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Social Reforms and the Fear of Economic Backlash: Political Debates on Social Policy and Transnational Influences in Argentina in the 1930s

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1 Introduction

Throughout the history of social policy in Argentina, an important argument made by the opponents of reforms has been an economically justified one. The risk that a country's economy would be impeded by labour regulation and could even be plunged into competitive disadvantage was a continuously articulated fear. Economic liberal and conservative politicians from Argentina shared this view in the early twentieth century. It is therefore not surprising that agricultural work was one of the last sectors to be included in social protection policies since Argentina's economy had gained much of its wealth from the export of agricultural products before the Great Depression. It was thanks to international coordination systems exercised by the International Labour Organization (ILO) that some social reforms were legislated in Argentina in the 1930s, a period usually known as the *Década infame* due to the fraudulent electoral

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system which favoured conservative parties. As political and economic crises altered the global political landscape in the 1930s, new international constellations enabled new forms of transnational cooperation. In the case of Argentina, we see how US geopolitical and economic interests went hand in hand with social policy initiatives by both state and private organisations. The New Deal legacy in the United States had an important effect on the perception of social policy among Argentine actors. Unions welcomed the North American approach regarding social protection as a part of economic recovery and business representatives changed their attitude towards worker protection. Cooperation with the ILO became increasingly close during this period, although the introduction of conventions and actual social legislation was gradual and slow. However, politicians, particularly those from the conservative spectrum, painted a positive picture of their social policy, which they considered to be cooperative and exemplary at the international level.

This chapter focuses on the relationship between social policy and economic and political interdependencies on the American continent, which intensified after the Great Depression, a period in which political cooperation was institutionalised by Pan-American organisations (Patel 2016, 276). After the introduction of the Social Security Act as an important component of the New Deal, the Roosevelt administration sought to spread its concept of a vital connection between social welfare and economic recovery among the Latin American states (Jensen 2011, 216–217). The mechanism which explains the relationship between both variables lays in the political debates that preceded social reforms. In Argentina, social policy was long regarded as a cost-intensive measure that threatened the country's competitiveness, but a new approach in the United States in the context of the New Deal made it possible for political and economic actors in Argentina to think differently about social policy. The historical momentum that developed in the 1930s was crucial in this. New international political and economic constellations enabled the emergence of a new thinking about social policy in Argentina. Using the example of occupational accident legislation, this chapter shows how transnational influences have brought about a change in the political awareness of social reforms.

2 Competitive Disadvantages

In 1915, the Argentine Congress sanctioned Law no. 9688 on work accidents. After decades of political debates, the legal principle of occupational risk was introduced into the country's legal framework and employers were assigned the primary responsibility for the safety of their employees; this in turn allowed for injury compensation. French legislation on occupational accidents had exercised the most important influence on the design of the Argentine law (Ramacciotti 2014, 25–26), as the new law drew heavily on the European example. This sparked an intense debate on the appropriateness of the law for the Argentine social reality. Critics such as Benito Pérez, then a professor at the University of La Plata and a labour law expert, emphasised the deliberate exclusion of workers in the agricultural sector as “a total neglect of the Argentine social reality” (Pérez 1943, 66). This was an accurate observation because in 1915 fifty percent of Argentine labourers were working in the agricultural sector and their accidents, particularly severe sunburn or the frequent snake bites, were not covered by labour legislation (Ramacciotti 2011, 274). Furthermore, the recognition of respiratory diseases or lead poisoning as occupational risks and the official designation of so-called unhealthy industries led to an accentuation of industrial work as an object of legal protection (272). And while industrial work was considered dangerous and unhealthy, it also became more visible and urgent than agricultural work whose dangers did not figure in the public debate.

