting a strong and over-sensitive national pride and a distorted almost infantile vision of national greatness. However, it was much milder version of the one espoused by Hitler and Mussolini, which required invading other countries.

### *Peronism without Perón*

To understand Peronism it is necessary to distinguish several stages in its evolution. Broadly speaking, the first stage lasted from June 1943 –when Perón entered the political scene– until July 1974 when he died. Within this period it is necessary to differentiate between the years Perón was in power (1943-1955, 1973-1974) from those during which he was exiled (1956-1972). During the former we can in turn distinguish between the militaristic authoritarian fascist phase (1943-1945), the authoritarian plebiscitarian phase (1946-1955) and the democratic populist phase (1973-1974). His power base evolved accordingly. In the first phase he counted on the support of extreme right wing nationalists, both civilian and military, and the Church’s hierarchy. Between 1944 and 1945 thanks to his social and labor policies he incorporated urban industrial workers into his power base but at the expense of alienating the business establishment. The vote for Perón in the 1946 election cut across social classes. By the 1951 election he had expanded his coalition by incorporating a significant majority of women voters, who helped him secure an overwhelming victory (63.4% of the votes).<sup>32</sup> However, this coalition started to fray when Perón confronted the Catholic Church’s hierarchy, which had been a strong ally since 1943. This unnecessary confrontation also alienated Army officers and led to Perón’s ouster in September 1955.

During his long exile, mostly in Madrid under Franco’s watchful eye, Perón started an opportunistic move to the revolutionary left. During the sixties he regularly praised Castro and

---

<sup>32</sup> Perón extended the franchise to women in 1947.

*Che* Guevara as fellow road travellers in the fight against Yankee imperialism. He also encouraged the hopes of an Argentine leftist insurgent movement called *Montoneros*. However, soon after he returned to power in 1973 he expelled *Montoneros* from the Peronist party and authorized violent reprisals against its leaders. This was the beginning of Argentina's quasi civil war between 1974 and 1976.

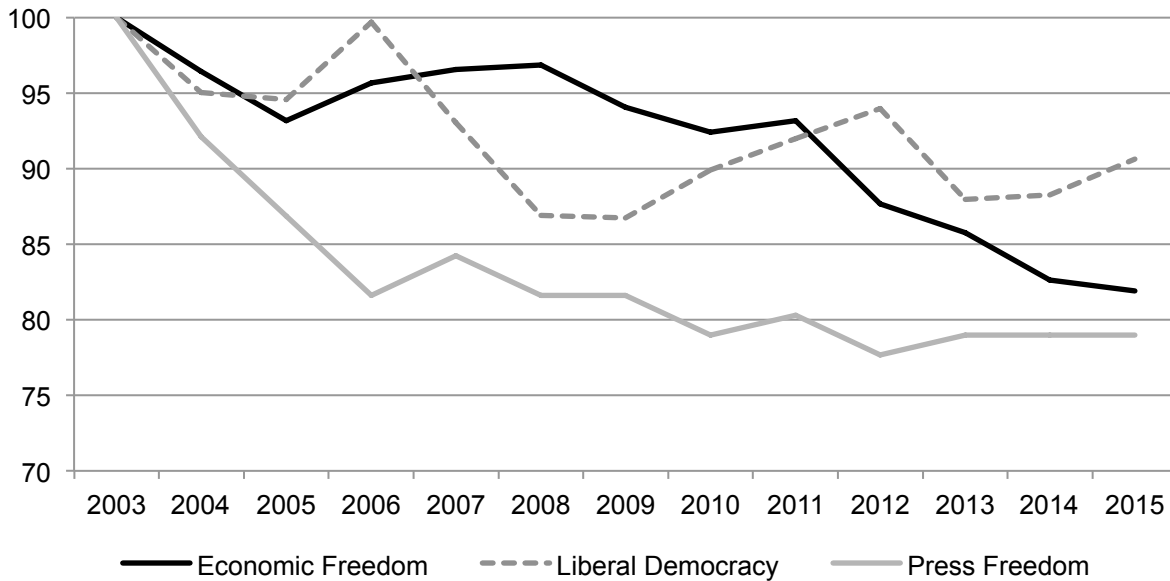
Following Perón's death, Peronism continued to mutate and adapt. It is possible to distinguish between several phases. During the first, which lasted from Perón's death in July 1974 until March 1976, when the military ousted his widow and successor, lack of leadership and a violent struggle between the extreme right and left wings of the party led the country into political and economic chaos. Throughout the military dictatorship (1976-1983) political activity was banned and it was the labor unions who kept the flame (and the power) of Peronism alive. An electoral defeat in the October 1983 presidential election triggered an existential crisis within the Peronist party which and forced an internal reorganization. The crisis lasted until Carlos Menem's victory in the May 1989 presidential election. During the following decade Menem attempted to transform Peronism and to close the wounds it had opened in Argentine society. He discarded traditional Peronist economic policies for a free market approach with an unusual degree of fiscal and monetary discipline and a closer alignment with the United States. Unable to seek a third reelection, he passed the mantle to his archenemy: Eduardo Duhalde. However, in the November 1999 election, Duhalde lost. Argentine society wanted Menem's stability with less corruption and greater institutional quality. Unfortunately, an external crisis in Brazil, Duhalde's financial maneuvering as governor of Argentina's largest province, divisions within the governing coalition and the effect of September 11 generated a lethal cocktail for the economy, which plunged the economy into a deep recession.

