

NORTH AMERICAN COMMERCIAL INVOLVEMENT
IN THE ARGENTINE REPUBLIC, 1880-1914

A thesis
submitted in partial fulfilment
of the requirements for the Degree
of
Master of Arts of History
in the
University of Canterbury
by
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University of Canterbury

1986

For My Grandfather,

Anthony Thomas Forsyth.

(1892 - 1984)

ABSTRACT

This thesis examines the extent and nature of North American commercial involvement in the Argentine Republic, 1880-1914. Political and cultural factors are also considered in explaining the development of closer economic relations between the two countries.

In 1880 the commercial position of the United States on the River Plate was weak. North American exporters lacked adequate banking, shipping and mail facilities and were largely ignorant of Argentine tastes and requirements. Over the next thirty years these obstacles were overcome mainly due to the internal expansion of both countries. The resulting growth in United States awareness of and trade with the Republic is studied along with Argentine reaction to such diverse stimulants as Pan-Americanism, the wool tariff and battleship diplomacy.

A constant and important feature of this greater United States involvement with Argentina was an increasing Anglo-American rivalry on the Plate. Many Britons regarded the Argentine Republic as an essential, if informal part of the British Empire. Faced with a United States increasingly determined to assert its new economic and political power, British merchants and officials fought to retain their region of influence.

Relations between London and Washington, and between the English and North American communities at Buenos Aires are therefore also treated in depth.

A broadly chronological framework has been adopted to examine the development of the United States-Argentine relationship. In Chapter Four this is dispensed with to allow a case study of North American financial penetration into the Argentine Republic over an extended period of time.

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ACKNOWLEDGEMENTS

I wish to thank the following people who have helped me in the preparation of this thesis:

My supervisor, Brian Wearing, who has always encouraged my interest in Latin American history.

My parents for their support during my university years.

My friends both in Christchurch and Wellington, especially Peter Lund and John Crawford.

My typist, Mrs. Hotop.

INTRODUCTION

At the end of the nineteenth century the United States was looking to develop closer ties with Latin America. Her businessmen and politicians began to actively promote the concept of regional commerce and diplomacy. Sponsored by Secretary of State James G. Blaine, the First International Conference of American States met in Washington on October 2nd, 1889. Argued he, "while the great powers of Europe are steadily enlarging their colonial domination in Asia and Africa it is the especial province of this country to improve and expand its trade with the nations of America."¹

Underlying this belief was the changing industrial capacity of the United States. Hitherto a producer of raw materials, the "Colossus of the North" had emerged as one of the world's principal manufacturing powers. With the domestic market oversupplied, the need to find an overseas outlet was urgent. South America seemed both by geographical proximity and economic necessity, the natural area in which to expand.

¹Quoted in Humphreys, R.A. "Anglo-American Rivalries and the Venezuela Crisis of 1895." Transactions of the Royal Historical Society, Fifth Series, Vol. 17 (1967), pg.146

Within that region United States manufacturers showed a particular interest in Argentina. The Southern Republic at this time was experiencing unprecedented internal development. Railways were being built, the pampas cultivated, and the immigrants arriving at a rate relatively greater than that of the United States.² Already the richest state in Latin America, Argentina looked like emulating the economic success of her northern neighbour.

In 1880 trade between the two countries was small, \$8,097,416.³ North American businessmen, however, had already begun working for a greater share of the Argentine market. United States industrial exhibitions now included exhibits from Buenos Aires and other South American countries, while North American manufacturers had started sending samples to that region. Increasingly writers like William Curtis were talking of rich opportunities within the Southern Republic.⁴

²Between 1881 and 1910 Argentina retained a net of 2120786 immigrants. McGann, T.F. Argentina, the United States and the Inter-American System 1880-1914. (Cambridge, 1957), pg.10-11

³Statistical Abstract of the United States, Eleventh Number, 1888 (Washington, 1889), pg.57

⁴See Curtis, W.E. The Capitals of Spanish America (New York, 1888) and Trade and Transportation Between the United States and Spanish America (Washington, 1889).

This new United States involvement with Argentina was paralleled by the beginnings of Anglo-American trade rivalry on the River Plate. The British community at Buenos Aires comprised over 4000 persons in 1887. The majority of these occupied positions in the management of railroads, banks or estancias. In contrast there were less than 600 United States citizens resident in the city, many of whom lived in modest circumstances.⁵ Observed Hiram Bingham, "The Anglo-Saxons that you see briskly walking along the sidewalks are not Americans, but clean-shaven, red-cheeked, vigorous Britishers."⁶

Between the two communities there was some degree of social intercourse. On July 4th many Englishmen attended the celebrations at the United States Legation, while after President McKinley's assassination English commercial houses displayed the Stars and Stripes at halfmast.⁷ Churches, charities and clubs were in many cases shared with either the United States or British Consul acting as chairman.⁸ The British and

⁵Vilas to Blaine, July 25, 1889. National Archives, Department of State Records, American Affairs, Argentina, Diplomatic Despatches (Hereafter cited as Dip. Des.) Vol. 27, no.254. Lord to Hay, Sept. 27, 1901. Dip. Des. Vol. 40, no.142.

⁶Bingham, H. Across South America. An Account of a Journey From Buenos Aires to Lima By Way of Potosi. (Boston and New York, 1911) pg.32

⁷Lord to Hay, Sept. 27, 1901. Dip.Des. Vol. 40, no.142

⁸Buchanan to Olney, Dec. 27, 1896. Dip.Des. Vol.34, no.288.

American Benevolent Society was one such institution, providing assistance to destitutes of both nations.⁹

However the two communities were very much distinct entities. North Americans saw the New World as quite different from corrupt and belligerent Europe, ascribing to their country's foreign policy in Latin America benevolent and unselfish concerns. Minister Osborn praised the old Yankee principles of "no entangling alliances and no interference with the domestic affairs of other nations".¹⁰ Instead, his successor Hanna argued, London usually relied on the Egyptian method "of fleets and army, and the physical domination of the strong over the weak".¹¹

In the commercial arena British and United States merchants were beginning to clash. Great Britain was "the bank, stockbroker, railway builder, and supplier of the Argentine Republic".¹² During 1880 she provided 27% of that country's imports.

⁹Buchanan to Hay, July 7, 1899. Dip. Des.
Vol.38, no.717

¹⁰Osborn to Evarts, July 7, 1880. Dip. Des.
Vol.23, no.289

¹¹Hanna to Bayard, July 29, 1888. Dip. Des.
Vol.26, no.168

¹²Ferns, H.S. Britain and Argentina in the Nineteenth Century. (Oxford, 1960) pg.429

The same year her investments in Argentina totalled £23,060,000 - more than twice the value of those in Brazil or in Mexico.¹³ Attempts to expand the North American presence on the River Plate therefore were viewed with concern by London and resulted in British measures to thwart them.

At the end of the nineteenth century, however, the position of the United States in Argentina was weak. Washington had previously shown scant regard for that region. During 1831 she refused to take any action over England's seizure of the Falkland Islands, while thirteen years later the threat of further European intervention in Argentine affairs saw Secretary of State Buchanan offer only moral support to Buenos Aires. On both occasions Argentina's leaders expressed their disillusionment with la gran republica.¹⁴

The two countries signed a Treaty of Friendship, Navigation and Commerce in 1853, containing a conditional most-favoured-nation clause. However trade between them remained small.¹⁵ Basic to this was

¹³ *ibid*, pg.492

¹⁴ Julius Goebel, Jr. The Struggle for the Falkland Islands; A Study in Legal and Diplomatic History (New Haven, 1927) pg.439-462

¹⁵ The yearly average value of commerce between New York and Buenos Aires 1854-1860 was nearly \$4,000,000. Of this amount, more than two-thirds was in the form of Argentine exports to the United States. McGann, Argentina, the United States and the Inter-American System 1880-1914 (Cambridge, 1957) pg.84

the competitive nature of the Argentine and North American economies. Both lands were endowed with temperate climates and rich agricultural potential. Consequently they became natural rivals in world trade.

After the United States Civil War, Republican protectionists sought to foster domestic production in agriculture and industry. They sponsored the American Wool and Woollens Act of 1867, which raised duties on unwashed wool, one of the principal Argentine exports. Within a year shipments of that commodity to the States fell from 37,000,000 pounds to 12,500,000.¹⁶ Bitterly resented at Buenos Aires, the North American wool tariff remained for many years a major barrier to bilateral trade.

Instead Argentina looked to the old World to sell her produce and supply her needs. During 1881 Argentine foreign trade amounted to about 100,000,000 pesos, of which Europe controlled 80 million.¹⁷ The influence of habit is strong. Having gained an early

¹⁶Peterson, H.F. Argentina and the United States 1810-1960. (State University of New York, 1964) pg.224

¹⁷Baker's report of January 16, 1882. Reports from the Consuls of the United States on the Commerce, Manufacturers etc. of Their Consular Districts. Commercial Relations of the United States. (Hereafter cited as Consular Reports) no.17, March 1882, pg.315

foothold in the Argentine market, European countries possessed the advantages of established reputations and world-wide distribution agencies. To Buenos Aires, the old and tried channels of commerce were the easiest and most satisfactory.¹⁸

Needing capital to open up the rich pampas, Argentina sought this also in volume from across the Atlantic. European investment became vital to her development and prosperity. British finance penetrated all parts of the country and undertook a wide range of economic activity. By 1885 United Kingdom funds in the Republic stood around £45,000,000.¹⁹ In contrast the role played by United States dollars continued to be negligible.