But this exclusion of agricultural workers had important economic consequences for Argentina, as we shall see. Until the Great Depression, Argentina had developed into one of the most important export countries for agricultural products. It therefore was not in the interest of the powerful Argentine landowning elite to regulate labour in the agricultural sector. Indeed, the fear of falling behind in international competition because of unilateral measures and changes in labour standards loomed large and provided an important argument against implementing workers' protection as it was considered a cost-intensive measure for employers. In fact, concerns about the interference between labour reforms and economic competition were widespread. They were

specifically expressed in an official 1910 study by economist and social Catholic politician Augusto Bunge who vigorously pleaded for state intervention to improve working conditions in industry while underscoring the important question of economic feasibility. “Nobody”, he stated, “would be helped by more worker protection, if the resulting increase in production costs ultimately led to dismissals” (Bunge 1910, 247). He went on to stress international competition between countries which made it essential to conclude international conventions (310–311). In Argentina, this attitude would prove to be an important argument in limiting wide-ranging social reforms to mitigate any negative economic consequences of social policies.

3 Social Protection Across Borders

Law no. 9 688 was designed for industrial workers. In principle, all workers, regardless of their citizenship, were subject to the law on occupational accidents as long they lived in Argentina. However, many of the European immigrants returned to their countries of origin after a time or commuted across the Atlantic for seasonal work, raising the question of whether the law would cover transnational payments. To ensure such compensation payments, European countries campaigned for legal regulations in this matter and negotiated bilateral treaties. According to these treaties, both signing countries agreed to pay indemnities to entitled citizens of the other country, even when those citizens or their legal descendants left the country. This was new because it extended the right to compensation payments beyond national borders and benefited people who remigrated from Argentina to Europe. For Argentina, which was a magnet for European emigrants, these agreements were important: only a few years after the introduction of Law no. 9 688, two conventions had already been signed with Spain (1919) and Italy (1921), the countries of origin of the largest groups of immigrants. In the 1930s, other conventions were signed with countries with much smaller immigrant groups such as Belgium and Austria in 1932, while conventions with Denmark, Sweden, Yugoslavia, Poland, Czechoslovakia, Lithuania, and the United Kingdom followed in 1934. Although the treaties were reciprocal, the

European countries benefitted more than Argentina because of the larger number of European immigrants in the country. Diplomatic correspondence between Belgium and Argentina furthermore reveals that the diplomatic request to sign an agreement came from the European states that were actively seeking legal regulation (Archivo de la Cancillería¹). That the contracts were signed in the early 1930s shows that the countries were concerned about the protection of their industrial workers or those who were covered by Law no. 9688. This is surprising because a majority of immigrants worked in agriculture and therefore were not entitled to compensation at that time (Presidencia de la Nación 1946). During the Great Depression, it was nevertheless important for European states to use foreign laws in such a way that compensation payments for their citizens became applicable. This is, furthermore, an example of bilateral harmonisation of the legislation on occupational accidents with regard to the crucial aspect of financial compensation claims.

4 Effectiveness of Conventions

In the first decades of the twentieth century, medical thinking led to a growing awareness of the need for more measures for preventing accidents and diseases rather than merely containing or treating them (Biernat 2016, 8). In Argentina, this paradigm shift attributed an active role to the state in the regulation of industrial safety: in a stark contrast to the liberal *laissez-faire* principle that had dominated the discourse of the nineteenth century, state intervention became more important in political discourse. Moreover, interaction with international actors was accepted (Biernat 2016(9) while international expert conferences and international conventions legitimised standardisation in certain areas of industrial safety (Ramacciotti 2011, 274).

According to Ramacciotti, it was only thanks to the ratification of an ILO convention that agricultural workers were included in Argentina's occupational accident law and were therefore entitled to compensation

¹ Archive reference: Archivo Histórico de la Cancillería Argentina—Caja AH 0130—Bélgica. Convenio accidentes del trabajo Exped. 8, Año 1922.