Thanks to the December 2001 financial crisis Duhalde managed to reach power through a well-orchestrated palace coup. Conscious of his own un-electability, he passed the baton to Nestor Kirchner, who won the presidency despite having received only 22% of the votes in the May 2003 election. Kirchner led Peronism's second revolution since Perón's death. Although he had supported Menem during his presidency, he became the anti-Menem, which meant going back to the traditional class warfare rhetoric of the old Peronism.

The transition from Menem to Kirchner demonstrates in an extreme fashion the chameleonic ideological nature and political versatility of Peronism. The boom in agricultural commodity prices that started in 2002 allowed Kirchner to reenact another “redistributive fest” at the expense of the agricultural sector and domestic and foreign holders of Argentina’s defaulted public debt. Kirchner also assiduously courted the Peronist party’s left wing, which had been ostracized since 1974. A strong economic recovery during 2003-2007 allowed him to consolidate his power and feed his messianic ambition. In the October 2007 election he opportunistically appointed his wife Cristina Fernandez as the presidential candidate. The objective was to alternate the presidency between them and avoid the limits to reelection that the Constitution imposed. Kirchner’s death in 2010 allowed Mrs. Kirchner to take control of the party and steer it to further to the left. She forged a strong relationship with Hugo Chavez, who dreamed of creating an anti-imperialist axis with Argentina and Iran. Although Mrs. Kirchner secured her reelection in November 2011, the downward phase of the agricultural commodity super-cycle which started six months later, put an end to the economic recovery. Since then Argentina’s economy has stagnated.

The Kirchners followed the traditional Peronist economic policy paradigm of 1946-1948. From 2006 until 2015 the Kirchners increased public expenditures from less than 30% of GDP to over 45%. During this period the net fiscal balance went from a surplus of 1% of GDP to a deficit in excess of 6% of GDP. Clientelism and corruption on an unprecedented scale before were the hallmarks of the Kirchnerist era. Institutional quality also declined markedly during this period as can be seen in the evolution of most available indices.

Institutional Quality in Argentina under the Kirchners (2003=100)



Source: Heritage Foundation, V-Dem Institute, Reporters without Borders.

The defeat of the Peronist candidate chosen by Mrs. Kirchner in the 2015 election seemed to presage the end of Kirchnerismo. However, the economic mismanagement of Mauricio Macri's centrist administration eventually revived Mrs. Kirchner's political fortunes. By December 2019 she was back in power, nominally as Vice President but pulling the strings behind the scenes.