There were other weaknesses in the North American position. Washington had failed to develop a regular and direct shipping connection with the River Plate. After the decline of the clipper ship, the Stars and Stripes became a rare sight in Argentine ports. During 1873 not one United States steamship arrived at Buenos Aires.²⁰ Ten years later the situation was unchanged

¹⁸Dewitt, Paul, "The Commercial Relations Between the United States and Argentina". The Southwestern Political and Social Science Quarterly, Vol.11 (1930) pg.170

¹⁹The Economist, 23 Jan. 1886, pg.105

²⁰Curtis, W.E., Trade and Transportation Between The United States and Spanish America (Washington, 1889) pg.74-75

with only some half dozen American vessels tied up, mostly schooners of small tonnage.²¹

In Argentina, successive Presidents advocated government support for a direct steamship line between Buenos Aires and New York. During 1865 the Argentine Congress had voted an annual subsidy of \$20,000 to any company making monthly voyages. Thirteen years later President Avellaneda renewed the offer.²² Both these efforts, however, failed to secure adequate backing in the United States.

Those American sailing vessels that did travel to Argentina were irregular, slow and went via Brazilian ports. In so doing they faced severe quarantine restrictions upon arrival at Buenos Aires. Instead American and Argentine exporters favoured the long, two way crossing of the Atlantic, via Europe. On that route all the European countries had regular and rapid sailings. Reported Consul Baker in 1880, "Foreign vessels almost exclusively are now doing the carrying to and from the States".²³

²¹Article from La Nacion in Baker to Hunter, Feb. 8, 1884. National Archives, Department of State Records, American Affairs, Argentina, Consular Despatches (Hereafter cited as Con.Des.) Vol. 19, no.599

²²Osborn to Evarts, Sept. 22, 1880. Dip. Des. Vol. 23, no.300.

²³Baker to Hunter, March 6, 1880. Con. Des. Vol. 16, no.348

The absence of direct steamship communications meant mail delivery was equally slow and unreliable. Between New York and Buenos Aires lay a distance of some 6,300 miles. Even with the best connections mail orders could rarely be filled in less than ninety days. Moreover merchants frequently complained of lost or damaged goods.²⁴ Minister Sherrill wrote, "To attempt to force an increase here of American trade in the face of this handicap is like trying to make water run uphill".²⁵

United States businessmen in the Argentine Republic lacked other facilities. Until 1914 North American law forbade the establishment of branch banks abroad. All commercial transactions between the two countries therefore had to go through foreign banks. As a consequence, they were subject to excessive surcharges, not to mention more delay. Complained one envoy "the injury done to our trade by reason of this condition is marked".²⁶

²⁴Hanna to Blaine, May 18, 1889. Dip. Des. Vol.27, no.233

²⁵Sherrill to Knox, Dec.13, 1909. National Archives, Department of State, Argentina. Record Group 59, Numerical File, 1906-1910. Case 18905. no.186

²⁶Buchanan to Olney, Oct.21, 1895. Dip. Des. Vol.32, no.162

Few North American firms had established offices or personal representatives in the River Plate. Instead many sought to solicit business solely by letters to the Legation or Consulate. Likewise, to publicise United States interests and policy, there was no American newspaper at Buenos Aires. In contrast the English colony had six, the Italian fourteen, the French, German and Russian one.²⁷

Perhaps most damaging to improved United States - Argentine commerce, however, was the absence of a sizeable North American community in Argentina. The large number of resident Englishmen not only provided a market for their country's products, but helped to communicate to the native population English conceptions of taste and utility. Moreover they were coming to occupy a strategic position in the Argentine economy. The increasing number of British - directed companies showed a natural preference for British goods. As H.S. Ferns points out, American and Belgian locomotives were seen on government-owned lines, but not on British lines.²⁸

In their attempt to promote trade and overcome these obstacles, United States representatives faced an uphill struggle. Inadequate funding by Congress meant

²⁷Martin, P.F. Through Five Republics of South America (London, 1905) pg.5

²⁸Ferns, H.S. Britain and Argentina in the Nineteenth Century. (Oxford, 1960) pg.430

that diplomatic officers there were both underpaid and overworked. Appointees had frequently to draw upon private income to meet expenses.²⁹ Until 1888 the Minister Resident remained all alone at his post. During that year a Secretary was finally appointed, at a salary of \$1,500 a year.

The Consular Service suffered equally from neglect. In 1883 Consul Baker reported that he was compelled to spend \$1500 annually out of his private means to make ends meet and that his salary was half what other consuls in Buenos Aires received. Recommending that the post be raised to the level of the Argentine Consulate General in New York, he urgently requested clerical assistance.³⁰ Fourteen years later, Baker was still asking for more assistance than his one clerk could supply.³¹

The physical appearance of the United States Legation and Consulate at Buenos Aires also reflected the low priority given to them by the State Department. When Hanna arrived in 1885 to take up his post, he found

²⁹Beaupre to Hay, Oct. 26 1904. Dip. Des.
Vol. 43, no. 68

³⁰Baker to Hunter, June 2, 1883. Con. Des.
Vol. 19, no. 564

³¹Baker to Rockhill, Dec. 8, 1896. Con. Des.
Vol. 23, no. 1136

"neither table to write on, chair to sit on, nor curtains or carpets..."³² The office itself comprised "a single room, 13 x 17 feet, lighted only through a glazed door, and situated in a back corridor of a residential building with bedrooms on either side".³³ Wrote Pitkin four years later "the contrast between these quarters and those of other diplomatic folk has long been a matter of unpleasant comment".³⁴

Consul Baker experienced similar trouble securing suitable premises. During 1888 lack of funds forced him to place the Consulate within his own residence, while the state of its furniture, Baker reported, was so bad that he kept it out of sight as much as possible.³⁵ Noted his successor "there is no other Consulate in this City in such a dilapidated condition as this office".³⁶

Despite these barriers to trade, however, a close commercial and political rapprochement between the two countries was possible. The United States and Argentine Republic had passed through similar phases in their historical development, giving rise to the idea of a common future. Both were products of revolution against

³²Hanna to Bayard, Dec.8, 1885. Dip. Des.
Vol. 25, no.15

³³Vilas to Blaine, July 13, 1889. Dip. Des.
Vol. 27, no.248

³⁴Pitkin to Blaine, Dec. 7, 1889. Dip. Des.
Vol. 28, no.18

³⁵Baker to Hunter, Oct. 31, 1885. Con. Des.
Vol. 19, no.684

³⁶Mayer to Day, Jan. 5, 1898. Con. Des.
Vol. 23, no.1

European colonial powers and, in expanding westwards, had shared a feeling of manifest destiny. Each suffered internal conflicts during the 1860's and 1870's as a prelude to forming well defined nation states.

In her institutions and laws Argentina closely imitated North America. During 1853 she adopted the United States constitution, while fifty years later ex-President Pellegrini studied that country's Presidential election as a basis for further electoral reform.³⁷ When laying the foundations of a public-school system, Domingo Sarmiento likewise followed the North American example and imported hundreds of Yankee women teachers.³⁸ This country, James Bryce concluded, "is the United States of the Southern Hemisphere".³⁹

Geographically Argentina also resembled her northern neighbour. The Argentine pampas and American West were similar in their productive capacity. Techniques and machinery were being developed in the United States that could easily be adapted to River Plate conditions. As a result North

³⁷Beaupre to Hay, May 2, 1905. Dip. Des.
Vol. 45, no.151

³⁸Hanna to Bayard, Nov. 19, 1888. Dip. Des.
Vol. 27, no.186

³⁹Bryce, J. South American. Observations and Impressions. (London, 1912) pg.315

American manufacturers enjoyed a natural advantage in the supply of barbed wire, mowers, reapers and other agricultural implements.

Perhaps most important to better commercial relations between the two countries, however, was Argentina's desire for a closer accord with Washington. Throughout the 1880's her Chamber of Deputies maintained the custom of holding a brief session on each July Fourth day and then adjourning as "an act of homage to the great Republic".⁴⁰ In 1885 a Trade Commissioner reported that "nowhere has the Commission met with more genuine cordiality, and nowhere has the desire for closer political and commercial relations with the United States, been so apparent as in the Argentine Republic".⁴¹ The next three decades would see Washington seek to respond to that desire.

⁴⁰ Baker to Porter, July 6, 1887. Con. Des. Vol. 20, no.767. Also Baker to Wharton, July 8, 1892. Con. Des. Vol. 22, no.1017

⁴¹ Curtis to Bayard, June 12, 1885. National Archives, Department of State Records, American affairs, Argentina. Despatches Received By the Department of State From the U.S. Commission To Central and South America. July 14, 1884 - December 26, 1885., no.38

CHAPTER I

BEGINNINGS, 1880 - 1890

The 1880's was a period of political consolidation and economic expansion for Argentina. The defeat of the porteños,¹ the influx of European capital and the "revolution on the Pampas"² combined to engender a tremendous growth in production and prosperity. The length of railways trebled, the number of immigrants increased eightfold and the export of agricultural products rocketed.³ From her isolated and backward condition, she emerged as "one of the agricultural powers of the world".⁴

Few North American diplomats or consuls sent to Buenos Aires during the eighties failed to perceive the potential of the River Plate. Minister Hanna

¹Porteño. A native of the city of Buenos Aires.