(*ibid.*). Indeed, it was the Socialist Party in the Argentinean Parliament that presented a draft law of extending the inclusiveness of Law no. 9 866 to all agricultural workers, justifying it not only morally but also legally, as Argentina had committed itself to fulfil international obligations resulting from the ratification of the ILO convention (*Revista Internacional del Trabajo* 1936, 644). The amendment to the law came into force in 1940, four years after the ratification of the convention and seventeen years after the International Labour Conference adopted Convention no. 12 on Workmen's Compensation in Agriculture in 1923. However, although Argentina was one of the founding members of the ILO and, with a few exceptions, took part in ILO conferences, it took the country so much time to ratify conventions. Problems with ratifications arose mostly from domestic political conflicts. In 1920 and 1921, the Argentine government submitted ILO conventions recommending their ratification to Congress at a very early stage, but crises at the ministerial level and a lack of political interest in the Chamber of Deputies hampered a smooth ratification process in the legislature (*International Labour Office* 1925, 83). This also holds for every other convention signed during this period: in 1933, the Argentine Congress ratified conventions *inter alia* on hours of work, maternity protection, minimum working age, and night work. In 1936, several conventions on—among others—occupational safety were ratified. Héctor Ruíz Moreno, the Argentine correspondent at the ILO office in Geneva, nevertheless boasted in the late 1950s that “Argentina is one of the first countries to ratify a large number of conventions at a very early stage” (*Departamento de Asuntos Internacionales del Trabajo* 1957, 29–30). However, this statement must be qualified against the fact that the country ratified only sixteen of a total fifty-eight ratified conventions in 1936.² Even though Argentina regarded itself as apparently cooperative by international standards, the central Convention on Forced Labour of 1930, for example, was not ratified until 1950. Although the government pretended to cooperate with the ILO externally—from 1931 onwards every ILO conference was attended, and the

² Even compared to other Latin American countries Argentina did not ratify many conventions and no more than 16 until 1950. Until 1941, Chile (thirty-three conventions), Colombia (twenty-four), Cuba (twenty-six), Mexico (twenty-seven), Nicaragua (thirty), and Uruguay (thirty) ratified many more. See: Blleloch (1941, 450–451).

delegations were given more staff—its policy was not in line with the ILO's substantive demands. Thus, the Argentine government representatives, for example, rejected the eight-hour workday, a core demand of the ILO, pointing out that the Argentine economy could not yet afford it (CGT 1938). In fact, none of the conventions approved at the 1930s ILO conferences were immediately ratified by the government. The *Confederación General del Trabajo* (CGT), a trade union confederation, criticised the slowness of the government and parliament in adopting conventions and adapting laws. It ironically stated: "It's a well-earned reputation" (CGT 1935). Indeed, Argentina's goodwill for cooperation is less obvious at a second glance. For the ILO, it was clear that only by ratifying international labour conventions could "Argentina (...) most strikingly demonstrate to the world the standard of living and the working conditions that it has to offer" (International Labour Office 1925, 88). According to the ILO Governing Board, Argentina had always been a country that attracted millions of European immigrants, but it had failed to guarantee labour conditions equivalent to those in the European countries. Rather, the CGT claimed that it was only thanks to the pressure of the socialist labour movement exerted on politicians that any ratifications had taken place during the time in question, which becomes evident in the case of the extension of Law no. 9866.

The accusation of hypocrisy was not unfounded. It can be questioned whether the ratifications and the passing of new laws on occupational accidents really had an impact on safety at industrial workplaces. Even though the right to compensation was expanded and different economic sectors were gradually included and covered by the legislation, the safety of workplaces did not automatically improve. Since employers could out-source the risk of indemnities to insurance firms, preventive measures were not always implemented. Therefore, the union of the train drivers, *La Fraternidad*, denounced the obvious lack of interest in accident prevention measures to protect workers, the absence of law enforcement and the lack of control by state authorities (La Fraternidad 1937, 24). During a visit to the office of *La Fraternidad*, ILO General Director Harold B. Butler was informed about the difficulties in Argentina of enforcing labour rights against the alliance of conservatives and employers. The union representatives pointed out that presidential decrees had rendered

many labour laws null and that it was difficult to apply the eight-hour day, the ILO's core demand, throughout the whole industrial sector (La Fraternidad 1936, 6).

