Latin America & the Depression

Argentina & the *Concordancia*

* Radical politician Hipólito Yrigoyen dominated the period preceding the Depression (1916-30)
  + Gained widespread support from labor and universal suffrage (not incl. women)
  + Economy expanded due to WW1 neutrality & expanding exports
  + Encouraged energy independence
  + However… he did not respond well to the Depression and drop in exports!
* Replacing Yrigoyen
* On Sept 6, 1930 a *coup d’etat* ended 68 years of constitutional rule and ushered is the “Infamous Decade” until June ‘43
* GDP dropped by 25% between 1929-32
* Abandons free trade and directly intervenes in economic matters
* Import Substitution Industrialization
  + Foreign investment is sought to aid in internal industrialization. The US is willing to oblige, as tariffs made trade less profitable, and accounts for 50% of total capital investment.
  + In response, Argentina begins **Import Substitution Industrialization** (ISI)
* Roca-Runciman Treaty
  + Controversial to Argentines, the Roca-Runciman Treaty of 1933 guaranteed Argentina that Britain would continue to import its beef at a depressed 1932 quota in exchange for concessions.

Brazil & the Great Depression

* With its heavy dependence on the export of coffee, the stock market crash sent coffee prices into a free fall. Between 1929 and 1931, the price dropped 65%.

Brazil & the Great Depression

* Getúlio Vargas
  + The provisional government appoints Getúlio Vargas as president from 1930-34.
  + Using “New Deal” like government economic measures, he worked to re-build the valorization program and get the coffee industry back on its feet.
  + Though coffee did not rebound until the 40’s, other agricultural sectors did (e.g. cotton)
* NewConsitution
  + The new Constitution is adopted in 1934 and Vargas is elected president of the country.
  + In a marked shift from the left leaning social reformist approach that characterized his first 4 years in office, Vargas employs fascist-styled repressive policies that favored the coffee oligarchs.
  + Industrial production doubled between 1931 & 1936 and national income rose due to ISI.
* Vargas the dictator
  + In 1937, Vargas initiates a coup d’etat and assumes dictatorial powers until 1946.
  + Favored economic nationalism and called for a *Estado Novo* (i.e. “New State”)