

The Policies for Domestic Commercial Aviation in Argentina: Between the Public Service Logic and Efficiency (1950-1970)

Melina PIGLIA

Consejo Nacional de Investigaciones Científicas y Técnicas
Universidad Nacional de Mar del Plata

Introduction

This article aims to analyse domestic commercial aviation policies in Argentina, between 1950 and 1970, a period of accelerating technological change as well as of global standardization of procedures and tariffs, since those policies reveal tensions and oscillations between (two ways of understanding aviation): economic efficiency, on the one hand, and public service and the affirmation of sovereignty, on the other. The article characterizes these tensions and their material implications and shows how they were linked

to the different projects of modernization and development, within the context of acute political convulsions in Argentina and Latin America.

Since the late nineteenth century, Argentina was the most dynamic, industrialized and modern South American economy, seeking to achieve a regional leadership, and by 1950 it was one of the first countries on the continent with a locally based airline and would be the first with jet-propelled aircraft. Air traffic formed part of a wider political project, initially defined by economic nationalism and, from the end of the 1950s, by the concern for development and modernization.

The history of commercial aviation in Argentina, and in Latin America in general, which combines social, political, technological and economic aspects, has been unexplored. This work aims to contribute to this history, highlighting the links between politics, processes of territorialization and a renewed view on transport as provided by the “mobility turn” (Cresswell, 2006; Urry, Sheller, 2006). Moreover, it seeks to contribute to the debates about the role of the states in the Latin American processes of modernization, to show how transport played a central role.

Domestic flights: Aerolíneas Argentinas and the promotion of development and national integration

In the context of the end of WWII and of a nationalist *comp d'Etat* in Argentina, a new aviation policy was inaugurated between 1945 and 1947. In 1945, the *de facto* president, Eduardo Farrell, enacted a series of decrees which sought to physically unify Argentina through aviation. In April, national sovereignty was established over Argentinian airspace, all ground infrastructure was nationalized and the promotion of commercial and sports aviation was put into the hands of the Secretariat of Aeronautics. In addition, domestic airlines were reserved for the state or for joint ventures, in which the

private shareholders had to be Argentinians resident in the country. International air traffic originating in Argentina was considered to be part of the wealth of the nation and, during the negotiations to organize international aviation, Argentina defended – successfully – its right to protect it (Piglia, 2016).

In 1946 a civil government took office (headed by General Juan Domingo Perón, a prominent member of the former *de facto* government). Air policy was in clear continuity with the one stated in 1945. In 1947 three joint ventures were set up (ZONDA, ALFA, and Aeroposta Sociedad Mixta), each of which was assigned a different zone of influence within the country, plus a fourth joint venture, FAMA, that would take responsibility for international aviation. The injection of capital and state support boosted some degree of expansion of air routes, or, more precisely, an expansion of intermediate stopovers on certain routes (such as Buenos Aires-Formosa or Buenos Aires-Mendoza). On the other hand, the mixed enterprises were short-lived and did not manage to renew the inefficient fleet of flying boats and piston driven planes, resulting in large economic deficits. Due to these growing deficits the project of a complete nationalization of the domestic airlines began to gain force. Towards the end of 1949, they were nationalized and, in 1950, gathered into a single airline: Aerolíneas Argentinas.

The decrees of 1945 had proclaimed the exclusive and complete sovereignty of the country over its airspace. Both the *de facto* military government and those at the heart of the new constitutional government which succeeded it in 1946⁸³, considered commercial aviation as a key factor of “national air power”, a central aspect of defending national sovereignty in the turbulent post-war international situation. Within this context, domestic commercial flights could help provide a reserve of trained pilots and the necessary ground

83 The new civil government was headed by the former *de facto* Vice President, Gral. Juan Domingo Perón.

infrastructure that could bolster military air power (Güiraldes, Rawson, 1949: 22-29).

The commercial planes allowed the rapid mobility of those who travelled for business, work, tourism, study or health, and carried newspapers, films, correspondence, medicines, spare parts and other merchandise, stimulating the economic, political and cultural life of the localities. Aerial connectivity was thus seen as a key to overcoming the “isolation” of some regions of Argentina, due to the vast geographical expanse and low population density. It was a way of strengthening the (material and symbolic) national integration, stimulating economic prosperity and, at the same time, asserting sovereignty in border regions.