5 A New Dawn for Social Policy

Nevertheless, the ratifications were important for Argentina's reputation, as the country appeared to comply with its international commitments. This was particularly evident in relation to the United States, which played a more important role within the ILO. The US had entered the ILO in 1934, under the Roosevelt administration. The initial scepticism of American elites was quickly overcome once the ILO was considered to be an effective means of reducing international competition through the standardisation of labour rights (Jensen 2011, 218). The ILO was, at least for some Europeans and Americans, an institution to ensure equal labour standards for reasons of economic competition (Seekings 2010, 149). The Great Depression demanded new ways of thinking while aspiring economists around J. M. Keynes gained influence. In contrast to concepts from the 1920s, Keynes and others saw the state as a regulating force that had to take action to combat the crisis. Thus, social security became an integral part of the attempts to secure economic prosperity. The Roosevelt administration recognised that a global fight against the crisis was necessary to overcome the severe recession. With the "mixed economy" approach of interventionism, the United States adopted an alternative to the fascist and communist models to fight the crisis (Patel 2016, 118). The liberal press saw the ILO as the international equivalent of the National Recovery Administration (NRA) in implementing international policies on labour standards (Jensen, 2011, 219). This had a direct impact on US foreign policy. Roosevelt's "Good Neighbor Policy", which ended a decade-long prevalence of the Monroe doctrine, enabled the US to access Argentina in a friendly and cooperative way. The very warm welcome of the President at a Pan-American conference in Buenos Aires in 1936 showed that Argentines welcomed this new approach in international relations (Patel 2016, 152). Roosevelt embodied a new spirit for Argentines and received great encouragement from the Argentine

unions. *La Fraternidad* stressed that with President Roosevelt the American unions were no longer interested in a revolutionary upheaval, but only wanted to improve the existing social and economic system, a core demand of the socialist movement (*La Fraternidad* 1936, 9). The unions saw their goals confirmed by Roosevelt and demanded that Argentine employers and politics followed the same path of reinventing industrial labour rights substantially within the existing economic system (*La Fraternidad* 1936, 10).

6 New Strategies of the Business Sector

Just as the Argentine unions showed solidarity with their American counterparts and advocated for the New Deal, there were negative attitudes on the part of the employers towards the US President's socio-political turnaround. During the mid-1930s, the Argentine employers' associations started to promote voluntary measures to improve working conditions while resisting the implementation of the eight-hour workday, which had already been legislated in the United States. This happened at a time when the Argentine authorities increasingly urged employers to take accident prevention measures, as the financial reserves of the funds for compensation claims were depleted and inspections by the authorities became more vigorous (Ramacciotti and Maddalena 2019, 324–325). The field of industrial worker protection opened an opportunity for employers to present themselves as caring and responsible businessmen, while diverting from bigger and, for them, occasionally harmful labour reforms such as the eight-hour day. They adopted a concept of worker protection that had already been advised by scientists for a long time: the prevention of occupational accidents. The awareness that an accident prevented could make the production process more efficient and that the costs of protective devices—protective clothing and training—were not exorbitantly high, made it an easy-to-implement measure. The positive public perception of these voluntary measures was also important. This is illustrated by the example of the sugar industrialists who in 1936 published a multi-page report of their companies in the daily newspaper *La Nación* and prominently placed worker protection and companies' own hospitals for

industrial accidents (La Nación 1938). This strategy of appropriating the public could be interpreted as an attempt to distract from other social grievances since the sugar cane industry in Argentina was characterised by violent strikes and conflicts in the 1930s.

