

HOW INDUSTRIALIZATION BECAME THE CORE OF RAÚL PREBISCH'S THOUGHT

BY
ADRIANA CALCAGNO

This paper focuses on the intellectual path through which Raúl Prebisch placed industrialization at the center of his economic thought and policy recommendations. It shows how the changing international context of the 1930s and 1940s made him depart from laissez-faire and adopt countercyclical policies, gradually abandoning the agrarian export-led growth model and finally embracing industrialization as the new growth strategy for Argentina and Latin America.

I. INTRODUCTION

Raúl Prebisch is an Argentine economist known for his development theory that he championed in the realms of the Economic Commission for Latin America and the Caribbean (ECLAC) and the United Nations Conference on Trade and Development (UNCTAD) from 1950 to 1969. His thought greatly evolved and matured throughout his whole career, which stretched from the 1920s to the 1980s, covering numerous subjects that reflect different periods in his professional activity.¹ The literature surrounding his work is rich and diverse. Florencia Sember (2010, 2012, 2013, 2018) studied the evolution of Prebisch's monetary thought and its influences, as well as his role in the creation of the Central Bank of Argentina. Adolfo Gurrieri (2001) described the evolution of Prebisch's thought by comparing his pre-Depression ideas with his 1930s views and in his iconic work of 1949, *The Economic Development of Latin America and Its Principal Problems*. Norberto González and David Pollock (1991) gave a nuanced view on how Prebisch's thought changed from 1919 to 1943: his thinking was not linear,

Adriana Calcagno: PHARE, University of Paris 1 Panthéon-Sorbonne and CNRS, CIRED, ERC-ETRAHET. This research is based on my PhD thesis (Calcagno 2021) and was also conducted at Institut Paul Bairoch, University of Geneva. Email: adriana.calcagno@cnrs.fr

¹ When he worked in the Bank of the Argentine Nation (BNA) (1927 to 1935) and as the general manager of the Central Bank (1935 to 1943), he wrote mostly about money and banking. As a professor at the University of Buenos Aires (1943 to 1949), he started theorizing his experiences. As the executive secretary of ECLAC and UNCTAD (1950 to 1969), he focused mainly on development policies.

ISSN 1053-8372 print; ISSN 1469-9656 online/23/04000625-646 © The Author(s), 2023. Published by Cambridge University Press on behalf of the History of Economics Society.
doi:[10.1017/S1053837222000670](https://doi.org/10.1017/S1053837222000670)

yet it maintained some continuity. Esteban Pérez Caldentey and Matías Vernengo analyzed John Maynard Keynes's influence on Prebisch (2015) and his cycle theory (2011, 2016), as well as the evolution of his thought before the 1950s (2012). Joseph Love (1980, 1996a, 1996b) has studied some aspects of the formation of Prebisch's thought and its theoretical influences.

There is a consensus in this literature that Prebisch's ideas on industrialization emerged with the Second World War. However, none of these authors provide an in-depth analysis of the transition process leading to these ideas, which began several years earlier. In line with this literature, I intend to contribute to the understanding of the evolution of Prebisch's thought through a more detailed study of the period spanning from 1933 to 1949. I analyze the evolution of Prebisch's thought and show that it is because he was a pragmatic economist and policy-maker who put the improvement of the population's living conditions above the defense of dogmas that he advocated for development through industrialization. Even if the process that led him to advocate for industrialization was complex and non-linear, the evolution of his thought was coherent. Studying these nuances is crucial to understand how Prebisch the policy-maker and Prebisch the theoretician constitute an intricate identity that creates an internal struggle perceptible in his writings.

In this paper, I show that he promoted industrial policies in the early 1930s, while still supporting agrarian export-led growth until 1939. In fact, he could change his policy recommendations without immediately reflecting this change in his theory. González and Pollock (1991, p. 485) noted that, until 1943, Prebisch was mostly preoccupied by short-term policies, even when they concerned the industry. Studying the period from 1933 to 1949 lets us see in more detail how Prebisch's stance on industrialization goes from circumstantial to structural. Indeed, the international context of the Second World War was decisive in his adoption of industrialization as a structural policy, for various reasons: Argentina's experience, Prebisch's disillusion regarding international trade, his growing concerns surrounding economic and political independence, and his perception of Latin American countries as a periphery facing similar challenges. During this period, his vision of the cycle, of monetary policy and the role of credit, and of the periphery's international integration also evolved. Abandoning the agrarian export-led growth strategy in favor of industrialization was a key step that allowed all these aspects of his thought to come together coherently. This paper contributes to the literature by showing how and why Prebisch finally adopted a new growth strategy and elaborated his development theory.

This article is structured in two parts. First, it studies the period from 1933 to 1939, in which Prebisch mainly addressed short-term economic problems in Argentina from his policy-making positions. This included the 1934 recovery plan to exit the Great Depression, and, from 1935 on, various countercyclical policies as the Central Bank general manager (1935 to 1943). Although he did support national industries, his main goal was overcoming the Great Depression and increasing the employment level, without questioning the agrarian export-led growth model; rather, he designed fiscal and monetary policies to compensate for its flaws. These policies deliberately supported specific economic sectors, such as manufacturing and construction, due to their countercyclical effect: they were labor-intensive and demanded few imported inputs (they could even substitute imports). But the stimulus tools sought short-term countercyclical goals: long-term industrial development was not an objective. This is why, before the

Second World War, the Central Bank encouraged short-term credit to industrial sectors but discouraged long-term investment credit.

The second part covers the period from 1939–40 to 1948, in which Prebisch experienced the economic and international consequences of the Second World War. The war changed the international scene and made the agrarian export-led growth model no longer viable, in Prebisch's eyes. His first-hand experience made him identify the dependency on primary commodities as Argentina's main source of vulnerability. Even though some theoretical influences may have played a role, they do not seem central in this change. Hence, this second part focuses on how the context, rather than other authors' theories, influenced Prebisch's thinking on industrialization. After being dismissed from the Central Bank in 1943, Prebisch deepened his intellectual work, placing it into a larger (regional) framework and a long-term vision of economic development. He contended that the only way for Latin America to maintain a stable economic growth and develop was to adopt industrialization as the new growth strategy.

II. GROWTH STRATEGY BASED ON EXPORTING AGRARIAN PRODUCTS SHOULD BE ADJUSTED BUT MAINTAINED

The Great Depression Gives Impulse to the Domestic Industry in a Short-Term Perspective

It is generally accepted in the literature that the Great Depression was a milestone in Prebisch's thinking (Gurrieri 2001; González and Pollock 1991; Pérez Caldentey and Vernengo 2012). Indeed, when the crisis started, Prebisch still adhered to the quantity theory of money and relied on market self-regulation for exiting the crisis. He opposed interferences in the monetary market such as money emission or credit directed to investments, even if they were productive, because he thought it would cause "serious monetary disruptions" (Prebisch [1934b] 1991, p. 369).

However, the crisis lasted longer than he expected, and the restrictive policies he advised were not having the desired effect. Argentina's growth mostly relied on the production and export of agrarian products, whose prices greatly fell with the Great Depression. Furthermore, Argentina's economic partners such as Great Britain and the US applied protectionist measures (Bulmer-Thomas 2003, pp. 211–213).

Prebisch realized that Argentina should not rely on an international recovery to exit the Depression. He started looking for other recovery strategies, and was greatly influenced by Keynes. During his stay in England for the Roca-Runciman negotiations, Prebisch read Keynes's articles published in *The Times* in March 1933, as he confirmed in an interview later in his life:

They had an enormous influence on me: [Keynes] was supporting an expansive policy to overcome the world depression. [The articles] conquered me and landed on fertile ground because I had remorse for having advised and succeeded [in applying], from 1931 until mid 1932, the most orthodox policy, when I was undersecretary at the Ministry of Finance: a policy of contraction, according with the accepted theory that the crisis had to be dealt with austerity measures, cutting public works, cutting the budget, lowering wages, etc. And ... facing the prolonged world depression, that we all thought

was transitory, ... I began having many doubts about my orthodox theory. And I started to think of an expansive policy. That's why Keynes's series of articles attracted me so much, and converted me into a supporter of an expansive policy. (quoted by Fernández López 1991, p. 146)²

The economic recovery plan that Prebisch wrote in 1934 as an advisor at the ministries of Finance and Agriculture, *El plan de acción económica nacional*, resulted from his search for a new recovery strategy and Keynes's influence. This is the first time that Prebisch puts forward the national industries and their importance for growth. He considered that Argentina's economic recovery should rely on internal factors rather than exports, since an upturn in the world economy could take a long period of time: "The illusion of a near improvement in the international economy should not keep us in waiting. ... The stimulus that the Argentine economy imperiously requires can hardly come from outside. Solutions must be found within the country itself" (Prebisch [1934a] 1991, p. 149).

