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## *A Time of Acute Dependence: Argentina in the 1930s.*

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There is a persistent belief that the republics of Latin America benefit from economic crises in the advanced countries. Distruption in the developed world is supposed to reduce imperialist intervention and create opportunities for indigenous progress at the periphery of the international economy. While normal international trade and capital flows rob underdeveloped areas through the loaded mechanism of unequal exchange, crises in the developed world are said to divert metropolitan attention inwards, thereby reducing outside pressure on the satellite economies and liberating them for independent growth. The decade of the 1930s is frequently quoted as a persuasive instance of this phenomenon. As Andre Gunder Frank writes

"The 1929 crash, contrary to international trade theory but true to historical precedent, sharply reduced foreign capital as well as foreign trade... This weakening of economic ties with Latin America and the reduction of metropolitan political interference in the area

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<sup>1</sup> Earlier versions of this paper were read to the Latin American History seminars at the Institute of Latin American Studies, University of London and the School of Comparative American Studies, University of Warwick. The comments made there are gratefully acknowledged. There is a magisterial treatment of the economic historiography of Argentina by Professor Tulio Halperin Donghi in E. FLORESCANO, (Ed.) *La historia económica en América Latina* (México City, 1972) 2 Vols.

began during the depression of 1930, was maintained during the recession of 1937 and was continued by World War Two and its aftermath... It created economic conditions and permitted political changes in Latin America which resulted in the beginning of the area's strongest nationalist policy and biggest independent industrialisation drive since the post-independence 1830s and 1840s.<sup>2</sup>

The two most emphasised points of this argument are that the economic depression of the 1930s reduced foreign pressures on the region and permitted local industrial growth.

Throughout, the relaxation of the economic colonial ties with the metropolis and the relative paralysis of imperialist political intervention ...which the metropolitan depression produced in Latin America... laid the economic and political basis for new class alignments and industrialisation policies... in countries like Mexico, Brazil and Argentina and to some degree Chile, there was an upsurge in nationalist industrial development.<sup>3</sup>

The alleged conformity of Argentina to this model is further specified.

The case of Argentina was essentially the same. At first glance, events in Argentina appear to contradict this hypothesis... an exporting oligarchy came to power. However, a more detailed examination of events in Argentina would appear to confirm the general thesis... specifically, that the populism, industrialism and bourgeois nationalism of the 1930s, 1940s and 1950s were the result of a unique set of circumstances.<sup>4</sup>

This article argues that, on the contrary, "detailed examination of events in Argentina" does not "appear to confirm the general

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<sup>2</sup> A. GUNDER FRANK, *Lumpen-Bourgeoisie and Lumpen-Development* (New York and London, 1972) 75-6. More recent publications include: A. GUNDER FRANK, *On Capitalist Underdevelopment* (Oxford, 1976) and "Multilateral Merchandise Trade Imbalances and Uneven Economic Development" *Journal of European Economic History*, Vol. 5, No. 2, Fall 1976, 407-438. For a remarkable bibliography of the entire *oeuvre* and its critics see: A. GUNDER FRANK, "Dependence is Dead, Long Live Dependence and the Class Struggle: An Answer to Critics" *World Development*, Vol. 5, No. 4, April 1977, 355-370. Adding to this voluminous literature requires strong justification and ours is that there have been very few attempts to test Gunder Frank's theories by professional historical investigation.

<sup>3</sup> FRANK, *Lumpen*, 77.

<sup>4</sup> FRANK, *Lumpen*, 78-9.

thesis" but rather does "appear to contradict this hypothesis". Argentina's experience of dependence certainly confirms that it is not a permanently uniform condition but a fluctuating one, intensifying or relaxing according to general circumstances. The difference is, however, that periods of crisis in the metropolitan centre exacerbated domination of the satellite to a degree which impeded indigenous development, while normality reduced such pressures and benefited the republic more.

Normality may have been bad enough, but crisis was worse. For Britain habitually sought relief for her economic crises through imposing herself more forcefully on formal and informal colonies, employing policies and techniques which could not be justified in normal times, and the case of Argentina fits this pattern well. Further, since it shows a marked insensitivity towards history to assert that pre-war, war-time and post-war conditions all produced the same result, the focus here is on the 1930s to show that in this decade, at least, Argentina enjoyed neither reduced metropolitan domination nor unprecedented industrial growth.

In the course of the nineteenth century Britain developed with Argentina a peculiar relationship, which was neither "colonial" in the formal sense nor "special" in the North American sense, but was usually conceived of as a "connection".<sup>5</sup> For several decades the Anglo-Argentine connection meant British pre-eminence in the republic's trade and investment structures, but in the 1890s German and North American competition appeared and by the First World War international rivalry over Argentina had become intense as table I shows.<sup>6</sup>

After the war Britain struggled to resist this United States and German competition but was greatly hampered by the renewed post-war commitment to free trade and *laissez faire* in the United

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<sup>5</sup> The standard authority in English on this period is H. S. FERNS, *Britain and Argentina in the Nineteenth Century* (London, 1960) see also his *Argentina* (London, 1969) and *The Argentine Republic 1516-1971*. There is also extended treatment of Argentine history in D. C. M. PLATT, *Finance, Trade and Politics in British Foreign Policy 1815-1914* (London, 1968) and his *Latin America and British Trade 1806-1914* (London, 1972).

<sup>6</sup> *The Argentine Annual* (Buenos Aires, 1921).

TABLE I

PERCENTAGE SHARES IN THE IMPORT AND EXPORT TRADE  
OF ARGENTINA 1913-1920

Year	Great Britain		Germany		United States	
	Import	Export	Import	Export	Import	Export
1913	31.1	24.9	16.9	12.0	14.7	4.7
1914	34.0	29.3	14.8	8.8	13.4	12.3
1915	29.9	29.6	2.5	—	24.8	16.1
1916	28.2	29.5	—	—	29.2	20.9
1917	21.8	29.0	—	—	36.9	29.1
1918	25.0	38.2	—	—	33.9	20.6
1919	23.6	28.5	0.3	0.9	35.5	18.4
1920	23.4	26.7	4.7	2.2	33.2	14.7

Kingdom. In the 1930s, however, Britain's prospects of commercial victories vastly improved through the bargaining potential arising from the application of tariffs and controls, which can surely be called "a tightening of economic ties", and there was a fierce determination not to miss this opportunity. As Walter Runciman stressed.

The de Bunsen Mission, the D'Abernon Mission, the visit of the present king and the Buenos Aires Exhibition, with corresponding efforts in other directions, were all part of a long term policy designed to establish favourable economic and political relations with countries whose importance is destined to increase and whose markets are certain to be of growing value. It is only in the face of the most determined competition by American and German interests... that we have been recovering and strengthening our prestige in South America.<sup>7</sup>

When British statesmen emphasised the importance of South America or Latin America in such terms, Argentina invariably held pride of place. For in most indices of modernity the republic accounted for the lion's share of the figures for the entire area.

<sup>7</sup> Original documents cited in this article are located in the Public Records Office, London, unless otherwise stated. FO: Foreign Office; CAB: Cabinet; BOT: Board of Trade; MAF: Ministry of Agriculture and Fisheries; DO: Dominions Office; BPP: British Parliamentary Papers.

FO 371/19754, Cabinet Committee on Trade and Agriculture, 1 May 1936, 3.

Argentina had 55% of the motor vehicles in South America; consumed 50% of the petrol; operated 40% of the railway mileage; possessed 63% of postal services; owned 63% of radios; spent 65% of educational funds.<sup>8</sup> Slightly more than half of Britain's import-export trade with Latin America in the 1930s was accounted for by Argentina as can be seen from table II.<sup>9</sup> British capital investment in Argentina exceeded one third of the total for Latin America.<sup>10</sup> The Anglo-Argentine community probably numbered more British residents than the rest of Latin America combined. These quantitative differences were so great as to give Anglo-Argentine relations a character which was qualitatively distinct from

TABLE II  
BRITISH TRADE WITH ALL LATIN AMERICA AND ARGENTINA ALONE 1930-8  
(in £ms declared values)

Year	Latin America			Argentina		
	Imports	Exports	Re-exports	Imports	Exports	Re-exports*
1930	97.4	54.3	1.3	56.7	25.2	0.4
1931	82.7	29.4	0.9	52.7	14.8	0.3
1932	75.3	24.5	0.7	50.9	10.7	0.2
1933	67.9	30.3	0.6	41.7	13.1	0.2
1934	80.1	32.1	0.6	47.0	14.7	0.2
1935	73.8	31.8	0.7	44.0	15.3	0.3
1936	79.7	32.7	0.6	45.1	15.3	0.3
1937	97.9	42.4	0.8	59.8	20.0	0.3
1938	70.7	36.2	0.8	38.5	19.3	0.4

<sup>8</sup> V. L. PHELPS, *The International Economic Position of Argentina* (London, 1938) 6.

<sup>9</sup> B. R. MITCHELL & P. DEANE, *Abstract of British Historical Statistics* (Cambridge, 1962) 323 and Annual Statements of Trade in BPP.

<sup>10</sup> J. F. RIPPY, *British Investments in Latin America 1822-1949* (Connecticut, 1959) 85. gives a nominal investment of £ 428,518,172 out of a total of £ 1,127,904,305, though these are only investments quoted on the London Stock Exchange. See also Royal Institute of International Affairs, *The Problem of International Investment* (London, 1937); Royal Institute of International Affairs, *The Republics of South America* (London, 1937); U. K. DEPT. of Overseas Trade, *Report of the British Economic Mission to Argentina, Brazil and Uruguay* (London, 1930), estimated total British investment in Argentina between £ 500m - £ 600m.

<sup>11</sup> At the end of the 1930s there were 40,000 holders of British passports in Argentina. The British Community Council listed 60,000 people who felt sufficiently British to donate funds to the British War Effort. David Huelin, "The Anglo-Argentine Connection" (Unpublished Paper, 1970), 3.

Anglo-Latin American relations in general. The notion increasingly gained currency in the 1930s that Britain and Argentina had what was, fundamentally, an imperial relationship resembling, say, Australia's or Canada's. As Sir Malcom Robertson was fond of saying

- ...it would be difficult to find a stronger advocate of closer Empire economic union than I am. But when it comes to Argentina, I claim... that she is in a very special position and must be regarded almost as part of the Empire.<sup>12</sup>

In other words, Britain should no more entertain the idea of weakening economic ties with Argentina than with the British Empire. Rather the revision of British economic policy towards the formal empire provided the context for a fortification of the Anglo-Argentine connection, which was sufficiently drastic to form part of the provocation for Juan Domingo Perón's revolution against Argentina's collaborating oligarchy.

The 1930s are known as the "infamous decade" in Argentina for it is believed that internal politics were never more corrupt nor external relations more dishonourable than in that period. The Anglo-Argentine connection was already over a hundred years old, yet articulate and sustained protest against the British really dates from the 1930s through the clash of two new influences. Argentine nationalism was rapidly maturing, not as the government but rather as the political opposition, while the British were increasingly practising in peacetime policies which had their only remote precedents in war-time. The infamy and dishonour of the governing oligarchy portrayed in works with such titles as *Algunas maneras de vender la patria* and *La Argentina y el imperialismo británico* were considered to be epitomised in the Roca-Runciman Treaty. How did this notorious agreement originate?

