

ECONOMICS IN HISTORY: THE APOLOGETIC SCIENCE IN ARGENTINA,
1913-1953

A Dissertation
presented to the Faculty of
the Department of History
University of Houston

In Partial Fulfillment
of the Requirements for the Degree of
Doctor of Philosophy

by
Guillermo Emilio Nakhlé, B.A.; M.A.

December, 2015

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ABSTRACT

This dissertation explores the emergence and development of a distinctive professional group: economists in Argentina between 1913 and 1953. This group arose in the context of the rise of state interventionism and the new challenge for Latin American economies in the interwar period. The thesis focuses primarily on the University of Buenos Aires, where the first Faculty of Economic Sciences in Latin America was created in 1913. The dissertation examines the evolution of this institution, as well as the debates it provoked over economic policy, intervention and non-intervention and the nature and scope of economics as a science. It also examines the figures of Alejandro Bunge, Federico Pinedo and Raúl Prebisch.

The ultimate goal of this work is to define the scientific spirit of students and professors who were impelled by a new and promising discipline: economics as the most rigorous social science devoted to solve structural problems. The thesis is located at the intersection of the subfields of intellectual history and the history of political economy. It argues that the scientific status of economics was achieved through a set of apologetic procedures that had to do with discourses and scholarly ceremonies driven by the aspiration of establishing economics alongside hard sciences as physics.

It concludes that these three figures played a key role in the construction and consolidation of the professional economist profile, and at the same time they gave rise to a new way to understand the state bureaucracy and the need to demand the expertise of this new professionals.

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This Dissertation is the result of numerous years of research and academic exchange in Argentina as well as in the United States. While in Buenos Aires, I could establish contact and talk to Dr. Andrés López, head of the Economics Department at the Universidad de Buenos Aires and to Dr. Ricardo Crespo, professor at the IAE Business School and a distinguished philosopher of economics. I also interviewed Dr. Federico Pinedo, Congressman and grandson of the influential economist that is part of my research. I am grateful to the staff from the archives that remained anonymous to me; librarians such as Laura Cabral (Ministerio de Economía y Finanzas Públicas) and the staff from the University of Buenos Aires (Archivo Histórico and Facultad de Ciencias Económicas). Their silent and efficient work helped me throughout the research process.

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This work is dedicated to my parents, for a lifetime of support and exemplary behavior, and to my love, Guillermina. My dear brother Miguel and his family helped me to overcome the hardships of being an international student with a small budget. Friends and colleagues played a role in this Dissertation's completion as well. The responsibility for any faults or weaknesses lies with me.

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Introduction

Economics, then, can be seen as an instance of literary culture. That it can also be seen as an instance of scientific culture is no contradiction. It shows merely how the official rhetoric of science narrows the field, demanding that it honor the one and spurn the other. The unofficial, workaday rhetoric takes a broader view, and a more persuasive one.¹

In the last decades of the twentieth century, economists constituted true grantors of legitimacy for numerous political practices in Latin America. Both the recognition and the public questioning of these new professionals in Argentina was the result of a historical process that took place in the first half of the twentieth century. The relationship between the state, a university medium under permanent scrutiny and a group of young professionals opened up a space from which the economic ups and downs of the interwar period were addressed.

This is the history of the professionalization of economics, a discipline that emerged out of political economy during the first half of the twentieth century and managed to build its legitimacy vis-à-vis other social sciences, especially by

¹ Deirdre N. McCloskey, *The Rhetoric of Economics* (Madison: University of Wisconsin Press, 1998), 34.

adopting a scientific discourse. My main purpose is to research and rethink the debates around this phenomenon that took place at the Faculty of Economic Sciences (FES hereafter) within the University of Buenos Aires (UBA), the biggest university in South America at that time. This dissertation will be an intellectual history of modern economics in Argentina from the humble origins of the FES up to its institutionalization through the creation of an autonomous degree in economics (Licenciatura en Economía) in the early 1950s.

This work examines the origins of the ubiquitous rise of economists as a global phenomenon in the Argentine context.² Why were economists not as studied as other occupations in what it might be called the genealogy of the professions? According to Verónica Montecinos, maybe it is because, unlike medicine, law or accounting, economics lacks legal monopoly to implement certain tasks.³

I will examine both the foreign influences and the local context of Argentina in the first half of the twentieth century. I believe this investigation will be relevant for those interested in character of economics as a new science in twentieth century. In the 1960s, economists reached a peak of worldwide prestige as if the keys to rapid economic growth had been discovered. It is necessary to trace the first steps towards this zenith.

Two of the key concepts in this work are “prestige” and “cultural capital”. The former is related to ceremonies within the scholarly environment and to the

² See John Markoff and Verónica Montecinos, “The Ubiquitous Rise of Economists,” *Journal of Public Policy* 13, 1993: 37-68.

³ Montecinos, “Economists in Political and Policy Elites in Latin America,” in *The Post-1945 Internationalization of Economics*, ed. A.W. Coats (Durham: Duke University, 1996), 281.

initiation of traditions that aided the collective spirit of the institutions. This was especially needed since the social value of the diploma granted by the FES was not yet established. The other term, “cultural capital,” has to do with those intangible things that can contribute to the elevation of the status of the individual among his peers. According to Pierre Bourdieu, cultural capital is symbolically and materially active since it constantly requires to be proven and tends to exhibit itself as a “secure belief” to gain recognition. The major advantage of accessing to “to establish conversion rates between cultural capital and economic capital by guaranteeing the monetary value of a given academic capital.”⁴

Disciplines such as philosophy, history of science, and discourse analysis will guide my inquiries. The larger framework of this dissertation is how economics managed to legitimize itself within social sciences as part of the development of transnational circuits of knowledge. By explaining this, I will show the interaction between intellectual elites and public policy, mainly because the nation-building process in Latin America demanded state activism in the field of education, and this is the area in which social scientists offered their expertise.⁵

It is difficult to overrate the importance of social scientists in the contemporary world. From universities, foundations and other institutions, they have had a sort of moral potential to assert a strong position in favor of the interests of society (from more transparent political practices to health campaigns). The key

⁴ Pierre Bourdieu, “Three Forms of Capital,” in *Handbook of Theory and Research for the Sociology of Education*, ed. John G. Richardson (New York: Greenwood Press, 1986), 248.

⁵ Jorge Balán, “The Social Sciences in Latin America during the Twentieth Century,” in *The Cambridge History of Science: Volume 7, The Modern Social Sciences*, ed. Theodore M. Porter and Dorothy Ross (Cambridge: Cambridge University Press, 2008): 418.

has been the belief that knowledge can solve social problems. This idea was especially relevant during the 1950s and 1960s with the building of the welfare state in most Western countries.

From the Progressive-era onwards, the core beliefs that operated in favor of the advancement of “poverty knowledge” have been that the state can (or even must) offer a protection against the extreme concentration of poverty (understood as a consequence of industrial capitalism), that the market system needs the complement of policies towards the common good, and that knowledge provides a unique path to human progress.⁶

One of the goals of this work is to conceptualize economics as an “apologetic” science, in an attempt to grasp the character of this particular science. Apologetics is not about apologizing; it is a term derived from the Greek *apologia* (“defense”). It is the answer given when someone asks about the grounds for certain belief. Its ultimate purpose is not to antagonize or humiliate the interlocutor but to help others see, if not the reality or reliability, at least the relevance of certain set of beliefs.

While the apologetic nature of knowledge can be traced back to Ancient Greece and the different sophist schools, the focus of this work is how it was applied in modern times and more specifically by the new professionals in economics. Even though the Catholic Church fueled the expansion of universities across Western Europe in medieval times, it was only in the seventeenth century

⁶ Alice O'Connor, *Poverty Knowledge: Social Science, Social Policy, and the Poor in Twentieth-century U.S. History* (Princeton: Princeton University Press, 2001), 8.

when scientific revolution took place almost in autonomy from the academic world. There was no place for physicists at the universities at that time.

The Galilean idealization eliminated all other possible causes to learn the effect of one operating on its own. Philosopher Nancy Cartwright observes that this idealization “allows us to carry the results we find in the experiment to situations outside.” In experiments, unexpected features that influence the result are *caused* to happen. In contrast, when considering economics in an analogous way, “what happens in them is exactly what is implied deductively.”⁷ When Galileo Galilei’s requested their opponents to put forward arguments and demonstrations and “not just texts and bare authorities,” it was because discourses “must relate to the sensible world and not to one on paper.”⁸

He acknowledged the importance of formal scientific language, but he did not believe that everything mathematical had a counterpart in nature –nor the other way around too. The sensible world was independent of language. However, in terms of the repercussions of his work, Galileo persuaded people that the earth went around the sun not because it contained much new evidence but because “it was a masterpiece of Italian prose.”⁹

I attempt to capture the nature of the linguistic operations designed to promote economics as a scientific discipline in Argentina. My main argument is that economics was successfully institutionalized in 1953 with the opening of an

⁷ Nancy Cartwright, “The Vanity of Rigour in Economics: Theoretical Models and Galilean Experiments,” in *The Experiment in the History of Economics*, ed. P. Fontaine and R. Leonard (London: Routledge, 2005), 142, 149.

⁸ Galileo Galilei, *Dialogue Concerning the Two Chief World Systems, Ptolemaic and Copernican*, by Stillman Drake (trans.). New York: Modern Library, 2001: 131.

⁹ Deirdre N. McCloskey, *Knowledge and Persuasion in Economics* (Cambridge: Cambridge University Press, 1994), 125.

autonomous university-rank career because of apologetic (understood as vindictory) operations, both oral and ceremonial, carried out by scholars at the FES.

This research relies on the insights into the complexities of the interactions between the academic world and civil society, often times mediated by the state. Centering economists (or self-proclaimed experts with experience in those matters) as actors in the state-formation narrative of Argentina deepens the understanding of a process that was shared by other Latin American countries as well. In global terms, this will help us understand how economists reached high levels of respectability among policy makers in the global economic order of the twentieth century and beyond.

The ultimate goal of this work is to define the scientific spirit of students and professors who were impelled by a new and promising discipline: economics as the most rigorous social science devoted to solve structural problems like unemployment and income distribution.

Argentina in Context

Argentina declared its independence from Spain in 1816, but the internal organization of its provincial states and the political regime demanded a few decades of civil wars, in which the leadership of Buenos Aires was disputed by local *caudillos*. After the state-formation process was sealed with the National

Constitution (1853), the confederate provinces would establish the capital in the port city of Buenos Aires (1880) and the national state forced native populations of Patagonia to under its jurisdiction. As many other Latin American countries, Argentina consolidated its political structure nationwide and found a place in the international market as a provider of raw materials.

Within the region, Argentina was by far the wealthiest economy during the globalization wave, roughly from the 1870s to the Great Depression. As a result, from 1880 to 1930, the Argentine population grew from two to twelve million and its Gross Domestic Product (GDP) multiplied by twentyfold.¹⁰ However, economic progress was not restricted to the primary sector only. Argentine industrialists were trying to gain support of public opinion to demand more protectionism. The political debate between free trade and protectionism was intense in Congress and in the press.¹¹ In monetary terms, the country adhered to the gold standard in 1899 to seek stability, but it also subordinated the monetary policy to external demand.

The gold standard provided exchange rate stability but implied certain resignation of the monetary sovereignty because a country that entered the system could not print new currency unless it was needed to match the exchange rate fixed beforehand. This worked fine during times of economic expansion like the 1880-1914 period. In the long run, however, the government lacked an agenda and protected an inefficient, inward-oriented industrial sector.

¹⁰ Fernando Rocchi, *Chimneys in the Desert: Argentina during the Export Boom Years, 1870-1930* (Palo Alto: Stanford University Press, 2005), 1.

¹¹ See Jimena Caravaca, *¿Liberalismo o intervencionismo?: debates sobre el rol del Estado en la economía argentina: 1870-1935* (Buenos Aires: Sudamericana, 2011).

During the prewar period, the Bank of England had acted as a lender of last resort but in the 1920s, Great Britain was unable to keep the system working and the United States was not ready to take up the leadership yet. The result was a lack of compromise on regulating the issuing of currencies from most countries. Central bankers in industrialized countries adhered to the gold standard even when facing catastrophe in the early 1930s. This turned out to be increasingly harder since unemployment continued to rise and even though mentalities are hard to change, working sectors were more organized and demanded a change. By 1936 the gold standard was just a bad memory for most countries and the Second War proved any sort of international coordination impossible to carry on.

In the 1950s, there were attempts from the local universities to elaborate a Latin American economics as an autochthonous discipline dealing with the challenges of local societies. However, these initiatives were displaced with the rise of the Chicago school of monetarism. The monetarist economists were against state interventionism and battled the ideas coming from the Economic Commission for Latin America (CEPAL) that praised protectionism as an active policy to achieve a higher degree of industrialization.

Later on, the so called Washington Consensus and the waves of privatization and deregulation made old guard economists seen as “obsolete, parochial, ideologically biased and technically incompetent.”¹² At the same time, there was an increasing demand for economists in non-traditional areas of policy

¹² Montecinos and Markoff, eds., *Economists in the Americas* (Cheltenham: Edward Elgar, 2009), 322-323.

domain such as health and foreign affairs. Argentine economists were not just copying the orthodoxies of economists in Europe and the United States. They tried to adapt mainstream ideas to their own circumstances, but they were highly exposed to influences from abroad. In the 1930s, for instance, many were paying close attention to Soviet practices, discovering German social thinkers, or establishing contact with Spanish refugees.¹³ During the Second World War, low trade levels forced Argentina and many others Latin American countries to adapt and implement new strategies such as increasing local manufactures.

During the Second World War, Latin American economies suffered a decline in the terms of trade that made countries like Chile and Colombia accept the United States assistance. Although they enjoyed foreign exchange surplus, they suffered inflation, speculation in gold, dollars and real estate. External disequilibrium became almost a permanent state.¹⁴ However, circumstances for Argentina were favorable, since its beef production was necessary for the Allied war effort, something that provided some international leverage. Additionally, European capital flooded to Argentina as a safe haven and, as consequence of these investments, industrial production accounted for half the country's domestic product. Still, historians have wondered why the Argentine welfare state was a failure in the medium term.¹⁵ Until Pearl Harbor, Argentina enjoyed both strong

¹³ Montecinos and Markoff, "Economic Ideas to the Power of Economists," in Miguel Angel Centeno and Fernando López-Alves, eds., *The Other Mirror: Grand Theory through The Lens of Latin America* (New Jersey: Princeton University Press, 2001): 113.

¹⁴ Jon V. Kofas, *The Sword of Damocles: U.S. Financial Hegemony in Colombia and Chile, 1950-1970* (Westport: Praeger, 2002), 4-5.

¹⁵ J. Bradford De Long and Barry Eichengreen, "The Marshall Plan: History's Most Successful Structural Adjustment Program," *National Bureau of Economic Research* (Cambridge, mimeo, 1991).

economic ties with Great Britain and the United States, and it also improved its relations with South American trade partners, particularly Brazil.

Great Britain, the superpower in decline, and the United States, which yet did not embark fully on the hegemonic role until the Bretton Woods meeting in 1944, where Lord Keynes and Harry D. White (representing the US), led the way for the other countries' delegates into a new era that enjoyed consensus in what a sound economic policy meant at least for the thirty years that followed. The gold standard had turned into a gold-dollar standard, at least until 1971.

Both the First World War and the economic crisis of 1930 were catalysts for increased state demand for specialists under the new circumstances. Until then, economics, both as an academic discipline and as an instrument of technocracy, had been in the orbit of a social and political elite. One of the key figures in this work is Raúl Prebisch (1901-1986), an Argentine economist considered the intellectual father of the center-periphery theoretical framework, according to which Third World countries are more vulnerable to international trade fluctuations. The main response to this was the implementation of an import substitution industrialization policies to counter the inequalities reproduced by core countries. Prebisch turned out a critical meeting point of economists in both professional technical group that was inserted into the sphere of state agencies.

After 1945 there were new sources of technical assistance, such as the Inter-American Development Bank, the Export-Import Bank, World Bank, among other multilateral agencies. Most countries in the Americas and Europe agreed on the need to design a new system for international finances. It is worth noting that these

multilateral agencies were shaped by United States' interests, not simply impartial international aid institutions.

Unlike the first postwar, the new scenario after the victory of the Allies in the Second World War included a number of international agreements discussed at the Bretton Woods conference (1944) like the International Monetary Fund, and the General Agreement on Tariffs and Trade. For Argentina, however, the major challenge remained at the internal front: how to improve the unbalanced structure throughout the territory, and increase the population nationwide by decentralizing economic activities.

Argentina's economic performance derailed in the second half of twentieth century because it was not able to complete the ISI process (industrialization by substitution of imports), and tried often drastic monetary policies. Perón had the Central Bank as an instrument at his own disposal, as well as numerous resources coming from the nationalization of gas, railroads, telephones and part of the urban transportation system in Buenos Aires.

In the 1960s, the democratic system was tainted by the absence of a Peronist party and former president Juan Domingo Perón. The traumatic experiences of the rollercoaster economy after the 1970s open up the possibility of studying the vernacular habit of hoarding (in this case, US dollars). At the institutional level, the thirty-one ministers in charge of the Economy Ministry between 1958 and 1985 are symptomatic of the extreme volatility of Argentinian politics. During the 1990s, the country entered a period during which it pegged its currency to the dollar, establishing a convertibility system similar to the gold standard in the sense that

both pre-supposed fixed exchange rates. The result was price stability at the cost of high unemployment. The burden of the external debt proved unbearable to the country and it ended up defaulting it.

At the university level, legal recognition of private university degrees expanded the possibilities for academic economics. However, the biggest national university is still UBA. In December 2013, Roberto Barbieri, former dean of FES, was elected president of UBA, in the middle of street violence and highly politicized debates.¹⁶ Meanwhile, Axel Kiciloff, who received its doctorate from the FES with honors, reached the highest levels of policy influence as Economy Minister. In a recent interview, former-minister Domingo Cavallo (the most influential economist in the 1990s up to the 2001 crisis) considered Kiciloff as a “poor kid who studied history of economic doctrines in college and fell in love with the doctrines of Marx and Keynes. But Marxist ideas failed. He could be a college professor, but to manage the economy one must understand how the world actually works.”¹⁷

Overall, economists in the twentieth century had to innovate because of conditions that were radically different than the North Atlantic economies. They had to deal with a subordinate position in the global economy, rigid class structures, and corrupt public administrations, among other setbacks.

¹⁶ “Incidentes frente al Congreso, en la elección del nuevo rector de la UBA,” *La Nación*, December 5 2014, <http://www.lanacion.com/1644836> Accessed December 2014.

¹⁷ Domingo Cavallo, “El Gobierno creó una trampa de la cual ya no puede salir,” *La Nación*, February 1 2014, <http://www.lanacion.com.ar/1660508-domingo-cavallo-el-gobierno-creo-una-trampa-de-la-cual-ya-no-puede-salir> Accessed December 2014.

Commercial Education in the Nineteenth Century

The first school of commerce in what was to become the Argentine Republic dates from the end of the eighteenth century. Patriotic hero Manuel Belgrano (1770-1820) promoted the establishment of a Commerce Consulate of Buenos Aires. Belgrano had been influenced by Spanish economists such as Campomanes, Jovellanos, Cabanús and Gardaquí. For him, there was nothing more relevant than having an accurate knowledge of the wealth of the state.¹⁸ Official discourse defined Manuel Belgrano (independence hero and one of the first and highest patriotic men) as “the first economist.” It is true that Belgrano promoted commercial training as a necessary element in a good education, but this operation is a strategic stretch to connect the new discipline with the core of national identity.

UBA was created in 1821 under the government of Bernardino Rivadavia, who was influenced by ideas of the encyclopedic concept of the great universities of his time both in Europe and the United States, where public education had to cover exact and natural sciences as well as legal and theological studies. The first *rector* (president) was Dr. Antonio Sáenz, a priest. At the academic level and following the French tradition, political economy had been taught since 1822 at the Facultad de Derecho (Law School) at UBA.

Courses offered included Mathematics, French and, later on, English. Political Economy was taught but it went through major changes over time; it was

¹⁸ Gastón Lestard, *Historia de la evolución económica argentina. Ideación y ejecución por sus precursores* (Buenos Aires: Bernabé, 1937), 43.

even removed during a few years.¹⁹ In other countries, the place that economics had in the academic world during the nineteenth century was very limited. In 1880, there were only three specialized teaching posts in political economy in the United States, a number that grew to fifty-one twenty years after that. The case of England was similar with the London School of Economics founded in 1895.²⁰

Civil wars and national reconfiguration between the 1830s and 1862 caused several disruptions. However, taking Latin America as a whole, the new independent governments established seventeen universities between 1810 and 1847, in which the faculties of law and medicine were at the top of the prestige scale. In the first half of the twentieth century, sixty-nine more universities were created.²¹

After the despotic power of Juan Manuel de Rosas had collapsed, the Faculty of Medicine was refashioned as an autonomous institute. The Faculty of Exact and Natural Sciences was created in 1865 and the Faculty of Philosophy and Language in 1896. It was not until the 1870s that economic studies were considered relevant, mainly because of Argentina's new privileged position in the international market providing primary goods, especially wheat, wool and meat.

The country experienced an accelerated rate of growth and the *pampeana* central region was an important recipient of European immigration at the end of

¹⁹ Luis Moreno, "Antecedentes históricos de nuestra enseñanza comercial," *Revista de la Universidad de Buenos Aires* I, 1 (January-March 1947): 118.

²⁰ Marion Fourcade, *Economists and Societies: Discipline and Profession in the United States, Britain, and France, 1890s to 1990s* (Princeton: Princeton University Press, 2009), 65-66.

²¹ Arthur Liebman, Kenneth Walter and Myron Glazer. *Latin American University Students: A Six Nation Study* (Cambridge: Harvard University Press, 1972), 5. One hundred and sixteen new higher education institutions were created between 1950 and 1966, reaching over one thousand total.

the nineteenth century. Foreigners were entitled to the same civil rights and could access education among other public goods. Between 1869 and 1914, Argentina's population went from 1.8 million to 7.9 million, while exports (in millions of *pesos oro*) grew from 32.4 to 349.3.²² Over time, however, this influx of people (most were adult males) changed society and set new challenges for political authorities; how to improve the urban standard of living –poor sanitary conditions in urban settlements (*conventillos*) was one of them.

Buenos Aires' population went from 180,000 persons in 1870 to 1.2 million in 1910. Literacy rates in the capital (80%) were much higher than the average for the whole nation (62%).²³ Poverty and marginalization was concentrated in the western and southern areas. In 1904, peripheral areas had an average of over two persons per room, over 70% were rental houses with no baths, while more than 80% had no running water and almost all houses lacked sewer system.²⁴

The Law of 1885, known as the Ley Orgánica, established an exclusive fund for national universities; however, Faculties were stripped of the ability and responsibility to appoint new professors without the approval of the national executive power. In 1885, former Minister of Finance Víctor Molina, elevated the project of two schools of commerce: one in Buenos Aires and another in Rosario.

²² Roberto Cortés Conde, *The Political Economy of Argentina in the Twentieth Century* (Cambridge: Cambridge University Press, 2009), 16.

²³ Richard J. Walter, *Politics and Urban Growth in Buenos Aires, 1910-1942* (Cambridge: Cambridge University Press, 2002), 15.

²⁴ Jose C. Moya, *Cousins and Strangers: Spanish Immigrants in Buenos Aires, 1850-1930* (Berkeley: University of California Press, 1998), 163.

Molina insisted that commercial education was a key feature for public administration and that had been ignored during the nineteenth century.²⁵

From 1889 on, courses on finance started to be offered at the university level. This turned out particularly helpful one year later to cope, or at least understand, the Baring Brothers crisis that involved the catastrophic race between the country's debt and growth in the speculation of the oldest merchant bank in London. The Barings Bank in London faced bankruptcy in November 1890 mainly due to excessive risk-taking on poor investments in Argentina. In turn, Argentina experienced an acute recession during 1890-1891.

After the crisis of 1890, usually characterized as a "crisis of progress," the Argentine government expanded its involvement in the economic realm, but only to a limited extent. In 1899 it adopted the gold standard, something that restricted the possibilities of the monetary policy. The fall of transportation costs and factor movements (a global phenomenon) stimulated a wider international trade system and, therefore, price convergence took place around the world. But prosperity proved a double-edged sword for Argentina. Public works had been financed by foreign loans, and after consistent devaluation of the currency, debts were increasingly harder to cancel. Additionally, the international price of gold was on the rise.

After President Juárez Celman resigned in 1890 during times of political and financial crises, Vice-president Carlos Pellegrini, in charge of the executive

²⁵ See Santiago B. Zaccheo, "La enseñanza comercial en la República Argentina," *RCE* XVII, 93 (April 1929): 269.

power, signed a decree that created the School of Commerce, the Escuela de Comercio de la Capital de la República. The School was envisioned as addressing national economic issues, created to prepare a trained class that would work at the public sector. In its first syllabi we can find the study of mathematics, commercial calculation, bookkeeping and foreign languages, all four necessary to meet the needs of a growing export sector.

In 1892, Minister Juan Balestra introduced the first reform of the curriculum that established its duration in five years, at the end of which the diplomas in accounting, public translator of French and English, public calligrapher or *perito mercantil* (mercantile expert) were granted. In 1908, now as deputy, Balestra renamed the school after former president Pellegrini and two years later the school was rearranged as the Instituto de Altos Estudios Comerciales (Institute of Business Studies).

This institutional evolution culminated in October 9th of 1913 with the founding of the FES, the first school of economics in Latin America. The Academia Nacional de Ciencias Económicas (National Academy of Economics; ANCE hereafter) created in 1914, became functional to recognize distinguished scholars and provide all the paraphernalia and ornaments of academic achievement. Meanwhile, the impact of the First World War on Argentine external trade created uncertainty about the country's place in the international economic system.

Literature and Sources Review

Studies on science and economics do not usually share the same space in the academic world and there are valid reasons for this. First, economics navigates the stormy waters between the *hard* sciences (mainly physics, astronomy and mathematics) while the social sciences emerged in an autonomously organized fashion only in the nineteenth century. Additionally, the history of economics in North America and Europe evolved from different historiographical traditions, mainly intellectual history, the history of economic thought, and institutional history. While the history of economic thought is usually involved with what seems to be endless disputes of cross-accusations over what exact ideas certain authors did or did not hold, the history of economics has often turned its gaze on the natural sciences since they are the fields of expertise of most historians (or philosophers) of science.

This kind of scholarship has usually focused more on ideas and individuals rather than institutions. When they cover institutions like UBA, the references to the FES are scattered and there are no exclusive works on it, especially if we leave outside institutional publications for special occasions (i.e., anniversaries).²⁶ Usually, there has been too much emphasis on distinguished individuals rather than on the community altogether.²⁷

²⁶ See Tulio Halperin Donghi, *Historia de la Universidad de Buenos Aires* (Buenos Aires: EUDEBA, 1962) and Pablo Buchbinder, *Historia de las universidades argentinas* (Buenos Aires: Sudamericana, 2005).

²⁷ See Manuel Fernández López, “Uno de los jóvenes más estudiosos,” *La Gaceta de Económicas*, 9-10 (April-May 2001): 3, 7-8; “Raúl Prebisch, estudiante y profesor de economía en la Universidad

The last major scholarship on Prebisch is a strictly biographical work by Edgar Dosman, professor at York University (Canada).²⁸ It is a well-documented and comprehensive, especially on the period after 1949, when Prebisch arrived at the Economic Commission for Latin America (ECLA), an event that set off his career as a technocrat and advisor to developing countries.

Examining theory per se is not an end of itself in this dissertation. An examination of authors with the hope of finding hidden or forgotten truths would just be endless exegesis geared toward our current circumstances. Nor is the dissertation only a set of intellectual biographies, a valid approach taken by scholars like Miguel Angel Centeno and Roderic Camp to study Mexican elites.²⁹ The approach is more of a cross-class study of those involved –sometimes sporadically– in the elaboration of a scientific discourse around economics. Certain topics –like poverty or taxation–were part of a common ground with legitimate scientific aspirations, but often the authors involved were seeking constant reassurance from their peers in these initial stages.

One relevant author that has been contributing to debunking neoclassical theories in terms of its high autonomous pretensions is Phillip Mirowski of the University of Notre Dame. In his view, economics cannot be studied in isolation of its historical context nor without reference to other sciences. During the

de Buenos Aires,” *Anales de la Asociación Argentina de Economía Política* (1987): 747-776; “El ciclo económico argentino: estudios de Raúl Prebisch,” *Ciclos* 10 (1996): 17-32.

²⁸ Edgar Dosman, *The Life and Times of Raúl Prebisch, 1901-1986* (Montreal: McGill-Queen’s University Press, 2008).

²⁹ See Miguel Angel Centeno, *Democracy within Reason: Technocratic Revolution in Mexico* (University Park, Pa.: Pennsylvania State University Press, 1994); Roderic Camp, *Mexico’s Mandarins: Crafting a Power Elite for the 21st Century* (Berkeley: University of California Press, 2002).

nineteenth century, “economics, née political economy, née moral philosophy, has been a prime locus of the hashing out definitions of both the Natural and the Social in Western culture.”³⁰ This is why he explores the links between physics and economics. Part of the reason the latter replaced political economy and gained a place closer to *hard sciences* was the adoption of purely mathematical methods.

Another perspective of analysis of social sciences and the modern state is what has been called “discourse structuration,” where the focus is on the way in which scholars and policy makers have tried to use whatever knowledge and competence they felt suitable to address social conflicts. This structuration went hand in hand with institutionalization, as was the case of the institutes for economic forecasting in Europe that flourished in the second postwar context.³¹

By the mid-1990s, the history of economics became part of mainstream history of science and works on the intersection between the natural sciences and economics became eligible to win the prize award granted by the History of Science Society.³² The so called “science wars” between scientific realists and postmodernist critics affected a wide range of fields (cultural studies, cultural anthropology, feminist studies, comparative literature, media studies, and science and technology studies). The former accused the latter of denying the possibility of

³⁰ Philip Mirowski, ed., *Natural Images in Economic Thought: “Markets read in tooth and claw”* (Cambridge: Cambridge University Press, 1994), 6.

³¹ B. Wittrock, P. Wagner and H. Wollmann, “Social Science and the Modern State: Policy Knowledge and Political Institutions in Western Europe and the United States,” in *Social Sciences and Modern States: National Experiences and Theoretical Crossroads*, eds. Wagner, C. Weiss, Wittrock and Wollmann (Cambridge: Cambridge University Press, 1991), 75-77.

³² Margaret Schabas, “Coming Together: History of Economics as History of Science,” in *The Future of the History of Economics: Annual Supplement to Volume 34. History of Political Economy*, ed. R. Weintraub (Durham: Duke University Press, 2002), 210.

being objective, the key reason to have a scientific method in the first place. Scientific realists believed that scholarship influenced by poststructuralist philosophers was set on the path to be incomprehensible or meaningless. Postmodernists, in turn, have argued against the “scientific method.” Paul Feyerabend has found after studying quantum theory that methodological assumptions were violated whenever physics advanced.³³

In the 2000s, there were numerous surveys of the histories of the social sciences, some which celebrated the centennial of their organizations (as the American Political Science Association did). Marion Fourcade’s recent work on this subject are helpful to understand economics as a cultural product that has been shaped by national institutions throughout the twentieth century. Her approach contributes to the sociology of professions and gives special attention to the internationalization process after 1945, the *Americanization* of the discipline.³⁴

As important as this is, my dissertation will not be primarily engaged with this kind of sociology since my take will be centered on the discursive strategies to build the scientific armor of economics. The discursive approach is not just one among many other possible approaches. It is set by the nature of modern economics, which dealt with the most basic challenge a discipline may face: building consensus and embracing new concepts in a changing, globalizing world.

³³ Paul Feyerabend, *Science in a Free Society* (London: Verso, 1978), 116.

³⁴ Fourcade, *Economists and Societies*.

When it comes to Latin America, many historians who had worked with quantitative-oriented approaches in the 1970s moved to the subfield of historical political economy, which places policy making in the macroeconomic context. Scholars like Pablo Gerchunoff and Lucas Llach have done a valuable job in this regard.³⁵ Yet, these works uncritically assume the intellectual contexts in which experts were involved. I believe it is necessary to analyze the academic-scientific realm which was interlocked with public education and the public sphere. This approach also takes distance from pure intellectual history, something along the lines of “who read who” and how accurate their interpretations were.

Historian Theodore Porter laments that the history of economics has been dominated by the review-essay-style, which “surveys a field and assign credit, usually on the assumption that knowledge is steadily progressing.”³⁶ I believe this genre needs the historian’s approach to overcome these kind of shortcomings and this is why I felt compelled to work on topics close to the history of economics.

Some economists acknowledge that thinking of economics as one of the hard sciences makes them look like a sort of clergy: “In the old days, they refused to translate the Bible, so unless you knew Latin you couldn’t read it. Today, unless you are good at maths [sic] and statistics, you cannot penetrate the economic literature.”³⁷ This is precisely what this work is about: the apologetic nature of

³⁵ Pablo Gerchunoff and Lucas Llach, *El ciclo de la ilusión y el desencanto un siglo de políticas económicas argentinas* (Buenos Aires: Ariel, 2003 [1998]).

³⁶ T.M. Porter, “Comment on Schabas,” *History of Political Economy* 24 (1): 235.

³⁷ David Pilling, “Lunch with the FT: Ha-Joon Chang,” *Financial Times*, November 29 2013. URL: <http://www.ft.com/cms/s/2/27a2027e-5698-11e3-8cca-00144feabdco.html#ixzz2mF4GDowp> Accessed on November 2013.

economics, both as the defense of a particular *savoir* and a form of persuasion that it needs treatment from an historical perspective.

I think it is important to distinguish the history of economics from the history of economic thought. While the latter deals with classic topics like the debate between protectionism versus free trade, the former has other goals. One of the symptoms that shows the history of economic thought as a non-historian-friendly discipline is the blurred distinction between primary and secondary sources. This ahistorical framework is a consequence of ahistorical analysis and long term comparisons of quite heterogeneous contexts but equally celebrated figures. Personal experiences and expectations affected authorship, and it would be necessary to rescue theory meaning “observation,” that is, enabling the possibility of stretching towards abstraction over time but to a limited extent.

As Alessandro Roncaglia puts it,

Historians following a cumulative view, conceiving the development of economics as the progressive improvement of internal consistency and generalization of the theory, are led to concentrate attention on the way in which each author tackles the problems that previous authors had left open. Often this favours reconstructions of the history of economic thought that not only limit historical references to a few hints collateral to the main line of reasoning, but also exclude more or less completely from treatment the links between economic, philosophical or politico-social thought.³⁸

³⁸ Alessandro Roncaglia, “Why Should Economists Study the History of Economic Thought?” *The European Journal of the History of Economic Thought* 3:2 (Summer 1996): 303.

Current scholarship is working on the uses of theory as a literary technology for ordering knowledge and society in the Southern Hemisphere. The degree of interrelations they have found between new ideas and policy decisions is almost chaotic.³⁹ These kinds of inquiries are also coming from the field of science, technology and society (STS), which has been working with non-mainstream theories, geographies, and case studies for quite some time now. Since most STS scholars agree on science as a social activity, there is room for the interaction between humanists and scientists. One example of this is the conditions in which innovation takes places; some scholars believe that science is inherently conservative and “break-throughs occur despite scientists, not because of them: they occur when reality refuses to mold itself any longer to current theories.”⁴⁰

This dissertation will not deal directly with areas such as accounting, actuarial activities, banking, and monetary regimes unless they got involved in the operations aforementioned. The relationship between economists and the state, both in term of recruiting and counseling, also appears indirectly. Again, the focus is on the intellectual debate around the new science. These exchanges were rooted in their historical environments and often generational frictions and battles of egos got in the way of the pretended scientific *objectivity* and the pursuit of *truth*.

The study of circulation of ideas and collective enterprises does not need to focus on the celebrities of the discipline under consideration. In the last few

³⁹ Cfr. Session #6 on the Annual Meeting of the Society for the Social Studies of Science (4S), Buenos Aires, 2014. URL: http://www.4sonline.org/open_sessions (Accessed May 30, 2014).

⁴⁰ Henry H. Bauer, “Barriers against Interdisciplinarity: Implications for Studies of Science, Technology, and Society (STS),” *Science, Technology, & Human Values* vol. 15, no. 1 (Winter, 1990): 117.

decades, new approaches in economics have attempted to include the uncertainties of the human condition (i.e., behavioral economics, the economics of happiness) and to accomplish that they turned to what other disciplines –like psychology– have to say.

When assessing the archival material, I have focused on how the authors reached their readership to persuade them or how they managed to build an iconography that would provoked enthusiasm in their audience. But in terms of thinking the profession's past, economists see an evolution of the expertise inherent to the discipline itself and not in terms of “political and social relationships, involving power and status.”⁴¹

Most of the primary sources employed in this work come from the collection that UBA holds in its several archival locations. The main archive that I have researched is the one at the FES, where the local journal of economics was produced. This journal (the RCE) represents a rich source in terms of the diversity of themes and authors that intervened in it over the first decades when the institution was taking off. The Ministry of Economy holds the journals printed by universities outside the Buenos Aires metropolitan area, something that facilitated the task of looking into other experiences and establishing a comparison.

Historical investigation also included the reading of various secondary literature, such as reference works and historical accounts of the institutions studied here such as the Central Bank. The bank has two main libraries: the

⁴¹ Michael A. Bernstein, *A Perilous Progress: Economists and the Public Purpose in Twentieth-century America* (Princeton: Princeton University Press, 2001), 192.

Tornquist Library and the Raúl Prebisch Library, with important collections such as the *Revista de Economía Argentina* that was founded by Alejandro Bunge in 1918. Bunge is a figure that has been revisited by the Argentine historiography in the last few years.⁴²

Finally, I took advantage of the digitized sources such as the Prebisch's collection, microfilmed in 2004, which contains personal and family correspondence from 1920 onwards and several press clippings from the interwar period. The secondary literature on Prebisch is substantially focused on the post-1949 period, so having this archive and the printed papers of his youth was particularly helpful for the sake of this research.

Chapter Outline

Let's turn to the main topics and arguments that appear throughout this work. The first chapter presents the broad issues of the dissertation from a historical perspective, mainly the rise of the social sciences and their influence in Latin America. It provides context from the late nineteenth century that would help understand the building of a transnational community of scholars in the Western Hemisphere. It also offers a brief account of the foundation of national schools of economics in Latin American main countries.

⁴² See, for instance, Hernán González Bollo, *La teodicea estadística de Alejandro E. Bunge (1880-1943)* (Buenos Aires: Imago Mundi-UCA, 2012).

The second chapter deals with the creation of the Faculty of Economics in 1913 up to its consolidation within UBA in the late 1920s. I provide some statistics that show the relative size of the FES in terms of students and resources. Trying to differentiate itself from Law School, the FES implemented the seminar mode, where students were more active than in regular lectures. Still, many of the first professors were lawyers. I also examine the numerous debates around the study plan and the incorporation of areas of study like eugenics and biometrics. It also presents the first mathematization and quantification impulses within the discipline, especially in Chapter 3. Lastly, it deals with influential personalities that set the tone for a debate that reached the national level in the late 1930s as discussed in Chapter 4.

The Faculty of Economics turned out to be the key place where national figures emerged in the late 1920s. But the ideas that were under debate came from outside the country as well. This is why the third chapter, “Looking abroad and prestige devices,” has to do with those non-material elements that contributed to the new professional identity of economists. Having a language of their own was the main feature that economists were looking for. At the beginning of the twentieth century, the main intellectual influences came from France, Italy and, to a lesser degree, Spain. This phenomenon was visible not only with the acquisition of new bibliographical material from those countries but with the academic exchange of faculty. Some foreign professors received a great deal of attention by the local community and they even stayed and worked in Buenos Aires.

Finally, I explore the everyday life of this school. I analyze the evolution of the *liturgical* practices over time: from class inaugurations and graduations to memorials. Their significance rested on the sense of belonging to the scholarly world, as well as an inspiration for the newer generations. The last section presents some of the main figures and events in other faculties of economics outside the metropolitan area of Buenos Aires. They were also important in shaping the apologetic nature of the discipline.

The fourth chapter examines the conflict between the applied-professional approach and the theoretically-driven one when discussing the graduate profile. The key representative of the first approach was Alejandro Bunge (1880-1943), an icon of promoting protectionism in Argentina that influenced in the young Prebisch. Then I present the scientific approach to the national circumstances taken in the 1930s, from the development of statistics to banking studies conducted by the *Instituto de Economía Bancaria* at the FES and the office of economic research at the *Banco Nación* led by Raúl Prebisch. The second approach was often identified with the learning vice known as *enciclopedismo*, characterized by the attempt to study as many areas of knowledge as possible.

During the 1930s, there was a change of paradigms in economic theory after the experience of the Great Depression. In Latin America, export-oriented economies were severely hit by the international crisis. I also assess two controversial milestones of economic policy: the Roca-Runciman treaty of 1933 and the debate over meat exports as well as the creation of the Central Bank in 1935. In both episodes, the leading figures were Federico Pinedo and Raúl

Prebisch, the former as minister of economy and the second as subsecretary of finance and then manager of the Central Bank.

The idea of state intervention in the economy was not new, but after so many decades of the gold standard (adopted in 1899), the regulation of currency was left to the automatic forces of the market. This is why when Pinedo and Prebisch put together a group of experts (the *trust de los cerebros*), recruiting graduate from the FES, this was a relevant milestone for state policy. In 1943, however, they were forced to abandon the public scene after the coup d'état left a legacy in institutional terms at the technocratic state level. This experience, though it was abruptly interrupted, represents an inflection point for the development of the economist as a new professional actor at the national scene. The chapter ends with a brief analysis of universities under the Peronist regime.

In the fifth and final chapter the dissertation deals with economists' discourse as a contribution to greater causes: on one hand, the *Patria* or the Catholic social ideals; on the other hand, in the name of science, and the relations with other sciences as well. Many Argentine economists tried to blend Catholic doctrine and the academic world. It is possible to argue that economics operates within the domain of moral philosophy because it has a set of boundaries even if it acknowledges it or not. Seeking prestige and objectivity, many economists turned to the methods of the "hard" sciences or the language of mechanics to elaborate metaphors referring to the functions performed by markets.

As a single process, the birth of modern economic science admits several lines of research: inquiry into the literature and the consecrated authors, plus their

ideological impact; the interaction between the national state building and the demand for bureaucratic expertise, and a more detached approach (even all these three can be oblivious of the actual historical context), close to epistemology, centered on the scientific/not scientific status within ever changing intellectual climates. Overall, as a historian, I do not believe in a single disciplinary apparatus when reading the primary material because that would narrow what we can take out of it.

This work, then, attempts a combination of all these three lines of research, with the exception of not focusing only on celebrated authors or authorities in the matter (in the Argentinean case, Bunge, Pinedo and Prebisch) and adding an institutional take on economics, with the focus on Buenos Aires but also covering other important urban centers. Hopefully, this dissertation will help us understand more about the complex interdependency between the academic world, civil society, the state and the banking sector.

Alongside, I also intent to present a philosophical stand: truth and apology are like two sides of a coin. Academic communities assert themselves by stating the pursuit of truth (*Veritas*, proclaimed by the Harvard University shield) as the ultimate goal. At the same time, since the advancement of knowledge may not occur over time, they seek to sustain at least the permanent intention to achieve it, and they do so with a set of apologetic operations. The inclusion of this kind of elements to the narrative make it closer to the cultural history field.

Writing is an art and so is history; I believe professional historians are no exception to other disciplines when working with logical mechanisms aimed to

convince their readerships. As the defining and perhaps most powerful attribute of the human condition, language has evolved in such a way that writing history involves translating the past into our mindsets without imposing our own categories. This is, at least, one way to do it. I believe in language as a set of both logical and aesthetic devices that enrich our understanding with different tones, tunes, connotations and shades.