Finally, guided by the state, the development of commercial aviation was seen as a way to counteract the imbalances generated by Argentina's development as an agro-export economy. Exacerbated by the railway system's radial structure – oriented towards Buenos Aires – riches and people were overwhelmingly concentrated in the Pampa region (Gómez, 1948: 23).⁸⁴

In short, commercial aviation was considered as a strategic element and as a public service, emphasizing therefore the geopolitical value and social role of domestic air transport and relegating commercial efficiency and economic yield to secondary importance. At the end of the 1940s, these ideas enjoyed a wide consensus: at the other end of the political spectrum, the leaders of the Partido Radical, such as Arturo Frondizi, also adhered to this principle which emphasized the relation between commercial aviation and the affirmation of sovereignty (*Revista Nacional de Aeronáutica*, 1949: 31).

The material result of this perspective was, through the creation of Aerolíneas in 1950, an expansion of domestic air routes, following a network scheme with multiple stopovers. This sought to accentuate intra- and inter-

⁸⁴ 70% of the population lived in Buenos Aires city and the Pampa region.

regional connectivity as well as linking the provincial capitals with the city of Buenos Aires. The kilometers covered by Aerolíneas on domestic routes increased some 50% between 1950 and 1958 (Aerolíneas Argentinas, 1950: 95; Aerolíneas Argentinas, 1959: 46; Güiraldes, 1979: 105)⁸⁵. More routes and a more intensive use of aircraft resulted in an increase in seat-kilometres provided and this was reflected in the growth of the number of passengers effectively transported. From around a quarter of million in 1950, the passengers-kilometer transported multiplied by six by the end of the 1960s (Aerolíneas Argentinas, 1950: 95; Güiraldes, 1979: 105).

The network routes scheme was possible and was reinforced by technology: most of Aerolíneas' aircraft were piston-driven; they had the advantage of being able to land at inferior airports, and, in the case of flying boats, where there was almost no ground infrastructure. On the other hand, the piston fleet had limited range requiring frequent stopovers, consumed a high ratio of fuel relative to the payload they could carry and required a lot of maintenance, thus keeping the company at a serious level of deficit (Piglia, 2018:127).

In 1955 a new military coup put an end to the government of Perón. Aerolíneas Argentinas was investigated and its closure discussed, in the midst of disputes between the Air Force and the Army. According to the report of the Investigating Commission, Aerolíneas had been squandering resources, flying with very low seat occupancy coefficients and with an excessive and undisciplined staff. (Comisión Nacional de Investigaciones, 1958: 227). They considered that Aerolíneas Argentinas had failed in reducing the hefty deficits of the mixed enterprises; in fact, with the fusion into

85 We do not have complete disaggregated figures for 1950, only total figures for kilometers flown. We have found, however, monthly figures for kilometers traveled for the period January-April 1950, when domestic flights accounted for around 80% of the total kilometers traveled, and it is on that basis that we have made the calculation.

a single company the deficit had doubled between 1950 and 1954 (Comisión Nacional de Investigaciones, 1958: 229). Moreover, they claimed, Aerolíneas had undergone a process of decapitalization provoked by the unreasonable sale of aircraft in good condition (almost 50% of the commercial fleet received in 1950). The investment in the development of Aerolíneas international services was also criticized, since in that realm the company competed with other companies at a disadvantage (Comisión Nacional de Investigaciones, 1958: 231).

The Commission claimed that the squandering of resources, had contradicted “the national objectives in terms of air transport”, worsening domestic services by 30% and preventing the Company from meeting the needs of isolated zones, highly deficient in surface transport (such as Puerto Iguazú). All in all, the argument reinforced to a certain extent the idea of air transport as a public service, although introducing a demand for some commercial efficiency.

They considered that part of the problem had been the subordination of the company to the Ministry of Transport, which had privileged other means of transportation, undermining the development of Aerolíneas. For the Commission, a key example was the route to the seaside resort of Mar del Plata: the refusal to authorize flights to this destination departing from Aeroparque (the airport in the heart of Buenos Aires city)⁸⁶, supposedly to avoid competition with the railway, had “killed” the route⁸⁷. For the Commission, the public interest and commercial efficiency had to go hand in hand: profitable lines (as they thought Mar

⁸⁶ Flight to Mar del Plata departed from airports located in Buenos Aires suburbia (Morón).