With the onset of the world depression Britain abandoned her long-standing practice of free trade and began to search for a more

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<sup>12</sup> M. ROBERTSON, "Argentina and Great Britain", *Institute of Hispanic Studies, Liverpool*, 1933, *Lectures and Addresses* No. 2, 10 M. ROBERTSON, "The Economic Relations between Great Britain and the Argentine Republic" *Royal Institute of International Affairs, Journal*, 9, 1930; FO 371/13460, Robertson to Henderson, 17 June 1929 42. Robertson was Minister Plenipotentiary in Buenos Aires, 1925-7 and Ambassador, 1927-9.

appropriate commercial policy. In a general way it was anticipated that free trade with all nations was to give place to preferential trade with some, but there was great uncertainty about how precisely to effect this transition. Certainly, the old most-favoured-nation clause and the new ideas of imperial preference seemed to be incompatible and the tide of opinion was that when matters came to the crunch, the former would be jettisoned.<sup>14</sup> Thus, at the beginning of the 1930s Britain expected eventually to have a choice imposed between the m.f.n. principle and imperial preference, probably, it was envisaged, when some foreign country took a complaint to the International Court at The Hague that she was being denied a concession granted by the British to imperial countries. At that point Britain intended to end all her denounceable treaties, thus publicly disowning the traditional basis of her overseas trade.<sup>15</sup> One obstacle in such a course, however, was that certain foreign countries had non-denounceable treaties with Britain so that, following a court judgement, this residue would become eligible for any preference enjoyed by the British Empire.<sup>16</sup> Certain cases in this category would be resolved when the agreements expired, such as Panamá in 1939,

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<sup>13</sup> J. L. TORRES, *Algunas maneras de vender la patria* (Buenos Aires, 1934); J. & R. IRAZUSTA, *La Argentina y imperialismo británico* (Buenos Aires, 1934); R. SCALABRINI ORTIZ, *Política británica en el Río de la Plata* (Buenos Aires, 1940); Also by Scalabrini see "Argentina's Tragedy" and "Who owns Argentina?" in *Living Age* (New York, 1934); M. FALCOFF, "Raúl Scalabrini Ortiz: The Making of an Argentine Nationalist" *Hispanic American Historical Review* 52,1 Feb 1972; J. V. LICEAGA *Las carnes en la economía argentina* (Buenos Aires, 1952).

<sup>14</sup> On the m.f.n. clause see R. C. SNYDER, "The Most Favoured Nation Clause and Recent Trade Practices" *Political Science Quarterly*, LV, 1940; A. MCFADYEAN, "International Repercussions of the Ottawa Agreements" *International Affairs*, 12, 1933; F. HILGERDT, "The Case for Multilateral Trade" *American Economic Review*, 33,1, Supplement, March 1943; E. FOUGÈRE, "Bilateralism; Dangers of the New Tendency in Treaty Policy" *World Trade*, VI, 9, Nov. 1934; N. ITO, *La clause de la nation la plus favorisée* (Paris, 1930); S. BASDEVANT, *La clause de la nation la plus favorisée* (Paris, 1932); C. RIST, "Comments on the Past and Future of the M.F.N. Clause in its Limited and Unlimited Forms" in *The Improvement of Commercial Relations Between Nations* (Paris, 1936); E. B. DIETRICH, "The New Model Trade Agreements", *Journal of Political Economy*, 42, 1934; E. B. DIETRICH, *World Trade* (New York, 1939).

<sup>15</sup> FO 371/16406, Inter-Departmental Committee on Imperial Relations 17 March 1932, 51.

<sup>16</sup> *Ibid.* 50.

but others contained no provision for termination and prominent among these were Venezuela and Argentina.<sup>17</sup>

There were two recognized versions of the m.f.n. clause: the British which claimed unconditional right to any concessions granted to third parties and the North American which claimed the right only on the basis of a corresponding equivalent. In practice, Argentina oscillated between the two.<sup>18</sup> Ever since 1825 Anglo-Argentine trade had been conducted on the m.f.n. basis, although it was totally ignored during the First World War<sup>19</sup> and circumventions of it were increasingly suggested, attempted or accomplished from the late 1920s in such episodes as the whisky duty reduction, the D'Abernon agreement, the artificial silk taxes and the oil question.<sup>20</sup> Such precedents indicated that the sophisticated course was to continue in this way, thereby avoiding a public choice between m.f.n. rights and imperial preference and by the end of 1932 that was British policy. Earlier intentions were eschewed and instead Britain sought to preserve the very tangible benefits of m.f.n. rights while pursuing open or concealed preferences at the same time. With this tactic the worst which could happen was that occasional damages might be awarded against the British by the International Court.<sup>21</sup>

Britain had thirteen treaties with Latin American countries alone so that a general denunciation would have brought chaos in British trade throughout the region.<sup>22</sup> For her part, Argentina had eleven

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<sup>17</sup> *Ibid.* 51.

<sup>18</sup> FO 371/15797, Papers lent by Sir Hilary Leng relating to proceedings of the Argentine Tariff Advisory Committee appointed by the Provisional Government. 12.

<sup>19</sup> ROGER GRAVIL, "The Anglo-Argentine Connection and the War of 1914-1918" *Journal of Latin American Studies*, 9, 1, 59-89.

<sup>20</sup> ROGER GRAVIL, "Anglo-United States Trade Rivalry in Argentina and the D'Abernon Mission of 1929", in D. P. ROCK (Ed.) *Argentina in the Twentieth Century* (London, 1975).

<sup>21</sup> FO 371/16406, Inter-Departmental Committee on Imperial Relations, 17 March 1932, 51. "So general was this virtual abandonment of the unrestricted most favoured nation clause that the Economic Committee of the League admitted in June 1932 that the clause to all intents and purposes became a dead letter in commercial relations". League of Nations, Official Document c. 516, M. 255, cited in R. C. SNYDER, "The Most Favoured Nation Clause and Recent Trade Practices", *Political Science Quarterly*, LV 1940, 84-5.

<sup>22</sup> FO 371/16534, Anglo-Latin American Commercial Treaties, 19-20.

m.f.n. treaties, three of which were unconditional and those with France and Italy of critical importance.<sup>23</sup> Nevertheless, in overtures before the Ottawa Conference, Argentina was prepared to abandon these commitments in order to buy some sort of honorary membership of the British Empire.

It would evidently not take much to induce Argentina to denounce many of her present commercial treaties if she can see a chance of concluding a special agreement with this country.<sup>24</sup>

But with such hopes dashed at Ottawa, the Argentine leaders could not justify denouncing for anything less than the British Dominions were getting. Therefore, the approach in both the republic and Britain was to regard the Roca-Runciman negotiations of 1933 as supplementary to the existing Anglo-Argentine treaty of 1825, rather than as a replacement of it.<sup>25</sup>

The Ottawa Conference produced not one comprehensive document but a series of separate agreements and in the Beaverbrook mind there was no distinction between the seven treaties for London and Canberra, London and Wellington, London and Pretoria and so on and an eighth for London and Buenos Aires.<sup>26</sup> A crucial difference,

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<sup>23</sup> FO 371/16531, Anglo-Argentine Trade Negotiations, 17 Feb. 1933, 248-9.

<sup>24</sup> FO 371/15797, Macleay to Simon, Despatch No. 24, 22 Jan. 1932, Minutes by P. Broad. Also "...the Argentine government will be willing to give His Majesty's government in the United Kingdom the same preferential treatment as might be accorded to them by any of our Dominions or even better". Dr. Malbrán, Argentina's ambassador in London, F.O. 371/15797, Macleay to F.O. Telegram, No. 64, 26 July 1932, 18.

<sup>25</sup> FO 371/15797, Papers lent by Sir Hilary Leng. "The m.f.n. clause might well serve us (i.e. the Argentines) to prevent Great Britain from granting preferences to the Dominions to the detriment of Argentina..." FO 371/15798, Memo, 27 Sept. 1932, 120.

<sup>26</sup> MAX AITKEN, Lord Beaverbrook, the Canadian millionaire, was the most outspoken opponent in England of the Argentine trade and his newspaper, conducted a press campaign from 7 July 1929 for "Empire Free Trade", which demanded the abolition of the Anglo-Argentine connection. His views may be sampled in the *Daily Express* and *Sunday Express*, while his papers are in the House of Lords Records Office, London. The campaign had no practical influence since British policy was the fortification, rather than abolition, of the Anglo-Argentine connection. Aitkens' friend and biographer admits that the campaign was ill-informed, misleading and ineffective. See A.J.P. TAYLOR, *Beaverbrook* (London, 1972) especially 275-277. It is, perhaps, typified by the anecdote that after dining at Aitken's home and enduring a tirade against the low quality of River Plate products, the Argentine guests summoned the cook to confirm that the beef, which Aitken had just consumed with obvious relish, was imported from Argentina.

nonetheless, existed; the dominions were pressing to maximise an advance in the British market while the Argentines were struggling to minimise a retreat. The dominions' claim for an advance mustered several not insubstantial arguments. First, for many years Britain had enjoyed preferences in imperial markets while conceding little in reciprocity. In 1929 only 7% of Britain's imports from the Empire received preferential treatment.<sup>27</sup> For as long as the British were a free trade nation, a standing excuse existed for this restraint. But as during the depression Britain became a protectionist country, the dominions could hardly fail to discern openings for greater preference. Secondly, the impact of the economic depression on the dominions justified additional pleas in terms of imperial compassion. Thirdly, the dominions were quick to see that if British imperialists still desired to preserve imperial unity in the era of the Statute of Westminster, it would have to be pursued in the field of economic policy.<sup>28</sup> Thus, the victory for political separatism supplied an argument for closer economic union.

For its part, the Argentine government similarly produced a mixture of threats and pleas. First, it was pointed out that the British owned a sort of sub-economy in the republic. Total U.K. investment was variously estimated up to £ 600 m. and British railways, for instance, in Argentina were only 4,000 miles less than the railway network in Britain.<sup>29</sup> This gigantic investment stake became a hostage, though apparently only to the extent of urging that Britain should feel a strong vested interest in aiding Argentina's prosperity in order to keep this investment profitable. The documents

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<sup>27</sup> D. MACDOUGALL and R. HUTT, "Imperial Preference: A Quantitative Analysis" *Economic Journal*, June 1954, 237.

<sup>28</sup> At the close of the Ottawa Conference Neville Chamberlain wrote "The countries of the Empire have been drifting apart pretty rapidly. We have been in time to stop the rot". Quoted in K. FEILING, *The Life of Neville Chamberlain* (London 1946) 215 and the Ottawa Agreements were "an attempt to bring the Empire together again and to supplement and support the common sentiment by bringing more material interests into line with it." Quoted in W. K. HANCOCK, *Survey of British Commonwealth Affairs* Vol. 2 Part 1, (Oxford, 1942) 233.

<sup>29</sup> H. S. FERNS, *Argentina 1930-1966* (Unpublished Paper, 1970) 7; G. TURNER, *Anglo-Argentine Economic Relations since 1930* (Unpublished M. Com. Thesis, University of Birmingham, 1960), 5. estimates that 45% of total fixed capital in Argentina was foreign owned in 1917 and 20% in 1940.

reveal no direct threat of expropriation and this bargaining potential seems to have been studiously neglected by the Argentine government.<sup>30</sup> Secondly, the Argentine official attitude to import reductions and national industrial development would be determined by the capacity of export trade to keep the balance of payments healthy, which in turn depended on Britain's attitude towards this major purchaser of British products. Thirdly, the Argentine chilled beef trade had been developed specifically for the British market and had no other outlet nor, so it seemed, any credible competitor in the foreseeable future. In 1931-2 the republic accounted for 86% of all chilled beef exported to Britain, while Brazil and Uruguay shared the remaining fraction.<sup>31</sup> Though it is sometimes urged that "railways and chilled beef" is an adequate shorthand for the Roca-Runciman negotiations, it is clear that, in fact, they covered issues of wide significance for both economies.

