
Gen. Juan Enrique Guglielmelli, 1977

Our new industries must be protected

Argentine Gen. Juan Enrique Guglielmelli (1918-83) was a career army officer who for years promoted the protectionist policies of American System economists Friedrich List and Henry Carey. During some of the darker periods of Argentina's recent history, when unbridled monetarism wreaked havoc on the country's economy and its industry, his voice could always be heard. He demanded the adoption of dirigist economic policies, a defense of wages and living standards, and the protectionist approach needed to serve the national interest.

One of his fights was with the military junta which took power in March 1976, on behalf of the policies of Henry Kissinger and David Rockefeller. Months after taking over, the junta's economics team imposed a decree substantially lowering protectionist tariff barriers, allegedly to make Argentine industry "more competitive" internationally. Finance Minister José Martínez de Hoz rammed through the tariff reduction at the request of international bankers.

In the national media and his own publication *Estrategia*, Guglielmelli spoke his mind about the Martínez de Hoz policies. In the July 10, 1977 issue of the Buenos Aires daily *Clarín*, these policies were characterized as: "a plan to insert Argentina into an external order based on Nelson Rockefeller's formula: that each country is singled out 'according to its greatest selective and relative efficiency.' . . . The role of agro-exporter to which the lack of industrial protection ineluctably leads, condemns us to foreign dependency, cuts off national decision-making capability, and prohibits fulfillment of the needs of well-being and prosperity to which our society is entitled."

The tradition of Carlos Pellegrini

In an article entitled "Carlos Pellegrini: Protectionism for National Industry," published in the March-April 1977 issue of *Estrategia*, Guglielmelli took the occasion of the tariff reduction law to review the late-nineteenth-century battle in Argentina between the followers of Friedrich List and Henry Carey, and the promoters of British free trade who wished Argentina to remain a producer and exporter of agricultural goods. A member of the political grouping led by Vicente F. López, Pellegrini led the fight for a protectionist policy during the congressional debates of 1875-76. As President from 1890-92, he and his finance minister, Vicente López, tried with limited success to implement the protectionist policies

advocated by List and Carey.

General Guglielmelli wrote in *Estrategia*: "Knowledge of a substantial portion of Pellegrini's thinking on the matter not only has historical value, given his role in Argentine politics, but also has value because his ideas take on a particular timeliness, in view of the tariff reductions carried out at the end of last year [1976], which can have the gravest consequences for national industry and labor."

The general emphasized that not only the example of the United States, "but also the new currents of economic thought," especially the ideas of Friedrich List, Henry C. Carey, and the traditional German school, greatly influenced the López and Pellegrini group.

Noting the influence on List of Alexander Hamilton's *Report on Manufactures*, Guglielmelli summarized List's thinking: "Principles of economics shouldn't be applied in a general way, but rather according to particular situations; the nation, which is the link between man and humanity, is the object of political economy. Counterposed to free trade as an absolute value, are the interests of the nation, subordinating economic policy to general politics . . . [List] establishes stages through which nations must pass successively. That is, savage, pastoral, agricultural, agricultural-manufacturing, manufacturing, commercial. . . . To attain these goals, and accelerate the stages, protection for new industries is indispensable, guarding them against foreign competition. This protection will be of a limited and selective nature.

"Depending on the degree to which it gains an ability to compete with foreign industry, the latter should never be prematurely unprotected. Rather, protective tariffs should be rigorously observed. Customs barriers are the best tool for industrial protection; the national market should be preserved for national producers."

Guglielmelli reproduced Pellegrini's statements from the 1876 debate in the Argentine Congress on free trade versus protectionism: "It is evident . . . that today we are simply a pastoral people, and that our only resource is reduced to shepherding, and to a very small degree, agriculture. Where is the nation that has become great and powerful, being only a pastoral nation? I think it would continue being what we have been, and who says that industry is an exotic plant, and says that for the Republic of Argentina, there is only the cow or the sheep. [For him], there are only two sources of wealth which depend on a whim from the heavens. I say that a nation whose sole and only wealth depends on this whim, is condemned, from one moment to the next, to be reduced to penury."

In a letter to F. Costa in 1902, Pellegrini wrote: "This idea of attacking protectionism and affecting principles of free trade is a mania of all dilettantes, of the aficionados of economic digressions, information, and adornments, and of all those among us who entertain themselves by discussing theories without the slightest concern for the results or their practical applications."