Peronism without Perón has remained a formidable political and electoral machine. Since 1983 it has governed the country two thirds of the time and uninterruptedly in several provinces. True to its fascist and military roots Peronism never became a true democratic party with open and transparent internal elections. Union leaders and Peronist provincial governors, both of whom behave as semi-feudal lords, split power. From time to time this oligarchical alliance anoints a charismatic leader to win a presidential election. If successful, the anointed inevitably convinces him or herself that he or she will be able to recreate Perón's epic and remain in power forever. The attempt to turn these messianic dreams into reality inevitably generates tensions within the Peronist party, which soon reverberate throughout the entire political system and generate instability and uncertainty. The most remarkable aspect of Peronism is that having destroyed Argentina's chances of becoming an advanced prosperous democracy it still manages to get a

majority of the votes. Clientelism, corruption and crony capitalism are only part of the answer. The other has a psychological, sociological and anthropological dimension, the analysis of which is beyond the scope of this essay (see Ocampo, 2018).

#### **4. Conclusion**

Decades ago, Samuelson (1980) argued that Schumpeter's prediction about the inevitable demise of capitalism was correct but needed a redefinition of socialism. In his view, the biggest threat to Western mixed-advanced economies was not the Soviet or Maoist version of socialism, nor its 1970s Scandinavian variety or the one proposed by Oskar Lange in the 1930s but the type of populism prevalent in South America, particularly the one Juan Perón imposed on Argentina. Until very recently, it seemed as if this reformulation of Schumpeter's prediction would meet the same fate as the original. The resurgence of populism in Europe and the US in recent years, suggests that Samuelson was not completely wrong. The populist virus is insidious and can be extremely destructive. It can also become endemic if a society does not have strong institutional anti-bodies.

Perón was the most successful politician of modern times and, at least from a political standpoint, Peronism has been the most successful populist experiment of modern times. Its survival and success proves that populism is not an ideology but a political strategy. Peronism has mutated and adapted in order to retain power. Even when it renounced some of its original economic ideas, it retained the same structure: a popular movement instead of an established political party led by a strong leader with messianic ambitions. To some extent this explains both its failure to institutionalize itself and its success in retaining the loyalty of a commanding portion of the electorate despite the utter failure of its policies.

Perón and Peronism managed to revert Argentina's trajectory of virtuous economic and institutional development. As V.S. Naipaul pointed out almost fifty years ago, nothing remains of the mythical wealth of Argentina, only decadence, poverty and despair.

#### **5. References**

Aristotle. (1916) *Politics*. Oxford, Clarendon Press.



- Arendt, H. (1974). "Hannah Arendt: From an Interview", *The New York Review of Books*, 26 October 1978.
- Bello. (2020) "What is Peronism?" *The Economist*, February 13, [Online]. Available at <https://www.economist.com/the-americas/2020/02/13/what-is-peronism> [Accessed on 31 March 2020].
- Blanco, E. (1956). *La política presupuestaria, la deuda pública y la economía nacional*. Buenos Aires.
- Cattaruzza, A. (1993) "Una empresa cultural del primer peronismo: la Revista «Hechos e ideas» (1947-1955)" *Revista Complutense de Historia de América*, n.19, pp.269-289.
- Cembalest, M. (2019) "Lost in Space: The Search for Democratic Socialism in the Real World." *Eye on the Market*, June 24.
- Cortés Conde, R. (2008) *The Political Economy of Argentina in the Twentieth Century*. Cambridge: Cambridge University Press.
- Cortesi, A. (1946) "Portrait of a Rabble Rouser", *The New York Times*, 3 February.
- Crassweller, R. D. (1987) *Perón and the Enigmas of Argentina*. New York: W.W. Norton and Co.
- Crossman, R.H. (1958) *The Charm of Politics: And Other Essays in Political Criticism*. New York: Harper.
- Díaz Alejandro, C. F. (1970) *Essays in the Economic History of the Argentine Republic*. New Haven: Yale University Press.
- \_\_\_\_\_ (1981) "Tipos de Cambio y Términos del Intercambio en la República Argentina 1913-1976", CEMA Working Paper No.22. [Online] Available at <https://ucema.edu.ar/publicaciones/download/documentos/22.pdf> [Accessed on 20 April 2013]
- Di Tella, G. (1983) *Argentina's Experience under a Labour Based Government*. New York: Macmillan Press.
- Di Tella, R. and Dubra, J. (2010) "Peronist beliefs and interventionist policies". NBER Working Paper Series.
- Dornbusch, R. and Edwards, S. (Eds.) (1991) *The Macroeconomics of Populism in Latin America*. Chicago: University of Chicago Press.
- Eatwell, R. (2017) "Populism and Fascism" in *Oxford Handbook of Populism*, Edited by Taggart, Rovira Kaltwasser and Ochoa Espejo. Oxford: Oxford University Press.
- Edwards, S. (2019a) "Modern Monetary Theory: Cautionary Tales from Latin America Economics" Working Paper - Hoover Institution.