Consequently, the State had a predominant role in spurring the economic recovery: it had to create employment by using "extraordinary measures" (Prebisch [1934a] 1991, p. 149) in the fields of monetary, fiscal, and industrial policies. These policy measures complemented each other.

One of these "extraordinary measures" was the voluntary devaluation of the national currency. At the beginning of the Depression, Prebisch considered that monetary stability was the main priority. Indeed, after a 20% devaluation in 1929, the official exchange rate stayed at the same nominal level until November 1933, when the peso was devalued a further 20% (Cortés Conde 2009). However, Prebisch now considered that the peso remained "overvalued" and was harming indebted rural producers. He contended that a further devaluation and a rise of agrarian prices would improve the rural producers' situation and that of the rest of the economy: "the internal rise of primary prices would soothe the situation of producers. Agriculture and livestock prices have decreased by 43% compared to 1929.... However, a considerable part of expenses and debts that gravitate around the producer are still almost the same as before" (Prebisch [1934a] 1991, p. 151). Overvaluation indirectly subsidized imports. With higher prices, rural income would increase and internal spending and production would recover, as devaluation would restrain imports.

Prebisch also recommended strengthening the exchange controls, which were in place since October 1931, through a "permit" system:³ "To have access to the exchange market, the requestors need the corresponding permits. These permits will continue being necessary for a while to avoid a speculative demand of exchange, capital flight and disproportionate imports" (Prebisch [1934a] 1991, p. 154).

In 1934, he proposed establishing an Exchange Control Bureau, to which importers, enterprises, and other agents would communicate daily the quantity of foreign currency they would like to acquire and at what prices. Only the highest bidders would receive foreign currency. Meanwhile, exporters would be obliged to sell their currencies to the banks at a negotiated price. If the bureau made a profit after selling the currencies to the importers, part of it would fund the Junta Reguladora de Granos, a new institution that

² All translations are ours.

³ Prebisch had participated in the establishment of exchange controls in 1931 (Prebisch [1931] 1991).

bought the agrarian production and sold it in the international market, granting the producers a better revenue when international prices were low (Prebisch [1934a] 1991, pp. 152–154). However, monetary measures would not be enough to recover from the crisis and create employment, which was Prebisch's major preoccupation. Fiscal stimulus was also needed.

To create employment, Prebisch suggested a large program of public works in 1934, through a public-private cooperation in which the stimulus coming from State expenditure would encourage firms to hire more workers:

Private industry cannot absorb the unemployed.... if all the industries managed to do it simultaneously, the additional production would be consumed thanks to the extra purchasing power coming from the newly employed. But this simultaneous movement can only happen by stimulus coming from outside the industry. And the most effective stimulus ... are the works carried out by the State. (Prebisch [1934a] 1991, p. 155)

Public works would not only create direct jobs but would indirectly stimulate a general increase in employment. This idea is similar to Kahn's multiplier, which Keynes used in his 1933 article (Keynes 1933, pp. 10–11).

Argentina already had an industrial base, mainly consisting of textiles and other consumption goods, which could be stimulated by import substitution. The textile industry received growing investment since the 1920s, which substituted imports of finished products, machinery, and raw material (cotton) (Cortés Conde 2000). This industry became more competitive following the devaluations. In the 1930s, the light metallurgical industry was also a dynamic sector that used local inputs, contributing to import substitution. However, machines production did not cover the entire domestic industry needs, and the increasing domestic manufacturing production required higher imports of inputs and machinery (Rapoport 2010). Hence, Prebisch specified that industries should apply labor-intensive methods and use nationally produced inputs: "It is necessary to opt for those works that use in a greater degree the workforce and elements of the country, since our exports do not allow us to increase imports of foreign goods" (Prebisch [1934a] 1991, pp. 155–156).

This recovery plan went even further, and promoted import substitution: "The execution of a vast public works program will translate into an immediate increase in demand for a large quantity and variety of merchandise that Argentina produces or can produce. ... the preventive control of imports will allow this demand to promote internal economic activities instead of stimulating imports" (Prebisch [1934a] 1991, p. 157).

In this plan, Prebisch gives the State an even bigger role than Keynes does. Indeed, imports control and domestic industries promotion would not simply support economic recovery: they could change the economic structure by spurring import substitution. However, the magnitude of import substitution is not specified, and there is no clear sign that Prebisch's goal was to modify the economic structure. His main goal seems to be exiting the Depression and increasing employment. Still, deliberately or not, his plan contributed to the ongoing rise of manufacturing vis-à-vis primary productions (Figure 1).

In 1934, Prebisch noted that the plan stimulating the industries emerged from the urgency imposed by the Great Depression: "The country needs a plan. ... The Government does this with the awareness of its grave responsibility and persuaded that a long and intense crisis like this, which can affect the entire structure of the Nation, must not be addressed with the traditional rules of administrative action" (Prebisch [1934a] 1991, p. 157).

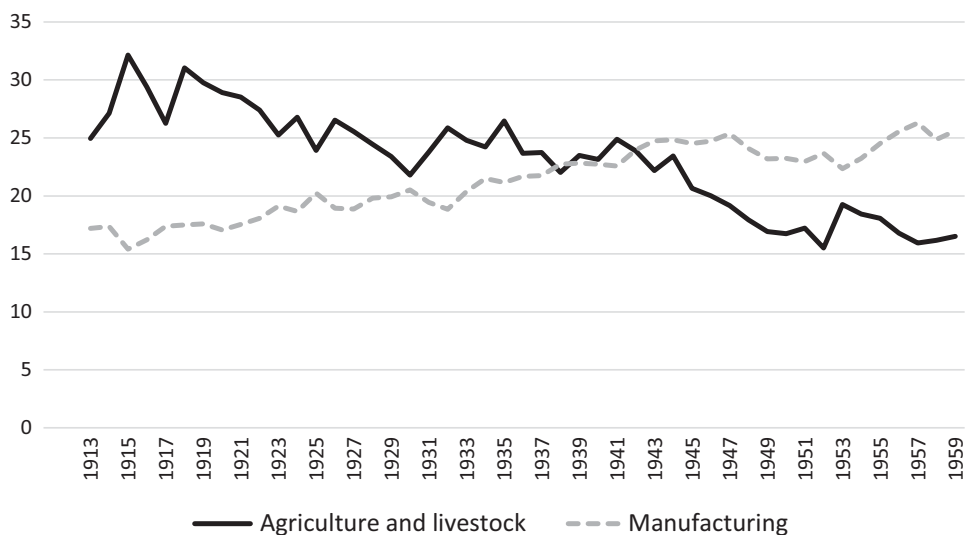


FIGURE 1. Argentina: Value Added in Agriculture and Livestock and in Manufacturing as a Percentage of GDP at Cost Prices, 1913–1959.

Source: CEPAL (1978). Statistical series are measured at constant 1970 prices.

Indeed, Prebisch insisted on the need to spur demand: “Each unemployed person spreads its evil to those who are employed because they [consume less] of what others produce. An unemployed person automatically creates other unemployed” (Prebisch [1934a] 1991, p. 148).

But this was not part of a planned industrialization strategy. As soon as the economy recovered, Prebisch stopped talking about industry and focused on stabilizing the agrarian export-led economy. In fact, the political elite still believed that the agrarian export-led growth model had to be restored (Rapoport 2010; Dorfman 1983; Banco Central [BCRA] 1940). Even the Argentine Socialist Party believed in comparative advantages and was against industrial protectionism in the 1920s because it increased the price of consumption goods (Love 1980, p. 48).

