

Dictators and Finance: The Argentine Military Regime's Nationalization of the Italo Electric Company in 1978

Journal of Contemporary History

1–18

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DOI: 10.1177/00220094251323801

journals.sagepub.com/home/jch**Sebastian Alvarez** 

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Abstract

The ascent of Argentina's civilian-military dictatorship in 1976 heralded a significant transformation in the country's economic policies and prompted a neoliberal turn. Focusing on the acquisition of the Compañía Ítalo Argentina de Electricidad (CIAE) in 1978, the article explores the relationship between the dictatorship, private enterprises, and foreign capital. It reveals intricate connections between Argentine officials and Swiss private owners, shedding light on the interplay of international finance and national policymaking. Additionally, the study unveils an unexplored dimension of Switzerland and Argentina's diplomatic and financial ties, underscoring the significant role of Swiss business interests in the country and their impact on international relations. It also shows the longstanding partnership between crucial binational members of the domestic political and economic elite with Swiss business interests in Argentina.

Keywords

neoliberalism, international finance, dictatorships, Latin America

The ascent of Argentina's civilian-military dictatorship after the coup of March 1976 brought a major shift in economic and foreign policies. Unlike the approach of the

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previous Perónist administration, the new economic team led by Finance Minister Martínez de Hoz looked to deal with the country's worsening financial situation through a reduction of state intervention and the introduction of market-oriented reforms to foster private enterprise.¹ The program aimed to liberalize the economy and restore Argentina's relations with domestic and international business communities.²

The relationship between authoritarian regimes and the corporate sector has drawn considerable attention over the past decades. While largely studied for the Nazi and Fascist periods in Europe,³ an increasing body of literature has explored the connections between the right-wing Latin American dictatorships of the 1970s and 1980s and both local economic groups and multinational companies.⁴ These works have often depicted them as mutually beneficial allies, with governments acting as strongholds against communism while promoting pro-market policies that aligned closely with corporate and foreign investor interests. In Argentina, recent research has highlighted the deep economic and financial ties between influential business leaders and the military during the 1976–83 dictatorship.⁵ Key figures from major economic groups held important state positions, while the financial sector significantly supported the government's needs and its broader economic initiatives.⁶

This article examines the 1978 nationalization of the Compañía Ítalo Argentina de Electricidad (CIAE) by the Argentine military dictatorship, an episode that has largely been overlooked in scholarly research. Focusing on the conditions and process by which the government acquired the Ítalo offers important insights into the interactions between authoritarian regimes and multinational corporations. First, CIAE was not

1 On the economic program of the Dictatorship see Jorge Schvarzer, *La Política Económica de Martínez de Hoz* (Buenos Aires: CISEA, 1983) and on international financial relations Raúl García-Heras, 'The Return of International Finance and the Martínez de Hoz Plan in Argentina, 1976–1978', *Latin American Research Review*, 53.4 (2018), 1–16; Raúl García-Heras, 'Finanzas Internacionales Entre Dos Eras: La Experiencia Del Peronismo En Argentina, 1973–1976', *América Latina En La Historia Económica*, 28.2 (2021), 1–23; and Raúl García-Heras, 'Multilateral Loans, Banking Finance, and the Martínez de Hoz Plan in Argentina, 1976–1981', *Revista de Historia Económica - Journal of Iberian and Latin American Economic History*, 36.2 (2018), 215–40.

2 See José A. Martínez de Hoz, *Bases Para Una Argentina Moderna, 1976–1980* (Buenos Aires, 1981), 70–86.

3 See, for instance, *Business and Industry in Nazi Germany*, ed. by Francis R. Nicosia and Jonathan Huener (New York: Berghahn Books, 2004), *Enterprise in the Period of Fascism in Europe*, ed. by Harold James and Jakob Tanner (London: Routledge, 2002), and *Business in the Age of Extremes*, ed. by Hartmut Berghoff, Jürgen Kocka, and Dieter Ziegler (Cambridge: Cambridge University Press, 2013).

4 See chapters in *Big Business and Dictatorships in Latin America: A Transnational History of Profits and Repression*, ed. by Victoria Basualdo, Hartmut Berghoff, and Marcelo Bucheli (Cham: Palgrave Macmillan, 2021).

5 See Victoria Basualdo, 'Business and the Military in the Argentine Dictatorship (1976–1983): Institutional, Economic, and Repressive Relations', in *Big Business and Dictatorships in Latin America: A Transnational History of Profits and Repression*, ed. by Victoria Basualdo, Hartmut Berghoff, and Marcelo Bucheli (Cham: Palgrave Macmillan, 2021), pp. 35–62; *The Economic Accomplices to the Argentine Dictatorship*, ed. by Horacio Verbitsky and Juan Pablo Bohoslavsky (Cambridge: Cambridge University Press, 2015); and Eduardo M. Basualdo and Mariano A. Barera, 'Las Privatizaciones Periféricas En La Dictadura Cívico-Militar: El Caso de YPF En La Producción de Petróleo', *Desarrollo Económico*, 55.216 (2015), 279–304.

6 See Daniel Azpiazu, Eduardo M. Basualdo, and Miguel Khavisse, *El nuevo poder económico en la Argentina de los años 80* (Siglo Veintiuno Editores Argentina, 2004) and Ana Castellani, *Estado, Empresas y Empresarios. La Construcción de Ámbitos Privilegiados de Acumulación Entre 1966 y 1989* (Buenos Aires: Prometeo, 2009).

only Argentina's largest electricity provider but was also owned by a Swiss-based financial conglomerate, largely controlled by major Swiss banks and industrialists. Second, the nationalization occurred at the height of capital inflows from Swiss banks to Argentina, suggesting a strong alignment of interests between the regime and foreign owners. Finally, as this article reveals, several prominent members of Argentina's political elite maintained longstanding ties with Swiss business interests, highlighting a web of state-corporate connections through individuals with roles and familial links in both sectors. By examining the interplay of these factors, this article offers a valuable case study of the entangled foreign and domestic private interests that shaped and defined policy-making under Argentina's military rule.

The article contributes to the expanding scholarship on Latin American dictatorships and their relationships with large corporations by bringing to light the Swiss dimension, an often-overlooked yet crucial part of Argentina's corporate landscape.⁷ While existing studies have predominantly focused on US stakeholders and the global interests of countries like Germany, France, Italy, and Canada, little attention has been given to Switzerland despite being the second-largest foreign investor in the country after the United States. By analyzing the 1978 nationalization of the CIAE, this study reveals the significant impact of Swiss business interests on the dictatorship's economic policies. The case underscores the influence of foreign capital on national policymaking, illustrating how banking and industrial companies worked together to steer authoritarian governance, a dynamic often neglected when examining these sectors independently. This integrated and holistic examination offers a unique perspective on the interconnections among financial and non-financial corporate and state actors.