\_\_\_\_\_ (2019b) “On Latin American Populism, and Its Echoes around the World” *Journal of Economic Perspectives*, Volume 33, Number 4, pp, 76–99.

Elena, E. (2006) “The Promise of Planning: Technocracy and Populism in the Making of Peronist Argentina” in *Fascismo y antifascismo. Peronismo y antiperonismo*, García Sebastiani, M. (Ed.) Madrid: Iberoamericana Vervuert.

\_\_\_\_\_ (2011) *Dignifying Argentina: Peronism, Citizenship, and Mass Consumption*. Pittsburgh: University of Pittsburgh Press.

Federico, C. and Golec de Zavala, A. (2018) “Collective narcissism in the 2016 Presidential election”, *Public Opinion Quarterly*, Vol. 82, Issue 1, 6 (March), pp. 110-121.

Foot, M. (1966) *Aneurin Bevan. A Biography, Volume One, 1897-1945*. London: A Four-Square Book.

Freud, S. (1922) *Group Psychology and the Analysis of the Ego*. London: The Hogarth Press.

Fromm, E. (1964) *The Heart of Man: Its Genius for Good and Evil*. New York: Harper and Row.

Gambini, H. (2016) *Historia del Peronismo. El poder total (1943-1951), Volume I*. Buenos Aires: Ediciones B. Argentina.

Gerchunoff, P. (1989) “Peronist Economic Policies, 1946-55”, in *The Political Economy of Argentina, 1946-83*, Di Tella, G. and Dornbusch, R. (eds), London: Macmillan Press.

Germani, G. (1956) “La integración de las masas a la vida política y el totalitarismo”, *Cursos y Conferencias*, vol. 48, No. 273, pp.153-176.

German Foreign Ministry. (1979) *Akten Zur Deutschen Auswärtigen Politik 1918-1945, Band VI*. Göttingen: Vandenhoeck & Ruprecht Göttingen 1979.

Graña, J.L. (2007) “Distribución funcional del ingreso en Argentina. 1935-2005”. *Documentos de Trabajo* 8, Instituto de Investigaciones Económicas, Facultad de Ciencias Económicas, Universidad de Buenos Aires.

Greenup, R. and Greenup, L. (1947) *Revolution before breakfast: Argentina, 1941-1946*. Durham: University of North Carolina Press.

Hilton, S. (1985) “The Argentine Factor in Twentieth-Century Brazilian Foreign Policy Strategy”, *Political Science Quarterly*, Vol. 100, No. 1 (Spring, 1985), pp. 27-51

Horowitz, J. (1990a) *Argentine Unions, the State & the Rise of Perón, 1930-1945*. Berkeley and Los Angeles: University of California Press.

\_\_\_\_\_ (1990b) “Industrialists and the Rise of Perón, 1943-1946: Some implications for the Conceptualization of Populism”. *The Americas* 47.02: 199-217.