Chapter 1

Economics in the Search of Meaning as a Social Science

*Laws of mathematics and exact sciences... do not «contain» reality;
they often only provide a representation that for the more
evolved brains would not be so precise or absolute as we see it.
...We could say that in the economic and social field
all laws are arbitrary, conventional.”¹*

This first chapter presents the broad themes of my dissertation from a historical perspective. These include tracing the development of economics as a new science from a long term perspective, the interdependence of highly educated individuals and state policy, and a brief chronology of faculties of economics in a selection of Latin American countries. This chapter thus provides the bigger picture context by addressing the big challenge that new professionals faced: searching for meaning and legitimizing their activities both within academia and in the public sphere. The first section reviews the rise of the social sciences at the turn of the twentieth century, while the second goes into the specificities of

¹ Ernesto J. J. Bott, “Un criterio americano para encarar los fenómenos económicos,” [I] *RCE* III, 25-26 (July-August 1915): 58-59.

economics. Then there is a brief account of the economists' influence in Latin America. The last part comments on the current state of the profession worldwide.

The main argument of this chapter is that in order to achieve widespread diffusion of their expertise, economic professionals established their foundation on a scientific discourse made up with emblems of prestige that came from European traditions. As Pierre Bourdieu has observed for France, this process took place in a similar fashion with the additional element of the *nobility* status given alongside academic credentials. These components constitutes the cultural capital that I have emphasized in the introduction and that it was as important as wealth inheritance or family networks.² These mechanisms of differentiation can be examined in the *modus operandi* of educational institutions that are meant to establish differentiation between civil society and those prepared –or even destined- to pursue a work that would benefit the whole community and is presented as a task worth pursuing, a noble one.

Social Sciences at the Turn of the Century

The United States has become the global hub of scientific research. Its economic and military hegemony in the post-Cold War era fueled the expansion of its economic doctrines as well; a process that had clear precedents.³ This was possible thanks both to the new military-industrial complex of the 1950s and the

² Pierre Bourdieu, *The State Nobility: Elite Schools in the Field of Power* (Stanford: Stanford University Press, 1996).

³ See Emily S. Rosenberg, *Financial Missionaries to the World: The Politics and Culture of Dollar Diplomacy, 1900-1930* (Durham: Duke University Press, 2003 [1999]).

demand of experts of all kinds and to the U.S. leading role in a transnationally-oriented academia. This was not built just by the hand of the state: numerous scholars in Europe received philanthropic aid through foundations like that of the Rockefellers and many of those, like the Germans, eventually migrated to the US, enriching its human capital.⁴

Along with this Americanization process, the dissemination of public and private international institutions that brought together economists from many places was a major vehicle for the claim of Western science as a universal complex. Social science research in general has shifted from universities to specialized –and more flexible– research institutes and agencies. The American Economic Association (AEA hereafter) became more internationalized over time. In 2002, almost thirty percent of its members resided outside the United States. The Econometric Society went through a similar situation with sixty percent of its members abroad.⁵

After the severe financial crisis of 2008-2009 (the most harmful of the last eighty years), economics as a discipline suffered major public discredit. However, it seems that the free-market paradigm has no real competitor that can exhibit the virtue of allocating resources and rapidly creating wealth. Open apologetic publications of liberalism like *The Economist* suggest that “economics is less a slavish creed than a prism through which to understand the world... Much of that body of knowledge has no link to the financial crisis and remains as useful as

⁴ See Christian Fleck, *A Transatlantic History of the Social Sciences: Robber Barons, the Third Reich and the Invention of Empirical Social Research* (London: Bloomsbury Academic, 2011).

⁵ Montecinos and Markoffs, *Economists in the Americas*, 313.

ever.”⁶ While there is no intention of arguing in favor or against this remark, the following chapters present historical evidence on how economics managed to thrive on the Argentine academic world thanks to its apologetic nature as a science.

As the opening quote suggests, scientific criteria is set by convention. The inquiry of social phenomena can take place in many ways, one of those being the mandate of working in such matters. This is one of the main reasons institutions proclaim to justify their existence. With that premise in mind, it is reasonable to assume the artificial character of scientific laws, not because they can be false (although they silently can be) but because studying the “filiation” of ideas is only adequate if done in tune with its historical setting. While a theoretical point of view of economic thought tries to establish the *evolution* from simple to more complex forms of thought, a historical perspective includes contradiction, arbitrariness, and even fashion trends that characterized circuits of knowledge.⁷

Political economy has its early roots in the mid-eighteenth-century Scottish enlightenment, but it was not before the end of the nineteenth-century when the newer corpus of scholarship challenged the discipline’s answers to growing concerns about lingering poverty. If we have to choose one event that aided the economics profession at that time to distinguish itself as a science, that was the so-called “marginal revolution” in the 1860s and 1870s.

William Jevons in England, Carl Menger in Austria, and Leon Walras in Switzerland shifted the focus from value (classic school) to utility and how

⁶ “What Went Wrong with Economics,” *The Economist*, July 16 2009.

⁷ Maria Cristina Marcuzzo, “Is History of Economic Thought a «Serious» Subject?,” *Erasmus Journal for Philosophy and Economics*, Volume 1, Issue 1, Autumn 2008: 107-123 (<http://ejpe.org/pdf/1-1-art-5.pdf>, accessed May 2013).

individuals decide among trade-offs. The marginal utility and productivity analysis provided an opportunity to free the discipline from “the taint of missionary zeal and political partisanship”⁸ by excluding sensitive issues as the distribution of income and wealth, and the role of economic power in society. This is why Peter Wagner holds that sociology emerged as a response to this picture of an individualistic *homo economicus* and to the rise of non-interventionist free market theory.⁹ Marginal Revolution shocked the grounds of the discipline since it advocated for an economic analysis free from normative compromises on social values. However, marginal utility theory was not ideologically neutral when some authors used it to justify an egalitarian distribution of income that would maximize general satisfaction.¹⁰

By 1900, technical improvements like ocean liners that crossed the North Atlantic in a few days facilitated the birth of a transnational community of scholars. The mass migration process and the speed of exchanges thanks to resources like the telegram brought Europe and the United States closer. The rise of the corporation system and the decline of apprenticeship in commercial activities demanded the acquisition of new skills. Industrialization usually led to a professionalizing society. Higher commercial education institutions expanded in Europe in the second half of the nineteenth century, but economics was left out of the curricula.¹¹

⁸ Coats, *The Sociology and Professionalization*, 213.

⁹ Peter Wagner, *A History and Theory of the Social Sciences: Not All that is Solid Melts into Air* (London: SAGE, 2001), 12, 43.

¹⁰ Mark Blaug, *Economic Theory in Retrospect* (Cambridge: Cambridge University Press, 1997), 286.

¹¹ See Coats, ed., *Economists in Government: An International Comparative Study* (Durham: Duke University Press, 1981); Fourcade. *Economists and Societies*; Aiko Ikeo (ed.). *Japanese Economics*

Sociologists like Talcott Parsons have argued that the capitalist economy, the rational-legal social order and modern professions were contemporary historical developments.¹² Indeed, the *academicization* of the social sciences in Anglo-American world at the end of the nineteenth century meant that the advancement of economics occurred at the university context.¹³ Indeed, during the second half of the nineteenth century, public universities and bureaucracies facilitated the expansion of the social sciences in Western Europe, North America, and Japan.¹⁴

In Great Britain, the London School of Economics and Political Sciences (founded in 1895) was devoted to the training of business elites, while neoclassical economics was taught at Oxford and Cambridge, where Alfred Marshall succeeded in founding a faculty of economics in 1902.¹⁵ The process of university restructuring caused disciplinary segregation over time. The British Economic Association (later renamed as the Royal Economic Society) was founded in 1890, curiously only a few days after the Baring financial crisis that involved the first Argentine mega-default. The Association sought to establish economics as a respected academic discipline and to encourage the publication of scholarly material on economic subjects.

and Economists since 1945 (London: Routledge, 2000). In Africa this phenomenon took place late in the 1970s.

¹² Robert Dingwall, *Essays on Professions* (Abingdon: Ashgate, 2008), 2.

¹³ Coats, *The Sociology and Professionalization of Economics* (London: Routledge, 1993), 40.

¹⁴ See Massimo M. Augello and Marco E.L. Guidi, eds., *The Spread of Political Economy and the Professionalisation of Economists: Economic Societies in Europe, America and Japan in the Nineteenth Century* (London: Routledge, 2001).

¹⁵ Maria Malatesta, *Professional Men, Professional Women: The European Professions from the Nineteenth Century until Today* (London: SAGE, 2011), 106-107.

In the United States, academic life was highly competitive and decentralized. The American Social Science Association created in 1865 embraced the notion that “the social scientist was a model citizen helping to improve the life of the community, not a professional, disinterested, disciplinary researcher.”¹⁶ However, this ideal did not last long and professional associations of economists, political scientists and sociologists were established independently. The AEA was officially inaugurated in 1885 by a group of scholars, ministers and social reformers gathered at the second meeting of the American Historical Association.

Richard T. Ely (1854-1943), one of its founders, was fervent about the inseparability of economics and ethics. Ely, an ardent postmillennialist pietist and *alma pater* of the AEA believed in God’s Kingdom on earth through rational planning, a viewpoint shared by Keynes himself. In this new order, elite economists were called to be guardians of keeping the system in motion within a free market environment. Because of this, says A. W. Coats, “religious inspiration and reformist zeal were to play a major role in the organization’s early history.”¹⁷

Ely traveled throughout the United States delivering a message of salvation through material progress, preaching what was known as “the social gospel.” Based on the Christian tradition, this gospel tried to mix religion and social reform. Ely found that the clergy were ignorant of the realities of economic life. Even worse: at that time, labor leaders criticized churches for taking the employers’ side. Since opposition to labor movement was destined to fail, it was better to establish ethical

¹⁶ Wittrock, Wagner and Wollmann, “Social Science and the Modern State”: 38.

¹⁷ Coats, *The Sociology and Professionalization*, 205.

control before violence spread.¹⁸ Thus, Ely saw the need for a new social science that called the attention of men seeking to obey Christ's love commandment.¹⁹ Over time, however, the AEA did not follow its original mandate as a social reform agency and turned into a scholarly body.

Economics in the Scientific World

In the course of the twentieth century, social scientists escaped the tutelage of philosophy and gained autonomy when they had to provide an understanding of the crises that the modernization process caused in several countries. Among those disciplines, economics emerged as an esoteric kind of knowledge that required specific techniques. However, economists had to struggle for their own autonomous space within technocratic corps of lawyers, engineers and, later on, sociologists.

To achieve that, they elaborated an apologetic discourse that provided a formal justification for a new profession both in the public sphere and the academic community with the establishment of specialized institutes for the study of economics. It is fair to say that political economy turned into economics much before the consolidation of economists as fully fledged professionals, something that did not occur before the Second World War. Up to that point, there was a

¹⁸ Benjamin G. Rader, "Richard T. Ely: Lay Spokesman for the Social Gospel," *The Journal of American History* 53, (June, 1966): 65.

¹⁹ Robert H. Nelson, *Reaching for Heaven on Earth: The Theological Meaning of Economics* (Savage: Rowman & Littlefield Publishers, 1991), 177-178.

consensus that the core of social sciences was made of economics, political science, sociology and social anthropology; psychology might be added as well.

If we conceptualized economic knowledge as a *commodity* elaborated within transnational networks of scholars, it is fair to say that the 1880-1930 period was the first modern global economy not only in terms of capital, labor mobilization and technological improvements but also new conceptualizations of ideas. Mainstream economists turned to mathematics looking for an alternative language to express the new discipline's principles.

Economics went from a verbal tradition to an engineering science and turned into the most quantitative and tool-based within the social sciences.²⁰ Biology had gone through a similar process as economics but a century earlier (1750-1850).²¹ Those who took an empiricist approach vilified other methods of social sciences as “armchair research.” By the end of the nineteenth century, economics did not need the legal apparatus any more in Western countries; on the contrary, legal codes were blind to empirics. Even if grounded on day-to-day experience, the works produced by economists followed a different elaboration process.

Increasingly, debates were enriched and intertwined with social demands. Discussing political economy in the early twentieth century also mean dealing with a combination of heterogeneous topics such as banking, accounting, commercial law, statistics, and even psychology and advertising. Economics built its autonomy

²⁰ Mary S. Morgan, “Economics,” in *The Cambridge History of Science*: 275-277.

²¹ After the discovery of the cell, biology crystallized as a rigorous discipline.

as a science thanks to its resemblance to other fields of knowledge –physics, medicine and biology to a lesser extent.

This dissertation shows that in seeking prestige and objectivity, many economists turned to the methods of the hard sciences. Indeed, the language of mechanics served as a metaphor for functions performed by markets in other countries. The elaboration of an apologetic discourse and ceremonial practices took place within the university; however, both of these self-legitimizing elements appeared before economics proved it had a say in policy making, that is, after the Great Depression. In Australia, for example, there were only five full professors of economics in 1930, while the public service only hired persons under twenty years of age. Therefore, economists could not flourish in government at that point.²²

As Joseph Schumpeter remarked, professionals usually become a sociological group and share similar scientific views for reasons outside the professional sphere.²³ Unlike other professions, the modern economist was born without “strict controls on entry, formal codes of ethics, or effective methods for disciplining” them.²⁴ This is why their defining attributes, besides the university degree, were not tangible: respectability, perception of authority, and social esteem. This dissertation will touch on each of these elements.

I believe we need a broader historical approach and a broader approach that places economics within the elaboration and reception of scientific discourses. One way to set the tone for this work is bring in the “human conversation,” that is, the

²² A. Petridis, “Australia: Economists in a Federal System,” in *Economists in Government*, 67.

²³ Joseph A. Schumpeter, *History of Economic Analysis*, ed. Elizabeth Boody Schumpeter (New York: Oxford University Press, 1994), 47.

²⁴ Coats, *Economists in Government*, 11.

academic debate that began in the 1980s about the role of rhetorical devices in the everyday life of economists. I refer to rhetoric in the Aristotelian sense, meaning uncoerced persuasion used both in verbal and mathematical work. As Deidre McCloskey argues, any speech that has designs on the reader is a word craft exercised by scientists, poets or preachers in a similar fashion.²⁵

Following Aristotle, defining something requires establishing the nearest genus (*genus proximus*) and the specific difference (*differentia specifica*). The historical evolution of economics did not occur in this logical order; but instead a set of attributes that unambiguously distinguished economics (like mathematical methods, or the *differentia*) were established before the other disciplines of the same *genus* (sociology, statistics, and advertising). The development of the definition went strategically from a narrower to a wider focus, that is, first economics was differentiated and, once successfully established in the 1950s, it allowed itself to look around the *genus*.

Searching for Meaning in Latin America

The long history of university development is one important difference between Latin America and other regions. Most of its universities follow the continental European tradition, in which economic subjects emphasize the study of the economy as a whole, instead of the more analytical approach of neoclassical economics. The readings early national period were centered on historical and

²⁵ McCloskey, *Knowledge and Persuasion in Economics*, xiv, 28.

doctrinaire writings and the teaching was very descriptive, not oriented for problem solving and policy purposes.²⁶

In Brazil, the influential French model around the *Ecole polytechnique* during the nineteenth century was based on a mixed training in mathematics and physics and courses were designed towards a professional degree. Professors of sociology, anthropology, and political science ended up in the teachers' colleges, usually a second or third choice for students looking for the more prestigious professions. This fact may explain why social scientists tried to reach the outside world by social reform initiatives. They even chose political partisanship over scholarship because the ultimate goal was to prepare "Cartesians minds, ready to build bridges, run armies, and rule the economy."²⁷

In the Western intellectual climate at that time, disorder was considered a social illness that demanded intellectuals, physicians and bureaucrats to work in tandem to ensure the success of the "civilizing process." Thanks to the advances in communication and transportation, "scientists could speak of an *international* community, at least in the new liberal states."²⁸ For many Latin American countries, including Brazil and Argentina, the first modern professions embodied the projects of scientific social reform.

According to Verónica Montecinos and John Markoff, Latin American states had "strong traditions of conceiving of government in a managerial role, as

²⁶ Eduardo Venezian, "The Economic Sciences in Latin America," in *Social Sciences and Public Policy in the Developing World*, ed. L. Stifel, R. Davidson and J. Coleman (Lexington: Lexington Books, 1982), 190-191.

²⁷ Simon Schwartzman, "Changing Roles of New Knowledge: Research Institutions and Societal Transformations in Brazil," in *Social Sciences and Modern States*, 235.

²⁸ Julia Rodríguez. *Civilizing Argentina: Science, Medicine, and the Modern State* (Chapel Hill: University of North Carolina Press, 2006), 28, 31.

an active shaper of social relations and morality, that long preceded the twentieth-century significance of the economist profession.”²⁹ State modernizers were less concerned with economic theory than with the skills of government personnel that would elaborate accurate data that would facilitate the design of new legislation.³⁰ Having a criteria of their own, impervious to political junctures, was vital so decisions could be presented as having sound economic justifications.³¹

Indeed, the evolution of the social sciences was interrelated to the transformation of the state.³² A good part of this process had to do with pressures imposed on economic policy to manage scarce resources. Ironically, in the United States economists have praised the market system even though they have been “the creatures of a history powerfully and dramatically configured by statism itself.”³³

Technological innovations like refrigeration allowed the southern hemisphere (like Australia and New Zealand) to provide cooled meat to an industrializing and urbanizing Europe. In 1877, the steamers *Le Frigorifique* and *Paraguay* carried frozen mutton from Argentina to France exemplify this development. Thus, in the following decades, the region was experiencing high growth rates thanks to its integration to the international market, mainly as a provider of primary goods.

Trade was not the only sector that was revolutionized by new means of transportation. The gold standard was part of the international finance system

²⁹ Montecinos and Markoff, “Economic Ideas to the Power of Economists,” 119.

³⁰ Montecinos and Markoff, *Economists in the Americas*, 27.

³¹ Markoff y Montecinos, “El irresistible ascenso de los economistas,” *Desarrollo Económico. Revista de Ciencias Sociales* 34, 133 (April-June 1994): 15.

³² Wagner, *A History and Theory*, 20.

³³ Bernstein, *A Perilous Progress*, 4.

built and sustained by the main powers from 1875 to 1944 and leaded by the Bank of England. It achieved the movement of money around the world without any real impediment. Despite being an instrument for the technical management of paper currency and the settlement of balance of payments, the gold standard fueled political debates and social conflicts aroused from its adoption. In the United States, strong opposition emerged from the agrarian sectors when farm prices dropped more than productivity. In the urban scenario, stronger trade unions would not tolerate the downward price and wage mechanisms that were implied in the adjustments necessary to keep the fixed exchange rate.

During this period, the world economy experienced economic growth thanks to high levels of international mobility of labor and capital. After the gold standard regime was hit by the First World War, national states demanded monetary expertise to handle their currencies and, if possible, stabilize their value over time. By the 1910s, highly respected intellectuals like the socialist Juan B. Justo realized the link between free trade and the workers' cost of living.

Latin American countries created economics faculties during the early decades of the twentieth century to address these new challenges. The Catholic University in Chile added a school of trade and economic sciences in 1924. During the first two decades, most courses focused on commerce and accounting and its entire faculty was part-time. The School of Commerce and Economics at the University of Chile opened its doors in 1935. By the end of the 1940s, the separation of law and economics was clearly established and economists (called commercial engineers) turned into a well-remunerated profession in the academy and the

state. This occurred even before it was formally recognized as an autonomous discipline.³⁴

The National School of Economics in Mexico started in 1929 as a division of the School of Law and Social Sciences at the National Autonomous University of Mexico (UNAM). It offered the first economics program in the country and the first graduates of this school got their first jobs at the government level. However, technicians did not fill the needs of the business sector. This was in part because, unlike the United States, Mexico did not have a tradition of financial advising nor a fully-fledged banking system until the 1940s.

This was also due to the relatively low number of graduates (174 between 1929 and 1952) and the fact that the north of the country was overrepresented both in the distribution of students and professors.³⁵ The major contribution of higher education was to provide a space of socialization and recruitment of Mexican political leaders. The economics program remained a division of the School of Law until 1935 –as it did in Uruguay. The first private economics program was founded in 1946 at the Technological Institute of Mexico.

The National School of Economic Sciences at the University of Brazil in Rio de Janeiro was established in 1945 –the same year as in Colombia. The debate between monetarists (followers of Milton Friedman) and structuralists (who believed in John M. Keynes' theories) marked Brazilian intellectual life from the 1950s on and helped to make economics the social science of choice over sociology

³⁴ Montecinos, "Economics: The Chilean story," in Montecinos and Markoff (eds.) *Economists in the Americas* (Cheltenham: Edward Elgar, 2009): 156-157, 165-166.

³⁵ Roderic Camp, "The National School of Economics and Public Life in Mexico," *Latin American Research Review* Volume 10, Issue 3 (October 1975): 137, 142.

or political science.³⁶ The participation of economists in government increased sharply with the establishment of a military regime in 1964.³⁷ In Uruguay and Peru, economics was not clearly differentiated from accounting before the 1960s.

It was Buenos Aires where the *first* university-level economics school was created in 1913. The intellectual climate of the city was extremely rich in this regard, in particular because of its receptiveness to foreign influences, mainly from Western Europe and the United States. The impact of events like the First World War and the Great Depression challenged local economists to reshape their scientific assumptions and their diagnosis.

Argentine intellectuals were very disappointed with the outbreak of the First World War, which they saw as a decay of *civilization*. Increasingly, they came to realize the new role that the United States was about to have in the region. This caused a reorientation of their approach that went from admiration (as a new American nation born out of a republican and federal pact) to a more cautious attitude because of its interference in the Caribbean. The neutrality of the Argentine government during world wars (especially during world war two) displeased the United States.

After the First World War, economic distress affected the urban populations causing an increase in labor strikes, with some violent episodes like *La Semana Trágica* (The Tragic Week) in 1919.³⁸ In fact, during the 1920s, the *Revista de Ciencias Económicas* published by the FCE devoted a special edition to *la cuestión*

³⁶ Schwartzman, "Changing Roles of New Knowledge": 253.

³⁷ Maria R. Loureiro, "Economists in the Brazilian Government: From Developmentalist State to Neoliberal Policies," in Montecinos and Markoff. *Economists in the Americas*, 114.

³⁸ See Joel Horowitz, *Argentina's Radical Party and Popular Mobilization, 1916-1930* (Pennsylvania: Pennsylvania State University Press, 2008), Chapter 5.

social (the “social question” or *die soziale Frage*), understood as something new that the intellectual community needed to address. Economists sought to rationalize their discipline as an attempt to guide social and political forces towards new ends. The disruptions brought on by modernization in the world led to state efforts to use social sciences to try and control what were perceived as chaotic forces.

This was true in the neighboring countries as well, especially in those that suffered the unstable conditions after the war and the collapse of commodity prices. Not only did Latin American countries fail to adjust the external sector to the new conditions in the 1920s, but their dependence on primary exports even increased.³⁹ In this context, states demanded new expertise to deal with the new challenge of dealing with complex financial matters such as fiscal reforms.⁴⁰ From the 1930s on, the professional identity of economists was on a secure path towards a wide recognition of their skills. The Great Depression redefined fiscal policy almost in every Western country and they demanded new expertise to elaborate a sound design.

The United States turned into the world’s greatest creditor after the First World War, something that represented a long lasting advantage. The need for macroeconomic management was unquestioned after the Great Depression, especially in terms of lowering the unemployment rate. Keynes’ influence deviated the attention from the business cycle to this other major concern for governments,

³⁹ Leslie Bethell, “The Latin American Economies, 1929-1939,” in *Latin America Economy and Society since 1930*, ed. Bethell (Cambridge: Cambridge University Press, 1998), 71.

⁴⁰ José Antonio Sánchez Román, *Taxation and Society in Twentieth-Century Argentina* (New York: Palgrave Macmillan, 2012), 62.

especially those that had broaden the electoral base. In this context, objectives were clearly defined, hence the need for more efficient resource allocation.

Meanwhile, the local expertise on economic matters was gaining new positions. The Congreso Americano de Ciencias Sociales (American Congress of Social Sciences) was held in Tucumán in 1916. On that occasion, Professor Broggi advocated the need that South American states devote their resources to the elaboration of comprehensive statistics. He mentioned the Chicago Board of Trade as an example of an institution conducting onerous research not undertaken for the sake of science (understood as non-applied knowledge) but because of the commercial value of the data obtained.⁴¹

Professor Acerboni held a completely different view: even though North American countries had been conducting a census every decade since 1790 and this was one of the practices that qualified them as “civilized,” for Acerboni statistics were much more than an instrument for national states. Instead, statistics were part of the scientific method and as such could be applied to a wide array of circumstances outside social matters.⁴² However, he also recognized that, as with every analytic tool, statistics had limitations. The fact that it was based on mathematics did not make it less prone to flaws than any other instrument of observation.⁴³ These were considerations that the economist, who received the work of the statistician, should take into account when interpreting the results provided.

⁴¹ Hugo Broggi, “Importancia de los estudios estadísticos,” in *Memoria del Congreso Americano de Ciencias Sociales* (Buenos Aires: José Trabant, 1917), 952.

⁴² Argentino V. Acerboni, “El concepto moderno de la estadística,” *RCE* XVIII, 105 (April 1930): 318-319.

⁴³ Acerboni, “Algunas limitaciones,” 252.

During the first national congress of statistics that met in Córdoba city in 1925, Raúl Prebisch advised the Minister of Finance to acquire tabulating machines, for cost reduction and efficiency. This was after his visit to the Bureau of Customs Statistics in New York. The request was denied, the same as when the US government offered to sell to Argentina at cost three Hollerith machines for data processing data a few years earlier. The US Secretary of Commerce had over a hundred machines, counting both semiautomatic and automatic ones.⁴⁴

This kind of machines were part of the increasing importance that government gave to collecting data. The defining emphasis on statistics that actuaries received at FES was definitely not appealing to students when deciding which university career to take. Between 1930 and 1953, only thirty-five students (including one woman) graduated as actuaries.⁴⁵ However, this was enough to accomplish some international ventures like González Galé presenting a report prepared by one of the FCE's seminar on mortality rates in Buenos Aires to the International Institute of Statistics at its meeting in Cairo in 1928.⁴⁶ Ten years after this, the Argentine Society of Statistics emerged with its own journal, although it remained attached to another educational institution –the *Museo Social Argentino*.⁴⁷

The pace of the economic cycle was not only determine but natural phenomena (i.e., a mineral discovery) alone. The rise of financial capitalism

⁴⁴ *Reports of the Department of Commerce (1920). Report of the Secretary of Commerce and Reports of Bureaus* (Washington: Government Printing Office, 1921), 58.

⁴⁵ *70º aniversario de la Facultad de Ciencias Económicas de la Universidad de Buenos Aires* (Buenos Aires: Eudeba, 1983), 127.

⁴⁶ José González Galé, “La XVIIº sesión del Instituto Internacional de Estadística (Conclus.),” *RCE* XVI, 85 (August 1928): 2282.

⁴⁷ “Sociedad Argentina de Estadística,” *RCE* XXVI, 201 (April 1938): 345.

introduced the variable of expectations and this demanded innovation from policy-makers. This, added to the lasting impact to the World War and the Great Depression, convinced many of the acute need of a discipline such as political economy to articulate conflicting economic interests. Political economy was no longer taught from a legalistic or bureaucratic approach as it used to be, a mere appendix of Administrative and Trade Law.⁴⁸

Most scholars considered that the Depression must not be allowed to run its course. In the international arena, even though there was no consensus on the virtues of Keynesian economics, at least there was agreement on the fact that the United States, the country where the crisis originated, was no longer the paradigm of perfect competition and a minimum state conceived by classical theory. Instead, later on, the New Deal brought a sort of welfare state already in place in European countries.

Because of its own nature, law has relied on advocacy techniques and this allowed lawyers to extend their skills (or armamentarium) to legal-related situations that are at the core of public interest: consumer problems, welfare rights and environmental protection. During the twentieth century, it is fair to say that economists have stepped into these debates, especially the first two.⁴⁹ The increasing role of economists over lawyers, first in the implementation and then in the formulation of economic policy, was a phenomenon not exclusive to Argentina

⁴⁸ Lucio M. Moreno Quintana, "La enseñanza de la Política Económica," RCE XXVI, 207 (October 1938): 963.

⁴⁹ George H. Weber, "Introduction: Social Science Perspectives on Advocacy," in *Social Scientists as Advocates. Views from the Applied Disciplines*, ed. G. H. Weber and G. J. McCall (Beverly Hills, CA: Sage Publications, 1978), 8-9. This work includes study cases of social workers, public interest lawyers, community psychologists, urban planners, anthropologists and sociologists.

but all of Latin America. After the Second World War it is possible to observe a general move from the “gentlemen politicians of the law” to the groups of economists known as “technopols.”⁵⁰

Up to the 1940s, economics studies were conducted by historians, lawyers, public officials or even politicians themselves. Any self-taught person with access to classical European texts could write a piece on trade or finance. Indeed, many of the hot topics studied in the FES were directly influenced by the European and, to a lesser extent, the Latin American context.

Argentine economists did not simply apply ideas from the North Atlantic academic community but they adapted them. For instance, American economist Irving Fisher’s influence on Alejandro Bunge was limited to the elaboration of index numbers as a measuring technique (more in Chapter 3). But he could not rely on Fisher’s proposal to stabilize the value of currency since it involved an actor like the Federal Reserve that Argentina did not have until 1935 with the creation of the Central Bank. Also, since the country did not issue a currency that was internationally valued as the dollar or the sterling, sometimes it had to regulate import permissions in order to keep enough foreign currency as reserves.

In the 1950s, the attempts to elaborate a Latin American economics as an autochthonous discipline dealing with the challenges of local societies were displaced with the rise the Chicago school of monetarism around the figure of Milton Friedman in the 1960s. According to this belief, governments should focus on maintaining price stability at any cost by keeping money supply under strict

⁵⁰ Yves Dezalay and Garth Bryant, *The Internationalization of Palace Wars: Lawyers, Economists and the Transformation of Latin-American States* (Chicago: University of Chicago Press, 2010), 30.

control and predictability. This type of hard money policy had dominated monetary thinking in the late nineteenth century, especially during the gold standard era. The high fluctuations of price levels and a more cooperative trade context brought these ideas back into fashion.

During the 1960s and 1970s, big foundations (like Ford and Rockefeller) were key in upgrading economics as a profession. The Alliance for Progress did its part too when requiring national planning offices equipped with professional economists as a prerequisite to the receipt of economic aid. The new combination of high inflation and high unemployment (stagflation) after the 1970s oil crisis discredited the Phillips curve (which predicted that those two variables could not move simultaneously in the same direction), and aided the revival of Friedman's creed. During the Washington Consensus of the 1980s, economists were highly influential in policy making. As Montecinos and Markoff put it, "while the crisis of the 1930s reshaped economics, the economics profession reshaped the crisis of the 1980s."⁵¹

Economists have had a visibility and have influenced public policies in Latin America as in no other region of the world in the last fifty years. Economic expertise has been crucial to legitimize controversial decisions; one such example is the free market policies supported by Milton Friedman and the influence he had on the so called "Chicago boys" (most were trained at the University of Chicago where Friedman taught) during Augusto Pinochet's authoritarian regime in Chile

⁵¹ Montecinos and Markoff, "Economic Ideas to the Power," 106.

(1974-1990). Notwithstanding the end of democracy, the international conservative press celebrated the economic transformation carried out in Chile.

The application of orthodox rules (liberalization of trade, pure market price system and privatization of state companies) to a developing country was a novelty endorsed by the International Monetary Fund (IMF) and commercial banks. No matter how accurate or not these prescriptions were, economists increasingly fueled the diffusion of economic concepts in the broad audiences, to the degree of nurturing a new common sense, which featured concepts such as comparative advantage, devaluation, inflation and real wages, among others. But the most perilous side of this phenomenon was the “limitless faith in economic science... a science to be found mostly in their textbooks.”⁵²

The 1980s were known as the *década perdida* (lost decade) for Latin America, in a context of high external debt that proved unmanageable. This led to tensions between technocratic procedures and democracy. As Miguel A. Centeno puts it, a technocratic mentality can be the most antidemocratic and excluding doctrine of government since it is self-legitimized and it offers unquestionable solutions.⁵³ World-class economists’ influence was growing vis-à-vis businessmen and multilateral organizations in extremely different contexts. In the Middle East, for instance, projects of economic reforms were “a work of theory and violence,” projects designed by the dominant economic discourse.⁵⁴

⁵² Juan Gabriel Valdes, *Pinochet’s Economists: The Chicago School in Chile* (Cambridge: Cambridge University Press, 1995), 2. See also Patricio Silva, *In the Name of Reason: Technocrats and Politics in Chile* (Pennsylvania: Pennsylvania State University Press, 2008), Chapter 5.

⁵³ Miguel Angel Centeno, “Redefiniendo la tecnocracia,” *Desarrollo Económico. Revista de Ciencias Sociales* 37, 146 (July-September 1997): 232.

⁵⁴ Timothy Mitchell, *Rule of Experts: Egypt, Techno-politics, Modernity* (Berkeley: University of California Press, 2002), 301.

In the 1990s, the consensus around neoliberalism spread in most Latin American countries with the IMF as the key agent of the United States' control over the region.⁵⁵ Argentine government embraced IMF recipes almost uncritically for the whole decade, which proved catastrophic and led to the 2001 crisis –the worst crisis since the Great Depression. In retrospective, this case aroused the interest of the Greek media in 2008-2009 as a useful counterpoint to understand their experience during the “Great Depression,” as it has been called.⁵⁶

The current transnational character of the profession and the belief of the existence of a *homo economicus* beneath social and cultural circumstances make this observation even more pertinent. Successful professionals are not purely rational and systematic executors for the greater good of the community. They are agents in the process of asserted meaning and policies; involved in pursuing of formulated or implicit collective goals.

As historian Bob Coats suggests, economics emerged at the vanguard of social sciences “mainly because it was based on a well-developed corpus of theoretical knowledge.”⁵⁷ Paradoxically, the principal merits of this science has been providing the means to solve quantitative-based social challenges. How to measure qualitative issues? Who legitimizes collective goals? This is where the apologetic nature comes in, because advocating and advancing a righteous cause

⁵⁵ See Claudia Kedar, *The International Monetary Fund and Latin America: The Argentine Puzzle in Context* (Philadelphia: Temple University Press, 2012).

⁵⁶ Niall Ferguson, “The Great Depression in Germany,” blog entry June 9 2009, <http://www.niallferguson.com/blog/the-great-repression-in-germany> Accessed September 30 2014.

⁵⁷ Coats, *The Sociology and Professionalization*, 396.

demands the acceptance of that cause as a contribution to society. I will elaborate on this idea in Chapter 5.

There is a substantial difference between consistent mathematical models and consistent policies oriented toward collective welfare. This gap between the feasible and the desirable allows Robert Nelson to introduce his thesis and identify a common ground between two fields that were apparently running in parallel. Nelson attempted to show that the popular notion that modernization has overthrown religion is mistaken. If during the twentieth century social engineering has become a civic religion, economics is its theology.⁵⁸

While this kind of approach may seem unusual or unorthodox for mainstream historiography, new lines of research are opening their way with bold statements that are philosophical in their core: the use of fictions and the question on their use in normative discourses.⁵⁹ When discussing economics in the eighteenth and nineteenth century, scholars usually distinguish between the science of political economy and the art of economic governance. The contrast is set between the scientific (or the positive) and the political (or the normative). During the twentieth century, these two sides incorporated the use of complex quantitative techniques provided by mathematics, statistics and modeling.

Heavy users of these methods were common outside the social sciences as well: biometricians worked with regression and correlation. Econometricians, in

⁵⁸ Nelson, *Reaching for Heaven on Earth*, xiv.

⁵⁹ See the upcoming event *Journées d'étude de l'Association Charles Gide* (Paris, 2015). More information at <http://www.charlesgide.fr/journees-gide>

turn, adopted biometric tools.⁶⁰ This transformation became fully visible in the 1950s, when Western governments sought expert macroeconomic management.

Groups of highly educated individuals presented themselves as scientists thanks to the (re)elaboration of a new language that set the boundaries of being an expert. They behaved as apologists in their ways to celebrate the institutions they belonged to. In other words, the building of economics as a new scientific discipline in Argentina involved apologetic and self-legitimizing procedures. This work intends to be one piece of the always-disputed puzzle of prestige, authority and policy-making.

On the next chapter, I will expand on the first decades of the FES, showing how the founding figures of this school elaborated a discourse inscribed in the nation-building process, legitimizing their activities as providers of moral education to the masses and technocratic training for the elite.

⁶⁰ Morgan, *The History of Econometric Ideas. Historical Perspectives on Modern Economics* (Cambridge: Cambridge University Press, 1990), 9.

Chapter 2

A New Epistemic Community in Buenos Aires?

*Everything was admirable: the studies carried out; the teaching materials...
so different from those still used in legal studies. We are astonished after the
visit, we felt as if we had fallen into a new country, a new land of men of another race,
but, strictly speaking, the young Argentine race that are our future and that will lead
the nation to its great endeavors.*

Dr. Federico Pinedo.¹

The epigraph above was part of a speech delivered by Federico Pinedo (1855-1929) to the Argentine Congress. He was Head of the Public Education Commission and spoke on behalf of the FES after visiting the Institute of Business Studies. Pinedo had obtained the degree of Doctor in Jurisprudence at UBA and served as Minister of Justice and Education during 1906-1907 and President of the Committee on Education in 1916.² His intervention in favor of the FES was significant because he sought to promote its institutional image by arguing it would

¹ Quoted in Alejandro César Geli and Quintini Pierino Dell'Elce, "Ante el noventa aniversario de la creación de nuestra Facultad: Una breve historia [segunda parte]," *La Gaceta de Económicas* 5, no 38 (November 2003): 2-3.

² William B. Parker, ed., *Argentines of Today* (Buenos Aires: The Hispanic Society of America, 1920), vol. 2, 613.

produce knowledge on economic matters, but, perhaps more importantly, that it would provide its services to an educated and enthusiastic new generation of professionals whose work would benefit national life in general.

The sumptuous, highly ornamental language employed by Pinedo was a common characteristic of public personalities in this kind of environment. His father (also named Federico Pinedo) had been the city mayor of Buenos Aires during 1893-1894 and named his son exactly as him to pass the legacy on. Pinedo's great grandson (named Federico as well) is currently a politician and deputy for the Propuesta Republicana (PRO). This is an example of the prestige devices that this work tries to identify in the process of the new professional class that arrived to the state.

However, it should not be taken for granted as a mere exaltation of the institution he was promoting. When looking deeper into it, it is possible to find some clues about why the FES in general, and economists in particular, achieved full legitimation after the Great Depression (as shown in Chapter 4).

After studying the constitution and operation of the University of Cordoba, founded by Jesuits in the seventeenth century, Alfredo L. Palacios (1880-1965), the first socialist congressman in the Americas, noted that “we had nothing in common with the colonial university, an incubator of clerics who delayed progress.”³ They formed monks, he said, instead of citizens. Even though his ideal was part of a modernizing project of vanguard education, the fact is that since its origins, higher education and religious power were intimately connected.

³ Alfredo L. Palacios, *La universidad nueva* (Buenos Aires: M. Gleizer, 1925), 9.

From the National University of San Marcos (Peru), the oldest officially established university in the South America (chartered in 1551) to the small liberal arts colleges in nineteenth century United States, students enrolled following family traditions or because of church affiliation –almost every college was founded as a religious institution. Nevertheless, in the 1780s Peruvian students were aware of Isaac Newton’s mathematical findings, the methodical doubts of Rene Descartes and the political philosophy of John Locke. In the terrain of medical science, there were some important steps forward in Spanish America, mainly in Peru, where many of the Argentine-to-be colonial elites –officials and the clergy– were educated.

Against the cultural backwardness proclaimed as a product of the Spanish conquest alleged by the Black Legend, the Royal Amphitheatre and the San Andrés Hospital of Lima were important facilities for physicians who had been trained in the most advanced institutions of Europe.⁴ However, the privilege of autonomy granted by the Crown or the Pope was often violated by local authorities in the form of arbitrary elections of faculty and pressure to grant degrees to unworthy students. Most professors were more engaged with activities outside the university and the facilities, libraries included, were inadequate to generate enthusiasm in students.⁵

After independence, there were a few educational reforms across Latin America -for example, an emphasis on learning Latin was replaced by the tendency

⁴ John Tate Lanning, *Academic Culture in the Spanish Colonies* (London: Oxford University Press, 1940), 84, 135.

⁵ Arthur Liebman, Kenneth Walter and Myron Glazer, *Latin American University Students: A Six Nation Study* (Cambridge: Harvard University Press, 1972), 2, 4.

to study French. But most of them did not alter traditional authoritative schemes. It was after the mid-nineteenth century that the concept of a research university was introduced, and it was a German contribution after the natural and experimental sciences that achieved substantial development during the decades of 1820 and 1830.

One key element of these changes was the seminar mode of teaching (*seminarium*), a tradition initiated in the early nineteenth century at Protestant universities. Before the 1960s, historiography knew almost nothing about the direct or indirect German influence on the North American university system during the nineteenth century.⁶ The influence of the seminar as a novel pedagogical tool was part of the same process but in the early twentieth century.

The seminar was born as a resistance to the juridical-ecclesiastical orthodoxy that had dominated colleges since medieval times. This was also tied to the development of a civil bureaucracy and the need for officials with university training after the Roman law was superseded by the German Civil Code in 1900.⁷ Seminaries favored politico-economic institutes and departments that blended marketable skills with academic life. As a consequence of this, the emergence of new disciplines was no longer tied to the juridical-ecclesiastical domain and they could flourish within private colleges that usually took place in small buildings that

⁶ One of the first works in modern historiography on this subject is Walter P. Metzger, *Academic Freedom in the Age of the University* (New York: Columbia University Press, 1961).

⁷ Walter P. Metzger, *Academic Freedom in the Age of the University* (Columbia: Columbia University Press, 1961), 96-97.

used to be domestic spaces.⁸ The United States adapted this German research model as early as in the 1850s.

In Argentina, as pointed out in the introduction, UBA offered courses in political economy beginning in the 1820s when it was founded. After 1892, in a tumultuous financial context after the Baring crisis, the Faculty of Law added a course on Public Finance. Economics could not be however considered an autonomous discipline unless it had its own teachers and peer-reviewed journals. Without this kind of autonomy, the FES had to operate under the partnership of lawyers and professors from the Escuela Superior de Comercio Carlos Pellegrini, a School of Commerce of secondary education level from which most FES students were recruited. The school had opened in 1892 and its own journal (*Revista de Ciencias Comerciales*; RCE hereafter), launched in 1911 by the Colegio de Contadores.⁹

In 1919, the French civil engineer Jorge Duclout, a key figure in the scientific approach of mathematicians in Argentina, insisted on “leaving the lawyer aside... in favor of men involved in powerful natural activities and their reduction to numbers, condensation of our inner perceptions tuned according to the currently nascent civilization.”¹⁰ However, many of its teachers were engineers or lawyers that still held positions at the Faculty of Law. Even if this abated the autonomy of the studies of the FES, it proved to be convenient after all. Since many of these

⁸ William Clark, *Academic Charisma and the Origins of the Research University* (Chicago: University of Chicago Press, 2006), 153.

⁹ Jorge Pantaleón, “El surgimiento de la nueva economía argentina: el caso Bunge,” in *Intelectuales y expertos. La constitución del conocimiento en la Argentina*, comp. Federico Neiburg y Mariano Plotkin (Buenos Aires: Paidós, 2004), 177.