In the following years, Argentinean employers increasingly took care to polish up their image in the realm of occupational safety for their employees. The founding of the *Instituto Argentino de Seguridad* in 1941 is an example of their transnational cooperation strategy with their North American counterparts to use their technical knowledge and marketing strategies for occupational safety measures. Expertise in hygiene and protective measures against industrial diseases and accidents was spread among American and Argentine employers by this organisation. The *Instituto* issued the periodical *Revista de Seguridad* which provided a compilation of scientific articles about the prevention of occupational accidents written by North and Latin American experts. It also offered insights into model Argentine businesses with high safety standards and was used as a medium to prove compliance with international standards (Instituto Argentino de Seguridad 1942).

The *Instituto* was incorporated into the Inter-American Safety Council, a US-based organisation that was presided by private industry. The organisation aimed at the adoption of US industrial standards in Latin American industries (Stiles 1939). The accentuation of small countries such as Cuba, Costa Rica and Panama, which were subject to strong US influence, within the organisational activities shows that political dependencies and economic interests of US companies were important in the composition of the council. The entry of Argentine representatives into the council in 1941 testifies to American business interests in Argentina. In a ranking of foreign companies in Argentina between 1937 and 1944, American-owned firms in Argentina were mainly engaged in oil refineries, electronics and to a lesser extent in meat packaging and textiles (Lanciotti and Lluch n.d.). These branches were among the expanding industries in Argentina during the industrialisation process.

In parallel with the industrialists, insurance companies also devoted themselves to an active promotion of accident prevention. An article in the branch's journal calculated the direct and indirect costs of accidents for employers occurring outside the workplace and working hours. They

concluded that employers also had a great interest in the prevention of accidents involving their staff outside the factory (*Revista Bancaria y Aseguradora* 1941a, 6085). In addition to studies from the USA, scientists from Cuba were often used as references. The Batista dictatorship in Cuba was not only politically very much connected with the USA, but it turned out to be a collaborative state closely aligned with the United States in social reforms. The Cuban Institute for Physiotherapy for Occupational Accidents gained great attention in the Argentine banking and insurance journal. Cuban experts were consulted in insurance circles, such as the engineer Manuel Moas with his discussions on the prevention of fatigue and exhaustion at work (*Revista Bancaria y Aseguradora* 1941b, 6263).

7 Conclusion

In the 1930s a shift in the thinking about social policy and its practical implementation took place in Argentina. This change was brought about by new ideas concerning social policy, which was increasingly regarded as an inherent part of economic prosperity. During the Great Depression world trade contracted while transnational coordination in social policy was boosted. Argentina signed reciprocal agreements with European states on the treatment of foreigners in the compensation for occupational accidents, but more political influence regarding social policy came from the United States. The Good Neighbor Policy gave the US convenient access to Argentine actors. The fast adoption of US social policy reforms by politically dependent countries such as Cuba gave Argentine employers a Latin American example for labour reforms and eased its development. The concept of a linkage between social security and economic prosperity gained traction and the American model was discussed in Argentina. The conservative Argentine governments participated in this discourse, promising themselves legitimacy for their social policies by concluding international agreements which facilitated the ratifications of ILO conventions. But trade unions still complained that a significant difference persisted between the international image of the government's actions and the real enforcement of the laws. The ruling conservative

government did not completely drop its objections against far-reaching social reforms. But concerns about loss of competitiveness were shed in favour of debates on prevention in the case of occupational accident policy. Knowledge about the economic benefits of prevention only came about through increasing transnational exchange of experience. Scientific studies and practical experience from other countries changed awareness in Argentina in favour of prevention. Not only politics but also employers adopted a new strategy toward social policy. The actors oriented themselves to models in the United States and cooperated at the private sector level with US employers' associations.

To summarise, since the mid-1930s, the Argentine government and employers increasingly cared about the introduction of certain measures to prevent occupational accidents and showed a greater willingness to care about their employees while still resisting far-reaching labour reforms. The argument of competitive disadvantage was increasingly discarded in the course of the 1930s because economic structures changed, unions and socialists exerted more pressure on the government, and the United States, as a major player, propagated a new form of social and economic prosperity to their southern neighbouring countries. This made a decisive contribution to changing the debate on social policy in Argentina.

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