²"Revolution on the Pampas". During the eighties the scrawny sheep and cattle that had previously roamed the open range were rapidly supplanted by pedigreed flocks and herds bred from imported stock and enclosed by tight new wire fences.

³In 1879 2,136 kilometers of railroad were built, in 1889, 6,551. Between 1871 and 1880 90,678 immigrants arrived, between 1881 and 1890, the figure was 648,711. In 1876, 21 tons of wheat were exported; in 1890, 327,894 tons. McGann, T.F. Argentina, the United States and the Inter-American System 1880-1914. (Cambridge, 1957) pg.10-11

⁴ibid, pg.11

described the Argentine Republic as "the real El Dorado of all the South Atlantic and Pacific States", and referred to the day when she would become "a formidable rival of the United States in the production of cereals". Wrote he "The South American States, are just now, probably the most inviting field for the uses of capital in the whole world".⁵

Relations between Washington and Buenos Aires began the eighties on a promising note. In 1880 the North American Minister Osborn offered his good offices in Argentina's civil war. Although turned down, this action was warmly appreciated by the Argentine government and press. Reference was made in the newspapers to the fact that after Buenos Aires had rebelled against Presidential authority, Minister Osborn had retired to Belgrano along with the National Congress. "The Argentine Government", the Buenos Aires Herald stated, "has not gone through one day of trial without having the United States Minister at its side".⁶

⁵Hanna to Porter, Oct. 23, 1886. Con. Des.
Vol. 20, no.3. Hanna to Bayard, March 22, 1888.
Dip. Des. Vol. 26, no.143

⁶Osborn to Evarts, Nov. 29, 1880. Dip. Des.
Vol. 23, no.308

A year later the North American representative, along with his counterpart in Santiago, played a major role in the successful mediation of an Argentine-Chilean boundary dispute.⁷ The settlement was acceptable "to the press, the people and all parties" in Argentina and caused "much excitement and rejoicing".⁸ As a measure of his country's gratitude, the Argentine Minister of Foreign Affairs requested Osborn to accept a shield of exquisite workmanship.⁹ In an editorial the Buenos Aires Standard wrote, "No recognition could equal the service this gallant officer and his brother in Santiago have rendered the two republics".¹⁰

At the economic level also, the United States began the 1880's by demonstrating a desire to become more closely involved with her southern neighbour. On the 17th September 1880 Colonel W.P. Tisdell, an agent of Roach's New York and Brazil Steamship Co., arrived in the city to examine the feasibility of extending the line to Buenos Aires. Aided by the United States Minister Resident, he conducted interviews with President Avellaneda, the Minister of the Interior

⁷Dickens, Paul D. "Argentine Arbitrations and Mediations with Reference to United States Participation Therein", The Hispanic American Historical Review, Vol.11, (1931) pg.464-484

⁸Osborn to Blaine, July 1, 1881. Dip. Des. Vol.23, no.324

⁹Osborn to Freylinghuysen, Dec.22, 1883. Dip. Des. Vol.24, no.399

¹⁰Quoted in Baker to Hunter, June 29, 1881. Con. Des. Vol.17, no.437

and other high ranking officials. The Argentine authorities, Tisdal discovered, "felt the greatest interest in the project to draw closer the commercial and social ties between the two countries through the medium of steam communication".¹¹

Two years later the United States participated in the Continental Exhibition at Buenos Aires. Organised by the Argentine "Club Industrial", the exhibition was the first of its type in Latin America. All the South American countries apart from Peru and Bolivia, were represented. Thus was afforded a golden opportunity "of displaying to the people of South America the commanding position which the United States now occupy in the mechanic arts and the production of all kinds of machinery..."¹²

Underlying this North American interest in the Argentine Republic was the changing nature of trade between the two countries. Not only was the volume of commerce growing, but there was a significant shift in its direction. As in the past, Argentina continued to export to the United States hides, linseed and some wool. In return the United States sent Argentina timber, cloth, cotton and flour.

¹¹Osborn to Evarts, Sept.22, 1880. Dip. Des.
Vol.23, no.300

¹²Baker to Hunter, Aug.27, 1881. Con. Des.
Vol.17, no.447

What changed was that during the eighties North American manufactured goods began making their appearance on the River Plate. Agricultural implements, industrial machinery, petroleum products all found a ready market in the Southern Republic. Thus, while Argentina's exports to North America remained much the same, there was a steady growth in her imports from that country. Hitherto in favor of Argentina, the balance of trade after 1883 increasingly benefited the United States.

Table I. Value of Argentine trade with the United States (dollars): 1882 - 1890.¹³

Year	Argentine Imports	Argentine Exports
1882	2,727,917	5,234,914
1883	3,357,670	6,192,111
1884	4,825,813	4,110,038
1885	4,676,501	4,328,510
1886	4,333,770	5,022,346
1887	5,671,729	4,100,192
1888	6,099,411	5,902,159
1889	8,376,077	5,454,618
1890	8,322,627	5,401,697

¹³ Statistical Abstract of the United States, Eleventh Number, 1888 (Washington 1889) pg. 57; ibid, Fourteenth Number, 1891 (Washington, 1892)

Realizing the advantages that would accrue from a larger export market, Washington took steps during this early period to foster her commerce with Argentina. On June 11, 1885, the Latin American Trade Commission, appointed by an Act of Congress the year before, arrived in Buenos Aires.¹⁴ Its purpose was "to ascertain the best mode of securing more intimate international and commercial relations between the United States and the several countries of Central and South America".¹⁵ In line with this, the commissioners passed on goodwill messages during a conference with President Roca and held interviews with a number of leading North American businessmen resident in the Argentine capital.¹⁶

Other indications pointed to a desire on the part of the United States government for a closer relationship. In their annual messages to Congress, Presidents Arthur, Cleveland and Harrison all spoke of the need for direct North American shipping lines to the River Plate.¹⁷ Later on in the decade a Pan American Conference was held at Washington to discuss such problems.

¹⁴Smith, Joseph. "The Latin American Trade Commission of 1884-5". Inter-American Economic Affairs. Vol.24 (1971) pg.3-25

¹⁵Curtis to Bayard, June 12, 1885. Despatches Received By the Department of State From the U.S. Commission to Central and South America. July 14, 1884 - December 26, 1885. no.38

¹⁶ibid.

¹⁷Hanna to Bayard, Dec.12, 1886. Dip. Des. Vol.26, no.60 Hanna to Blaine, April 8, 1889. Dip. Des. Vol.27, no.220

Argentina was invited and a special emissary dispatched to visit her and other Latin American countries in order to gain support for the idea and ensure participation.¹⁸

At Buenos Aires, the status of the United States Legation was increased. It had long been a matter of comment that Washington had only a Minister Resident in the Argentine capital compared to the Plenipotentiaries of other nations.¹⁹ In 1884 Thomas Osborn became Minister Resident and Consul General, while three years later the post was elevated to that of Envoy Extraordinary and Minister Plenipotentiary.

Washington's growing overtures to the "Yankees of the South" during this decade were paralleled by a desire on the part of the Argentines for greater ties with the "Colossus of the North". Late 1887 the United States Minister informed his government of the termination of export duties by Argentina. This reduction was the more remarkable as that country's treasury balances were strained and hard to reconcile.

¹⁸Secretary of State Bayard selected John G. Walker, the secretary of legation at Bogota, as special commissioner to tour Latin America to meet possible objections to the conference.

¹⁹Hanna to Bayard, Feb. 16, 1888. Dip. Des.
Vol. 26, no. 134

Wrote Bayless Hanna, it was "a strong appeal for reciprocity on the part of the United States".²⁰

The following year an influential institution, the "Commercial Exchange of the Eleventh of September", embracing some of the most prominent men in the country, was established. Its purpose was to promote commerce between the two nations. To this end, Argentine wool samples were left at the Legation to be forwarded to the United States President and various North American manufacturers.²¹

One result of the increasing United States involvement with Argentina was to further stimulate Anglo-American rivalry on the River Plate. The 1880's marked a period of international tension between London and Washington. Two of the most acrimonious issues affecting relations were those of the Alaskan boundary dispute and the regulating of the Northern fur seal fisheries.²² Other sources of friction included British activities during the War of the Pacific (1879-83), which was seen by Secretary of State

²⁰Hanna to Bayard, Nov. 19, 1887. Dip. Des.
Vol. 26, no.93

²¹Hanna to Bayard, Aug. 20, 1888. Dip. Des.
Vol. 26, no.176

²²See The American Secretaries of State and Their Diplomacy. Samuel Bemis (ed) (New York, 1928)
Vol. VIII, pg.128-145

Blaine as "an English war on Peru, with Chile as the instrument".²³

In Argentina, North Americans gazed with envy at the predominance of the English. England, wrote Minister Hanna, "has profitably placed millions of money here - an opportunity I would like to see shared by our people".²⁴ The United States could and should interest themselves in investment opportunities. When the construction of an elevated railway was planned for Buenos Aires in 1888, a despatch pointed to the experience and success of that in New York. "Our builders and contractors in the United States should make a note of it, and not allow England or Germany to run away with this opportunity to make a valuable investment and to advertise the superiority of United States mechanical improvements....."²⁵

As a first step to challenging English economic hegemony, argued Hanna, the United States needed an adequate merchant marine. Line after line