Our investigation draws on an extensive array of previously unexplored primary sources from Switzerland, Argentina, and Belgium. Swiss records, particularly those in the Federal Archives in Bern, were essential for reconstructing the perspectives of economic and diplomatic authorities, with detailed insights from the Federal Department of Economic Affairs and the Federal Political Department that reveal the priorities and internal deliberations of key Swiss actors. In Argentina, contracts preserved in the Banco Central de la República Argentina (BCRA)'s archives and parliamentary records from the Ministry of Economy provided critical views of government strategies and financial negotiations. The private archives of Motor-Columbus, the owner of the Ítalo, in Baden and Sofina in Brussels added further context, with board and management meeting minutes documenting corporate strategies to protect investments in Argentina and highlighting the network of private and political actors involved. However, the absence of Motor-Columbus minutes from 1976 to 1979, during the acquisition of the company, creates a gap that limits a full examination of some aspects of the process, particularly regarding concerns about corruption, which we revisit and reinterpret in the conclusions.

7 On the history of Swiss-Argentine relations see J. A. Doering, 'Die Schweizerische-Argentinischen Beziehungen', in *Argentinien Heute: Wirtschaft Und Kultur* (Zurich: Orel Füssli Verlag, 1970), 141–50; Andrés Cisneros and others, *Historia General de Las Relaciones Exteriores de La República Argentina* (Buenos Aires: Centros de Estudios de Política Exterior); *150 Años de Relaciones Suizo-Argentinas 1834–1984*, ed. by Elena Studer (Buenos Aires: Federación de Asociaciones Suizas de la República Argentina, 1984); and *El Legado Suizo En El Bicentenario Argentino*, ed. by Norma Aleman and Pierre Dumas (Buenos Aires: Cámara de Comercio Suizo Argentina, 2010).

The CIAE was founded in 1911 in Buenos Aires under the promotion and leadership of Italo-Argentine engineer and businessman Juan Carosio.⁸ With an initial capital of 5 million pesos, it became owned by the Aktiengesellschaft Columbus für elektrische Unternehmungen (Columbus Corporation for Electrical Companies), a financial company created in Glaris, Switzerland, in 1913 with the specific purpose of providing financing for the CIAE that was required to its development. With 47 percent of the shares, a consortium of leading Swiss banks, which included the Swiss Bank Corporation (SBC) – the largest bank in the country, S. A. Leu & Co, Banque Suisse des Chemins (controlled, in turn, by the Société de Banques Suisses, SBS), and the Union de Banques Suisses (UBS), along with the Swiss industrial-electric company Brown Boveri & Cie were the majority shareholders.⁹ A decade later, with the merger in 1923 of Columbus and Motor, another electric financial firm with heavy participation of Swiss banks, the new Motor-Columbus company became the owner of the CIAE.¹⁰

The Motor-Columbus emerged as a key player in the Argentine electric market. In addition to the CIAE, the group also held control over five other smaller electric firms in the country, establishing itself as the primary competitor against the other major electric company, CADE, owned by the financial group CHADE which also had significant involvement of Swiss banks with Credit Suisse as its main shareholder.¹¹ These two corporations supplied about 60 percent of the electricity of the country for most of the century, and about 70 percent of the consumption of its main industrial district, the Great Buenos Aires.¹² The importance of electricity and energy costs for industrial production and the economic development of the country, as well as its impact in the cost of living of the population, placed the companies at the center of disputes and political debates. The question of whether a sector so vital to national interests should be in the hands of foreigners or under state control, and consequently the issue of nationalization,

8 Born in Arona, Italy, in 1876, Giovanni Carosio studied engineering at the l'Ecole polytechnique fédérale (EPF) in Zurich and worked for Tossi Company in Milan before migrating to Argentina in 1899. He became President of the CIAE from its creation in 1911 until 1959 and was also a member of the Board of the Motor-Columbus.

9 The other shareholders were an Italian group, made up of the Pirelli, Franco Tosi as well as Credito Italiano of Milan with 33 percent of the shares and the remaining 19 percent belong to a group of eight Argentine individual investors, which included Carosio himself and other personalities of the Italian business community in Argentina. See María Inés Barbero and Norma Lanciotti, 'Capital Extranjero y Gestión Local: La Compañía Italo-Argentina de Electricidad, 1912–1950', *Investigaciones y Ensayos*, 75 (2023).

10 Motor-Columbus Archive (hereafter MCA): File U.05.3.02.4 – Minutes of the meeting of the Management committee of the Motor-Columbus, March 11, 1925.

11 On the investments of Motor-Columbus in Argentina see Luciano Segreto, 'Du Made in Germany Au Made in Switzerland, Les Sociétés Financières Suisses Pour l'industrie Électrique Dans l'entre-Deux-Guerres', in *Electricité et Électrification Dans Le Monde (1880–1980)* (Paris: Actes du deuxième colloque international de l'histoire de l'électricité, 1992), 347–67; Dritte Welt Arbeitsgruppe, *Motor Columbus Entdeckte Amerika. 66 Jahre Elektrokolonialismus in Argentinien* (Bern: Funk-Helio-Service, 1977); Hanspeter Enderlin, *Motor-Columbus Antwortet: Schweizerische Elektrizitäts-Investitionen in Argentinien* (Baden: Geschäftsleitung der Motor-Columbus-AG, 1978); Patrick Kupper and Tobias Wildi, *Motor-Columbus from 1895 to 2006* (Baden: Motor-Columbus, 2006); Hanspeter Enderlin, 'Strukturelle Wandlungen in Den Wirtschaftsbeziehungen Der Schweiz Mit Lateinamerika' (1973); Enderlin, *Motor-Columbus Antwortet: Schweizerische Elektrizitäts-Investitionen in Argentinien*; and Erich Haag, *Motor-Columbus, 1895–1995* (Baden: Motor-Columbus AG, 1995).

12 National Archives of Belgium (hereafter NAB): Groupe Sofina Archives, vol. 354, Speech by D. Heineman at the Shareholders meeting in Luxembourg, November 18, 1947.

surfaced periodically in the public agenda. These debates ebbed and flowed in tandem with nationalistic sentiments and the political orientations of the various governments.

Discussions between the CIAE and Argentine governments about nationalization had a long, protracted history. The shadow of expropriation had been a constant and overwhelming source of fear at the CIAE, as well as the CADE, since the arrival to power of President Juan Domingo Perón in 1946.¹³ There were good reasons to be afraid in light of the many foreign companies in the country nationalized by Perón's government, some of which belong to powerful countries such as the US and the UK. It was especially true in the context of the debates about constitutional reform, particularly regarding the new article 40. This article stated that 'any exploitation of the public services will be Argentine, and, for this purpose, their nationalization will be determined by a national law. In this case, public services operated by individuals, whether legal or natural persons, will be nationalized. Minerals, waterfalls, deposits of oil, coal, gas, and other natural energy resources (vegetable resources excepted) are inalienable property of the Nation'.¹⁴

The concern of shareholders was not the nationalization itself but rather the pay they might receive. As the Swiss Minister in Buenos Aires Edouard Feer stated in a letter to Berne on the matter, Perón's constitutional project confirmed the worries of 'having Argentine state get their hands on a number of foreign companies without compensating them fairly'.¹⁵ Feer estimated that, by leveraging on this new constitutional provision, the CIAE could be bought by the government for a price one-seventh of its actual value.¹⁶ As the correspondents involved in this quote make clear, the implications of the reform on Swiss investments in Argentina went beyond the borders of the private domain of the company. They were also a matter of diplomatic concern for the Swiss government, which had long traditional ties and intertwined interests with the national banking sector and the financial industry more broadly.¹⁷ Moreover, voices claiming for the nationalization came not only from the perónist government but also from the opposition, including the influential UCR leader and future President Arturo Frondizi. On 17 July 1946, Frondizi declared in Congress that 'the only way to solve [the problems of the electric service] is through the withdrawal of the legal personality of the company, the nullity of the concession and the nationalization of the service'.¹⁸

Indeed, once in power twelve years later, the Frondizi administration (1958–62) brought again into the agenda the question of the ownership of the electric companies. For its

13 See Roberto Araujo, *Perón y La CADE: Las Enseñanzas de La Historia Son Mandatos Para El Presente* (Buenos Aires: Punto de Encuentro, 2009).

