



Nahuel Moreno

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July 1942, incomplete document
Archive material

English Translation: Daniel Iglesias

Cover and interior design: Daniel Iglesias

Editor notes: Daniel Iglesias

www.nahuelmoreno.org

www.uit-ci.org

www.izquierdasocialista.org.ar

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Buenos Aires, January 2026
cehus2014@gmail.com



Foreword

Neutrality is a text written by Nahuel Moreno in 1942, during the Second World War. At that time, Moreno was part of a group of young students and workers who were studying and beginning to engage in political activities. A year later, in 1943, the Marxist Workers' Group (GOM) was founded.

Ernesto González quotes this text in his book *El trotskismo obrero e internacionalista en Argentina* (Workers' and Internationalist Trotskyism in Argentina), volume 1, saying, "Moreno finished a work on Argentina's neutrality in the European conflict. The country was ruled by the 'Concordance', which maintained the practices of 'patriotic fraud'. Thanks to this, in 1938, the Ortiz-Castillo formula was established, which remained faithful to British imperialism. In that work, Moreno pointed out that this neutrality was not due to the government's rapprochement with the Nazi-Fascists but to its ties to British imperialism, which thus supplied itself with raw materials without incurring debt to the Americans, its competitors, and without risking attacks on its fleet by the Führer's ships. Argentine neutrality suited England."

We present this text despite not having the entirety of it, understanding that its importance warrants its partial publication and that this will facilitate the discovery of the complete text.

The notes are by the author unless otherwise noted.

The Editors

January 2026

Neutrality

On 23 January 1942, in Rio de Janeiro, Chile and Argentina did not sign the break in relations with the Axis.

The Argentine press received this attitude of the government in various ways.

On the one hand, nationalist newspapers hailed the measure as the most patriotic and just, praising President Castillo as “the saviour of the Fatherland” and “El gaucho don Ramón”, as he was called by one of the best-known anti-Jewish and anti-communist magazines. The weekly newspaper of the Irazusta brothers, *La Voz del Plata*, denounced the government as a British representative.

On the other hand, serious, liberal, democratic opinion believed, and thus hinted, that the attitude was in response to orders emanating from Berlin.

The workers’ press, which was and is the most representative in terms of circulation, *La Vanguardia*¹ and *Orientación*,² placed themselves on the extreme left of the front that demanded an immediate break with the “axis”. For Repetto³ and Codovilla,⁴ there was no middle ground: the panacea that would solve all the ills afflicting the working class lay in breaking off relations with the Hitlerite ogres.

As we had the opportunity to observe, the analysis of the problem remained and remains unresolved.

Let us not speak of a Marxist analysis in its attempt, but rather of something that had the makings of a materialist interpretation. Neither the reformists nor the Stalinists gave a single opportunity to initiate a serious debate on the most important problem in the history of Latin America in recent years.

But what attitude did our press adopt? The one that holds high the banner of class struggle, of Marx, Engels, Lenin and Trotsky. It limited itself to pointing out that our country’s economic power allowed it to be neutral.

But what did happen in Argentina’s economic development from 1940 to 1941, when the country began to industrialise and to issue internal loans never before seen in the country’s history? Where did our oligarchy get the financial capital necessary to remain neutral, without ceasing to buy crops? If it is from an imperialist country, which one is it? And if so, how can the Trotskyist press speak of the independence of our bourgeoisie, when it is this imperialist power that should take precedence in Argentine politics? If it is through primitive accumulation, how does this happen behind the backs of the large financial trusts that dominate the entire planet, from Alaska to Tierra del Fuego? In other words, how does a poor country develop its economy in relation to the large ones in the midst of the imperialist stage?

As we can see, the workers’ fronts gave a fine example of empty and useless affirmation, as the most absolute silence answered all these questions that arose from the affirmation of the country’s economic potential.

1 *La Vanguardia* is an Argentine newspaper founded by Juan B. Justo, Esteban Jiménez, Augusto Kühn, Isidro Salomó and Juan Fernández in 1894, which in 1896 became the official organ of the Socialist Party of Argentina. (Editor)

2 *Orientación* was the newspaper of the Communist Party (PC) of Argentina, founded in 1920. It was published for thirteen years, between September 1936 and December 1949. (Editor)

3 **Nicolas Repetto** (1871–1965) was one of the main leaders of the Argentine Socialist Party. (Editor)

4 **Victorio Codovilla** (1894–1970) was a leader of the Argentine Communist Party and became one of the most important leaders of Argentine and South American communism. In 1944-45, he advocated full support to the Democratic Union, the bourgeois and pro-Yankee alliance that faced in the elections the candidate of the bourgeois nationalist movement, General Perón, who won the elections with the workers’ vote. In 1955, he pushed for support for the “gorilla” coup that overthrew Perón. (Editor)

Once again, the comrades missed a magnificent opportunity to wave the banner of Marx, dialectical materialism as a procedure in the analysis of phenomena.