¹⁰ Jorge Duclout, “Enseñanza de las matemáticas en la Facultad de Ciencias Económicas,” *RCE* VIII, 78 (December 1919): 475. Emphasis added.

teachers had also been ministers or held public offices, these represented major political connections for the FES and the national administration. This was an explicit purpose declared by Dean Suárez, who urged the university to keep providing assistance to the government.¹¹

At the beginning of the twentieth century, the president of UBA referred to the incipient condition of the social climate that did not allow “scientific specialization” in the academic world because university teaching could not be a profession on its own as long as “it does not get the recognition it deserves and until it does it will not encourage the best minds in the country.”¹² In 1918, of approximately eight million citizens, only 1 in 517 was enrolled in a university. By 1960 this ratio had sharply improved (1 in 129), ranking Argentina first in Latin American country in total number of university students.¹³

This chapter will cover the configuration of the FES as a new epistemic community in Buenos Aires both in terms of relative size to the UBA system and in the courses offered and methods chosen. It will also cover the events around the Reform of 1918 and the post-war social tension. The first section deals with the initial structure of the FES both in terms of enrollment and the courses taught in its early years.

¹¹ “La orientación de los estudios económicos,” *La Nación*, October 27 1921.

¹² Quoted in Ernesto Maeder, “La Universidad,” in *Nueva Historia de la Nación Argentina. La Argentina del siglo XX (vol.9)*, ed. Academia Nacional de la Historia (Buenos Aires: Planeta, 2002 [1997]), 466.

¹³ Richard J. Walter, *Student Politics in Argentina: The University Reform and Its Effects, 1918-1964* (New York: Basic Books, 1968), 6.

Small yet Passionate

The term “Faculty of Economic Sciences,” whether intentional or not, entails a multidisciplinary principle that, on one hand, disguised the fact that economics was not a self-constituted discipline yet and, on the other, it made sense since political economy was not the only science taught there: mathematics (actuary), statistics and geography, among others. By the time the FES was created, UBA was organized into five Faculties, twenty-six research departments and it had nearly 7,500 students.

In 1921, there were over sixty research groups including *gabinetes*, *laboratorios* and *seminarios* and around 11,000 students. Dean Suárez managed to deal with the small size of the FES vis-à-vis other UBA branches by asserting a meaning that would compensate its proportion: “there are already plenty of schools that grant exclusively personal distinctions or professional titles but out of tune with the new spirit of the world and its economic idiosyncrasy.”¹⁴

The outcome of the tenacity of legislator José Arce in Congress was the creation of the FES established by Law 9,254, enacted on September 30 1913. This law embodied the aspiration of taking economic sciences from the secondary level to the university one. From that moment on, the Faculty would be able to offer, in addition to the accounting degree, a Doctorate degree that required completing a five-course curriculum and a thesis defense. This was a peculiar phenomenon

¹⁴ “Inauguración oficial de los cursos,” *RCE* X, 8-9 (March-April 1922): 19.

because after four years, students graduated as accountants, but if the students continued one more year they could receive a doctorate in economics.

Unlike bigger schools like the Faculty of Law, the FES did not have a budget assigned to pay extra teachers for replacements. In the early years there was *docencia libre*, which meant having occasional classes dictated by non-Faculty personnel. However, this practice was poorly designed by the authorities. Additionally, the School of Commerce and the FES shared the same building. Limited space within the main building could have favored direct contact between students and teachers. However, this was a major disadvantage when keeping the sanitary conditions necessary for a healthy learning environment: the building operated under three shifts from 7am until 12pm.

In 1916, UBA had over five thousand students, while the National University of La Plata had one thousand and in Córdoba there were seven hundred. The relative size of these cities accounts for the disparity in enrollment figures. While Buenos Aires had a population of over 1.5 million, La Plata had 137.413 and Córdoba 134.935 respectively.¹⁵ In this last case, and as a consequence of immigration, the population of the city almost tripled between 1895 and 1914.¹⁶ In order to consider the FES institutional structure, Tables 1 and 2 show the courses offered and how many professors were hired in the School of Commerce and in other UBA branches. Table 3 contains comparative data across different UBA faculties and Figure 1 illustrates the evolution of the student population at the FES.

¹⁵ República Argentina, *Tercer Censo Nacional. Tomo II* (Buenos Aires: Rosso y cía., 1916), 3, 118.

¹⁶ Buchbinder, *Historia de las universidades*, 75.

As shown in the first table, Political Economy was only offered in one night session. As in every mercantile high school, core subjects were geography, Spanish, mathematics and accountancy. In terms of faculty hired, as table 2 shows, there was a similar evolution in every UBA branch in the late 1920s. During this decade, as table 3 shows, the student population of FES was the fastest growing branch with a 247% growth, while Law (the second fastest) showed an increment of 157%.

Table 1. School of Commerce (FES Annex); courses and staff (1919)

Course	Faculty hired	
	Day session	Night session
Geography	10	3
Spanish	9	7
Mathematics	9	6
Accountancy	7	2
French	5	4
Natural science	4	1
History	4	3
English	4	3
Chemistry & Technology	4	1
Calligraphy	2	3
German	1	0
Law	1	0
Stenography	1	0
Physics	1	0
Typing	1	1
Political economy and Civics	0	1

Source: Tabulation based on information in “Personal directivo y docente,” *Anales de la Academia Nacional de Ciencias Económicas*, 1919: 8-10.

Table 2. UBA faculty at different schools
(1924, 1929 and 1932)

	Law	Medicine	Mathematics	Agronomy and Veterinary	Economic Sciences	Philosophy and Literature	School of Commerce	Buenos Aires National School
1924	35	70	85	50	25	35	192	190
1929	41	67	92	54	29	36	212	196
1932	40	67	91	55	29	37	218	188

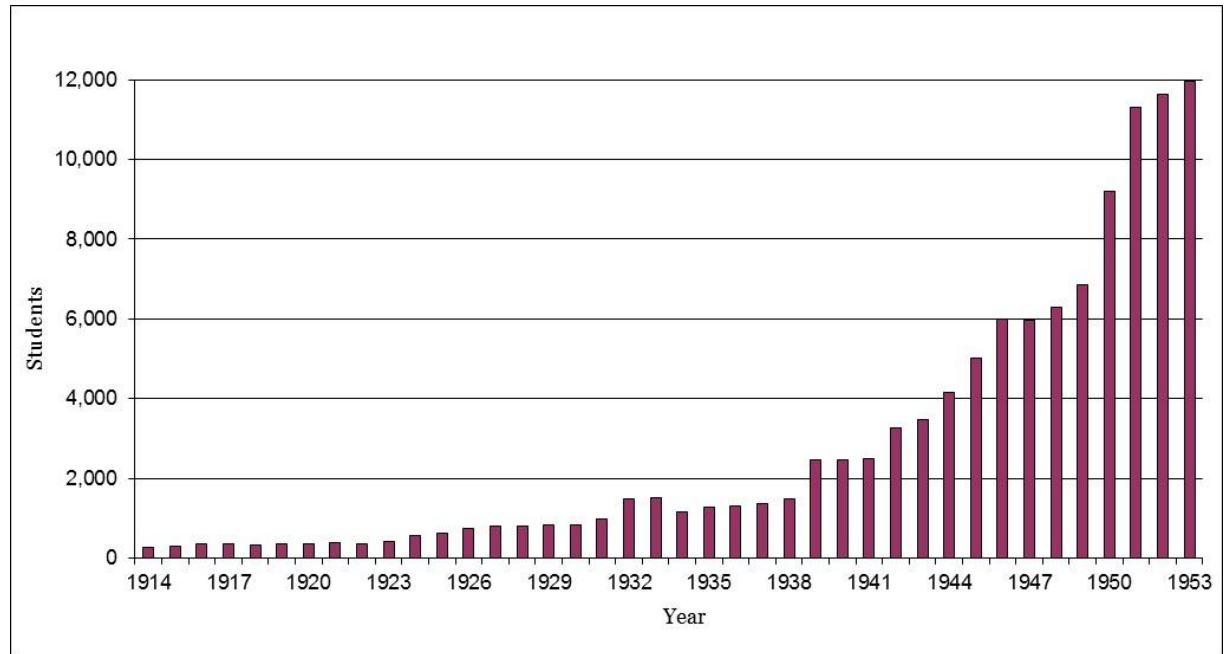
Source: Mauricio E. Greffier, "Situación financiera de la Universidad de Buenos Aires," *RCE* XX, 134 (September 1932): 585.

Table 3. UBA students in different Faculties and Schools (1922-1931)

	Law	Medicine	Mathematics	Agronomy and Veterinary	Economic Sciences	Philosophy and Literature	School of Commerce	Buenos Aires National School
1922	1,500	5,211	1,055	394	368	209	2,246	1,342
1923	1,588	5,646	948	289	634	308	2,025	1,836
1924	1,246	4,628	938	286	426	219	2,226	1,328
1925	1,812	4,592	982	270	525	239	1,902	1,337
1926	1,662	5,353	896	349	896	214	2,087	1,285
1927	1,929	6,232	732	278	789	258	2,000	1,260
1928	794	5,627	795	321	816	254	2,124	1,222
1929	2,137	6,668	861	394	831	285	2,026	1,242
1930	2,330	6,256	1,040	415	839	233	2,249	1,297
1931	2,350	5,150	1,064	486	909	222	1,842	1,274

Source: Greffier, "Situación financiera de la Universidad": 581.

Figure 1. FES, student population (1914-1955)



Sources: For 1913-1927 period, Universidad de Buenos Aires. Facultad de Ciencias Económicas. *Memoria de la Facultad de Ciencias Económicas 1929* (Buenos Aires: Imprenta de la Universidad, 1930), 61. For the 1928-1953 period, *70º aniversario de la Facultad de Ciencias Económicas de la Universidad de Buenos Aires* (Buenos Aires: Eudeba, 1983), 121.

Even if by its size relative to the rest of the national university the FES was small, it was a pioneer in Latin America as the first of its kind. In its early days it had defined its mission: to train *Contadores Públicos* (Public Accountants), a career typically chosen by the children of immigrants with aspirations of upward mobility. Dean Eleodoro Lobos was aware of the prejudice of other disciplines against political economy, and declared: “We must root out the prejudice of the inferiority of business and industrial careers.”¹⁷ Professor Casariego observed that graduates would perform high tasks as bank directors, business executives and

¹⁷ Lobos, “Discursos al inaugurar el año lectivo,” *REA*, 21 (March 1920): 175.

administrative officers.¹⁸ Between 1914 and 1938, over 1,500 accountants, 175 *Doctores en Ciencias Económicas* and 20 actuaries had graduated from the FES.¹⁹ In comparative perspective, having that many graduates was an institutional accomplishment since the FES was the smallest unit of studies in the UBA system; even more, it received only half the budget than the School of Commerce.

The FES was more recognized abroad than by its own staff. One of the Argentine delegates to the Second Pan American Scientific Congress held in Washington in 1915 was José Ingenieros (1877-1925), a multi-faceted intellectual who opened the debates in areas like criminology and psychiatry. Ingenieros called for a reform in Latin American universities, since they “have been established imitating old models and keep the configurations of the European medieval culture.”²⁰

However, at the same meeting, Edgar Brandon, dean of Miami University, praised the FES as one of the two or three commercial schools in Latin America of university rank: “The most notable instance is the faculty of commerce in the University of Buenos Aires organized only two years ago.”²¹ Miami University was a small university from Ohio and it was not among the most prestigious colleges at that time. Brandon highlighted that unlike the United States, where business schools were created sporadically, in Latin America they were consistently

¹⁸ Orfilio Casariego, “Importancia de la Matemática Financiera y fundamentos de su programa,” *RCE* 73 (July 1919): 91.

¹⁹ “Hace ya un cuarto de siglo que por la Ley 9.254 fue creada la Facultad de Ciencias Económicas,” *La Nación*, September 30 1938.

²⁰ José Ingenieros, “La filosofía científica en la organización de las universidades,” in *Proceedings of the second Pan American Scientific Congress*, dir. Glen Levin Swiggett (Washington: Govt. print. off., 1917), 18.

²¹ Edgar E. Brandon, “Commercial Education in Latin America, a Sketch of its Development and Present Status,” in *Proceedings of the second Pan American*, 182.

introduced as part the public education system. Also, unlike other subjects, in business education institutions the influence of the church was limited to a minimum or even non-existent.

A few years later the Argentine physician Juan B. Justo, founder of the Socialist Party, was blunt about the rigid bureaucratic structure that the university represented for Argentina's educational progress. The Socialist Party was not a pure workers' movement; it congregated professionals and skilled workers. Their condemnation of direct action (such as anarchists' general strikes) was unpopular among trade unions. For Justo, the university was "an archaic, outdated, traditional institution, which serves only to make big shots, give honor titles and waste money." The way out for this situation was the establishment of new institutions with a more professional or scientific orientation.²² Justo's remarks anticipated the increasing disciplinary specialization in the following decades.

During the celebration of the 25th anniversary of the students' center (Centro de Estudiantes de Ciencias Económicas, CECE hereafter), Dr. Armando M. Rocco, on behalf of the alumni from the *Colegio de Egresados*, praised the *cursos libres* (open courses) sponsored by the CECE as "the inner voice of the school... a rough and sharp voice, soundly critical, bold and truthful, without the prejudice that clouds the brain and nullifies the calm manifestation of thought." In order to advance the cause of the alumni organizations within UBA's political structure, Rocco claimed that the best university at the service of the people was not the

²² Juan B. Justo, "Entrevista," *RCE* 6-7 (January-February 1922): 98.

bureaucratic nor the strictly professional one, but instead the one that channeled the “philosophical needs” of every living spirit.²³

The *Revista de Ciencias Económicas* (RCE hereafter) is a rich source for the analysis of the institutional life, especially in its first two decades. Many different voices found a space for their ideas, suggestions and even grievances because the journal was in the hands of a heterogeneous editorial board. While it is true that most of the agents involved in it used an apologetic tone in terms of the exaltation of their arguments, the fact that three different associations took part in it allows a wider view of the inner conflicts. There were three different associations represented in the journal: the students’ center, the faculty and the alumni.

In the first issue, the editorial board defined the guiding principle as spreading “useful knowledge” for the benefit of society. Presenting itself by using a parable, the RCE would be like pines binding together sand dunes (representing the masses) that otherwise would reject deep thoughts and would settle with things that only excite the immediate senses.²⁴ This view of higher education evoked the Enlightenment tradition, according to which the most capable were destined to the task of educating the rest of society. In South America this conception was clearly exposed by the movement of *modernismo*, a literary movement that had the Uruguayan José Rodó as one of its most prominent figures.²⁵

²³ “Bodas de plata del Centro de Estudiantes de Ciencias Económicas,” *RCE* XXV, 194 (September 1937): 841, 842.

²⁴ “En nuestro aniversario,” *RCE* I, 11-12 (May-June 1914): 243-244.

²⁵ As one of the key representatives of the Spanish-American essayist tradition, Rodó was against the values of pragmatism and materialism that were advanced by the United States. Instead, he advocated for a culture based on spiritualism and idealism in a continuous search for beauty in every single aspect of life.

Roberto Guidi, the RCE's first director, was recalled by UBA's president as a person with the "goodness of a great spirit," someone who had set the current standards that made the journal an "outstanding exponent of scientific values."²⁶ Guidi defined the tone of the RCE as part of the so called "attic style." In classical rhetoric, this is the denomination for a style that is brief and witty (as opposed to the ornate Asiatic style). One of the students recalled the attic spirit in the motto created to refer to the students' center: *San CECE* (Holy CECE).²⁷ While this can be interpreted as an elitist viewpoint, it can also reveal a strong desire for building a community of shared meanings among peers with no precedents in the country. However, the main challenge not only for the FES but other branches as well was the low enrollment and the low budget assignments.

In 1918 the deanship of the FES was held by Eleodoro Lobos (1862-1923), a conservative politician who had been national deputy on behalf of his native province of San Luis and Minister of Finance and Agriculture and *interventor* (inspector) of the FES by order of President Yrigoyen. His initial training was in law and history but it was as a journalist in *La Prensa* where Lobos stood out for his comments on the financial world as a reporter and then editor. As a dean, he promoted seminars and visiting foreign teachers.

When Lobos died, his family decided to donate his personal collection of about eight hundred books to the FES. The library also benefited from the initiative to create its own publishing imprint the preceding year for the purpose of publishing economic-related works in Spanish at a reduced cost and with a

²⁶ "En nuestro aniversario," *RCE* I, 11-12 (May-June 1914): 243.

²⁷ "Ecos del 25º aniversario del Centro de Estudiantes de Ciencias Económicas," *RCE* XXV, 196 (November 1937): 1028.

circulation of a thousand copies. Within the FES, though, the relatively small library forced students to rely on their professors. In 1916, the library held 5,800 volumes but with a predominance of legal bibliography.²⁸ In a few years there was substantial improvement: in 1923, works on economics checked out by the students reached seven thousand.²⁹

In his speech on behalf of the student center in 1921, Eugenio Blanco, president of the CECE, noted that material was scarce, acquisitions sporadic and their organization outdated.³⁰ Blanco stayed active within the student community for many years –only in 1933 he completed the doctorate program. In response to this situation, Dean José León Suárez, made significant efforts to access foreign literature and signed agreements with editorial houses in Paris and Milan, obtaining at least a 10% discount on purchases.³¹

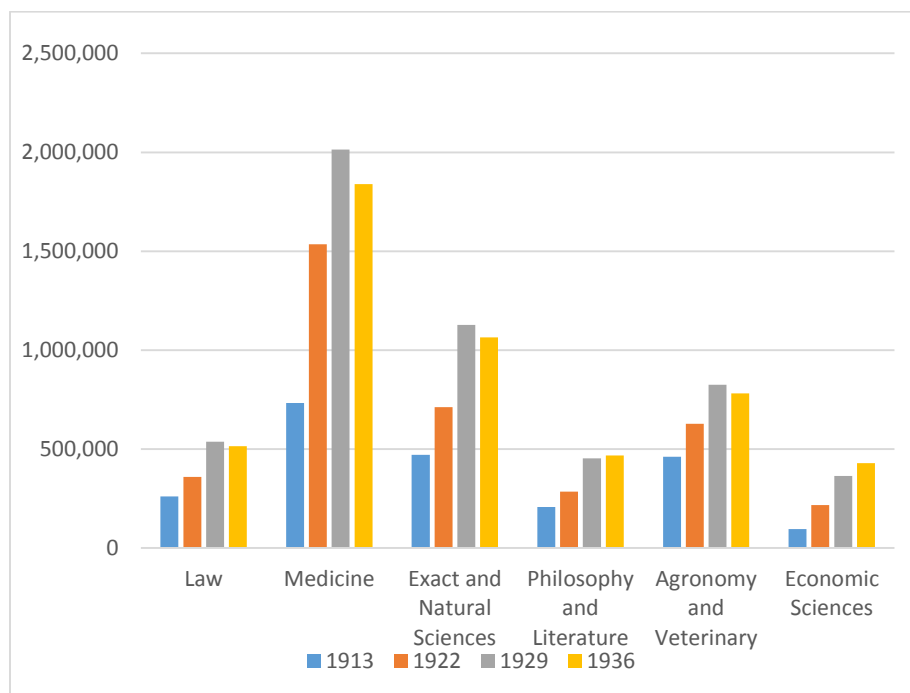
²⁸ “Despachos de comisiones,” in *Revista de la Universidad de Buenos Aires* XIII, 1916: 318.

²⁹ “Créase la Biblioteca de Ciencias Económicas,” *La Nación*, 25 de junio de 1923.

³⁰ Reproduced in *RCE* 95 (May 1921): 263.

³¹ Enrique Ruata, “Resultado de una corresponsalia bibliográfica de la Facultad,” *RCE* 38-39 (September-October 1924): 199.

Figure 2. UBA budget in pesos (m\$n) (1913-1936)



Source: Figure based on Camilo S. Mondelo, “Análisis comparativo del número de alumnos y presupuestos de la Universidad de Buenos Aires,” *RCE* IV, 32 (April 1951): 184-207.

While it is true that the FES had limited financial resources compared to other Faculties (see Figure 2 above) and that political economy courses were still taught outside the FES, it certainly played a key role in opening the debate over the need for technical procedures to better manage the state. It did so by organizing open lectures or by inviting engineers that had worked on the public administration to take over a course or a seminar so they would share their enthusiasm with the new generations.

In 1921, the dean publicly thanked the donations from the shipping businessman Miguel Mihanovich (who awarded 25,000 pesos to supplement the facilities), from a foreign bank which funded a seminar on monetary issues, and a

distinguished rancher for his contribution to the study of Argentina's livestock.³² In this sense, the observations made by Vicente Fidel López, a Trade Policy professor are worth mentioning. He said that "the University does not have a science lab but it prepares the elements for that laboratory. All other sciences... [have] competent professionals working in the scientific progress of this subject." As men of science who first isolate the ill and then attempt to change hygienic conditions, he concluded that "the same goes for the financial world."³³

In Argentina, López observed, economics had not reached most of the ruling class readership. However, the legacy of the FES would be the training of a new profession which "we call unselfish from the point of view of profit" but that will "disseminate scientific truths and prepare for study and advice of the great problems of economic policy."³⁴ Chapter 3 shows to what extent this promise was kept.

The following section deals with the events of 1918 in the province of Córdoba and its repercussions elsewhere. These are important in order to understand the context in which the FES operated during its first decade. The fact that after 1918 the students were more active (i.e., in electing university authorities) and had more autonomy to decide on their coursework, was a major step that redefined the profile of public education.

³² "Exposición del Dr. Eleodoro Lobos," *REA* 34-35 (April and May 1921): 289. No name disclosed.

³³ López, "Misión del profesorado en la enseñanza comercial superior," *REA* 10, (April 1919): 280.

³⁴ "Del Profesor Doctor Don Vicente F. López," in *Anales de la Facultad de Ciencias Económicas* (Buenos Aires: 1919), 518.

The Curriculum Debate

The FES had prominent teachers like Luis Roque Gondra (1881-1947), an Argentine lawyer who was the first to introduce the use of mathematics in an economics course in South America. Gondra was heavily influenced by authors like Charles Gide (a leading French economist), Gustav Schmoller (leader of the German historical school of economics) and Benedetto Croce (an Italian philosopher and historian). He defined economics as a scientific discipline that was essentially abstract, a sort of applied mathematics. Thus, it is capable of formulating theorems, not mere descriptions of a certain reality. However, he did not believe that economic laws could be as rigorous as physical ones since they only established logical trends.³⁵

In a similar vein, José González Galé (1877-1963), member of the Spanish Mathematical Society celebrated the translation of a work on infinitesimal calculus by a Fellow of the Royal Society that was intended for the general audience. He believed that without mathematical studies it was impossible to address any other serious study.³⁶ González Galé taught mathematics and accountancy since the beginnings of the School of Commerce and the FES; in the 1930s he taught biometry at the FES.

In a similar line of thought, Professor Justo Pascali pointed out the consensus that the best economist was the banker, the manufacturer, or anyone capable of making a fortune. This prejudice, he said, was part of a misconception;

³⁵ Gondra, "La economía pura," *RCE*, VI, 60 (June 1918): 358-361.

³⁶ José González Galé, "Bibliografía," *RCE* I, 7 (January 1914): 55.

Pascali believed this was a primitive line of reasoning, equivalent to the belief that the healthiest man must also be the best physician.³⁷ As an engineer, Pascali was convinced that every honest teacher should reveal the mathematics that everyone carried inside without even knowing it, since it was “the science within all of us” inscribed at “the core of our spirit.” FES graduates, then, must be engineers in economics and their judgments must have “numbers in their assumptions and numbers in their conclusions.”³⁸

The importance of mathematics was part of the sophistication that commercial education needed to present itself as a desirable instrument to study the social order. After returning from Harvard in 1901, Sir W. J. Ashley (1860-1927) took the Chair of Commerce at the University of Birmingham, where he not only fostered a program centered on accountancy during the first three years since he considered that the economic education of every society was a necessary stage towards the improvement of the mercantile system since medieval times.³⁹ At that time, the capitalist system reached a new level of development thanks to the low costs of oceanic transportation and the development of new technologies of communication that reconfigured the international trading system.

With similar convictions, Víctor Pío Brugada, principal of the School of Commerce from Madrid, lectured at the Fourth International Congress of Popular Education in 1914 (the University of Madrid did not have a Faculty of Economics

³⁷ “Ecos del 25º aniversario del Centro de Estudiantes de Ciencias Económicas,” *RCE* XXV, 196 (November 1937): 1029-1030.

³⁸ Justo Pascali, “Matemáticas,” *RCE* XVIII, 108 (July 1930): 591-592.

³⁹ William James Ashley, *An Introduction to English Economic: History and Theory* (London: Longmans, Green & Co., 1893), 10.

until 1943). Brugada took for granted that the priority for the state was to raise the culture of their industries and trade sectors. The German traveling salesman was a good prototype of what was expected: not only did he know several languages and geographies, but he also adapted to the changing taste of the modern consumer, who did not usually accept the imposition of predesigned factory models. Indeed, Germany's *economic army* had set a new standard for every other country, including the United States and France.

Unlike old technical education, the new training had to be both theoretical and practical at the same time in order for a clerk to learn how to function when the unexpected arises, Brugada said. Additionally, he called for combating traditional portrait of the merchant as ignorant of the arts and sciences. This was a prejudice circulating since ancient times that prevented them from socializing with the "illustrated classes." For him, then, it was necessary to foster classic culture by adding Latin and Greek into the curricula.

Professor Balestra was on the same page when he remarked that, unlike medieval times, where only the philosophical sciences created learned men, in modern times, any human activity that was functional to society was able to be scrutinized and methodized until it turned into a science. Therefore, how to become rich was a science and, as such, every country needed trained intellectual classes to warn the rest about the California Gold Rush type of event of taking gold for the sole purpose of spending it.⁴⁰ Balestra was pointing out that, even if a country had numerous natural resources (abundant fertile soil, in the Argentine

⁴⁰ Juan Balestra, "La creación de la Escuela de Comercio «Carlos Pellegrini»," *RCE* XI, 38-39 (September-October 1924): 195, 192.

case), it was only the science of administration that would establish a discipline and an efficient way to manage those resources.

Over the years, the FES sought to innovate in other fields and it took the initiative to open a department of experimental psychology to study the fatigue in workers. The more conservative staff pointed out that this was off limits and that it should be left to the medical professions such as hygienists and psychologists that had already been studying these issues for several decades.⁴¹ However, for dean Suárez, there was a need to popularize the laws and principles of eugenics as it was an increasingly important subject discussed internationally.⁴²

Suárez, for example, recommended marrying not only out of love but after checking the health background –both physical and mental. These eugenic ideas were commonly discussed by economists in this period due to the circulation of the works of the English philosopher Herbert Spencer (1820-1903). His reputation in Britain and the United States advanced the idea of sociology as a branch of biology.⁴³ Among Argentine intellectuals, Spencer was widely read and this opened the possibility of somehow *educating* the social environment as a living organism (social Darwinism).

Some went even further and suggested the inclusion of botany, zoology and geology, since they favored the observational spirit and offered a mastery of

⁴¹ “Una fatiga inútil,” *La Nación*, July 30 1926.

⁴² José L. Suárez, “Eugénica. Necesidad de su enseñanza y divulgación,” *RCE* XVI, 88 (November 1928): 2515. He was aware of the International Congress on Genetics held in Berlin, other in Spain, the United States and commented on the work of the Argentina League of Social Hygiene [Liga Argentina de Profilaxia Social] run by Dr. Alfredo Fernández Verano.

⁴³ J.D. Bernal, *Science in History* (New York: Cameron Associates, 1954), 747.

details.⁴⁴ This kind of attitude was common in the proponents of a scientific economics that dreamed about redirecting social energetics as if the conservation principle of physics was applicable and they were dealing with a closed system.⁴⁵ If that were the case, the maximization principle of utility would be uncontroversial and unbiased.

As a new dean, Suárez put emphasis on the teaching of English and French, at least to reach the business level. He also established the principle of quality over quantity (*non multa, sed multum*). UBA provided Congress with the results of studies conducted in the serenity of the experimental lab. In his view, the delay of results was not due to lack of preparation; instead, the social and economic matters uncovered after the First World War had taken all by surprise, “it is not only new to the congressman but vague for everybody,” he said.⁴⁶ Some laws had been passed with “improvised erudition” or, even worse, under the influence of heated passions and other psychological elements existing in the chamber.

Exploring New Methods

According to the internal rules of the university, the student who published his undergraduate thesis had to provide the library with one hundred copies –or fifteen at the graduate level. Due to the low quality of the theses, some professors favored the suppression of the thesis requirement. The young Raúl Prebisch, a

⁴⁴ H.M., “Notas marginales. Sobre lo mismo,” *RCE* II, 13 (July 1914): 44.

⁴⁵ Mirowski, *More Heat than Light: Economics as Social Physics, Physics as Nature's Economics* (Cambridge: Cambridge University Press, 1989), 273.

⁴⁶ “Propósitos del nuevo decano. Doctor José León Suárez,” *RCE* IX, 4 (November 1921): 253.

distinguished student and a key figure as will be seen later on, believed that having no theses would weaken the research quality, even though he admitted these works to be *pura hojarasca* (pure gibberish).⁴⁷

The debate about the how to teach political economy was one of the most recurrent ones in the RCE. Augusto Conte Mac Donell, substitute teacher of commercial and labor law wrote a long disquisition against the so-called “pure economics” and in particular the correspondence between political economy and applied mathematics established by Gondra.⁴⁸ For him, the expression “political economy” still made sense and it should not be substituted by an economics isolated from historical facts; otherwise, it would lose its original purpose: to deal with specific social circumstances. Indeed, the most influential historians of that time (like Ricardo Levene, Emilio Ravignani, Rómulo Carbia, and Diego Molinari), observed that “historiography has become more economically-oriented as well as economics have added a historical perspective, studying the techno-economic features as the primary side of history.”⁴⁹

Mac Donell identified three failures in the method that Gondra and other followers of Leon Walras and Vilfredo Pareto at Lausanne employed to teach the subject. From the scientific point of view, because it was not possible to address the study with an individualistic approach –that would reduce it to a branch of psychology. He believed that society was evolving towards *asociacionismo*

⁴⁷ Raúl Prebisch, “Anotaciones sobre la reforma,” *RCE* 96-97 (June-July 1921): 345-353.

⁴⁸ Julio H. Olivera, *Luis Roque Gondra y los estudios de economía matemática en la Argentina* (Buenos Aires: La Técnica Impresora, 1978), 16-31.

⁴⁹ Juan B. Justo, *Teoría y práctica de la historia* (Buenos Aires: La Vanguardia, 1931), 224.

(collective entities) and the individual take on economic issues was destined to fade away.

Secondly, methodological shortages, because mathematics had proven its inability to solve the main problems of economics and stopped being an instrument to turn into an end in itself. Lastly, from the pedagogical point of view, he believed that pure economics could not reach anything outside mere abstract considerations that were also part of the discipline like economic history and economic thought, at least classical thinkers who deserved a deep treatment.⁵⁰

In 1920 Alejandro Bunge, the businessman turned into scholar that defended protectionism, was appointed as a statistics teacher. Bunge saw in young Prebisch exceptional conditions so he invited him to have regular conversations at his office.⁵¹ Eventually, he recommended Prebisch to the Faculty of Law and Social Sciences at the University of La Plata, where he was also hired as a teacher, to work alongside Dr. Ernesto Palacios in a seminar on labor regulation. Prebisch clearly set the goal for this group: “to cultivate the student’s personality, to awake spiritual concerns, to set initiative and originality free to the point of zeal.”⁵²

His proposal was inspired by the ideal of the university reform of 1918, which stated that “the university, leaving its secular entrenchment, should be more sensitive to the vibrations of the real world.”⁵³ By asserting this, he followed the tradition of Juan Agustín García (1862-1923), professor of the Faculty of Law and

⁵⁰ Augusto Conte Mac Donell, “La enseñanza de la Economía Política en la Facultad de Ciencias Económicas de Buenos Aires,” *RCE* XVI, 79 (February 1928): 1515.

⁵¹ José Luis De Imaz, “Alejandro E. Bunge, economista y sociólogo,” *Desarrollo Económico. Revista de Ciencias Sociales*, 14, no. 55 (October-December 1974): 549.

⁵² Prebisch, “Carácter y finalidad los cursos de seminario,” [1922], in *Obras 1919-1948* (Buenos Aires: Fundación Raúl Prebisch, 1991), 217.

⁵³ Prebisch, “Anotaciones sobre la reforma,” 347.

Social Sciences, who wanted to convince university students that Argentine social phenomena were susceptible to the same scientific rigor as European ones. The principle behind this was that “the social sciences have to be first and foremost, national sciences.”⁵⁴ García held that, unlike the natural sciences that could count on experimentation, social sciences needed shocking events like a war, a revolution or new institutions before safely establishing a new principle.⁵⁵

He also believed that psychological and social conditions explained the patterns of wealth distribution over time.⁵⁶ In his most famous work on colonial Buenos Aires (*La ciudad indiana*, published in 1900), he does not mention any important military officer nor does he describe any battles; its pages are filled instead with the evolution of the prices of rural properties.⁵⁷ This is in sharp contrast with most historiography of the civil wars in South America during the first half of the nineteenth century, where expeditionary armies were key in the independence process.

In accordance to this trend, the RCE reproduced part of Vilfredo Pareto (1848-1923)’s speech in the school of Lausanne. Pareto was considered “the beacon of light” in political economy and as such, the editorial board considered that his analysis of the Italian university could be entirely applied to reform the local environment. In that occasion, Pareto held that both natural and social sciences have been, since their first conceptualization, a mixture of emotions and

⁵⁴ Juan A. García, *Introducción al estudio de las ciencias sociales argentinas* (Buenos Aires: Ángel Estrada, 1907), 35.

⁵⁵ García, *Introducción al estudio*, 36.

⁵⁶ Quoted in Natalio R. Botana y Ezequiel Gallo, eds., *De la República posible a la república verdadera (1880-1910)* (Buenos Aires: Ariel, 1997), 399.

⁵⁷ García, *La ciudad indiana. Buenos Aires desde 1600 hasta mediados del siglo XVIII* (Buenos Aires: Claridad, 1933).

experiences. Over the centuries, though, these two elements were differentiated, and in the case of natural sciences this has already been completed.

One way to facilitate this separation for the social sciences, Pareto argued, was by the proper definition of key terms (such as “value”). This type of concept outside immediate perception needed to be *anointed* with the rigorousness of the experimental disciplines, the same way that the vague and subjective notions of heat and cold found precision and objectivity only after thermometric degrees were fixed.⁵⁸

For some, political economy was considered a part of the sociological side of science. Since it had not achieved the same level of precision as the traditional ones, it represented “the most difficult aspect of science, one that demands a greater number of superior spirits to investigate and discover the laws governing the normal course of wealth and society.”⁵⁹ The first step for economists before embarking on such an endeavor was to agree on the primary definitions of common terms such as land, capital, rent, money, labor and so on.

But properly defining key terms –such as value or property- proved very difficult. This flaw was acknowledged in the RCE as well: most economists established concepts only by listing the inherent properties assigned to them. Epistemologist Mario Bunge observed a similar shortcoming in Milton Friedman’s monetary analysis, based on “indeterminate functional symbols... vague open sentences of the form *Y is some function of X*. No wonder that, being a program

⁵⁸ Vilfredo Pareto, “El método experimental en las ciencias sociales,” *RCE* VI, 55 (January 1918): 31.

⁵⁹ Manuel Gonnet, “Nuevo régimen jurídico para el dominio de la tierra agraria,” *RCE* XIII, 52 (November 1925): 446.

for a theory rather than a theory proper, Friedman's fails to account for financial markets, inflation, and stagflation."⁶⁰

While the theoretical intake should take place predominantly at the university level, practice could be acquired at business colleges. The United States provided the prime example in the implementation of this model. Brugada remarks that a school in Philadelphia included a course on moral values in the business world. He was trying to assert the value that other schools gave to the sense of justice that every professional should have. Just as future surgeons train on corpses, schools of trade could send their students to actual sellers that would grant them access to their books –keeping confidential information safe.⁶¹

A FES ordinance of 1914 dictated the creation of the research seminar in the FES; it was especially intended for senior students. Until then, this pedagogical tool had not been implemented in Argentina. The historian Emilio Ravignani, its first director, advised the faculty to leave the students in complete freedom of action after dictating their weekly scheduled classes.⁶² As said before, dean Lobos promoted the seminars as a way to turn the “pretentious chair” into an “experimental lab.”⁶³

Suárez also pointed out that those who favored the creation of the FES were thinking strategically about the long term when they tried to transform the

⁶⁰ Mario Bunge, *Social Science under Debate: A philosophical perspective*. (Toronto: University of Toronto Press, 1998), 125. He refers to Milton Friedman, “A Theoretical Framework for Monetary Analysis,” *The Journal of Political Economy* 78:2 (March-April 1970): 193-238.

⁶¹ Víctor Pío Brugada, “Educación popular,” *RCE* I, 11-12 (May-June 1914): 279-288. Unfortunately, he does not mention which one.

⁶² Emilio Ravignani, “El Seminario de la Facultad de Ciencias Económicas,” *RCE* 54 (December 1917): 160.

⁶³ Miguel Ángel Cárcano, “Homenaje de la Facultad a la memoria del Dr. Eleodoro Lobos,” *RCE* XXVI, 203 (June 1938): 537.

institutional into a national laboratory. Taking Brazil as an example of foreign policy, he considered that after the consolidation of the sovereign borders, South American countries had to turn their “geographic diplomacy” into an economic one.⁶⁴ In other words, they had to enrich themselves through the exchange of goods and ideas.

Professor Pedro Baiocco had traveled to Germany and saw the seminar experience firsthand. In that country, he reported to the authorities, seminarists were distinguished students (or alumni) that sat alongside people without any formal training but who had shown creativity or initiative in an interview with the professor in charge. This is how Gustav von Schmoller, one of the representatives of the historical school of economics, used to proceed.⁶⁵

Palacios went even further when he, as the FES representative in front of UBA’s High Council, that seminars should replace exams. His argumentation made use of the works of several foreign authors: Francisco Giner de los Ríos (Spain), Max Muller (Oxford), William Grasby (Australia) and Friedrich Paulsen (Germany). According to these educators, examinations repressed the independent spirits and forced the student body to learn by heart a catechism of questions and answers. The joy of learning was gone because of mnemonics and the triumph of shallowness and mediocrity that leveled off intelligence.⁶⁶

Instead of discussing what place seminars should have, González Galé and Jorge Cabral tackled a more simple yet essential issue: the time allocated, both by

⁶⁴ “Notas bibliográficas,” *RCE* III, 29 (November 1915): 370.

⁶⁵ VVAA, “Reorganización del Seminario de Economía y Finanzas,” *RCE* XVI 84 (July 1928): 2173-2193.

⁶⁶ Alfredo L. Palacios, “Sobre modificaciones al régimen de alumnos aplazados,” *RCE* XVI, 86 (September 1928): 2410.

professors and students, to conduct research. While the former could not make a living by running the institutes exclusively, the students attended classes between 7.45-9.30 am and then from 6.15 to 8 pm because they had outside jobs as well. In its Mexican counterpart (at the *Escuela de Economía de México*), the situation was similar: classes were offered between 6.30-9.30 pm.⁶⁷

This “realistic” approach on this matter was shared by Conte Mac Donell. For him, the seminar was a marvelous pedagogical tool that was about knowing how to solve a particular problem by improvising possible solutions –after all, learning is always about learning to think properly, he remarked. But going from the uncritical lecture in which students only had to memorize to the new approach of the seminar was like trying to grow a beautiful plant in an unprepared soil.⁶⁸ Therefore, what he suggested was to change the coursework first by facilitating dialogue in the classroom and encouraging research on hot issues.

In a critical article, Carlos Garda diagnosed an acute crisis in the seminar but at the same time expressed his confidence in the new dean Santiago B. Zaccheo, who had taken over the position a few months before. Garda criticized the fragmentation of the seminar into ten different uncoordinated work groups and those only-by-name researchers that did not develop their full potential. He demanded more commitment from those professors that were also working at research institutes. He pointed out the case of Spanish Nobel laureate Santiago Ramón y Cajal (1852-1934), designated as the father of neuroscience, who had

⁶⁷ Daniel Cosío Villegas, “Errores y soluciones en la enseñanza económica,” *RCE* XXXVI, 2 (June 1948): 93. The author founded Fondo de Cultura Económica, a renowned publishing company in the region.

⁶⁸ VVAA, “Reorganización del Seminario de Economía y Finanzas,” *RCE* XVI, 84 (July 1928): 2180-2181.

pointed out that “rather than shortage of means, there is pettiness of will. Enthusiasm and persistence can work wonders.”⁶⁹

The main funding for the seminars finally came at the end of the 1920s through the creation of specialized institutes within the FES. However, what predominated was a working environment of indifference and underestimation of scientific specialization. Many of the faculty had duties outside the university realm or even they got involved in local politics. Even though most of them needed to do this to make a living, Garda accused them of “fluttering.”⁷⁰ The RCE published the first chapter of *Rules and Advice on Scientific Investigation* (1897), where Ramón y Cajal declared that the search for laws in science were futile from metaphysics. In turn, the best way for the advancement of knowledge was not by a given method but through the education of will: “all great accomplishments, in art as in science, is the product of a great fervor in the service of a great idea.”⁷¹

Even in the early 1940s, the RCE insisted that the role of the educator, a career that was scientific and cultural in its nature, demanded moral probity; an exemplarity that also included decorum in private affairs. If not, there would be pseudo-teachers, “pathologic cases” where “the tight spiritual binding between teachers and disciples” fades away. The country needed *men of science* who could transcend in an original way what they heard in lectures or read in books. However, if the teacher tried to pretend good results only to get a bureaucratic promotion without having “scientific hierarchy,” the outcome of the seminar would be “a

⁶⁹ Santiago Ramón y Cajal, *Reglas y consejos sobre investigación científica: los tónicos de la voluntad* (Madrid: Cyan S.A., 2008), 103.

⁷⁰ Carlos Garda, “El proyecto de reorganización del seminario,” *RCE* XVI, 80-81 (March-April 1928): 1837-1841.

⁷¹ Ramón y Cajal, “La investigación científica,” *RCE* X, 10-11 (May-June 1922): 341.

simple collection of bibliographic information; without any order or any further scientific relevance.”⁷²

Beyond the debates on how research was to be conducted or what was the place economics deserved within the hierarchy of sciences, most urgent issues caught the attention of students in Buenos Aires: the reform movement in Córdoba in 1918, which focused on the collective participation of students as a body of internal governance in the university. This topic will be covered in the next section.

The Reform of 1918

One important precedent of the Reform of 1918 was the First International Congress of American Students held in Montevideo in 1909 (attended by student representatives from Argentina, Bolivia, Brazil, Chile, Paraguay, Peru, and Uruguay) that demanded student representation on the governing councils of universities (*cogobierno*). Two other congresses took place after that (Buenos Aires in 1910; Lima in 1912) but with less impetus for change.⁷³

The rebellion started in the Faculty of Medicine in Córdoba due to new regulatory measures over the internship. According to new regulations, fewer positions for advanced students would be available to start the period of residency. This last stage in the training of the physician was key to gain experience with eminent doctors and even working alongside them in the operating room or

⁷² Natalio Muratti, “Las funciones del profesor universitario,” *RCE* XXXI, 260 (March 1943): 239-241.

⁷³ Arthur Liebman, Kenneth Walter and Myron Glazer, *Latin American University Students: A Six Nation Study* (Cambridge: Harvard University Press, 1972), 9.

conducting autopsies. Administrative change came down from the Academy of Medicine, which was the organism that ruled university life at that time. Most of the Academy members were distinguished personalities in local politics but were not part of the teaching faculty nor the scientific community. This, added to the lifetime membership, provided an inbred power structure.

Students' demands included free attendance, more qualified professors, *docencia libre* (one course could be taught by many professors) and to create stronger ties among the universities in Latin America. These issues were discussed at the Congreso Americano de Ciencias Sociales in 1916, where it was proclaimed that forcing students to attend classes was childish, since scientific knowledge could also be obtained outside the university system.⁷⁴ This initiative merged with the university extension practices that took place as open courses to come closer to the non-university audience.