14 Swiss Federal Archives (hereafter SFA): E 2001 [E] 1967/113 vol. 266, Letter by SEBA in Buenos Aires to FPD, January 13, 1949.

15 *Ibid.*

16 SFA: E 2001 [E] 1967/113 vol. 266, Letter by SEBA in Buenos Aires to FPD, March 15, 1949.

17 On the links between Swiss banks and the confederation see, for instance, Sébastien Guex, 'Les Origines Du Secret Bancaire Suisse et Son Rôle Dans La Politique de La Confédération Au Sortir de La Seconde Guerre Mondiale', *Genève*, mars (1999), 4–27 and Christophe Farquet, 'A Beggar Became a Banker: Financial Relations between Switzerland and France and the Implications for Foreign Policy, from the Belle Epoque to the Phoney War', *International History Review*, 43.2 (2020), 297–316.

18 MECON, Diario de sesiones de la Cámara de diputados de la nación, July 17, 1946, p. 312.

developmentalist economic policies, the electric energy sector was highly strategic and of crucial importance to the industrial and socio-economic goals of the government program. Soon after taking office, Frondizi approached the CADE and started a round of negotiations that culminated with an agreement in 1958 and its transformation into a private-public corporation, the Servicios Eléctricos del Gran Buenos Aires (SEGBA), to be fully bought by the Argentine state ten years later in 1968. As for the CIAE, the negotiations with the Argentine government were not concerned with the selling of the company but the renewal and conditions of the concession contract that was set to expire in 1962. In a context of conflict and increased wage demands by Luz y Fuerza, the powerful labor union of the sector, there were lengthy discussions, and the deadlines set for the signature of the new contract were postponed several times.¹⁹ Eventually, an agreement was reached in 1961 for a new concession contract with the same terms and conditions previously obtained by SEGBA, with the main difference that the Ítalo was to remain 100 percent in private hands, securing the Motor-Columbus the full ownership of the company.²⁰

Under the terms of the new contract, the CIAE committed to an expansion program aimed at doubling its production and distribution capacity within four years, later extended to 1969.²¹ The anticipated investment for this ambitious undertaking was estimated to fall within the range of US\$ 70–80 million – an amount equivalent to the assessed value of the existing physical assets and facilities. To secure funding for this expansion, the company raised a loan of US\$ 8 million from a consortium comprising three major Swiss banks. Simultaneously, on 6 June 1969, these banks issued a 15-year bond on the Stock Exchanges of Basle, Zurich, Geneva, Berne, and Lausanne. Further financial support came in the form of a second 12.5-year credit, amounting to US\$ 7 million, granted by the London firm Babcock & Wilcox Ltd. Subsequently, an additional US\$ 27 million was secured from German, American, and Japanese banks to bolster the distribution network. In August 1969, as part of a more extensive lending operation negotiated between the BID and the Argentine government, a long-term loan of US\$ 15 million was obtained. Although these investments led to a more than doubling of production, the external obligation and leverage levels of the company grew substantially.

Initiatives for nationalization, however, did not solely originate from the Argentine side. Shareholders made several attempts to sell the company to the state.²² Following an initial unsuccessful endeavor with the Onganía de facto government after the coup of 1966, the Motor-Columbus reopened discussions with the new administration of Isabel

19 SFA: E 20011976/17 vol. 335, Memorandum – *Compañía Ítalo Argentina de Electricidad*, June 10, 1963.

20 Central Bank of Argentina Republic Archives (hereafter CBARA): File BCRA-ACU.INT, Prestamos 01, Argentine Republic External Loan, June 30, 1961.

21 The deadline was initially set for 31 December 1966 but later extended to end-1969.

22 See, for instance, Philipp Müller, 'Les Investissements Électriques Suisses En Argentine Face à La Nationalisation (1943–1961)', in *Relations Internationales et Affaires Étrangères Suisses Après 1945*, ed. by Jost Hans Ulrich (Lausanne: Antipodes, 2006), 113–26; Roberto Araujo, *El Caso Chade-Cade-Ítalo y La Complicidad de Empresarios, Políticos y Decanos*, Jornada de Historia de La Industria y Los Servicios, 2007; and Pablo Julián Davis, *La Cuestión Eléctrica de Buenos Aires En La Década de 1930: Aspectos Económicos y Sociales de Un Escándalo Político*, Centro de Investigaciones de Historia Económica y Social, 1989.

Perón in July 1974. This took place within the context of the 'Argentinisation' program she announced upon her arrival to the Presidency, a move that was partly motivated by escalating demands and pressure from Luz y Fuerza. In November, finance Vice-Minister Guido Di Tella presented an offer ranging between US\$ 35 and 50 million, based on the value of the company's shares in the stock market and the external debt levels.²³ In response, Motor-Columbus proposed an alternative based on the value of the assets and facilities of the company, estimated at US\$ 150–160 million. Negotiations were, however, interrupted in December 1974, when the Attorney General declared the legal nullity of the 1961 concession contract. Subsequently, the Argentine government named a labor union leader to intervene in the company, assuming control of the management of the CIAE.²⁴

Discussions regarding a potential purchase resurfaced shortly after the ascent of Rafael Videla to power and the appointment of Martínez de Hoz as the Minister of Finance in March 1976. According to Motor-Columbus records, substantial progress in these discussions was achieved only much later, particularly during the comprehensive negotiations held between representatives of the Argentine government and the CIAE from 6 April to 12 April 1978 in Buenos Aires. On one side, former Minister of the Supreme Court of Justice Alejandro Caride had been appointed negotiator by the major state of the Military Junta in November 1977. On the other side, representing the CIAE, were Hanspeter Enderlin, Vice-President of Motor-Columbus, and Francisco A. Soldati, President of the company. There was also the participation of Luis Maria Gotelli, former Mining and Energy Secretary under Onganía and Vice-President of SEGBA, who was appointed at the request of the CIAE to manage the case and intermediate in the reconciliation of both parties. Unfortunately, the details of this highly confidential discussion are not available in primary sources, but the information about the discussion of the meeting circulated in official circles in Berne and among the main implicated banks and shareholders.²⁵

On 31 October 1978, the Military government signed the contract to buy the Ítalo from the Motor-Columbus. While the exact figures are still a matter of controversy, the official buying price fixed in the contract for the acquisition of the physical assets and facilities was US\$ 92.3 million (art. 4.1) – an amount representing about 2 percent of the budget of the National Treasury, which included the takeover of the company's short and long-term liabilities of about US\$ 215 million (art. 4.2).²⁶ The payment was to be made through

23 SFA: E 2001 E-01 1987/78 vol. 435. Briefing note by the Federal Department of Economic Affairs (FDEA) to the Swiss National Bank (SNB), Federal Political Department (FPD), and the Swiss Embassy in Buenos Aires (SEBA), December 10, 1975. The cancellation of the concession contract by Presidential decree n° 648 of February 1976.