Before examining neutrality itself, we must, for a better understanding, take a comprehensive look at the economic relations existing in Argentina and the political system based on those relations.

The essential wealth has been livestock and its products. The history of Argentine livestock farming has been the history of the country, with its ruling class, the large landowners.

Due to the characteristics of its exploitation, the need for large-scale labour, the lack of internal and external markets, and the lack of slaves, agriculture was of no significance until 1875, when grain exports of some importance began. A comparison of the years 1890, 1900 and 1910 will give us an idea of the development of exports and the importance they acquired in Argentine trade.⁵

Year	Flax	Corn	Oat	Wheat	Total Agricultural production in general (in m\$n)
1875	----	3.714	----	----	114.557,00
1890	1.288.285	14.145.689	----	9.836.284	26.865.893,00
1900	10.654.011	11.935.747	127.249	48.627.653	78.250.548,00
1910	44.504.391	60.260.804	8.142.575	72.202.260	205.190.969,00

The large landowners in our country were faced with the problem of increasing the value of agricultural income and, therefore, the market price of their land.

The only commodity capable of generating value is human labour, and attracting it has been the great task undertaken by governments since 1852.

The price of land rose in line with two coinciding factors: the need for grain in Europe, which was unable to supply its markets, and the influx of immigrants into the country.⁶

Year	Value Hectare (in m\$n)	Year	Value Hectare (in m\$n)
1885	0,42*	1920	81,62
1899	16,29	1921	96,61
1907	29,54	1922	62,74
1911	45,59	1923	83,35
1913	48,03	1924	73,82
1918	52,87	1927	1.840,00*
1919	63,30	---	

(*) Only in the province of Buenos Aires

Agriculture thus became a fundamental part of increasing the value of the land and, consequently, the profits of the banks, which had already begun to monopolise Argentine agricultural production at the beginning of the century, merging with or ruining the old landowning class.

By the time of the next great war, we had the trilogy of grains, steers, and the national oligarchy, which thus revealed themselves to us as the father, the son, and the holy spirit.

5 Data taken from *Argentine International Trade a Few Figures on its development*, Ministry of Agriculture, year 1912, p. 33, graph and geography of Latzina.

6 Pages 150 and 157 of José Boglich and also of Jacinto Oddone.

The situation was favourable to the bourgeoisie until 1920. The state of the European market, which was large, and good means of communication allowed them to sell to Bunge & Born⁷ and [the meatpacking companies] Anglo, Swift and Armour agricultural and livestock products at a steady annual increase.

Year	Flax	Wheat	Corn	Chilled steers (*)
1900	16.50	6.00	3.75	70.00
1905	9.50	6.70	4.50	90.00
1910	16.75	8.70	5.20	120.00
1915	10.60	9.00	4.90	190.00
1918	22.50	12.90	6.00	220.00
1919	25.50	15.00	7.30	210.00
1920	24.70	21.00	9.00	175.00
Amounts in m\$n				
(*) Roughly calculated.				

With the general decline of capitalism comes the decline of world trade.

New inventions and the increased application of science to production proved more impotent than ever in the hands of the bourgeoisie after the war.

The old world, after opening wide channels of trade in all countries, destroying the walls of China, bringing manufacturing progress from Tibet to Mato Grosso, and proclaiming free trade as the main right of man, returned to protectionist and dictatorial ideas in politics from 1920 onwards and ruined itself economically, dragging the whole world down with it.

Argentina could not be an exception; it accompanied capitalism in its general decline, and the prices paid for its basic commodities on the market began to fall.

Year	Flax	Wheat	Corn	Chilled steers (*)
1922	19.50	12.50	8.10	120.00
1924	20.70	12.50	9.50	165.00
1926	15.70	12.50	6.50	148.00
1928	15.50	10.50	8.00	170.00
1930	17.00	9.00	5.70	163.00
1932	9.50	6.50	4.50	92.00
Amounts in m\$n				
(*) Roughly calculated.				

The Argentine bourgeoisie, thanks to its favourable geographical location, the impoverishment and exploitation of the peasant masses, and Europe's need for its products, enjoys a privileged position that allows it to achieve, we might almost say, constant positive results in its international accounts.