Hull, C. (1943) "Statement by Cordell Hull, Secretary of State" in *Hearings before the Committee on Ways and Means, House of Representatives, Seventy-Eighth Congress, on H.J. Res 111*. Washington: Government Printing Office.

Ingenieros, J. (1918) *Evolución de las Ideas Argentinas*. Buenos Aires: Editorial Claridad, 1994.

James, D. (1988) "October 17th and 18th, 1945: Mass Protest, Peronism and the Argentine Working Class". *Journal of Social History*, 2, 441-62.

Jelin, E. (1997) "Don't Cry for Me, Argentina, or the Globalization of Peronism", *Contemporary Sociology*, Vol. 26, No. 3 (May), pp. 302-304.

Jones, J. and Saad, L. (2019) "U.S. Support for More Government Inches Up, but Not for Socialism", *Gallup News*, November 18, [Online] Available at <https://news.gallup.com/poll/268295/support-government-inches-not-socialism.aspx> [Accessed on 31 March 2020].

Josephs, R. (1944) *Argentine Diary. The Inside Story of the Coming of Fascism*. New York: Random House.

Keynes, J.M. (1923) *A Tract on Monetary Reform*. London: Macmillan and Co. Ltd.

\_\_\_\_\_ (1931) *Unemployment as a World Problem*. Chicago: Harris Foundation.

\_\_\_\_\_ (1933) "National Self-Sufficiency", *The Yale Review*, Vol. 22, no. 4 (June 1933), pp. 755-769. Appeared a month later in *The New Statesman and Nation*, No.6, 124 (July), pp.36-37.

\_\_\_\_\_ (1936) *The General Theory of Employment, Interest and Money*. London

*Kirkus Reviews* (1975) "Oswald Mosley" by Robert Skidelsky, April 1, 1975 [Online] Available at <https://www.kirkusreviews.com/book-reviews/a/robert-skidelsky-2/oswald-mosley/#> [Accessed on 7 April 2020].

Klein, D. and Daza, R. (2013) "Franco Modigliani" in "The Ideological Migration of the Economics Laureates", *Econ Journal Watch*, Volume 10, Issue 3 (September)

Kramnick, I. and Sheerman, B. (1993) *Harold Laski: A life on the Left*. London: Hamish Hamilton.

*La Nación* (2008) "Yo soy Peronista de Verdad", *La Nación*, March 6 [Online]. Available at <https://www.lanacion.com.ar/politica/chavez-yo-soy-peronista-de-verdad-nid993340> [Accessed 31 March 2020]

Lascano, M. (1972) *Presupuestos y dinero. La neutralidad del deficit fiscal bajo condiciones de crecimiento económico*. Buenos Aires: Eudeba.

Laski, H. (1943) *Reflections on the Revolution of our Time*. London: George Allen and Unwin.

Lewis, P. H. (1980) "Was Perón a Fascist? An Inquiry into the Nature of Fascism", *The Journal of Politics*, Vol. 42, No. 1 (Feb., 1980), pp. 242-256.

Lewis, P., Clarke, S., Barr, C., Holder, J., and Kommenda, N. (2018) "Revealed: one in four Europeans vote populist", *The Guardian*, November 20 [Online]. Available at <https://www.theguardian.com/world/ng-interactive/2018/nov/20/revealed-one-in-four-europeans-vote-populist> [Accessed 1 April 2020]

Lipset, S. (1960) *The Political Man. The social basis of politics*. New York: Doubleday.

Loftus, J. E. (1968) *Latin American Defense Expenditures, 1938-1965*. Memorandum prepared for USAF Project Rand and the Office of the Assistant Secretary of Defense/International Security Affairs. Santa Monica: The Rand Corporation.

Lupu, N. and Stokes, S. (2009) "The Social Bases of Political Parties in Argentina, 1912-2003", *Latin American Research Review*, Vol. 44, No. 1

Ludwig, E. (1933) *Talks with Mussolini*. Boston: Little, Brown and Company.