The main implications of the Ottawa Agreements for Argentina were that 33.2% of British imports from the republic were now subject to duties, compared with 17.3% just before the Imperial Conference and nil in 1930.<sup>32</sup> In addition, there were now quantitative restrictions. The frozen meat trade faced a contraction of 35% by June 1934 with the likelihood of even more drastic controls thereafter. The chilled beef trade, which was the concern of the biggest Argentine cattlemen, was saved from a percentage cut at the time, but a "temporary" 10% reduction was subsequently introduced to maintain prices in Britain. Though no calculation was ever made of the cost of import reduction compared with the enhanced value of the remaining trade, Argentina was blithely assured that reducing her trade was to her benefit and that « in effect, the action

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<sup>30</sup> Another neglected bargaining point was that Britain did need Argentine meat. See the perceptive comments by Tulio Halperín Donghi, "Crónica del período" in J. A. PAITA (Ed.) *Argentina 1930-1960* (Buenos Aires, 1961) 34.

<sup>31</sup> Imperial Economic Committee, *Meat: A Summary of Figures of Production and Trade*, 1936, 25. In fact, Brazil and Uruguay worried Argentine chilled beef producers more than Australia at this stage. Banco de la Nación Argentina, *Revista Económica* 3 (3) April 1932, 60 shows that Brazilian chilled beef exports to England rose from 1,070 tons in 1926 to 30,500 tons in 1931 and Uruguayan from 35,000 tons to 39,500 tons over the same period.

<sup>32</sup> *The Economist* Ottawa Supplement, 22 October 1932.

taken by His Majesty's Government at Ottawa amounted to a concession in favour of Argentine beef ». <sup>33</sup> The selection of the trading year ending 30 June 1932, and so immediately preceding the Conference, as the standard, may have been natural enough. But it proved to be uniquely unfavourable for Argentina and highly advantageous for the dominions. The designated "Ottawa Year" represented a mere 390,000 tons of Argentine chilled beef exports to Britain compared with, say, 463,239 tons in 1927. <sup>34</sup> Generally it was the republic's worst trading performance in the preceding five years. <sup>35</sup>

The Argentine government's initial attempts to moderate the impact of British imperial preference were made by Dr Manuel Malbrán, the republic's ambassador in London and it appeared at first that the whole Anglo-Argentine issue would be dealt with in this low profile manner, in stark contrast to the fanfare surrounding the British Empire negotiations at Ottawa. <sup>36</sup> This bid for discretion was scotched, however, when the leader of Argentina's Independent Socialist Party, Dr Antonio de Tomaso, demanded that, if the matter was to be entrusted to an individual, it should be him. <sup>37</sup> Neither the Argentine government nor the British welcomed this prospect and so a mission, which included Malbrán, but not de Tomaso, came to London with real intentions still cloaked in the transparent fiction that the object was to repay the Prince of Wales' visit to Argentina. <sup>38</sup>

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<sup>33</sup> FO 371/16531, The Anglo-Argentine Trade Negotiations, 15 Feb. 1933, 233. See also FO 371/16531, Note for the Information of Ministers, 7 Feb. 1933, 199.

<sup>34</sup> D. DROSDOFF, *El gobierno de las vacas* (Buenos Aires, 1972) 15. The Uruguayans wanted the year 1930 as standard. For them the "Ottawa Year" was 64% of 1930 trade. F. H. CAPIE, *The British Market for Livestock Products 1920-1939* (Unpublished Ph. D Thesis, London, 1973) 221.

<sup>35</sup> FO 371/16532, The Anglo-Argentine Trade Negotiations, 28 March 1933 343 and 364.

<sup>36</sup> FO 371/15797, FO minute 3 Sept. 1932, 59. FO 371/15800, Macleay to FO, 7, Nov. 1932, 329. FO 371/15798, Macleay to FO. Telegram No. 86,6. Oct. 1932 143.

<sup>37</sup> FO 371/15800, Macleay to FO, 2 Nov. 1932, 317.

<sup>38</sup> FO 371/15800, Macleay to FO, 29 Oct. 1932, 313. "It is obvious that the moment has been chosen for internal political reasons and also with the hope that although ostensibly merely a visit of courtesy, Dr. Roca will be able to influence negotiations now proceeding in London so as to moderate effects of Ottawa agreements on Argentine export trade with the United Kingdom". Actually this camouflage was singularly

As the River Plate grain trade was market-diversified and involved competitors of equal or superior standing, bilateralism was useless for this branch of Argentina's exports. Instead the republic participated in multi-national negotiations which led to her signing the International Wheat Agreement in August 1933.<sup>39</sup> By contrast the meat trade was mainly directed towards the British market and Argentina was a supplier without peer. Bilateralism, therefore, seemed appropriate in this case, so that from Argentina's side the export aspects of the Roca-Runciman talks were almost entirely concerned with meat. The policy was « detener el más allá Ottawa » which involved two main objectives: to procure for Argentina a larger quota than the reductions which foreign countries in general were required to impose by June 1934 under the Ottawa Agreements; to find some method of protecting Argentina from further reductions in Britain's foreign meat imports afterwards.

The restrictions imposed on the Argentine meat trade by the Roca-Runciman Treaty turned out to be more severe than those of Ottawa, even though it was supposed to be a rescue operation. The cut of 35% of the Ottawa base year in the frozen meat trade could be increased, albeit accompanied by a corresponding reduction in dominion exports. The falling share of South American trade and the increase in Australasian appears in table III.<sup>40</sup> The Ottawa Year figure of 100% in the chilled beef trade could be unilaterally reduced by 10% for Argentina, further reductions being suffered equally

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ill-chosen since the Prince of Wales speech, given in Buenos Aires in March 1931, contained many remarks such as "... the trade current in one direction begets a return current of trade in the opposite direction". See FO 371/15054, Macleay to Henderson, Despatch No. 66, 24. Also *La Nacion* and *La Prensa* for 14, 15 and 16 March 1931. The Argentine Mission was composed of: Julio A. Roca; Manuel A. Malbran; Miguel Angel Cárcano; Guillermo F. Leguizamón; Raul Prebisch; A. Fernandez Beyró; Carlos Brebbia. The British negotiating team was: Walter Runciman; Leslie Burgin; Frederick Leith Ross; Henry Fountain; H. F. Carlill; A. F. Overton; R. Fraser; R. Keith Jopson; J. R. C. Helmore; R. M. Nowell; R. L. Craigie; F. T. A. Ashton-Gwatkin; D. V. Kelly; H. L. French; H. Brittain. Negotiations began on 15 Feb. 1933 and the London part of the agreement was signed on 1 May 1933. The Roca-Runciman Agreement is in G. B. Treaty Series No. 2, 1934, Cmd. 4492.

<sup>39</sup> British Chamber of Commerce in the Argentine Republic, *Monthly Journal* XIV, 30 Dec. 1933, 14.

<sup>40</sup> Imperial Economic Committee, *Meat: A Summary of Figures of Production and Trade*, 1936, 25 and 1938, 28.

TABLE III  
PERCENTAGE IMPORTS OF FROZEN AND CHILLED BEEF INTO U. K. 1929-1937

Country	1929	1930	1931	1932	1933	1934	1935	1936	1937
Argentina	77.4	72.9	71.4	74.4	68.8	64.2	65.1	65.8	61.5
Uruguay	8.1	9.8	8.5	6.2	6.1	5.6	5.7	5.4	5.6
Brazil	4.0	6.4	6.5	5.1	5.6	5.1	5.2	5.2	4.9
Australia	7.9	6.9	9.5	8.4	10.5	13.9	14.3	14.9	18.5
New Zealand	1.1	2.7	3.2	5.1	6.4	8.3	7.1	6.3	6.9

with the dominions.<sup>41</sup> Argentina's protection was supposed to lie in the provision that most reductions in the republic's exports were conditional on corresponding cuts in the dominions' trade. In defending themselves, it was thought, the dominions would inescapably be defending Argentina. This ostensible safety catch was largely vitiated, however, by the provision that Argentina should accept adjustments as required to make room for "experimental" shipments of chilled beef from the dominions to Britain. As there was a history of false alarms in the Australian trade dating back decades, the Argentines agreed, showing little apprehension.<sup>42</sup> But, in fact, the technical problems finally had been solved, giving not merely Australia but New Zealand, South Africa & Southern Rhodesia commercial capacity in chilled beef exporting. Moreover, the British Dominions secretary, J. H. Thomas, was fully aware of this well before the "experimental" clause was inserted in Argentina's treaty<sup>43</sup> and the word was merely a euphemism to break such guarantees as the republic thought had been secured. The "experimental" clause was a trojan horse allowing dominion chilled beef to enter Britain to the extent of whatever Thomas' phraseology was supposed to mean plus the 10% unilateral cut in Argentine deliveries, as can be seen from table IV.<sup>44</sup> Though the 10% cut was lifted

<sup>41</sup> FO 371/16532, Anglo-Argentine Trade Negotiations, 21 March 1933, 317-8.

<sup>42</sup> R. DUNCAN, "The Australian Export Trade with the United Kingdom in Refrigerated Beef 1880-1940" *Business Archives and History* Nov. 1962, 2 R. GRANT (Ed.) *The Frozen and Chilled Meat Trade* (London, 1929); S. G. HANSON, *Argentine Meat and the British Market* (London, 1938) give good accounts of the technical problems.

<sup>43</sup>I. M. DRUMMOND, *Imperial Economic Policy 1917-1939* (London 1974) 312 Professor Drummond's earlier book, *British Economic Policy and the Empire 1919-1939* (London 1972) is also very helpful on the dominions' side.

TABLE IV  
PERCENTAGE OF BRITAIN'S CHILLED BEEF IMPORTS FROM THE EMPIRE  
1932-1939

	1932	1933	1934	1935	1936	1937	1938	1939
	0.1	1.7	2.9	5.6	7.0	10.0	11.1	12.4

TABLE V  
PERCENTAGE SHARES IN BRITAIN'S IMPORTS OF MUTTON AND LAMB  
1929-1937

	1929	1930	1931	1932	1933	1934	1935	1936	1937
New Zealand	48.6	51.4	48.7	56.4	55.8	54.8	53.8	55.9	52.8
Australia	10.5	12.7	21.4	16.6	19.5	25.1	26.4	23.7	27.6
Total Empire	59.5	64.4	70.4	73.1	76.0	80.0	51.0	79.9	80.8
Argentina	27.3	22.7	21.8	19.8	17.1	14.2	13.4	14.2	13.1
Total Foreign	40.5	35.6	29.6	26.9	24.0	20.0	19.0	20.1	19.2

briefly in late 1935, this was merely for the re-negotiation of the Roca-Runciman Treaty, which imposed a 5% reduction from 1935 levels to be achieved in stages by 1939. Further, an import duty of ¾d per pound was levied on Argentine chilled beef from 1937, dominion supplies remaining untaxed, thereby breaking the tacit understanding that commodities subject to quantitative controls should not also bear duties. In addition, frozen mutton and lamb underwent another 10% cut in 1938 as table V shows.<sup>45</sup>

It might appear that in reducing imports from Argentina the British government was damaging the business of British *frigoríficos* operating there. Without access to the companies' records historians cannot know for sure, but it is striking that the ministerial archives contain not one word of complaint from the British meat firms,

<sup>44</sup> MAF 44/101, International Beef Conference (Statistical Bulletin) 1/40. For the progress of the dominions in the British market see: C. G. P. SMITH, *Britain's Food Supplies in Peace and War* (London, 1940). R. DUNCAN, "Imperial Preference: The Case of Australian Beef in the 1930s" *The Economic Record*, June 1963; R. DUNCAN, "The Demand for Frozen Beef in the United Kingdom 1880-1940" *Journal of Agricultural Economics* XII, 1, June 1956.