⁸⁷ It is not clear how well-founded these assessments were. In 1967, when Buenos Aires-Mar del Plata flights had already been departing for years from Aeroparque, the route had one of the highest deficits, five times that of Buenos Aires-Bariloche, for example (Aerolíneas Argentinas, 1967: 8).

del Plata's one was) would provide the surplus resources to support the "development" lines. Finally, the Commission considered that the monopoly in terms of domestic flights implied an abuse for the users, as they had no alternative other than to endure Aerolíneas' bad service (Comisión Nacional de Investigaciones, 1958: 231).

Competition and modernization

Despite the threats, in the end Aerolíneas was not dissolved, but its privileges were reduced. In 1956 competition from private regular Argentinean airlines was allowed in both domestic and international flights (Decree-Laws 12.507/56 and 1.256/57). Seeking to modernize air transport in Argentina and make it more efficient, the decrees also turned Aerolíneas into an "autonomous company", reducing its previous subordination to the Ministry of Transport.

Later on, the government of president Arturo Illia would argue that the authorization of the national private aviation activity had been, and continued to be, a way of increasing the quantity of air services without augmenting the budgetary effort of the state. At the same time the measure, he claimed, protected "society from the possible unfavorable consequences of that policy [of private exploitation], through the existence of a State Enterprise and adequate norms for regulating competition" (Poder Ejecutivo Nacional, 1964: chap. 13, w/n).

The decrees of 1956 and 1957 had maintained Aerolíneas as the international flag carrier and kept airports, radio-communications and meteorology in the hands of the state, while establishing a system of "regulated competition" for the domestic market. Private companies had to be Argentinian owned and financed. They could never exceed 50% of the market and fares would be the same for everyone. Competition, the authorities maintained, was aimed at improving the quality of the service (Poder

Ejecutivo Nacional, 1964: chap. 13, w/n). The state would contribute to covering the “deficits of a healthy exploitation” of private domestic companies, through subsidies based on flown kilometers (subsidies could not be used for the purchase of aircraft or spare parts). In practice, the amount allocated by the state was never sufficient to cover the large deficits of these companies: subsequent decrees established an apportionment of subsidies based on the efficiency of companies, measured in passenger-kilometers transported.

A good number of new airlines appeared in the following years. Some of them did not compete directly with Aerolíneas, but rather exploited regional routes which complemented the core routes run by the state company: that was the case with TABA in the province of Buenos Aires and with Aerochaco, a mixed company that exploited routes in the north east. Other companies expanded on central routes: Austral and ALA (the companies that lasted the longest) flew -respectively- to the most profitable destinations in Patagonia and some routes in the Litoral, and a couple of short-lived companies exploited international routes with several stopovers in the centre and north of the country (e.g. Trascontinental). The extension and the interconnectivity of the routes, the number of seats offered and the number of passengers, all grew rapidly in the 1950s and 1960s. This expansion was nevertheless quite modest: Argentina still had a limited air fleet, the seventh on the continent, and was far behind Brazil (which had five times more seats), Mexico, Colombia and Venezuela (Poder Ejecutivo Nacional, 1964: chap. 13, w/n).

In 1958 the existing government made way for a new constitutional government. With Perón in exile and his party proscribed, Arturo Frondizi, one of the leaders of the radical group, was elected as the new president. Frondizi sought to solve the limitations that internal market-led development had encountered after the great industrial expansion during

the peronista period⁸⁸. Within this perspective foreign capital was seen as a promoter of development, specially of basic industries. The “desarrollista” model Frondizi promoted, also pursued energy self-sufficiency and aimed at economic modernization.

In 1958 Frondizi appointed Commodore (Retired) Juan José Güiraldes as president of Aerolíneas, charging him with modernizing the company and making it more profitable, without any increased allocation of public funds. The objective was to combine greater commercial efficiency (and ideally to make the company self-sufficient) while still fulfilling the geopolitical objectives and the public function of the airline. Güiraldes believed that the solution lay in the modernization of the Company’s fleet: he decided to purchase new, more cost-efficient aircraft for international flights (British Comets) and began to evaluate the acquisition of others for medium (French Caravelles) and short distance flights (Piglia, 2018: 4).

Güiraldes chose Fokker aircraft for short-haul flights, but the project was cut short with his departure from Aerolíneas in 1959, in the context of a rapid political and economic deterioration of the country. Shortcomings in the balance-of-payments led to the intervention of the International Monetary Fund and the implementation of an adjustment program. In the new scenario, the company’s deficit became a pressing matter.