24 MCA: File U.05.3.02.4, Minutes of the meeting of the Management committee of the Motor-Columbus, December 10, 1975.

25 SFA: E7110 1989/32 vol. 123. Letter by Francisco A. Soldati to Michael Kohn and H. P. Enderlin, February 2, 1978.

26 On details of the deal see Congreso de la Nación, *El Caso Ítalo: Informe y Conclusiones de La Comisión Especial Investigadora (t. 1 y T2)* (Buenos Aires: Impresiones del Congreso de la Nación, 1985) and also Comisión Investigadora, 'Aportes a La Investigación Sobre El Caso Italo', *El Bimestre Político y Económico*, 19, 1985, 85–91; Comisión Investigadora, 'Parlamento: El Caso Italo', *Realidad Económica*, 1985, 93–105.

bonds of the Argentine state over eleven years though in Swiss francs at the average exchange rate quoted in the Zurich Stock Exchange as of 12 May 1978, that is 183 million francs. Among other clauses, the contract specified the agreement to take over the staff and personnel of the company with the exception of the direction (art. 6) and to respect previous contracts signed with providers and partners.²⁷ Thus, the nationalization meant that, along with the assets, the foreign obligations of the company also became the responsibility of the government and part of the public external debt.

Social networks and close business ties between members of the company and the government were an important underpinning of the Ítalo deal during the Military government. This is the case with one of the main negotiators of the deal Francisco A. Soldati, President of the CIAE – as well as of other affiliates of the Motor-Columbus in Argentina such as Combustibles and Sociedad Comercial del Plata (Cadelplata), a holding company involved in oil, railways, agriculture, media, among others – and member of the Board of the Motor-Columbus in Baden since 1969. His son, Francisco Soldati, who had been Finance Director at the Ministry of Finance in 1969 under Onganía, was appointed Director at the Argentine Central Bank during Videla's presidency, between 1976 and 1980, after leaving public functions during the previous Perónist government.²⁸ As with other members of his family, he also occupied leading positions at other affiliates of the Motor-Columbus in the country and succeeded his father at the head of Cadelplata after his death in 1979.²⁹ This nexus of roles highlights the key position of the Soldati family at the intersection of Military governments and Swiss business ventures in Argentina.

Indeed, Francisco Soldati (son) had direct participation in government policymaking and influence in discussions that explicitly or implicitly concerned the Ítalo deal. He was, for instance, part of the official delegation, along with the President of the BCRA Adolfo C. Diz, who accompanied José A. Martínez de Hoz in his first official visit to Europe in July 1976 as Minister of Finance. The main purpose of the trip was to raise funds in the Old Continent, and Switzerland was part of the itinerary. The situation of the CIAE, in particular the Perónist decree of February 1976 and the possibility of a potential repurchase, was part of the agenda in a meeting with Swiss banks in Zurich and with the Federal counselor Ernst Brugger in Bern.³⁰ Martínez de Hoz, a central pillar of the

27 Motor-Columbus, for instance, continue to be the company's consulting engineer. The contract was approved by the Board of the CIAE on November 30, 1978 and enacted by the Argentine government on April 20, 1979 by Law 21.984.

28 Soldati was one of the nine Directors that integrated the Board of the Central Bank along with the President, two Vice-Presidents, a Union representative (*síndico*), the General Manager, and the Secretary of the Board.

29 Francisco A. Soldati was murdered a few months after the Ítalo deal by Montoneros, a Perónist guerrilla organisation. His grandson Santiago had been kidnaped by the same organisation in 1973. For the business and political background and links of the persons involved see also Manuel Acevedo, Eduardo M. Basualdo, and Miguel Khavisse, *¿Quién Es Quién?: Los Dueños Del Poder Económico (Argentina, 1973–1987): Con Índice Alfabético de Empresas y Listado de Beneficiarios Del Endeudamiento Externo y Los Regímenes de Capitalización y Promoción Industrial* (Buenos Aires: Pensamiento Jurídico Editora, 1990).

30 MCA: File U.05.5.0.39, Report by the Motor Columbus, Wichtigste Entwicklungen und Ereignisse 1957–1976, December 7, 1976.

Military regime and the man behind the economic program, had his own personal history with the CIAE, as he had been a member of its Board of Directors from 1969 to 1975. While officially out of the negotiations since the early time of the Military regime – which were led by Ministry of Justice A. Caride as previously indicated, the Minister of Finance remained nevertheless a key institutional figure inherently involved in the affairs of the CIAE. Finally, Luis M. Gotelli, the man articulating the negotiations, had links with Militars and the company: he had served as Secretary of Mining and Energy under Onganía and was one of the candidates to succeed Francisco A. Soldati as the head of the CIAE.³¹

Connections between the Ítalo and Military governments included also some other influential figures of Argentina's politics and economic policymaking. Roberto T. Alemann, former Ministry of Finance under Frondizi between April 1961 and January 1962 and a central negotiator of the renewal of concession contract of the Ítalo in 1961,³² became in 1968 the representative of UBS, one of the main shareholders of Motor-Columbus, in Argentina. Alemann was appointed Minister of Finance during the Presidency of Leopoldo F. Galtieri between December 1981 and June 1982. Meanwhile, Juan Ernesto Alemann, Roberto's brother, served as the Finance Secretary at the Ministry of Finance under Martínez de Hoz since July 1976.³³ Outside the public sector, Roberto was also a member of the board of directors of the Argentine affiliate of the Swiss pharmaceutical firm CIBA, and his daughter, Norma, was eventually responsible for the Swiss-Argentina Chamber of Commerce in Buenos Aires. Additionally, the Alemann family owned the *Argentinisches Tageblatt*, the largest newspaper in the German language published in the country, run by Peter Alemann, who had previously served as the correspondent of the Swiss German-language daily newspaper *Neue Zürcher Zeitung* (NZZ) in Argentina.³⁴

What underlies the role of the Alemanns and Soldatis in the Ítalo operations is a close, longstanding attachment to, and relationship with, Switzerland and the representation of Swiss interest in Argentina.³⁵ Great grandson to Johann Jakob Alemann, who emigrated

31 Martínez de Hoz was also linked to prominent economic groups such as Acindar, Roberts, and Bracht. Other key members of his team with responsibilities in energy matters, including Secretary of Planning Guillermo Walter Klein and Secretary of Energy Daniel Brunella, were similarly connected to both national and foreign companies, notably the Shaw, Renault, and Ericsson groups. See Basualdo, *Business and the Military*, 43.