²³Prof. R.A. Humphreys, "Anglo-American Rivalries and the Venezuela Crisis of 1895", Transactions of the Royal Historical Society, Fifth Series, Vol.17 (1967), pg.147-148

²⁴Hanna to Bayard, Jan. 14, 1888. Dip. Des. Vol. 26, no.119

²⁵Hanna to Bayard, March 16, 1888. Dip. Des. Vol. 26, no.140.

of European ships to the River Plate were being established, "but not one of them, so far, carries the most majestic flag of all the nations".²⁶

Only by direct, regular sailings from New York to Buenos Aires could North American merchants and Manufacturers compete. "Unless we can afford to bring our products here and offer them for sale on equal footing with European dealers, we cannot enter the contest of exchange with the producers of South American states".²⁷

Also needed was some method of protecting United States manufacturers from unfair European trade practices. In the absence of a direct shipping line between the United States and the River Plate, many North American goods were shipped to England and reshipped to the Argentine market as English goods. "It is a notorious fact here", wrote Minister Osborn, "that American hams, cheeses and many other articles of American products find their way to this market as English products..."²⁸ In consequence London was "diverting (the United States) natural trade and leeching its good name".²⁹

²⁶Hanna to Bayard, Dec. 12, 1887. Dip. Des.
Vol. 26, no.102

²⁷Hanna to Blaine, April 8, 1889. Dip. Des.
Vol. 27, no.220

²⁸Osborn to Evarts, Sept. 22, 1880. Dip. Des.
Vol. 23, no.300

²⁹Hanna to Bayard, July 25, 1888. Dip. Des.
Vol. 26, no.166

Britain for her part jealously guarded her economic predominance. The prospect of greater North American competition was viewed with some concern. When President Cleveland proposed to Congress in 1885 a modification of tariff laws, it was sufficient to bring the British Minister several times to the United States Legation, inquiring about the policy likely to be adopted. Observed Hanna, "He is evidently quite nervous on the subject, which seems significant".³⁰

Likewise, in 1885, after the departure of the Trade Commission, the British Consul Monson lost no time in interviewing the Argentine Under Secretary for Foreign Affairs. Inquiries centred on the possible significance of the visit. While praising the quality of luxury goods imported from France, Señor Pelligo assured Monson that "....in almost everything else British goods are and would continue to be, the most sought after".³¹

Through the English language newspapers, the Buenos Aires Standard and the Buenos Aires Herald, the English community in Argentina disparaged North American attempts to secure a better commercial footing in that country. The Trade Commission was termed "ridiculous",

³⁰Hanna to Bayard, Dec. 12, 1886. Dip. Des.
Vol. 26, no.60

³¹Monson to Foreign Office, Feb. 14, 1885.
Consular Reports from Argentina to the Foreign Office.
Public Record Office, (London) Foreign Office Papers
6/387

offering only "moral influence and assurances of goodwill..."³² In editorials and diplomatic correspondence, the spectre of Yankee expansionism was raised. When John G. Walker sought to arouse support for the forthcoming Pan-American Conference, he found representatives of a certain European power endeavoring to excite fears that the United States was seeking "to acquire an undue influence on this continent for purely selfish ends".³³

On occasions when it looked as if North American enterprise was gaining a foothold, the English were quick to react. British firms had secured monopolistic cable-landing rights in Brazil, Uruguay and Argentina. Not only were they able to impose discriminatory charges on messages to and from United States exporters, but, more important, they were in a strategic position to intercept valuable business information. In 1885 the Central and South American Telegraph Company won a concession to establish one or more submarine telegraph cables in the waters of the Argentine Republic. However, "much delay was caused by the friends of the European line, and a portion of the press here".³⁴

³²Buenos Aires Standard, Feb. 1, 1887. Quoted in Hanna to Bayard, Feb. 1, 1887. Dip. Des. Vol. 26, no.69

³³Walker to State Department, April 5, 1889. Dip. Des. Vol. 27, no.1

³⁴Osborn to Bayard, July 16, 1885. Dip. Des. Vol. 25, no.459

England was also quick to capitalize on North American hesitancy. In 1887 a number of United States citizens proposed to operate a line of steamships between New York and Buenos Aires. The Argentine government agreed to give a subsidy of \$(Argentine Gold)10,000 per trip, for twelve monthly voyages over a period of ten years.³⁵ However, the North Americans "interposed too many suggestions" and an English entrepreneur, Robert P. Houston, representing English capital, secured the contract.³⁶ Hanna suspected that the British undertaking was strongly flavored with intrigue. "Our United States capitalists were very near closing a contract with this government for such a line, on rational conditions, when this movement, it now seems was interposed by estoppel merely".³⁷

England was not the only country with which the United States came into economic conflict in Argentina during the eighties. Germany also had "a convenient way of appropriating models and selling (its) manufactured products as American machinery".³⁸

³⁵Hanna to Bayard, Jan. 1, 1887. Dip. Des.
Vol. 26, no.65

³⁶Hanna to Bayard, Nov. 20, 1887. Dip. Des.
Vol. 26, no.94

³⁷Hanna to Bayard, Jan. 9, 1888. Dip. Des.
Vol. 26, no.113

³⁸Hanna to Blaine, May 15, 1889. Dip. Des.
Vol. 27, no.232

Increasingly the two nations clashed over Argentine railroad contracts, the Germans preferring to "work at a loss in this instance for the foothold it will give them".³⁹

However, if North American competitiveness grew 1880 - 1890, it was still in a position of weakness at the end of the decade. Washington's commercial importance to Buenos Aires remained far behind that of other countries. In the first six months of 1889 Argentina's foreign trade amounted to 166,119,780 gold pesos. Of this England had approximately one-third, France more than one-fifth, Germany more than one-tenth and the United States only one-twelfth.⁴⁰

Likewise North American capital investment in the River Plate remained almost nonexistent during the 1880's. Little or no United States dollars went into Argentine public funds, while the number of American-owned enterprises in Buenos Aires stayed comparatively small. Argentine statistics for 1887 showed 257 English houses in the city employing a capital of \$121,952,000. In comparison there were only twenty six North American business places worth a mere \$2,189,900.⁴¹

³⁹Hanna to Bayard, Feb. 5, 1887. Dip. Des. Vol. 26, no.70

⁴⁰Baker's report of Aug. 23, 1889. Consular Reports, no.108, Sept. 1889, pg.166

⁴¹Quoted in Hanna to Bayard, Nov. 28, 1887. Dip. Des. Vol. 26, no.97

The major impediments to an increase in commerce and capital from the United States, were still inadequate shipping facilities and restrictive tariff laws. During 1883 forty six steamships arrived in the Plate, none of which were from North America.⁴² Six years later the situation had not changed when Minister Hanna reported "I have never seen a United States merchant steamer carrying our great flag in Argentine waters".⁴³ Concluded La Nacion ".....without a direct line with the United States, American enterprise, brains and capital, are but a dream".⁴⁴

North American protectionism remained a similar stumbling block to healthy commercial relations. During 1885 Argentina's exports of wool amounted to \$35,950,000, of which the United States purchased only \$1,180,000.⁴⁵ The same year President Cleveland called for a modification of tariff schedules, causing "much

⁴²La Nacion, Feb. 7, 1884 in Baker to Hunter, Feb. 8, 1884. Con.Des. Vol. 19, no.599.

⁴³Hanna to Blaine, April 11, 1889. Dip. Des. Vol. 27, no.222

⁴⁴La Nacion, Feb. 7, 1884 in Baker to Hunter Feb. 8, 1884. Con. Des. Vol. 19, no.599

⁴⁵Hanna to Bayard, Feb. 23, 1887. Dip. Des. Vol. 26, no.74

rejoicing and very general comment" on the part of Argentine producers.⁴⁶ However this resulted only in the abortive Mills bill two years later. "The people in the States", Argentina's representative at Washington argued, "are willing to take but not to give; the Republicans want our consuming powers, but will not budge an inch to make reciprocal concessions".⁴⁷

In 1887 Minister Hanna described the North American duty on unwashed wool as a "palpable and unjust discrimination against a sister republic of our own continent, struggling against many hindrances to follow in the footsteps of the United States....".⁴⁸ A year later he again decried the exclusion of wool. Wrote Hanna, "whether the United States shall care practically to cultivate closer relations, is exclusively a matter for its people and government. But if it is attempted, I doubt whether we can shut our ports against its chief products and succeed".⁴⁹

However, despite these barriers, the basis of a vital political and economic relationship between Washington

⁴⁶Hanna to Bayard, Dec.12, 1886. Dip. Des. Vol. 26, no.60

⁴⁷Reported in Buenos Aires Standard, Hanna to Bayard, July 31, 1888. Dip. Des. Vol. 26, no.172

⁴⁸Hanna to Bayard, Nov.19, 1887. Dip. Des. Vol. 26, no.93

⁴⁹Hanna to Bayard, Feb. 23, 1887. Dip. Des. Vol. 26, no.74

and Buenos Aires had been laid by 1886. The expansion which European investment in Argentina during the early eighties had engendered, had opened up opportunities for United States expertise and enterprise. By the end of the decade North Americans had gained an unquestionably strong position in the supply of certain essential goods. Already they had the market for kerosene and were selling considerable quantities of lumber and barbed wire.