The private national airlines, united in the Argentinean Association of Air Carriers (AATA), seized the opportunity and intervened in the public arena aiming to eliminate Aerolíneas. The central argument lay in the alleged efficiency of the private companies, which contrasted with Aerolíneas’s

⁸⁸ This was an industrialization based on light industry, which is known as the “easy” phase of industrialization through import substitution, and had led to a balance of payments crisis by increasing the imports of raw materials, capital goods and energy.

wastefulness and deficit. Led by Austral and ALA (who operated virtually as a single company), in June 1958 the directors of AATA presented the government with two alternative proposals. They demanded that the state stop Aerolíneas' fleet renovation and transfer all internal routes to the private carriers. This was to be done with "the help required from the state to that end", that is to say, with state credits and guarantees for foreign credits (Aerolíneas, 1959:1). If this course of action was not followed, the other option was, they argued, that the state acquired the private enterprises, since the Argentinean market was not sufficiently big to permit the co-existence of the two (Aerolíneas, 1959: 5). The private carriers claimed that their unit production costs were lower and their productivity per employee was higher than those of Aerolíneas. Their central argument was that the state-owned company made losses because of its inefficiency, while the private carriers, which also made losses, did so because of the limitation of the market, itself a product of competition by Aerolíneas and the resulting limits to the routes that they could exploit (Aerolíneas, 1959: 3). In addition, they considered that Aerolíneas Argentinas amounted to a form of state monopoly, something they said was appropriate "to a totalitarian government" (Aerolíneas, 1959: 3).

Aerolíneas Argentinas responded with a document (the "*Libro Blanco*") in which it corrected the "errors" of the data on which the AATA's argument was based. The document asserted that the productivity of the private carriers was lower and their deficit larger than that of Aerolíneas, and that they were only pursuing their own benefit: "Given their own difficulties caused by errors for which Aerolíneas Argentinas is not to blame, they [AATA's companies] seek solutions at the expense of others, confusing their own interests with the objectives of public service" (Aerolíneas, 1959: 2). The *Libro Blanco* suggested that "under the pretext of the deficit, they

want to achieve the annihilation of Aerolíneas Argentinas” while demanding “for the inheritors, *the same level of subsidy at the very least*”⁸⁹ (Aerolíneas, 1959: 7). The worst of it, Aerolíneas judged, was that it was not a demand made by serious companies which could absorb Aerolíneas’ routes, but rather by “mere operators, some of almost no economic significance and no technical aptitude”, with old, rented aircraft and no workshops of their own (Aerolíneas, 1959: 7).

Although they demonstrated with figures that Aerolíneas’ unit profitability was greater⁹⁰, in essence, the defense of the state company appealed to another argument, in tension with microeconomic rationale: that of the public service and the superior interest of the nation. Appeal was made to sovereignty and the defense of the nation: “Air transport”, they maintained, “is the principal factor and expression” of air power, “one of the greatest elements of power of tomorrow’s nations”. Those circumstances obliged states not only to exercise strict control over it, but also to finance it, for while it was generally a deficit activity it was at the same time vital to the national interests (Aerolíneas, 1959: 7).

Whithin this context of renewed pressure to improve the Aerolínea’s economic performance, the company’s new management chose to acquire British Avro 748 aircraft, to serve short distance domestic flights. The purchase of the Avros was a relatively inexpensive option, since Argentina had agreed to be the launch customer for the aircraft. On the other hand, they were an incomplete replacement for the piston fleet, because they could not operate in airports with landing grounds that sported loose stones, such as those of the Patagonia. Due to this, or perhaps with a view to eliminating very unprofitable destinations, the company sought to discontinue some of the Patagonian routes. As a

89 Underlined in the original.

90 Of course the volume of its deficit, like that of its operations, was larger than the ones of the private companies.

result, the social and political resistance encountered in those localities meant the piston fleet survive until 1966, when these routes were handed over (with the aircraft that served them) to LADE, the Air Forces' development company (Piglia, 2018: 9). For this and other reasons (amongst them a fatal accident resulting from a design fault), the introduction of the Avros generated both conflicts with the unions and also a public row (Piglia, 2018: 7).