This was in line with the distinction between the open-minded professional approach and the highly specific scientific one to higher education. The former intended to provide a broad knowledge, while the latter, neglected by the Reformists, would not allow the graduates to move outside their expertise and establish a dialogue with other disciplines.⁷⁵

On June 15 of 1918 a new *rector* was elected at the University of Córdoba with the participation of the university assembly that a few days later would launch the Reformist manifesto for a higher standard of teaching. Córdoba was the stronghold of the conservative society, associated with the power of the Catholic

⁷⁴ Alfredo Colmo, "Bases para los planes de enseñanza universitaria en los países americanos," in *Memoria del Congreso Americano de Ciencias Sociales* (Buenos Aires: José Tragent, 1917), 205.

⁷⁵ "Información Universitaria," *RCE* XXI, 147 (October 1933): 728.

Church. That same month, the FES board called this a “beautiful revolution of ideas” that needed national support.

The university assembly expressed its condemnation of imperial powers whose violence had devastated Western Europe. The young people were disappointed in European intellectual leadership while they saw the Mexican Revolution and the Bolshevik Revolution in Russia as successful attempts to break down traditional power structures. The success of the student movement varied among Latin American countries. The students’ major concern was national politics in those countries that had authoritarian regimes or that were indifferent to social demands. Sometimes the original reformist movement evolved into other kind of activism, like the Popular Revolutionary Alliance for America (APRA) in Peru, which had an indigenous base in its composition and demanded the nationalization of land.

The anti-religious nature of most reformers put them in conflict with the conservative sectors of Córdoba, reluctant to engage in currents of thought. However, reformers were still keen to employ traditional language when defining the bond between the teachers and the students: “authority is not exercised by mandatory prescriptions but by suggesting and loving: that is, just by teaching. If there is no spiritual connection between the teacher and the learner, education is hostile and therefore fruitless.”⁷⁶

⁷⁶ “La juventud argentina de Córdoba a los hombres libres de Sud América” (Manifiesto de la Federación Universitaria de Córdoba 1918), Accessed September 21, 2014, <http://www.unc.edu.ar/institucional/historia/reforma/manifiesto>. This famous quotation was posted on the FES’s official Facebook page on September 17th to celebrate Teacher’s Day [*Día del Profesor*].

The University of La Plata, established in 1897 and nationalized shortly after that year, welcomed the “Reform movement.” Socialist leaders as Palacios celebrated the subordination of the *verbalismo* (eloquent but empty style) to experimentation, something which had already been noted by Juan B. Justo. However, some professors that had been appointed as part a political favor opposed the reform since they faced the possibility of being removed from their chair. Others, in turn, actively supported the movement as a healthy symptom of a mature democratic culture.

The Reform movement wanted to catch up with the electoral reform of 1912 which reinforced universal suffrage by adding the mandatory and secret character to the act of voting. The first elections held under this new system consecrated Hipólito Yrigoyen, from the Radical Party, as president for the period 1916-1922. Initially, Yrigoyen tolerated street activism and even labor strikes as part of this political tactic. He personally intervened when most workers were Argentine citizens or when the conflict was highly visible.⁷⁷

José Ingenieros and Palacios welcomed the Reform and launched impetuous writings against the Monroe Doctrine, the Pan-American Union and the “dollar diplomacy” practices carried out by the United States in the region. In 1925 Ingenieros favored the creation of a Unión Latino Americana (Latin American Union) that gathered the solidarity of other groups such as Haya de la Torre’s *Aprista* movement in Perú. The involvement of economists was needed for setting up a direct line of credit to farmers.

⁷⁷ Joel Horowitz, *Argentina's Radical Party and Popular Mobilization, 1916-1930* (University Park: Pennsylvania State University Press, 2011), 116.

In the 1920s, President Alvear intervened militarily in several universities including Córdoba. After his six-year term, Alvear left the office and the re-election of Yrigoyen in 1928 brought a widespread corruption and inefficiency to the state administration, but the decisive counter-reformation strike was carried out by General José F. Uriburu's de facto government, which seized control of UBA at the end of 1930. The *Reformistas*, then, had to review their apolitical tradition, something already suggested by Julio V. González in 1927 (he proposed a National Reformist Party) with no success. Many pro-Reform professors were removed from their posts or they resigned as a sign of protest; this was the case of professor of law Mario Sáenz in 1930, who had been dean of the FES between 1924 and 1927.

The reform movement spread out to the other major universities (Buenos Aires, La Plata, Rosario and Tucumán) and the movement even reached Lima, Cuzco, Santiago de Chile and Mexico. There was a second wave of students' protest after 1930 which reached not only Argentina but also Brazil, Paraguay, Bolivia, Ecuador, Venezuela and Mexico. However, as the agenda of the Second National Student Congress held in Buenos Aires in 1932 shows, this time it had more to do with the rise of authoritarian regimes worldwide than with university autonomy.⁷⁸

Unlike colonial times, when the universities promoted values close to the Eurocentrism already dominant in society, the Reform condemned any sort of imperialism and called the attention to local conflicts, especially those where workers were involved; in return, workers in Córdoba backed the students.

⁷⁸ This was an ongoing concern within university circles. In September 1952, the government withdrew the status of the engineering students' center [Centro de Ingeniería]. This caused a new wave of strikes that lasted throughout the following year. In 1954 thirteen Peruvian students were expelled from the country under the Ley de Residencia.

Additionally, the student body was much more diverse than before and this guaranteed a wider range of interests in play.

Doing an evaluation of the accomplishments of the reform (mainly, participation in the election of authorities and non-mandatory attendance), Prebisch highlighted, the worth and the need for change, especially when “taking science down from its mystical pedestal and setting it closer to ordinary life.”⁷⁹ On the other hand, he felt that the effort did not transcend the enunciation of an educational ideal. Indeed, as historian Tulio Halperin Donghi observed, university life did not experience the catastrophes forecasted by the opponents of the reforms nor did it experience a somehow mythical renovation that the reformists expected.⁸⁰

More than ten years before the events in Córdoba, coordinated movements between students and teachers in Buenos Aires and La Plata had already defeated at least partially the practice of lifetime scholars being in charge of appointing new faculty. If the Reform had such an impact, though, it was because the modernization process had reached the core of a university that had a medievalist mindset inherited from the Iberian tradition.⁸¹ The Reform could not establish a system of incentives to keep full time faculty nor could it prioritize the scientists over the professional when recruiting new professors.

As historian Pablo Buchbinder remarks, professional corporations imposed a very clear limit to the transformation of academic institutions. The professional-

⁷⁹ Prebisch, “Anotaciones sobre la reforma”: 347.

⁸⁰ Halperin Donghi, *Historia de la Universidad*, 137.

⁸¹ Juan Carlos Portantiero, *Estudiantes y política en América Latina. El proceso de la reforma universitaria (1918-1938)* (México: Siglo XXI, 1978), 31.

utilitarian orientation of the university, questioned since the beginning of the century, was not only unaffected by the Reform movement but, on the contrary, it was strengthened.⁸² While the reform demanded greater political autonomy to address national issues, the problem for the national state was keeping the universities out of national politics, rather than keeping politics out of the university operation.⁸³

Postwar Social Unrest

At the opening of the school year of 1919, in a context of high social tension and labor strikes, dean Lobos declared that the best that could be done for the working class was to stimulate their “technical productivity” at the courses and to carefully follow the cost of living in order to identify the roots of social disturbances.⁸⁴ Indeed, after the Reform, “insubordination brought students closer to the working class.”⁸⁵

The context of urban Argentina was signaled by the growth of middle-income sectors and the influence of European philosophies such as socialism and anarcho-syndicalism, expressed in the increasing number of cooperatives and unions. Social tension peaked during the postwar years. The cost of living in Buenos Aires increased 71%, while wages fell by 38%. In the main Argentine cities,

⁸² Buchbinder, *Historia de las universidades*, 139.

⁸³ Jorge Balán, “Social Sciences in the Periphery: Perspectives on the Latin American Case,” in *Social Sciences and Public Policy in the Developing World*, ed. L. Stifel, R. Davidson and J. Coleman (Lexington: Lexington Books, 1982), 220..

⁸⁴ *Revista de Economía Argentina* 10 (April 1919): 269.

⁸⁵ Natalia Milanésio, “Gender and Generation: The University Reform Movement in Argentina, 1918,” *Journal of Social History* 39: 2 (2005): 519.

the small but growing industrial sector suffered as prices of imported inputs had become volatile after the European bellicosity. The trend was against consumers, and especially of workers who saw the escalating cost of living as unbearable. This was reflected in crowded strikes –as shown in Table 4.

General strikes were called to confront the consequences of high unemployment and inflation. Also, those who had blue-collar jobs were in precarious conditions in terms of stability and remuneration. Organizations such as the National Association of Labor (NAL) created in 1918 hired workers that were not associated to any labor disputes. These workers were often brought from the provinces to replace and threaten the strikers.

The NAL was established by a group of businessmen and its goals were to establish “social discipline” by bringing strike breakers from the provinces. This association had the support of part of the local police and the army, as well as the financial support from elitist clubs like the Jockey Club and the Asociación Damas Patricias, a women from the upper social class. Manuel Carlés, who later became professor of economic geography at the FES, he founded and was president until his death in 1946: the Patriotic League, a *grupo de choque* (paramilitary force) controlled by conservative groups against socialists and unionists. This was the first counter-revolutionary organization in the 1920s that resembled a political association.⁸⁶

⁸⁶ Sandra McGee Deutsch, *Contrarrevolución en la Argentina, 1900-1932: la Liga Patriótica Argentina* (Quilmes, Universidad Nacional de Quilmes, 2003), 94.

Table 4. Strikes and strikers in Buenos Aires (1919-1923)

Year	Strikes	Strikers involved
1919	367	308,967
1920	206	134,015
1921	86	139,151
1922	116	4,373
1923	93	19,190

Source: “Las huelgas en el año 1923,” *REA* 71-72 (May-June 1924): 464.

The situation was such that there were initiatives to aid urban sanitation (deteriorated because of overcrowding) and to reduce increasing unemployment through cooperatives. Little could be done to appease the violent episodes in the port area, where small landholders and laborers’ demonstrations affected the docks and cereal transportation. The tragic series of events began in January 1919 with a protest in Vasena, a metal workshop in Buenos Aires. The company hired strikebreakers while the government sent the police, firemen and even soldiers to take over the situation. After several days of general strikes, it all lead to violence and many hundreds were killed.

Social agitation was taking place in Western Europe as well. Italy, suffering the Great War on its own soil, experienced a far more tragic biennium in 1919-1920. The context was signaled by workers’ street mobilizations, agricultural

strikes, looting, land seizures and occupation of factories.⁸⁷ Between 1920 and 1924, 306.928 Italians arrived to Argentina.⁸⁸ Among them there were Jewish Italians that were forced to leave their country. They had a highly diverse professional background, from entrepreneurs and managers to physicians and university professors. Even when they stayed few years, their legacy was crucial to the development of science and humanities in Argentina.⁸⁹

Professor Gondra saw these events as part of an international revolutionary attempt to debunk capitalism, taking advantage of the weakness of the system after the war effort.⁹⁰ Prebisch, in turn, had a more journalistic approach –on the ground, not linked to conspiracies- as he followed closely the situation in Europe, especially recording the evolution of the cost of living by reviewing statistics from foreign journals. In terms of economic research in general and statistics in particular, Argentina lagged far behind the work being done internationally.

This was because, as a teacher of banking said, it was a country where wealth was within easy reach and trade was expanding at an accelerated pace. This could have conspired against a detailed study of economic problems.⁹¹ However, thanks to the initiative of men like Alejandro Bunge, the first Yearbook of Labor Statistics was published in 1914, that is, two decades before the International Labor Organization (ILO) published its first edition.

⁸⁷ Philip Kitzberger, “La crisis del orden liberal y el ascenso del fascismo en cuatro artículos de Vilfredo Pareto para *La Nación*,” *Deus Mortalis* 3 (2004): 313.

⁸⁸ María Cristina Cacopardo and José Luis Moreno, “Características regionales, demográficas y ocupacionales de la inmigración italiana a la Argentina (1880-1930),” in *La inmigración italiana en la Argentina*, ed. Fernando Devoto y Gianfausto Rosoli (Buenos Aires: Biblos, 1985), 65.

⁸⁹ Fernando J. Devoto, *Historia de los italianos en la Argentina* (Buenos Aires: Biblos, 2006), 368.

⁹⁰ Gondra, “El sofisma de la doctrina marxista del valor,” *Revista de la Facultad de Ciencias económicas, comerciales y políticas* VI, 3 (September-December 1937): 409.

⁹¹ Speech by Dr. José Barrau, reproduced in *REA* 21 (May 1920): 180.

Likewise, later on, the International Labour Office, run by the French socialist Albert Thomas, handed over to Professor Palacios a thorough survey on Argentine working conditions. Palacios, in turn, passed it on to the FES to conduct the research. He was recognized abroad due to his many publications like *La Fatiga* (1922), which reflected the influence of European labor psychology. He had a holistic approach in which socialism and Taylorism were intertwined in the search for the improvement of human conditions at the workplace. He also turned to the tradition of political philosophy and economic history to illustrate his arguments.⁹² This supports my argument that international events (in this case, the growing role that trade unions had) helped economists to present and defend their discipline as needed to address new social and political forces.

The FES had in common with ecclesial units the communal life in which psycho-emotional materialized in limited spaces and in the sharing of symbols. They found in the seminar both a low cost pedagogical tool and a method that promised the benefits of what is already in its original configuration: an organic, adaptive and cyclical dynamic that left aside the artificial, imitative, and monotonous repetition that defined industrial societies.

In conclusion, a new epistemic community in Buenos Aires, the FES turned to the emulation and redefinition of a set of existing prestige devices. Even though many of these were borrowed from the experimental sciences, they were tailored to the social sciences and were assigned new meanings for the local needs. Institutional building of the FES during its first decades was part of a slow but

⁹² Alfredo L. Palacios, "Los problemas del trabajo y las investigaciones de laboratorio," *RCE* X 8-9 (March-April 1922): 103-153.

steady progress –as most educational processes are. Communities like the FES were usually defined in Europe as schools of trade. However, in Argentina, unlike France, for example, political economy managed to gain independence from the school of law and established its own separate institution where “scientific” research was carried out.

There was also a vocational dimension added on top of what looked like an assembly line of students acquiring a set of predetermined skills. This non-material sense of belonging required the elaboration of mechanisms of seduction, displayed using both material and abstract -but equally effective- devices of power. These aspects will be treated in the next chapter.

Chapter 3

Looking Abroad and Prestige Devices

*Our dear neighboring countries like Chile, Uruguay
and Paraguay are seeking to create schools like ours...
They need to reorganize public finance on scientific principles.*

Mario Sáenz.¹

Between 1895 and 1914, a period known afterwards as “the happy world” in economic history, the level of international trade, capital flows and migration were higher than during most of the twentieth century. Indeed, this was the first modern globalization process, leaded by Great Britain (*Pax Britannica*). The final outcome of this process was the consolidation of the gold standard system. During these decades, Argentina was experiencing an economic boom and a steady growth in infrastructure (i.e., railways and ports) due to the export of meat and cereals. This *belle époque* ended abruptly with world war; the brutal shock in the external balance meant that most of the crop could not be sold.

This chapter deals with international exchanges that took place in the dynamic urban center of Buenos Aires. Foreign-born faculty and local professors

¹ “Información universitaria,” *RCE* XIV 57 (April 1926): 417.

were engaged in debates that were taking place outside Argentina. It also exposes the set of prestige devices, understanding prestige in its etymological meaning of “dazzling influence.” During its first two decades, the FES developed a series of symbolic devices looking for real impact: acknowledgment of distinguished personalities as a way to inspire the new generations (as shown in Chapter 1) and honor granting ceremonies to the deceased personnel. These and others mechanisms were necessary to legitimize the new Faculty as a new center of excellence. The last section of the chapter presents some highlights in other faculties of economics in other universities.

International Gravitation on Porteños

In the eighteenth century, most Western countries had a bimetallic standard of gold and silver. After the Napoleonic Wars, Great Britain switched to just gold and led the way by staying on that system through 1914. The United States entered the system in 1834 and this facilitated the emergence of gold as an international currency. Silver discoveries in the mid-nineteenth century eventually created a link between silver coinage and inflation, leading governments to seek refuge in gold.

Few could have anticipated the price-level decline that began in the 1870s and continued in the 1890s when the world’s gold supply doubled after the gold rush in South Africa, Australia and the North American West. In the years that

followed, many countries adopted the gold standard.² Even those countries that were reluctant in the first place joined the system: Russia, Austro-Hungary, Japan, Thailand, India, Mexico, Brazil and Argentina.

When legislators were contemplating a move into gold in Austria-Hungary and Russia at the end of the nineteenth century, it was because they saw the gold standard “less as a transmitter of foreign disturbances than as means of cushioning domestic disturbances by linkage with the presumably more stable world economy.”³ There were non-economic motives as well: the gold standard was seen as the most modern monetary system that brought prestige to the Austro-Hungarian monarchy. Before gold, they had a disorganized system based on silver and irredeemable paper notes.

According to the Argentinean Conversion Law passed in 1899 (No. 3871), 100 pesos were exchangeable at the Caja de Conversión (Conversion Office) for 44 gold pesos. Argentina rejoined the gold standard in 1899 “principally to stop a shift in income distribution which was unfavorable to the politically dominant landed and export-producing interests.”⁴ Every time exports plummeted, there were not enough dollars to keep the fixed exchange rate system and eventually Latin American countries had no choice but to abandon the gold standard. Countries like Argentina and Uruguay, which were more integrated into the system than their neighbors, decided to do so even before the 1929 New York stock market crash.

² Jeffrey A. Frieden. *Global Capitalism: Its Fall and Rise in the Twentieth Century* (New York: Norton, 2006), 17.

³ Leland B. Yeager, “The Image of the Gold Standard,” in *A Retrospective on the Classical Gold Standard, 1821-1931*, eds. Michael D. Bordo and Anna J. Schwartz (Chicago: University of Chicago Press, 1984), 653.

⁴ Alec G. Ford, *The Gold Standard 1880-1914: Britain and Argentina* (Oxford: Clarendon Press, 1962), 167.

In Argentina and other South American countries like Chile and Peru, British investments, which were at high levels at the end of the nineteenth century, gradually declined at the same time that the United States' influence grew. The country was involved in a triangular trade equation where the tariff policy was closely questioned from abroad as the Argentine government gave advantages to the British over the Americans.

From the 1890s on the government of the United States had realized that one way of asserting their economic and strategic interests was inducing the hiring of advisers abroad: "no matter how scientific, professional, and altruistic the agents, their presence has usually encouraged the adoption of the technologies, systems, products, and beliefs of the United States."⁵ Routinization and impartiality in training, as well as objectivity in the pursuit of knowledge, were high values for Progressive leaders: government "by science, not by people," was the creed of that time.⁶

Many countries in the periphery experienced an increasing influence of foreign investments and policy-makers through the dollar diplomacy that were a consequence of the leadership of the United States that overturned that of Great Britain. Latin America brought in more U.S. technocrats than any other world area before the Second World War. Between the 1890s through the 1920s, every Latin American country except Argentina and Brazil hired U.S. financial consultants.

At the Pan-American Scientific Congress, held in Washington at the end of 1915, Edwin Kemmerer (Princeton University) called for a "Pan-American

⁵ Paul W. Drake, ed., *Money Doctors, Foreign Debts, and Economic Reforms in Latin America from the 1890s to the Present* (Jaguar Books on Latin America, Wilmington, 1994), xix.

⁶ Bernstein, *A Perilous Progress*, 12.

monetary unit” on the basis of the U.S. gold dollar.⁷ When the First World War was over, countries followed his advice as a mean to secure the stability that the U.S. model promoted. For example, even though Colombia had returned to fixed gold parities in 1903, it was only after the Kemmerer mission of 1923 when the country adopted not only the fixed parity with the dollar but also a central banking model based on the U.S. Federal Reserve.⁸ In the same year, the *Banco de la República* and the Superintendency of Banks were created; for the first time in Colombian history, private financial intermediaries were under state regulation.

Between 1917 and 1930, Kemmerer traveled around many Latin American countries as economic adviser carrying the same formula: the establishment of a central bank, the reorganization of the customs system and the adherence to the gold standard that would guarantee a balanced budget.⁹ Kemmerer believed that “in the interests of equity in relations between debtors and creditors and of a stable economy, the value of the monetary unit should not vary much,” although it usually does, he immediately admitted.¹⁰ What dependency theory and other schools of thought have argued is that the return to any investment is never absolutely certain in the context of high capital mobility, vulnerable economies, and governments with little choice in terms of economic policies.

⁷ Robert N. Siedel, “American Reformers Abroad: The Kemmerer Missions in South America, 1923-1931”, in *Money Doctors...*: 88.

⁸ José Antonio Ocampo, “Variable Monetary Regimes in a Preindustrial Economy: Colombia, 1850-1933”, in *Monetary Standards in the Periphery: Paper*, 237.

⁹ Eichengreen, “House Calls of the Money Doctor: The Kemmerer Missions to Latin America, 1917-1931”, in *Money doctors*, 125.

¹⁰ Edwin Walter Kemmerer, *Gold and the Gold Standard: The Story of Gold Money. Past, Present and Future* (New York: McGraw-Hill, 1944), 196.

In 1922 Kemmerer lectured at Buenos Aires, where he predicted a wealthy future for the country and praised the FES as the provider of first-class economists to provide a scientific solution to its problems.¹¹ This did not mean that the phenomenon of foreign financial advising has some paternalism built in it, where hierarchy persisted more or less hidden. Even though foreign advising did not represent an uninterested proposition, these operations were styled as “objective, scientific, apolitical and mutually beneficial.”¹² Legal contracts, for instance, expressed a subtle influence through the supervision of loans (the policy of substituting *dollars for bullets*).

The increasing role of the United States in the Americas and then the world allow a comparison *vis-à-vis* the declining influence of Great Britain.¹³ However, both countries kept close ties and the United States followed the gold path as much as possible, with the only exception of the Civil War and Reconstruction period, during which it suspended the convertibility. Other countries within the system found more limitations since their reserves were both in gold and in sterling assets, something that made them more dependent on the British leadership.

The First World War raised an awareness of the vulnerability of the country in the international market. Foreign investment and loans depended on the situation of the European markets and when the inflow of capital stopped, Argentina had to continue to pay the financial services abroad. Under the gold

¹¹ Kemmerer, “Inflación y desinflación monetaria,” RCE X, 10-11 (May-June 1922): 220.

¹² Emily S. Rosenberg and Norman L. Rosenberg, “From Colonialism to Professionalism: The Public-Private Dynamic in United States Foreign Financial Advising, 1898-1929,” in *Money doctors*, 78.

¹³ Patrick O'Brien and Armand Cleese, eds., *Two Hegemonies: Britain 1846-1914 and the United States 1941-2001* (Aldershot-Hants; Ashgate, 2002).

standard, “the monetary stability in the cyclical centre [London] was maintained at the expense of the monetary perturbations of the peripheral countries.”¹⁴ After the temporary suspension of the system during First World War, Great Britain failed to convince European countries about the need to restore the gold standard in the same terms as before the First World War.

Preserving the gold standard was a great concern for Western capitalists. In the early twentieth century, there were around twenty eight countries in the world that had linked their currencies to gold. Not all of them were developed industrial nations; some were part of the British area of influence like India (which pegged the silver rupee to the pound sterling). In 1926 there were thirty nine countries under the gold standard. The British economist John M. Keynes held that a restoration of the “barbarous relic” after the Great War would mean a return also to the pre-war conceptions of bank-rate, “allowing the tides of gold to play what tricks they like with the internal price-level, and abandoning the attempt to moderate the disastrous influence of the credit-cycle on the stability of prices and employment”¹⁵

In Argentina and other South American countries like Chile and Peru, British investments, that were at high levels at the end of the nineteenth century, gradually declined at the same time that the United States’ influence grew. The national currency (peso) was highly valued and imports were encouraged. The problem aroused when the volume of foreign investment decline and the country could not promote exports through depreciation since this was against the gold

¹⁴ Florencia Sember, “The reception of Irving Fisher in Argentina: Alejandro Bunge and Raúl Prebisch,” *The European Journal of the History of Economic Thought* 20:2 (2013): 388.

¹⁵ John M. Keynes, *A tract on monetary reform* (London: Macmillan, 1923), 172.

standard principle. Additionally, the country was involved in a triangular trade equation where the tariff policy was closely questioned when the Argentine government gave advantages to Great Britain over the United States. In the period 1870-1913, international trade increased considerably stimulated by the fall of transportation costs and factor movements caused prices of locally scarce factors to fall and promoted factor price convergence. High flows of capital and migrations support the view of these decades as the first globalization.¹⁶

In this period, also known as *the belle époque*, Argentina became a part of the international market as provider of primary goods, specially wheat and meat. The agro export model succeeded in many countries of Latin America (Colombia and its coffee, Brazil and its cotton, Chile and cooper) but at the same time the Argentine state was making some efforts toward protectionism and private entrepreneurs were eager to establish the basis of a local industry.

By 1910 Argentina was economically a rich country, though politically and socially it had serious issues waiting to be solved, like the extension of the right to vote and the adaptation and distribution of the recent immigrant masses. The World War I, however, was very harmful for Argentine exports and therefore its economy. This fact lead some observers to warn about the potential dangers in a pattern of development purely based on agro exporter economy strongly linked to the British market.

During the war, net migration to Argentina was negative -something that had not happened since 1891. The census of 1895 reported that 25% of the

¹⁶ K. O'Rourke and J. Williamson, *Globalization and History: The Evolution of a Nineteenth-Century Atlantic Economy* (Cambridge: MIT Press, 1999).

Argentine population were immigrants, a figure that increased to 30% in 1914.¹⁷ If we take the city of Buenos Aires, in 1909 more than half of the population of its total of roughly over 1.2 million had been born abroad. This fact reflected upon both the studentship and the faculty at UBA, and the FES was no exception. Even if native of Argentina, many professors were eager to be up to date with Western European events and trends. In 1917, the FES produced thirty-one graduates in each main degree offered (accountant and Doctors in Economics); among those, three were from Spain and four were from Italy.¹⁸

The Argentine dependence on foreign capital was higher than in other Latin American countries. Plus, there was a large share of dependent children in a context of a rapidly growing population, which explains the low level of local savings. This represented a challenge for the national state that reached to training a new generation capable of addressing changing international forces.

During this period, foreign economic influence in Argentina was shifting from Great Britain to the United States.¹⁹ Once the hegemonic trade center, Great Britain practiced commercial capitalism which ensured a plentiful supply of primary inputs during the boom in agricultural exports (1880-1930). Argentina maintained a close relationship to the London financial center similar to the one Commonwealth countries had. As Vladimir Lenin argued, political independence and economic subordination were not mutually exclusive. He illustrated his point

¹⁷ José Luis Romero, *Breve historia de la Argentina* (Buenos Aires: Fondo de Cultura Económica, 2006), 113.

¹⁸ *Revista de la Universidad de Buenos Aires* XIV (1917): 220-221.

¹⁹ See O'Brien and Cleese, *Two Hegemonies...*

by commenting on the ties Argentina and Great Britain, a case that qualified as a perfect expression of the financial imperialism.²⁰

The 1890 crisis between the Argentine government and British investors proved the validity of a *trilemma* of incompatible ingredients: fiscal deficit, a fixed exchange rate and poorly regulated banks that borrowed abroad in gold and lent domestically in pesos. The result had a strong impact on the financial world: the British Baring Brothers & Co disappeared as a leading bank. In 1914, the Bank of England was still a private profit-making institution; however, it had, for more than a century, carried out quasi-official functions.²¹ As a basic assumption, this fact proved wrong those who asserted that the Bank sometimes reacted counter cyclically and therefore did not play by the gold standard rules. The Bank of England –like any commercial bank– had to pay dividends and reduced reserves when interest rates increased.²²

When the gold standard started a process of disintegration at the periphery, this undermined the stability at rich countries.²³ The Latin American opposition to financial ties to the United States and Europe were increasingly a topic on its own in the political arena, especially in South America. By 1930, United States influence in Mexico was significantly larger than the British or French.²⁴ An article in *The Economist* commented that until 1930 Argentina had placed its products in Great

²⁰ Vladimir Lenin, “El imperialismo, fase superior del capitalismo (esbozo popular),” in *Obras escogidas* (Moscu: Progreso, 1980): 232.

²¹ John Dutton, “The Bank of England and the Rules of the Game under the International Gold Standard: New Evidence”, in *A Retrospective on the Classical Gold Standard*, 173.

²² John Pippenger, “Bank of England Operations, 1893-1913”, in *A Retrospective on the Classical Gold Standard*, 217.

²³ Eichengreen, *Globalizing capital*, 70.

²⁴ John Hart, *Empire and Revolution. The Americans in Mexico since the Civil War* (Berkeley: University of California Press, 2002), 409.

Britain tariff-free, a privilege that no other country enjoyed at the time. However, bilateral relations in trade were redefined after the crisis of 1930. While in 1929 18% of imports from Argentina came from Britain and 27% in the United States, in 1935 this distribution almost reversed.²⁵ This was due to the imposition of tariffs in an increasingly unstable context.

After the outbreak of the First World War, the FES sent several reports to Congress about the need to modify commercial law and took advantage of this situation to promote itself as an institutional counselor. However, the climate among faculty was of bewilderment. The conflict had exposed the shortcomings of the local education system. Vicente Fidel López, professor of Trade Policy and Comparative Customs Regime, had the impression that the war had changed everything. Indeed, in most countries, the war provided engagement and public purpose to economists in an unprecedented manner.²⁶

During a speech at the opening day of classes, López stated that “the European war leads to the study of new issues that are to be analyzed in their different points of view, on almost all of our courses.”²⁷ In a similar tone, Gastón Lestard, who would be manager of the National Bank later on, considered that the First World War had exposed “our industrial orphanhood, our financial disorganization and our inability to implement a manufacturing system.”²⁸ The war caused a major slowdown of the Argentine economy: even by international

²⁵ Gerchunoff and Llach, *El ciclo de la ilusión y el desencanto*, 129.

²⁶ Bernstein, *A Perilous Progress*, 38.

²⁷ Quoted in *RCE* 68 (February 1919): 223.

²⁸ Gastón H. Lestard, “Educación económica de la juventud argentina,” *REA* 15 (September 1919): 227.

standards, investment flows declined and the growth rate dropped. During the 1920s, when the economy rebounded, it did not return to the same levels: the growth rate went from an average of 3.5% per year (first decade of century) to a 1.7%.²⁹

Until the end of the nineteenth century, it was rare to see foreign authors in UBA's syllabi. In 1892, Félix Martín y Herrera went against this trend when he introduced the French economist Paul Cauwes.³⁰ He also taught the views of the cooperativist school through Charles Gide and the historicists like Gustav Schmoller. Cooperativists argued that consumers should organize themselves through wholesale societies to acquire goods from farms or factories. Schmoller considered that the scientific deductive method was insufficient to explain economic phenomena and that they should be treated as historical events. This empirical-inductive imprint influenced members of the Argentine New Historical School that had made contact with the German school in their travels through Europe.

Martín y Herrera was a follower of the positivist school of Friedrich List and William Roscher, and, as such, he criticized *pure* economics even before it appeared in Argentina (later on, his former student Gondra would represent this trend). He believed that Political Economy was not a mathematical science that could provide universal laws; however, this did not mean a lesser scientific status.

²⁹ Gerardo Della Paolera and Alan M. Taylor, *Straining at the Anchor: The Argentine Currency Board and the Search for Macroeconomic Stability, 1880-1935* (Chicago: University of Chicago Press, 2001), 146.

³⁰ Gondra et. al., *El pensamiento económico latinoamericano: Argentina, Bolivia, Brasil, Cuba, Chile, Haití, Paraguay, Perú* (México: Fondo de Cultura Económica, 1945), 27.

Table 5. Journals and newspapers held by the FES library (1928)

Country of origin	Titles
Canada	30
France	28
Italy	28
United States	17
New Zealand	14
England	13
Switzerland	12
Spain	11
Germany	7
Australia	4
Belgium	4
Uruguay	3
Brazil – Chile	2 (each)
Holland – Mexico – San Salvador	1 (each)

Source: Table based on several *Memorias*.

In 1898, he published one of the first textbooks on political economy, which had wide circulation. Until then, it was common that authors focused on particular topics and let students learn the general themes from European treatises.³¹ A few decades later, despite its relatively small size, the FES library held a diverse collection of material as shown in Table 5.

The international exchange was a common experience for the FES during the 1920s. In 1923, the French Professor Gastón Jèze (1869-1953) arrived to Buenos Aires to give a series of lectures at the FES. President Alvear attended the

³¹ Fernández López, *Economía y economistas argentinos, 1600-2000* (Buenos Aires: EDICON, 2008), 163.

official reception that organized the recently founded Institute of the University of Paris. Jèze was criticized in the newspaper *La Razón* for “daring” to teach a course on Argentina’s finances since he was an overseas speaker seeking easy success and he could only improvise his views on the local environment. A similar situation had taken place a few years earlier when Sir Joseph Burn, a fellow of the Institute of Actuaries, was hired as a consultant while writing the railways pension law.³²

However, a couple of years earlier Jèze had published four articles in the *Revista de Economía Argentina* (more on this publication in Chapter 5).³³ He had founded the well-known *Revue de Science et de Législation financières* in 1903. Even though public opinion did not care for his critics of the Argentine economy, some students at the FES followed Jèze’s indications. As secretary of the Committee on Budget and Finance, Prebisch prepared a report for the Minister of Finance Rafael Herrera Vegas based on Jèze’s recommendations.³⁴

The Frenchman followed the experimental method when assessing the Argentine situation. Systematic work and the observation of facts were *sine qua non* conditions for him to make any hypothesis.³⁵ His pessimism regarding Argentina was related to the “mediocre” management of public finances. Additionally, when he carried on his research the national budget had not yet been approved, the provinces (many of which were intervened by the federal government) were running on deficits.

³² “Información Universitaria,” *RCE* XXI, 147 (October 1933): 723.

³³ Gaston Jèze, “Situación financiera de la Argentina,” *REA* 81 (May 1925): 230-234.

³⁴ Prebisch, “Establecimiento de nuestra administración financiera sobre bases comerciales,” *REA* 67-68 (January-February 1924): 201-202.

³⁵ Prebisch, “A propósito de la primera conferencia del profesor Jèze,” *RCE* 20 (March 1923): 171-176.

In addition to denouncing the tax system and its tariffs as “undemocratic” by heavily taxing low-income classes, Jèze considered it necessary to implement direct taxes because “when it comes to unearned valuation, it is just that most of this surplus value returns to the community.”³⁶ His diagnosis revealed the influence of Henry George, who promoted a single land tax to punish speculation by landowners.

Apart from the particular case of Jèze, a significant part of the international influence on Argentine intellectuals came from Italy. In these first years of the RCE, there were many articles taken and translated from the Roman journal *L'Economista*, thanks to the initiative of Italo Luis Grassi (in charge of the RCE). Often times the RCE also translated some articles from the *Giornale degli Economisti e Rivista di Statistica*. In 1924, Grassi embarked upon an official trip to Europe representing the FES alumni (Colegio de Doctores en Ciencias Económicas y Contadores Públicos Nacionales).

After the trip, he reported the work of the different associations of accountants he had visited and the basic principle that animated them: occupational solidarity and mutualism.³⁷ To Grassi, the economist and the engineer ought to share their basic set of knowledge; otherwise, civil projects (like a new railway) were at risk if not taking into consideration not only the building design but also the estimation of the cost-benefit in a comparative way.³⁸

³⁶ Jèze, “La reforma de los impuestos nacionales de la Argentina,” *REA* 64-65 (October-November 1923): 284.

³⁷ Italo Luis Grassi, “La «Association des Comptables» del Departamento del Sena,” *RCE* XI, 30-31 (January-February 1924): 4.

³⁸ Italo Luis Grassi, “Revista de revistas,” *RCE* V, 51 (September 1917): 186-187.

In 1921, the Italian economist Giovanni Demaria (1899-1998) wrote *Le teorie monetarie e il ritorno all'oro*, a work on monetary theory and the gold standard. A few years later, when the international trade system was under serious reconsideration, the FES published a chapter of Juan Demaría's (thus the name was Hispanicized) treatise to stress the importance of studying the monetary system.³⁹ This episode was by no means an exception: Italian scholarship was welcomed in Argentina at least until the final years of the 1930s.

The Italian Society of Political Economy in Florence created in 1868 had self-awareness to a certain degree, but their focus was on parliamentary debates and economic policy.⁴⁰ But in a modern sense, it was only in 1913 when the Italian schools of commerce were converted into higher institutes. In 1924 they were given equal status with university faculties and in 1935 they finally became faculties of economics.⁴¹

In 1918 Vilfredo Pareto published his first article in Argentina, which made an evaluation of the theories of political economy and observed a transition from a metaphysical approach to mathematical economics; that is, from the theoretical-discursive take to the practical-applied one.⁴² Pareto was also present in the media but this was connected to the political phenomenon of the moment –the rise of fascism. His inclinations towards a “durable regime” and his definition of

³⁹ See *RCE* XVII, 91 (February 1929).

⁴⁰ Massimo M. Augello and Marco E.L. Guidi, eds., *The Spread of Political Economy and the Professionalisation of Economists: Economic Societies in Europe, America and Japan in the Nineteenth Century* (London: Routledge, 2001), Chapter 4.

⁴¹ Malatesta, *Professional Men, Professional Women*, 109.

⁴² Vilfredo Pareto, “El método experimental en las ciencias sociales,” *RCE* 55 (January 1918): 27-33; “Economía experimental,” *RCE* 71 (Mayo 1919): 358-382.

Mussolini as a “first class politician” added to the controversy.⁴³ In fact, the predominance of idealism in Italy did not destroy the foundations of positivism. During the fascist regime, statistics and industrial sociology were considered complementary to the claims of the idealist intellectual hegemony.⁴⁴

On October 2 1923, a public meeting was held at the Faculty to make in tribute to the recently deceased Pareto as the wise teacher of Lausanne. On that occasion, Prebisch commented on his *General Treaty of Sociology* published in 1916, where Pareto had reconsidered social phenomena beyond the purely ethical standpoint used until then. Pareto was trying to track uniformities along the pendulum of history –of which he was convinced-, to formulate theories based on identifiable constants. The repetition of events would lead to the formulation of laws and hypotheses.⁴⁵

In order to accomplish this, Pareto used the metaphor of “chemical equilibrium” in which he distinguished between *residues* as a constant part of reasoning, tied to feelings and non-logical aspects of reality, and *derivations*, that is, an actual explanation of the deep causes of these residues. Social equilibrium, Pareto argued, would not only be determined by the mere action and reaction of individuals and communities (exalted in the perspective of historical materialism), but by social heterogeneity and circulation –like a river flow- between different groups.⁴⁶

⁴³ Philip Kitzberger, “La crisis del orden liberal y el ascenso del fascismo en cuatro artículos de Vilfredo Pareto para *La Nación*,” *Deus Mortalis* 3 (2004): 307-363. See Pareto, “El fenómeno del fascismo,” *La Nación*, March 25 1923, 16.

⁴⁴ Wittrock, Wagner and Wollmann, “Social Science and the Modern State”: 42.

⁴⁵ Prebisch, “La sociología de Vilfredo Pareto,” *RCE* 27 (October 1923): 166.

⁴⁶ Alasdair Marshall, *Vilfredo Pareto's Sociology: A Framework for Political Psychology. Rethinking Classical Sociology* (Burlington: Ashgate, 2007), 33.

Similarly to the case of Jèze, Pareto considered that the approval of the national budget was key to the functioning of the state. In the case of Pareto, he argued against the abilities of the Parliament to fulfill this task. This systematic flaw was highlighted by the Argentine media and intellectuals as well.⁴⁷ It was a common belief that leaders of political parties still believed in refuted doctrines like mercantilism and that the general population could not know diagnose the economic situation but still everyone dared to comment on every topic without really knowing anything.⁴⁸

Hugo Broggi (1880-1965) also recalled Pareto's virtues as someone who arrived to economics not through law (as many in Latin countries did) but through engineering. Broggi was an Italian mathematician and economist trained in Italy and Germany who published two volumes of mathematical methods in the Universidad de La Plata.⁴⁹ He defined Pareto as "an engineer who applied economics to his mental habits," something that was evident in the effort to overcome purely verbal debates in economics without properly defining the terms in the first place.⁵⁰

Starting in 1919, Broggi and Gondra gave a course on Pure Economics incorporating authors belonging to the School of Lausanne, led by Leon Walras' studies on social economy, followed by Pareto, Maffeo Pantaleoni and Enrico Barone, Walras' disciple and friend –translated by another FES professor. The

⁴⁷ Pareto, "La crisis del parlamentarismo," *La Nación*, Septiembre 1 1923.

⁴⁸ Carlos Becker, "Lenguaje y pensamiento económico," *Revista de la Facultad de Ciencias Económicas de la Universidad de Cuyo*, 1, 2 (May-June 1949): 9.

⁴⁹ *Análisis matemático. Las nociones fundamentales* (1919); *Análisis matemático. Teorías generales, funciones de más de una variable* (1927).

⁵⁰ Broggi, "Vilfredo Pareto y la teoría del equilibrio económico," *RCE* XI, 27 (October 1923): 143.

theoretical principles defended by Walras were that every economic unit tends to maximize their utility and that the demand for each good must equal its offer.

At this point in the history of economic thought, pure economics was a minor branch because most economists did not value the potential of mathematical tools. In this sense, Gondra was a pioneer and his work positioned UBA as one of the few universities where economic theory was developed using these techniques.⁵¹

When Pantaleoni published its *Manuale di Economia Pura* in 1889, he could not have imagined that his ideas would reach the other side of the Atlantic world. Gondra asked him if he could translate his work and he granted the permission to do so. However, Pantaleoni believed in the unitary character of the science of administration, which meant that he did not identify different schools within the discipline nor did he believe in founding one. For him, there were only two schools: one of those who know the subject, and another of those who do not.⁵²

Gondra, early follower of Pareto, said in his class: “economics is essentially an abstract scientific discipline, a sort of applied mathematics; and its purpose is the careful determination of the constant uniformities of certain phenomena and the circumstances in which they occur.”⁵³ Broggi, Professor of Statistics trained in Lausanne, agreed on this point. However, Broggi was critical of Pareto, whose theories could not solve any immediate or concrete problem, “deferring the answer to the day that never comes when we can write and solve hundreds of thousands,

⁵¹ Julio H. G. Olivera, “Luis Roque Gondra y los estudios de economía matemática en la Argentina,” *Anales de la Academia Nacional de Ciencias Económicas* XXII (1977): 317.

⁵² Quoted in Mario V. Ponisio, “A propósito de los nuevos estudios de Contabilidad,” *RCE* XVI, 84 (July 1928): 2164.

⁵³ Gondra, “La economía pura,” *RCE* 59 (May 1918): 358.

or even millions of equations; until then, it is a perfect mystery.”⁵⁴ Curiously enough, that day arrived several decades later with the information technology revolution.

The introduction of new methods was not only an Argentine phenomenon. At the international level, the new generation of students that attended college after the First World War were part of “an immense creative spasm” that was the response to the need to repair the ruins of European organization. The most important rupture between this generation and the old proponents of the theory of general equilibrium from the 1870s was the abandonment of the assumption that, under certain circumstances (competitive markets and full-employment), “universal perfect knowledge” was possible to attain.⁵⁵

While appreciating Pareto’s scientific spirit and intellectual honesty, Broggi felt that his work was an inert recollection of facts. The exchange of ideas between them took place in the *Giornale degli Economisti* (created in 1890), where Broggi had several collaborations between 1904 and 1907 and where Pantaleoni and Barone had written before as well. In 1914 Broggi published *Integral Lineal Equations* (edited by the University of La Plata), which turned out to be a pioneering book in Argentina, where algebra was not usually combined with economic analysis. That same year he was incorporated as a member of the National Academy of Economic Sciences.

⁵⁴ Broggi, “Vilfredo Pareto y la teoría del equilibrio económico,” *RCE* 27 (October 1923): 150.