As early as 1882 the Secretary of the British Legation reported that all agricultural implements in the provinces of Rosario and Buenos Aires "were from the United States, as was likewise nearly all the agricultural machinery".⁵⁰ Four years later an Exposition at Buenos Aires to promote Argentine farming included some of the latest improvements in North American equipment. There prizes were awarded for the most meritorious exhibits. Wrote Consul Baker "It is sufficient to say that the United States came out with full honors".⁵¹

In the field of railroad supplies, North America was up against the natural preference on the part of British companies for British goods. On government owned lines, however, her locomotives and wagons

⁵⁰The Economist, Feb. 18, 1882. pg. 196

⁵¹Baker to Hunter, Aug. 18, 1886. Con. Des. Vol. 20, no. 724

were seen with increasing frequency. When the Andean Railroad was inaugurated in 1885, Minister Osborn noted it was "with peculiar national pride" that he witnessed most of the Government Party introduced for the first time to Pullman Sleepers.⁵² Likewise two years later Balwin Locomotive Co., who had sold fire engines previously in Argentina, secured an order for a further twelve.⁵³

An indication of things to come was the growing interest of United States breeders in the Argentine livestock industry. The first ventures with North American horses to Argentina found "a very ready market", while there were increasing sales of Vermont merino sheep. In 1888 a herd of pedigree Hereford cattle from an old established Michigan breeding farm arrived at Buenos Aires. So well satisfied were the parties, the United States Consul reported, that they proposed at once to make further shipments.⁵⁴

In the second half of the decade North Americans were also showing a greater readiness to become more closely involved with major projects on the River Plate. During 1888 C.V. Boisot installed Edison's electric

⁵²Osborn to Bayard, April 20, 1885. Dip. Des.
Vol. 25, no.450

⁵³Hanna to Bayard, Feb. 5, 1887. Dip. Des.
Vol. 26, no.70

⁵⁴Baker to Rivas, Feb. 6, 1888. Con. Des.
Vol. 20, no.796

lamps for the first time in Buenos Aires.⁵⁵ A year later a United States citizen developed the Wheeler Plan providing for better harbour and sewerage facilities in the city's port.⁵⁶ This involvement, however, was primarily at the promotional level. When a New York civil engineer constructed a railroad from the Argentine capital to Cordoba in 1888, the specifications called for "English steel and English iron".⁵⁷

Most importantly North American manufacturers and merchants were seeking to acquire a greater knowledge of the South Republic. "This Legation", the United States Minister reported in 1886, "has been greatly besieged recently, with inquiries from almost every trading centre of the United States ... about the development and capacity of the Argentine nation, and its relative importance to other South American countries".⁵⁸ Throughout North America, newspapers and periodicals were featuring articles on the pampa economy. When one of them, Harpers' Monthly Magazine, published a highly optimistic account in November 1887, it was sufficient to cause a steady stream of poor North

⁵⁵Hanna to Bayard, May 3, 1888. Dip. Des.
Vol. 26, no.152

⁵⁶Hanna to Blaine, March 19, 1889. Dip. Des.
Vol. 27, no.208

⁵⁷The New York Times. Nov. 29, 1887. pg.1,
column 6

⁵⁸Hanna to Porter, Oct. 23, 1886. Con. Des.
Vol. 20, no.3

American migrants to Argentina in search of a better life.⁵⁹

During the 1880's, the United States was tentatively beginning to probe the Argentine market. Her products were to be found there in increasing numbers, witnessed by an upturn in trade figures between the two countries and a growing economic rivalry with Great Britain for Argentina's commerce. Prior to 1890, however, the North American presence on the River Plate was marked by the lack of its size and the almost complete absence of capital. Moreover, since 1853 there had been no formal commercial treaty between Washington and Buenos Aires. It was to this problem that United States diplomats addressed themselves in the 1890's.

⁵⁹Hanna to Bayard, Jan. 11, 1888. Dip. Des.
Vol. 26, no. 115

CHAPTER II

THE SEARCH FOR RECIPROCITY, 1890 - 1900

During 1890 the Baring Crisis burst over Argentina. Debt payments were temporarily suspended, the banking structure collapsed and revolution broke out. Total foreign trade fell from 254,719,239 gold pesos in 1889 to 170,426,780 in 1891.¹ Predicted the United States Consul at Buenos Aires, "For a long time, I fear, the Argentine Republic must continue to dwell in the valley of humiliation".²

The Crisis adversely affected North American attempts to penetrate the Argentine market. In 1889 commerce between the two countries was valued at \$14,748,474. By 1891 this had decreased to \$8,796,579.³ That year Consul Baker reported "For weeks there has not been an American vessel in port and none are expected".⁴

¹Baker's report of Nov. 17, 1890. Consular Reports, no.124, January 1891, pg.40

²Baker to Wharton, Oct. 5, 1890. Con. Des. Vol.21, no.920

³Statistical Abstract of the United States, 1906 (Washington, 1907), pg.217

⁴Baker to Windim, May 22, 1891. Con. Des. Vol.22, no.970

To meet its debt obligations, austere financial measures were adopted by the Argentine government. During January 1891 export duties were reimposed, while in December an exceptionally high tax was levied on all foreign life insurance companies. Two North American companies, the Equitable Life Assurance Society of the United States and the New York Life Insurance Company, had recently established branch offices in Buenos Aires plus a considerable number of agents. Both were forced to close their doors and suspend business.⁵

Many of the North American migrants who had gone to Argentina to seek their fortune were reduced to great poverty. Consul Baker reported the United States Consulate to be overrun by persons, a large number of whom were United States citizens, "begging for a soup ticket or a nights lodging".⁶ In 1890 the Anglo-American Benevolent Society of Buenos Aires repatriated eleven such people. The following year this society paid the passages home of thirteen destitute families.⁷

⁵Pitkin to Blaine, Feb.5, 1891. Dip. Des. Vol.28, no.94. Also Baker to Wharton, Feb.4, 1891. Con. Des. Vol.22, no.952

⁶Baker to Windim, May 22, 1891. Con. Des. Vol.22, no.970

⁷Consul Bridgett to Salisbury, Nov.9, 1891. Miscellaneous Series, no.216, pg.31. British Parliamentary Papers on Central and South America 1800-1899. (Hereafter cited as Brit. Parl. Papers) The Irish University Press Area Studies Series, Irish University Microfilms, 1974.

However the Baring Crisis created as well as destroyed opportunities for North American enterprise. In July 1890 the Argentine Vice-President informally raised the possibility with the American Minister of a large silver loan from the United States and discussed a "metallic alliance" with that country. Pitkin responded enthusiastically. Such an undertaking, he reported to Washington, would not only stimulate North American involvement on the River Plate, but create "a heartier Argentine disposition to fellowship with us..." Consequently the Minister requested a leave of absence for a month to promote the idea in the States.⁸

After a year in which the Argentine economy deteriorated still further, Pellegrini, now President, raised the idea with Pitkin of a North American bank in Argentina. According to the Argentine plan, it would possess a capital of fifty million dollars, open branches throughout the country and be free from all government interference and taxes. Again the United States Minister was interested. He pointed out to his superiors that now would be the ideal time for North American capitalists to become involved as they could substantially command their own terms. The Argentine

⁸Pitkin to Blaine, July 13, 1890. Dip. Des. Vol.28, telegram unnumbered. Pitkin to Blaine, July 20, 1890. Dip. Des. Vol.28, no.67. Also Hodge, J. "Carlos Pellegrini and the Financial Crisis of 1890". Hispanic American Historical Review, Vol.50 (1970) pg.519-521

people were "alienated from England to a notable degree" and sought financial assistance from "the Great Republic".⁹

At least one United States financier responded favourably. In 1891 J.S. Morgan & Co. of London signed an agreement with Buenos Aires for an emergency credit of \$74,400,000. The national railroads stood as guarantee for the loan. Since J.P. Morgan in New York already controlled the London office, Argentina was in reality dealing with a North American firm.¹⁰

That Washington did not encourage further involvement in Argentine finances was largely due to her preoccupation with other regional matters. In Chile she became embroiled in local party strife. As a result of an assault by a Chilean mob upon sailors of the U.S.S. Baltimore, President Harrison had sent an ultimatum to Santiago on 25th January, 1892.¹¹

Although possessed of larger interests elsewhere,

⁹Pitkin to Blaine, June 2, 1891. Dip. Des. Vol.29, cablegram. Pitkin to Blaine, June 3, 1891. Dip. Des. Vol.29, no.132

¹⁰Ferrer, James. "United States - Argentine Economic Relations 1900-1930". Ph.D. Thesis (University of California, 1964) pg.20

¹¹The American Secretaries of State and Their Diplomacy. Samuel Bemis (ed) (New York, 1928) Vol.VIII, pg.157-163

however, the United States did not neglect Argentina. Throughout the nineties all North American representatives at Buenos Aires were aware of that country's growing economic and political power. Not only was she becoming more and more "a direct and vigorous competitor of the United States" in the production of foodstuffs, but Argentine statesmen were exerting an increasing influence over other Latin American countries.¹² Argentina, one diplomat believed, "is unquestionably destined to become the controlling power of this continent".¹³

From early on in the decade, therefore, there were attempts to draw the Republic into the orbit of North American influence. On the 16th March, 1892 the South Atlantic Squadron arrived at La Plata. It had long been an affront to Argentine pride that United States naval power was concentrated at Montevideo, not Buenos Aires.¹⁴ The squadron's visit gave the opportunity to both appease wounded sensibilities and demonstrate North American material advancement. Reported the United States Minister, its presence "has been of wholesome import and its Admiral has won golden

¹²Buchanan to Olney, August 18, 1896. Dip. Des. Vol.33, no.245

¹³Jones to Hay, Aug.3, 1899. Dip. Des. Vol.38, no.730

¹⁴Pitkin to Blaine, Jan.25, 1892. Dip. Des. Vol.29, no.178

opinions on every side".¹⁵

However, it was in the field of commercial diplomacy that Washington directed her main endeavor. Through the McKinley Act of 1891 Secretary of State Blaine sought greater access to South American markets. Sugar, molasses, tea, coffee and hides were placed on the free list, while duties were threatened against any nation which treated North American goods unequally. In the case of Argentina many of her products entered the United States duty free. The American Minister at Buenos Aires therefore was directed to work for a reciprocal trade agreement.