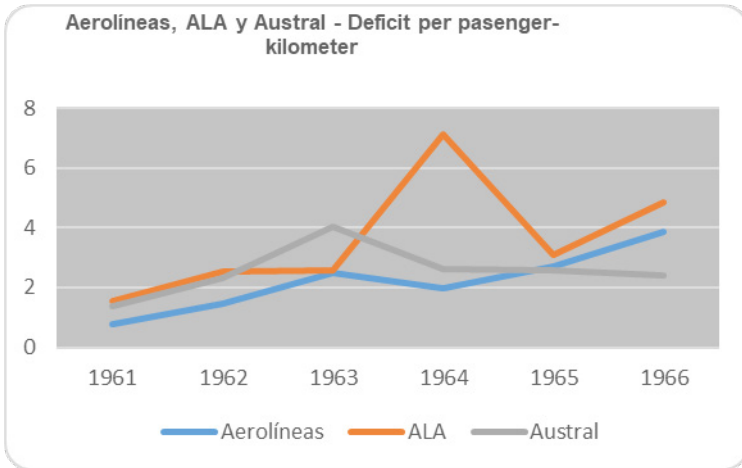
The political instability of Argentina was particularly acute during the 1960s and 1970s. Frondizi was overthrown by a coup in 1962 and replaced by the President of the Supreme Court. Elections were held in 1963 and a new constitutional president, Arturo Illia, took office, only to be himself ousted and replaced by a new dictatorship headed by Gral Juan Carlos Onganía, in 1966. The new government implemented a program of economic "rationalization" and cultural and political repression which resulted in generalized discontent and violent uprisings in several cities, and, an internal *coup* in 1970. State deficit was a major concern throughout the decade.

As had happened during Frondizi's term, Illia's government tried as well to bring "to reasonable levels" both Aerolíneas' operational deficits and private companies' subsidies. This objective brought again to the forefront the issue of reequipping the private airlines with more cost-efficient aircraft (Poder Ejecutivo Nacional, 1964: chap. 13, w/n). In addition, the government speculated on the possibility of beginning to transport all postal cargo by air as a way to finance the airlines, which, they assumed, would eliminate subsidies to private companies and reduce the operating deficit of Aerolíneas. However, the project, which would have involved a significant increase in the cost of mail for citizens, did not materialize (Poder Ejecutivo Nacional, 1964: chap.13, w/n).

This context intensified the private companies' offensive against Aerolíneas. In 1964, for example, the executive branch had to respond to an extensive request from the National Congress on air transport, whose questions (for example about the reasons "to reduce Aerolíneas Argentinas' activity and increase the frequency of flights of private airlines" - Poder Ejecutivo Nacional, 1964: chap.3) suggested pressure from private carriers.

The response of the Executive Branch to this request, as well as another series of data that Aerolíneas published in 1967 (once again defending itself against attacks by the AATA that – they maintained – had divulged false figures), make interesting reading. Both recognized the high (and growing) deficit of the state-owned company, but, at the same time, accounted for the inefficiency of private companies: they had strong operating deficits and a heavy dependence on state subsidies (see Graphs 1 and 2), and their average unit costs were higher (1961-1964) or similar to those of Aerolíneas (1965-1966; see Graph 1).

Graph 1: Evolution of deficit per Passenger-kilometer in domestic traffic (in \$)⁹¹



Source: Author's elaboration on the basis of the data base from Poder Ejecutivo Nacional, 1964: chap. 1, appendix 10, and Aerolíneas Argentinas, 1967: 7.

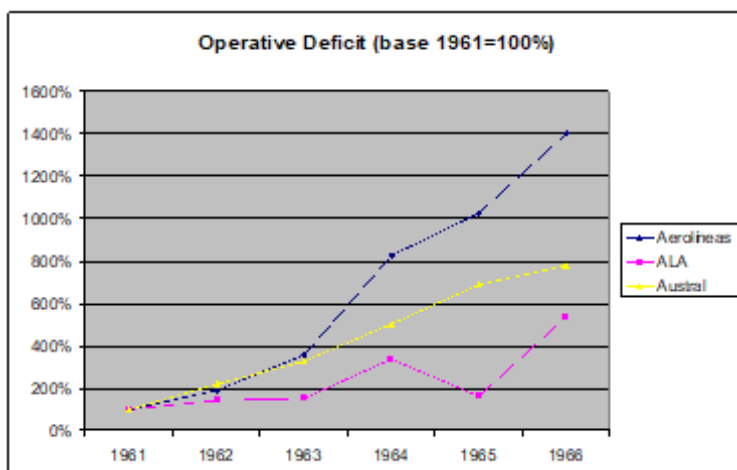
Private companies, in addition, provided a seat-kilometer offer below the quota that the regulations assured them and their occupation coefficient was, on average, lower than that of Aerolíneas: in 1963, for example, Aerolíneas offered 73.78% of the seats-kilometer, but transported 83.4% of the passenger-kilometers, while Austral offered 20.38% of