Javier Lindenboim (1976) shows that even among industrial business associations, there was no consensus on the type and intensity of industrialization. The most important of them, the Confederación Argentina del Comercio, la Industria y la Producción (CACIP), warned against “over industrialization” in the early 1940s. Along with the Asociación del Trabajo, they favored status quo. At the same time, the Unión Industrial Argentina (UIA)—which represented both big and small Argentine enterprises—called for a deeper industrialization process and more policies favoring the industrial sector. It is important to note that the CACIP included services and manufacturing firms; its capital was almost completely foreign (95%) and also represented agricultural exporters’ interests. However, although the majority of the UIA’s capital was foreign (54%), half of its members were leading national enterprises. Yet, UIA’s interests were not always consistent (Lindenboim 1976, p. 195). Therefore, there was not a unified voice in favor of industrialization.

According to Adolfo Dorfman (1983), the measures applied in Argentina in the 1930s to promote the industry were not sufficient for triggering a sustained industrialization process, and it was uncertain that the industrial impulse would continue after the Depression. Besides, credit was not adapted for industrialization since long-term credits were almost non-existent.

Indeed, for a long time—as policy advisor in the BNA and later as general manager of the Central Bank—Prebisch opposed issuing long-term credit for investment, since he considered that investment should result only from savings. In his view, short-term credits should maintain business levels, while long-term credits for investment “are incompatible with the principle of liquidity of the banking asset” (Prebisch [1932] 1991, p. 43): “Investment operations, even if they are extremely productive, must only be financed with the population’s savings, that is transformed into capital. Savings are not supplied by credit, especially not with [the Central Bank’s] credit, because [savings and credit] fulfil distinct functions” (Prebisch [1934b] 1991, p. 369).

Only in 1940 would he be more flexible regarding the long-term use of credit, but he would not change his mind about how investments should be financed until 1944 and (more clearly) 1948, as we will see later in this paper. Argentina’s credit system was mostly designed to maintain stable business levels but not to create new productive activities. The recovery plan of 1934 mostly spurred light industries and mild import substitution with the objective of increasing employment. Even after the Depression, the industry was still not a priority for policy-makers. This remained Prebisch’s stance before the Second World War.

Monetary Countercyclical Policies Replace Industrial Policies

Prebisch played a decisive role in the creation of the Central Bank in 1935, from the writing of its charter to the Banking Law adopted the same year (Sember 2010, 2012, 2018).⁴ Hence, we can understand much of Prebisch’s monetary thought through the charter of the bank. We can also find his policy recommendations in the annual reports of the Central Bank of Argentina.⁵ It is commonly accepted that these reports illustrate Prebisch’s ideas, even if the authorship is not explicitly specified (Fernández López 1991, p. 511; Dosman 2010, p. 131; Love 1996b, pp. 125–126).⁶

By 1935, Argentina had practically recovered from the crisis (Gerchunoff and Llach 2018, pp. 140, 163–164). Therefore, Prebisch’s policy recommendations were not focusing on resolving emergencies but rather on longer-term monetary and economic stability. In this task, his views on the economic cycle are of paramount importance. They remained almost unchanged in the 1940s, as it can be seen in his 1944 lectures on economic cycle at the Buenos Aires University.

After the Great Depression, Prebisch understood that because of Argentina’s socio-economic structure, the country’s cycles and their consequences were different from

⁴ Prebisch redrafted critical parts of the project prepared by the British money doctor Sir Otto Niemeyer in 1933, giving more importance to flexibility and discretionary action, in accordance with his cyclical vision of the Argentine economy.

⁵ One of Prebisch’s tasks as the general manager was to act as director of the annual reports of the Central Bank (*Memoria Anual*).

⁶ Fernández Lopez claims that these reports “were at all times under Prebisch’s immediate control, when it did not emerge simply from his own handwriting” (Fernández López 1991, p. 511).

those in Europe and the United States. An agrarian country like Argentina could not control foreign capital flows, agrarian production volume, price levels, or exports volume. Furthermore, production prices were often subject to fluctuations in international markets. Industrialized countries had a stronger position in those markets, suffered less from price fluctuations, and tended to be advantaged by terms of trade (BCRA 1939, pp. 5–8). In those countries, cycles were endogenous.

Therefore, the Argentine cycle “was tightly linked to external cycles” that the country could not control (BCRA 1939, p. 5). Prebisch would later be more assertive on the external nature of the Argentine cycle: “I have never observed, neither in the cycles that I have seen closely nor in those that I studied in our history, the existence of internal elements with enough force to promote our cyclical movement by themselves” (Prebisch [1944f] 1991, p. 371). In Argentina, the economic cycles stemmed from the relationship with the central countries through the balance of payments channel.

Prebisch identified a proportionality between the upward and the downward phases of the cycle: if no countercyclical policies were implemented, the amount of capital outflow during the downward phase would be as great, if not greater, than the inflow during the upward phase, causing a dramatic contraction of economic activity: “The fundamental problem of the cycle is [that] a given increase in exports or investments of foreign capital causes a broader expansion in domestic economic activity and in the volume of income; just as a decrease in the former brings with it a contraction, also of greater magnitude” (Prebisch [1944e] 1991, p. 350).

The upward phase of the cycle was exacerbated by the banks’ tendency to expand credit when their reserves increase. This led to an increase of both their commercial and investment credits. The latter could bring “monetary disruptions” (BCRA 1939, pp. 8–9) because they created “artificial means of payment” (BCRA 1939, p. 8; Prebisch [1934c] 1991) that were “not justified by a real increase in the volume of commerce” (Prebisch [1934c] 1991, p. 316). During the upward phase of the cycle, both the natural and the artificial increase in the means of payment would expand demand.⁷ Since Argentina did not produce enough machinery or industrial products, increasing demand would ultimately result in an increase in imports.

The downward phase of the cycle was characterized by foreign capital outflows as well as a decrease in exports, but imports remained high because of the lag in demand adjustment. That is why Prebisch deplored the “artificial” credit expansion; it would worsen the balance of payments deficit and deepen the downward phase of the cycle. Consequently, countries would see a depletion of gold and currency reserves and would be obliged to greatly devalue their currencies (BCRA 1939, pp. 5–9). Banks’ liquidity shortage would be even worse if they had granted long-term investment credits. Prebisch’s analysis of the Argentine cycle thus adapts Richard Khan’s and Keynes’s multiplier to a highly import-dependent country:

This expansion coefficient that I wish to explain in relation to the economic cycle has an apparent similarity with another coefficient that Lord Keynes has calculated in one of his books and that has been popularized with the name of the ‘multiplier’. ... They are both

⁷ At this point Prebisch had abandoned the causality between means of payments and prices argued by the quantity theory of money, but he still considered that an increase in the means of payments would increase demand and not the other way around.

based on a substantially different theory. It is possible that my ideas in this matter have some part of originality, resulting from my observation of the Argentine reality and the systematic reflection that I have been doing about it. (Prebisch [1944e] 1991, p. 350)

In the annual reports between 1935 and 1938, Prebisch's concerns revolved around monetary stability and the countercyclical role of the Central Bank, which is part of its mandate. One of the tools mentioned in its charter is reserves management aimed "to moderate the consequences of fluctuations in exports and foreign capital investments, on currency, credit and commercial activities, in order to maintain the value of the currency" (BCRA 1970, p. 681). Accordingly, Prebisch made arrangements to accumulate part of capital and gold inflows in times of bonanza and use them during times of need.

In addition, Prebisch focused on adapting the quantity of money to business needs, aiming at monetary and credit stability (BCRA 1936, p. 1). He considered that banks should be cautious and not systematically grant credit even if their reserves were well above minimum requirements (BCRA 1936, p. 21). In his view, banks should accumulate reserves in the upward phase and use them during the downward phase of the cycle (BCRA 1937, pp. 2–4).

Prebisch considered that investments could worsen the cycles if they were not carried out carefully, and particularly if they were financed by bank credit. He contended that the Central Bank had to absorb circulating money to prevent banks from "expanding their loans and investments and issuing new quantities of circulating money not required for the development of transactions" (BCRA 1938, p. 17). Moreover, he argued that banks should restrain long-term loans to maintain their liquidity (BCRA 1939, p. 10).