⁵⁵ G. L. S. Shackle, *The Years of High Theory: Invention and Tradition in Economic Thought 1926-1939* (Cambridge: Cambridge University Press, 1983 [1967]), 4-5.

During his stay in Argentina, Broggi made his contribution with work on *Hedonic Maximums and Indifference Curves*, where he developed “a proof of the existence of the utility function from the indifference map, using both algebra and graphics.”⁵⁶ This demonstration had no precedents in economics. In 1916 he published one of the first purely mathematical articles in the RCE where he briefly introduced a statistical tool that determines the degree of association between two events.⁵⁷ In 1918 he wrote *Mathematical Analysis* and was the first to point out the inadequacy of Walras’ thesis to ensure the general equilibrium solution.

Another Italian who taught at UBA and also visited the cities of Rosario and Córdoba was Benvenuto Griziotti (1884-1956), professor and Doctor *Honoris Causa* from the University of Pavia, whose work on finance was translated in Buenos Aires. This case adds to the highly dynamic scenario that unfolded in the first decades of the FES, partly because of the open character of the discipline – something that clearly changed after the Second World War, when a more narrow set of themes were considered under the competence of economists.

After the Great Depression, when empirical work was considered of greater importance than a theoretical approach and when in many countries the government recruited large numbers of economists, national interests establish a priority for professional behavior. Economists devoted their efforts to the elaboration of macroeconomic modelling that was as varied as the national parameters of each particular case –like foreign trade, unemployment, debt.

⁵⁶ Fernández López, “Hugo Broggi y la Escuela de Lausana,” *Anales de la Academia Nacional de Ciencias Económicas* 47 (2002): 82.

⁵⁷ Broggi, “Sobre los coeficientes de asociación de Yule y Benini,” *RCE* IV, 33-34 (March-April 1916): 211-213.

Another case to illustrate the Italian influence is the figure of Achille Loria (1857-1943), follower of Henry George. Loria was excluded from the Marxist canon by Friedrich Engels but his ideas had wide circulation in Argentina and in other countries in the region. Loria himself polemized with José Ingenieros, a central and influential figure among scholars of positivism and Marxism in the interwar period.

Interestingly, Loria believed it possible to reach a universal economic law for economics, a science that “had begun as economic history, turned into historical economy and finally rose to the status of pure economics.”⁵⁸ Loria, whose main concern was the relationship between productivity and population density was considered the most important theorist of agrarian socialism and his principles were not reduced to the Marxist doctrine, since he sought to integrate both English and German schools.

When Corrado Gini (1884-1965), founder of *Metron* (an international journal devoted to statistics) compiled a work on the Italian contribution to the progress of statistics (*I contribute italini al progresso della statistica*) he sent a copy to the Argentine Society of Statistics, encouraging their readers to provide some feedback. The result was a series of reviews that highlighted the fields that Italian scientists cultivated, from historical demography to highly specialized biometrics.⁵⁹ Bunge was an editorial board member of the journal.⁶⁰

⁵⁸ Achille Loria, “La tendencia histórica en la ciencia económica,” *RCE* 37-38 (July-August 1916): 40.

⁵⁹ VVAA, “La contribución italiana al progreso de la estadística,” *RCE* XXX, 257 (December 1942): 1197-1206.

⁶⁰ “A New Statistical Journal,” *Science* LI (January-June 1920): 515.

All of this suggests that Argentinians followed Italian authors but sometimes with a creative input of their own. That was the case of Augusto Conte Mac Donnell, who took a sample of Italian economists to elaborate his own definition of political economy.⁶¹ The distinctive contributions that some economists made came in the 1940s and 1950s (José Barral Souto and Julio Olivera respectively) are analyzed in Chapters 3 and 5.

Italy was not the only country with considerable influence on the FES world. Before becoming the Dean of the FES, Mario Sáenz taught philosophy of law at UBA. He was an active hispanophile, since he considered that *Panamericanismo* was not working to create bonds within the American continent since it was actually a doctrine centered on North American materialism; *Latinoamericanismo* could not functioned either since the hegemony of France and Italy on America was vague and dispersed. Instead, *Hispanoamericanismo* enjoyed a shared language and a historical background that constituted incontrovertible arguments for success.⁶² The *true* culture led to Spain and the Argentine youth, he believed, had a deep inclination towards the Spanish idealism.

After Sáenz's visit to Spain, the RCE paid close attention to informing about his activities overseas.⁶³ In his lectures (attended by the Argentine Ambassador in Spain), Sáenz praised the lineage of the Spanish conquistadors, "whose effigies deserved veneration sacred anointing." He does so to inscribe universities as an important element of national traditions since he conceives of them as "spiritual

⁶¹ Augusto Conte Mac Donnell, "La enseñanza de la Economía Política en la Facultad de Ciencias Económicas," *RCE* XVI, 79 (February 1928): 1519.

⁶² "El catedrático don Mario Sáenz," *El Sol* (Madrid), April 24 1925: 1.

⁶³ "Informaciones universitarias," *RCE* XIII, 46 (May 1925): 317-320.

communities” that enjoy a suitable environment for research, meditation and teaching. Sáenz believed that teachers exercised the most divine of human priesthoods.

The Spanish newspapers praised him as a “man of science,” beyond all sorts of ideologies, establishing the principle that modern science is indivisible (there is no left or right).⁶⁴ The Spanish students’ representatives went even further in their praises. As Zopiro, without knowing Socrates, recognized him when seeing a man talking to his disciplines, any who saw Sáenz would have said: “That is Doctor Mario Sáenz with his disciples.”⁶⁵ Using a similar tone, Luis Podestá Costa thought of Sáenz as having the heart of a poet and the mind of a philosopher, which made him capable of offering his students not only the fruits of experience (he had served in the civil service) but more importantly, “warm words, rooted in emotion and in plain and friendly truth,” something that was not to be found in books.⁶⁶

These series of tributes had to do with the fact that one of Sáenz’ lectures in Spain was cancelled by the requirement of the University of Madrid’s board. Since he was one of the active supporters of the Reform of 1918, local authorities were afraid of the repercussions among the studentship. According to Sáenz, universities would be able to provide political institutions through their scientific collaboration with “a superior numen” that will guide them out of the authoritarian rule under General Miguel Primo de Rivera (1923–1931).⁶⁷ The vitality, he affirmed in an interview with the newspaper *El Estudiante* in Salamanca, was guaranteed

⁶⁴ Arturo Mori, “Un hombre de ciencia,” *RCE* XIII, 48 (July 1925): 132.

⁶⁵ “Información universitaria,” *RCE* XIV, 55 (February 1926): 221-222.

⁶⁶ Universidad de Buenos Aires. Facultad de Ciencias Económicas, *70º aniversario de la Facultad de Ciencias Económicas de la Universidad de Buenos Aires* (Buenos Aires: Eudeba, 1983), 66.

⁶⁷ “Discurso del profesor doctor Mario Sáenz,” *RCE* XIII, 47 (June 1925): 445-446.

as long as the youth had a role in the university life, as the accomplishments of the Reform of the 1918 had proven.

This reform, he said, had the same “miraculous effect” of a wind that takes away the “fossilized mummies only still standing because inertia, those fake teachers that infested the classrooms.”⁶⁸ After leaving Madrid, Sáenz arrived in Paris, where he was honored in a lunch organized in the Club Paris by José Ortega y Gasset and with the presence of Miguel de Unamuno, both eminent Spanish intellectuals.⁶⁹

To a lesser degree, the United States also was considered as a point of reference for Argentine intellectuals. Up to the 1860s, economic literature in the United States was dominated by lawyers, clerics, publicists and politicians. Their training, then, was not rigorous in strict terms but the needs of these “clerical economists” were outside academia, since they addressed broad issues and audiences. The professionalization process was aided by confidence in laissez-faire (both as a trade system and an ideology); the Marginalist Revolution and international recognition.⁷⁰

This Revolution (led by the Laussane and Austrian traditions) emphasized the allocation of given means with maximum effect, considering that the law of diminishing returns leads to calculate an optimum (in utility, profits or physical product).⁷¹ This approach implied leaving aside non-measurable elements that

⁶⁸ Salvador M. Vila, “Charlando con el profesor Mario Sáenz,” *RCE* XIII, 48 (July 1925): 128.

⁶⁹ “Homenaje en París al catedrático argentino Mario Sáenz,” *RCE* XIV, 55 (February 1926): 237-239.

⁷⁰ Joseph J. Spengler, “Economics: Its Direct and Indirect Impact in America, 1776-1976,” in *Social Science in America*, ed. C. Bonjean, L. Schneider and R. Lineberry (Austin: University of Texas Press, 1976), 57-59.

⁷¹ Blaug, *Economic Theory in Retrospect*, 280.

could not be added to the general equilibrium equation and it was a step towards the quantitative trend that economics would acquire in the following decades.

For dean Lobos, few things were more important than technical education; not only because of the material progress that a trained youth represents for a country, but also for the moral uplift that handwork provided. He believed that the *empleomanía* (the growing employment in the public sector) was part of a parasitical bureaucracy which originated from the desire of a well-paid administrative position as a way to avoid manual work.

Because of this conviction, Lobos had both the faculty and the students of the School of Commerce translate the new treaties on technical education that appeared in England and were republished in the United States like *The New Teaching* or *The Boy's Book of Business* (1917). While other Faculties produced *pure* science, the FES had to apply it towards the end of increasing the country's wealth. This was particularly relevant in the post-war context, when the industrial sector was in distress and a new "war after the war" (in productive terms) was in progress.⁷²

During the interwar period, the United States' curricula was not the product of the faculties' deep seated convictions. As sociologist Keith Tribe points out, the need to add the "economic" label to traditional subjects (like geography or law) was more of a fashion trend. At the Harvard Business School, for instance, it did not need more than one year to get the basics of these courses so most students did not enroll in a second year that looked rather similar to the previous one.⁷³

⁷² Lobos, "Discurso," *RCE* VII, 70 (April 1919): 206-208.

⁷³ Carlos Mallorquín, *La economía entre-vista*. México: Universidad de la Ciudad de México, 2003, 119-120.

In 1917, thanks to the intervention of Professor Piñero, three students were sent to study and work as interns at The National City Bank of New York for two years.⁷⁴ Five years later, the Dean sent Víctor Daniel Goytía to the United States on behalf of UBA to study commercial education and become informed on current financial debates. Goytía believed that his report would be useful when those issues appear in Argentina, since “the conditions of application are the same... with just difference of proportion.”⁷⁵ This was part of the belief in the universal character of science and its replicability with little concern for the local context.

However, fifteen years later, many professors felt that the gap between the two educational systems still persisted, not only in terms of resources devoted but also when considering the approaches: “our teaching of economics can still be referred as theoretical and doctrinal, compared with the scientific-practical way that has in North America.”⁷⁶ Part of the practical approach adopted in the United States were periodical assessments through surveys on how to improve education in economics. The other was the New Deal’s call for planning on a large scale.

The first Roosevelt administration set up the foundations for a new approach to activate the economy. This was characterized by maintaining a high level of employment through public spending, leaving aside the old fiscal austerity. However, knowing how to allocate resources demanded that the government hire experts that would carry on empirical economic studies.⁷⁷ As late as 1951, some

⁷⁴ “Homenaje a la memoria del Sr. Sergio M. Piñero,” *RCE* XXIX, 241 (August 1941): 707.

⁷⁵ *RCE* XI, 38-39 (September-October 1924): 81.

⁷⁶ Bernardo Lavayen, “Introducción a las Ciencias Económicas,” *RCE* XXVII, 212 (March 1939): 207.

⁷⁷ William J. Barber, “Government as a Laboratory for Economic Learning in the Years of the Democratic Roosevelt,” in *The State and Economic Knowledge: The American and British*

professors were still reading these materials and reviewed them for the local audience.⁷⁸

In regards to the neighboring countries, it is worth mentioning the student center's (CECE) initiative in 1932 to set up an Athenaeum to strengthen the exchange between Argentine students and those from other South American countries. The initiatives that they carried over included the visit of a former president of Ecuador, a minister of Paraguay and some distinguished Brazilian students.⁷⁹ In 1941, representatives of the Brazilian Society of Political Economy (created in 1937) visited the FES to attend the foundation of the Pan American Union of Experts in Economic Sciences, an institution which had its headquarters in Buenos Aires.

Luis Martins, in charge of the trip report, wrote a laudatory piece on the Argentine economic structure and in particular the thriving Buenos Aires and the human element of progress: the Argentine economists, “patiently focused” behind their desks, “guardians of order” thanks to their knowledge basis.⁸⁰ This positive attitude had a precedent when Dean Suárez honored the Brazilian Professor Manuel Sá Vianna when he passed away in 1924 as someone who “honored the American intellectual community and an apostle of the Argentine-Brazilian confraternity.”⁸¹ In 1935, the Pan American Commercial Conference held in

Experiences, eds. Mary O. Furner and Barry Supple (New York: Cambridge University Press, 1990), 109-111.

⁷⁸ Julio Broide, “Notas bibliográficas,” *RCE* IV, 31 (March 1951): 71-78. Broide refers to Horace Taylor, ed., *The Teaching of Undergraduate Economics* (Evanston: American Economic Association, 1950).

⁷⁹ “Ecos del 25^o aniversario del Centro de Estudiantes de Ciencias Económicas,” *RCE* XXV, 196 (November 1937): 1026.

⁸⁰ Luis Dodsworth Martins, “Reflejos de la cultura económica en la prosperidad Argentina,” *RCE* XXX, 254 (September 1942): 852.

⁸¹ “Inauguración oficial de los cursos,” *RCE* XI, 32-33 (March-April 1924): 169.

Buenos Aires endorsed the FES for its research institutes and recommend the countries attending to recruit FES graduates to serve as commercial attachés and consuls.

Recognition of Peers

During its first two decades, the FES witnessed the direct or indirect influence of many foreign professors. This was part of the institutional building process, in which the new Faculty tried to insert itself within the international community of studies on political economy. The Spanish Professor Luis Olariaga y Pujana (1885-1976), from the University of Madrid, visited the FES in 1924 thanks to the funding provided by the Institución Cultural Española. He lectured on economics, sociology and law at the FES. In the economic policy terrain, Olariaga was a protectionist and he stressed the need for a banking institution with a mixed directory; this would provide more autonomy to the Caja de Conversión, which had to deal with the exchange rate (trading gold for bills according to a fixed parity).⁸²

Olariaga caught the attention of many students, including Prebisch, who was highly critical of the Spaniard and called him an “experimental economist” because of the vague nature of his work, which consisted of deductions about the Argentine foreign trade based solely on figures from the export sector. The visit of foreign professors, however, was key to Prebisch’s advocating for the promotion of the scientific method and discipline that the FES lacked. To achieve this, he

⁸² Luis Olariaga, “El cambio internacional,” *REA* 81 (May 1925): 165-179; “La falta de elasticidad del Régimen Monetario Argentino,” *RCE* 78 (January 1928): 1397-1412.

recommended that research institutes should hire economists trained in major European or North American schools.⁸³

Olariaga knew that the British position at the international level had declined and suggested that Argentina turned to Spain for new investments and technological transfers to certain industries. To reinforce his position, he did not appeal to the practical arguments that a simple trade exchange would provide, but instead he turned to what was previously mentioned as *Hispanoamericanismo*. According to Olariaga, “in the Hispanic race, which is not only the Spanish nation, we find the spiritual roots of several peoples, including Argentina.”⁸⁴

Another influential Spanish professor was José Barral Souto (1903-1976), born in Spain, was a public accountant, an actuary and professor of biometrics and statistics in Buenos Aires, where he taught from 1933 to 1942. His linear-programming solution to the Ricardian theory of comparative advantage was translated into English and he was recognized alongside Leonid Kantorovich and George Stigler, both Nobel Prize winners, for having anticipated this solution four years before it was done in the United States. In fact, another Nobel winner, Wassily Leontief, arranged the translation of Barral Souto’s article to be published in *International Economic Papers* in 1961.⁸⁵ Leontief urged the FES to order “a large number of reprints of this important article for distribution to the English-reading economist.”⁸⁶

⁸³ Prebisch, “De cómo discurre el profesor Olariaga,” *RCE* 75 (October 1927): 1130.

⁸⁴ Luis Olariaga, “De hispanoamericanismo. No se puede hacer patria olvidando la raza,” *RCE* XIII, 48 (July 1925): 139.

⁸⁵ José Barral Souto, “The Fundamental Principles of the Division of Labour,” *International Economic Papers* 12 (1967): 31-62.

⁸⁶ “Nota del Profesor Wassily Leonte [sic],” *RCE* LI, 20 (July-December 1963): 210.

All these interactions with foreign intellectuals affected the new profession of economics. The fact that most economists were inspired by foreign authors left long lasting habits in the profession. In the 1990s, for instance, having published articles on European or North American scholarly journals was an almost automatic mechanism of validation. It was also important to have received some sort of training abroad; this established a common language among those who returned to the country after earning a masters' degree or a doctorate.

While the contributions of Alejandro Bunge are discussed in Chapter 4, it is worth mentioning that he also reached out many of his colleagues in the international arena, most of them in the United States. The recognition from Irving Fisher was particularly important in this regard. Bunge exchanged his views on statistics with Fisher, the author of *The Purchasing Power of Money* who he had eagerly read in its 1913 edition.⁸⁷ Fisher's doctoral dissertation ("Mathematical Investigations in the Theory of Value and Prices") was accepted in 1891 as a thesis in mathematics and political economy, and it was published the year after.

For Fisher, mathematics was a language in itself that ought to rest in conventions. He insisted on the need to typify the value of the currency as well as had been done with weight and length, in terms of goods, which he called "good dollars." This way, in order to maintain their purchasing power fixed over time, the government should manage monetary circulation to obtain a stable pricing system.

⁸⁷ Sember, "The Reception of Irving Fisher": 379. He also wrote letters to A. L. Bowley (London University), K. Diehl (Freiburg University), Charles Gide (Paris University), L. Rowe (Cornell University), F.W. Taussig (Harvard University), E.W. Kemmerer (Princeton University), G.M. Knibbs (General Director of Statistics, Australia), Horacio Berlinck (Escuela Superior de Comercio de Sao Paulo) and Guillermo Subercaseaux (University of Santiago de Chile).

The review of this work written by Prebisch was published in Bunge's journal, the *Revista de Economía Argentina*.

Prebisch compared Fisher's plan with Bunge's proposition of a correction index of inflation since in both cases "the currency would suffer a continuous adjustment process, containing, according to the index numbers... more or less amount of gold that went along with changes in the general level of prices."⁸⁸ Beyond some technicalities, Prebisch accepted the monetary theory of Fisher as the logical explanation for fluctuations in the price level and the speed of movement of the currency. Fisher's work was part of the statistics course dictated by Broggi, which also included *An Introduction to the Theory of Statistics* by George U. Yule, written in 1911. Yule's work was one of the first where the formula of mathematical correlation was presented as applied to economic purposes.⁸⁹

After a few years devoted to the determination of fluctuations in the cost of living, Bunge published his work based on Fisher's methodology. The elaboration of an index number (a precondition to apply Fisher's method) was the first one in Argentina and it was endorsed by the Second Pan American Financial Conference in 1920.⁹⁰

The main consequence of this practice for social policy was to *correct* the value of wages in relation to the increase in prices in order to maintain a stable

⁸⁸ Prebisch, "Irving Fisher, *Stabilizing the dollar*," *REA* 27-28, (September-October 1920): 285.

⁸⁹ Fernández López, "La estabilidad monetaria: Fisher, Bunge y Prebisch," *Anales de la Asociación Argentina de Economía Política* 1994: 666.

⁹⁰ Alexander E. Bunge, *The Coefficient of Money Correction. The Use of Index Numbers in the Determination of Fluctuations in the Purchasing Power of Money* (Washington, D.C., 1920). See also "La obra de la delegación argentina a la Conferencia Financiera de Washington," *La Nación*, February 20 1920: 2.

value of what was called *real wages*, a concept that has reached the awareness of common sense since then. As shown in the previous chapter, the events of the early years of the 1920s reflected a social tension that was partly a consequence of the increasing cost of living, as the following figures elaborated by Bunge suggest (see Table 6). Bunge, as many others proto-economists, saw themselves as an organic part of public administration, since they provided the state with accurate statistics that would define the scope of its programs.

Table 6. Evolution of the cost of living (1917-1923; 1913=100)

Year	Cost of living
1917	136
1918	169
1919	160
1920	186
1921	166
1922	139
1923	137

Source: Alejandro Bunge. *Una nueva Argentina* (Madrid: Hyspamérica, 1984 [1940]), 200.

Fisher's prescriptions went beyond monetary issues. As a founder of the American Eugenics Society, he found biological justifications for social and economic reform that were highly appealing at that time. Indeed, eugenics was "the broadest of churches... not aberrant; it was not seen as a pseudoscience."⁹¹ While

⁹¹ Thomas C. Leonard, "Mistaking Eugenics for Social Darwinism: Why Eugenics Is Missing from the History of American Economics," in *The Role of Government in the History of Economic Thought*, ed. S. Medema and P. Boettke (Durham: Duke University Press, 2005), 202.

some believed that educational reforms were more important than biological constraints, others like Alejandro Bunge considered that economic progress was only possible in a country with three elements that Argentina had to preserve: a vast territory with a rich soil and subsoil, a white race, and a diet based on meat and wheat.⁹²

A major achievement for the FES journal was to get a direct contribution of Malcolm C. Rorty, a business statistician from the United States and founding member of the National Bureau of Economic Research in 1924.⁹³ He was presented by the editorial board as “an eminent man of science” that would contribute to the redefinition of the journal as an international scientific Athenaeum. Rorty wrote an article on the role of the economist within the industrial process, hoping a text about that the experience of the US government regulating railways concessions would help Argentina.⁹⁴

The Liturgy of Honor

One hypothesis that this work develops is that the distinction between a subject matter and a discipline is analogous to the difference between beliefs and practices. In this regard, Backhouse and Fontaine argued that the postwar era economics’ identity has been increasingly associated with practices for gathering

⁹² Alejandro Bunge, “La conciencia nacional,” *REA Argentina* 75-76 (September-October 1924): 245. See also Vieytes, “La raza argentina,” *REA* 81 (March 1925): 197-206. Vieytes was Bunge’s pseudonym.

⁹³ Donald R. Belcher, “Malcolm Churchill Rorty,” *Journal of the American Statistical Association* 31, 195 (September 1936): 603-604.

⁹⁴ Malcolm C. Rorty, “La función del economista en el control del desenvolvimiento industrial,” *RCE* XI, 25-26 (August-September 1923): 65.

evidence, ways of posing questions, building arguments and establishing demonstrations.⁹⁵ This work adds this set of *apologetic* practices to a group of prestige building activities that also includes gestures and ceremonies.

In 1913, after the successful campaign to open the FES, the student center wrote a salutatory piece to Diputado Arce (key in the approval of the bill), claiming that

Each graduate will be the carrier of modern ideas and as plethoric seed of life they will fertilize human labor... [and] will lead immigration flows to its most suitable environment so that these men in pursuit of welfare and the fraternal embrace of peace can fully develop their activities.⁹⁶

On the graduation day of 1933, Professor Galé acknowledged that it was impossible that every student generated a genuine research project or that every accountant was well-versed in every topic, but he declared that both the FES and the School were providing the noblest material affordable to the human condition –love.⁹⁷ He even ended his speech by referring to Genesis, when men built the Babel tower and God descended to earth and destroyed it. Galé added that even though they would have never reached the skies, those men were on the right path of keeping high aspirations.

As if describing the statue of a saint, Professor Salvador Oria pronounced

⁹⁵ Roger E. Backhouse and Philippe Fontaine, “Conclusions: The Identity of Economics -Image and Reality,” in *The Unsocial Social Science? Economics and Neighboring Disciplines since 1945*, ed. Backhouse and Fontaine (Durham: Duke University Press, 2010), 346.

⁹⁶ “Bodas de plata del Centro de Estudiantes de Ciencias Económicas,” *RCE* XXV, 194, September 1937: 839.

⁹⁷ “Información Universitaria,” *RCE* XXI, 147 (October 1933): 724.

these words in front of Lobos' bust in 1927: "the presence of his expressive and austere face will send out an invisible wave into the atmosphere that, without breaking the silence in which we lean over the desk, it stops by and leaves a mysterious and warm pat on the industrious students' shoulders."⁹⁸ Oria was a lawyer, essayist and poet. This multilayer personality allowed him to occupy quite heterogeneous positions as judge, as vice-minister of Economy, and as United Nations representative.

On another occasion, Oria welcomed the new members of the ANCE and ended his speech with an apologetic remark: "Nature, supreme master, will lead us to renew, each time the love of scientific truth so requires, the blood and spirit of this house."⁹⁹ This was part of the need to initiate a tradition of *viris illustribus* (illustrious men) and leave behind what Professor Vicente Fidel López observed in 1919: "The bare walls of this room in which we inaugurate our courses are showing the lack of history of this house."¹⁰⁰

Indeed, from opening days to memorials, rituals were organizers of everyday life in the early decades of the FES. Enthusiastic new generations attended these events to gather a collective sense of belonging to the new school.¹⁰¹ What the faculty lack in specific training they compensated with the fact that they had lived during a key stage in the national organization and the reconstruction

⁹⁸ "Homenaje a la memoria del Dr. Eleodoro Lobos. Inauguración de un busto en la Facultad," *RCE* XV, 75 (October 1927): 1185.

⁹⁹ Salvador Oria, "Discurso del académico doctor Salvador Oria, pronunciado en nombre de los nuevos académicos," *RCE* XIII, 52 (November 1925): 492.

¹⁰⁰ Vicente Fidel López, "Discurso," *RCE* VII, 70 (April 1919): 221.

¹⁰¹ From the Greek, *enthousiasmos*, comes from the adjective *entheos*, literally meaning "having the god within." In a recent interview, the Argentine thinker and essayist Diana Sperling observed that the ritual is a way of generational inscription. See <http://youtu.be/fkgI2FE2y-o> (Accessed August 2014).

after the 1890 crisis. They could pass on the experience of institutional building (like the National Bank; Lobos was its chief lawyer) onto new graduates.

This pride of being part of the community was especially strong in those who had attended the commercial school that also was part of UBA. As Santiago Zaccheo observed, there was almost a patriarchal disciplinary system, where teachers forged good morality, chivalry and nobility in their deeds.¹⁰² Professor Unsain addressed the 1936 graduates as “knights of culture, heralds of progress, and champions of justice” and reminded them that “to serve Argentina equates to serve Humanity.”¹⁰³ In a similar vein, the inaugural speech of the first national assembly of Public Accountants and Doctors in Economics that met in Buenos Aires in 1941 asserted that old professionals had lit a “sacred fire” handed over to the new generations to they keep it alive.¹⁰⁴

The RCE held a proactive position towards the duties of good accountants: they could measure the pulse of the national economy and should behave as a moderator of all its components. Talking about their tasks under a missionary key sounded like “doing apologetics of a certain union” but, as Jacobo Wainer asserted, these premises were born out of pure conviction as public servants, not out of arbitrary interests.¹⁰⁵

In 1929, former Dean Suárez passed away and the RCE printed perhaps the most emotional tribute to his memory, in which the authorities (even some

¹⁰² Zaccheo, “Inauguración oficial de los Cursos de la Facultad de Ciencias Económicas,” *RCE* XVII, 93 (April 1929): 351.

¹⁰³ “Colación de grados,” *RCE* XXIV, 183 (October 1936): 923.

¹⁰⁴ “Primera Asamblea de Doctores en Ciencias Económicas y Contadores Públicos Nacionales,” *RCE* XXIX, 241 (August 1941): 687.

¹⁰⁵ Jacobo Wainer, “La misión de los técnicos en ciencias económicas,” *RCE* XXII, 157 (August 1934): 671.

representatives of foreign governments) did not hide their admiration and wrote extensive pieces on the highest terms of esteem. The editorial board of the journal proclaimed that, as a professor, Suárez did not orate, but he engaged in a “friendly conversation with his students, that he accepted as peers, and to whom, with the enthusiasm of who is in love, presented his concerns.”¹⁰⁶



Figure 3. Former Dean José León Suárez

Source: *RCE* XVII, 95 (June 1929): 445.

Scholars were engaged in a set of rituals and practices that was all at once traditional, intentional and mimetic of a Western ethos. One key element was what can be conceptualized as “emotional memory.” Corporate spirit in universities has the effect of fixing the forms of language, whether we consider its argumentative tones, the mathematical structures or an exercise of emotional memory. When

¹⁰⁶ “Dr. José León Suárez,” *RCE* XVII, 95 (June 1929): 448.

Víctor M. Molina, one of the former directors of the RCE, passed away in 1933, the tribute proclaimed him as a “a bright and fruitful light that will guide us from heaven.”¹⁰⁷

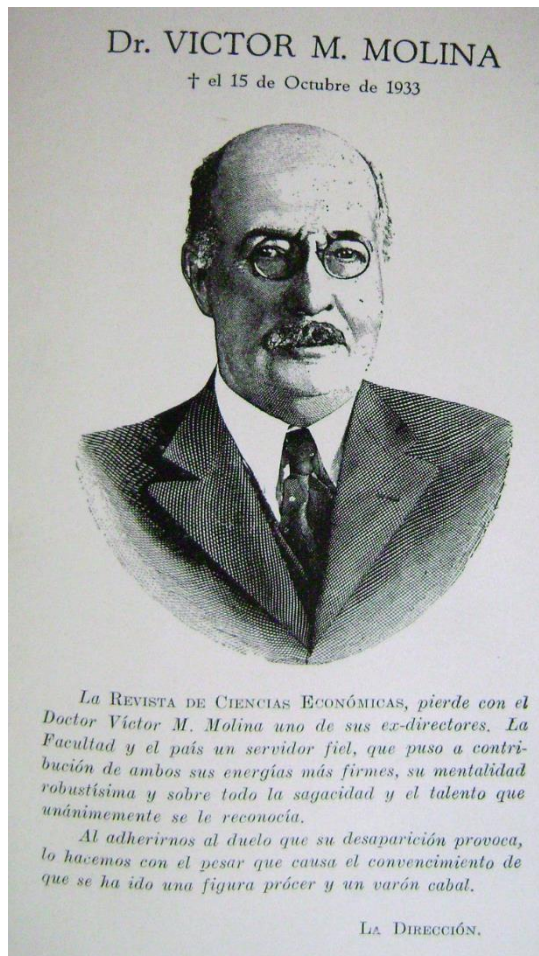


Figure 4. Tribute to Víctor M. Molina

Text above: “the Faculty and the country [lose] a faithful servant... one hero figure and a honest man.”

Source: “Información Universitaria,” *RCE* XXI, 147 (October 1933): 831.

Remembering the dead ones was vital to collective identity and tradition.¹⁰⁸

In 1938, Lobos was recalled as the “master of the great seminar” that was the FES

¹⁰⁷ “Información Universitaria,” *RCE* XXI, 147 (October 1933): 830.

¹⁰⁸ One extreme –and morbid– case of preservation was the last will of the English philosopher Jeremy Bentham (1748-1832), whose last will was an *auto-icon*: “put my preserved corpse in a closet...forever” in the University College London.

in its first experimental phase. As such, he made hard things look easy, and brought a sort of spiritual *presence* into the academic environment: “He came suddenly, quietly, with his jacket and a measured tread, holding hands in the back. Behind his glasses vibrated the intensity of a look that could not hide his great kindness.”¹⁰⁹ His strength was not based on rules but on persuasion and a seductive simplicity that made every student become a man –the vast majority of the students were men.

When Professor Luis Moreno passed away in 1951, the obituary note was almost the portrait of an immaculate human being, not only praising his technical qualities during the exercise of the profession but also his moral stand. Part of this high virtue was the fact that Moreno trained not only good economists, but righteous young men, jealous of their homeland *ciudadanos virtuosos y patriotas* (virtuous and patriotic citizens). Thanks to his wisdom, he proceeded “as a good father in a family does.”¹¹⁰ This suggested Moreno as a new patriarchal figure that the FES could count as a symbolic asset for future generations.

According to Professor Mario A. Rivarola, the university was not “a factory of wise men nor of honorary degrees. It is a workshop and a school of intellectual discipline.”¹¹¹ Following this principle, Wenceslao Urdapilleta (from the *Escuela Anexa*), regretted that the changes in study plans could not overcome a common flaw: students were overwhelmed by scattered notions randomly taught to the point that the graduates did not have a real grasp of useful knowledge. He believed

¹⁰⁹ Miguel Ángel Cárcano, “Homenaje de la Facultad a la memoria del Dr. Eleodoro Lobos,” *RCE* XXVI, 203 (June 1938): 538.

¹¹⁰ “Profesor Luis Moreno,” *RCE* IV, 31 (March 1951): 66.

¹¹¹ “Información Universitaria,” *RCE* XVI, 80-81 (March-April 1928): 1827.

that this misconception in higher education was common in countries with a Latin heritage, not among those with Anglo-Saxon or German bonds.

Rivarola was mentioning honor as something that was not automatically given, but earned. However, as we have seen in this chapter, the numerous honor granting occasions, it is argued here, were vital to the formation of the newborn community's "pantheon." It was a mandatory reference for future scholars, a place to look up or to invoke inspiration from. In this sense, this institution guaranteed the granting of honors when one scholar introduced the new members of the ANCE.

There was a wide variety of *prestige devices* such the proclamation of scholars as an inspiration for the younger generations of economists that took over public administration in the 1930s. That was the case of Ernesto Hueyo, who delivered his first lecture in 1933 as a member by acknowledging the merits of his predecessor, Dr. Luis Züberbuhler. Hueyo observed that in the international context of crisis and the ascent of totalitarian regimes (as in Russia, Germany and Italy), the country needed more self-reliance. However, he also warned against centralized economies, since the omnipresence of the state was unnatural and, therefore, it did not have any scientific support because of its arbitrary character: "Arbitrariness has no laws and without laws science cannot exist... Wise men are silent so gods can speak. Let's keep our faith in the scientific principles."¹¹²

The aspirations of a formal recognition of the professional status went hand in hand with the desire to eradicate other non-university institutions that granted

¹¹² Ernesto Hueyo, "El actual momento económico," *RCE* XXI, 147 (October 1933): 756-757.

similar titles to the FES and represented an illegitimate (though not illegal) competition that according to the faculty ought to be persecuted by the authorities the same way that witch-doctors and fortunetellers were treated.¹¹³ This hard stand was founded on the belief that accountants somehow had a social mission, it was not enough to be hard-working and have good calligraphy as widely presupposed. It would be thanks to the natural elimination process that “true technicians” would replace experienced practitioners without a formal degree (*practicones*).¹¹⁴ Most scholars were familiar with social Darwinism and considered that the FES embodied superior qualities that eventually would prevail over other academies.

As early as 1919, Professor Zaccheo feared that other institutions (at the municipal or provincial level) would grant the title of Public Accountant, and he warned that if that happened it would mean to sell out the profession and to consent an attack on intellectual culture.¹¹⁵ Beyond this issue, what was really at stake was that, technically, the FES was producing accountants, not economists. In Latin American countries, actuaries and accountants were not clearly distinguished from economists, except in Brazil. In that country, schools of commerce and accounting had existed for many years as vocational schools and appealed to those who did not expect to get into a university.¹¹⁶

Daniel Cosío Villegas (1898-1976), director of the National School of Economics of the National University (1933-1934) in Mexico and director of *El Trimestre Económico*, was categorical in his differentiation between accountancy

¹¹³ “Primera Asamblea de Doctores en Ciencias Económicas y Contadores Públicos Nacionales,” *RCE* XXIX, 241 (August 1941): 689.

¹¹⁴ Mario V. Ponisio, “La misión social del contador,” *RCE* XVI, 86 (September 1928): 2403-2405.

¹¹⁵ Zaccheo, “Discurso,” *RCE* VII, 70 (April 1919): 219.

¹¹⁶ Schwartzman, “Changing roles of new knowledge”: 254.

and economics. He believed not only that one was not a sub-discipline of the other, but that they were substantially different fields, the same as law is to medicine.¹¹⁷ Therefore, what the FES had been doing was equivalent to having a law student who, after earning a degree in a three year period, was granted a medical degree just by adding two more years. At the FES, the distinction between became increasingly clear in academic circles.

In 1945, the professional status of accountants was finally written. The ground for the new legislation was that economic life required a greater specialization and technical skills from professionals that needed to be not only efficient but also that inspired public confidence when certifying balances, patrimonial states, economic or financial reports. Until then, it was not required that every person engaged in book-keeping have a degree to do so, and usually they carried these kind of tasks guided by instinct and experience.¹¹⁸ With this new status, every professional could indoctrinate lawyers and jurists about the scope of their specialty and recommend their services in legal proceedings. Two years later, the Third Assembly of Graduates in Economics held in Córdoba declared that June 20th would be from that moment on the “Economist’s Day.”¹¹⁹

One of the goals of the 1948 study plan reform also moved towards this direction. The chronicle of the faculty meetings establishes a consensus around the need to train “not only accountants, but most especially genuine economists... able

¹¹⁷ Daniel Cosío Villegas, “Errores y soluciones en la enseñanza económica,” *RCE* XXXVI, 2 (June 1948): 97.

¹¹⁸ William Leslie Chapman, “Comentarios profesionales,” *RCE* XLVI, 1 (January-February-March 1958): 97-98.

¹¹⁹ Cecilio Del Valle, “Palabras introductorias,” *RCE* XLIX, 16 (October-November-December 1961): 327.

to solve national problems inspired by local criteria.”¹²⁰ Raúl Prebisch emphatically pointed out the need of the economics program to be “emancipated” from the accountancy studies, which suffocated the former.¹²¹ While the study of wealth was under the domain of political economy, accountancy was only a defined method.

More Faculties Outside Buenos Aires

The Faculty of Economic Sciences opened up in Córdoba in 1935. Four years later, it launched its journal, the *Revista de Economía y Estadística*. Since it did not have many submissions by local scholars, sometimes it published articles translated from external journals, like *The Quarterly Journal of Economics*.¹²² However, it could show important accomplishments such as having opened the first statistical grade career in a Spanish-speaking country in 1948.

Even after the peak of immigration, it was not rare to see a professor of the University of Rome like the Italian Gino Arias working in Córdoba. As the Dean of the Faculty of Law at the University of Florence, he had contributed to formalize the Catholic Social Doctrine.¹²³ Other foreign scholars were Agostino Lanzillo from Venece and Achille Loria, professor of political economy at the University of Siena.

¹²⁰ “La reforma del plan de estudios,” *RCE* I, 6 (August 1948): 828.

¹²¹ Prebisch, *Apuntes de economía política: dinámica económica* (Buenos Aires: Mimeo, 1948), 2.

¹²² Giorgio Tagliacozzo, “Croce y la naturaleza de la ciencia económica,” *Revista de Economía y Estadística* VII, 3 (1945): 223-256.

¹²³ Giuseppe Ugo Papi, “La naturaleza de la actividad económica,” *Revista de Economía y Estadística* I, 4 (1939): 423-438.

Similar was the case of Mario Pugliese, former professor of the University of Trieste.

In order to explain the reach of political economy, Pugliese relied on the analogy between economics and medicine: “the economists are able, like physiologists do, to study the normal functions of a healthy organism and can also, as pathologists, examine the alteration of such functions.”¹²⁴ In contrast, Professor Acerboni was an optimist when it came to the future of FES graduates, but he also observed that research had a considerable ground to cover.

Even more, he was not afraid to declare that “it is common opinion, confirmed by experience, that economists are useless... Each one has a remedy, an infallible panacea for the evils of the social body. Their solution has been tested on multiple occasions with some success, but mostly with a poor outcome.”¹²⁵ After centuries of empirical observation, sometimes medicine declared itself incapable of bringing a cure. This was especially true in the case in economics, since “concrete information of economic facts, the scientific analysis of observations, just go back to this generation.”¹²⁶

In the city of Rosario, the Faculty of Economic, Commercial and Political Sciences was created in 1920. Until then, political economy had been taught since 1899 at the Faculty of Law of the Universidad Provincial de Santa Fe. One of the most distinguished professors there was Francisco Bendicente, who published on the method used in economic matters. Bendicente’s book was a compilation of his

¹²⁴ Mario Pugliese, “Introducción a un curso de economía política,” *Revista de Economía y Estadística* 1, 1 (1939): 4.

¹²⁵ Acerboni, “La necesidad de información,” *RCE* XX, 130 (May 1932): 295-296.

¹²⁶ Acerboni, “La necesidad de información,” 297.

classes. His work was part of the bibliography of Bernardo Lavayen's introductory course at the FES, a list that included authors that became classics later on, like the British Karl Pearson and the French Henri Poincaré.¹²⁷

A specialized journal of economics at the Universidad de La Plata was created in 1954. One of the key figures for the expansion of the field in that city was Oreste Popescu (1913-2003), a Romanian lawyer who arrived in Argentina after World War II. He had received a doctorate in economics and political science from the University of Innsbruck in 1948. While in Argentina, he worked at several universities (Universidad de La Plata, Universidad Católica Argentina) as a professor of Economic Dynamics. He was also Professor *Honoris Causae* at the Universidad Nacional de San Marcos in Perú and senior expert of the United Nations technical mission in the Universidad de Santander in Colombia.

Popescu's editorial projects were vital for the professionalization of economics. He launched and directed a professional journal (*Económica*) in the late 1940s and in 1952 he translated and edited the Biblioteca de Ciencias Económicas, a selection of foreign treatises so they were available for the general readership. A few years later he promoted the creation of the Argentine Political Economy Association (AAEP).

The next chapter deals with the impact of the Great Depression in Argentina and the main figures of that emerged as a response to it at the technocratic level. As a result of this process, economic science became an instrument of power to

¹²⁷ Francisco C. Bendicente, *El método en la investigación y exposición de las materias económicas* (Buenos Aires: El Ateneo, 1949 [1933]).

face the challenges of a rapid-changing international context of trade imbalances and price collapses.

Chapter 4

Science in Action

*An officer, until recently anonymous, [who] knows more than many doctors,
but he is not a doctor at all, not even in economics, a cheap doctorate.
His ability to study is great and he manipulates numbers with such a skill that
makes them say what he needs them to say to the extent he often is overdoing it.*
Lisandro de la Torre, 1935.¹

This chapter starts off with an analysis of one of the most influential figures in the debate on trade policy and public statistics: Alejandro Bunge. Originally a businessman, Bunge was also a well-known publisher and a university professor who spoke and wrote in an apologetic tone. He always maintained his convictions on economic policy and opened the possibility for many authors to publish in the *Revista de Economía Argentina*. Until his death in 1943, he was a key figure in the growing visibility of economists.

This chapter explores the public performance of key figures for the development of Argentine economic policy that had to face unprecedented challenges during the 1930s. The two leading characters of this brain trust were Federico Pinedo and Raúl Prebisch; both of whom abandoned the public scene

¹ Lisandro de la Torre, *Obras de Lisandro de la Torre* (Buenos Aires: Hemisferio, 1958, vol. 2), 160. This fragment comes from his speech during the legislative session of March 18 1935.

after the *coup d'état* of 1943 (in which Juan D. Perón had an active role) but not without leaving their imprint at the bureaucratic level. Federico Pinedo (1895-1971) was a skilled politician interested in monetary issues who became actively involved in the national government in the 1930s in the design of new fiscal and monetary policies during the Great Depression years. He felt highly confident of his knowledge of monetary policy and recriminate politicians of their ignorance in such matters. As we have seen in previous chapters, one major disadvantage of the gold standard was that it left small open economies, like Argentina is at that time, highly sensitive to external shocks.

The gold standard worked as an amplification tool for economic cycles.² Although it was conceived as a balanced and a genuinely multilateral system, during the 1880-1914 period, capital, commodities and gold markets were concentrated in London. With the sterling pound proving to be an attractive reserve asset worldwide and gave Great Britain the possibility to manage the gold standard.³ Additionally, Argentina faced the macroeconomic challenge of building institutions and assuring the commitment to policies in the long run. The basic assumption behind this argument was that reputation and expectation were key to sound financial markets –and ultimately, economic growth.