91 Profitability varied immensely between the different domestic routes in Argentina. Austral exploited the most profitable routes (such as the direct route to Comodoro Rivadavia, which had a deficit of 0,33 \$ m/n in terms of passenger-kilometers) while ALA operated the most loss-making routes in the Litoral. Aerolíneas combined profitable routes (direct flights to Bariloche, Comodoro Rivadavia, Córdoba or Mendoza) with extremely loss-making routes, such as those with most stopovers on the Patagonian Coast (Buenos Aires-Viedma-Trelew-Comodoro Rivadavia had, for example, a deficit of 6,2 \$ m/n in terms of passenger-kilometers) (Aerolíneas Argentinas, 1967: 8).

the seats and transported 9.72% of the passengers (Poder Ejecutivo Nacional, 1964: chap. 3, appendix).

The accumulation of exploitation and investment deficits by the private companies led to the early disappearance of several of them, and the merger of ALA and Austral into Austral Líneas Aéreas in 1971. At the beginning of the 1960s, the State sought to mitigate some of the consequences that these bankruptcies had on air connectivity: thus, for example, in 1962 it transferred in a precarious way some of the routes from Transcontinental to Austral (Poder Ejecutivo Nacional, 1964: chap. 13). Subsequent bankruptcies, in particular of regional airlines such as TABA – which ceased to operate in 1966 – left many localities without regular air service.

Graph 2: Comparative evolution of airlines' operative deficit



Source: Poder Ejecutivo Nacional, 1964: chap. 1;
Aerolíneas Argentinas (1967: 7).⁹²

92 A 1964 Aerolíneas Argentinas pamphlet described a completely different picture: it showed the total deficit (including international flights) to be on a descending curve which arrived at a “result” in 1963 of a deficit of a little more than 69 million pesos m/n, while the exercise of 1964 resulted in profits. It finished by announcing that Aerolíneas Argentinas would soon be self-sufficient and would save the country

Aerolíneas' deficit remained high because the reorganization of the fleet into three lines of long, medium and short distance airplanes (Comet, Caravelle and Avro) did not yield the expected results. Following the 1966 *coup*, in the midst of a process of modernization and rationalization of the state and economy, Aerolíneas would complete its modernization with a new technical change. This began in international flights, with the acquisition of six Boeing B-707 (1966), and continued in domestic flights, with the decommissioning of the remnants of the piston fleet, which flew to low demand destinations in Patagonia. As we have already said, these routes and the DC-3 and DC-4 aircraft were handed over to LADE, the airline controlled and operated by the Air Force. The decision had a double objective: consolidating the frontiers and maintaining military presence and supervision in these "insecure" territories⁹³, and reducing Aerolíneas' operating costs, eliminating high loss-making routes and aircraft. The change accelerated with the purchase of twelve Boeing 737s, for domestic and regional flights, between 1970 and 1974. That purchase went hand in hand with a series of major remodeling works for airports in provincial capitals and other important cities of the interior (like Rosario or Mar del Plata) to make them suitable for the operation of jets. After the arrival of the B737, the decommissioning of the AVRO fleet began. At the same time, in the mid-1960s Austral also renewed its fleet, with BAC 111 jets and YS-11 turbo-propeller planes and managed to improve its accounts. Without small aircraft, the tendency was for the routes to connect directly or almost directly the main cities with Buenos Aires and inter- and intra-regional connectivity decreased.

foreign currency (Poder Ejecutivo Nacional, 1964: anex 2.

93 LADE also served as a space for the permanent occupation and training of military pilots.

In 1975 a new constitutional government⁹⁴ curbed, to some extent, these trends: three Fokker F-28 Fairchild jets were acquired to meet the needs of short-haul flights. These smaller jets were more versatile in terms of ground infrastructure (they could land on more rudimentary runways) and were adapted to the low demand of sparsely populated towns, while at the same time were more cost-efficient than the old turbo-prop planes. In these circumstances, Aerolíneas was able at last to balance its books. The surviving private airlines, suffered the opposite fate. Growing increasingly indebted, Austral was at the verge of bankruptcy by the end of the 1970s. In a rather obscure episode, during the last military dictatorship (1976-1983), Austral was nationalized.