<sup>45</sup> Imperial Economic Committee, *Meat: A Summary of Figures of Production and Trade* 1936, 43 and 1938, 48-9.

which might seem mysterious.<sup>46</sup> The Anglo-Argentine meat companies were, of course, firmly established in the dominion trades too, and faced less North American competition there than in Argentina.<sup>47</sup> It would not be surprising if some state-induced relocation in the international meat business was welcomed by them and even sought.

A greater source of concern for the British packing plants was that the 1930s might produce Meat War III in Argentina in repetition of the damaging struggles between the British and North American firms from April 1913 to April 1914 and April 1925 to June 1927. To prevent a renewal of hostilities, the U.K. Board of Trade took charge of import licences, so that the North American meat packers would find it pointless to rob the British plants at the Argentine end when they stood no chance of increasing their import share in Britain and were debarred entirely from the United States market. The Argentines, on the other hand, liked meat wars and feared stability, which for them meant no competition in purchasing their cattle.<sup>48</sup>

When all reservations have been stated, there is still no doubt that the meat trade had been saved, as the Argentine Government claimed. The questions are rather whether the interests of the meat trade were synonymous with the national interest and whether what occurred can be called "a weakening of economic ties" with the metropolis. The answers depend on how much credence can be given to contemporary and modern claims that this was an all-embracing national policy for the republic. For a foreigner, there is certainly an automatic association of ideas between Argentina and

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<sup>46</sup> FO 371/16532, The Anglo-Argentina Trade Negotiations, 31 March 1933, "His Majesty's Government had no desire whatever to restrict chilled beef below the Ottawa levels, particularly in view of the fact that British interests were largely engaged in transporting it". This is the only direct reference to this question which the authors could find in the archives.

<sup>47</sup> FO 371/15798, Memorandum by R. C. Craigie for the Cabinet Meeting of 26 October, 1932, 165. According to Dr. Malbrán, the North American companies controlled 70% of the meat trade from Argentina and Uruguay at this date.

<sup>48</sup> DROSDOFF, *op. cit.* especially 51-63; Report of the Joint Committee of Enquiry into the Anglo-Argentine Meat Trade, Cmd. 5839, Oct. 1938, 5.

beef.<sup>49</sup> But this is partly because those Argentines who could afford to desport themselves around Europe were mainly cattlemen, and partly because government publicity deliberately encouraged the idea, just as the Brazilian oligarchy promoted coffee. Well before the world crisis, however, beef occupied a minor position in Argentina's agro-pastoral exports. In 1924-28 it accounted for 11.2%, which was barely half of wheat exports, about two thirds of maize exports, and less than even linseed. In 1929 beef was a mere 10%, wheat and flour, 31.3%, maize, 18.4% and linseed 13.2%. In fact, it can justly be claimed that in the inter-war years, arable farming constituted the most impressive sector of the republic's entire economy, surpassing both meat production and manufacturing industry in national importance. Throughout the 1930s grain output averaged 18m. tons a year, of which 68% was exported giving Argentina unchallenged international leadership. By 1939 she had 31.8% of world cereals markets, while Canada and the United States lagged far behind with 15.4% and 8.6% respectively.<sup>51</sup> Arable farmers were the foundation of Argentina's export recovery, thus playing an heroic role in the general economic revival, without receiving a fraction of the official solicitude lavished on the ranching élite.

The low priority accorded to farming was matched by the indifferent attitude towards manufacturing in the narrowly self-interested policies of the Concordancia. For a further cost of this partial rescue of the meat trade was the sacrifice of free buying from the world's best industrial suppliers and the jeopardising of Argentine industrial development, both in Britain's favour. The correct identification of interests was not between the cattle industry and the Argentine nation but between cattlemen and political power in the republic. The old oligarchy purchased temporary

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<sup>49</sup> P. H. SMITH, *Politics and Beef in Argentina* (London, 1969) examines this theme.

<sup>50</sup> R. KELLY, "The Foreign Trade of Argentina and Australia 1930-1960" (1) *Economic Bulletin for Latin America*, X, 1, March 1965, 55. See also (11) in same journal X, 2, Oct. 1965.

<sup>51</sup> A. Martínez de Hoz (h.) "Agricultura y ganadería" in J. A. PARRA, (Ed.) *Argentina 1930-1960* (Buenos Aires, 1961) 192.

survival by forcing sacrifices on other social sectors, which harnessed the Argentina economy to Britain more abjectly than ever before in peacetime.

Now that Britain's influence was vastly more powerful, what did the British really want from Argentina in return for the measure of security granted in the United Kingdom meat market? To get their money out? To get more goods in? To put an end to the trade entirely? Official expression was given to each of these objects. The British Treasury view was that modification of Argentine exchange control for Britain's sole benefit was the crucial requirement.

It is arguable that from the practical point of view the exchange agreement was by itself worth the price of the [Roca-Runciman] agreement.<sup>52</sup>

The Board of Trade and key Foreign Office people wanted substantial import duty reductions from Argentina.

...we had never departed from our view that the fundamental and durable concessions which we expected were in the field of tariffs.<sup>53</sup>

and

I did not consider the agreement of May 1st [1933] was worth having unless buttressed by a good tariff agreement containing substantial concessions for British imports into Argentina.<sup>54</sup>

The Ministry of Agriculture favoured reducing imports from Argentina to a point which could have made any trade agreement impossible if this view had prevailed.

...if the Minister of Agriculture is not overruled there will be no agreement, or at the very least an unsatisfactory agreement... such a position, involving estrangement and embitterment of relations, the possibility of retaliation on the vast British interests in Argen-

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<sup>52</sup> FO 371/16533, Macleay to FO, 4 Aug. 1933, 256. Kelly's minute.

<sup>53</sup> FO 371/16533, Craigie's conversation with Malbrán, 3 July 1933, 142-3.

<sup>54</sup> FO 371/16533, Macleay to FO, 22 June 1933, 122. Craigie's minute.

tina, the supplanting of this country in Argentina by the United States of America and so forth, must be profoundly unsatisfactory.<sup>55</sup>

These conflicting views greatly confused the Argentine delegation to London and they were very uncertain how far Britain would go in defending British agriculture or extending imperial preference to the dominions. It seems plain enough now that protectionist-Britain was pursuing what free-trade-Britain had failed to obtain, special treatment for British exports to Argentina and that other considerations were secondary. That is, Britain's priority was to tighten her export connection with the Argentine market, as Walter Runciman explained.

I believe one reason why nothing came of [the D'Abernon Mission] was that we had no means of exercising any pressure. We are now in a position to do that.<sup>56</sup>

But the highly influential, Dr Miguel Ángel Cárcano, perhaps through disproportionate contact with British Treasury officials, became convinced that Britain's prime concern was with the exchange control system which Argentina had introduced on 10 October 1931. It was he who persuaded President Justo that, if exchange control was adapted to give exclusive preference to Britain, the British would not demand major reductions in the Argentine import tariffs.<sup>57</sup>

In the pre-Roca-Runciman days, under Alberto Hueyo's ministry, Argentine exchange control was on the German model, blocking all countries equally — at least on paper — while apparently, in practice, controlling remittances to the European continent less strictly than those to Britain, in order to strengthen Argentina's

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<sup>55</sup> FO 371/16532, FO Memorandum by P. MASON, 20 March 1933, 314; FO 371/16531, FO Minute by Ashton-Gwatkin 8 Feb. 1933, 204-5. The minister of agriculture was W. Elliot. He was reported to be a supporter of Lord Beaverbrook, but cannot be claimed as proof of practical influence for the Beaverbrook campaign, since his views were rejected by the British Government. See A. J. P. TAYLOR, *Beaverbrook* (London, 1972) 268.

<sup>56</sup> W. C. RUNCIMAN in *Parliamentary Debates, Commons*, 277, 10 May 1933 1544, Quoted in V. SALERA, *Exchange Control and the Argentine Market* (New York, 1941) 65.

<sup>57</sup> FO 371/16533, Vansittart and Craigie in conversation with Malbrán 1 Aug. 1933, 284-5. In an interview with Roger Gravil in Buenos Aires in July 1969, Dr. Cárcano stressed his own great importance in the affair and his claim is borne out by the British documents. Since he so badly misunderstood British policy, his influence in the Argentine government could be regarded as unfortunate.

hand in dealing with the British.<sup>58</sup> Anglo-Argentine firms remitted money out of Argentina for four main purposes: to pay British income tax; to meet the claims of debenture holders; to cover share dividends; to pay for imported goods. By February 1933 at least 373 British companies had blocked peso balances in Argentina, among the most important being those in table VI.<sup>59</sup> A rough

TABLE VI  
BRITISH COMPANY HOLDINGS OF BLOCKED PESOS IN ARGENTINA ON  
27 FEBRUARY 1933

Company	Pesos	Equivalent in Sterling
Buenos Aires Great Southern Railway	20,000,000	1,503,000
Central Argentine Railway	20,000,000	1,503,000
Pacific Railway	3,333,000	250,000
Buenos Aires Southern Dock Co.	1,850,000	139,000
Blanca Waterworks	250,000	19,000
Buenos Aires Western Railway	3,105,000	236,000
Shell Mex	9,045,000	680,000
Gath y Chaves and Harrods	13,330,000	1,000,000
British American Tobacco Co.	1,000,000	75,000
Primitiva Gas Co. and Buenos Aires Waterworks	6,000,000	450,000
Anglo-Argentine Tramways	1,700,000	127,500
River Plate Trust Loan and Agency Co.	1,500,000	112,000
Consolidated Waterworks of Rosario	1,150,000	86,000
Drainage Works of Rosario	450,000	34,000
Trust Agency Co. of Australasia	333,000	25,000
Anglo-Persian Oil Co.	700,000	52,000
Argentine Northern Land Co.	250,000	19,000
Argentine Land and Investment Co.	4,073,000	306,200
Argentine Southern Land Co.	220,000	16,500
Río Negro (Argentina) Land Co.	142,000	10,700
Tecka (Argentina) Land Co.	92,000	6,900
Córdoba Land Co.	66,000	5,000
Port Madryn (Argentina) Co.	56,000	4,200
Summers	8,450,000	650,000
	97,095,000	£ 7,310,000

<sup>58</sup> U. K. DEPT. of Overseas Trade, *Economic Conditions in the Argentine Republic* March 1935. P. 41 points out that one result of the Roca-Runciman negotiations was a declaration by the Argentine Government that all funds awaiting remittance from before 1 May 1933 were to be regarded as blocked for all countries alike. This must mean that Britain was receiving inferior treatment before. For business evidence see Roger Gravil, "British Retail Trade in Argentina 1900-1940" *Inter-American Economic Affairs*, 24 Autumn 1970, 2, especially 19-20.

<sup>59</sup> DROSDOFF, *op. cit.*, 23; FO 371/16537, Memo from Baring Bros. 28 Feb. 1933, 291.

calculation made at the British Embassy in Buenos Aires found the foreign exchange requirement for 1932 to be: federal, provincial and municipal debt service, 200m pesos; remittances by foreign companies, 230m.; private remittances, 200 m.;<sup>60</sup> other operations, 100 m.. Against these total exchange needs of 730m. pesos, Argentina's export surplus was worth only 490m. pesos, leaving a shortfall of 240 m. The problem was particularly acute because large accounts were already outstanding when exchange control was introduced and the bank interest rate was only 1¼% at the few banks which would still accept deposits of Argentine money.