Pitkin first broached the subject during October, 1891. The Argentine Foreign Minister argued a commercial treaty with the United States would not only violate Argentina's most-favoured-nation treaties with European countries, but provoke retaliation by their governments.¹⁶ In reply Pitkin warned that should an agreement not be reached, a one and one-half cent per pound duty on Argentine hides entering the United States would be imposed. To soften the threat he added the North American government only wanted to strengthen the commercial, political and social relations between the two republics and promised liberal encouragement to

¹⁵Pitkin to Blaine, March 28, 1892. Dip. Des.
Vol.30, no.187

¹⁶Pitkin to Blaine, Oct.7, 1891. Dip. Des.
Vol.29, no.156

a line of first-class steamers between New York and Buenos Aires.¹⁷

Faced with a declining source of revenue and his government on the verge of bankruptcy, Zeballos was in no position to concede liberal import duties. The Foreign Minister accused the United States of having neglected the Argentine market and threatened to tax imports of North American woods or go further and renounce the Friendship and Commercial Treaty of 1853. However, in return for free hides and wool, he stated, Argentina was prepared to make concessions on certain United States imports.¹⁸

Argentine opposition was not the only obstacle Pitkin met in negotiating a commercial treaty. Throughout his dealings with government authorities, the North American Minister became aware of the keen interest which other diplomats at Buenos Aires took in the proceedings. During May 1892 he reported that the European powers were very hostile to any United States-Argentine Commercial Treaty. Moreover, that the resident English, French, German and Italian representatives quickly discovered his efforts for reciprocity and stoutly combatted them - "even with threats on the part of the first three Ministers."¹⁹

¹⁷Pitkin to Blaine, Jan.9, 1892. Dip. Des.
Vol.29, no.175

¹⁸Pitkin to Blaine, Dec.29, 1891. Dip. Des.
Vol.29, no.172

¹⁹Pitkin to Blaine, Jan.20, 1892. Dip. Des.
Vol.29, no.177. Pitkin to Blaine, May 30, 1892.
Dip. Des. Vol.30, no.199

By the end of 1892 Washington had failed to obtain a new trade agreement with Argentina. In return for the free entry of all Argentine hides and skins into the United States, Buenos Aires would remove only her duties on North American woods and agricultural machinery.²⁰ Two years later, however, the Cleveland administration passed the Wilson-Gorman Tariff Act, which lifted the barrier against foreign wools. The value of Argentine exports to the United States increased from \$3,499,030 in 1894 to \$7,675,270 in 1895.²¹ Once again the North American Legation at Buenos Aires was authorized by the State Department to seek tariff modifications.

Initially Foreign Minister Eduardo Costa had expressed Argentine willingness to reciprocate and grant equality to United States goods.²² However, prior to the removal of the wool duty, Washington failed to secure any definite trade concessions. When in late 1894 the newly - arrived United States Minister William Buchanan came to negotiate reduced tariff rates, he was told Argentina considered herself under no obligation to do so. The Argentine stance was based on the belief that North American goods were

²⁰Pitkin to Foster, July 11, 1892. Dip. Des. Vol.30, no.205. Pitkin to Foster, July 12, 1892. Dip. Des. Vol.30, telegram

²¹Buchanan's report of June 15, 1897. Consular Reports, no.206, November 1897, pg.413

²²Buchanan to Gresham, June 20, 1894. Dip.Des. Vol.31, no.28

already generously treated and the fact that 75% of the Republic's revenues came from its Custom House.²³

Buchanan responded by pointing out that many government statistics on trade with the United States were erroneous. Moreover, that Washington allowed 73% of Argentine goods to enter the United States without duty, whereas Buenos Aires admitted only 6% of North American products untaxed.²⁴ His efforts, however, achieved little. No new convention was signed between the two countries. The 1895 Argentine tariff contained some slight reductions on petroleum, farm wagons, canned goods and other items of small export volume, but raised or left untouched the duty on such goods as farm machinery and lumber, the principal North American exports.²⁵

Having failed to secure a commercial treaty, the United States looked for other means with which to enter the Argentine market. In 1896 a group of twenty businessmen representing the National Association of Manufacturers visited Argentina to study commercial opportunities. There they met with the President, the Ministers of Finance and Foreign Affairs, as well as the heads of Boards of Trade and leading commercial houses.²⁶ Their conclusion was that for

²³Buchanan to Gresham, Aug.13, 1894. Dip. Des. Vol.31, no.49

²⁴ibid

²⁵Buchanan to Gresham, Oct.5, 1894. Dip. Des. Vol.31, no.63

²⁶Fishback to Olney, Oct.6, 1896. Dip. Des. Vol. 33, letter

North American trade with the River Plate to expand, better banking and shipping facilities were needed. To achieve this, a spokesman for the group promised "...every influence at our command in the United States..." would be used.²⁷

Washington was fortunate at this time in the quality of her representatives at Buenos Aires. Both Minister Buchanan and Consul Baker were highly regarded in Argentine social and government circles. Buchanan's personal friendship with Foreign Minister Alcorta and skilled diplomacy did much to offset Yankee-phobia during the tariff controversy and saw him elected Dean of the Diplomatic Corps. Baker's commercial reports home were detailed and well-informed, and resulted in him holding his office for almost twenty years. During one Fourth of July celebration, the Buenos Aires Herald editorialized "Seldom, if ever, has the United States been so ably represented as at present".²⁸

The North American Legation in the Argentine capital worked hard to encourage closer relations between the two countries. To promote trade, Minister Buchanan initiated a fortnightly circular, which was

²⁷Buchanan to Olney, Aug.22, 1896. Dip. Des. Vol.33, no.248

²⁸Buenos Aires Herald, July 5, 1894. Reported in Buchanan to Gresham, July 6, 1894. Dip. Des. Vol.31, no.35

sent to the Department of Agriculture at Washington. It contained such detailed information as the average gold rate, the sales of livestock and agricultural produce and the outlook for the coming harvest.²⁹ Wrote the Minister, "I fully believe that by earnest efforts and by studying the requirements of the country and the competition we have to meet we can largely increase our trade here each year".³⁰

Buchanan was active in other areas. Having studied the market conditions thoroughly, he became convinced North American manufacturers could secure many government contracts were they to know of them. The details of these contracts, however, were published only in Europe and bids received only by the Argentine Legation at London. To rectify this the Minister made representations for their simultaneous publication in the United States.³¹

Foreign Minister Alcorta was willing to oblige. On July 30th 1897 details of a government contract for the construction of a new Central Railway Station in

²⁹For example Buchanan to Gresham, June 7, 1894. Dip. Des. Vol.31, no.24

³⁰Buchanan to Olney, Jan 18, 1897. Dip. Des. Vol.34, no.293

³¹Buchanan to Olney, Feb.17, 1897. Dip. Des. Vol.34, no.311

Buenos Aires were sent to the Argentine Legation at Washington. Their publication was "for the use and information of American contractors who may desire to submit bids for the work proposed".³² A month later similar details were made known of a plan to pave the Argentine capital with asphalt. "This is the first time", a jubilant Buchanan informed his superiors, "such proposals have ever been asked for in the United States by this Government".³³

To lend prestige to his country's national interests, the Minister also worked for a greater United States naval presence in Argentina. With small commercial interests and few North American citizens in Uruguay, the permanent stationing of the South Atlantic Squadron there no longer seemed justified. At Buenos Aires its ships would not only obtain excellent docking facilities, but aid "the important Commercial interests we desire to foster and encourage here...."³⁴ As a consequence of this recommendation, the Squadron's Admiral was directed by the Navy Department to make longer and more frequent visits to the

³²Buchanan to Sherman, Aug.2, 1897. Dip. Des. Vol.34, no.376

³³ibid; also Buchanan to Sherman, Aug.9, 1897. Dip. Des. Vol.34, no.378

³⁴Buchanan to Sherman, Oct.22, 1897. Dip. Des. Vol.35, no.414

Argentine capital.³⁵

The success of these efforts may be gauged both from official trade figures and the commercial reports of British Consuls. In 1895 combined trade between the United States and the Argentine Republic amounted to \$12,131,435 - an increase of \$3,334,854 over that in 1891.³⁶ More importantly the North American share of the Argentine import market had grown from 6% to 8.9%.³⁷

This was paralleled by a growing awareness on the part of British Consuls that United States businessmen were gaining ground in Argentina. Reference was increasingly made in their reports not only to the cheapness and adaptability of North American machinery, but to the trained machinists sent to sell and demonstrate them. During a trip through the wheat districts in Entre Rios, British Consul Bridgett constantly found United States commercial travellers supervising the working of their machines. In contrast he never saw a single traveller for any British firm.³⁸