In this context, Prebisch team's ultimate innovation in economics was the creation of the Banco Central de la República Argentina (BCRA hereafter) in 1935. From that institution he devised countercyclical policies, that is, the increase of

² Ford, *The Gold Standard 1880-1914*, 79.

³ Michael Bordo, "The Gold Standard: The Traditional Approach," in *A Retrospective on the Classical Gold Standard, 1821-1931*, ed. M. Bordo and A. Schwartz (Chicago: University of Chicago Press, 1984), 94.

public expenditure during times of crisis (when private activity was in contraction), and saving the surplus during times of expansion. These measures were complemented with the opening of a market for bonds and other financial securities for the first time, and buyers trusted in the new institution. All of this gave a certain predictability to economic policy, helping to improve both the bank and Prebisch's reputation abroad. In 1943 he was hired by the Mexican government as a financial advisor.

Before reviewing the brain trust experience, I believe it is necessary to briefly analyze the influence of Alejandro Bunge on newer generations of economists. Bunge was not a theoretician, he was a man of action heavily invested with the cause of protectionism and a balanced development of the Argentine economy.

Bunge's Diagnosis

Alejandro Bunge was a central figure in the growing visibility of economists. He was always willing to address the pressing issues that the economic circumstances demanded and was the Argentine emissary in terms of economic theory and policy in his travels through the region, the United States and Europe. The Bunges were an upper class traditional family who enjoyed a privileged position in the cereal and flour exports during the first half of the twentieth century.

After he graduated as an engineer in Germany (University of Saxony), he returned to the country and was appointed as Director of Statistics in the National

Department of Labor (1913-1915), and head of the Dirección General de Estadísticas ([National Statistical Office) immediately after 1920 and then again between 1923 and 1925. This office, created in 1894, was the first nationwide institution that regulated the statistical surveys and it achieved some breakthroughs in the late 1910s like the elaboration of index numbers to measure the cost of living, almost at the same time as in Europe and the United States.

Even before the First World War, Bunge had promoted the idea of a country taking protectionist measures in order to achieve the industrialization of Argentina. In the 1910s he held a wide range of positions: member of the Argentine Social League (an upper class association devoted to philanthropy), president of the Circles of Catholic Workers, and head of the statistics division of the Department of Labor, among others.⁴ In 1919 he was a member of the Argentine commission in Washington during the Second Pan American Financial Conference.⁵

Bunge's primary concern was the implementation of protectionist measures from the state. He argued against the belief that free trade made life cheaper for the poor classes. This was not a naïve opinion but an intentional policy favored by those countries that produced manufactured goods (always more expensive than primary ones) and that wanted them to be easily introduced overseas.⁶ This position, along with the defense of the gold standard (the automatic adjustment of

⁴ Hernán González Bollo, "La formación intelectual del ingeniero Alejandro Ernesto Bunge (1880-1913)," *Valores en la Sociedad Industrial* 59 (May 2004): 36-43.

⁵ Parker, *Argentines of Today*, 1014.

⁶ Bunge, "Nueva orientación de la política económica argentina," *REA* 36 (June 1921): 455.

the trade balance under a fixed exchange rate), was supported by the Socialist Party.

In the classic debate of the second half of the nineteenth century between protectionists and free traders, Juan B. Justo was a staunch defender of the latter, arguing that imported goods (Argentina did not produce all basic-items) would be cheaper for the working man. According to Bunge, the average consumer was a victim of excessive free trade and did not really enjoy “having a proper home... is not a member of cooperative institutions nor of spiritual congregations and their children have no opportunity to have a technical education.”⁷

Bunge also warned about the deficiencies in research habits at the university level: “the absence of a discipline in the direct examination of the facts is, in my view, the cause that have contributed to knowing the truth only ten, twenty or even more years after the events.”⁸ The importance of not falling behind in this terrain had to do, according to Bunge, with the possibility opened after the First World War. In the 1920s, a “new normal” was being built in the international scene in which some countries could potentially have a greater weight: Canada, Australia, Brazil, India and the South African Union. In this scenario, Argentina had a good chance of being inserted into a leadership position too, but to achieve this a disciplined management of the forces of wealth was essential. On his return from a trip to Europe in 1928, Bunge said: “We need discretion and a public and private constructive action that I do not see.”⁹

⁷ Bunge, “Continúa en olvido la conquista del propio mercado,” *REA* 111-112 (September-October 1927): 478.

⁸ Bunge, *Una nueva Argentina* (Madrid: Hyspamérica, 1984 [1940]), 246.

⁹ “Se realizan interesantes transformaciones en el orden financiero,” *La Nación*, July 7 1928.

The comparison to Europe and the United States was often in his mind. Unlike the North American farmer, the average South American rural worker lived in an environment “without cultural richness or resources to lead a civilized way of living... unsuited to progress.”¹⁰ After a century of the Mayo movement of the Revolution of 1810, central to the struggle for political independence of Argentina from the Spanish crown, Bunge observed that the conquest of productive autonomy was still pending. A substantial part of the economy was still dependent on foreign capital and the country was highly vulnerable to external shocks.

Bunge was one of the first authors to point to the unequal development of the Argentine economy; his calls to build regional economies in the 1920s (instead of the existing radial-like industrialized area around Buenos Aires) remained unaddressed by the government and gained importance over time. Protectionism was not just a matter of increasing tariffs but of modernizing the state structure and provide it with the capacity to measure and elaborate accurate policies for development and diversification of exports based on relevant data.

When analyzing the evolution of Argentina’s economic policy from the First World War onwards, Bunge observed that before 1914 trade policy was often chaotic, if not oriented by foreign institutions. When he published *Ferrocarriles Argentinos* (Argentine Railways) in 1916, he warned of the need to coordinate efforts and logistics given by economic research that would translate into concrete policies. Private initiative, he said, was not enough to protect national production from competition, and Argentina should join the rest of the countries in

¹⁰ Bunge, “Nueva orientación de la política económica”: 465.

intervening in the commercialization of production when that sector was under the control of foreign agents. The following year, Congress asked Bunge and Broggi to prepare a report on the creation of a pension fund for railway employees.

In 1919, Professor E. J. Weigel Muñoz demanded that the National Bureau of Labor collect data and information on wages instead of devoting its bulletins to the mere description of social strife or, even worse, to the exaltation of labor unions that were transplanted from Europe to Argentina and that were operating outside the established legislation.¹¹ Professor Weigel Muñoz complained both about the lack of thorough statistics and those civil servants who simply blamed taxation as the only reason for a higher cost of living instead of studying the origins of that increase. When public government administrators did collect data, they were more concerned with their *prejuicios forjados en la oratoria política* (political party's prejudice and what they might not say) instead of the pursuit of truth.

One of Weigel Muñoz's bibliographical references was a French translation of E.R.A. Seligman. Seligman, Professor of Political Economy at Columbia University, had recommended a plan to stabilize the currency through monetary correction indexes based on the studies that Bunge had conducted in Argentina. It is noteworthy that there was an exchange of letters between both of them. Bunge's pioneering techniques were acknowledged by economists from the United States.

The *Revista de Economía Argentina* (REA hereafter) was launched by Bunge in 1918 and it was published until 1952. It also came out in English as the *Review of Argentine Economics*. This monthly publication reached a circulation

¹¹ E. J. Weigel Muñoz, "Incidencia y reflexión de los impuestos," *Anales de la Facultad de Ciencias Económicas* (1919): 57. He is specifically referring to the Boletín de la Organización Nacional del Trabajo (April 1919).

of 7,500 copies in 1928. The REA was highly significant in the non-academic context as the only publication specialized in public statistics not only in Argentina but in Latin America as well, at least until the mid-1930s.¹² There were other journals like the *Revista Argentina de Ciencias Políticas* published by the Universidad de La Plata, but its treatment of economic issues was only occasional and inconsistent.¹³

The REA was distributed in embassies, universities (both national and foreign), libraries, private companies, clubs and associations. In this regard, the journal resembled its founder: Bunge's influence also went beyond the academic sphere; his lectures, mostly given in the Instituto Libre de Enseñanza Superior (a sort of community college), were cited in the parliamentary debates of the 1930s. The REA incorporated articles from foreign newspapers (like *The Economist*) and the main local newspapers as well –*La Razón* and *La Nación*. Sometimes it was the other way around: the newspaper *La Prensa* published the REA estimates of the basic food basket. Also, the RCE and the REA co-published the same conferences.

Over time, the REA turned into a fruitful space for debate and into a channel for an empirical understanding of the Argentine economic reality. Its pages were dense in charts and graphs of increasing complexity that provided traditional data such as population, cultivated areas and production but also innovative categories

¹² José Luis Imaz, “Alejandro E. Bunge, economista y sociólogo,” *Desarrollo Económico. Revista de Ciencias Sociales* 14, 55 (October-December 1974): 549.

¹³ Rocchi, “La Argentina frente a un mundo en transición: la Revista Argentina de Ciencias Políticas y las cuestiones económicas, 1912-1919,” in *El debate político en la Argentina a principios del siglo XX. La Revista Argentina de Ciencias Políticas y el momento del Centenario*, comp. Darío Roldán (Buenos Aires: Fondo de Cultura Económica, 2006), 299-328.

such as terms of exchange (foreign trade), index numbers and the cost of living. The challenge was set by the fact that several provinces did not have a unified standard.

The context for this journal was highly favorable, since during the 1920s debates on economic theories were highly active both in Argentina and the rest of the world. Bunge's travels abroad kept him up to date with current topics and he transmitted this enthusiasm to the *Revista*. In 1922, Bunge lectured in several universities in the United States (Pennsylvania, Chicago, Northwestern, Notre Dame, Harvard and Dartmouth College). One year after that, the Argentine government appointed him as General Director of Statistics, which indirectly resulted as a benefit for the REA because he had access to fresh data –even though he left that office in less than two years.

From this journal and from his books, Bunge advocated, as a modern preacher would do, for industrial protectionism and warned about the unequal regional development between the central region around Buenos Aires and the rest of the country, a problem that persists into the twenty first century. In 1927, when the National Academy of Economic Sciences (ANCE) incorporated him as one of its members, Bunge confessed: "I am not an eloquent man, an erudite scholar nor a man of science."¹⁴ He defined himself as a practical man and his numerous articles published there dealt with specific issues of economic policy, not with theoretical debates. Yet, his journal kept certain academic standards and had many well-known contributors.

¹⁴ Bunge, "Las fuerzas creadoras en la economía nacional" y "Sofismas económicos derrotistas," *REA* 111-112 (September-October 1927): 245, 471-476.

His concerns were focused on the immediacy of economic policy, not on drafting new economic theories. He called on those who were involved in new industries (i.e., textiles) to send their reports so they would be included in the journal.¹⁵ He also gave practical advice to the population; in 1929 he campaigned for wine consumption and advised entrepreneurs to lower their prices in order to gain market share among the working sector. The Socialist newspaper *La Vanguardia* criticized these recommendations and stated that the crisis in this sector was due to overproduction. The article dismissed comments from Bunge and ironically called him “the prestigious economist.”¹⁶

As an experienced spokesperson, Bunge was used to manage criticism. He also knew the difficulties involved in being a public servant, because he had been minister of finance in the province of Santa Fe from September 1930 until April 1931, a period long enough to arouse public interest in his activities.¹⁷ The newspaper *El Litoral* praised his knowledge of the Argentine commercial and industrial geography. However, when he left the office, some sectors of the press were highly critical and called him a “carton wise man” that had indebted the province and operated business for his own benefit.¹⁸ In terms of his legislative projects, Bunge had proposed to combat the overcrowded *conventillos*

¹⁵ Bunge, *La nueva política económica Argentina. Introducción al estudio de la industria nacional* (Buenos Aires: Unión Industrial Argentina, 1921), 39.

¹⁶ “Las conclusiones de un economista,” *La Vanguardia*, April 18 1929.

¹⁷ “El Ingeniero Alejandro E. Bunge pretende mistificar a la opinión. Su administración en Santa Fe fue un desastre sin nombre,” *Diario Independiente*, May 10 1932: 3.

¹⁸ “Las ideas económicas de Alejandro Bunge,” *El Litoral*, October 9 1930: 3.

(tenements) by building affordable houses for workers with basic sanitary conditions.¹⁹

Overall, Bunge was recalled as a key figure for the organization of public statistics and, for those who read his bibliographical production, he was someone who had the rare skill of “making the numbers speak” and that “linked the economic to the social and the social to the patriotic.”²⁰ Another important figure that this work studies is Raúl Prebisch, and the following section is devoted to him.

The Rise of Raúl Prebisch

Before Raúl Prebisch turned into an international figure at the Economic Commission for Latin America (ECLA) in the early 1950s, his experience in public administration during the Great Depression contributed significantly to the questioning of neoclassical economics. In a brief but intense period, a group of young adults (all were under forty years old) scaled the heights of economic policy during the 1930s and experienced the dramatic transition between two models of global capitalism: the manufacturing experience led by England and the military-industrial power concentrated in the United States.

Leading a new generation of economists, Prebisch became well known because of his leadership at the Economic Commission for Latin America at the United Nations from 1949 to 1963. Prebisch developed theories on economic cycles

¹⁹ Jorge A. Núñez, “Alejandro Bunge y el problema de la vivienda obrera en la República Argentina (1910-1915),” *Historia Actual Online* 21 (2010): 165.

²⁰ Alejandro Unsain, “Fallecimiento del Ing. Alejandro Bunge,” *RCE XXXI*, 263 (June 1943): 588.

not a national phenomenon but a consequence of the «cyclical center» of core countries at that time –first Great Britain and then the United States. Prebisch was one of the first scholars to introduce John M. Keynes's essays (well before his *General Theory* of 1936) in Argentina. Also, what is much less studied is that from the mid-1920s on, he, as well as Bunge, was an important character in the collective identity building process for economists.

Prebisch was born in Tucumán and was the sixth of eight children. His father Albin, a Protestant immigrant from Dresden (Germany), was a founding member of the Rotary Club in that northern province. He owned a small print house and taught English to supplement his income. Rosa Linares Uriburu, his mother, was a *salteña* Catholic woman from the local aristocracy of Salta, the neighboring province. As often was the case of the former colonial elites, this ancestry did not come with material affluence.

These women often ended up marrying promising immigrant entrepreneurs when the family money, as it was the case of the Linares, was almost gone. The result was that Prebisch grew up with middle class status but under strained economic circumstances. As a child, he witnessed the results of social exclusion of Tucumán, which had the highest illiteracy and infant mortality rates in the country.²¹

Prebisch completed his primary education at El Colegio del Sagrado Corazón run by *Lourdistas* priests, where he learned French and English. Showing a strong personality, he led student strike that forced the authorities to transfer

²¹ Dosman, *The Life and Times of Raúl Prebisch*, 17-18.

him to the Colegio Nacional in Jujuy (northern Argentina) to finish high school. In April 1918, Prebisch arrived in Buenos Aires to study at the FES. Buenos Aires was a marvel: “He was seventeen and had lived a sheltered life in the distant interior of Argentina without a sip of wine or a cigarette or holidays on the Atlantic coast. Having only imagined the great city from boyhood in the far-off Andean mountains, he hoped the reality would equal these dreams.”²² When Prebisch arrived to Buenos Aires, he faced two challenges: adapting to the life in the big city and catching up with the coursework.

The main concerns of the largely immigrant working class during the early twentieth century were economic progress that would lead to a comfortable life. This was part of a new mass culture that positioned consumerism as one of the main middle-class aspirations, a class whose traditional values (at least in the discourse) were hard work, education, and respectability.²³ After a considerable degree of residency, there was upward mobility.

Prebisch had not received a commercial education, unlike many of his classmates who came from the School of Commerce. Unlike his brother who chose a more traditional career (architecture), Raúl decided to enter the FES out of his interest in how the monetary system worked. He recalled having heard conversations about the financial crisis that caused coin shortages and asking his sister why they could not just print more money.²⁴

²² Dosman, *The Life and Times of Raúl Prebisch*, 7.

²³ Matthew B. Karush, *Culture of Class. Radio and Cinema in the Making of a Divided Argentina, 1920-1946* (Durham: Duke University Press, 2012), 2, 22.

²⁴ Dosman, *The Life and Times of Raúl Prebisch*, 20.

Prebisch could read German, English, French and Italian. This allowed him to be up to date with European events around the steep increase in union membership and the expansion of the State's economic domain, gaining the role as producer and regulator. In a 1920 article, for example, he commented on the initiative of the Belgian government through the committee on mines to grant a compensation in proportion to the cost of food thanks to the use of an index, a novel tool at that time.²⁵

The space devoted for discussion of economic policy was quite restricted at the time, so it made sense to read many publications at once, as Prebisch did with the *Revue du Travail* and the *Buenos Aires Handels Zeitung*, to complete his analysis. He also read the *Quarterly Journal of Economics*, a journal that published the letters Alejandro Bunge exchanged with Columbia Professor Edwin Seligman (one of the founders of the American Economic Association and an expert on taxation) and Frank Taussig.²⁶ Taussig was a United States economist and educator credited with creating the foundations of modern trade theory.

Prebisch's concern about the cost of living was tied to his own experience growing up in Tucumán and seeing the rural workers at the sugar mills. Reading indexes prepared for Italy and France, based on *The Americas* and *The Economist*, both in the difficult context of the first post war, was appealing for him. To comment on the creation of a Research Committee on Industrial Fatigue in

²⁵ Prebisch, "El ajuste de los salarios al costo de la vida," *REA* 29-30 (November-December 1925): 333-341.

²⁶ Bunge, "La unidad de valor, el coeficiente de corrección de la moneda, la inflación monetaria internacional y el poder adquisitivo de la moneda argentina, contestando a Charles Gide y a Irving Fisher: la distribución internacional del oro," *REA* 7, 39 (September 1921): 203-215.

England he used *The Labour Gazette*.²⁷ In these years he often read the *Commerce and Finance*, the *Journal des Economistes*, *The Daily Mail* and the *Review of Economics and Statistics*, published since 1919.

In an article about the benefits of the unionization of workers, Prebisch tried to set average wages within a standardized system that would mean a greater remuneration than what the worker received in pure capitalist conditions.²⁸ His approach was inspired by authors such as John R. Commons, a student of Richard Ely and also a believer in the social gospel of Progressivism. Commons was a professor of political economy at the University of Wisconsin and representative of what is known in the United States as institutionalism.²⁹ This school of thought rejected the assumption that economic agents have an unlimited rationality at the moment of maximizing utility.³⁰

Prebisch's first publication was in 1920, in the socialist journal *La Hora* at the request of Augusto Bunge, one of the founders of the Socialist Party in 1896 and deputy from Buenos Aires. Although the electoral performance of the Party had some importance consideration in the city, it did not count more than fourteen hundred members in 1923. In this article entitled "Salaries to gold?," the young Prebisch dared to question Juan B. Justo (another founder of the Socialist Party and widely recognized in European circles) on his views on the gold standard and what was best for the working class.

²⁷ Prebisch, "Departamento de investigaciones sobre fatiga industrial," *RCE* 73, (July 1919): 63-64.

²⁸ Prebisch, "El trabajo libre," *RCE* 1 (August 1921): 67-68.

²⁹ John R. Commons, "Méthodes d'Exploitation Industrielle", *Revue Internationale du Travail* 1 (January 1921). In 1924 he published *Institutional Economics: Its Place in Political Economy*.

³⁰ Paulo Reis Mourão, "El institucionalismo norteamericano: orígenes y presente," *Revista de Economía Institucional* 9, 16 (2007): 315-325.

The party suggested that, due to the increasing cost of living, workers should be paid in gold, since it was considered a stable currency. Instead, Prebisch criticized this measure since gold, while a good medium of exchange, was also subject to depreciation (he was right about this) and as such it would not serve as a standard instrument to keep up wages to the levels of inflation. The additional problem was urban unemployment, which rose from almost 7% to more than 19% between 1914 and 1917.

After this incident, Prebisch regretted even considering an affiliation with the Socialist Party. As he recalled, “when I realized this expression of dogmatism I threw away my application to enter the party, which I had coincidentally signed at that very moment.”³¹ However, he kept attending Justo’s lectures at the university. The influential politician Lisandro de la Torre gave Prebisch credit. De la Torre knew that the Russian Revolution had opened up a new reality.

In his parliamentary speeches, he observed that before 1914, communism was a just theory with no consequences in politics; in turn, after the war, it had earned a growing pressure for representation in the Parliament.”³² During the 1920s, the Socialist Party shifted its concerns from free trade and the gold standard to other topics such as unemployment and urban planning, but, unlike Russia or Eastern Europe, the left was in no position to dispute national elections in South America.

According to De la Torre, Justo’s free trade inclinations were not seeking that “the worker pays a few cents less per pair of cotton socks, but to ruin all

³¹ Quoted in Mario Bunge. *Economía y filosofía* (Madrid: Tecnos, 1985), 16.

³² De la Torre, *Obras de Lisandro de la Torre*, 255.

domestic weavers.”³³ However, from 1918 to 1930 wages increased by 7.5% a year while the GDP per capita grew at an annual rate of 3%. Industrialists demanded higher tariffs but better salaries contributed to expand the domestic market, so foreign companies would be more inclined to open mills in Argentina. Indeed, during the 1920s, Argentina’s market size was larger than Brazil or Mexico.³⁴

Prebisch had attended a seminar on the cost of living and the purchasing power of money in 1919, where Bunge led seven students but did not realize the potential of Prebisch yet. Bunge usually did not commit to formal teaching and delegated the chores to his assistant, Emilio Ravignani (a scholar who stood out as a key figure in the professionalization process of historians). In this environment, Prebisch studied the North American case using statistics compiled by Ernst Engel that confirmed what is known as Engel’s law: the poorer a family, the greater the proportion of income allocated to sustenance. Prebisch contrasted the percentage spent on food in China (80% on average, 70% for families with high income). However, he also realized the gap between this figures and the corresponding ones in the United States (60% and 50% respectively).³⁵

In one of his economic history courses during the first year (in which attendance was mandatory), Professor Gondra spent half of the class hour writing down the weight and width of golden coins used in ancient Rome. After Prebisch and other classmates took this concern to Dean Lobos, Gondra partially redesigned the course contents.³⁶ After establishing a better relationship with Prebisch,

³³ De la Torre, *Obras de Lisandro de la Torre*, 207.

³⁴ Rocchi, *Chimneys in the Desert*, 177, 188.

³⁵ Prebisch, “Investigaciones sobre el standard de vida en China,” *RCE* 73 (July 1919): 58-63.

³⁶ Carlos Mallorquín, “Textos para el Estudio del Pensamiento de Raúl Prebisch,” *Cinta de Moebio: Revista Electrónica de Epistemología de Ciencias Sociales* 25 (2006): 5.

Gondra shared reading list that caught the attention of Prebisch. In the second year, he stopped attending classes regularly but kept taking (and passing) the exams. This was quite an unusual case in that environment.

In his free time, he became close to those professors who interested him the most. In 1921, Prebisch was appointed teaching assistant in the seminar on finance, where he engaged in the development of extensive bibliographic bulletins and book reviews published in the RCE. The seminar was meant to be, according to him, an atmosphere of closeness with teachers that would encourage research through the experimental method. For better results, he believed in giving preference to advanced students and to commit to certain values: creativity over imitation; critical analysis rather than memorization.

As part of his work as head of the seminar (formally dictated by Bunge), Prebisch discussed at length alternative proposals throughout history to accomplish stability in the value of the currency.³⁷ This goal was highly needed in an unstable international context; it made sense for Prebisch to review the International Finance Conference held in Brussels in 1920 to discuss the monetary reconstruction of Europe. The editors of the *Revista de Economía Argentina* were interested in that event and asked Prebisch to comment on the presentations made there.

Meanwhile, new monetary studies on Argentina's currency, credit and bank system were published. One of them was Norberto Piñero (1858-1938)'s work in 1921. Piñero was a national deputy, trained as a lawyer but a recognized expert in

³⁷ Prebisch, "Planes para estabilizar el poder adquisitivo de la moneda" [1921], in *Obras 1919-1948*, 176-216.

finance. He had built an extensive career in UBA since 1887. Even if for a short period of time, he was Minister of Finance (1906 and 1912) and in 1907 he served as head of legal affairs at the National Bank.³⁸ The young Prebisch, who had recently arrived to Buenos Aires, did not hesitate to write a long and critical review of Piñero's new book.

The monetary history recounted in the study was an effort to find regularities between "tangled events" and to reveal the causes of many contemporary situations.³⁹ However, Piñero's study began in 1776 with the creation of the Viceroyalty of the Río de la Plata and ended in 1913. Monetary policy was a deep rooted concern for Argentina since colonial times. Before 1776, the Spanish Crown considered the Río de la Plata only in relation to other interests, mainly the strategic defense against other European countries' desires to expand their colonial networks.

The creation of the Viceroyalty was a reaction to the increasing illegal trade through Buenos Aires but, at the same time, it opened new horizons to the settlers.⁴⁰ From the authorities' point of view, the creation of the Viceroyalty in 1776 was vital to prevent deviant behavior, mostly smuggling. During the second half of the nineteenth century, the country experienced a boom due to the export of wool. As a port that benefited most from empire, Buenos Aires represented an exception to other regions: in less than a century, the former Viceroyalty of Río de la Plata, a colonial mercantile economy, adopted commercial capitalism and

³⁸ Parker, *Argentines of Today*, 817-821.

³⁹ Prebisch, "Anotaciones sobre nuestro medio circulante," *RCE* 8-9 (March-April 1922): 287.

⁴⁰ Jeremy Adelman, *Republic of Capital: Buenos Aires and the Legal Transformation of the Atlantic World* (Stanford: Stanford University Press, 1999), 21.

received European immigration as no other Latin American country –excluding Brazil- until the 1930s.

In the early twentieth century, labor availability and capital mobility were the conditions for the manufacturing system to be organized. This translated into new financial needs due to the volume and complexity of the operations. This was covered by Piñero's book. However, according to Prebisch, this work had good intentions but was frankly "useless." There was nothing in there that could not be found in previous works and it lacked the analysis of causes in the monetary history section.

This confrontation was not new; Prebisch had previously criticized Piñero's project of a Great State Bank which should get, in his estimations, an initial capital of \$300 million pesos, an exorbitant amount for Prebisch that was characteristic of the "native megalomania," so common in the Argentine monetary history.⁴¹ In the end, Piñero was trying to emulate the Bank of England, an institution dating from the seventeenth century with the local Currency Board, an institution created in 1899.

The Piñero incident reflects one of Prebisch's most salient characteristics since becoming a student at the FES: what he admired the most in other economists was the empirical approach. For instance, he wrote a laudatory piece on Vilfredo Pareto since he was *un economista experimental* (an empirical economist). Piñero, in contrast, employed vague terms and it was not original in

⁴¹ Prebisch, "La ortopedia bancaria del Profesor Piñero," *RCE* 2 (August 1921): 143.

his proposals since it did not leave the old analytical approach of focusing on the judicial aspects of banking law instead of analyzing its concrete mechanisms.

In June 1922 Prebisch took over the statistics division of the Sociedad Rural Argentina (Argentine Rural Society), a professional association that represented the interests of large landowners. After all, it seemed that Prebisch's aspirations of social mobility were still alive. He received a hefty remuneration of \$600 a month (as a gauge of the value of this salary, a standard car cost around \$1800). He wrote on the meat trade and seven months later he was dismissed because he refused to claim that the British market was being manipulated to artificially lower meat prices. Even if Prebisch criticized this price-fixing practices, he did not recommend government control of the meat-packing sector. He was naïve to think that the Sociedad would accept this; eventually, the government intervened for a brief period and Prebisch was fired.

After a second period of work for the Sociedad a few years later, he was linked to the Conservative upper class but, according to one of his biographers, he kept his "disdain for the oligarchy," which "went back to his earliest memories of the sugar barons in Tucumán," his native province.⁴² Prebisch recovered soon from this disappointment when he found out that Congress gave him a scholarship to travel to New Zealand and Australia in order to study the implementation of the income tax.

The outcome of this mission for Argentina was the legislation that was passed in 1932 that followed Prebisch's own project. The income tax had been a

⁴² Dosman, *The Life and Times of Raúl Prebisch*, 59-60.

project of the Socialist Party in which the Bunge family was involved. Prebisch invoked this accomplishment when he was criticized by some of the Bunges for being part of a de facto government in 1930 led by José Felix Uriburu (1930-1932), who was a second cousin of Prebisch's mother.

In 1923, he was appointed substitute teacher for the Political Economy course. In a letter to Dean Suárez, Professors Gondra and Nirenstein explained that even though he had not finished the Doctorate program, which he never did, he was more than qualified for the position because of his performance in the seminar, the RCE and his technical assistance to the Sociedad Rural.

It was uncommon that graduate students took over teaching positions at the university level. The professors who recommended him based their case on the precedent of Doctor Pirovano, who as student was appointed by the Faculty of Medical Sciences to the course of Clinical Surgery. When Nirenstein died, Prebisch was granted the position, which he retained until 1948. Prebisch's father was proud that his youngest child was financially self-sufficient before his older brothers.⁴³

The evolution of Prebisch's views on economics were signaled by the Great Depression. Before the crisis, he was convinced of the neoclassical thinker approach to economics, in which the free market dictates prices through open competition and unrestricted trade. He was a confessed neoclassical to whom any mathematical proof was both elegant and convincing enough, near to a dogma.⁴⁴ After the world crisis, he adjusted his views, in line with many other economists at that time, and realized the need for the state to intervene in serious cases like

⁴³ Dosman, *The Life and Times of Raúl Prebisch*, 58.

⁴⁴ Prebisch, *La crisis del desarrollo argentino. De la frustración al crecimiento vigoroso* (El Ateneo: Buenos Aires, 1986): 149-150.

prolonged unemployment and the depreciation of export goods. Thus, Prebisch began to hold an apostatizing attitude, abandoning his faith in laissez-faire principles.

If during the 1920s, Prebisch's concerns had been short-term macroeconomic issues, like the impact of fluctuating international prices, these would turn into what were termed *development* issues after the Second World War.⁴⁵ Prebisch himself acknowledged that there were various stages in his ideas on development, to the question of how many "Prebischs" there were, he replied: "there have been like three or four, thank God. I have evolved in the way I think."⁴⁶ During its first period in Argentina, Prebisch embodied the roles of academic and economic policy maker.

When outside the country due to political circumstances, he experienced a series of intellectual turns in line with new circumstances in the international arena. Unlike orthodox economics that was focused on discussing the general equilibrium or Keynesian economics, Prebisch observed that the cyclical centers had a dynamism different from the economies of the periphery. In 1949, he presented his ideas to the recently created Economic Commission for Latin America (CEPAL) and caused a sensation. His essay was "hailed as a key statement of strategy for developing countries."⁴⁷ One year after that, the CEPAL was relocated to Santiago de Chile, where Prebisch coordinated a group of scholars with

⁴⁵ Arturo O'Connell, "El regreso de la vulnerabilidad y las ideas tempranas de Prebisch sobre el «ciclo argentino»,» *Revista de la CEPAL* 75 (December 2001): 54.

⁴⁶ "Cinco etapas de mi pensamiento sobre el desarrollo," *Comercio Exterior* 37, 5 (May 1987): 345-352.

⁴⁷ Raewyn Connell, *Southern Theory: The Global Dynamics of Knowledge in Social Science* (Cambridge: Polity, 2007), 141-142.

one goal in mind: facilitating policies towards the economic and social development of Latin America.

The Meat Debate

In 1875, Argentina received almost 15% of the total British investments in Latin America, a proportion that rose to over 30% at the late nineteenth century, a process that coincided with the consolidation of the agro-export model. During the First World War, since chilled meat needed more space in ships (because of the refrigerators), Great Britain canceled this import to replace it with boneless frozen meat that would arrive in better condition to the battlefields. This jeopardized Argentina's exports of a product with more added value as the chilled beef.

After the war, England was still fulfilling the role of issuer of an international reserve currency, but London was gradually displaced by the financial structures of Wall Street. Since Argentina and Great Britain were active trading partners, the sterling pound was the reference currency. This was key in terms of keeping predictability in foreign transactions. After the First World War shock, global capital markets were no longer stable and liquid. Most countries that had adhered to the gold standard went through a different stage, one characterized by extensive regulations and trade barriers. In the case of Argentina, this was particularly challenging since no other Latin American country was so involved with foreign capital.

During the 1920s, the main landowners leased more land and tried to redirect their rural enterprises from cattle to grains. When the cattle crisis began

to take shape, the Dean of the FES urged ranchers to fund the research that the Faculty intended to conduct in one of its specialized seminars. However, his initiative was unsuccessful, as Prebisch said, because of the “pastoral idiosyncrasy” of the landowner class that would not look beyond the short-term of immediate profits.⁴⁸

Meanwhile, the context of the meat market in England was hard for Argentine aspirations of a diversified set of buyers. The wholesale market of Smithfield administered by London came to absorb 90% of Argentina’s meat. The chilled beef was a unique product of Argentina because of its innovative cooling process. In spite of this, wholesalers (called jobbers) had no connection with the cold storage plants. Prebisch discovered the existence of a joint agreement between the jobbers and the cattle-raising sector in order to restrict exports of meat and achieve a lower price of the live pound.

This, added to the suppressed competitive pricing, meant “super profits” for them. Chilled meat regained its level of demand after the First War. Since this kind of meat must be consumed within a maximum period of forty days, the price was highly volatile. According to Prebisch, the discretionary management of prices was appropriate in times of high volatility in prices. The main problem for Argentine producers “was not the existence of agreements between the freezers for control of the market, but rather the slow or no growth in the British demand,” which led to the collapse of prices.⁴⁹ Beyond this technical aspect, Prebisch saw this controversy

⁴⁸ Prebisch, *Anotaciones sobre la crisis ganadera* (Buenos Aires: n.a., 1923), 4.

⁴⁹ Roy Hora, *Los terratenientes de la pampa argentina. Una historia social y política. 1860-1945* (Buenos Aires: Siglo XXI, 2002), 276.

as an opportunity for Argentine landowners to develop class conscience, or at least to be aware of how to safeguard their own economic interests.⁵⁰

The global framework of the Depression meant increasingly protectionist policies and the establishment of a quota system to benefit local producers. Latin American countries were familiar with the collapse of exports and external financing but this time the scale of these effects forced them to abandon the gold standard in order to secure their international reserves. Even so, many countries could not avoid entering an external debt default.⁵¹

In 1932, after the Ottawa Agreements that provided mutual tariff concessions and certain other commitments between Great Britain, Canada and other Commonwealth dominions and territories, the Argentine government was aware of the difficult position in which the export industry of meat was in. The foreign currency coming from the supply of chilled beef to the delicate tastes of the population of London was in jeopardy.

Table 7. Quotas for cold storage plants by country of origin (1911-1932)

Year	United States	Great Britain	Argentina
1911	41%	40%	19%
1915	58%	30%	12%
1927	55%	35%	10%
1932	56%	32%	12%

Source: Ovidio Pipino. *Tratado Roca-Runciman y el desarrollo industrial en la década del treinta* (Buenos Aires: Galerna, 1988), 74.

⁵⁰ Prebisch, *Anotaciones sobre la crisis ganadera*, 63.

⁵¹ Luis Bértola and José A. Ocampo, *The Economic Development of Latin America since Independence* (Oxford: Oxford University Press, 2012), 140-144.

As Table 7 shows, after the First World War the British share cold storage plants in Argentina declined, while the United States gained majority and local producers remained at low levels. The Argentine government needed to do something to address this situation. With the excuse of returning the ceremonial visit of the Prince of Wales to Argentina in 1926, an official mission headed by Vice President Julio A. Roca (son) left for London in 1933 with one goal in mind: to secure an export quota that would alleviate the deficit of foreign currency in the balance of payments.

That year, Prebisch left Buenos Aires to integrate the Preparatory Committee for the World Economic Conference in Geneva and then he traveled to London in order to collaborate with the Roca mission. An article of the newspaper *La Prensa* covered the tasks taken by “doctor Prebisch,” who declared his concern for the low levels of world trade.⁵² It was by preparing the reports for these meetings that Prebisch realized the precarious state of Argentine public statistics. In a country known for its high level of agro-export business, he found that the statistics on the prices paid to the ranchers by the meat-packing firms had never been collected.⁵³ This would reinforce his conviction that the national state needed to set up its technical cadres.

On May 1st, Roca and Walter Runciman, representing the British Board of Trade, signed a Convention and Protocol on Trade. The agreement (known officially as the London Treaty and officially signed later on that year) assured Great Britain the handling of eighty-five percent of Argentina's beef export quota.

⁵² “Labor realizada hasta la fecha por la Comisión Preparatoria de la Conferencia Económica Mundial,” *La Prensa*, November 17 1932.

⁵³ Dosman, *The Life and Times of Raúl Prebisch*, 46.

Argentina, in turn, could not sell more than 390,000 tons of the chilled beef that Great Britain had purchased in the previous twelve months (the Ottawa year).⁵⁴ This was a substantially lower figure, considering that 463,239 tons were sold in 1927. Great Britain agreed to subsidize the agricultural products of the Commonwealth and got in return a series of customs concessions, including one which kept English coal duty free.

An implicit consequence of signing this treaty was to leave aside the benefits of free trade that had been proclaimed in earlier decades by the theory of comparative advantage in both sides of the Atlantic. Conservative laissez-faire London had turned into protectionist London. The British dominions (mainly Australia and New Zealand) presented their complaints claiming that England was giving preferential treatment to a foreign member.⁵⁵

The treaty secured Argentina a quota of its exports of beef and grains and the landowners were a key support for President Agustín P. Justo (1932-1938). As a counterpart, the Argentine government assumed the commitment of lowering tariffs on British imports and allowed British companies to pay remittances.⁵⁶ This is why the treaty was heavily criticized in local media as being part of the *entreguismo vendepatria* (a sellout to foreign interests) of the Argentine commissioners.

According to this view, Argentina should not commit a quota of its foreign trade to any particular country. In particular, complaints pointed to the benefits

⁵⁴ "Informe de Lord D'Abernon sobre las relaciones comerciales Anglo Argentinas," *REA* 141 (March 1930): 235.

⁵⁵ Pipino, *Tratado Roca-Runciman*, 269-272.

⁵⁶ Victor Bulmer-Thomas, *The Economic History of Latin America since Independence* (New York: Cambridge University Press, 2014), 234n.

for the British and for livestock producers at the expense of other sectors. Luis Colombo, head of the Union Industrial Argentina, organized an opposition demonstration seventy thousand workers on the streets of Buenos Aires. Colombo believed that most Argentine economists read outdated books written by economists who did not even know to locate Argentina on the map.⁵⁷

However, given the circumstances of the Great Depression and the vulnerability of the Argentine economy, it is unlikely that the Roca mission could have achieved a different outcome facing a negotiation with a world power.⁵⁸ As one of the attaches of the Argentine mission, Prebisch was also labeled in the national press as a defender of British imperialism and the oligopoly of the big landowners. In his defense, Prebisch declared to the press that Great Britain had signed similar treaties with Germany and Denmark and that they were also mutually beneficial in the adverse context of adverse international prices.⁵⁹

Internally, the meat debate took place in the Senate. There was a strong confrontation that took place between Senator De la Torre, head of the Democratic Progressive Party (which he had founded in 1914) and several government officials, especially the Minister of Agriculture, Luis Duhau, and against Federico Pinedo.⁶⁰ In one of his numerous and long parliamentary speeches, De la Torre defined Pinedo as a mere substitute for Prebisch, the barely secret architect of the economic reform.⁶¹ Over time, the British government abandoned the quota

⁵⁷ Luis Colombo, "El problema actual," *RCE* XIX, 116 (March 1931): 235.

⁵⁸ Dosman. *The Life and Times of Raúl Prebisch*, 102.

⁵⁹ Prebisch, "El convenio con Gran Bretaña," *La Nación*, May 2 1933.

⁶⁰ *Obras de Lisandro de la Torre*, 41.

⁶¹ Halperin Donghi. *La República imposible (1930-1945)* (Buenos Aires: Ariel, 2004), 136.

requirements in exchange for more tariffs.⁶² Even though the great majority of meat exports went to Great Britain (see Table 8), most of the production was destined to the local markets (see Figure 5).

For Prebisch, the treaty meant a useful experience to learn how to face belligerent local media. From that moment on, his public exposure was increasingly high, reaching a peak with the creation of the Central Bank in 1935 (treated in the last section of the chapter). He kept his position that it was the only thing that could be done to protect exports in a global economy in contraction.⁶³ It is worth noting that the British press also blasted Runciman for not squeezing harder.⁶⁴

As Prebisch said in an interview later on, “British capitalism was not going to commit *harakiri* to favor us! It was a struggle for power.”⁶⁵ Even though it was not common one country could enjoy exceptional low tariffs for three-quarters of its products, as Great Britain did with Argentina, it is also true that Argentina had no alternative to the British market.⁶⁶ These effects were compensated both when new tariffs squeezed out British imports and when the government designed a new highway system –the railway system was British owned and operated.

⁶² Daniel Drosdoff. *El gobierno de las vacas: 1933-1956. Tratado Roca-Runciman* (Buenos Aires: La Bastilla, 1972), 76.

⁶³ Norberto González and David Pollock, “Del ortodoxo al conservador ilustrado. Raúl Prebisch en la Argentina, 1923-1943,” *Desarrollo Económico. Revista de Ciencias Sociales* 30, 120 (January-March 1991): 470; Carlos Mallorquín, “Textos para el Estudio del Pensamiento de Raúl Prebisch”, *Cinta de Moebio: Revista Electrónica de Epistemología de Ciencias Sociales* 25 (2006): 20.

⁶⁴ “The worst bargain of all,” *Daily Express*, May 3 1933; “Sold!,” *Daily Express*, May 4 1933.

⁶⁵ Mateo Magariños. *Diálogos con Raúl Prebisch* (México: Fondo de Cultura Económica, 1991), 78.

⁶⁶ Roger Gravil, *The Anglo-Argentine Connections, 1900-1939* (Colorado: Westview Press, 1985), 188, 190-194.

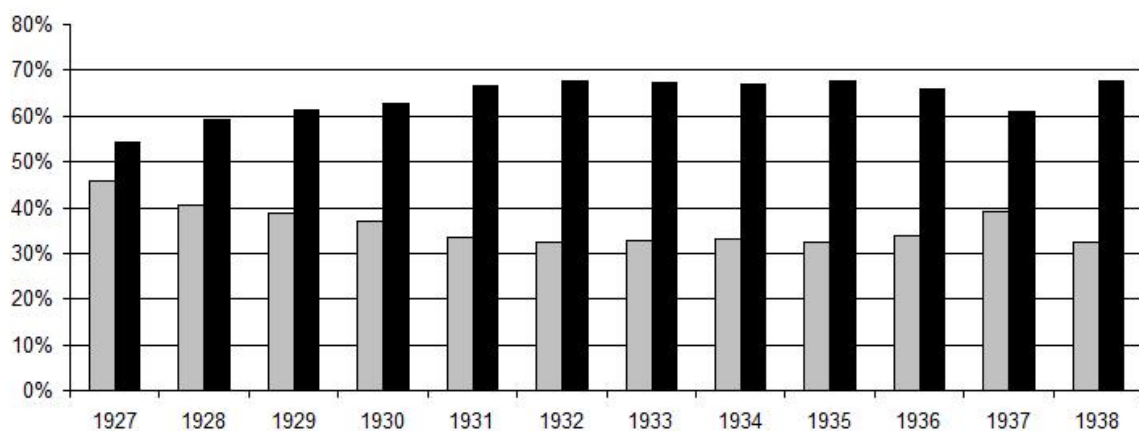
Overall, the Roca-Runciman Treaty was part of this search for predictable elements in a context of international uncertainties, defending a status quo whose productive structure had the inertia of a past success.

Table 8. Meat exports to Great Britain as percentage of the total (1930-1938)

Year	%
1930	85
1931	89
1932	92
1933	90
1934	89
1935	90
1936	89
1937	80
1938	81

Source: Pipino. *Tratado Roca-Runciman*, 74.

Figure 5. Destination of the meat production (1927-1938)



Source: Figure based on CEPAL. *Estudio económico de América Latina* (1949), 141.