The British were, therefore, anxious to reach a financial pact which would achieve two objects: to release the blocked money; to normalise payments, in the sense that sterling earned in Argentina's export trade to Britain (which the Roca-Runciman Treaty was allowing to continue), should be entirely available for the above British needs. Argentine exchange control was destined, in fact, to be the lever for British exports. The Argentines argued, initially, that the republic could not release to the British more than 25% of total exchange earnings without suspending service of the foreign debt.<sup>62</sup> The highest British demand was 40% and the lowest 35%, which would ensure that, even in the universal trading calamity of the 1930s, Britain would lose no part of her share in Argentina's import trade.<sup>63</sup>

Though the Argentine offer and the British demand appeared irreconcilable three factors seem to explain why Britain, nevertheless, obtained an exchange allocation which met British demands. First, Argentina operated a sinking fund for reducing the national debt, which in times of stress could be suspended instead of

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<sup>60</sup> The high level of private remittances was the subject of frequent comment: in 1932 they were the third highest item on the list. U. K. DEPT. of Overseas Trade, *Economic Conditions in the Argentine Republic* 31 Jan. 1933, 32. FO 371/16536, Argentine Exchange Restrictions; Jopson, 5 Jan. 1933, 30 says that the figure was inflated by the practice of large landowners who, having exhausted their legitimate allocation, compelled their Spanish and Italian tenants to remit funds to European banks on their behalf.

<sup>61</sup> U. K. DEPT. of Overseas Trade, *Economic Conditions in the Argentine Republic*, 31 Jan. 1933, 33.

<sup>62</sup> FO 371/16532, Macleay to Vansittart, 28 March 1933, 328.

<sup>63</sup> FO 371/16532, Anglo-Argentine Trade Negotiations, 21 Feb. 1933, 312, 362.

defaulting on the external debt;<sup>64</sup> secondly, the Argentines assumed at this stage that granting generous foreign exchange privileges to Britain would end British demands for import tariff reductions; thirdly, the British accepted that if Argentina would release 11m-12m pesos, chiefly for blocked payments, other categories of debt could be met through an issue of 4% bonds by the Argentine Government.<sup>65</sup>

The reformed exchange control system which resulted divided foreign countries into "watertight compartments" on the basis of their importance as markets for Argentine goods, a policy which was bound to place Britain at the top of the list. This was enforced even more strictly after Decree No. 31,130 came into force in January 1934 drawing a distinction between importers who applied for and received import permits in advance, which meant that they had a good chance of receiving exchange, and importers who requested permits for goods already in transit or delivered to Argentina, who had much less chance.<sup>66</sup> Obviously, this favoured established and well-connected traders like the British and penalised newcomers like the North Americans. Such practices established the bilateral principle in the Anglo-Argentine connection much more effectively than anything attempted before 1933 and Britain's collaborators congratulated themselves on devising a new art form.<sup>67</sup> The British owed much to the group whom they affectionately called the "Pinedo Boys". For though British policy was against exchange

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<sup>64</sup> FO 371/16532, Macleay to Vansittart, 28 March 1933, Mason's minute 328.

<sup>65</sup> FO 371/16532, Anglo-Argentine Trade Negotiations, 21 Feb. 1933, 313; U. K. DEPT. of Overseas Trade, *Economic Conditions in the Argentine Republic*, March 1935, 41-2; *Buenos Aires Herald*, 11 and 12 August 1933.

<sup>66</sup> E. FOUGÈRE, "Bilateralism: Dangers of the New Tendency in Treaty Policy" *World Trade*, VI 9, Nov. 1934, 4, cites Argentina as an outstanding instance of exchange control being used to impose bilateralism.

<sup>67</sup> FELIX WEIL, *Argentine Riddle* (New York, 1944) 160-1.

<sup>68</sup> Alberto Hueyo's post was taken by Federico Pinedo from 24 August 1933 to 30 December 1935. On Pinedo's pro-British attitudes see A. CIRIA, *Parties and Power in Modern Argentina 1930-1946* (New York, 1974) 21.

For the interpretation of Argentina's two main financial protagonists of the period see: ALBERTO HUEYO, *La Argentina en la depresión mundial*; discursos, conferencias 1932-3 (Buenos Aires, 1938) and FEDERICO PINEDO, *En tiempos de la república* (Buenos Aires, 1946).

control almost everywhere else in the world, Argentina was just as much an exception in this as in other fields.

...it so happens that Argentina is the one country where British trade and the British utility companies in Argentina would most benefit from a continuance of control in view of the privileged position we have painfully secured there.<sup>69</sup>

The Argentine government was, however, seriously mistaken in supposing that the British would be satisfied with exchange preferences. Powerful sectors of the British government felt that the high level of tariffs constituted a major obstacle to the development of British export trade.

The general level of the Argentine customs tariff has... been continuously raised in recent years and this is especially true of the classes of goods which this country exports. If a healthy export trade to the Argentine is to be developed this process must be reversed and the duties on goods in which the United Kingdom is mainly interested must be reduced substantially so that the Argentine consumer will be able to afford increased quantities. It may be added that the Argentine tariff, though probably intended primarily for producing revenue, has in practice become highly protective in some directions.<sup>70</sup>

On this view the real price of Argentina's continued participation in the British meat market was not foreign exchange privileges but import duty reductions.

The Board of Trade... feel that we are being tricked and that only the exchange agreement combined with solid tariff concessions justify the pressure which was put on the Ministry of Agriculture to tie their hands as has been the effect of the agreement.<sup>71</sup>

After the Ottawa Conference Britain was in a position to demand tariff concessions from Argentina which were unobtainable before. If Argentina wanted honorary membership of the reformed imperial club, she would have to pay a higher entry fee than *bona fide*

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<sup>69</sup> FO 371/16539, Chilton to FO, 4 Dec. 1933, 138. Another exception was Denmark which also used its exchange control to direct trade to Britain and was encouraged by the U.K. to maintain the system. BT 11/119. Meeting at the Danish Foreign office of British and Danish representatives, 25 Sept. 1932.

<sup>70</sup> FO 371/16531, Anglo-Argentine Trade Negotiations; Note for the Information of Ministers, 7 Feb. 1933, 199-200.

<sup>71</sup> FO 371/16533, Macleay to FO, 4 Aug. 1933, 256.

members. Admittedly, Lord Beaverbrook did his best to mislead public opinion into the view that it was Argentina which was receiving priority treatment.

We know quite well that there is a black pact with the Argentine. Isn't it astonishing? But that is what they have done. Another pair of handcuffs on the government's wrists and that pair of handcuffs made in the Argentine.<sup>72</sup>

And even the highly expert Sir David Kelly once remarked

We have, in fact, definitely *weakened* our bargaining position with Argentina by concluding the Ottawa Agreements...<sup>73</sup>

But this was mainly on the assumption that import duty reductions pursued by Britain would also be enjoyed by the dominions, as the original 1825 treaty between Argentina and the *British Empire* provided, so that Argentina, understandably, would be willing to concede less.<sup>74</sup> In the event, the Argentines ruled that conditions had so changed since 1825 that concessions to Britain would not apply to any other part of the Empire, no matter what the treaty said.<sup>75</sup> Beyond that, in Professor Drummond's judgment « . . . the Ottawa agreements left Britain with plenty of power to freeze or constrict her imports of foreign butter, bacon or meat »<sup>76</sup> and it is hard to believe « that if Britain had conventionalised fewer duties and margins at Ottawa she would later have won even more concessions from more foreign countries ».<sup>77</sup> It can be concluded that because, rather than in spite, of Ottawa, Britain was in an excellent position to force more export trade into Argentina through a lowering of the republic's tariffs.

There was undeniable reluctance in Argentine government circles to reduce import taxes, even for Britain alone, and certain aspects of it perturbed the British. First, though some commentators

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<sup>72</sup> *Daily Express*, 22 June 1934.

<sup>73</sup> FO 371/16531, Kelly to Holmes, Dominions Office, 2 Feb. 1933, 160.

<sup>74</sup> FO 371/16531, FO Minute, 3 Feb. 1933, 209.

<sup>75</sup> FO 371/15798, Dominions Office to FO, 21 Oct. 1932. Though the policy of appearing to respect m.f.n. rights meant that the question remained an aggravation. See DROSDOFF, *op. cit.*, particularly 44-7.

<sup>76</sup> I. M. DRUMMOND, *Imperial Economic Policy* (London, 1974) 312.

<sup>77</sup> *Ibid.*, 273.

held that the Argentine finance minister resigned merely out of pique that his 1933-34 budget calculations were being upset and that, duly warned, he would have countenanced import tax reductions in the following accounting period, others pointed out that Alberto Hueyo's name had long been synonymous with balanced budgets and counterinflation. These were priorities applauded by the Argentine president, many congressmen and, indeed, the City of London, so that an elaboration of why Hueyo felt unable to defend the Roca-Runciman Treaty in Congress could be very damaging. Secondly, though the resignation of the Minister of Agriculture, Antonio de Tomaso, would ordinarily have occasioned rejoicing, the government had recently depended on socialist votes, so that a debating contribution from him could similarly jeopardise a majority. Thirdly, the British ambassador reported that « the chief obstacle to tariff negotiations has been the Chief of the Customs », Agustín Pinedo, while Argentine customs officers generally did everything in their power to thwart trade concessions made to the British by their political leaders.<sup>80</sup>

The Argentine government's reticence about lowering import duties cannot be accounted for by the innocuous desire to avoid disturbing the republic's m.f.n. treaties. For they would have been denounced to buy exemption from British imperial preference, but after Ottawa no other justification was politically adequate for the Argentine government to offer to the irate opposition. The Concordancia's insistence on transferring the tariff aspects of the Roca-Runciman talks to Buenos Aires is intriguing in this light.<sup>81</sup> The official reason was that the Argentine mission to London did not

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<sup>78</sup> FO 371/16533, Macleay to FO, 28 June 1933, 127; FO 371/16533, Memorandum, 19 July 1933, 187. On the strength of this apparent (there were other conflicts in the Argentine Cabinet) stand on tariff concessions to the British, Hueyo has become a folk-hero among young Argentine researchers. He was capable, however, of "...llegando a decir que para una firma como Gath y Chayes no podía haber moratoria cuando había cambio disponible". H. (BA) 354 Letters, 1921-1935, 15 July 1933.

<sup>79</sup> FO 371/16533, Memorandum, 19 July 1933, 187.

<sup>80</sup> FO 371/16534, Fraser to Mason, 1 Sept. 1933, 99; FO 371/16534, Millington Drake to FO, 29 Aug. 1933, 444.

<sup>81</sup> The Buenos Aires part of the Roca-Runciman negotiations took place between 16 June and 26 Sept. 1933.

include tariff experts.<sup>82</sup> Unofficially the reason was the apparent Argentine misconception that meat concessions for exchange preference effectively concluded matters. Beyond that, speculation must serve until the Argentine documents become available. Argentine media coverage was obviously more thorough in Buenos Aires than in London. On the assumption that the British pursuit of tariff reductions was not very serious, the Concordancia could expect to make easy political capital out of conceding little to Britain in a blaze of publicity. Alternatively, it might be argued that the more perceptive Argentine negotiators fully anticipated a fierce tariff battle and preferred to fight it on their own ground, where, for instance, the Concordancia's friend, Luís Colombo of the *Unión Industrial Argentina* could be relied upon to organise street demonstrations illustrating the political limits on concessions to British trade.<sup>83</sup> Factory employees were even released from work on full pay to attend protest meetings.<sup>84</sup> But, on balance, the first suggestion seems likelier than the second, for the Concordancia was clearly nonplussed by the seriousness of the British mission to Buenos Aires and fought desperately to conceal the preferences granted to Britain. The government was now trapped into selling out Argentine nationalism under its very nose.