Conclusions

In the 1950s and 1960s, state funding of commercial aviation stimulated the emergence of an increasingly dense aerial commercial transport network which allowed many medium-sized and small localities in Argentina to be connected with others in their province and region, with the national capital and with different regions, often without passing through Buenos Aires. The financing of this was inspired by a political rationale: that of promoting national integration and the economic development of isolated, backward or distant territories, overcoming the problems of Argentina which, since the middle of the nineteenth century, were thought to be rooted in its vast territorial size.

Aerolíneas Argentinas was created in a context of the favorable balance of payments that followed the end of the Second World War; the *Peronista* government was less

94 The armed forces left power in 1973, after elections in which Perón was outlawed, but not his party; the new president, Héctor Cámpora, immediately called for elections and Perón again won the presidency. His term was very brief, since he died in July 1974, leaving his wife (and vice president) María Estela Martínez to lead the country.

concerned with the commercial efficiency of the company and emphasized almost exclusively its geopolitical and social importance. Monopolistic, with obsolete aircraft and unprofitable international and domestic routes, the newly created Aerolíneas accumulated deficits that Perón's successors fought against earnestly and fairly unsuccessfully. But the company also accumulated other advantages: the strong material and symbolic impact of the presence of the company (as a symbol of state presence and modernity) and the effects of air connectivity in many localities and regions throughout the country and the successful symbolic construction of Aerolíneas as an emblem of nationality and reason for pride. These explain to a large extent its capacity to resist over the decades the attempts to dissolve it (attempts that began after the fall of Perón in 1955).

After the *coup* of 1955, this political rationale began to coexist with another, a "commercial" rationale. The former aimed to strengthen "air power" and saw commercial aviation as a key factor in progress and sovereignty, while the latter sought to increase profitability and economic efficiency. Although governments continued to adhere to the idea that air navigation was a matter for the state and kept regulating the activity and financing the deficient domestic companies, the governments of the 1960s, which sought the development and modernization of the economy, aspired to the reduction of the deficit and, ideally, the profitability of the national airlines.

Within this aspiration the central strategy was the renewal of Aerolíneas' fleet. However, as we have seen, this put pressure on the public function of the company: many destinations were either unprofitable because of their low population density or because of the infrastructural investments required; in addition, the introduction of larger aircraft was more cost-effective only on the routes with the highest traffic load, which had fewer stopovers.

The two democratic governments of the period faced this dilemma by trying to preserve connectivity and therefore maintaining routes with little traffic, although, as we pointed out, perhaps during the Frondizi government there was an intention – frustrated by local resistance – to reduce loss-making routes.

It seems, however, that the Onganía dictatorship privileged the objective of balancing accounts: from 1966 the loss-making, but important in terms of sovereignty, destinations of Patagonia, were in the direct hands of those most interested in the area, the armed forces; the most profitable destinations were boosted with more cost-efficient aircraft (the Avro first, the Boeing from 1970), and the less populated towns of the Northeast of the country were without any air service. In a strongly repressive context and with the usual channels of public pressure blocked (Congress, political parties, even the press, subject to censorship), the government enjoyed greater freedom to remodel (“rationalize”) the routes, affecting the acquired rights of many localities. Added to this was the bankruptcy of local companies⁹⁵, something which was not compensated for by Aerolíneas or by LADE. The result delineated a radial pattern in the routes (that joined bigger cities with the its center in Buenos Aires). This pattern reversed what since the 1950s had been an increasing spatial expansion of the air connectivity network. The process was still incipient in the early 1970s and was partially offset by the introduction of the Fokkers in 1975.

This swing between the concerns for efficiency and the political rationale of public service and sovereignty cannot be understood outside the processes of acute political instability that Argentina experienced during the 1960s and 1970s and in the framework of periodic crises in the balance of payments and, from 1958, of external pressures for the reduction of

⁹⁵ Aerochaco did not go bankrupt but its activities tended to become less regular.

the fiscal deficit as an outcome of the IMF interventions. This political instability was reflected as well in the great instability of the political leadership of the company, and therefore of its direction. Moreover, in times of military governments, the company was also often a central element in disputes between the three forces (Navy, Airforce, Army).

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