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”)