32 SFA: E 2001 (E) / 1976/17 vol. 331 – File: Roberto Alemann.

33 SFA: E2001 (E) / 1978/16 vol. 589, Note to Federal Counselor Brugger, July 6, 1976.

34 The Alemanns have already created the *Argentinischen Wochenblatt* in 1878 published all over Latin America up to 1958.

35 On the Swiss immigrations in Argentina and its connections with entrepreneurs and politics see Oscar Comblit, 'Inmigrantes y Empresarios En La Política Argentina', *Desarrollo Económico*, 6.24 (1967), 641–91; Carina Frid and Norma Lanciotti, 'Empresarios Inmigrantes, Redes Sociales, y Formación de Comunidades de Negocios En Argentina, Siglos XIX y XX', *Estudios Migratorios Latinoamericanos*, 65, 2009, 3–121; Caroline Morawitz, 'Implantations d'entreprises Suisses En Argentine Pendant La Première Moitié Du XXe Siècle' (Université de Genève, 1974); Juan Schobinger, *Inmigración y Colonización Suizas En La República Argentina En El Siglo XIX* (Buenos Aires: Instituto de cultura suizo-argentina, 1957); Caterina Gut, 'Schweizer Und Schweizerinnen in Buenos Aires, 1919–1939' (University of Zurich, 2005); and Manrique Zago, *Los Suizos En La Argentina*, ed. by Manrique Zago (Buenos Aires: Manrique Zago ediciones, 1995).

with his family from Berne in 1874 to settle in the Province of Santa Fe, Roberto was both a Swiss and Argentine national. As Hans Schaffner, head of the Swiss Federal Department of Foreign Affairs, stated about him after the visit of a delegation of the Onganía government in 1969: 'a fourth-generation Argentine, he, like the other members of the family, remained very close to his former Swiss homeland. We have in him a friend to rely on. Although he no longer holds official positions – he is currently, among other things, the representative and right-hand man of the Union of Swiss Banks in Buenos Aires – he has nevertheless retained a leading influence and supports liberal economic policies'.³⁶ Indeed, Roberto had even studied in Swiss Universities as part of his diploma in economics and, as other members of his family, had strong personal and business connections with the public and private sectors in Switzerland.³⁷

Like the Alemanns, the Soldatis were also closely intertwined with Swiss interests. Grandson to Pio Soldati, who left the Ticcino for Argentina at the end of the XIX century to help his brothers to develop La Estrella – one of the largest pharmacies in the continent, Francisco (father) had also double Swiss-Argentine citizenship and became heavily involved with Swiss business in the country. Apart from his role at the CIAE and the Motor-Columbus, Francisco had been a central figure in the Swiss Chamber of Commerce in Buenos Aires and president of the Drogueria Suizo-Argentina and the firm Lepetit, the first antibiotic factory in Argentina, in the 1950s. During the 1970s, he integrated the Board of directors of at least 15 companies, including the Sociedad Inversora Suizo-Argentina (ADCA). His brother, Agostino Giorgio, made a career in the Swiss Federal Administration and was the Swiss Ambassador in Paris between 1961 and 1966. Francisco's second son was Santiago, who graduated in economic sciences at the University of Lausanne, and was to replace his brother Francisco (son) at the head of Cadelpata upon his death in 1991. After the association with the Swiss electric engineering company Brown Boveri & Cie – which was the main shareholder of the Motor-Columbus, the Soldati-Brown Boveri group became one of the largest business conglomerates in the country.

But the Ítalo operation also touched upon the interests of Swiss government officials. William Frei, the Swiss Ambassador in Argentina, was closely overseeing the situation and centrally involved in diplomatic intermediating relations between the company and the Argentine government. In a letter to Berne on April 7, 1976 – shortly after the coup – he informed that 'the Military government adopted an extremely liberal policy and was opposed to outright nationalization. The new economic team was very favorable to the Italo. Minister Martínez de Hoz had been up to present a member of the Board of the CIAE [...] Soldati believes that the situation of the Italo was untenable and that the deal had to be solved as soon as possible'.³⁸ Frei became indeed a crucial facilitator in

36 SFA: E 2005 (A) 1890/82 vol. 8, Confidential report by Raymond Probst, chief of the Commerce Division (thereafter CD) of SEBA to the Swiss Embassies on the American continent, July 14, 1969. DoDis – 33267.

37 He spent two years at the Faculty of Law and Economic Sciences in Bern as part of his studies in economics.

38 SFA: E2001 (E) 1988/16 vol. 589, Telegram n° 14 by W. Frei, Swiss Ambassador in Argentina to CD at the SEBA, April 7, 1976.

arranging the meetings and talks among Motor-Columbus representatives, namely Hanspeter Enderlin, and officials of the Argentine state during the negotiations.³⁹ The situation of the Ítalo was, of course, a matter of significant concern for Swiss authorities as previously shown, but it also regarded the own personal private interest of the Ambassador in more direct ways. In fact, as revealed in the investigation of the Argentina Congress in 1985, William Frei owned 900 shares of the Ítalo himself.⁴⁰

This network of connections and influences highlights the extent of the conflict of interest and personal involvement in the negotiations, but it provides limited insight into the prevalence of corruption. Although there is no conclusive evidence of bribes or payoffs to Argentine officials linked to the 1978 Ítalo deal, archival evidence suggests the use of ‘non-orthodox means,’ in the words of company directors, to negotiate with the Argentine government.⁴¹ For instance, on 10 July 1975, during discussions over the redemption price with the Isabel Perón government at the time, the company chose to engage intermediaries with considerable influence in Buenos Aires. Although their identities do not appear in the meeting minutes, the documented cost of their services amounted to US \$250,000. Michael Korn, the director of Motor-Columbus, proposed to involve two shareholder banks, Crédit Suisse and SBS, in this process. Unfortunately, the archives lack additional information regarding the outcomes of this strategy, but it is worth noting that this occurred eight months before the March 1976 coup, and the company seemed to have a reasonably accurate understanding, based on information received from Buenos Aires, that the days of the Perónist regime were numbered.⁴²

During the 1930s, Swiss electric companies had been embroiled in one of the most significant corruption scandals in the history of the sector in the country. In the late 1920s, both CADE and CIAE faced increasing criticism within the Municipal Council of the City of Buenos Aires, as numerous voices were raised against their services and alleged breaches of agreements.⁴³ These conflicts brought the issue to the forefront of the Council’s agenda in 1932, sparking a discussion about the terms and conditions of their operations. This ultimately led to a reformulation and rewriting of contracts, which were finally approved during the winter of 1936, following the election of a new Municipal Council earlier that year.⁴⁴ However, contrary to original complaints and demands that instigated this process, the approved contracts arguably provided both companies with more favorable terms.⁴⁵ Historical evidence suggests that the

39 SFA: E 7110 1988/12 vol. 108, report by H. P. Enderlin, Vice-director of the Motor-Columbus, *Verhandlungen Argentinien/CIAE*, 1 September 1977.

40 See Congreso de la Nación, *El caso Ítalo*, p. 101.

41 MCA: File U.05.3.02.4, Confidential complementary note to the Minutes of the meeting of the Management committee of the Motor-Columbus, July 10, 1975.