Likewise, public works and other investments should be financed by savings, not by credit: "It is not possible, without serious consequences for monetary stability, to substitute or increase through banks' discretion the real amount of savings that people effectively want to invest each year in public funds" (BCRA 1938, p. 21).

Indeed, Prebisch considered that "savings are ... the only way to constitute capital" since credit cannot substitute savings. However, it was possible for the banks to prudently use savings deposits to finance investment, since this would not create additional purchasing power (BCRA 1939, pp. 13–14). Furthermore, the State should not finance its spending with credit because it would increase the means of payment without following the needs of transactions, and the resulting new purchasing power could increase imports (BCRA 1938, p. 21). Contrary to credit, savings were already present in the economy: mobilizing them for investments would not create artificial means of payment, would not bring "monetary disruptions," and would not increase the demand for imports. If banks followed these precautions and if countercyclical policies were applied, the country would be able to solidly face normal cycles: "Having consolidated the [country's] finances, money and banking system, and with important monetary reserves, [the country] can peacefully confront these disruptions" (BCRA 1938, p. 2).

We see that Prebisch was still concerned with achieving monetary stability and "healthy" finances, but instead of applying deflationary policies (which he proposed in the early 1930s), the Central Bank had to actively control credit and monetary reserves through countercyclical policies.

Such policies advised by Prebisch were a significant step forward in Argentina regarding intervention in the monetary market and in reconsidering *laissez-faire* in economics. It showed that economic phenomena could and should be controlled by the State and public institutions. The cycle did not have to be passively endured.

Although Prebisch understood that cycles in Argentina resulted from its agrarian status, he did not question the Argentine economic structure and its integration in the international division of labor. The countercyclical measures were a way to better withstand the cycles within that position. They were not aimed at changing the country's structure and the type of cycles it would experience. As already mentioned, Prebisch strongly opposed the use of credit to invest in new projects "no matter how good they are" (BCRA 1939, p. 14). I believe that this mindset obstructed the development of an industrial policy, because it considered that only savings could finance investments, and savings tended to be insufficient (BCRA 1939, p. 13). In fact, restraining the use of credit to commercial operations in already existing activities was a way to maintain the status quo and the country's agrarian condition.

Prebisch had previously emphasized the importance of the industrial sector to end the Great Depression, but after 1935 he does not seem to give this sector an important role. This could be because he was now immersed in monetary considerations as the general manager of the Central Bank. But it also shows that he considered the industry as a short-term solution to spur the economic activity and not as a long-term plan to change the productive structure and the growth strategy. Besides, his opposition to using long-term investment credits was a supplementary obstacle for structural change.

Summing up, until the start of the Second World War, Prebisch had not abandoned the old development scheme. He championed the State's economic intervention, including by supporting the industrial sector, but with a countercyclical and short-term perspective. During the period between the Great Depression and the Second World War, Prebisch focused on the Central Bank countercyclical role and did not suggest active policies favoring an important development of the industry. He still considered that the agrarian export-led growth model was the best strategy for Argentina after international trade recovered from the Great Depression. We will now see how his views changed with the beginning of the Second World War.

III. INDUSTRIALIZATION AS A NEW GROWTH STRATEGY FOR ARGENTINA AND LATIN AMERICA

When the Second World War broke out, Argentina's exports to Europe shrank significantly, and imports were difficult to find as supplying countries shifted towards war economy. Terms of trade also deteriorated: compared with pre-war levels, in 1940 Argentina's imports were 33% more expensive whereas its exports were 4% cheaper. Furthermore, the State had to buy the unsold surplus to maintain the purchasing power of the population (BCRA 1940, 1941; Prebisch [1940] 1991).

Prebisch greatly worried about Argentina's trade situation, not only about monetary problems. This change of priorities seems to have triggered a change in his vision of economic growth and the Central Bank's role in supporting the economic activity. Prebisch's growing involvement in the political debate shows how he considered that

monetary policies, fiscal policies, international economics, and politics were tightly linked. Even though he needed to provide short-term solutions to Argentina's immediate problems, he had a global view of the Argentine economy and a new strategic goal: industrialization.

The Second World War Reveals the Importance of the Industry

Since the Great Depression, bilateral trade agreements were becoming more common and replacing multilateral trade. Argentina had signed bilateral compensatory trade agreements with England in 1933; with Belgium, Holland, Switzerland, Germany, and Spain in 1934; and with Italy in 1937, among other countries. By 1937, these countries provided 55% of Argentina's imports (O'Connell and Seibert 1984, p. 507). Prebisch contended that the "generalization [of bilateral agreements] severely harms the international trade," because it "segregates [trade] between hermetic compartments and forces the transactions within each of them in search for bilateral equilibrium" (BCRA 1940, p. 13).

Besides, he considered that these agreements were mostly benefitting the stronger countries that used them to exert their domination in the international market (BCRA 1942, p. 11). He thought that "some countries" were "using their status of large importers from other countries to ensure their own exports there, be it for commercial reasons, for currency or—in the case of some European countries—for international politics" (BCRA 1940, p. 13). In this system, most of Argentina's imports "stopped being chosen based on their prices, quality, or consumer preferences" but were brought to the countries from which Argentina had accumulated currency reserves (BCRA 1942, p. 11). Prebisch implicitly criticized the United States for protecting its markets with high tariffs, and identified this protectionism as "one of the most important causes of the propagation of bilateral compensatory trade agreements" (BCRA 1940, p. 13).

Another important problem of these bilateral treaties was the international transfer of foreign currency. With the war, the conversion between currencies was obstructed and commercial surpluses had to be kept in the currency in which they were issued. For instance, Argentina accumulated important reserves in pounds because of trade surplus with Great Britain. These reserves presented two problems: if the pound depreciated, Argentina would lose money; and, more importantly, the country could not use these reserves to import products from other countries, at a moment when Great Britain could not satisfy most of Argentina's import needs (BCRA 1940, pp. 9–10). This hardship is precisely what Prebisch intended to avoid when he conceived the Central Bank in 1935. Indeed, its charter stated that the share of reserves held in foreign currencies (instead of gold) should not exceed 20% of total reserves, and only up to 10% could effectively be counted as reserves (BCRA 1970, p. 690; Sember 2018).⁸

Prebisch contended that if the international trade regained its past fluency, Argentina would continue to follow the agrarian export-led growth model. However, he warned that if bilateral trade agreements would prevail after the war, and "if the international exchange continued being oppressed with decisions that further deteriorate it,"

⁸ After 1943, Prebisch did not give this much importance to gold reserves because the United States concentrated most of the world's gold, and the new International Financial System gave a central role to the US dollar.

Argentina would have to consider more inward-looking growth strategies: “We will have to look within our own strengths ... how to maintain economic growth and to develop our monetary tools to better respond to the interests of the national activity” (BCRA 1940, p. 14).

The idea of changing the structure of the economy became recurrent in Prebisch’s texts after the war started. A bigger and diversified industry would give access to new markets and would satisfy domestic demand. But more importantly, Prebisch was losing hope on the restoration of international trade as it was before the Depression and, consequently, on the export-led growth model as a viable growth strategy.

Along these lines, in 1940, Prebisch wrote with Federico Pinedo and a team the “Program to Reactivate the National Economy” (Programa de Reactivación de la Economía Nacional), better known as the “Plan Pinedo.”⁹ Even though the plan was never applied due to political opposition and contradicting interests (Llach 1984), it strongly favored the national industry, which sheds light on Prebisch’s industrial thoughts. This program was presented as an emergency short-term plan, but was the first State document that aimed at changing the country’s productive structure and development strategy. Unlike the 1934 plan, it really placed the industry in the spotlight, and opened the possibility for long-term credit to finance industrial investments.

Nevertheless, the Plan Pinedo was still mainly directed towards light industry; it probably considered that Argentina did not have yet the necessary competencies for heavier industries. For instance, the country could produce manufactured goods instead of importing them, particularly clothing and food products. Likewise, the construction industry could be used to spur internal activity and could use nationally produced inputs to substitute imports.