Except for the five-year periods 1866-70, 1871-75, 1880-85, 1886-1890, and the years 1911, 1921, 1922, 1923, 1925, 1926, 1933 and 1940, which show deficits, gold accumulates annually in the country.⁸

7 **Bunge & Born** was a multinational corporation based in Buenos Aires, Argentina, whose diverse interests included food processing and international trade in grains and oilseeds. The company was converted into the Bermuda-registered Bunge International in 1994, retaining the Bunge & Born name only in Argentina. In 1998, it divested itself of almost all its retail foods interests in favour of a greater role in international agribusiness and commodity markets; by then the company's gross annual turnover had reached us\$13 billion. It ultimately went public on the NYSE in 2001, becoming Bunge Limited. (Editor)

8 Pages 150 and 157 of José Boglich and also of Jacinto Oddone.

A friend and comrade of mine was right when he insisted that the Argentine bourgeoisie in its development tended to accumulate a large amount of financial capital.

It does not matter that the bureaucracy and public debt have increased, that the state has been mortgaged, and that these burdens fall on the people. The banks' order was carried out: maintain the value of the land at all costs, and that is what matters.

Based on what has been said, we could define the national oligarchy as the representative of the financial capital existing in the country, whether foreign, national, or intertwined.

Undoubtedly, this brings us into the realm of world imperialist relations. Because who owns most of the foreign capital existing in the country?

The meatpacking plants, the railways, many other companies, and the loans made to the government all point to England as the imperialist power with the largest investments. But that is not all. Argentina exports raw materials and imports manufactured goods. Since colonial times, England has been its main buyer and seller.

Logically, the country's ties with England are twofold: on the one hand, there is the English capital in the country, and on the other, its status as the leading power in trade.

Relations with this country remain constant. The surplus has been continuous for our country since 1914, except for the years 1922 and 1923. Both exports and imports remain stationary.

The same is not true of the United States, which, since the other war, has begun to increase its exports of manufactured goods and to carry out its imperialist penetration. The positive results for the country in 1914, 1915, 1916 and 1917 merely reflect the need for Argentine products in times of war.

From 1917 onwards, the results are always negative with regard to the latter country; huge imports are offset by meagre exports.

The fact that 1935, 1936 and 1937 are an exception, due to Uncle Sam's poor harvests and very good ones in Argentina, does not change the crux of the matter.

However, the total amount of the transactions from 6 September 1930 onwards fell sharply. From a rough average of 500 million pesos per year in imports, it fell from that year onwards to an average of 150 million pesos, and exports from 180 million pesos to 80 million.

We can therefore draw several general conclusions:

1) The previous war marked the beginning of increased trade relations with the United States, both in exports and imports, yielding positive results during the imperialist war of 1914 in transactions with Argentina.⁹

2) England maintained its economic relations with Argentina unperturbed, always with more or less the same amounts, with positive results for Argentina.

3) The United States saw itself dramatically distanced from the market of the great southern city from 1930 onwards.

The other two factors that have a marked influence on national trade are Germany and the Netherlands. With regard to these countries, the other great war indicates trade of no importance and, in general, with regard to Germany, negative in most years, with a general decline from 1930 onwards, and with the Netherlands, a strongly positive balance every year.

We can now complete the picture by defining the oligarchy as the intertwining of the interests of the national bourgeoisie and British imperialism, without exaggerating.

The various national governments have done nothing more than reflect the interests of this oligarchy. From 1930 onwards, it perched itself directly into the government apparatus.

This was the situation until the European situation worsened in 1939.

The first serious problem for the oligarchy was to deal with the unsellable quantities of grain, given the lack of warehouses and the difficulties with means of communication with Europe. "One of the most

⁹ The year 1920 indicates 700 million pesos of imports.

urgent problems faced not only by Argentina, but by several other Latin American republics, was the lack of storage space on ships for the transport of large surpluses of primary products.”¹⁰

The problem was extremely serious: the total ruin of the farmers meant, in addition to unpredictable social unrest,¹¹ the complete closure of the domestic market and the alienation of the rural worker, with the devaluation of agricultural income.

‘The continuation of the current state of complete paralysis in commercial grain exports may, almost certainly, further aggravate and complicate the subsequent problem of accurately estimating the value of farmland.’¹²

The only viable solution for the bourgeoisie was to resort to the extreme measure of having the government purchase the harvest, since “it is important to understand that the loss incurred in these operations represents a real loss that would have affected producers in the first place, if the purchase of their harvests had not cushioned the blow, etc.”¹³

The pretext of saving the producers is eternal, yet the same official documents attest that “the sectors that benefited, including the landowners”,¹⁴ “as well as the state’s intervention in the national economy with the purchase of crops that could not be sold abroad, maintained the purchasing power of the population, and many sectors, especially industry, reaped great benefits.”¹⁵

Manufactured goods that had been coming from Europe since the outbreak of hostilities no longer arrived. The lack of foreign competition thus opened up enormous possibilities for mining and industrial exploitation.