42 MCA: File U.05.3.02.4, Minutes of the meeting of the Management committee of the Motor-Columbus, March 22, 1976.

43 See Mario Rapoport and María Seoane, *Buenos Aires. Historia de Una Ciudad. (t. I)* (Buenos Aires: Planeta, 2007), 540–2 and Kupper and Wildi, *Motor-Columbus*, 10.

44 See Miguel Ángel Scenna, ‘CHADE: El Escándalo Del Siglo’, *Todo Es Historia*, 52, August (1971) and Davis, *La cuestión eléctrica*.

45 See Isabelle Lucas, *Un Impérialisme Électrique: Un Siècle de Relations Économiques Helvético-Argentines (1890–1979)* (Lausanne: Antipodes, 2021), 77–9.

voting process was influenced by prior arrangements between the companies and thirteen council members, each of whom had allegedly received an estimated down payment of around 100,000 pesos (equivalent to 123,660 francs).⁴⁶

In 1943, the Military government of Pedro P. Ramírez created the Investigation Commission on Electricity Public Services known as the Conde Commission. The purpose was to shed light on the conditions under which the CIAE and the CADE obtained a premature extension of 40 years on their concession contracts of 1936.⁴⁷ The documents of the UCR and Municipal counselors as well as the offices of the two companies were searched including the other electricity firms of the Motor-Columbus,⁴⁸ while the books, correspondence, and archives were confiscated and high executives were arrested and interrogated.⁴⁹ Published in 1945, the 650-page report documented serious irregularities and felonies in the procedures that led to the approval of the contracts. The president of the CIAE, Juan Carosio, recognized that the company had made recourse to 'useful' people and that amounts 'often important' had been granted to political parties during the elections to obtain an extension of contracts.⁵⁰

An additional important factor in the background of the Ítalo deal concerned international financial relations between the governments of Argentina and Switzerland. Although with varying degrees of intensity depending on the international and domestic financial, economic, and political conditions, Swiss capital exports to Argentina, namely in the form of loans and credit, have been frequent throughout the twentieth century. The years of the Videla regime with Martínez de Hoz at the head of the Ministry of Finance experienced however the largest financial operations in the history of Swiss-Argentine relations. Between 1976 and 1981, in just five years, Swiss banks lent to Argentina 871,2 million francs, an amount about twice as large as the total loans and credit facilities granted during the previous half century.⁵¹ UBS, the bank represented by Roberto Alemann in Argentina, and to a lesser extent Credit Suisse and SBS, both of which hold together about 40 percent of the shares of the Ítalo, were the main lenders and the Argentine government and the electric sector the main recipient.⁵²

International finance and foreign capital were major linchpins of the Military government's neoliberal economic approach,⁵³ and contacts with Swiss banks started soon after taking power. In a letter to the new President of the BCRA, Adolfo Diz, a graduate of the

46 See Comisión Investigadora de los Servicios Públicos de Electricidad de la Ciudad de Buenos Aires, *El Informe Rodríguez Conde: Informe de La Comisión Investigadora de Los Servicios Públicos de Electricidad* (1943) (Buenos Aires: Editorial Universitaria de Buenos Aires, 1974).

47 A Swiss mission to Buenos Aires in August 1943 informed Bern about the menaces that threatened the investments in the electric sector in Argentina. SFA: E 2001 (E) 1000/1572 vol. 652. Telegram of the SEA to the FPD, August 4, 1943.

48 Ibid.

49 "Investígase Cómo se Prorrogaron Las Concesiones de Electricidad." *La Prensa*, August 1943.

50 SFA: E 2001 (E) 1000/1572 vol. 652, Telegram by SEBA to FPD, August 24, 1943.

51 See Lucas, *Un impérialisme électrique*, 396–403.

52 See also Alfredo Orelli, 'Argentina y La Banca Suiza', in *150 Años de Relaciones Siozo-Argentinas 1834–1984* (Buenos Aires: Federación de Asociaciones Suizas de la República Argentina, 1984), 52–54.

53 See García-Heras, *The Return of International Finance*.

University of Chicago with experience in international banking, the SBS ‘informed [that] the institution was ready to authorize a 180-day credit to [the central bank] for a capital of 230 million dollars’, adding that ‘the recent event in the country [led] us foresee an improvement of the economic situation and it would be nice for us, through our collaboration, to be able to contribute to this development’.⁵⁴ Switzerland was indeed the first country that Martínez de Hoz visited during his official trip to Europe –accompanied by A. Diz and F. Soldati as previously mentioned, where he obtained a commitment for 60 million dollars (150 million francs) from Swiss banks. During the 1960s and 1970s, Switzerland was, after all, the second largest foreign investor country in Argentina after the United States – and the first if investment per capita is considered. In Martínez de Hoz’s view, Switzerland was ‘the financial centre of Europe’.⁵⁵

Five months later, Videla and Martínez de Hoz welcomed a Swiss visit to negotiate the terms of the 150 million franc loans. Headed by Edwin Stopper as an agent of Swiss private interest,⁵⁶ the mission was also integrated by Sergio Demiéville, General Director of Crédit Suisse, Hanspeter Enderlin from the Motor-Columbus, and the Ambassador William Frei.⁵⁷ During this three-day visit, they also met with other members of the Swiss community in Argentina, namely Finance Secretary Juan E. Alemann, BCRA Director Francisco Soldati, and Carlos C. Helbling, President of the National Development Bank. As the institutional affiliations of the individuals involved in the meeting suggest, the discussions touch upon a variety of topics that were treated and negotiated together as part of the same package where international loans and the situation of the CIAE received a great deal of attention. As Hanspeter Enderlin reported to the Motor-Columbus upon his return to Switzerland, the Argentine President had engaged to find a solution that ‘respect the demands of investors’.⁵⁸ In the face of a government in eager search of foreign capital to deal with the financial problems and external imbalances of the country, Swiss banks had on their lending capacity a powerful leverage tool that they could use to strengthen their bargaining position and demands with respect to the CIAE.

Linkages between Swiss bank loans to Argentina and the situation of the CIAE were not unprecedented. During the Presidency of Arturo Frondizi between 1958 and 1962, two credits were arranged between Swiss banks, namely UBS, SBS, and CS, and Argentine borrowers, specifically the state. The first was in November 1959 for 27.9 million francs, short-term, to support the stabilization program of the government, and the second one was signed for 20.5 million francs with a maturity of 4 years on 30

54 Congreso de la Nación (t. 1, 1985), 441.

55 “Guter Wille in der Schweiz,” *Argentinisches Tageblatt*, July 10, 1976 and Congreso de la Nación (t. 1, 1985), 436.

56 He was member of the Board of Société Fiduciaire Suisse, Compagnie Suisse de reassurances, Nestlé, Sulzer Frères SA, Bank Leu AG, Compagnie Financière Michelin, Ems-Chemie Holding AG and The Long-Term Credit Bank of Japan.

57 MCA: File U.05.5.0.36, Report by H. P. Enderlin, Vice-Director of the Motor Columbus, Gespräche mit der argentinischen Regierung, December 13–15, 1976.