Because of the war and bilateral trade agreements, both imports and exports had diminished. It became necessary to select the imports according to their importance for national production (e.g., farming machinery) and their impact on the cost of living (BCRA 1941, p. 10). Therefore, this plan suggested that Argentina should “substitute with the country’s own resources ... what can’t be imported”: this would increase employment, and the resulting demand would be satisfied by internal production, creating a virtuous cycle (Prebisch [1940] 1991, p. 678). Thus, Prebisch gave a leading role to industry in an import-substituting strategy.

Yet, reducing and substituting imports did not mean that the country should stop importing and exporting. Prebisch considered that Argentina should “import as long as it’s possible to export” (Prebisch [1940] 1991, p. 686). However, since the country could not continue trading as before with its traditional partners, Prebisch advised that it should diversify its production and markets. He considered that Argentina “could and should substitute” some products previously imported from Europe and which could be exported to the United States and other Latin American countries (BCRA 1941, pp. 9–11).

The United States had become the most important market at that time and its production was essential for Argentina. Already in 1925, the US was Argentina’s largest supplier, with 23% of its total imports (O’Connell 2001, p. 60). However, in 1939 and

⁹ Federico Pinedo had been minister of finance from 1933 to 1935 and from 1940 to 1941. According to Fernández López, this plan was completely or mainly written by Prebisch (footnote in Prebisch [1940] 1991, p. 677).

1940 Argentina did not have sufficient dollars and the US protectionist policies were blocking Argentine products.

Prebisch got involved in securing loans from the United States and negotiating trade agreements that would increase Argentine exports to the US. He obtained credits for \$110 million from the Export-Import Bank and the Stabilization Fund of the United States (BCRA 1941, p. 11; Dosman 2010, pp. 149–162). An institution was even created in April 1941, the Exchange Promotion Corporation, aiming at encouraging trade with the United States (and other American countries) and diversifying exports. Eventually, Argentina managed to enter the US market, and increase its exports from 264 million pesos in 1940 to 562 million pesos in 1941 (BCRA 1942, pp. 3–10). By 1942, Argentina did not have a currency problem anymore but still faced problems to import because the US had shifted to a war economy.

Prebisch also considered that Argentina should increase trade exchange with other Latin American countries and adopt “a clear and firm policy of economic rapprochement that would allow us to establish a vast zone of free trade” (Prebisch [1940] 1991, p. 686). For instance, there were negotiations between Argentina and Brazil for each country to specialize in some new productions and benefit from economies of scales (Prebisch [1940] 1991, p. 687). This prefigured the project for a Latin American regional market, which Prebisch later championed when he was ECLAC's executive secretary (Prebisch [1963] 1971). These ideas were similar to those of Prebisch's former university teacher and friend Alejandro Bunge, who proposed diversifying the production of primary goods and manufactures and enlarging its markets. This included getting closer to the United States and establishing a customs union with other Latin American countries, the Unión Aduanera del Sud (Bunge [1921] 1985, [1926] 1985, [1930] 1985; Llach 1985, p. 20).¹⁰

Through Prebisch's actions, the Central Bank got involved in various spheres of Argentine economic policy (like trade) that directly affected the country's economic growth and stability. This caused Prebisch to be greatly criticized by the political opposition, which argued that he was acting like the foreign affairs minister rather than the general manager of the Central Bank (Dosman 2010, p. 167).

Prebisch considered that some degree of State intervention was “indispensable” because it “creates the favorable conditions and offers the necessary incentive” for the economic activity of the private sphere. The State had to maintain the purchasing power of the population and support internal activity (Prebisch [1940] 1991, pp. 679–680). Indeed, the decrease of exports meant that some agrarian surpluses remained unsold, and this could create serious problems in the countryside that would also affect the domestic industry. Hence, the State should buy the agrarian surpluses using the banking reserves until exports increased again (Prebisch [1940] 1991, p. 681; BCRA 1942, p. 1). Another emergency measure proposed by Prebisch was State intervention in both the stock market and the banking sector to re-establish trust.

In the 1940s, Prebisch considered that the national industry should be able to obtain credit to develop its activities. In the Plan Pinedo, Prebisch proposed a cooperation

¹⁰ Bunge was an Argentine economist and an industrialist. He studied engineering in Germany, where he became acquainted with List's ideas and the German Historical School (Caravaca and Plotkin 2007). Prebisch did not adhere to Bunge's ideas as his student in the 1920s, but in the following paragraphs, we highlight the later similarities.

between the Central Bank, commercial banks, and the financial market to offer solvent industries credits “up to 15 years in exceptional cases and with an interest rate as low as possible” (Prebisch [1940] 1991, p. 685). From the Central Bank, Prebisch advised the commercial banks to continue supplying credits so that the internal activity would not be affected by the war (BCRA 1941, p. 5). This was possible because the countercyclical policies applied in the past had constituted important banking reserves. These ideas were close to Bunge’s, who assessed that the State had to promote and protect the industries but should not substitute them (Llach 1985, p. 22).

In fact, industrialist ideas were not new: they had already been introduced in Argentina and Latin America by previous authors and politicians, and Prebisch was certainly familiar with them. Alejandro Bunge was one of the directors and founders of the *Revista de Economía Argentina*, in which he published articles with other industrialists since 1918 (Llach 1985). Prebisch had also written in that review in 1920, 1921, 1924, and 1925. Furthermore, industrialism was a prominent theory in Brazil and had been at the center of the political debate since the 1890s. Getúlio Vargas, Brazil’s president from 1930 to 1945 and from 1951 to 1954, was also a notorious industrialist (Dutra Fonseca 2000, pp. 341–344).

Prebisch’s renewed interest in the industry does not seem to come from a rediscovery of theories he was acquainted with many years previously. In accordance with Love (1980), I think that the role of the historical context was more important in Prebisch’s change of mind than theoretical influences. In his own words: “We need a theory that rationally explains our own experience as to effectively guide us to practical action. I have intensely felt this need in my years of political action and I confess that for the most part I have not found in the current theories the guidance I have looked for” (Prebisch [1946b] 1991, p. 1).

If he started embracing the industrialist ideas in 1940 and not before, it is primarily because the changing international context convinced him that primary export-led growth was not a satisfying growth model. The fact that his intellectual evolution was based on concrete events shows that he was not dogmatic but pragmatic. This is shown in his nuanced thought: while he worried for the domestic market and suggested import-substituting industrialization, he also emphasized the importance of international trade and vouched for export diversification. Similarly, his views in favor of industrialization did not mean an abandonment of the primary sector.

A Long-Term Perspective of the Common Structural Problem in Latin America

In 1943, for political reasons, the new government of Pedro Pablo Ramírez dismissed Prebisch from his functions in the Central Bank (Dosman 2010, pp. 197–203). As a professor of economics at the University of Buenos Aires, he could ponder on his experience and better articulate his ideas.

Prebisch was also invited to several Latin American countries to provide monetary policy advice and give seminars about his experience at the Central Bank.¹¹ This period constituted Prebisch’s “discovery” of Latin America and of the common problems related to their primary export-led growth model and external dependency (Dosman

¹¹ For instance, he counseled Paraguay in 1945 and Guatemala and the Dominican Republic in 1946, and gave multiple seminars in Mexico (Dosman 2010).

2010, chs. 8–9). His trips around the continent convinced him that Argentina shared similar problems with the region's countries, which were structural and not simply temporary. His attention shifted towards the issue of external vulnerability and political domination, and he concluded that national sovereignty and economic independency were essential for economic development.

Prebisch started to talk about the “periphery” as a whole in 1944—even though he mainly meant Latin America (Prebisch [1944d] 1991, p. 320). He believed that Latin American countries shared common problems that could be solved together, and encouraged economic integration between these countries. Consequently, Prebisch started giving recommendations for the whole continent, although he was mostly extrapolating the Argentine experience to Latin America. It is only through his experience at ECLAC (which started in 1949) that he would have a more precise vision of the different problems in the continent.

Prebisch considered that there was one cyclical movement that originated from the center (the United States) and affected the periphery afterwards; there was not a singular cycle per country but rather a common cycle to all the periphery. Yet, each country experienced the cycles differently according to its socio-economic structure (Prebisch [1946c] 1991). The intensity of the crises that Argentina and the other Latin American countries experienced was the result of the external vulnerability of export-led growth models based on primary commodities.