Maier, C.S. (1987) *In Search of Stability: Explorations in Historical Political Economy*. Cambridge: Cambridge University Press.

McLynn, F. J. (1983) "Perón's Ideology and Its Relation to Political Thought and Action", *Review of International Studies*, Vol. 9, No. 1 (January), pp. 1-15.

Millward, R. (1997) "The 1940s Nationalizations in Britain: Means to an End or the Means of Production?" *The Economic History Review*, New Series, Vol. 50, No. 2 (May, 1997), pp. 209-234 (26 pages)

Mouffé, C. (2018) *For a Left Populism*. London: Verso.

Mussolini, B. (1928) *My autobiography*. New York: Charles Scribner's Sons.

Ocampo, E. (2018) "Las raíces psicológicas y culturales del populismo argentino" in *El Populismo en la Argentina y el Mundo*, Fernández, R. and Ocampo, E. (Eds.). Buenos Aires: Ediciones UCEMA.

\_\_\_\_\_. (2019) "The Economic Analysis of Populism: A Selective Review of the Literature". Serie Documentos de Trabajo 694, UCEMA Working Papers (May).

\_\_\_\_\_. (2020a) "Sir Oswald Mosley's contribution to the Interwar Policy Debate and Fascist Economics", Serie Documentos de Trabajo 730, UCEMA Working Papers (June).

\_\_\_\_\_. (2020b) "The Populist Economic Policy Paradigm: Peronism as an Archetype", Serie Documentos de Trabajo 731, UCEMA Working Papers (June).

Page, J. A. (1983) *Perón. A biography*. New York: Random House.

Paxton, R. O. (2004) *The Anatomy of Fascism*. New York: Alfred A. Knopf.

- Payne, S. G. (1995) *A history of fascism, 1914-1945*. Madison: Wisconsin University Press.
- Perón, J. D. (1975) *Yo, Juan Domingo Perón: Relato Autobiográfico*, con Torcuato Luca de Tena, Luis Calvo Calvo y Estebán Peicovich. Buenos Aires: Sudamericana-Planeta.
- Polybius. (1889) *The Histories of Polybius*. Evelyn S. Shuckburgh, translator. London, New York. Macmillan.
- Reilly, K. (2016) “Read the Remarks From the ‘Three *Amigos*’ Summit Press Conference”, *Time*, 29 June 29 [Online] Available at <https://time.com/4388789/three-amigos-summit-transcript-obama-nieto-trudeau/> [Accessed on 31 June 2018].
- Rock, D. (1987) *Argentina, from Colonization to Alfonsion*. Santa Barbara: Santa Barbara University Press.
- Samuelson, P. A. (1980) “The World at Century’s End”, pp. 58-77, in *Human Resources, Employment and Development, Volume 1, The Issues*, Shigeto Tsuru (Ed.). London: Macmillan, 1983.
- Schacht, H. (1948) *Account Settled*. London: George Weidenfeld & Sons.
- Shaw, R. (1934) “Fascism and the New Deal”, *The North American Review*, Vol. 238, No. 6 (Dec., 1934), pp. 559-564.
- Tamarin, D. (1985) *The Argentine Labor Movement, 1930-1945: A Study in the Origins of Peronism*. New Mexico: University of New Mexico Press.
- Tooze, J. A. (2008) “The Economic History of the Nazi Regime”, in Jane Caplan (Ed.), *Nazi Germany*. Oxford: Oxford University press.
- Waisman, C.H. (1987) *Reversal of Development in Argentina: Postwar Counterrevolutionary Policies and their Structural Consequences*. Princeton: Princeton University Press.
- Wellhofer, E. S. (1977) “Peronism in Argentina: The Social Base of the First Regime, 1946-1955”, *The Journal of Developing Areas*, Vol. 11, No. 3 (Apr., 1977), pp. 335-356
- Whitaker, A. (1965) *Argentina*. New Jersey: Prentice-Hall.