As the British presented their demands for tariff revision three formulae were proposed by the Concordancia to assist British export trade without publicly denouncing the treaties or publicly that Argentine industrial protection was being eroded. First, in announcing products in which British manufactures already had a major position in the republic's import trade, general concessions would be granted, but the greatest benefit would naturally accrue to British suppliers. The free-trade margin for railway and other equipment in Argentina's imports would remain

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<sup>82</sup> FO 371/16533, Conversation between Craigie and Malbrán, 2 July 1933, 143. The Argentine negotiators were: Miguel Angel Cárcano; Luis A. Podestá Costa; Daniel Antokoletz; F. Augustín Pinedo; Alfred Lucadamo; Andrés Maspero Castro; Ernesto A. Quade. The Assesory Committee was: Ernesto Mignaqui; Pablo Foucher; Luis Fiore; Roberto Donaldson. See *Buenos Aires Herald*, 30 May 1933.

<sup>83</sup> FO 371/16533, Macleay to FO, 14 June 1933, 110; FO 371/16533, Macleay to Simon, Despatch No. 212, 14 June 1933, 131.

<sup>84</sup> *The Economist*, No. 4690, 15 July 1933, 130-1.

free, while the 10% import surcharge instituted in 1931 would shortly be repealed<sup>85</sup> Secondly, in products in which the British position was weak, yet capable of growth, customs classifications would be devised to give effective preference to British manufacturers.<sup>86</sup> Thirdly, invitations for tenders to perform public contracts would be worded to match British specifications.<sup>87</sup>

There were considerable difficulties associated with each technique. The United Kingdom proposals covered 36% of British exports to Argentina, which was 20% of Argentina's total import trade.<sup>88</sup> The Argentine government relied overwhelmingly on indirect methods of raising public revenue, so that on the basis of 1931 trade figures, and not including the 10% surcharge, British demands implied a revenue reduction of 18m paper pesos. Admittedly, this represented only 7% of total customs revenue: but as Argentina's export trade was suffering, total import trade would have to contract, even though imports from Britain would grow as a result of customs revision.<sup>89</sup> In a bid to fill the gap, income tax had been introduced in 1931, but it was predictably unpopular and encountered fierce resistance:<sup>90</sup> much time was needed before direct income could cover the decline of indirect revenue, while the British demanded immediate concessions for their exports. Secondly, the Argentine textile industry was growing impressively, particularly in the cotton and woollen branches and would be greatly antagonised by the withdrawal of tariff protection. The best prospects for British progress in the market seemed, therefore, to lie in trade liberalisation in high quality textiles.<sup>91</sup> Thirdly, though Britain

<sup>85</sup> FO 371/16531, Anglo-Argentine Trade Negotiations, 17 Feb. 1933, 248-9; FO 371/16531, Anglo-Argentine Trade Negotiations, 15 Feb. 1933, 236; FO 371/16531, Anglo-Argentine Trade Negotiations, 17 Feb. 1933, 250-1.

<sup>86</sup> FO 371/16531, Anglo-Argentine Trade Negotiations, 20 Feb. 1933, 254-5.

<sup>87</sup> FO 371/16531, Anglo-Argentine Trade Negotiations, 17 Feb. 1933, 201, 203. Some of these ideas in the Buenos Aires talks had first been mentioned in the London sessions. Argentine documents for the Buenos Aires sessions have never been released.

<sup>88</sup> FO 371/16531, Anglo-Argentine Trade Negotiations, 17 Feb. 1933, 197.

<sup>89</sup> FO 371/16531, Anglo-Argentine Trade Negotiations, 20 Feb. 1933, 258-9.

<sup>90</sup> It seems to have been collected effectively in the city and province of Buenos Aires but "...throughout the rest of the Republic the tax has been treated more or less as a dead letter". *The Economist*, No. 4695, 19 August 1933, 368.

<sup>91</sup> FO 371/16531, Anglo-Argentine Trade Negotiations, 20 Feb. 1933, 256-8; FO 371/16532, Anglo-Argentine Trade Negotiations, 21 Feb. 1933, 288-292.

supplied 90% of Argentina's coal imports, other coal producers were losing external markets as a result of world tariff changes and it was feared that Germany and Poland, in particular, would turn to Argentina, which extended free entry not only to Britain, but to all suppliers. The Argentines urged that the British coal trade was so well integrated with the grain trade that Britain would easily preserve her position through low sea freights. But British merchants remained unconvinced and pressed for disguised preference.<sup>92</sup> Fourthly, rigged customs classifications are only dependable for products of complex manufacture. On the British export list, only motor vehicles seemed likely to benefit from this practice. Actually, British motor vehicles should have prospered without concealed preference, since their fuel consumption was low while Argentina was deficient in petrol.<sup>93</sup> Yet the market was being lost to the North Americans, mainly because only one British manufacturer troubled to operate after-sales service in the republic. It was hoped to stimulate the British motor trade by relating import duties to cubic capacity thereby favouring British cars against the larger North American models. Even then the Argentine ranchers were loath to penalise United States commercial vehicles which were irreplaceable in rural areas.<sup>94</sup> Fifthly, British manufacturers were unenthusiastic about tendering for public contracts in Argentina, even if the specifications were uniquely favourable to British industry, because the public authorities were notoriously slow in paying for work undertaken by contractors.<sup>95</sup>

The oligarchy's need to make concessions, while appearing not to make them, meant that the tariff and non-tariff obstacles were the most furtive and arduous part of the Roca-Runciman negotiations. One weary Englishman wrote from Buenos Aires:

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<sup>92</sup> FO 371/16532, Anglo-Argentine Trade Negotiations, 22 Feb. 1933, 296-9.

<sup>93</sup> FO 371/16531, Anglo-Argentine Trade Negotiations, 17 Feb. 1933, 250; FO 371/16531, Anglo-Argentine Trade Negotiations, 20 Feb. 1933, 255.

<sup>94</sup> FO 371/16531, Anglo-Argentine Trade Negotiations, 20 Feb. 1933, 256.

<sup>95</sup> FO 371/16531, Anglo-Argentine Trade Negotiations, 17 Feb. 1933, 203.

...after what seems about a couple of years of close negotiations we are having a sort of truce while we await final instructions from London.<sup>96</sup>

But the British had every reason to feel satisfied with the outcome. They submitted 388 items and secured tariff reductions on 347.<sup>97</sup> The submission covered trade worth 39m gold pesos while the concessions affected trade to the value of 25m gold pesos.<sup>98</sup> About 75% of British exports to Argentina had duties frozen, reduced or declared non-dutiable.<sup>99</sup> These statistics do not include assorted concealed preferences nor the introduction of euphemistically-named "traffic-co-ordination" laws in Buenos Aires, which greatly assisted Anglo-Argentine tramways in competition with Argentine-owned motor buses.<sup>100</sup> These victories were highly rated in Britain. *The Economist* judged that « The concessions provided for are considerable and the ultra-protectionist Argentine industrialists have suffered a severe defeat . . . »<sup>101</sup> The British Cabinet was delighted.

In 1933 an Agreement had been made with the Argentine which in almost every respect was more satisfactory to us than could have been anticipated when the negotiations for that agreement opened... Reductions of Argentine duties were secured for 30% of our exports to that country, the free entry was conventionalised for 28%, and existing duties were stabilised for about 13%. The value of the exports of United Kingdom goods to the Argentine, which fell from £ 14.8m in 1931 to £ 10.7m in 1932 had risen to £ 15.3m in 1935.<sup>102</sup>

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<sup>96</sup> FO 371/16534, Fraser to Mason, 1 Sept. 1933, 99. It was actually eleven weeks.

<sup>97</sup> FO 371/16534, Record of conversation between Mr. Kelly and the Argentine Ambassador, 30 August 1933. The figures are from the Argentine Foreign Ministry. DROSDOFF, *op. cit.*, 32, gives 235 English products with reduced duties, but his sources are dated 3 April 1933, well before the Buenos Aires tariff talks (16 June - 26 Sept. 1933) and even before signing the London part.

<sup>98</sup> FO 371/16534, Record of Conversation... 30 August 1933, 41.

<sup>99</sup> *The Economist*, No. 4704, 21 October 1933, 769.

<sup>100</sup> "The co-ordinating laws to which the Argentine legislator refers have for their purpose the protection of the railroads and street cars of Buenos Aires, in which much British capital is invested". *The Times*, 3 August 1936. Quoted by A. CIRIA, *Parties and Power in Modern Argentina* (New York, 1974) 26.

<sup>101</sup> *The Economist*, No. 4701, 30 Sept. 1933, 623.

<sup>102</sup> FO 371/19756, Extract from Cabinet Conclusions, 27 Oct. 1936, 307.

TABLE VII

SOME BRITISH EXPORT SUCCESSES IN ARGENTINA 1931-1938 (Declared Values, £s.)

Year	Cotton			Woollen and Worsted		Coal Coke and Patent Fuel	Machinery	Electrical Goods	Total Millions
	yarn	piece	other	piece	other				
1931	143,128	2,468,495	440,780	1,273,022	42,245	2,109,791	1,239,252	479,812	14.8
1932	241,021	2,602,217	456,115	888,398	15,382	1,856,012	456,980	168,085	10.7
1933	439,857	3,160,328	529,350	1,130,309	9,008	1,920,265	593,913	149,059	13.1
1934	620,807	3,581,248	540,005	1,307,254	16,589	1,913,645	728,925	270,024	14.7
1935	714,988	3,012,116	540,636	1,702,677	25,318	2,027,155	915,730	403,629	15.3
1936	601,545	2,698,317	389,132	1,763,279	22,920	1,912,321	1,064,536	539,098	15.3
1937	728,491	3,215,122	516,467	2,195,029	34,990	2,229,892	1,272,716	544,996	20.0
1938	505,256	2,411,352	433,340	1,992,315	39,253	2,317,689	1,339,970	544,642	19.3

The post-treaty trading performance appears in table VII.<sup>103</sup> Exports of cotton goods substantially increased, even though Manchester was not satisfied; woollen goods even exceeded expectations; iron, steel and other metal goods performed well; electrical machinery exports also grew impressively; the growth of the coal trade was not stopped either by foreign competition or increased use of oil in Argentina.

The abiding importance to Britain of these tariff and related concessions was badly underestimated in some quarters because of the mistaken belief that all were subsequently generalised to other countries under the m.f.n. rule. Even *The Economist* misinformed its readers on this point. « It does not appear to be generally realized that under the most-favoured-nation clause, all these concessions made to Great Britain will be shared by the other principal nations trading with Argentina ».<sup>104</sup> It is now known that the *apparent*

<sup>103</sup> Annual Statements of Trade in BPP.

<sup>104</sup> *The Economist*, No. 4701, 30 Sept. 1933, 623. Though he does not quote this, Eduards Jorge, in his generally excellent study, says that the decree of 26 Sept. 1933 gave no advantage to the British because an Argentine government decree of 6 Nov. 1933 extended the concessions to other nations. But the *apparent* preservation of m.f.n. rights was intended from the beginning and that was precisely why the negotiations concentrated on: 1) general concessions only on products in which the British were already strong; 2) preservation of the 'free trade' margin allowing British public utilities in Argentina to import British goods free of duty; 3) rigged Argentine customs classifications to benefit British manufacturers; 4) Argentine invitations for tenders worded to match British specifications; 5) the suppression of Argentine enterprises in competition with

preservation of the m.f.n. rule was intended from the very beginning, but it was confined to those products in which Britain was strong enough to overcome international competition. Weak sectors of British trade were awarded exclusive privileges, through devices which lay outside the decree of 6 November 1933 and thereby gave permanent advantages to Britain. On grounds of common sense alone, it does not seem probable that British negotiators laboured for eleven weeks in Buenos Aires to win general trade liberalisation for Britain's competitors. It may, nevertheless, be true that the foreign exchange preferences gained in the London negotiations were more important than the tariff and related measures won in Buenos Aires, but both played a substantial part in Britain's revival in the Argentine market.