During his counsel to the Dominican Republic, he recommended the adoption of a national currency instead of the US dollar and the creation of a Central Bank, which was essential to fight external vulnerability, stabilize the economy, and soften the cycles originated in the center through countercyclical policies (Prebisch 1946a).

Hence, even though the periphery did not have the possibility to influence the cycle, it still could act against its effects by wisely using monetary and other economic policies (Prebisch [1946c] 1991, [1946d] 1991). It was also possible to lessen the external vulnerability and dependency by changing the productive structure. This is why Prebisch advised Latin America in general to begin an industrialization process within a development plan.

As we have seen, Prebisch's ideas on industrialization were roughly present in 1934 and resurfaced in 1940 when he recommended import substitution and export diversification. After 1943, the industry became in Prebisch's thought an important element in attaining economic independence and even in reinforcing a national identity that went beyond the goal of economic growth:

The more these industries develop and the higher is the proportion of national inputs used to produce, the less vulnerable we will be to external influences. (Prebisch [1944c] 1991, p. 240)

...

The most serious problem of the economy and the culture of our countries is to find the method that will allow us to preserve and vigorously develop our national personality in an international field. The solution to this problem has to be found within ourselves. (Prebisch [1944c] 1991, p. 242)

Prebisch's support of industrialization revealed his global vision of the economy, as it was intertwined with politics, culture, and national identity. Indeed, Prebisch had witnessed bilateral negotiations such as the Roca-Runciman pact in 1933 and had

directly negotiated with the United States administration in 1940. He deplored the country's economic dependency that forced it to enter inequitable trade negotiations. Economic dependency and vulnerability inevitably meant being politically dominated by the stronger countries. Latin American countries would have more influence in the international market if they sold industrial products because these products did not suffer from the tendency of deterioration in the terms of trade.

Furthermore, Prebisch gave more importance to the heavier industries. Argentina mostly had light industries and needed to import machinery. However, the volume of exports had not increased since the Great Depression and foreign currency was scarce. Hence, to avoid trade imbalance and to decrease the country's dependency, it was necessary to develop the industry, particularly to produce "the expensive inputs, machinery and expensive durable goods" that were normally imported (Prebisch [1944c] 1991, p. 241). An industrialization plan was thus necessary, with the government taking deliberate action to mobilize the whole country and direct economic policy towards industrialization.

In this vein, Prebisch discussed in 1944 the impact that the new Bretton Woods system could have on the economic growth of Argentina and Latin America. Prebisch criticized both Keynes's and Harry D. White's plans because they set restrictions to national monetary policies. Indeed, if a country wanted to limit its imports using monetary policy tools, it should ask for permission from the international monetary authorities, particularly before adjusting exchange rates. In Prebisch's view, this constituted "a great violence on our monetary sovereignty" and, mostly, it meant that there was a possibility of not obtaining the authorization (Prebisch [1944c] 1991, p. 243). Furthermore, the Central Banks could be hindered in their functions and lose "prestige and authority" (Prebisch [1944b] 1991, p. 201). Prebisch considered that countries should "protect the internal economy from fluctuations and external contingencies to ensure maximum stability" and have "intense economic and demographic development with full employment of available resources" (Prebisch [1944c] 1991, p. 228). It became of paramount importance to maintain as much independence as possible from the center:

It is not possible to attenuate the cycle and maintain a high level of internal economic activity without a certain degree of monetary flexibility or a certain degree of control on imports.... Whichever way the large industrial and creditor countries solve their monetary and economic problems, we do not conceive for our country a system that makes us highly dependent on the decisions, good or bad, right or wrong, made at the center of the system as has happened in the gold standard regime.... For that we need a defined national monetary policy. (Prebisch [1944d] 1991, p. 324)

Natalia Bracarense (2015) notes that Prebisch and John H. Williams had similar views regarding Keynes's and White's plans, since Williams also contended in 1943 that a fixed exchange rate was detrimental to agricultural countries.

We can see how Prebisch considered that monetary policy was an essential tool for achieving economic development. It was important for maintaining a stable economic growth and could protect the national industry by changing the exchange rates or establishing exchange control ([1944b] 1991, pp. 189–190). This also shows how Prebisch did not separate the "monetary sphere" from the "real sphere." Having an independent national monetary policy was essential to transform the structure of the

country by industrializing it and to implement a development plan. This sets him further away from his pre-1934 ideas that mainly focused on monetary stability.

Until the beginning of World War II, Prebisch considered that only savings should be directed to investments, as mentioned earlier. This idea started weakening with the war, and in the Plan Pinedo of 1940 he suggested that the banks and the financial sector should cooperate to propose credit to the new activities. Since then, he deepened and theorized this idea. In 1944, in his conferences at the Bank of Mexico, he presented credit as the way to finance the long-term investments needed to expand the industrial sector (Prebisch [1944a] 1991, p. 122). In 1948 he goes further: he identified the entrepreneurs as economic leaders responsible for investment and credit as their main tool, in a way that reminds us of Joseph Schumpeter's view of economic development. In opposition to his previous positions, he now contended that credit was essential for investing whereas savings had almost no influence: "[T]he entrepreneurs use money increase instead of savings to cover part of the cost of investments (Prebisch [1948] 1991, p. 331); and "It's not so much the classic mechanism of savings ... but mainly the monetary tool that has allowed historically the accumulation of capital" (Prebisch [1948] 1991, p. 333).

Prebisch did not directly use the word "credit"; instead, he talked about the "monetary increase" that resulted from the activities of the entrepreneurs. However, his explanation of the process shows clearly that he referred to bank credit as a key driver of production and economic growth in general:

The increments of money that leave the hands of entrepreneurs and return to them in the form of profits, allow them to carry out this continuous process of accumulation of savings and capital during the upward phase of the cycle. ... the savings market has relatively little importance compared to the great accumulation of industrial capital carried out by entrepreneurs throughout the development of capitalism. Spontaneous saving has played a secondary role in the accumulation of industrial capital. (Prebisch [1948] 1991, p. 339)

Prebisch contended that the use of credit for investment was the source of profit for entrepreneurs and allowed capital accumulation. Credit spurs investment and production; at the same time, monetary expansion supports demand, which increases prices or prevents their reduction following costs reduction. Consequently, profits rise. This increases the total savings and allows for capital accumulation. We notice that now Prebisch accepts the Keynesian causality between savings and investments, i.e., that investments create savings.

We also note that for Prebisch, savings are forced on the population and transferred to the entrepreneurs through the increase in prices and profits. That is why he distinguished between "spontaneous savings" and "compulsive savings" (Prebisch [1948] 1991, p. 339). The former would stand for the classical notion that individuals save after considering the rate of interest. The latter can be understood as "forced savings" because the consumer is forced to transfer part of her income to the entrepreneurs because of the increase in prices. It is also possible that entrepreneurs obtain profits not through price increases but because the prices do not fall despite productivity gains. In both cases, higher savings proceed from firms' profits, not from individual choices. Hence: "Believing that within the free trade system the members of the community have the liberty and the preference to save is a serious mistake" (Prebisch [1948] 1991, p. 340).

Prebisch did not give a moral judgment on this mechanism. He simply described what he called “the reality,” which he claimed neither the classical monetary theories nor the Keynesian framework was fit to describe (Prebisch [1948] 1991, pp. 329–330).

Despite this notable change regarding the use of credit, Prebisch scarcely talked about the use of credit for long-term investments in the following years. When he became the executive secretary of ECLAC in 1950, he stopped explicitly talking about the use of bank credit for industrial investments, and instead put emphasis on the role of savings in capital accumulation and appealed to external capital. Taking into account his 1948 analysis, we can wonder if these savings are meant to be pre-existent or if they could be the result of investments financed by credit. In his “Manifesto” of 1949, we can see this ambiguity:

One indisputable fact stands out: the stimulus of monetary expansion has led to a high level of employment and thereby to a real increase in income. It appears, however, that a large part of that effect had already been achieved during a phase of moderate credit expansion which preceded the acute inflationary process. ...

The positive lesson is ... the growth of employment brought about an increase in the potential margin of savings. The negative lesson is [that the] exaggeration of the stimulus necessary for the achievement of maximum employment led internally to excessive inflationary pressure, which, with the rise in imports consequent upon the resumption of foreign trade after war-time restrictions, absorbed a large part of the gold and dollars which had been accumulated. (Prebisch 1950, pp. 38–39)

We understand that Prebisch saw in the use of credit the possibility to increase economic activity, employment, and savings but advised for its moderate use to avoid a balance of payments’ deficit.