Thus, the lack of sufficient capital to initiate a total transformation and supply the domestic market with manufactured goods meant that imports from the United States had to be increased.

Year	Imports (million m\$n)	Year	Imports (million m\$n)
1931	185	1937	250
1932	112	1938	254
1933	107	1939	219
1934	145	1940	449
1935	160	1941	450
1936	160	1942	397

The United States, with the same products as Argentina – grain and livestock – was a poor substitute for Europe in terms of trade, as it could buy very little, especially given the government’s protection of American farmers and ranchers.

We have already clarified that the balance of trade with the United States was always negative for Argentina, except for a few years.

It is not surprising, therefore, that in 1940 and 1938 the largest deficits since 1930 in relations with the United States were recorded, just as those two years are the only ones with a negative balance in trade since 1930.

The grain problem remained as important as ever at the end of 1940; a huge corn harvest complicated the problem.

10 *English Chamber of Commerce Magazine*, March 1941.

11 Pinedo’s economic reactivation plan.

12 *English Chamber of Commerce Magazine*, April 1941, p.15.

13 Presidential Message 1942.

14 *Ministry of Finance Report*, 1941, p.97.

15 *Ibid.*, p. 59.

The money advanced by the Banco de la Nación from 1938 to 1940 for the purchase of the harvest, which had not been repaid, amounted to 278.7 million pesos in 1942. Despite the enormous expenditures that had already been incurred by the government, once again, the purchase of the 1941 harvest was necessary for the reasons already stated.

“The main cloud hovering over the country’s domestic economy is to circulate the immense and apparent excess of corn.”¹⁶ “Salvation from the great increase in grain is the vital problem at present.”¹⁷

Little could be expected from England, preoccupied as it was with its fight to the death with German imperialism.

The purchase of the harvest, that tumour in our bourgeois state, remained in place, and the only country that could provide the money needed for the operation was the United States.

This meant falling under the supervision of the Yankee bourgeoisie and throwing away the enormous possibilities for industrialisation in the country, but there was no other option.

The government negotiated a loan in Washington, which was agreed upon for a total value of us\$ 110 million.

The government began to talk about friendship between the two great countries of the Americas. Commissions were officially formed to intensify trade. A mission of leading figures from the American banking sector visited Buenos Aires in April 1941.

The 1940 report of the Ministry of Finance tragically predicted a larger deficit for 1941 and a major imbalance in the national economy. The oligarchy understood perfectly well that its ruin would come from the northern America.

Meanwhile, British imperialism sent experts to study the problem of unsellable crops at the end of 1940. Lord Wellington and the best technicians of the British bourgeoisie came to inspect the balance of power in the field. There is no doubt that British imperialism was not willing to give up one of its best “commercial colonies”¹⁸ without a fight.

In Europe, as a consequence of the conflagration, a peculiar phenomenon could be witnessed: the emigration of capital in significant amounts. (It has so far been impossible for me to officially determine the origin of this capital, but the political developments of the last decade led me to believe that part of it comes from European light industry and part from displaced British capital, with the common characteristic of competition with Yankee imperialism).

The point is that, since Lord Wellington’s mission, we have been witnessing a complete transformation in the country.

Argentina is a favourable environment for the investment of European emigrant capital, due to its potential for industrialisation and its distance from the United States’ sphere of influence.

For the first time in their history, the British discovered that the indolent Creole country had, “apart from the stability of the banking situation”.¹⁹ “The prosperity of heavy and semi-heavy industry is revealed in the satisfactory balance sheets of firms engaged in the manufacture of machinery and electrical equipment. One case in point being that one firm increased its profits from 1,160,000 pesos in 1939 to 1,400,000 pesos in 1940, to 1,650,000 pesos at the end of April 1941.”²⁰

As early as February, two months after the arrival of the British mission, an article entitled “Capital Investment in Local Trade and Industry” stated: “There is no doubt that since the outbreak of hostilities in Europe, and equally since the moment when war seemed inevitable, there has been a large amount of capital fleeing from many European countries to places where they have considered it could be invested or remain under conditions of great security. There could be little doubt about the fact that Argentina’s

16 English Chamber of Commerce Magazine, March 1941, p. 11.

17 English Chamber of Commerce Magazine, January 1941, p. 17.

18 “Commentary on Argentine Commerce”, *Journal of the American Chamber of Commerce*, p. 9, January 1941.