When Prebisch returned to the country, both ministers Pinedo and Duhau (from Hacienda and from Agriculture respectively) offered to make him their second in command. Since both were good friends of his, Prebisch declined the offer and kept working at the National Bank. However, he offered his *ad honorem* assistance to both ministries and this unusual position allowed him to stay in touch with a wide range of policies and ultimately set the path to the brain trust.

Indeed, the state demanded the expertise that economists could provide. Economists enjoyed an increasing employment in the statistics-gathering sector in the United States from the 1930s on and as high-level advisers in wartime in Britain and Germany during the Second World War. In Latin America, the massive call for experts to elaborate developmental plans came in the 1960s.

Prebisch and Pinedo: The Brain Trust

Increasingly, scholars rehearsed (and sometimes improvised) ways to be scientifically convinced of something and share this standing with others. This practice varied over time in such a way that it is eventually self-reconfigured by the interaction with policy-makers. During the interwar period new techniques were applied (such as national income accounting and linear programming) to improve the coordination mechanisms of the war effort, while not leaving aside social expenditure. This went hand in hand with institutions such as the National Bureau of Economic Research, which opened its doors in 1920 and the Econometric Society, created in 1930.

While the earlier generation of economists in the United States believed the scientific theories ought to be rooted in the real world, for the creators of the Econometric Society in 1930, scientific rigor meant logical rigor, that is, “simplifying problems so that they could be formulated as sets of equations, which could then be manipulated using suitable mathematical techniques.”⁶⁷ This viewpoint was influential in the academic world for decades.

One of the unique features of the Great Depression of the 1930s was the fact that almost all countries abandoned the gold standard simultaneously, something that had never happened between 1880 and 1913. Unlike the prime time of the system, during the 1920s compliance with the rules of the gold standard did not guarantee monetary stability, not even in core countries. The 1930 crisis altered the context in which Argentina had found its place as an agricultural exporter. The critical junctures for the economy were catalysts for increased state demand for technical groups.

In a recent article, Caravaca and Plotkin analyze the gradual incorporation of the graduates of the Faculty of Economics at the state level and characterize economists and specialists trained to develop their activity near powerful circles, either economic (working in companies, consultants financial, etc.) or political (working in and for the State).⁶⁸ In the 1930s, then, the Argentine state turned its attention to statistics in general and to the elaboration of indexes in particular when making social policy. But this was an international phenomenon that

⁶⁷ Backhouse, *The Puzzle of Modern Economics: Science or Ideology?* (New York: Cambridge University Press, 2010), 99.

⁶⁸ Jimena Caravaca and Mariano Plotkin, “Crisis, ciencias sociales y elites estatales: La constitución del campo de los economistas estatales en la Argentina, 1910-1935,” *Desarrollo Económico. Revista de Ciencias Sociales* 47, 187 (October-December 2007): 403

reflected the paradoxical nature of economics, a discipline that finds a healthy environment during depression.⁶⁹

One major change in public policy during the interwar period was the increasing visibility of technicians hired by national states for counseling or guidance. As one contemporary observed, “experts are known worldwide, even more than great politicians or great men of science.”⁷⁰ The paradigmatic example of this phenomenon was so called brain trust around the elaboration of New Deal policies in the United States.

Prior to the Great Depression, businessmen could perform fairly well with the help of lawyers and accountants, because it was a matter of a routine more or less established. Only in the 1920s did the Bureau of Agricultural Economics start to offer regular posts for economists in its dependencies.⁷¹ Even during the New Deal lawyers predominated in the brain trust. The New Deal agencies recruited economists only after the 1940, to name a few, the Office of Price Administration, the War Production Board, and the Bureau of Agricultural Economics. They also found a place at the Office of Strategic Services (the forerunner of the Central Intelligence Agency). Their influence was steadily growing and even if they were only a few at first, they were heard by the President since they promised a new way of thinking about markets and how to manipulate their outcome.

The main consequence of the Great Depression was making economics more clearly distinguished as a discipline on its own. As a crisis of a new kind, it

⁶⁹ Peter Wiles and Guy Routh, *Economics in Disarray* (Oxford: B. Blackwell, 1984), 1-2.

⁷⁰ Jacobo Wainer, “La misión de los técnicos en ciencias económicas,” *RCE* XXII, 157 (August 1934): 672-673.

⁷¹ Barber, “The United States: Economists in a Pluralistic Polity,” in *Economists in Government*, 177.

forced policy makers to question orthodox recipes to restore balance. The executive government counted on specialized teams to bring normalcy to the state budget. In the United States, epicenter of the Great Depression, Franklin D. Roosevelt appointed a brain trust.⁷² From that moment onwards, almost every political decision would be tied to previous assessment of a selected group of economists.

As political scientists argue, during the twentieth century there was a tension between technocratic policy making and those characteristics that every democracy tries to practice to some extent, such as accountability to a broad audience (not just to follow scientific principles) and dealing with interests that are affected and pressures from social movements and go beyond dispassionate calculations.⁷³ For that very same reason, economists in the United States believed that their profession was scientific, as separate from politics, at the same time that “they found their best considered projects either frustrated by political and economic conflict or effected precisely where the political power of the government was actually the greatest and most autocratic.”⁷⁴

The policies that came out the Prebisch-Pinedo group in the 1930s were part of the distinct project that Argentine economists carried on if we compare them with the response that the United States and Western European countries rehearsed in times of the Great Depression. The main difference was that while the developed world had to consolidate internal markets and an established structure

⁷² See Elliot Rosen, *Hoover, Roosevelt, and the Brains Trust: From Depression to New Deal* (New York: Columbia University Press, 1977) and Michael Janeway, *The Fall of the House of Roosevelt: Brokers of Ideas and Power from FDR to LBJ* (New York: Columbia University Press, 2004).

⁷³ Montecinos and Markoff, “Economic Ideas to the Power,” 139.

⁷⁴ Siedel, “American Reformers Abroad,” 102.

in the public administration, Argentina had to deal with unfavorable conditions in both fronts.

After reaching the commanding heights of policy-making, Prebisch congregated around himself a group of professional economists who could insert themselves into public administration for the first time in their careers. Professor Pascali was projecting high hopes for these *doctors*; they would eradicate the vested interest of big corporations thanks to the objective character that numeric coding that prevented lobbies to bypass administrative procedures.⁷⁵

Their arrival on the public scene found the political opposition of influential figures such as (see the chapter opening quote from Senator from Santa Fe De la Torre shows. The quotation dates from March 1935, when Raúl Prebisch did not have full public visibility at the national level yet. During the debate on the meat market –and whether or not it was an oligopoly- De la Torre, referred to Prebisch without even mentioning him.

The particular case of economists that gained public visibility in the 1930s (with no formal credentials before 1953) shows how professional identity has to do more with self-esteem as a technician (validated by the state) than with the possibility of making a living out of it. The paradoxical paradigmatic figures were Pinedo and Prebisch, neither of whom had obtained the doctorate in the FES.

During the 1930s, Pinedo was at the forefront of policy-making, dealing with key issues that economic theory was reconsidering and even reformulating, such as fiscal balance, monetary policies, and the banking system in general.

⁷⁵ Pascali, “Ecos del 25º aniversario del Centro de Estudiantes de Ciencias Económicas,” *RCE* XXV, 196 (November 1937): 1032-1033.

Pinedo was Minister for Economy between 1933 and 1935 and then again in 1940 and 1962 –but only for a few months in both opportunities. Ironically, the most well-known Minister of Finance in the decade did not come from the FES. Pinedo was a lawyer with deep rooted interests in economics. As a socialist, he advocated for free trade, especially for a country like Argentina with large exportable surpluses. For him, the protectionist campaigns were an expression of the private interests of their beneficiaries, not by any sound theoretical principle.

In terms of monetary policy, he would rather have a stable currency instead of following blindly the *laissez faire*. Nevertheless, until 1931 he was not sure of the convenience of creating an organism like the Banco Central de la República Argentina. Instead, he believed it was necessary to return to the gold standard and reopen the Conversion Office to avoid the risky alternative of excessive emissions and therefore inflation.⁷⁶ When traditional measures proved ineffective to cope with the crisis, he thought more about the advantages of an organism empowered with room to maneuver the monetary supply.

In this regard, he was moving away from the “free trade plus gold standard” dogmatic binomial that had characterized socialism. The Independent Socialist Party, however, was proud of having one of his own in the high spheres of policy-making. One of their affiliated newspapers portrayed Pinedo as “an original economist who has found an Argentine way to proceed in an environment of economic uncertainty and political instability.”⁷⁷ This was thanks to both his creative dynamism and his huge intellectual capital of a new science (economics)

⁷⁶ Federico Pinedo, *Los proyectos financieros ante el Honorable Senado* (Buenos Aires: Imprenta Luis Gotelli, 1935), 24.

⁷⁷ “El ministro de Hacienda y su política económico-financiera,” *Libertad*, April 30 1934.

that made Pinedo stood out among socialists. Even conservative newspapers praised him as “an example of hard work and prudence,” responsible for “new findings” of governmental techniques.⁷⁸

One of the innovations of the period was the establishment of an exchange control system. This system was conceived as a temporary solution to the problem of a depreciating peso in those years and was born out of the inspiration of Prebisch and Pinedo. Starting November 1931, exporters were required to transfer foreign currency to the Oficina de Control de Cambios (Exchange Control Office). The value of the pound was fixed below the market level, in an attempt to curb the depreciation without having to reduce credit or lose reserves. This mechanism turned out to be an almost permanent measure also adopted in neighboring countries and since then has entered the lexicon of policy-making.

Pinedo helped to sustain credit reputation since, unlike the rest of Latin American countries, Argentina did not default on its external debt. This was possible because most bondholders accepted a conversion of the debt to a lower interest rate. The US followed the situation closely since some firms could not turn their remittances outward because of the new regulation. To the satisfaction of the Argentine government, many of these corporations agreed to purchase government bonds, easing almost half of the total frozen funds.⁷⁹ The consideration of the US changed a couple of years later when Pinedo advanced a

⁷⁸ “Los ministros que se retiran,” *La Nación*, December 31 1935.

⁷⁹ See “Americans Accept Argentina’s terms,” *The New York Times*, November 12 1933: 31; “New Loan Arrangement,” *The New York Times*, November 16 1933: 37; “Argentina Lauds Bond Conversion,” *The New York Times*, November 20 1933: 27; “Debt Revision Solves Argentina’s Problem,” *The Washington Post*, January 17 1935: 9.

decree imposing new burdens on imports, affecting “with a single stroke” the predominant position of the US in the Argentine market.⁸⁰

Unlike other political leaders, Pinedo was the expert on “pure science,” which meant some inflexibility in his adaptations to the art of governance. He had accepted the ministry “as a surgeon who accepts responsibility for a difficult case.”⁸¹ He was compared to former President Carlos Pellegrini, who had successfully managed the financial crisis of 1890 and had founded the National Bank.⁸² Indeed, internal taxes were increased during the crisis of 1890, something that gave greater autonomy to the provincial states from the revenues coming from customs.

In the 1930s, the income tax also provided an opportunity to improve the material infrastructure through public works (roads, grain elevators, etc.), not even attempted in the boom years.⁸³ It is fair to recall that the increase of the Gross Domestic Product (GDP) between 1913 and 1929 –and the growth of GDP per capita between 1919 and 1929– was higher than in the United States, Canada and Australia.⁸⁴ However, the need for a tax scheme was not a product of economic circumstances but one of the steps towards a mass democracy.

The experience of the brain trust gave Argentina its first political tradition of a technical group close to the executive power. From that moment on, it would be responsible for designing solutions to unprecedented economic challenges. The

⁸⁰ “Argentine Decree Affects Our Trade,” *The New York Times*, November 26 1933: E8.

⁸¹ “Juicios periodísticos sobre la actuación ministerial del doctor Federico Pinedo,” *Libertad*, January 1 1936: 6.

⁸² “Todo un ministro,” *La Fronda*, January 31 1935.

⁸³ Pinedo, *Siglo y medio de economía argentina* (México: CEMLA, 1961): 113.

⁸⁴ Gerchunoff and Llach, *El ciclo de la ilusión y el desencanto*, 79.

measures promoted by the trust were criticized not because of their diagnosis or results, but because some political sectors considered these officers to be part of a corrupt oligarchy that lacked legitimacy (in a context of electoral fraud) and promoted the interests of foreign capitalists.

The fact the Prebisch did not identify himself with the FES (he did not attend classes after the second year and never completed the doctoratal program) and that Pinedo did not even attend it shows an interesting parallel with the French experience, where “innovative approaches to economic policy emerged from among the bureaucrats, not from among scholars.”⁸⁵

In June 1943 a military coup led by General Rawson toppled president Castillo. In October the new government fired Prebisch from the BCRA without warning. The two leading figures of the brain trust, Pinedo and Prebisch, abandoned the public scene but left a legacy in institutional terms at the technocratic state level. In regards to the export market, Argentina clung to a model that had provided unknown economic wealth until then. After 1943, many members of the trust had no opportunities in the private sector. This was the case of Ernesto Malaccorto (1902-1991), sub secretary of the Treasury in 1942 who resigned within the year. In turn, many others continued in the technical cadres after 1945.

After 1943, the influence of the trust declined. The public image of Pinedo deteriorated during Perón's government (1946-1955) and only in 1956 was he incorporated as a member of the National Academy of Economics. The newspaper

⁸⁵ Wittrock, Wagner and Wollmann, “Social Science and the Modern State”: 41.

Democracia, at the service of the Peronist government, published a 1947 article against that was highly critical of Pinedo: “In any other country, they would have charged a hundred times as traitor to the Fatherland, and they would have had him hung... no one better than him knows that the Central Bank was created by imposition of England,” a suspicion that more than a decade later had not been dissipated.⁸⁶ To the newspaper, Pinedo was just one of those many lawyers who had left the studio to go to the Ministry and promote their own projects.

At the personal level, Prebisch was hurt by the dismemberment of his team. In an interview with Celso Furtado (a referent of *developmentalism* at CEPAL), he established a contrast with Perón’s counterpart, Brazilian president Getulio Vargas when he observed: “Vargas knew how to train cadres that gave modern Brazilian a state structure. Instead, Perón dispersed at a single stroke a team that took me ten years to assemble.”⁸⁷ Furtado considered that his team was a milestone for economic research in Latin America, while the BCRA represented an internationally admired institution.

From Banking Studies to the Central Bank

According to the positivist philosopher August Comte, “the prevision of the astronomer who predicts, with complete accuracy, the condition of the solar system many years in advance, is absolutely the same in kind as that of the savage

⁸⁶ Esteban Estevanez, “Pinedo es el primer responsable de la entrega de nuestra riqueza,” *Democracia*, August 10 1947.

⁸⁷ Celso Furtado, *La fantasía organizada* (Eudeba: Buenos Aires, 1988), 106.

who predicts the next sunrise.”⁸⁸ Comte’s influence in Argentine elite was part of the near-worship of French culture. Physicians, social scientists and legal scholars alike “filtered social pathology through biological lenses, which led to the rise of medical and anthropometric approaches to social symptoms.”⁸⁹

Pedro J. Baiocco, after making reference to Comte’s observation, regretted that forecasting in economics was still at a stage closer to the savage than to the astronomer.⁹⁰ He accepted that the psychological component of every prediction signaled the boundaries of every diagnosis. Even so, he remained optimistic about the advanced techniques that were being developed in a context of a growing influence of the banking sector in the economy.

The banking institute that Baiocco directed within the FES was designed after the North American and German models of the seminar, since it was meant to promote new lines of research that would complement the formal teaching that regular courses provided. However, the practical knowledge related to the banking sector came only in the third and fourth year in the study plan.⁹¹

Banking studies were also conducted from within banks. Luis Duhau, director of the National Bank, opened the Oficina de Investigaciones Económicas (Bureau of Economic Research) in 1927. Prebisch was in charge of this office from which he launched the *Revista Económica*, published until 1934. The *Revista* was a pioneer in Latin America because of its specialization in statistics. The highly

⁸⁸ August Comte, *System of Positive Polity*, Vol. 4 (London: Longmans, Green, and Co., 1877), 577.

⁸⁹ Rodríguez, *Civilizing Argentina*, 33.

⁹⁰ Pedro J. Baiocco, “Orientación y finalidad de los trabajos que se realizan en el Instituto de Economía Bancaria,” *RCE* XVIII, 107 (June 1930): 510.

⁹¹ Baiocco, “El Instituto de Economía Bancaria y su función docente,” *RCE* XXI, 140 (March 1933): 213.

detailed analysis of the banking indexes allowed him to see the results of low levels of credit to the needs of production and trade.

Therefore, taking control of the circulating currency (the task that the BCRA would take over later one) and implementing a sound banking policy was key to recovery.⁹² Having a balanced budget was no longer a guarantee for a healthy financial system. Recurrent fiscal deficits became a tool (inspired by Keynesian economics) that until then had not been conceived as such to increase aggregate demand.⁹³ As Peter Alhadeff says, this concept was extended to the banking balance sheets as well.⁹⁴

The *Revista Económica* followed national circumstances through graphics and sophisticated charts for its time. It focused on the exchange rate and the balance of payments. No statistics on social issues were presented and articles were collectively signed in name of the National Bank. From the chair of Political Economy, Prebisch contacted those who he could trust to be his collaborators: Malaccorto, manager of the Revenues Division, and Máximo Juan Alemann (1901-1986), Director of Finance between 1935 and 1943, who both were active members of the brain trust. Prebisch knew Malaccorto since 1921, when he joined the Faculty of Economics and Prebisch served as assistant at the Seminar of Economy and Finance.

⁹² "Organización de la Oficina de Investigaciones Económicas," *Revista Económica* 1, 1 (August 1928): 3-5.

⁹³ "From Keynes to Roosevelt: Our Recovery Plan Assayed," *The New York Times*, December 31 1933.

⁹⁴ Peter Alhadeff, "The economic formulae of the 1930s: a reassessment," in *The political economy of Argentina, 1880-1946*, ed. Guido Di Tella y D.C.M. Platt (Macmillan: Oxford, 1986): 100.

As we have seen before, in countries where the dollar diplomacy and Kemmerer had no significant gravitation, like Argentina, complaints were not against the United States but addressed to British representatives, like Otto von Niemeyer, from the Bank of England. With high political tone, the Argentine writer and activist Raúl Scalabrini Ortiz announced that there was no need for the Argentine government to hire “money doctors” from the United States. Ortiz observed: “We already know that in Argentina *private capital* means Anglo/American.”⁹⁵

Niemeyer was the archetype of a technician not only because his expertise, but because of the wide variety of countries he had visited before (Australia, Austria, Brazil, Bulgaria, Egypt, Hungary and New Zealand). In the case of Argentina, his presence represented a cautionary shield against critics that respected more foreign authorities than local officers, even if they were arguing in the same direction.⁹⁶ Indeed, Baiocco accepted Niemeyer's international prestige but he tried to take the lead when adapting the central bank project to the Argentine circumstances. The fact that many Argentine professors have suggested changes similar to Niemeyer's project was comforting to Baiocco and it gave those previous studies a revitalized significance coming from the prestigious scientific authority of the Englishman.⁹⁷

⁹⁵ Raúl Scalabrini Ortiz, *Política británica en el Río de la Plata* (Barcelona: Plus Ultra, 2001 [1936]), 37, 64.

⁹⁶ Congressman Federico Pinedo (grandson of the Federico Pinedo under discussion here), recalled that “Pinedo said that actually it was not that important to hire Niemeyer, but in Argentina if you do not bring a British expert, no one believes you.” Interview conducted by the author, September 2013.

⁹⁷ Baiocco, “Algunos comentarios al informe de Sir Otto Niemeyer sobre nuestro régimen bancario y monetario,” *RCE* XXI, 142 (May 1933): 315.

However, Niemeyer's piece –written in English– was actually a copy of what the League of Nations had proposed for the Central Bank of Greece.⁹⁸ When Pinedo recalled these years, he confessed that the Argentine government adopted Niemeyer's presentation to the point of copying some textual phrases but he also remarked that this did not imply a submission of Argentine will to foreign requirements. He saw this just an attempt to sketch a project that was in line with other countries in order to increase the chances of its approval.⁹⁹

Economist Felipe Pazos has studied the differences between the Argentine draft and the one proposed by Niemeyer. In its original version, the project included the creation of an Institute for Mobilization and Banking Investments. This institute was established with funds from the devaluation of the metal after abandoning the gold standard –these were also used to pay floating debt. On the other hand, the sixth article in Niemeyer's version stipulated that the national government could not be a shareholder of the BCRA, but Prebisch considered that the state had to contribute an amount equal to the contributions from individual banks. Also, in the original version, the president and vice president were to be appointed by the executive power. Prebisch, however, believed that the government should instead choose among candidates shortlisted by the shareholders. Finally, article 54 of Prebisch's draft established a duration of forty years for the institution –a term that was not met as it was intervened in 1945.

⁹⁸ Pinedo, *Los proyectos financieros*, 35.

⁹⁹ Pinedo, *En tiempos de la República*, 160.

Figure 6. Raúl Prebisch at the Central Bank

LA RAZON

Buenos Aires, Jueves 9 de Mayo de 1935

DESIGNOSE GERENTE DEL BANCO CENTRAL AL Dr. RAUL PREBISCH



Los miembros del directorio durante la reunión de esta tarde

Como hemos venido informando, en las últimas horas de esta tarde se reunió por primera vez el directorio del Banco Central de la República, que preside el doctor Bosch, a objeto de dejar concretadas con los miembros de la comisión organizadora de dicho instituto las diversas medidas adoptadas hasta ahora por la misma, en cumplimiento de lo dispuesto en la ley de organización número 12.160.

En esta reunión se dió forma a los diversos decretos que el Poder Ejecutivo deberá subscribir, poniendo en ejecución las medidas de referencia, y se trató también, lo relativo al ataque que habrá de practicarse en la Caja de Conversión, para realizar la transferencia de sus activos y pasivos al Banco Central de la República.

Asimismo, se consideró la designación de un miembro del directorio para los casos en que haya que reemplazar al presidente o vicepresidente del instituto.

La reunión señalada ha tenido carácter preliminar, hallándose presentes también los miembros de la comisión organizadora.

Acercos de la transferencia de valores de la Caja de Conversión y el plan de arqueo, se han adoptado las previsiones del caso. Sobre este particular, vale decir, sobre la transferencia de fondos de la Caja de Conversión al Banco Central y el arqueo de valores, el directorio aprobó el plan trazado, al que se dará principio de ejecución en seguida, prescindiendo la tarea de contralor uno de los miembros, los que se irán turnando periódicamente hasta finalizar con la labor.

GERENTE



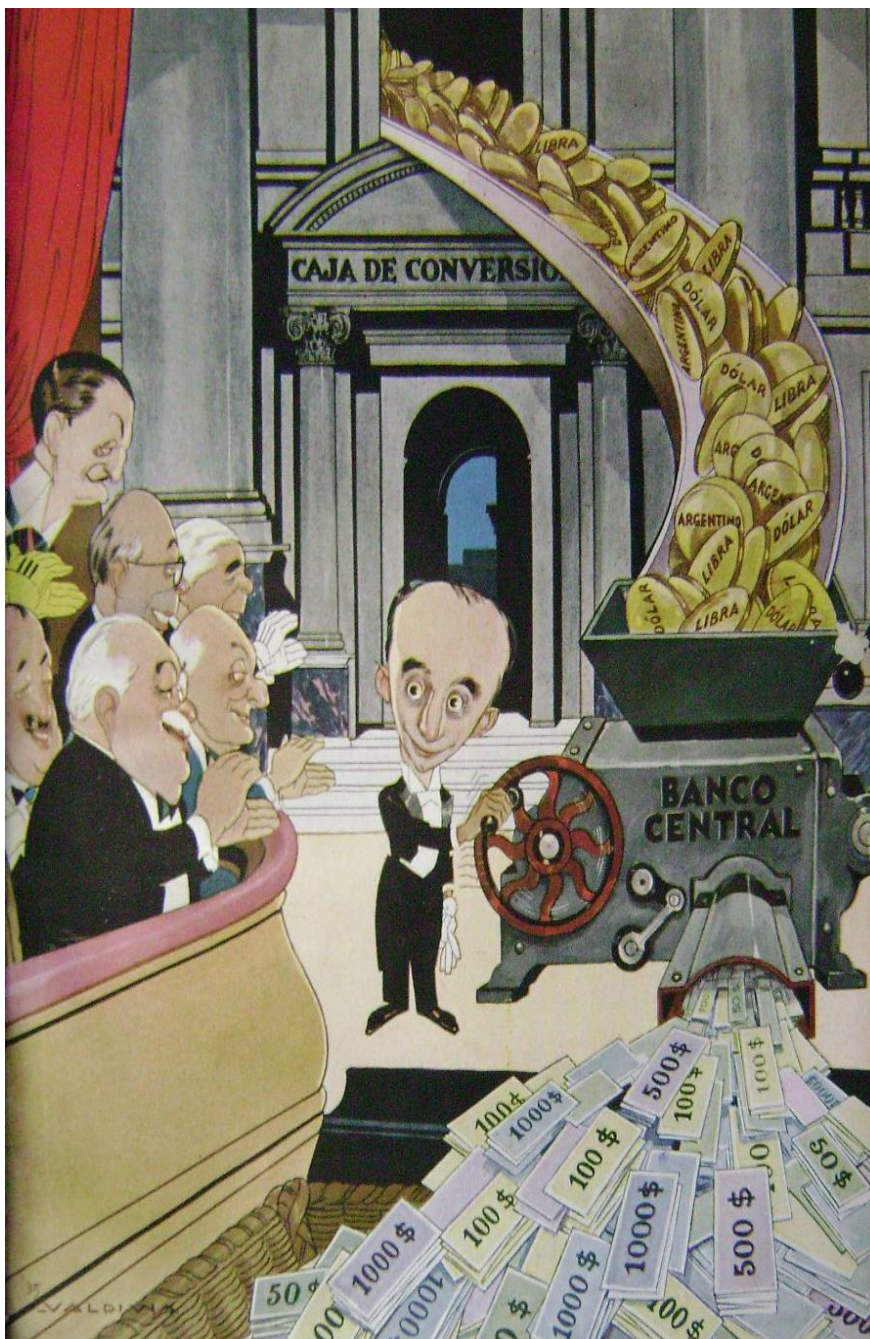
El doctor Raúl Prebisch, designado gerente del Banco Central

DESIGNACION DEL GERENTE GENERAL

El directorio consideró en seguida la designación para el cargo de gerente general del Banco Central, que recayó en el doctor Raúl Prebisch, funcionario que ha venido dando muestras de capacidad y actividad extraordinarias.

Source: "Designóse Gerente del Banco Central al Dr. Raúl Prebisch," *La Razón*, May 9 1935. ["Dr. Raúl Prebisch was appointed as Manager of the Central Bank"]

Figure 7. Federico Pinedo and the Conversion Office



Source: *Caras y Caretas*, XXXVIII, 1901 (March 9 1935). In this cartoon we see Federico Pinedo converting gold into paper notes issued by the BCRA. President Justo (front seat) shows his approval.

The first intervention of the BCRA was during the downward phase of the economic cycle in 1935. After the short crisis was overcome that year, there was no outburst of credit because the bank reabsorbed one third of the increase in credit availability to restrain the anxiety that banks carried after years of assets mobilized by the government.¹⁰⁰ The central bank thus fulfilled the mission to smooth the business cycle, something that Prebisch had considered as its institutional essence.

When Prebisch assessed the experience of these early years, he concluded that “at a time when a harvest is lost or its exportation gets reduced, metallic is exported, therefore it is convenient to alleviate financial markets through the decrease of the interest rate and avoid a contraction of credit.”¹⁰¹ A few months later, in the recovery phase, the bank promoted countercyclical policies such as credit restrictions vis-à-vis raising taxes.

The BCRA, created by Law 12,155, had the mission of regulating the Argentine cycle, characterized by its seasonal nature (dependent on primary commodities) and its southern-hemispherical timing compared to Europe. During the Depression, export prices for agricultural products collapsed, while their counterparts (industrial imports) fell but not as sharply.

One of the initiatives to counter this effect was the Junta Reguladora de Granos (Grain Regulatory Board) that subsidized prices to keep a minimum level

¹⁰⁰ Felipe Pazos, “Raúl Prebisch, banquero central,” *Revista de la CEPAL* 34 (April 1988): 193. See “Aclara algunas dudas del perito Niemeyer el ministro de Hacienda,” *La Nación*, February 10 1935. The controversy was reopened nearly a decade after, see “El proyecto de Banco Central preparado por el señor Otto Niemeyer,” *La Prensa*, April 31 1944.

¹⁰¹ Prebisch, “La experiencia del Banco Central Argentino en sus primeros ocho años,” in *El Banco Central de la República Argentina en su 50 aniversario 1935-1985* (Buenos Aires: Banco Central de la República Argentina, 1986): 52.

to protect rural producers, following the model of the United States. A similar board was created for the meat market.¹⁰² This kind of initiatives were unprecedented since they meant that the state was not only promoting new regulations but that it was defining an institutional structure to intervene in the economy.¹⁰³ However, there were limits to the degree to which these policies could affect the price because of unexpected factors like the increase of mechanization that forced small landowners out of business. Policies of macroeconomic regulation could not tackle the fluctuation in major agricultural products.¹⁰⁴

The new bank was an excellent opportunity for the FES to assign its graduates to work there. In a letter written by Dean Urien to Ernesto Bosch, president of the BCRA, he recommended that some of its positions were filled by his new graduates after a merit selection. Bosch replied promptly and politely, but he assured Urien that it was not possible to determine the staffing of that institution based on that kind of exclusive deals.¹⁰⁵ However, as manager of the BCRA, Prebisch arranged to award of two scholarships every year to the best students who would be sent to Harvard to take courses in economics. Harvard faculty list included Joseph Schumpeter, Gottfried Haberler and Wassily Leontief, among other gifted authors. This program lasted between 1940 and 1948, when he resigned from his position at UBA and left the country the year after.¹⁰⁶

¹⁰² “La Junta Nacional de Carnes ha sido constituida ayer,” *La Nación*, December 27 1933; “Diose el decreto creando una junta para promover la exportación de nuestra carne a nuevos mercados,” *La Nación*, August 4, 1934.

¹⁰³ Halperin Donghi, *La República imposible*, 134.

¹⁰⁴ Prebisch, *La crisis del desarrollo argentino. De la frustración al crecimiento vigoroso* (El Ateneo: Buenos Aires, 1986): 119.

¹⁰⁵ “Los Contadores y el Banco Central,” *RCE XXIII*, 170 (September 1935): 915-916.

¹⁰⁶ Fernández López, *Economía y economistas argentinos*, 209.

University Life and Peronism

The rise of Peronism in 1946 was a major event that altered the course of national politics, economic management and higher education. During his first term, Juan Domingo Perón increased taxes, created agricultural marketing boards, supported unions, raised urban real wages and regulated the international trade sector. This generated rapid growth that twisted terms of trade against rural agriculture and redistribute wealth to urban workers. In May 1946, Perón had caused the Farrell government to appoint *interventores* (inspectors) to administer all six of the universities. Federal interventions in Argentina were not a new phenomenon when Perón ascended to the presidency. While the FES had eight deans between 1914 and 1943, the increasing intervention of the government in university affairs caused that only between 1943 and 1945 six deans were appointed by the president.

The first universities under intervention were Litoral and Cuyo. In Buenos Aires, Dr. Mario Pico was one of the many delegates that intervened the FES during the de facto government of 1943-1946. For Pico, economics ought to be at the service of high politics; the priority being the overcoming of the scheme of “two Argentinas:” one rich and outward-oriented, the other poor and in need of national assistance.¹⁰⁷ At the end of 1946, there were 1,250 university professors (almost a third of the total) that abandoned their positions -423 of them resigned.¹⁰⁸

¹⁰⁷ “Asumió el cargo de Interventor-Delegado el Dr. Mario Molina Pico,” *RCE* XXXII, 274 (May 1944): 470.

¹⁰⁸ Buchbinder, *Historia de las universidades*, 148-149.

The National University Council increased the government's influence on academic life. Through chosen *rectores* (presidents), deans, and the work of the secret police, the regime established its political philosophy (the Peronist National Doctrine) as mandatory teaching material in all universities. Even more, the government created the Consejo Universitario Nacional through which it was able to closely monitor both the institutional routines and the pedagogical reforms within universities.

It was no surprise, then, that Perón was proclaimed the archetype of the university professor and that he was granted the *Honoris causa* doctorate in 1947.¹⁰⁹ Even though many academics did not support his intervention, they tended to leave the university or adopt a passive attitude. In that celebration, he traced back the national origins to ancient civilizations and demanded from the university a commitment to the country's destiny, in which he saw himself directly involved: "if the official support is needed to give impetus to the university work, I promise you, as there is God, that you can always count on General Perón!"¹¹⁰

Political influences were not uncommon in the 1930s, but it was during the Peronist regime when systematic and unquestioned discriminatory measures took place, both against faculty and students.¹¹¹ While it is true that Argentine universities were not entirely disconnected to national politics before Peronism, but the University Law passed in 1947 (No. 13.031) and modified in 1953 as

¹⁰⁹ "Discurso del delegado interventor," *Revista de la Facultad de Ciencias Económicas de la Universidad de Cuyo* 4, 11 (May-August 1952): 95.

¹¹⁰ "Discurso del presidente de la Nación en el acto de homenaje de las universidades argentinas," *RCE* I, 1 (March 1948): 122.

¹¹¹ Buchbinder, *Historia de las universidades*, 150-153. Law 13,031 suppressed student participation in university governance and, although the board appointed the Dean, the president of the university (*rector*) had a crucial influence and he was appointed directly by the Executive.

No.14297 established that for the first time, “the state would not only regulate the internal administration of the universities but it was also granted the right to issue directives concerning the content of the courses offered.”¹¹²

However, the actual intervention was limited to a few demands of political loyalty to the regime, such as public demonstrations of affections when Eva Perón died in 1954. Under Peronism, the university population grew at an impressive rate: in 1947 there were over fifty thousand students nationwide, while in 1955 that figure had rose to almost one hundred and forty thousand students.¹¹³

Unlike traditional historiography that portrayed a deep confrontation between Peronism and the autonomy of higher education, recent works have showed that the administration of national universities operated within their own rules. Additionally, it is not clear that the changes in the staff followed a single political orientation –as simple logic would suggest, by firing those who opposed the regime.¹¹⁴ This new literature, then, suggests that national universities did not suffer as many impositions from Perón’s government as it was previously argued.

This new approach considers that UBA, as the university in general, can be considered as a world to itself, with its own logic and under its own pace when it came to national politics. Therefore, internal logics of academia were not always explained by political circumstances. Sometimes the national state and UBA sometimes shared a common agenda, sometimes they did not. During the Perón era, the content of both the RCE and the REA deteriorated (the RCE went from a

¹¹² Mariano Ben Plotkin, *Mañana es San Perón: A Cultural History of Perón's Argentina* (Wilmington: SR Books, 2003), 102.

¹¹³ Buchbinder, *Historia de las universidades*, 159.

¹¹⁴ See Flavia Fiorucci, *Intelectuales y Peronismo. 1945-1955* (Buenos Aires: Editorial Biblos, 2011).

monthly to a bimonthly periodicity while REA ceased to exist in 1952). After closing the third series of the journal, the directors reminded the faculty that despite the harsh political context, it was time to act according to the go back to the path of “human solidarity” that scientific endeavors represented; because “the apostolate of their mission required constant collaboration.”¹¹⁵

While new scholarship shows a more complex scenario, it remains true that under government intervention universities were subordinated to the national government. The protests of the student organizations leaded by the Argentine University Federation (FUA) forced the de facto government to restore both the autonomy of the universities and the legality of the student centers. However, in the 1950s, the government repeatedly arrested and imprisoned student leaders of the FUA; some were tortured, and many went underground or to Uruguay.¹¹⁶ The General University Confederation (CGU) was created as an official alternative to the Federation.

¹¹⁵ La Dirección, “Se cierra otro capítulo,” *RCE* XLV, 65 (October-November-December 1957): 222.

¹¹⁶ Virginia W. Leonard, *Politicians, Pupils, and Priests. Argentine education since 1943* (New York: P. Lang, 1989), 110.

Chapter 5

Economics as an Apologetic Science

Legions educated in these classrooms that arose to guide, sustain and drive the country in uncertain times of its economic life, making up their inexperience with the ardor of faith, the power of knowledge and the accurate weapon of a solid scientific discipline.¹

As seen in the last chapter, the increasing professionalization of economists kept pace with changes in social values regarding consumer habits that were emerging in more and more aspects of everyday life. Crises in an unpredictable world setting (especially after the First World War) brought new challenges with them. The newspaper *El Litoral* from Santa Fe, “as the economic demands increase, agencies and consumer defense organizations are created, and the economist is trained, for the same reason that the fertile field acts on the farmer, journalism on the man of letters and illnesses on physicians.”²

Science studies phenomena whose definition relies on normative standards such as “well-being,” “health,” “freedom,” and many others. These terms can deceive the readership because they are intentionally disguised within broad

¹ “Esperanza cumplida,” *RCE* XXVI, 207 (October 1938): 16.

² “Las ideas económicas de Alejandro Bunge,” *El Litoral*, October 9 1930: 3.

analytic frameworks.³ In the social sciences normative interventions frequently appear and this explains why for some authors those disciplines have been so backward compared to the natural sciences.⁴ This chapter offers an exposition of both the normative aspects of economics and its scientific character as it was discussed by a selection of Argentine authors.

The Normative Side of Economics

As we saw in the first chapter, one of the original goals of the American Economic Association, according to Richard Ely, one of its founders, was to merge economics and Christian ethics; he believed in a religious sensibility at the service of humanity. Curiously, Ely himself considered that ideologies such as socialism shared an agenda with social gospelers and both had awakened a spiritual devotion and had aroused a sort of religious force.⁵

Even though it may take a considerable stretch to go as far as Ely, it is possible to argue that economics operates within the domain of moral philosophy because it has a defined set of boundaries. Like doctors, lawyers or priests, economists administered some kind of uncertainties that were increasingly present in political agendas, partly because of the internationalized trade scenario in which most countries were involved in the late nineteenth century. Indeed, the practical functions of the economist can be conceived as “priestly functions in

³ Anna Alexandrova, “Well-Being as an Object of Science,” *Philosophy of Science* 79 (5), 2012: 678-689.

⁴ Ludovico Cavándoli, “Sobre algunos principios de economía matemática pura,” *Anales de la Sociedad Científica Argentina*, CIII (1927): 44.

⁵ Nelson, *Reaching for Heaven on Earth*, 181.

defense of the common good that may be little related to the formal contents of high-level economic theory.”⁶ After the decline of the aristocracy and the clergy, activist intelligentsia claimed the right of direction “by virtue of superior intellectual ability and expert knowledge of society.”⁷

Nobel Prize winner George J. Stigler argued that a common attribute of Adam Smith and subsequent thinkers was that preaching power aimed both at governments and individuals. The essence of this modern apostolate was the calling to overcome harsh historical circumstances through a redefinition of economic habits. Stigler considered himself as part of the lineage of preachers battling for freedom, an endless task: “the upward surge of economic protectionism is a sufficient reminder that we may be more impotent than omnipotent –but we win some battles, and hope and strive to win more.”⁸

Stigler believed in the influence of economic theory on economists in charge of public policy but he also acknowledged the subjectivity and ambiguity involved in policy making.⁹ Therefore, every economist in the public sphere served the role of a moral philosopher even in an implicit way (i.e., his assumptions). Because of this, Stigler advised that professionals develop a philosophy on their own, one with logical political implications, not based on personal preferences –even if that was the case.

⁶ Nelson, *Economics as Religion: From Samuelson to Chicago and beyond* (Pennsylvania: Penn State University Press, 2001), 13.

⁷ Robert Skidelsky, *John Maynard Keynes. The Economist as Saviour, 1920-1937* (New York: Viking, 1983), 406.

⁸ George J. Stigler, *The Economist as Preacher and Other Essays* (Chicago: The University of Chicago Press, 1982), 57.

⁹ Stigler, “The Economist and the State,” *The American Economic Review*, 55, 1-2 (March-May 1965): 16.

The links between the discipline of political economy and religion can be traced back to the early nineteenth century.¹⁰ But it was predominantly during the twentieth century when economists' presented their knowledge as a transnational asset. When circulation of ideas was involved there was a struggle to define the meanings of these new ideas unleashed in diverse local contexts. It is easier to agree on economics as a moral science than to practice it as such.

The central dilemma for the late nineteenth-century American social scientists was to demonstrate the relevance of his research to contemporary life without endangering his reputation for detachment and objectivity.¹¹ Indeed, the introduction of normative elements was usually considered a symptom of the decay of its scientific character. This is why those who argued for pure economics demanded that, as in geometry, moral principles should not be taken into consideration at all.¹² This kind of attitudes were part of a bigger phenomenon that, as historian Robert Nelson observes, had to do with the connection between modern economic thought and the history of Western theology.

Nelson holds that faith in the scientific method provides certainties when facing the unknown. Even more, he argues that it may be the case that economic and other expert professionals are not actually engaged in *science*, but instead “in a loosely structured *conversation*.”¹³ In a similar vein, famous economist Albert O.

¹⁰ See Boyd Hilton, *The Age of Atonement: The Influence of Evangelicalism on Social and Economic Thought, 1795-1865* (New York: Oxford University Press, 1988).

¹¹ Coats, “The Professionalization of American Social Science,” in *The Historiography of Economics. The Collected Papers of A. W. Coats*, comps. Backhouse and Bruce Caldwell, vol. 3 of *British and American Economic Essays* (New York: Routledge, 2014), 390.

¹² Raúl Arturo Ríos, “Ensayo sobre la importancia práctica de la ciencia económica y el bienestar social,” *Revista de Economía* 6, 11 (January-June 1954): 11.

¹³ Nelson. *Reaching for Heaven on Earth*, 287.

Hirschman observed that “part of the problem among economists was that they had been groomed as *scientists*... [As a result,] quite a few of us are *unconscious* moralists in our professional work.”¹⁴

Professor Moreno Quintana held that the inductive method used in natural sciences was not good enough for economics (as every other social science) because of the random intervention of human agency. The stages of hypothesis-experimentation-corroboration of a law were only possible within the “cosmic harmony” of precision and permanence of the physical world.¹⁵ Even so, economics still relied heavily on some sort of *normality* (an end to which all things tend) that was always taken for granted and functioned as the ultimate grantor of stability and consistence in the sequence of events that are to be explained.

The Argentine economist Ernesto Hueyo proclaimed in 1933 that the law of supply and demand, along with free trade and the division of labor, had operated automatically to regulate the levels of production and consumption. In the middle of the Great Depression, he hoped that “the world turns back to normal” and, even if ideas could evolve, he asserted a “faith in a natural order that science is responsible of revealing.”¹⁶ This view is in sharp contrast to what historians of economics have usually considered as a scientific explanation. The kind of proof that science can deliver is inseparable from human purpose and “not that glimpse into the mind of God which philosophers since Plato have been promising us.”¹⁷

¹⁴ Quoted in Jeremy Adelman, *Worldly Philosopher: The Odyssey of Albert O. Hirschman* (Princeton: Princeton University Press, 2013), 571. Emphasis in the original.

¹⁵ Lucio M. Moreno Quintana, “La técnica de la Política Económica,” *RCE* XXIII, 170 (September 1935): 852-853.

¹⁶ Ernesto Hueyo, “El actual momento económico,” *RCE* XXI, 147 (October 1933): 758.

¹⁷ McCloskey, *Knowledge and Persuasion in Economics*, 391-392.