While we cannot be sure why Prebisch was so cautious regarding credit in the 1950s, we can propose different interpretations. Prebisch puts forward the role of credit for investment in 1948 in the context of his lessons at the University of Buenos Aires, with theoretical freedom and no policy implication. His more cautious stance as the executive secretary of ECLAC could be because he was not confident of the capacity of Latin American countries to properly control the use of credit, or because he thought it could give the incorrect impression that inflation was a good tool for development. However, I think that he considered that savings, credit, and foreign capital were all possible tools for investment. The emphasis on which tool to use could change depending on the position he held at each moment, maintaining a pragmatic attitude.

IV. CONCLUSION

In this article, I have shown that although Prebisch first advised pursuing industrial policies in 1934, it was with the Second World War that he really started placing industrialization as the main development strategy. Before the war, he did not consider industrialization as a strategic goal for Argentina. The policies that he recommended during the Great Depression remained emergency measures intended to spur the light industry and increase employment but did not constitute a long-term plan. From 1935 to

1939, Prebisch focused on handling the Argentine cycle. The countercyclical monetary policies he applied from the Central Bank did not question the status quo. They aimed to achieve a stable economic growth by softening the external-originated cycles. These policies were not coupled with an active industrial strategy: they tried to compensate for Argentina's external vulnerability without tackling its source. Prebisch still believed that the agrarian export-led growth model, if correctly managed, could allow for long-term sustained growth.

With the Second World War, international trade was further disrupted, especially with the generalization of bilateral trade agreements. Prebisch realized that these practices revealed political dominance of industrial countries over commodity-producing countries. In these conditions, Argentina and Latin America were likely to continue under economic and political dependency in the long run. Hence, the growth model had to be redefined: it could not allow for long-term stability and growth, no matter how wise countercyclical policies might be. Industrialization could help the countries become more independent and less vulnerable, and achieve the sustained economic growth required for economic development. It would reinforce national sovereignty and identity.

This evolving vision of industrialization went hand in hand with the evolution of other aspects of his thought, like his vision of the cycle, monetary policy, and international integration. At first, Prebisch's analysis of the Argentine economy concluded that the mostly agrarian country was subject to the cycles coming from the central countries, so countercyclical monetary policies had to be implemented. With the Second World War, Prebisch maintained this cyclical analysis but concluded that Argentina and Latin America had to change the nature of their cycles through a large industrialization plan that would change the economic structure. The monetary policy had to go beyond countercyclical action and support industrialization through medium- and long-term credits, the modification of exchange rates, and exchange controls. This also meant that Argentina and Latin America needed to change from being exporters of primary commodities to exporters of industrial goods. All these changes in Prebisch's thought were coherently brought together thanks to the central place he gave to industrialization, and found a first complete theoretical formulation in ECLAC's manifesto of 1949.

Until 1943, Prebisch was above all a policy-maker, and his theory seemed to lag behind his policy recommendations. He first proposed a set of measures that aimed to solve an immediate problem, and then he adopted a theory that, most of the time, already existed. Therefore, the study of this period enlightens us on his approach to economic policy and theory. We can see that from 1933 to 1949, his preoccupations always revolved around maintaining economic growth, and the changing international context forced him to look for the best way to achieve it. This reveals Prebisch's methodology: his starting point was the context, not economic theories. It also reveals his goal, which was to have an impact on the Argentine and Latin American economies. He was pragmatic, as he was ready to change his economic policy recommendations when they proved ineffective, and, ultimately, his economic theory. After 1943, he had the opportunity to process his rich experience and extract theoretical conclusions from it, when he was teaching at the University of Buenos Aires and in presentations in other Latin American countries.

These ideas of industrialization, independence, and sovereignty were prospering in Latin America. In this context was created the Economic Commission for Latin America

and the Caribbean in 1947. From his new position as ECLAC's executive secretary in 1950, Prebisch developed an original development theory, in which industrialization played a central role.

COMPETING INTERESTS

The author declares no competing interests exist.

REFERENCES

- Banco Central de la República Argentina [BCRA]. 1936. *Memoria Anual: primer ejercicio 1935*. Buenos Aires.
- . 1937. *Memoria Anual: segundo ejercicio 1936*. Buenos Aires.
- . 1938. *Memoria Anual: tercer ejercicio 1937*. Buenos Aires.
- . 1939. *Memoria Anual: cuarto ejercicio 1938*. Buenos Aires.
- . 1940. *Memoria Anual: quinto ejercicio 1939*. Buenos Aires.
- . 1941. *Memoria Anual: sexto ejercicio 1940*. Buenos Aires.
- . 1942. *Memoria Anual: séptimo ejercicio 1941*. Buenos Aires.
- . 1970. *La creación del Banco Central*. Volume 2. Buenos Aires.
- Bracarense, Natalia. 2015. "Core and Periphery in the Early Cold War: A Historical Analysis of Development Theory," In H. M. Trautwein and M. Garcia Molina, eds, *Peripheral Visions of Economic Development: New Frontiers in Development Economics and the History of Economic Thought*. New York: Routledge, pp. 15–46.
- Bulmer-Thomas, Victor. 2003. *The Economic History of Latin America Since Independence*. Cambridge: Cambridge University Press.
- Bunge, Alejandro. [1921] 1985. "Nueva orientación de la política económica argentina." In Juan José Llach, ed., *La Argentina que no fue*. Volume 1. Buenos Aires: Ediciones del IDES, pp. 39–72.
- . [1926] 1985. "La financiación de caminos y la venta de automóviles y otras manufacturas americanas en la Argentina." In Juan José Llach, ed., *La Argentina que no fue*. Volume 1. Buenos Aires: Ediciones del IDES, pp. 99–104.
- . [1930] 1985. "Las relaciones comerciales entre Argentina y Estados Unidos." In Juan José Llach, ed., *La Argentina que no fue*. Volume 1. Buenos Aires: Ediciones del IDES, pp. 105–109.
- Calcagno, Adriana. 2021. *Les racines et l'histoire de la théorie structuraliste du développement à travers le prisme de Raúl Prebisch et de la CEPAL*. PhD, diss., Université Paris 1: Panthéon-Sorbonne and Université de Genève. doi: [10.13097/archive-ouverte/unige:167312](https://doi.org/10.13097/archive-ouverte/unige:167312).
- Caravaca, Jimena, and Mariano Plotkin. 2007. "Crisis, ciencias sociales y elites estatales: La constitución del campo de los economistas estatales en la Argentina, 1910–1935." *Desarrollo Económico* 47 (187): 401–428.
- CEPAL. 1978. *Series históricas del crecimiento de América Latina*. Santiago de Chile: Cuadernos de la CEPAL.
- Cortés Conde, Roberto. 2000. "The Vicissitudes of an Exporting Economy: Argentina (1875–1930)." In Enrique Cárdenas, José Antonio Ocampo, and Rosemary Thorp, eds., *An Economic History of Twentieth-Century Latin America*. Volume 1, *The Export Age: The Latin American Economies in the Late Nineteenth and Early Twentieth Centuries*. London: Palgrave Macmillan, pp. 265–298.
- . 2009. "La crisis de 1930. Cómo afectó a la Argentina." Presentation at conference, "La Gran Depresión Mundial y la Argentina," Buenos Aires, Argentina, May 26.