When informed sections of the *British* government considered that the exchange preferences alone were adequate reciprocity for the meat trade concessions, how did the *Argentine* government gain congressional approval for a treaty which also included these major privileges in the field of tariffs and related manipulation favouring British trade and capital assets? The likeliest explanation is that a British Cabinet resolution frightened even the congressional opposition in Argentina. In the London part of the Roca-Runciman Treaty, signed on 1 May 1933, article 3 stated

If such a supplementary agreement [on tariffs] is not concluded by 1 August 1933 either contracting party... may terminate this Convention at one month's notice.<sup>105</sup>

On 28 July 1933 the British Cabinet resolved that

We had not yet secured the concessions we required on certain classes of good of paramount interest to our trade and it might therefore be necessary in the near future to threaten the Argentine Government with termination of the existing Convention. The

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British public utilities. The decree of 6 Nov. 1933 applied only to 1) relating to products in which British export trade was substantial enough not to suffer. See E. JORGE, *Industria y concentración económica* (Buenos Aires, 1971) 126.

<sup>105</sup> FO 371/16533, Macleay to FO, 11 July 1933, 160. FO 371/16533, Board of Trade View on Argentine Tariff Negotiations, 27 July 1933, states "Mr Runciman and Dr Burgin are in a very stubborn mood and would frankly be glad, as things are, to break off the negotiations" 249. The writer was P. Mason.

President of the Board of Trade was authorised to use this threat if necessary after consultation with the Prime Minister...<sup>106</sup>

It is hard to believe that at least the substance of this resolution was not known in Argentina when the Senate — which had shown great opposition to the treaty and insisted on two debates — approved it by a vote of 16 to 5 on the same day.<sup>107</sup>

In Britain considerable value was attached to the Roca-Runciman Treaty and on its expiry in 1936 there was great anxiety to obtain a renewal. Stanley Baldwin thought that "... it would be disastrous if the New Anglo-Argentine Treaty was not made". Neville Chamberlain concurred saying "...he would regard as disastrous a failure to make a new agreement having regard to both our large investments in that country and the value of our important export trade to Argentina".<sup>109</sup> In the event, history repeated itself still more emphatically. For in 1936 all the benefits to British traders and bondholders were retained and most were even increased. Walter Runciman triumphantly reported "...in practically every case we had managed to obtain improved terms".<sup>110</sup> Meditating further on his victory he "... was satisfied that in the result a very hard bargain indeed had been driven with Argentina".<sup>111</sup>

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<sup>106</sup> Cab 49/33, 28 July 1933, 381. This is the London part of the agreement relating to meat, exchange and the benevolent treatment of British capital. The threat was that this would be lost unless the Buenos Aires part of the agreement giving concessions to British exports was promptly and satisfactorily completed.

<sup>107</sup> FO 371/16533, Macleay to FO, 29 July 1933, 217. The Chamber of Deputies approved the treaty with 61 votes in favour out of 102 deputies present, the majority being 20. The concluding part of the agreement was finally settled on 26 Sept. 1933. This date gave the Treaty Bondholders a conversion rate of 43d. 44d reached on 17 Sept. 1933 was the most favourable rate for years.

<sup>108</sup> FO 371/19756, Extract from Cabinet Conclusions, 27 October 1936, 324.

<sup>109</sup> FO 371/19756, Extract from Cabinet Conclusions, 27 October 1936, 317.

<sup>110</sup> FO 371/19756, Extract from Cabinet Conclusions, 27 October 1936, 308.

<sup>111</sup> FO 371/19756, Extract from Cabinet Conclusions, 27 October 1936, 308.

The main "improved terms" were: 1) that virtually all sterling exchange in Argentina was available for British trade, since the £ 3 m permitted for reducing the Argentine public debt was slashed to £ 1½m in 1936; 2) new declarations safeguarding British *frigorificos* and shipping, should the Argentine government impose more regulations on private enterprise in the meat trade; 3) British cotton and rayon piece goods would receive a quota based on the average for 1933-5, should the Argentine government impose quantitative control of foreign textile imports.

Not all sections of British opinion, however, felt so jubilant and serious disquiet about the management of the Anglo-Argentine connection began to be expressed. *The Economist* deeply regretted that "Mr Runciman has driven an even harder bargain in 1936 than in 1933"<sup>112</sup> and characterised him as Shylock cutting "another ounce of flesh".<sup>113</sup> The same journal also raised the very pertinent question "... is it really wise to drive an even harder bargain with a country than whom we have no better customer anywhere in the world?".<sup>114</sup> Such policies made the future appear ominous and they clearly meant that, far from enjoying relaxed conditions in the 1930s, Argentina endured foreign pressure at least comparable with that of the First World War. With metropolitan domination thus mounting, how was the internal development of the republic affected?

There is probably no subject more controversial than industrial manufacturing in Argentina. Practically the only common ground is that the republic has an industrial history: beyond that, every single topic is fiercely debated. For instance, it is entirely typical that even the approximate date of birth of Argentine industry is hotly disputed. One view is that the industrial development of the republic was deliberately restrained to benefit British exports until 1943 when revolutionary Peronism founded modern industry. A second interpretation is that, by accident or design, the Concordancia allowed manufacturing to make great strides in the 1930s, so that the Peronists inherited a going concern, which their mismanagement swiftly ruined. A third contention, that modern industry was born during the First World War, is challenged by the counter-argument that, in fact, it was still-born in those years. Other versions emphasise the level of industrial activity attained by the 1890s, while certain Colonialists report a portentous manufacturing economy over a century earlier under the Spanish Em-

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<sup>112</sup> *The Economist*, No. 4867, 5 December 1936, 460.

<sup>113</sup> *The Economist*, No. 4867, 5 December 1936, 460. See also *The Economist*, No. 4866, 28 November 1936, 40.

<sup>114</sup> *The Economist*, No. 4867, 5 December 1936, 460. There were reports that Walter Runciman's political strength even intimidated the Prime Minister. J.S. TULCHIN, "Foreign Policy", in FALCOFF & DOLKART, *op. cit.*, 100.

pire, which was subsequently vandalised by the Bourbon Reforms and British competition. Thus, credit for growth and blame for decline are widely dispersed in the available accounts.

Since Gunder Frank casually connects metropolitan economic dislocation with industrial progress at the periphery, the main issue here is whether Argentina's industrial statistics for the decade corroborate this aspect of his thesis better than the manufacturing data for the First World War as table VIII shows.<sup>115</sup> Further, it must be

TABLE VIII

PHYSICAL VOLUME OF INDUSTRIAL PRODUCTION IN ARGENTINA  
(1950 = 100)

1926	36.6	1933	42.6
1927	38.9	1934	48.4
1928	43.4	1935	49.7
1929	45.6	1936	52.9
1930	45.1	1937	56.2
1931	40.0	1938	58.4
1932	37.6		

admitted that the republic's manufacturing performance in the world crisis has impressed a number of reputable authorities. Guido di Tella and Manuel Zymelman date Argentina's take-off into industrialisation from 1933;<sup>116</sup> Miguel Murmis denies any paradox in his claim that the landed interest had the best industrial policy of any group in pre-war Argentina;<sup>117</sup> Carlos Díaz Alejandro rates the industrial achievements of the Concordancia as vastly superior to those of their Peronist successors.<sup>118</sup> There is, in fact, a general impression that the 1930s were a notable decade for Argentine industry.

<sup>115</sup> G. DI TELLA and M. ZYMELMANN, *Los ciclos económicos argentinos* (Buenos Aires, 1973) 224 and 264. See also A. DORFMAN, *Historia de la industria argentina* (Buenos Aires, 1942, 1970) 385.

<sup>116</sup> G. DI TELLA and M. ZYMELMANN, *Las etapas del desarrollo económico argentino* (Buenos Aires, 1967).

<sup>117</sup> M. MURMIS and J.C. PORTANTIERO, *Estudios sobre los orígenes del peronismo 1* (Buenos Aires, 1971).

<sup>118</sup> C.F. DIAZ ALEJANDRO, *Essays on the Economic History of the Argentine Republic* (London, 1970).

Yet it is, nevertheless, true that the preponderant emphasis in the literature laments grave imperfections in the industrial development of those years, which eventually led Argentina into the intractable crisis of the present day. Even writers who stress its positive features in the short-run, usually add that the long-run consequences were distortion and dislocation in the republic's economy. One major defect was the lack of balance among different branches of industry. A popular application of Rostow's thesis to Argentina argues that the country had satisfied the pre-conditions for industrial revolution by 1914. War and post-war problems, however, delayed the industrial take-off until 1933, by which time the national infrastructure was obsolete. Light manufacturing development was inadequately supported by other sectors with the result that instead of completing the expected 60 years cycle of initial industrialisation, the take-off terminated in a crash landing in 1952. This emphasis on fatal imbalances in the process is repeated in Aldo Ferrer's conclusion that from 1930 the republic developed a "non-integrated industrial economy", permanently imperilled by the incapacity of national enterprise to supply intermediate goods, machinery and fuel.<sup>119</sup> In consequence, these had to be imported on increasingly unfavourable terms of trade. Thus, Argentina's industrial growth was eventually stifled by the inability of individual sectors to complement each other.

Can Argentina's industrial dislocation in the 1930s be attributed to state indifference or, worse, vindictiveness towards manufacturing? Older writers insisted on the absurdity of expecting the landed interests to adopt dedicated policies of industrial promotion. It was an axiom of the opposition that the Concordancia was anti-industrial. Some modern studies, however, imply or insinuate that Argentine landowners underwent a weird metamorphosis in the 1930s which transformed them into ardent sponsors of national industry. Carlos Díaz Alejandro, for instance, suggests that tariff policy deliberately protected national manufacturing; regrettably, his best examples are sugar, beer and wine,<sup>120</sup> which hardly consti-

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<sup>119</sup> A. FERRER, *The Argentine Economy* (Berkeley, 1967).

<sup>120</sup> *Op. cit.*, 294.

tute central items in the output of modern industry. Javier Villanueva suggests that exchange policy was consciously industrial-minded and cites Concordancia politician, Enrique Malaccorto's testimony that the government was satisfied that the exchange regulations would have "a spin-off effect, an indirect protectionist impact upon industry".<sup>121</sup> Unfortunately, Dr Malaccorto is contradicted by the candid confession of his colleague, Felix Weil, that

The exchange regulations were a clever device to carry through the "buy from those who buy from us" policy despite the m.f.n. clauses in the trade treaties which were construed as referring only to customs duties.<sup>122</sup>

The Concordancia's economic policies are, in fact, much more comprehensible if they are viewed as a programme of assistance to British manufactured exports. Admittedly, common textiles and the fuel industry flourished in Argentina in the 1930s, even though they competed with British trade. But the Concordancia itself made the point that it was impossible to stop their development without dire political consequences. Even so, cotton manufactures suffered import duty reductions ranging from 15½% to 31%; wool, linen and artificial silk duties were substantially lowered; coal and coke continued to enjoy free entry into Argentina.<sup>123</sup> In general, the scale of concessions made to British export is totally incompatible with notions that the Argentine government was devoted to the development of national industry. One important indicator even implies that the bulk of manufacturing progress in Argentina pre-dates the Roca-Runciman Treaty. In 1925-29 national production satisfied 48.9% of final demand for manufactured products; in 1930-34, 62.7%; in 1935-39, 63.3%. Thus, in the later 1930s Argentine industry made virtually no progress in the national market and the "great leap forward" to 80.5% occurred in 1940-44

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<sup>121</sup> J. VILLANUEVA, "Economic Development" in M. FALCOFF and R.H. DOLKART, *Prologue to Peron: Argentina in Depression and War 1930-1943* (New York, 1976) 68.