In the 1927 ceremony of open courses that the FES and the Annex School held together, Professor Cassagne Serres declared that the ultimate goal of education in economics was to replace the *homo homini lupus* (man as the wolf of man) with the *homo homini frater* (man as the brother of man).¹⁸ Later on, in the 1930s, Professor Baiocco urged the reintroduction of a course on Ethics in the study plan.¹⁹ According to him, education was beyond learning the technical aspects of a discipline. Even more, as in military bases the entrance sign reads “Here you learn to defend the *patria* (homeland),” in the FES it should say “Here you learn how to be useful to the *patria*” instead. On top of that he added: “we already know very well that men, like things, are measured by the utility they provide.”²⁰ A few years later, the government inspector Pedro Arrighi proclaimed that, as the army did, universities must also provide the grand patriotic service of ensuring science and preserving the intellectual integrity of the country. Otherwise, these institutions would turn into a cold and heartless factory of professionals.²¹

In 1938 an editorial proclaimed the joy of “A hope fulfilled” in its title, right next to President Roberto M. Ortiz’ autographed photograph. The statement reads: “Legions educated in these classrooms that arose to guide, sustain and drive the country in uncertain times of its economic life, making up their inexperience with the ardor of faith, the power of knowledge and the accurate weapon of a solid

¹⁸ “Inauguración de los cursos de la Facultad de Ciencias Económicas y Escuela anexa «Carlos Pellegrini»,” *RCE* XV, 70 (May 1927): 711.

¹⁹ Pedro J. Baiocco, “Función cultural de la Facultad de Ciencias Económicas,” *RCE* XXVI, 207 (October 1938): 877.

²⁰ “Inauguración oficial de los cursos,” *RCE* XI, 32-33 (March-April 1924): 176.

²¹ “Se hizo cargo de la Facultad el Dr. Pedro J. Arrighi,” *RCE* XXXIV, 304 (November 1946): 903-904.

scientific discipline.”²² Dean Mario Sáenz believed that just being a professional was both an impossible and selfish task. The university could not serve such nonsense. Those who conducted scientific research for the only purpose of finding immediate application of the discovery would be impaired for real knowledge.²³

For Gondra, every economic act was also a moral one; for him, the Great Depression had been a spiritual crisis due to the materialistic nature of civilization.²⁴ Indeed, many Argentine economists tried to blend the Catholic doctrine and the academic world. The first step towards this direction was to establish economics as a humanistic science, one derived from the Aristotelian tradition and often exposed by the medievalist interpretation of Thomas Aquinas. In this view, the emphasis was on the spiritual aspects of the human condition and on the gregarious nature of men rather than the individualistic take of liberalism. Thus, economics was a science that should be subaltern to ethics and politics.²⁵ In contrast, many authors defended the liberal doctrine in the name of science and tried to set it free from any outside influence.²⁶

After 1943, values associated with nationalism, militarism, and Catholicism were injected into schools nationwide. This wave reached the university and many classrooms went back to displaying the Crucifix, even though the Constitution granted freedom of religion. In Argentina, one of the most representative authors of these values was Francisco Valsecchi (1907-1992), who received his doctorate in

²² “Esperanza cumplida,” *RCE* XXVI, 207 (October 1938): 16.

²³ “Información universitaria,” *RCE* XIV 57 (April 1926): 416.

²⁴ Gondra, “Moral y economía,” *RCE* XXI, 138 (January 1933): 9, 18.

²⁵ Virginio E. Alsinet, “Concepto, objeto y límite de la ciencia económica,” *Revista de la Facultad de Ciencias Económicas*, VII, 3-4 (1954): 34-35.

²⁶ César H. Belaunde, “Las leyes económicas,” *RCE* IV, 36 (August 1951): 1034.

economics in 1929 at the University of Luigi Bocconi (Italy). He returned to Buenos Aires in 1930 and in 1934 was appointed as head of the Acción Católica Argentina, from where he diffused the Catholic social doctrine through several publications, in favor of pro-birth legislation and family compensations.

Valsecchi taught sociology at the FES in 1944, among other courses in the Faculty of Medical Sciences. In 1947 he took over the Escuela Superior de Economía (ESE), which was part of the Instituto Católico de Cultura. When the Argentine Catholic University was created in 1958, Valsecchi was the first dean of the Faculty of Social and Economic Sciences up to 1970.²⁷ As many other Argentine scholars, Valsecchi emphasized the need of harmony in the economic system and did not trust *laissez faire* policies.

Francesco Vito's book (*Economía política*) published in 1950 was positively reviewed by Valsecchi not only because of the author's prestige and didactic approach, but mainly because students could find a non-Anglo-Saxon textbook to study from. Vito's line of thought –Latin and Catholic oriented– “faithfully represent the Latin American spirit.”²⁸ This was not the same approach as socialist leader Palacios had when criticizing Ludwig von Mises, a classic liberal who lectured at the FES. According to Palacios, Von Mises expressed an apologia of capitalism and *laissez-faire* using an aggressive language.²⁹

In the religious realm, Valsecchi openly commented on the Pope's encyclicals in the economics' journal. He shared the Catholic diagnosis that blamed

²⁷ Fernández López, *Economía y economistas argentinos*, 205-207.

²⁸ Francisco Valsecchi, “Nota bibliográfica,” *RCE* IV, 37 (September 1951): 1221.

²⁹ Alfredo L. Palacios, “Justicia social y Liberalismo económico,” *RCE* XLVII, 8 (October-November-December 1959): 336.

individualism enunciated by the classical school for the unstable social climate. Alongside of blind utilitarianism, both were against natural laws and the correct ordering of society. As a response to liberalism, the social Christian school that started at the Université Catholique de Louvain (Belgium) in the 1830s elaborated an alternative doctrine, in which science was subordinated to moral values – introducing concepts like the social role of private property or solidarity.³⁰ But it was the encyclical *Rerum Novarum* (1891) that defined the social doctrine of the Church as an alternative to both liberalism and socialism. In France, Catholic intellectuals gathered around the Social Museum created in 1895 and showed an early concern for the preservation of the middle classes. In 1911, this institution was created in Argentina after the French model.

According to Ezequiel Adamovsky, this interest in the middle classes had to do with the fear for the advance of communism and, later on, with the resistance to Peronism. The key element of the middle sectors was their inclination to keep family and religious traditions.³¹ Valsecchi was fully integrated into the networks like the Corporation of Catholic Economists and worked as a collaborator with the “Bunge group,” gathered at the research institute founded in 1943 after Bunge passed away.³² The Corporation demanded a constitutional recognition of the family as a nuclear and indivisible group that was the foundation of their organic

³⁰ Valsecchi, “La nueva orientación de la Economía según las Encíclicas «Rerum novarum» y «Quadragesimo anno»,” *RCE* XXIX, 238 (May 1941): 573-574, 578-580.

³¹ Ezequiel Adamovsky, “La bendita medianía: los católicos argentinos y sus apelaciones a la «clase media» c. 1930-1955,” *Anuario IEHS*, 22 (2007): 312.

³² Omar Acha, “Los economistas católicos en la Argentina durante la segunda mitad del siglo XX: entre el desvanecimiento de una identidad religiosa y la profesionalización secular,” *Anuario de la Escuela de Historia Virtual* 5, 6 (2014): 130-149.

view of society.³³ Economics as a moral science and not a value-free discipline is part of a view that has been never completely abandoned.³⁴

Overall, the normative side of economics can be illustrated by the fact that if someone was asked about a question related to medicine or astronomy, they would decline to answer on the basis of not being an expert on the subject. However, if the inquiry was on a recent economic crisis, that person, no matter from which background, would answer it with some kind of certainty.³⁵ The last section deals with the implications of considering economics as a science.

The Scientific Character of Economics

This section deals with the problem of demarcation between what falls into the realm science and what is non-science. In 1782, the Marquis de Condorcet was convinced that “in meditating on the nature of the moral sciences, one cannot help seeing that, as they are based like physical sciences on the observation of fact, they must follow the same method, acquire a language equally exact and precise, attaining the same degree of certainty.”³⁶ A hundred years later, those American economists who leaned toward socialist public policies “conflicted ideologically with the vested interests of elite social groups in American society, many of which

³³ “Información profesional,” *RCE* XXXVII, 11 (March 1949): 151-152.

³⁴ Ricardo F. Crespo, “Is Economics a Moral Science?” *Journal of Markets & Morality* 1, 2 (October 1998): 201-211.

³⁵ Gondra, “Moral y economía,” *RCE* XXI, 138 (January 1933): 3.

³⁶ Quoted in James C. Scott, *Seeing Like a State: How Certain Schemes to Improve the Human Condition Have Failed* (New Haven: Yale University Press, 1998), 91.

were major funders of university research.”³⁷ This implied that research was predisposed to preserve the status quo.

Political economy, simply called economics in the twentieth century, was an area of knowledge that since the times of Adam Smith engaged in regular exchanges with law, history, and moral philosophy, including psychology. For many Argentine authors, political economy was both an art and a science, since it had aspects that could not be taken apart, as two sides of a coin.³⁸ This is why the analogy with medicine fitted best; both were based on science but tailored to specific circumstances, including those that cannot be predicted by the expert. Professor Pugliese observed that “economists can, like physiologists study the normal functions of a healthy organism and can also, as pathologists, examine the alteration of such functions.”³⁹ They could not, however, be infallible or prescribe easy solutions. For Pugliese, economics was both a natural and a moral science.

In this context, positivist ideas offered an opportunity to show an objective and value-free professional work. Economist Jacob Viner, when asked about a definition of economics, said “Economics is what economists do.”⁴⁰ This kind of catch all and appealing formulas show the accepted vagueness of economists’ trade, which somehow can be an advantage. Scientific knowledge, then, is

³⁷ Dominic Holland, *Integrating Knowledge through Interdisciplinary Research: Problems of Theory and Practice* (New York: Routledge, 2013), 120.

³⁸ Félix Martín y Herrera, *Curso de economía política* (Buenos Aires: Mimeo, 1909), 25.

³⁹ Mario Pugliese, “Introducción a un curso de economía política,” *Revista de Economía y Estadística* 1, 1 (1939): 4.

⁴⁰ For more details about when (or if) he actually said this, see Backhouse and Steven G. Medema, “On the Definition of Economics”, *Journal of Economic Perspectives* vol. 23, no. 1 (Winter 2009): 221-233.

conceived “not so much the cumulative result of scientists acting individually as the result of their mutual interactions within a common discourse.”⁴¹

In 1898, the influential sociologist Thorstein Veblen considered that economics was not only behind the times but also “unable to handle its subject-matter in a way to entitle it to standing as a modern science.”⁴² Veblen (who followed Marxian materialism) thought of grand design for an industrial society led by a scientific elite, as shown in *The Engineers and the Price System* published in 1921. For Veblen, then, economics was still not a modern science because of the common usage of metaphors in the formulation of theory. Even though metaphors are effective and operate as a labor-saving device within language, that did not mean they were still a “facile recourse to inscrutable figures of speech.”⁴³ The validity of this observation was a common topic under debate for many Argentine authors as well.

Other sciences went through a similar process towards an explanation of causes and effects without turning to the “coercive surveillance” of natural law, but economics was not quite there yet. There were some attempts in this direction. Irving Fisher, for instance, conceived an individual as a particle and utility as energy.⁴⁴ William Jevons, well known in the field by then, authored an empirical work that connected trade cycles with the sunspot cycle. Likewise, American

⁴¹ Matthias Klaes, “Residual categories and the evolution of economic knowledge”, in *The Evolution of Scientific Knowledge*, ed. Hans Siggaard Jensen, Lykke Margot Richter and Morten Thanning Vendelø (Cheltenham: Edward Elgar, 2003), 37.

⁴² Thorstein Veblen, “Why Is Economics Not an Evolutionary Science?,” *Quarterly Journal of Economics* 12, 4 (July 1898): 373.

⁴³ Veblen, “Why Is Economics Not an Evolutionary Science?”: 378, 381-383.

⁴⁴ Mirowski, *More Heat than Light*, 224. For more on economics and other sciences, see the first chapter of Roy E. Weintraub, *How Economics Became a Mathematical Science* (Durham: Duke University Press, 2002).

economist Henry L. Moore believed that the causal chain of events was linked to the movement of Venus.⁴⁵ They were influenced by the developments in statistics that allowed them to process a good amount of data related to crops that went back to the previous centuries. The problem was the lack of evidence, since the grain cycle did not match the sunspot cycle. The curious side of this is that there are no universal parameters in biology, chemistry, and not even in some subfields of physics. Newtonian theories, for instance, never actually measured up to its image of rigorous certainty.⁴⁶

If having to identify the major approaches in the history of economic theory, it is possible to identify two: literary economics, represented by Alfred Marshall, and the mathematical approach, whose emblematic figure is Paul Samuelson. At the end of his life, Marshall gave methodological advice to a friend in these terms: “Use mathematics as a shorthand language, rather than an engine of inquiry. Keep to them till you have done. Translate into English. Then illustrate them by examples that are important in real life. Burn the mathematics.”⁴⁷ Marshall knew that the arithmetic and geometric way would lead him away from the real life problems he tried to approach. The context of English mathematics was not suitable for serious research; it was usually a mix of applied physics, thermodynamics, optics, and geometry.⁴⁸

⁴⁵ Morgan, *The History of Econometric Ideas*, 19, 26.

⁴⁶ Stephen Toulmin, *Return to Reason* (Cambridge: Harvard University Press, 2001), 54.

⁴⁷ Letter to Professor A. L. Bowley, February 27 1906, in Alfred Marshall (et.al.), *Memorials of Alfred Marshall* (New York: Kelley and Millman, 1956 [1925]), 427. Bunge, in turn, was inspired by Bowley's *Elements of Statistics* [1907] for his research on monetary issues.

⁴⁸ John Lodewijks, “Roy Weintraub's Contribution to the History of Economics,” in *Historians of Economics and Economic Thought: The Construction of Disciplinary Memory*, ed. Steven Medema and Warren Samuels (London: Routledge, 2001), 329.

If the definition of political economy was the science that studied economic problems, this was an empty statement. This error was similar to defining physics as the science that studies nature. These kinds of definitions only grasped the vulgar interpretation of disciplines.⁴⁹ After reviewing the different schools of economic thought, with emphasis on the *Methodenstreit* (method struggle) controversies in Germany, Arrarte arrived to what he believed was the essential difference between natural and social sciences: “economic organization has undergone profound changes throughout history, whereas the elements operating on physics and chemistry are ahistorical in essence.”⁵⁰ Therefore, every forecast was limited by the fact that social phenomena influenced the economic realm and this, in turn, relied on the subjectivity of complex agents.

For some, economics could never become an autonomous science because of the absence of an exclusive object of analysis.⁵¹ The Spanish economist Jesús Prados Arrarte (1909-1983) also believed that the management of public finances was a technique, not a science.⁵² Prados Arrarte urged economists to combat those who argued that political economy was nothing more than a digression of knowledge. His major concern was over basic terminology. Pure economic theory based on free trade and individualism could serve as a normative or even dogmatic prescription. Without an explicit enunciation, many interwar scholars were

⁴⁹ Jesús Prados Arrarte, “Justificación metodológica de la Economía Pura,” *RCE* XXVIII, 223 (February 1940): 125, 131.

⁵⁰ Prados Arrarte, “Justificación metodológica de la Economía Pura,” *RCE* XXVIII, 224 (March 1940): 232.

⁵¹ Luis Nogueira de Paula, “El carácter científico de la Economía Política,” *RCE* XXVII, 212 (March 1939): 231.

⁵² Jesús Prados Arrarte, “La teoría pura de la economía política,” *RCE* XXVIII, 229 (August 1940): 699. He also published *Filosofía de la economía* (Buenos Aires: Americalee, 1942).

engaged in hermeneutics, understood as the dialogue between different valid interpretations that were possible as long as key concepts (like value or capital) were not properly defined.

In the 1930s, economics was recognized as a systematic discipline and as such there was a consensus on Lionel Robbins' definition: "Economics is the science which studies human behavior as a relationship between given ends and scarce means which have alternative uses."⁵³ Unlike earlier definitions that centered on the production of wealth or the business system, Robbins thought of economics as the science of allocation of scarce resources between competing ends. The principle of scarcity was usually embraced by Argentine economists, but they pointed out that it was not enough to provide a proper definition of the new science. Some of them, like Professor Ríos, complemented Robbins' conceptualization with a theory of the state provided by Hermann Heller.⁵⁴

There is no need to inquire into the commitment economists have made to formal mathematics, a consensus can be reached between the extremes of either purely verbal analysis that would mean logical extenuation or false deductions made from mathematical models.⁵⁵ As Nancy Cartwright points out, the reason lies in the futile attempt to find rigor in the wrong place: "economic theorizing of this

⁵³ Lionel Robbins, *An Essay on the Nature & Significance of Economic Science* (London: Macmillan, 1932), 15.

⁵⁴ Raúl Arturo Ríos, "El objeto de la ciencia económica. Apuntaciones para una concepción sociológico-cultural," *Revista de la Facultad de Ciencias Económicas* VI, 1-4 (1953): 124-125.

⁵⁵ M. W. Reder, "Professor Samuelson on the Foundations of Economic Analysis," *The Canadian Journal of Economics and Political Science / Revue canadienne d'Economie et de Science politique* vol.14, no.4 (November 1948): 517.

sort is that rigor gives out too soon. For the models themselves, though abstract and mathematized, are not *formal theories*.”⁵⁶

Argentine scholars were also engrossed in these types of debates. In 1919, eminent Professor Vicente Fidel López observed that the ruling majority had not yet been “enlightened” by economics. Not only were Argentine congressmen engaged in debates that were already settled in other countries, but “if someone teaches scientific truth, there are so many prejudices against it, as they existed against the discoveries of Pasteur, when they were already established.”⁵⁷

As early as 1919, Professor Duclout regretted that the training that the Faculty provided was still based on “vague and metaphysical speculations” that were part of the “shallow wordiness” that new educational trends were leaving behind.⁵⁸ Elias de Cesare, professor at FES, observed that Mathematics was the only instrument that would make complex phenomena understandable for students. It was necessary to reach “the essence” of economic laws; otherwise, students would engage in a mechanical repetition of formulas without knowing the underlying causes behind them.⁵⁹

Pascali held that graduates of this house must be economic engineers and their judgments should have numbers both in their assumptions and in their conclusions. Every honest teacher should know that these skills are inscribed “at the core of our spirit” and it was a matter of *dropping the curtain* because

⁵⁶ Cartwright, “The Vanity of Rigour in Economics,” 151-152. Emphasis in the original.

⁵⁷ Vicente Fidel López, “Discurso,” *RCE* VII, 70 (April 1919): 222.

⁵⁸ Jorge Duclout, “Enseñanza de las matemáticas en la Facultad de Ciencias Económicas,” *RCE* VIII, 78 (December 1919): 475.

⁵⁹ Elias A. De Cesare, “Las matemáticas y sus aplicaciones a las disciplinas económicas,” *RCE* I, 6 (August 1948): 777.

Mathematics “is the science within all of us.”⁶⁰ Over time, the quantification impulse lead to the imposition of numeric analysis, leading up to an age of quantification. The arsenal of techniques that sprouted represented a major change that Stigler compares to the replacing of the bow and arrow by the cannon. This was, according to him, a cause rather than a consequence of a growing desire to measure phenomena. Thus, the rise of the so-called Chicago School in the 1960s had a clear precedent.

From a philosophical point of view, John Komlos suggests that economics is no longer a deductive logical and mathematic discipline but an inductive one. He poses a new way of thinking that is removed from the hard sciences: “unlike planets, they [human beings] can and do change direction. Economics should not attempt to be an axiomatic discipline like Euclidean geometry, in which one can start with the assumption that the shortest distance between two points is a straight line.”⁶¹ Even if that was the case, the appeal of astrophysics was such that it reached many outsiders in the university.

In 1949 the FES authorities suggested that the UBA board approve the building of a *planetarium* that included a model of the global trade routes. Economics should be right next to astronomy and other sciences. Celestial mechanics, they declared, was an “endless source of deep philosophical teachings and of unique spiritual comfort.”⁶² They were aware that New York and Chicago

⁶⁰ Justo Pascali, “Matemáticas,” *RCE* XVIII, 108 (July 1930): 591-592.

⁶¹ John Komlos, *What Every Economics Student Needs to Know and Doesn't Get in the Usual Principles Text* (New York: M. E. Sharpe, 2014), 5. His introductory section, entitled “My Credo”, is clearly apologetic.

⁶² “Proyectos presentados al Consejo Universitario de Buenos Aires, por el Decano y Vicedecano de Ciencias Económicas,” *RCE* XXXVII, 18 (October 1949): 1142.

had already built planetariums, and that there was one under way in Los Angeles. In particular, the project was to build a fourteen-foot structure to illustrate the trade routes around the globe.

In a similar vein, Professor Guaresti argued that the elaboration of a general economic system was intended to isolate some aspects of economic mechanics, just as a physicist does in a testing center.⁶³ The idea of an *economista puro* was particularly seductive because of the rigor that logical and mathematical knowledge exhibited. However, as many recognized, the activity of men cannot be replicated in a laboratory.⁶⁴ In the FES, except for some professors, the teaching of mathematics was not quite satisfactory in its early decades.

In the province of Mendoza, Carlos Becker was the Dean of the Universidad de Cuyo after the *interventor* designated by the executive government (Miguel Hurtado Delgado) resigned. Unlike most of the professors we have reviewed so far, Becker rehearsed in his articles a philosophy of his own, instead of providing a state of the art taking foreign authors, as syllabi usually do. For Becker, the first and foremost challenge for economics was having a language on its own, as every other science did. Without it, it would facilitate both endless discussions and the proliferation of charlatans.

However, Becker believed that economics was comparable to the exact sciences and, as such, it offered valid laws regardless of geographical contexts.⁶⁵ The problem aroused when those that exercised public positions selected elements from economic theories just to justify procedures determined in advance. In

⁶³ Juan José Guaresti (h.), "Las leyes económicas," *RCE* XXXVI, 2 (June 1948): 77.

⁶⁴ César H. Belaunde, "Las leyes económicas," *RCE* IV, 36 (August 1951): 1037.

⁶⁵ Becker, "Lenguaje y pensamiento económico": 11.

particular, Becker was strongly against centralized economic systems whose failures, paradoxically, made them appear more needed.

One of Becker's guiding principles was that every scientific discipline ought to move toward accuracy until it became an exact science. The first step in this direction was to scientifically define its concepts; in economics, he observed, the vast majority of terms come from popular, political or even journalistic sources.⁶⁶ As such, it was not odd to see confronting doctrines, each with its loyal supporters, which contradicted each other. The key, Becker said, was that both operated within a different logical scheme. If scientific laws are discovered instead of being an arbitrary cause, this type of confrontations should not take place.

As it had occurred with every other science, they progressed "from the precise moment they escaped the stupid dictatorship of common language."⁶⁷ Until then, they were useless doctrines subject to contradictory interpretations. As Émile Durkheim observed for sociology, sometimes a discipline needs to move away from everyday language to prevent simply anyone from making a statement in its name. This could make the discipline lose popularity but it would gain both dignity and authority by distancing itself from the common people.⁶⁸ Following this line of reasoning Professor Baiocco believed that economics needed the same elevation over the non-specialized audience.⁶⁹

⁶⁶ Carlos Becker, "Posibilidad de un laboratorio económico," *Revista de la Facultad de Ciencias Económicas de la Universidad de Cuyo* 1, 3 (August-December 1949): 36, 39.

⁶⁷ Becker, "Lenguaje y pensamiento económico," *Revista de la Facultad de Ciencias Económicas de la Universidad de Cuyo*, 4, 12 (September-December 1952): 152.

⁶⁸ Émile Durkheim, *Las reglas del método sociológico* (Madrid: Akal, 2001), 149: "Time has come when sociology needs to resign, so to speak, the adherence of common people and acquire that esoteric character that is convenient for every science."

⁶⁹ Pedro J. Baiocco, "Función de los Institutos Universitarios de Investigación Económica," *RCE XXII*, 155 (June 1934): 452.

Besides the jargon, another way to apply this new stand of specialized knowledge was the use of concrete instruments. In the case of economics, these were its elaborated formulas and the use of graphs that sometimes were designed with the intention of equating to the physical sciences. For instance, the so called “barometer of profitability” was part of the first tools developed by econometrics.⁷⁰ The pioneers in mathematical economics were in France, England and Austria; the United States, however, closed the gap in the late 1940s.⁷¹

Over time, especially after 1945, the increasing role of quantification and mathematization provided a more solid role of economists as experts both in the state and the private spheres. Thus, technical economics became the generally accepted way to do economics.⁷² This practice of adding more sophisticated quantitative tools was a common phenomenon after the Second World War: differential and integral calculus, matrix algebra, probability theory and statistics.⁷³ This new and expanding armamentarium was not enough for Julio H. Olivera (1929-) to train good economists. Olivera is a well-known Argentine economist, one of the mentors of Latin American structuralism and co-creator of the non-monetary inflation model known as the “Olivera-Tanzi effect.” He earned a law degree in 1951 and a doctorate in Law and Social Sciences in 1954, both at UBA.

⁷⁰ G. A. Palacios Hardy, “Ciclo económico de las crisis,” *RCE* XXVI, 209 (December 1938): 1365.

⁷¹ Fourcade, *Economists and Societies*, 84.

⁷² Backhouse and Fontaine, “Contested Identities: The History of Economics since 1945,” in *A Historiography of the Modern Social Sciences*, ed. Backhouse and Fontaine (Cambridge: Cambridge University Press, 2014), 193.

⁷³ Joel Issac, “Tool Shock: Technique and Epistemology in the Postwar Social Sciences,” in *The Unsocial Social Science?*, 135.

In the long run, no sound professional would want to narrow the scope of action, the same way physicians have also been expanding their horizons to non-Western heterodox practices. The university system, honoring its original purpose, has claimed a universal significance for its research and educational models. This goes hand in hand with scientific endeavors that also aspires to global validity. At the same time, many universities, particularly in Europe, also claimed the role of guardians of the national culture during the nineteenth century. There was an identification between the university and the nation, in the sense that both had a glorious past but it was the promise of a great future that counted.

The powerhouse of ideas that the university provided would be one of the driving forces within democratic life; almost a guarantee of having an educated voter. In order to provide a truth proven by science and experience, this had to be forged in the laboratory and the will; it would not result from the endless elaboration of speculative doctrines that imagination can offer.⁷⁴ As long as science stayed as an open research, it kept its practitioners eager to pursue new methods.

When articulated from public administration, the circulation of knowledge turned into top-down directives in the name of the scientific and with a different spirit. When turned into a closed casket, knowledge looked very much like an ideology. This is similar to what James Scott has conceptualized as “high modernism,” which is a set of beliefs that commands almost a blindly optimism about the rational design of social order. As every ideology does, it “implies a faith that borrowed, as it were, the legitimacy of science and technology.”⁷⁵

⁷⁴ “Información Universitaria,” *RCE* IX, 1 (August 1921): 70.

⁷⁵ Scott, *Seeing Like a State*, 4-5.

The main challenge for social scientists in general has been to exhibit objectivity in their prescriptions. In 1957, FES Professor Rosa Cusminsky discussed the difficulties of a discipline that needed to preserve scientific integrity from practitioners that were sometimes heavily influenced by their own ideologies. This is why the differentiation between economics and politics was one of the hardest line to draw.⁷⁶ As historian Bob Coats suggests, policy is always affected in some degree by non-economic as well as economic factors; therefore, the boundaries of the economist's field are both narrow and artificial.⁷⁷ Prebisch recalled that during his first positions at public dependencies, he thought of himself as a technocrat: "if I did things right, I was free from any political responsibility. But things were not like that."⁷⁸

Concerns about being biased were part of the efforts to explain the nature of the new relationship between social science and policy processes during the 1930s and 1940s. Theoreticians were trying to formulate a program that would "both give social science a key role as a basis for government action and safeguard full disciplinary autonomy."⁷⁹ To achieve that, they needed to separate ideology and value from neutral scholarship. Economists were supposed to provide counseling to the concretion of means that are assigned to him and nothing more.

Alfredo Gómez Morales (1908-1990), Minister of Economic Affairs during Perón's term, differentiated between political economy and economic policy. According to him, while the former aspired to be considered as a science (as

⁷⁶ Rosa Cusminsky, *Algunas orientaciones para la preparación del economista* (Buenos Aires: Facultad de Ciencias Económicas, 1957), 11, 14.

⁷⁷ Coats, *Economists in Government*, 24.

⁷⁸ González y Pollock, "Del ortodoxo al conservador ilustrado": 469.

⁷⁹ Wittrock, Wagner and Wollmann, "Social Science and the Modern State": 61.

chemistry or physics), the latter “is more like an art based on a political conception that determines social aims and objectives, and ponders the means and methods chosen to achieve the realization of them.”⁸⁰

From political economy to economics, apologists of the “new science” intentionally persuaded the national community that their expertise was an asset to face the challenges of modern times. Increasingly, the state bureaucracy relied upon wise management of a country deeply involved in the international market. In turn, these intellectuals presented themselves as an emerging from a corpus of knowledge towards unrestrained progress. As Max Weber observed, “every one of us who works in science knows that what he has produced will be obsolete in ten, twenty, or fifty years.”⁸¹ Unlike physics, though, economics cannot formulate general laws nor predict the future, but its experts have certainly gained respectability in the public sphere.

When it comes to economic policies influenced by these ideas, it is worth mentioning that Bunge, following the normative prescription of his Catholic principles, advocated for a progressive tax structure –it was seen as fair that the richer you are, the more you pay. In terms of the scientific character of economics, Bunge was not as concerned as the authors analyzed in these chapters. He was more into collecting accurate data that would serve to elaborate sound policies, applicable to the Argentine case.

⁸⁰ Alfredo Gómez Morales, *Política económica peronista* (Buenos Aires: Escuela Superior Peronista, 1951), 21.

⁸¹ Max Weber, John Dreijmanis, ed., and Gordon C. Wells, trans., *Max Weber's Complete Writings on Academic and Political Vocations* (New York: Algora Publishing, 2007), 34.

Pinedo, who not an interventionist, asked Prebisch in the early 1930s to prepare a project of a bank invested with more power than the National Bank due to the exigent circumstances. In a similar sense, Prebisch abandoned his faith in the law of supply and demand when he favored the active intervention of the Central Bank when the economic cycle was in its downward phase.

Conclusion

My aim in this dissertation has been to reconstruct part of the history of interwar economics in Argentina by exploring the constitution of the apologetic nature of that science. This is one piece of a bigger puzzle that has to do both with the national state building process and the emergence of a more autochthonous way of thinking the Latin American economic challenges in the twentieth century.

Part of the significance of this work lies on showing how important these ceremonials were in order to establish a tradition of excellence in an environment like the FES, which was little more than the high school level institution (the Instituto de Altos Estudios Comerciales) that gave origin to it in 1913. Even though the FES had limited financial resources and political economy remained within the realm of legal matters and elite politics, it played an important role in opening the debate for the need of technical procedures to better manage the state.

As an apologetic science, economics had two sides. One was self-assurance, necessary to make its way within other types of expert knowledge, and the other was a self-celebratory, an almost propagandistic exaltation of the practical value of such a discipline and the scholars who opened new ways for the discipline. Instead of judging the validity of theories according to current standards, as an economist would do, the main purpose here has been to examine their argumentative ground,

identifying apologetic operations and making them visible. No matter if the authors of the material reviewed were major figures or just anonymous students who only wrote once in a journal, this sort of mechanism were exercised in comparable ways.

Hopefully, this work will help us understand that theoretical debates matter as much as the insight of how these economists that would become experts were trained and what kind of intellectual frameworks were at play. Additionally, it shows to what extent ideologies affected some authors. For instance, Dean Lobos believed in the unavoidable character of the class struggle as Marxists would argue, but he also was convinced of the power of education in moderating these type of inequalities.

As a science in the making, economics was a peculiar case of disciples looking for a discipline that did not enjoy legal monopoly nor unanimous recognition of its domain until the Second World War. Economics emerged as an esoteric kind of knowledge that required specific techniques. Increasingly, debates were enriched and intertwined with social demands. Other professions such as law and medicine have licensing and self-regulation power, as well as a formal code of ethics and excommunication. Engineering disciplines, in turn, evolved when taken to a limit –for example, if a bridge collapses.

Moral disciplines, such as economics, seem to go through a different process, one characterized by the principle of accountability, exhibited in public recognition or scorn –Pinedo and Prebisch experienced both on different occasions. At some point, economics did not need the legal paraphernalia

anymore; on the contrary, legal codes were blind to empirics; even if grounded on day-to-day experience, they followed a different elaboration process. Chapter 5 has emphasized the normative side of economics, that is, the relevance that the discipline achieved for the general public when they realized the direct implication of certain policies (like sticking to a fixed parity system like the gold standard) had on aspects of their everyday life such as the cost of living.

Few contemporaries were aware that handling prosperity was a difficult task, since usually there is more resistance to change when the economy is growing. A contemporary scholar observed in 1920 that Argentina was “a wealthy country in which easy profits are made, where no one cares about the study of the economic problems.”¹ Indeed, by 1920 the country achieved economic dominance in South America: it accounted for half of the region’s foreign trade and its financial institutions held seventy-three percent of South America’s gold.

However, Argentina did not handle prosperity well enough to keep long-term growth. As Yovanna Pineda suggests in a recent work, the absence of impersonal capital markets and the dominant influence of risk-averse and shortsighted manufacturing leaders was in sharp contrast to the model of large-scale and capital intensive firms, first implemented by the United States during the same time period.² In turn, the Argentine government lacked a long-term agenda and when it decided on higher protective tariffs by 1931, did not realize that it was solidifying an inefficient, inward-oriented industrial sector. These errors reflect in

¹ “Discurso del Dr. José Barrau,” *Revista de Economía Argentina* 21 (May 1920): 180.

² Yovanna Pineda, *Industrial Development in a Frontier Economy: the Industrialization of Argentina, 1890-1930* (Stanford: Stanford University Press, 2009): 2.

part the inadequate development of economics as a professionalized discipline up until this time in Argentina.

From the 1930s on, the professional identity of economists was on a secure path towards a wide recognition of their expertise. But were economists *objective scientists* or rather intellectuals operating within a specific culture? Who were the representatives of the “new science”? I believe it is important to look at the proto-economists that the FES produced, contextualizing both their academic and political demands and explaining their perceptions and misperceptions of the world. When the first faculty of economics was created, political economy was a matter of law and politics and economic research was conducted by lawyers and members of the elite with no particular academic background. However, economists in Argentina gradually replaced lawyers, first in the implementation and then in the formulation of economic policy as well.

Economists were willing to place their skills at the service of the state. To justify their role in public administration, economists treated goals like “social harmony” or a stronger federal state system (through taxes and central banking) as part of the same national state building-process of an operational infrastructure. These objectives were discussed in such strong terms because what was at stake was something more than the mere the pursuit of science out of pure curiosity. Historians Ernesto Bohoslavky and Germán Soprano, suggest a suitable metaphor

for this point: “we believe it is more compelling to see the state as *a polyphonic space in which groups interact and express themselves*.”³

Economists needed to convince others of their belief system and to do so they put in motion apologetic procedures. Paradoxically, old techniques derived from rhetoric strategies and visual symbolism were key to assemble a unified character of a discipline which found scientific credentials within the numerical realm. From its beginnings as a university-rank discipline, economics sought both the credibility and the aesthetics of hard sciences and so many of its practitioners turned to those disciplines looking for proven methods in the physical world.

One of the key claims of this work is that placing economics within the elaboration and reception of scientific discourse can help us understand the nature of professional classes. The rise of the social sciences (most notably sociology, psychology and economics) was a global phenomenon and economics was at the forefront of this process, claiming both their work as a scientific pursuit and as a necessity for the well-being of society. Eventually, economists gained access to the media and to higher offices of government. This provided them some recognition as they were offering useful knowledge.

Secondly, the dissertation traces how political economy –later known as economics- attempted a metamorphosis from the judicial world into a social science by placing itself within a universe of consecrated knowledge that ranged between physics and medicine. For many authors during the period under

³ Ernesto Bohoslavsky and Germán Soprano, “Una evaluación y propuestas para el estudio del Estado en Argentina,” in *Un Estado con rostro humano. Funcionarios e instituciones estatales en Argentina: desde 1880 a la actualidad*, ed. Bohoslavsky and Soprano (Buenos Aires: Prometeo Libros-Universidad Nacional General Sarmiento, 2010), 24. Emphasis in the original.

consideration, economics as a science, even when it did not have that name, was as old as the creation of human groups.⁴ This was one among many discursive tactics to portray a past where there was not even a solid present yet.

The impact of the First World War and the Great Depression challenged local economists to reshape their scientific assumptions and diagnosis. The Argentine intellectuals' belief system was shocked by the outbreak of the First World War, which they saw as a decay of *civilization*. Increasingly, they came to realize the new role that the United States was about to have in the region. During this period, foreign economic influence in Argentina was shifting from Great Britain to the United States but Argentina clung to the British even they were in decline and despite the complaints of the Commonwealth countries for giving preferential treatment to an outsider. In the 1930s, the main concern for Britain about Argentina was not ensuring the supply of beef but unlocking currency exchange controls that had been imposed on nearly fifty British companies, especially on railways and import houses.

After the First World War, economic distress affected the urban populations of Argentina, causing an increase in labor strikes, with some violent episodes like *La Semana Trágica* (The Tragic Week) in 1919.⁵ In fact, during the 1920s, the *Revista de Ciencias Económicas* published by the FES devoted a special edition to *la cuestión social* (social concerns), understood as something new that the intellectual community needed to address. In other words, economists sought to

⁴ José Barrau, "Día del economista," *RCE* XLVII, 7 (July-August-September 1959): 247.

⁵ See Joel Horowitz, *Argentina's Radical Party and Popular Mobilization, 1916-1930* (Pennsylvania: Pennsylvania State University Press, 2008), Chapter 5.

rationalize their discipline as an attempt to address changing social and political forces in an orderly fashion. The optimism around the consequences of sound guidance led Bunge to forecast in 1922 that the Argentina had “all the foundations of a formidable construction that will resemble, probably before fifty years, what is now the United States.”⁶

Many of the hot topics studied in the FES were directly influenced by the Latin American and the European context. The intellectual environment in Buenos Aires was especially susceptible to foreign influences, mainly from Western Europe and the United States. The impact of external events (world wars, crises in primary goods markets) challenged local economists to reshape their scientific assumptions and diagnosis. The building of economics as a new scientific discipline in Argentina, I claim, involved self-legitimizing procedures.

As seen in Chapter 2, economic knowledge was not the product of unilateral research but the result of scholarly engagement in foreign affairs with the scholars treated here often times trying to adapt what they learn to local circumstances. This is why I believe academic knowledge can be conceptualized as a *commodity* elaborated within transnational networks of scholars. When considering the 1880-1930 period as the first modern global economy in terms of capital and labor mobilization, plus technological improvements in agriculture, I suggest that it should include new conceptualizations of ideas, for example, when mainstream

⁶ Alejandro Bunge, “El porvenir de la República Argentina,” *Revista de Economía Argentina* 52-53 (October-November 1922): 270.

economists turned to mathematics looking for an alternative language to express the field's principles.

The cases of Alejandro Bunge, Federico Pinedo and Raúl Prebisch were more exceptional cases than a rule. In the case of Bunge, he showed an unparalleled concern with the creation and dissemination of accurate data in a country with underdeveloped state capacities. The first step towards the formulation of economic policy was a right diagnosis of the urgent needs nationwide, and this was a task that demanded coordination between federal authorities.

As a member of a patrician family, Pinedo took advantage of the cultural capital that he inherited and became a public figure as a deputy since he was very young. Trained as a lawyer, he became a self-taught economist, or at least someone who could understand such matters and he demanded his fellow Congressmen to do so. Pinedo found in Prebisch a suitable interlocutor for his financial concerns, and when both were active in the public administration, they trained gave other youngsters the opportunity to be part of the policy making cadres as shown in Chapter 4.

The nature of economics was for Prebisch the same as it was for the founders of political economy, that is, a combination of explanation plus concrete action.⁷ He was an essential link within economists as a group with some kind of common identity. Between the 1920s and the 1940s, Prebisch implemented his ideas through many Argentine institutions and by doing this he contributed to affirm the

⁷ Botana, Di Tella and Jaguaribe, *Reflexiones sociopolíticas*, 3.

specific nature of Latin America and its economies. While in Argentina, Prebisch was one of the first scholars to introduce John M. Keynes's essays (well before his *General Theory* of 1936) to readers in Buenos Aires.

When it comes to the Latin American scenario, it is important to remember that until the 1940s there was no notion that the region as a whole –like Asia and Africa- had its own economic problems and that it required its own theoretical elaboration process. Beyond the judgments that we can now elaborate on the successes or failures of his scholarly work and forecasts, Prebisch has assured a place in the history of economic thought and his legacy is still alive.

Leading a new generation of economists, Prebisch became well known because of his leadership at the Economic Commission for Latin America (CEPAL) at the United Nations between 1949 and 1963. Prebisch developed theories on economic cycles not as national phenomena but a consequence of the “cyclical center” of core countries at the time –first Great Britain and then the United States. Prebisch developed a theory of the secular deterioration of the terms of trade unfavorable to countries whose export basket contained mainly primary goods sector.

This decline meant less “purchasing power” of the exports of these countries. For industrial producers increased their income has been more than proportional compared to the increase in productivity in the sector. The type of industrialization that Prebisch proposed was compatible with the agricultural development given that Latin America needed to export so it could access capital goods that the region was unable to produce.

The Argentine experience during the interwar years made Prebisch realize that stagnation was in part due to the changing nature of the international economy, a principle that became far more evident during the brains trust experience. Before the Great Depression, Latin America grew externally driven by continued growth in exports, but no one could assume that this phenomenon was not going to end eventually.⁸

According to Prebisch, periphery capitalism was structurally different from the core countries due to its lack of dynamism. While the First World contributed "to generate productivity gains in the periphery, also tore part of these increases by transnational corporations and by the power relationships in the marketplace and beyond. Thus, for Prebisch, the center was hegemonic. The periphery must then be prepared to adapt to trade and monetary cyclical behavior of the new center, that is, the United States, not necessarily going to implement the same domain as Britain. Furthermore, the center had changed their commercial and monetary behavior soon: in the 1920s, open markets and high cash flow out, and then behave in the opposite way, transferring the rest of the world a depressing influence.

Thanks to Prebisch, there was a generation of economists in Argentina influenced by CEPAL, not only in its economic diagnosis but also their political consideration. After the brutal military regimes that many Latin American countries experienced in the 1960s through the early 1980s, there was a consensus

⁸ Prebisch, "El desarrollo económico de la América Latina y algunos de sus principales problemas," *Desarrollo Económico. Revista de Ciencias Sociales* 103 (1986): 481. The original text was published in 1950.

that having a lasting democracy was a *sine qua non* condition to achieve sustainable economic development.

The end point of this dissertation was set in 1953, when economics was finally institutionalized in Argentina with the creation of an autonomous career in economics at UBA. The new study plan included the *Licenciatura en Economía* – the equivalent to a Bachelor of Arts in North America. A few years later, the career was offered by the newly created Universidad Católica Argentina and in Universidad Nacional del Sur. In 1955, the Argentine Institute for Economic Development (IADE) and the Foundation for Latin American Economic Research (FIEL) opened their doors and several specialized programs were launched for university graduates to work abroad. The boom of new institutions continued during the 1960s with the opening of multiple research institutes across the country.

Overall, this work has dealt with highly educated individuals who presented themselves as pure scientists but who often were apologists for and celebratory depictions of the institutions they belonged to. Also, economists were trying to justify the subsidiary role of other disciplines (i.e., mathematics, geography). The elaboration of a discourse using elements that provide prestige was not exclusive to the Americas.

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Vita

Guillermo Emilio Nakhlé was born and raised in Salta (Argentina). After earning the B.A. in History (minor in Economics) at Universidad Torcuato Di Tella (UTDT) in 2005, he worked in several high schools and colleges under international regulations in the metropolitan area. In 2011, after completing the M.A. in History at UTDT, he decided to fully commit to academic life and applied to the University of Houston Doctorate Program, where he was offered a four-year financial aid package that included scholarships, teaching assistantship positions every semester and a Dissertation Completion Fellowship for the 2014-2015 year.

Permanent email address: guillonakhle@gmail.com

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