- Dorfman, Adolfo. 1983. *Cincuenta años de industrialización en la Argentina 1930–1980*. Buenos Aires: Ediciones Solar.
- Dosman, Edgar. 2010. *La vida y la época de Raúl Prebisch, 1901–1986*. Madrid: Marcial Pons.
- Dutra Fonseca, Pedro Cezar. 2000. “As Origens e as Vertentes Formadoras do Pensamento cepalino.” *Revista Brasileira de Economia* 54 (3): 333–358.
- Fernández López, Mariano, ed. 1991. *Raúl Prebisch: Obras 1919–1948*. Volume 2. Buenos Aires: Fundación Raúl Prebisch.
- Gerchunoff, Pablo, and Lucas Llach. 2018. *El ciclo de la ilusión y el desencanto: políticas económicas argentinas de 1880 a nuestros días*. Buenos Aires: Crítica, Ciudad Autónoma de Buenos Aires.
- González, Norberto, and David Pollock. 1991. “Del ortodoxo al conservador ilustrado. Raúl Prebisch en la Argentina 1923–1943.” *Desarrollo económico* 30 (120): 455–486.
- Gurrieri, Adolfo. 2001. “Las ideas del joven Prebisch.” *Revista de la CEPAL* 75: 69–82.
- Keynes, John Maynard. 1933. *The Means to Prosperity*. London: Macmillan.
- Lindenboim, Javier. 1976. “El empresariado industrial argentino y sus organizaciones gremiales entre 1930 y 1946.” *Desarrollo Económico* 16 (62): 163–201.
- Llach, Juan José. 1984. “El plan Pinedo de 1940, su significado histórico y los orígenes de la economía política del peronismo.” *Desarrollo Económico* 23 (92): 515–558.
- . 1985. *La Argentina que no fue*. Volume 1. Buenos Aires: Ediciones del IDES.
- Love, Joseph. 1980. “Raúl Prebisch and the Origins of the Doctrine of Unequal Exchange.” *Latin American Research Review* 15 (3): 45–72.
- . 1996a. “Las fuentes del estructuralismo latinoamericano.” *Desarrollo Económico* 36 (141): 391–402.
- . 1996b. *Crafting the Third World. Theorizing Underdevelopment in Rumania and Brazil*. Stanford: Stanford University Press.
- O’Connell, Arturo. 2001. “The Return of ‘Vulnerability’ and Raúl Prebisch’s Early Thinking on the ‘Argentine Business Cycle.’” *CEPAL Review* 75: 51–65.
- O’Connell, Arturo, and Sibila Seibert. 1984. “Argentina en la depresión: los problemas de una economía abierta.” *Desarrollo Económico* 23 (92): 479–514.
- Pérez Caldentey, Esteban, and Matías Vernengo. 2011. “Understanding the Business Cycle in Latin America: Prebisch’s Contributions.” CEPAL, Serie Estudios y perspectivas, no. 127. United Nations Publications, México City.
- . 2012. “Portrait of the Economist as a Young Man: Raúl Prebisch’s Evolving Views on the Business Cycle and Money, 1912–1949.” *CEPAL Review* 106: 7–21.
- . 2015. “Reading Keynes in Buenos Aires: Prebisch and the Dynamics of Capitalism.” *Cambridge Journal of Economics* 40 (6): 1725–1741.
- . 2016. “Raúl Prebisch and Economic Dynamics: Cyclical Growth and Centre-Periphery Interaction.” *CEPAL Review* 118: 10–24.
- Prebisch, Raúl. [1931] 1991. “Control de Cambios.” In M. Fernández López, ed., *Raúl Prebisch: Obras 1919–1948*. Volume 2. Buenos Aires: Fundación Raúl Prebisch, pp. 4–6.
- . [1932] 1991. “La acción de emergencia en el problema monetario.” In M. Fernández López, ed., *Raúl Prebisch: Obras 1919–1948*. Volume 2. Buenos Aires: Fundación Raúl Prebisch, pp. 42–67.
- . [1934a] 1991. “La producción rural y el mercado de cambios.” In M. Fernández López, ed., *Raúl Prebisch: Obras 1919–1948*. Volume 2. Buenos Aires: Fundación Raúl Prebisch, pp. 146–157.
- . [1934b] 1991. “El Banco Central de la República Argentina.” In M. Fernández López, ed., *Raúl Prebisch: Obras 1919–1948*. Volume 2. Buenos Aires: Fundación Raúl Prebisch, pp. 354–395.
- . [1934c] 1991. “Depreciación e inconvertibilidad de la moneda.” In M. Fernández López, ed., *Raúl Prebisch: Obras 1919–1948*. Volume 2. Buenos Aires: Fundación Raúl Prebisch, pp. 314–336.
- . [1940] 1991. “Programa de reactivación de la economía nacional.” In M. Fernández López, ed., *Raúl Prebisch: Obras 1919–1948*. Volume 2. Buenos Aires: Fundación Raúl Prebisch, pp. 677–714.
- . [1944a] 1991. “La política monetaria interna.” In M. Fernández López, ed., *Raúl Prebisch: Obras 1919–1948*. Volume 3. Buenos Aires: Fundación Raúl Prebisch, 88–122.

- . [1944b] 1991. “La política monetaria nacional y los planes monetarios internacionales.” In M. Fernández López, ed., *Raúl Prebisch: Obras 1919–1948*. Volume 3. Buenos Aires: Fundación Raúl Prebisch, pp. 189–206.
- . [1944c] 1991. “El patrón oro y la vulnerabilidad económica de nuestros países.” In M. Fernández López, ed., *Raúl Prebisch: Obras 1919–1948*. Volume 3. Buenos Aires: Fundación Raúl Prebisch, pp. 228–248.
- . [1944d] 1991. “La relación entre el ciclo argentino y el ciclo monetario internacional.” In M. Fernández López, ed., *Raúl Prebisch: Obras 1919–1948*. Volume 3. Buenos Aires: Fundación Raúl Prebisch, pp. 319–329.
- . [1944e] 1991. “El coeficiente de expansión.” In M. Fernández López, ed., *Raúl Prebisch: Obras 1919–1948*. Volume 3. Buenos Aires: Fundación Raúl Prebisch, pp. 350–370.
- . [1944f] 1991. “El papel de las inversiones en los movimientos cíclicos argentinos.” In M. Fernández López, ed., *Raúl Prebisch: Obras 1919–1948*. Volume 3. Buenos Aires: Fundación Raúl Prebisch, pp. 371–380.
- . 1946a. “Informe sobre la Reforma del Régimen de la Moneda y los Bancos en la República Dominicana.” Unpublished ms. ECLAC archives, Biblioteca de la CEPAL.
- . 1946b. “Carta de Raúl Prebisch a Gonzalez Gorrondona el 13 de Julio.” In *Project Raúl Prebisch*, Collection 4, Microfilm 2, Sobre 34. ECLAC Library, Santiago.
- . [1946c] 1991. “Panorama general de los problemas de regulación monetaria y crediticia en el continente americano: América Latina.” In M. Fernández López, ed., *Raúl Prebisch: Obras 1919–1948*. Volume 4. Buenos Aires: Fundación Raúl Prebisch, pp. 224–231.
- . [1946d] 1991. “Responsabilidad de los países de la periferia.” In M. Fernández López, ed., *Raúl Prebisch: Obras 1919–1948*. Volume 4. Buenos Aires: Fundación Raúl Prebisch, pp. 232–233.
- . [1948] 1991. “Papel del beneficio en la realidad capitalista.” In M. Fernández López, ed., *Raúl Prebisch: Obras 1919–1948*. Volume 4. Buenos Aires: Fundación Raúl Prebisch, pp. 329–344.
- . 1950. *The Economic Development of Latin America and Its Principal Problems*. New York: Economic Commission for Latin America, United Nations Department of Economic Affairs, Lake Success.
- . [1963] 1971. *Hacia una dinámica del desarrollo latinoamericano*. Mexico City: Fondo de Cultura Económica.
- Rapoport, Mario. 2010. *Las políticas económicas de la Argentina. Una breve historia*. Buenos Aires: Booket.
- Sember, Florencia. 2010. “*The Origins and Evolution of the Monetary Thought of Raúl Prebisch*.” PhD, diss., Université Paris 1 Panthéon-Sorbonne.
- . 2012. “El papel de Raúl Prebisch en la creación del Banco Central de la República Argentina.” *Estudios críticos del desarrollo* 2 (3): 133–157.
- . 2013. “The Reception of Irving Fisher in Argentina: Alejandro Bunge and Raúl Prebisch.” *European Journal of the History of Economic Thought* 20 (2): 372–398.
- . 2018. “El banco mixto.” In Marcelo Rougier and Florencia Sember, eds., *Historia Necesaria del Banco Central de la República Argentina*. Lenguaje Claro: Ediciones Ciccus, pp. 69–135.