<sup>122</sup> WEIL, *op. cit.*, Felix Weil, of the grain export house, Weil Hermanos, was a prominent member of the "brains trust" formed by Federico Pinedo to tackle Argentina's crisis.

<sup>123</sup> *The Economist*, No. 4701, 30 September 1933, 623.

when Britain was physically incapable of exporting manufactured goods to Argentina.<sup>124</sup>

It is even clearer that Argentine consumer preference for North American industrial products was sacrificed as table IX shows.<sup>125</sup> Disaggregating the 5 year-averages, in 1920 Great Britain had 17% of Argentina's import trade; the United States, 27%; Continental Europe, 31%. By 1935 the United States had been forced down to 13%, while the British share of 25% matched that of the entire European Continent.<sup>126</sup> In absolute terms, Argentina's

TABLE IX  
PERCENTAGE SHARES IN THE IMPORT TRADE OF ARGENTINA

Year	United Kingdom	United States
1911-15	31.1	16.1
1916-20	24.4	33.7
1922-24	23.5	21.7
1926-30	19.1	24.4
1931-35	23.5	13.7

import capacity was reduced by the world crisis, but North America was made to suffer virtually the whole export loss which this involved. In 1920-29 United States exports to Argentina totalled 471.8m pesos; in 1930-39 the total was 196.8m.<sup>127</sup> A secular decline in the British position dating back to the XIXth century had been reversed, the North Americans had suffered their worst setback since the brief British boom of the immediate post-war years, and bilateralism seems to be the explanation. There is, however,

<sup>124</sup> JORGE, *op. cit.*, 77.

<sup>125</sup> M. PANAIÁ, R. LESSER and P. SKUPCH, *Estudios sobre los orígenes del peronismo* 2 (Buenos Aires, 1973) 17 and 29; V.L. PHELPS, *The International Economic Position of Argentina* (London, 1956) 151.

<sup>126</sup> JORGE, *op. cit.*, 124.

<sup>127</sup> See Table 12 in JORGE, *ibid.*, 124.

<sup>128</sup> One complicating factor in assessing the assistance rendered to British export trade by the Roca-Runciman Treaty is that there was a devaluation of the peso in December 1933, one month after the Buenos Aires part of agreement, dealing with

one small factor which must not be over-looked. United States' export trade to Argentina had a different commodity structure, with greater elasticity of demand, than the British. In periods of prosperity for Argentina, North American exports tended to grow faster than British; in periods of depression, British trade survived better.<sup>129</sup> Nevertheless, it appears that the more fundamental influence was financial and customs policy. In an era of rising tariffs and nationalist controls throughout the world, Britain had secured major duty reductions and preferences from Argentina, which were regarded as anti-national. Under multilateralism Britain had been losing ground in the Anglo-Argentine connection for over a generation; the introduction of bilateralism was accompanied by instantaneous improvement. Further, though Argentina was one of the more prosperous countries in Latin America in the later 1930s, there was no dramatic revival in United States' manufactured exports to the republic. The small improvement corresponded to the forced liberalisation of North American policy towards imports from Argentina. Thus, the indications are that strict bilateralism exerted a countervailing influence over the usual effects of Argentine prosperity. This very fact further impeded Argentine industrial progress, since imports of the easily-substitutable British products were maintained, while replacement of the absent but more sophisticated North American manufactures was generally beyond rudimentary national industry.

The North American response to this determined destruction

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Britain's export privileges, came into force. An informed judgement made in 1936 was that "In effect, the [Roca-Runciman] Agreement has enabled Anglo-Argentine Trade to take its fair share of the advantages of that devaluation". *The Economist*, No. 4824, 8 February 1936, Special Survey of Argentina, 9.

<sup>129</sup> FO 371/15057, Memorandum, 9 July 1931, 127. In discussing the market for industrial products in the 1930s, it must be kept central in our minds that there was a fundamental breakdown of unprecedented dimensions in the world capitalist economy. Such conditions did not preclude all economic progress as much recent research on British economic history is very eager to demonstrate. But the overwhelming characteristic of a depression is poverty, social misery and reduced consumption. In Argentina the final demand for industrial products attained between 1925 and 1929 (16,089m pesos was not regained until 1945-49 (21,642m.)). See United Nations Economic Commission for Latin America, *El desarrollo económico de la Argentina*, Pt. 2 (México City, 1959) 139.

of multilateral trade gravely undermined the national integrity of Argentine industry. For the obstacles placed in the way of exporting manufactured goods to Argentina induced United States manufacturers to export industry itself to the River Plate. In primary processing in Argentina, North American capitalism was, of course, old-established; from the Argentine tariff of 1923 it was extended throughout the manufacturing economy. In the 1920s 43 major foreign enterprises commenced operations in Argentina; in the 1930s they were joined by another 45, particularly in chemicals, metallurgy, electronics and textiles. By 1938 foreign capital had achieved near-monopolies in such growth areas as automobiles, pharmaceuticals, rubber, petroleum and electricity, while it exceeded 50% of total industrial investment in Argentina.<sup>130</sup> Far from applauding this emerging pattern, many expressed profound disquiet that foreign capital had escaped its confinement to traditional industries and was rapidly achieving dominance of modern industrial life.<sup>131</sup> This could be viewed, not as economic emancipation, but as a yet more extreme form of dependence.

Further, the claim of these years to be an exceptional decade for industrial growth is questionable. Basic indicators for the 1930s reveal no sudden upsurge in manufacturing, but rather a smooth continuation of trends laid down in the 1920s. The vantage point of 1946 shows 9,943 firms still functioning then, which had been established between 1926 and 1930; the same 1946 test records 9,962 still active firms, which had commenced between 1931 and 1935. In some respects the 1920s even appear industrially superior to the 1930s. The capital investment rate in manufacturing between 1923 and 1929 was the highest of the entire period, 1900 to 1946. Imports of machinery for equipping industry between 1920 and 1930 exceeded those of any other decade in Argentine

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<sup>130</sup> J. VILLANUEVA, "Economic Development" in Falcoff & Dolkart, *op. cit.*, 71-7.

<sup>131</sup> One of the "grand old men" of the Argentine left comments, "Pero esa coyuntura fué también aprovechada en gran medida por los monopolios extranjeros, que establecieron filiales de sus empresas en el país, principalmente en las ramas de las industrias químicas, alimenticias, metalúrgicas, y otras, con el objeto de no perder su influencia en el mercado interno y de orientar su producción industrial de acuerdo con sus intereses". J. FUCHS, *Argentina, su desarrollo capitalista* (Buenos Aires 1965) 225.

history. Electricity consumption in industry rose threefold from 1921 to 1925 and trebled again between 1927 and 1930; in the years 1931 to 1935 it failed to double.<sup>132</sup>

In short, the 1930s display no surge forward from the preceding decade. The abrupt discontinuity had been manifested much earlier, when the manufacturing economy of the 1920s soared out of the industrial stagnation of the First World War. Moreover, even by 1939 Argentina was far from possessing a substantial modern industrial sector. In that year the traditional food and drink trades were still pre-eminent in the industrial sector, occupying 25% of all industrial establishments, employing 21% of all industrial labour, and producing 34% by value of all industrial output. The republic's second industry, textiles, trailed far behind with 13%, 15% and 14% respectively. On the eve of the Second World War 84% of capital goods used in Argentina were still imported.<sup>133</sup>

Some tentative judgements of the Argentine government's policies in the 1930s must now be attempted. To place heavy emphasis on the fact that the Concordancia made national economic policy in its own class interests would be to display naivety about the realities of political power elsewhere in the world. Further, since Argentina needed an export revival, it could have been more vigorously pursued precisely because the interests of the ruling class were directly involved. A more refined approach is to focus on the Concordancia's abject posture towards Britain, adopted essentially on account of one-tenth of Argentina's export trade. This government myopia left most primary production inadequately aided, most industrial activity badly contorted and most of the population cruelly exposed to a welfare-less state, which contrasted shamefully with the old-established social amelioration of the tiny, neighbouring republic of Uruguay. While the neglect of social welfare in the depression bred fierce popular resentment, nothing in economic policy substantially contradicted charges of *vendepa-*

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<sup>132</sup> VILLANUEVA, *op. cit.* 69-70.

<sup>133</sup> FUCHS, *ibid.*, 227.

*tria*. The epitome and symbol of Concordancia rule came to be the Roca-Runciman Treaty.

The contemporary British analysis of the republic's internal politics was that without a treaty, Anglo-Argentine relations would be damaged and the Argentine government would fall.

...failure to reach an agreement would not merely very seriously endanger Anglo-Argentine relations but also the social and economic stability of the Argentine itself.<sup>134</sup>

The reality was that getting a treaty led directly to the dissolution of the Anglo-Argentine connection by helping to provoke a nationalist revolution. It might seem far-fetched to suggest that a commercial treaty made in 1933 was a major factor in bringing down a government in 1943. But the Roca-Runciman Treaty must be viewed distinctly from the common run of trade agreements. Its ramifications expanded throughout the 1930s, at a time when electoral fraud in Argentina was blatant, so that the depiction of the Concordancia as a régime which drew its support from outside rather than within the republic carried great conviction. The treaty was a political gift to incipient Peronism, which made it a byword for the collaboration of the ruling élite in British hegemony.<sup>135</sup> Genuine Argentine progressives did not foresee that Perón himself would operate the Roca-Runciman Treaty until 1948.<sup>136</sup>

Residents of Argentina in the 1930s would have been astounded by Gunder Frank's contention that their country was enjoying a reduction of foreign pressures. On the contrary, an entire gene-

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<sup>134</sup> FO 371/16534, Memorandum, 28 August 1933, 143. This opinion of the important official, H. O. Chalkley, won wide acceptance.

<sup>135</sup> "The Roca-Runciman Treaty bore the germ of many measures that would later be adopted in the field of economics and finance and that were to embody what Arturo Jauretche, a member of the Force of Radical Orientation of Young Argentina (an organisation of young nationalistic members of the Radical Party, known as FORJA), has fittingly dubbed "the legal expression of colonialism". A GIRLA, *Parties and Power in Modern Argentina 1930-1946* (Albany, 1974), 21; A. JAURETCHE, *FORJA y la década infame* (Buenos Aires, 1962) 41-42.

<sup>136</sup> DROSDOFF, *op. cit.*, 9. It may be true that Perón had little choice in the immediate post-war years. See J. Fodor's essay in D. P. ROCK (Ed.) *Argentina in the Twentieth Century* (London, 1975). The criticism is rather of Peronist hypocrisy. When the Concordancia followed this policy it was called "selling out the nation"; when the Peronists followed the same policy it was called "saving the nation".

ration united in condemning what they saw as the apogee of British domination of the republic. Against those who object that allegations of British imperialism are merely an alibi to cover a native Argentine failure, this article suggests that contemporary opinion is borne out by modern research in at least two respects. In the 1930s Argentina's foreign trade was dragooned into the service of the British economy more thoroughly than ever before in peacetime. Further, the inevitable consequence of this commercial subservience was the blatant sacrifice of other interests in the republic by an oligarchic government clinging desperately to its powers. Such provocation nurtured nationalism as the opposition in the 1930s, until it seized office in 1943, to preside gleefully over the rapid dismantling of the Anglo-Argentine connection.