³⁵Jones to Sherman, Jan.30, 1898. Dip. Des. Vol.35, no.450

³⁶Statistical Abstract of the United States, 1906 (Washington, 1907), pg.217

³⁷Welby to Salisbury, Nov.20, 1892. Brit. Parl. Papers. Report For The Year 1892 On the General Condition of The Argentine Republic, pg.91. Also Ferrer, op. cit., pg.18

³⁸Pakenham to Kimberley, April 6, 1894. Brit. Parl. Papers. Report For The Year 1893 on The Trade Of The Argentine Republic, pg.4

To the Foreign Office this was of major concern. Like the previous decade, the 1890's was one of Anglo-American discord. In 1894 Washington viewed with misgivings British intervention in Nicaragua, while the following year President Cleveland invoked the Monroe Doctrine over the Venezuelan boundary dispute, thereby raising the possibility of armed conflict with Great Britain. To develop Latin America as her sphere of influence, the United States was increasingly prepared to pursue a vigorous foreign policy. "The path which we should follow lies clear before us", Senator Lodge declared in December, 1895, "we must be the leaders in the Western Hemisphere. We must protect our coasts and hold the commerce of that hemisphere".³⁹

In Argentina during the nineties there was a continuation of the trade rivalry between Washington and London. The United States Minister reported that the attitude of English merchants and shippers to Free Wool had been unfriendly and anxious. Moreover, that there was great concern in Buenos Aires lest the Argentine import market come under North American control.⁴⁰ Predicted ex-President Pellegrini, "If

³⁹Quoted in Humphreys, "Anglo-American Rivalries and the Venezuela Crisis of 1895", Transactions of the Royal Historical Society, Fifth Series. Vol.17 (1967) pg.146-147

⁴⁰Buchanan to Gresham, July 3, 1894. Dip. Des. Vol.31, no.34

American industries continue to grow as up to the present, they will need new markets, and to get hold of these markets England must be dislodged".⁴¹

Throughout the decade the British press in Argentina attacked United States foreign policy. During 1895 the Buenos Aires Standard supported Pellegrini in his stand against Cleveland's use of the Monroe Doctrine. It held that no European power, certainly not England, posed a threat to the Hemisphere nations.⁴² Three years later when Washington was fighting Spain, the Buenos Aires Herald criticized the new belligerency of the United States. An editorial warned, "...it ushers in the appearance of a new colonizing power in an Imperial Republic".⁴³

In 1899 the United States Chargé d'Affaires at Buenos Aires reported that rumours were being circulated by the European press of a South American alliance against Yankee imperialism. Their purpose was "to incite among the South American countries an apprehension that we desire to control them". This, Jones wrote, was in keeping with "a policy of longstanding directed against us by Europe in these countries".

⁴¹Quoted in The Buenos Aires Standard, Dec.24, 1895. Buchanan to Olney, Dec.26, 1895. Dip. Des. Vol.32, no.184

⁴²ibid.

⁴³Buenos Aires Herald, Dec.4, 1898. Reported in Buchanan to Hay, Dec.5, 1898. Dip. Des. Vol.37, no.585

European powers looked with disfavor at the United States' increasing trade relations with Latin America. "They recognize that it is a large commercial battlefield whereon we are liable in time to seriously injure them, if not to entirely defeat them".⁴⁴

On this battlefield, Washington and London were clashing with increasing frequency. During 1892 the British Rio de la Plata Telegraph Company, who possessed exclusive cable rights between Argentina and Brazil imposed discriminatory charges on messages to North America. Its purpose was "to impair communication with the United States" and in this the Company had the assistance of the British Legation.⁴⁵ For the next seven years North American diplomatic officers at Buenos Aires continually sought redress. However, although they were aided by the Argentine government, the discrimination was maintained.⁴⁶

In 1895 the manager of the London and River Plate Bank refused to buy all types of United States exchange. The reason given was the belief that Washington would soon suspend all gold payments. With no North American bank in Buenos Aires, United States citizens were unable

⁴⁴Jones to Hay, Aug.3, 1899. Dip. Des. Vol.38, no.730

⁴⁵Buchanan to Olney, Oct.23, 1895. Dip. Des. Vol.32, no.164. Buchanan to Olney, Feb.12, 1897. Dip. Des. Vol.34, no.307

⁴⁶Buchanan to Olney, Oct.10, 1896. Dip. Des. Vol.33, no.264

to convert American dollars into Argentine currency. Their only means of engaging in trade became to keep accounts in London.⁴⁷ The result was to make business transactions with the Northern Republic "unsatisfactory, slow and unpleasant".⁴⁸

Finally, in 1899, the United States Legation at Buenos Aires reported that "arbitrary, high and unelastic" freight rates were being levied on North American goods travelling to Argentina. This stemmed from monopolistic rate-fixing by the three British shipping companies operating between New York and Buenos Aires. Many United States industrial products which were manufactured more cheaply than those in England became far more expensive after the cost of freight. Again the result was to adversely affect trade relations between the two countries.⁴⁹

To meet this harassment Minister Buchanan advocated greater effort by and support for North American businesses in Argentina. A prime necessity was for a United States bank to open a branch office

⁴⁷Buchanan to Gresham, Feb.5, 1895. Dip. Des. Vol.31, no.94

⁴⁸Buchanan to Olney, Oct.21, 1895. Dip. Des. Vol.32, no.162

⁴⁹Buchanan to Hay, Jan.18, 1899. Dip. Des. Vol.37, no.614

there. Such an enterprise would free her commerce from "the mercy of foreign banks, who, by refusing to buy our exchange, cast discredit on our national and commercial probity and honor".⁵⁰ Of equal importance, the Minister argued, was for the Central and South American Telegraph Company to secure the necessary landing rights and lay its own cable between Argentina and Brazil. "Nothing short of that will put them on a firm footing here or protect them from the continual danger of being harassed...."⁵¹

Perhaps, however, the most pressing need was for a United States mercantile marine to be established. With no competition, English companies could maintain their high and arbitrary freight costs. North American ships would not only offer cheaper rates, but provide quicker and more regular sailings. In so doing they would draw "by natural means these South American countries nearer to the United States than to Europe".⁵²

Under the Wilson tariff, Washington had made few inroads into the Argentine market. She had, however, not abandoned hope for a trade agreement. During 1897

⁵⁰Buchanan to Gresham, Feb.5, 1895. Dip. Des. Vol.31, no.94

⁵¹Buchanan to Olney, Aug.24, 1896. Dip. Des. Vol.33, no.249

⁵²Jones to Sherman, Feb.3, 1898. Dip. Des. Vol.35, no.454. Also Buchanan to Hay, Jan.18, 1899. Dip. Des. Vol.37, no.614

the newly elected McKinley administration passed the Dingley Tariff. It not only reimposed duties on wool but raised them to new levels and made hides dutiable for the first time in twenty-five years. Once again provisions to negotiate a commercial treaty were written into the law.

Initially, though, North American efforts were directed less at tariff negotiation, than at minimizing the spirit of retaliation that pervaded Buenos Aires. Believing the United States tariff was aimed specifically at Argentine wool, the Sociedad Rural and other influential bodies heavily criticised the measure. Porteño newspapers pressed the government to take reprisals against that country's imports.⁵³

Consequently at the end of 1897 the Uriburu administration recommended to Congress huge increases in the duties on lumber and agricultural implements.⁵⁴

The United States Minister at Buenos Aires worked hard to avoid this. Throughout the weeks of debate, Buchanan conferred with sympathetic members of Congress almost daily as well as with the Ministers of Foreign Affairs and Finance. He argued that the value of wool imported into North America was an

⁵³Buchanan to Sherman, March 20, 1897. Dip. Des. Vol.34, no.320

⁵⁴Buchanan to Sherman, Sept.15, 1897. Dip. Des. Vol.35, no.394

exceeding large item and therefore a good field for raising revenue. Moreover, that Argentine wool was but a small portion of the total quantity of imported wool and thus not specifically singled out by the United States tariff. Largely as a result of these arguments, Buchanan believed, the Executive's recommendations were not implemented.⁵⁵

In his despatches home the North American Minister urged the time was now ripe to conclude a reciprocity agreement with Argentina. As a basis for negotiation, he suggested a liberalization of the United States duty on sugar. The remarkable growth of that industry in Tucuman province had led to overproduction and the formation of a huge sugar surplus. Consequently the necessity of finding an overseas outlet had become acute.⁵⁶ By allowing liberal access to the rich North American market, Buchanan argued, Washington would gain "without any shadow of doubt, delay or discussion, distinct advantages to our commerce with this country... and at the same time create here a kindly sentiment in our favor".⁵⁷

⁵⁵Buchanan to Sherman, Nov.23, 1897. Dip. Des. Vol.35, no.422. Buchanan to Sherman, Jan.8, 1898. Dip. Des. Vol.35, no.434

⁵⁶Buchanan to Sherman, June 3, 1897. Dip. Des. Vol.34, no.354. Buchanan to Sherman, June 15, 1897. Dip. Des. Vol.34, no.359