58 SFA: E 7110 1988/12 vol. 108. Report by H.P. Enderlin, Vice-director of the Motor-Columbus, Verhandlungen Argentinien/CIAE, September 1, 1977.

June 1961. It is noteworthy that the day of the loan agreement coincides with the ratification of the CIAE contract after consultation and approval by the National Electric Energy Council.⁵⁹ With the changes introduced by the Energy Law of 15 September 1960, the approval of the Congress was no longer needed and the ratification was done by decree with the signature of President Arturo Frondizi, Finance Minister Roberto Alemann, and the Finance and Energy Secretaries.

Six years later, shortly after the coup of the Argentine Revolution in 1966, Edwin Stopper visited Argentina as an official of the Swiss government at that time. The purpose was to discuss about the obstacles previously imposed by the Illia government to the repatriation of profits (transfer of dividends) and the imports of goods and capital.⁶⁰ Prospects looked good for the Motor-Columbus as illustrated by the words of its Director Michael Kohn soon after the visit: 'it is of our great hope to see the new man in power show more understanding for the interest of the CIAE and in so doing for foreign capital'.⁶¹ Indeed, under Onganía the CIAE obtained an increase of tariffs to assure a dividend of 8 percent to shareholders as stipulated in the 1961 contract as well as a 7 million dollar (30.2 million francs) compensation for the previous period.⁶² Although the company neither paid indemnification nor faced penalties for missing the 31 December 1966 deadline to expand its production and distribution capacity as stipulated in the contract, Swiss bank did provide additional financing to the country. This included not only the money the CIAE needed to invest to meet the expired contractual deadline – extended to 1969 as explained above, but also credits from the UBS, SDS, CS, and BPS to the central bank, the government, as well as other investment such as Hindronor SA and Banco Industrial Argentino for El Chocón project.⁶³

Importantly, the significance of Swiss capital inflows into Argentina was considerably lower during the democratic governments preceding the Military putsch of 1966 and 1976. During the government of Arturo Illia between 1963 and 1966, when the CIAE was to undertake and finish the extension works arranged under the 1961 concession contract, Swiss capital flows to Argentina were almost nonexistent. Only one loan of 12 million francs in December 1965 was granted to the country in this period, and not by Swiss banks but by the Confederation to the Argentine government as part of a restructuring process and the consolidation of external debt of the country. As for the Perónist government of 1973–6, when tensions emerged about the situation of the CIAE with the annulment of the 1961 decree previously mentioned, the freezing of electric tariff, and the interruption of distribution of dividends by the company, a total amount of 48 million francs (equivalent to 17 million dollars) entered the country. It consisted of three

59 The contract is available at the CBRA. See File BCRA-ACU.INT. Prestamos 01. Argentine Republic External Loan, June 30, 1961.

60 MCA: File U.05.5.0.17, Confidential aide-memoire, Berichterstattung von Herrn Botschafter Dr E. Stopper über seine Reise nach Argentinien vom 5. bis, August 12, 1966 and August 23, 1966 and annexes.

61 MCA: File U.05.3.02.4, Minutes of the meeting of the Management committee of the Motor-Columbus, July 14, 1966, p. 15.

62 MCA: File U.05.3.02.4, Minutes of the meeting of the Management committee of the Motor-Columbus, July 11, 1968; and File U.05.5.0.33, Aide-memoire CIAE, March 1976.

63 See Lucas, *Un impérialisme électrique*, 398.

loans, two of which were granted by UBS and the third one jointly by UBS, SBS, CS, and Volksbank. These three loans were extended to three important enterprises: Entel, Hidronor, and Industrias Basicas Quimicas (Inquibas) SA, respectively.⁶⁴

The use of its financial power as a bargaining tool in international relations is a salient feature of Swiss foreign policy and bilateral diplomatic processes during the twentieth century.⁶⁵ In the case of Argentina, the channel was a direct one as the banks that provided the bulk of the Swiss lending to the country throughout the century were the owners of the CIAE (and also the CADE). For a peripheral country with a long history of reliance and heightened dependence on foreign capital, the Motor-Columbus had the key to the Swiss financial marketplace which could be used as a carrot or a stick in their relationship with governments with respect to the interest and investments in the country. The close relationship between Swiss banks and the Federal Political Department (DPF), which had emerged out of the threats posed by the Conde Commission,⁶⁶ further strengthened the position of the Motor-Columbus. Indeed, when informed on the activities of the new investigating commission on 4 August 1943, the Head of the Section of Litigation and Private Interests Abroad of the DPF, Robert Kohli, arranged a meeting with the Swiss managers of the CADE, Henri Grandjean and Rudolf G. Bindshedler, as well as of the Motor-Columbus and the SAEG, Walter E. Boveri and Hans de Schulthess, in the Federal Palace in Bern.⁶⁷ This started, as the previous discussion has illustrated, a longstanding public-private collaboration to defend Swiss investments in Argentina and the reliance of the country on foreign capital was a main asset in the hand of the Swiss.

Unlike their American and British counterparts, Swiss electric companies escaped the wave of nationalizations under Perón that followed the government commission inquiries on their concession contracts.⁶⁸ In a context of diplomatic tensions and conflictive relations with the US, the Swiss marketplace offered Perón an alternative to break with the traditional dependence links of Argentina with Great Britain. In a meeting on 20 June 1944 with Swiss Minister Jenny, Juan Domingo Perón reassured him that the 'Swiss capital has nothing to fear about from the current government'.⁶⁹ After the end of the

64 See Lucas, *Un impérialisme électrique*, 400.

65 See, for instance, Farquet, *A beggar became a banker*.

66 Comisión Investigadora de los Servicios Públicos de la Ciudad de Buenos Aires, *El informe Rodríguez Conde: Informe de la comisión investigadora de los servicios públicos de electricidad de agosto de 1943*, Buenos Aires: Editorial Univesitaria de Buenos Aires, 1973.

67 SFA: E 2001 (E) 1000/1572 vol. 652, telegram by the SEBA to FPD, August 24, 1943.

68 Similar investigations as the Condé Commission were undertaken on the Anglo-Saxon companies which led to the expropriation (with no compensation) of several affiliates of the US consortium American & Foreign Power and their UK counterparts. Norma Lanciotti, 'Ciclos de Vida En Empresas de Servicios Públicos. Las Compañías Norteamericanas y Británicas de Electricidad En Argentina, 1887-1960', *Revista de Historia Económica / Journal of Iberian and Latin American Economic History*, 3.26 (2008), 403-38; Norma Lanciotti, 'Foreign Investments in Electric Utilities: A Comparative Analysis of Belgian and American Companies in Argentina, 1890-1960', *Business History Review*, 82.3 (2008), 559-86; José A. Gomez-Ibañez, *The Future of Private Infrastructure. Lessons from the Nationalization of Electric Utilities in Latin America, 1943-1949*, Taubman Center for State and Local Government, 1999; and Scenna, *El escándalo del siglo*.