19 *English Chamber of Commerce Magazine*, 31 March 1941, p. 11.

20 *English Chamber of Commerce Magazine*, 30 September, 1941, p. 13

possibilities as a refuge for capital that formerly resided in what is now the ravages of the European war, etc.”²¹

That is why Congress, in what we might call the year of neutrality, in March, has not yet approved the credits granted by the United States, despite their urgent need, since “the general outlook for foreign trade in the coming months depends to a considerable degree on speed, or in other words, on which of these important financial operations can be carried out quickly.”²²

The oligarchy is beginning to notice that the tables are turning. The United States is forced by its war preparations to restrict its exports to Argentina and, instead, to increase its imports, mainly of livestock products, in an extraordinary manner. This will result in a further increase in the country’s exports to the United States.

Year	Imports (million m\$n)	Year	Imports (million m\$n)
1931	88	1937	297
1932	43	1938	118
1933	87	1939	18
1934	78	1940	233
1935	189	1941	542
1936	201	1942	510

The result of all this will be the largest surpluses with the United States in the country’s history: 92 million and 113 million pesos in 1941 and 1942, respectively.

A significant portion of the capital that entered the country was invested in banking institutions. “A portion of the incoming foreign capital in 1941 has been deposited in credit institutions, either on demand or on a term basis”²³ etc.

The consequence of this was that in six months, i.e. from 31 December 1940 to 30 June 1941, the cash balances of banks increased from 766 million to 1 billion pesos.

The problem of purchasing the harvest was addressed by “the largest domestic credit operation ever carried out by the Argentine government.”²⁴ Indeed, “in the sphere of Argentine national finances, the month was made historic by the tremendous event of the issuance of 250 million pesos in government bonds. This operation was, in many respects, unique in the annals of the local money market. The issue was substantially oversubscribed.”²⁵

“This circumstance allowed the executive branch to modify its original crop financing plan, which was based on loans arranged in the United States at the end of 1940.”²⁶

If in 1940 the Banco de la Nación advanced 278.7 million pesos for the purchase of crops, as we have already seen, in 1941 that sum increased to 783.8 million.²⁷

This was offset by the high surplus that began to emerge from market transactions, reflecting a phenomenon that, although foreseeable, was impossible to estimate or convenient to calculate: the large influx of foreign capital into our country in search of refuge and investment. As the year progressed, the anticipated foreign exchange problem disappeared.²⁸

21 *English Chamber of Commerce Magazine*, 31 March 1941, p. 12.

22 *English Chamber of Commerce Magazine*, 31 March 1941, p. 12.

23 *Ministry of Finance Report*, 1941, p.157.

24 *English Chamber of Commerce Magazine*, August 1941, p. 11.

25 *English Chamber of Commerce Magazine*, August 1941, p. 15.

26 *Ministry of Finance Report*, 1941, p.155.

27 *Ministry of Finance Report*, 1941, p.101.

28 *Ministry of Finance Report*, 1941, p.154.

“A factor of no small importance affecting the republic’s balance of payments in 1941 and contributing to the satisfactory results of 1941 was the constant influx of foreign capital, usually due to short-term investments in the Buenos Aires money market and Stock Exchange.”²⁹

“The dominant event in 1941 in the money market was the high surplus of 470 million pesos recorded in the balance of payments.”

“The year 1942 will continue to consolidate Argentina’s economy.” “Once again, as in 1941, our balance of payments in 1942 showed a growing surplus of 503 million pesos at the official exchange rate. Identical to the previous year, a strongly favourable trade balance and a sustained inflow of foreign capital determined this result.”³⁰

The big problem for the national government is finding a place for the financial capital existing in the country, as the domestic market is too small for such a large amount.

The national merchant navy was created, to the delight of the English banking sector. The Argentine Industrial Union will report before the end of September 1941 that at the beginning of the year, the capital invested in industry was 1.777 billion, while at the end of that month, it totalled 5 billion.

Argentina will thus become an exporter of manufactured goods. Trade with other American countries will increase along with its sphere of influence.

Value of exports for the Miscellaneous category			
Year	Millions of pesos	Year	Millions of pesos
1931	22	1937	31
1932	16	1938	39
1933	17	1939	50
1934	30	1940	76
1935	27	1941	143
1936	31	1942	243

Ships with Argentine products will not have a break from Swed ... [The rest of the document is missing.]

²⁹ *English Chamber of Commerce Magazine*, 31 March 1942, p. 40.

³⁰ *Ministry of Finance Report*, 1942.