69 SFA: E 2001 (E) 1000/1572 vol. 652. Letter from the SCIPE to H. Grandjean, member of the General Direction of Crédit Suisse and the Board of the CHADE, July 24, 1944.

war, Argentina would pass a major order of Swiss machines for a value of about 194 million francs and the financing of this trade operation was to be assured by Swiss banks.⁷⁰ Indeed the share of Swiss imports of engines and machines passed from 3.9 to 37.7 percent between 1939 and 1945. Moreover, the country would also benefit from German capital flight leaving Europe after the war coming from Switzerland.⁷¹ Indeed, the reactivation of Swiss-Argentine banking networks allowed to bring deposits and securities and keep them safe in Buenos Aires as well as the implantation of new investments and business trips from CS and SBS to grant an additional 40-million-franc credit.

This article has delved into the nationalization of the Ítalo Electric Company in 1978, a subject that has hitherto received limited attention in the existing literature. While instances of nationalization have occurred at various points in time and under different administrations, this article illuminates the underlying financial and business network connections between the company's Swiss foreign stakeholders and the Argentine state at the precise historical moment this operation occurred. The analysis offers new insights into recent literature on the relationship between dictatorships and the corporate sector, as well as the underpinnings of the military government.

One important implication concerns economic policy. The fact that the actors involved were vigorous promoters of free-market principles prompts significant considerations. On the Argentine side, the Dictatorship responsible for the country's neoliberal shift and economic liberalization ended up acquiring more assets than it privatized.⁷² This not only raises doubts about the coherence of the Junta's economic program but also calls into question its genuine commitment to private enterprise and the reduction of the state's size. Outside of Argentina, the international financial community, including powerful multilateral organizations such as the IMF and the World Bank, as well as leading global banks and governments from major developed countries, played significant roles in recommending market-oriented economic reforms in the developing world. Many of these reforms had their roots in the IMF's adjustment programs in the 1970s but took on a larger and more systematic scale during the debt crisis of the 1980s when rescheduling negotiations became commonplace. This episode stands in serious

70 SFA: E 2001 (E) 1000/1572 vol. 652. Telegram by S. Schweizer, Member of the Board of the SBS (transfer latter to the SEBA) to Maurice Golay, President of the General Direction of the SBS (received at FPD), August 4, 1944, and August 24, 1944.

71 On German capital in Argentina see Luis Víctor Sommi, *Los Capitales Alemanes En La Argentina: Historia de Su Expansión* (Buenos Aires: Claridad, 1945); Mario Rapoport, Andrés Musacchio, and Christel Converse, 'Las Inversiones Alemanas En Argentina Entre 1933 y 1945', *Iberoamericana*, VI.26 (2006), 45–69; and Andrés Musacchio, 'Los Capitales Alemanes En La Argentina En La Década Del 30', *Jahrbuch Für Geschichte Lateinamerikas*, 37.1 (2000), 245–70.

72 On the performance of public companies and privatizations during the dictatorship see Claudio Belini and Marcelo Rougier, *El Estado Empresario En La Argentina En Perspectiva Histórica: Conformación y Crisis* (Buenos Aires: Manantial, 2008); *La Eficiencia En Las Empresas Públicas*, ed. by Angel Gorostiaga (Buenos Aires: CICAP-OEA, 1986); *Empresarios, Tecnócratas y Militares. La Trama Corporativa de La Última Dictadura*, ed. by Alfredo Pucciarelli (Buenos Aires: Siglo XXI, 2004); and Horacio Boneo, 'Regímenes Políticos y Empresas Públicas: Algunas Cuestiones Vinculadas Al Ámbito y Dimensión Del Sector Productivo Estatal', *Estudios CEDES*, 3.7 (1980), 5–35.

contrast to such economic policy developments and the strong advocacy of principles aimed at addressing the enduring economic problems in developing countries.

Another implication centers on institutional aspects. While efforts to combat corruption were central to the Dictatorship's discourse in addressing the nation's economic decline, the regime's mismanagement and engagement in illicit economic and financial practices have gained increasing attention.⁷³ Although the accessed documents lack specific or concrete evidence in this regard, the conditions underlying the nationalization, as reconstructed in this article, raise significant concerns. Determining whether any actors involved in the negotiations profited from the deal or obtained other personal benefits is challenging. However, the article highlights clear links and conflicts of interest among Argentine officials, revealing that even the Swiss ambassador had vested interests. The historical peak in international loans, which have been identified as a primary source of corruption within the military regime, granted by Swiss banks that ultimately owned the Ítalo to the Argentine government during the Dictatorship, is also noteworthy. Even though it does not prove nor establish evidence of bribery or extortion, it does prompt questions about persuasion and the existence of *Qui Pro Quo* dynamics with a government in active search of financing and foreign exchange.

Two additional factors surrounding the deal cast further shadows. Firstly, despite being in blatant opposition to its economic policy program, the government never clearly explained the rationale behind the nationalization. In his memoirs, 'Quince años después', Martínez de Hoz states that when the Military government took office in 1976, it attempted to deactivate a nationalization process originally initiated by Isabel Perón which was 'impossible to reverse as the state's intervention had already progressed too far'.⁷⁴ He adds that, despite the ideological and political aspects, the nationalization made sense from an economic point of view as it allowed to unify the distribution networks with SEGBA (already in the hands of the state), rationalizing the system and saving on investments and maintenance expenses. While the article demonstrates a history of severe tensions between the Argentine state and the company, where the initiation and interruption of nationalization attempts had not been uncommon, the reasons advanced by Martínez de Hoz do not appear to provide strong arguments. Second, the disappearance of Director of Foreign Investments Juan Carlos Casariego de Bel has been associated with the Ítalo deal. Allegedly opposed to the operation, Casariego de Bel was kidnapped on 15 June 1977 and subsequently murdered by the Dictatorship.⁷⁵

Finally, the article holds also implications with respect to foreign policy. While the long-acknowledged relationships with the US and great European powers, such as the UK, France, and Germany, have been extensively discussed, the significant weight and

73 See, for instance, Verbitsky and Bohoslavsky, *Economic Accomplices*.

74 José A. Martínez de Hoz, *15 Años Después* (Buenos Aires: Emecé Editores, 1991), 80.

75 In December 2012, the Captain Héctor Pedro Vergez was declared guilty by the Federal Oral Court number 5 of the murdered of Casariego de Bel (along with J. Cocoz and J. Gallego Soto) and sentenced to 23 years in prison. On the case of Casariego de Bel see Lois Pérez Leira and Mónica Lázaro Jodar, *Galegos Víctimas Do Xenocidio Arxentino* (Vigo: Bauprés ediciones, 2007).

influence wielded by Switzerland which this article demonstrates are less clear. As a small capitalist country, renowned for its neutrality and a powerful financial sector, the factors behind the close connection with the brutal military regime in Argentina come to the fore. Notably, when examining the long-term financial relations between Swiss banks and Argentina, a distinct historical pattern becomes apparent. The volume of Swiss loans extended to Argentina peaked during the Military government of 1976–83 and was substantial during the Onganía Administration between 1966 and 1970, but it was considerably less significant during the democratic governments that preceded. While the reasons behind why Swiss banks would favor financing dictators remain unknown, access to money seems a plausible motive for Argentinians to maintain close relations with influential circles in Switzerland and the local families with Swiss links.

Funding

The authors received no financial support for the research, authorship, and/or publication of this article.

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