⁵⁷Buchanan to Olney, Feb.16, 1897. Dip. Des. Vol.34, no.310

On December 9th 1898 the United States Legation at Buenos Aires received authorization to negotiate a commercial treaty. Trade talks began and continued through to the following year. Although Minister Buchanan reached early agreement with Foreign Minister Alcorta, other members of the Argentine Cabinet were more hesitant. They continually objected to the wool classification system used by Washington and her alleged discrimination against Argentine skirted wools. Also of concern was the loss of customs revenue at a time of economic depression and fear of antagonising European countries.⁵⁸

Finally, however, during June 1899 both parties narrowed their differences. In return for reduced Argentine rates on pine, lumber, furniture, canned goods and oils, the United States would lower her duties on sugar, wool and hides by 20%. Buchanan cabled Washington "The above..... is the only basis practicable or obtainable. I believe it fair and advantageous. Recommend our acceptance".⁵⁹ While directing the Minister to continue his efforts for greater concessions, Secretary of State Hay

⁵⁸ Buchanan to Hay, Dec.27 1898. Dip. Des. Vol.37, no.592. Buchanan to Hay, June 5, 1899. Dip. Des. Vol.38, no.706

⁵⁹ Buchanan to Hay, June 17, 1899. Dip. Des. Vol. 38, telegram

authorized him to conclude the convention. This was done on July 10th when Buchanan and Alcorta signed the first Argentine-North American commercial treaty since 1853.⁶⁰

That the United States Congress failed to ratify the agreement was due solely to domestic considerations. Throughout the negotiations, Buchanan was constantly aware of the "supersensitiveness" existing among North American wool producers to any tariff changes.⁶¹ Repeatedly they voiced their concern and obstructed Senate approval. On two occasions Buenos Aires granted the United States extensions of time for exchange of ratifications.⁶² However, after three years, the treaty had still not been acted upon. Argentina's response was one of distaste, but not of surprise.⁶³

Issues other than commercial intruded upon United States - Argentine relations during the decade. On the 21st April 1898 war broke out between Washington and Madrid. Porteño newspapers denounced the conflict

⁶⁰Buchanan to Hay, July 10, 1899. Dip. Des. Vol.38, no.719

⁶¹Buchanan to Hay, April 26, 1899. Dip. Des. Vol.38, no.679

⁶²Lord to Hay, March 24, 1900. Dip. Des. Vol.39, no.7

⁶³McGann, T.F. Argentina, the United States and the Inter-American System 1880 - 1914. (Cambridge, 1957), pg.177

and took the lead in condemning Yankee imperialism. The United States Consul in Buenos Aires reported that the feeling against North Americans was very strong. Wrote he, "There are about 70,000 Spaniards in this city, who are everything but friendly to the 200 Americans residing here".⁶⁴

Argentine animosity toward the United States, however, was soon dissipated by North American participation in the Puna de Atacama dispute. The 1881 Wire Treaty had not settled controversy over the Argentine-Chilean boundary. A heightening of tension between the two countries during 1898 led the Chilean Foreign Minister to once again ask for United States assistance. In recommending acceptance, Buchanan argued that Washington should become involved "to secure the most friendly status possible in each (country)". Otherwise London would arbitrate and use the situation to further her interests and gain influence.⁶⁵

Authorized by the State Department to participate, the North American Minister played a major role in the settlement of the dispute. In a series of four conferences held at the United States Legation, Buchanan acted as final arbiter on the Demarcation Commission. His services were widely appreciated.

⁶⁴Mayer to Day, March 11, 1898. Con. Des.
Vol.23, letter

⁶⁵Buchanan to Day, Sept.22, 1898. Dip. Des.
Vol.37, no.562

On both sides of the Andes, there was "very sincere gratification at thus seeing happily ended one of the most vexatious of the questions which have kept the people of the two Republics apart, and, at times, so near to a possible war".⁶⁶ Promised President Roca in his annual message to Congress, the North American diplomat's contribution would not be forgotten.⁶⁷

Other events also contributed to better United States - Argentine relations. During 1896 Minister Buchanan and Foreign Minister Alcorta negotiated a Treaty of Extradition. It eased the procedure, whereby each government surrendered the other's criminals, hitherto a matter of some contention.⁶⁸ Two years later Buenos Aires resumed payments to and membership of the United States - sponsored Bureau of American Republics. In so doing, she ended a five year dispute with Washington.⁶⁹

By the end of the decade trade between the two republics had returned to the level of that prior to the Baring Crisis and showed signs of improving still more. Argentine exports to the United States were

⁶⁶Buchanan to Hay, April 7, 1899. Dip. Des.
Vol.39, no.661

⁶⁷Buchanan to Hay, May 2, 1899. Dip. Des.
Vol.38, no.684

⁶⁸Buchanan to Olney, Oct.7, 1896. Dip. Des.
Vol.33, no.259

⁶⁹Buchanan to Sherman, May 28, 1897. Dip. Des.
Vol.34, no.352. Buchanan to Hay, Dec.19, 1898. Dip.
Des. Vol.37, no.590

valued at \$5,112,561 in 1899, \$8,114,304 in 1900. United States shipments to Argentina were worth \$9,563,510 in 1899, \$11,558,237 in 1900.⁷⁰ Of greater significance the North American share of the Argentine import market had grown from 8.9% in 1895 to 13.2% in 1900.⁷¹ Wrote one English editor, "It is to North America, which now ranks as a close second in the list of foreign purveyors to Argentina, that English exporters must look to as a competing country...."⁷²

United States capital in Argentina at the close of the nineties remained minimal - \$3,000,000 on January 1st, 1899.⁷³ Her businessmen, however, now formed an integral part of the Argentine economy. After 1895 foreign investment in the River Plate had opened up new fields such as tramways, gas and electric power and specialized industrial machinery. Within these new fields North American enterprise was playing an increasingly significant role.

⁷⁰Statistical Abstract of the United States, 1906. (Washington, 1907), pg.217

⁷¹Ferrer, James. "United States - Argentine Economic Relations 1900 - 1930. Ph.D. Thesis. (University of California, 1964). pg.18

⁷²Buchanan to Hay, May 6, 1899. Dip. Des. Vol.38, no.686

⁷³McGann, T.F. Argentina, the United States and the Inter-American System 1880 - 1914 (Cambridge, 1957) pg.228

During 1898 a Special Commissioner was appointed by the London Board of Trade to investigate British commerce with South America. In Buenos Aires he found 90% of all agricultural and electrical machinery came from the United States. Her motors and fittings were not only much cheaper, but more advanced than English machines, which had not kept pace with the latest designs and improvements. Also of North American origin, Worthington noted, were the tramway lines and an increasing amount of the rolling stock on British and Argentine railways.⁷⁴

Perhaps more important for future relations, however, was the growing use by United States manufacturers of sophisticated business methods. Many sent Spanish catalogues and free samples to Buenos Aires, while the practice of granting longer credit terms had become increasingly popular. Moreover, quite a few North American firms were now employing direct sales representatives on the River Plate. Reported Worthington, "I have heard of considerable orders having gone to the United Statesbecause British makers are unable to give early delivery, and the leading American makers have influential and active agents on the spot".⁷⁵

⁷⁴Reports of Mr. T. Worthington, The Special Commissioner Appointed by the Board of Trade to Inquire into and Report upon the Conditions and Prospects of British Trade in Certain South American Countries. Brit. Parl. Papers, Third Report. The Argentine Republic 1898. pg.18-20

⁷⁵ibid, pg.18

United States representatives at Buenos Aires were well aware that the interest shown by their countrymen in Argentina had grown. Minister Buchanan wrote of his inability to answer the increasing number of North American inquiries about the Republic, while Consul Mayer complained that he was having to work til 12 o'clock at night to fulfil his duties.⁷⁶ The Buenos Aires Herald observed in 1899, "There is little doubt that this is the busiest consulate in the city; a fact which speaks well for the growth of commercial relations between North America and Argentina".⁷⁷

Despite the Baring Crisis and her failure to secure a commercial treaty, the United States finished the decade with a firm foothold in the Argentine market. Not only had trade between the two countries reached its highest level, but North America had become Great Britain's closest competitor for Argentina's import trade. This was reflected by the growing bitterness of Anglo-American trade rivalry on the River Plate. By 1900, however, there was still as yet little United States capital invested in that region. It was after the turn of the century that attempts to remedy this were made.

⁷⁶Buchanan to Gresham, Oct.29, 1894. Dip. Des. Vol.31, no.68. Mayer to Day, Jan.19, 1898. Con. Des. Vol.23, no.2

⁷⁷Mayer to Hill, April 12, 1899. Con. Des. Vol.23, no.62

CHAPTER III

RESEARCHING THE MARKET, 1900 - 1906

After the turn of the century, Argentina rapidly developed into one of the world's leading producers of foodstuffs. In five years the area under cultivation almost doubled and railways were extended to every corner of the pampas. Argentine exports of frozen meat to Great Britain became increasingly common, while grain shipments grew at a phenomenal rate. During 1904, for the first time in her history, the Republic produced more than two million tons of wheat, as well as record quantities of linseed and corn.¹

These changes brought Buenos Aires into a closer relationship with Washington. By 1900 the United States had matured to the point where her industries needed Argentine raw materials and her population could absorb some of that country's vast food surpluses. Moreover, North American industrial production had grown beyond the capacity of domestic consumption. "Our manufacturers", one United States

¹McGann, T.F. Argentina, the United States and the Inter-American System 1880 - 1914. (Cambridge, 1957), pg.263

envoy observed, "are every day looking for new and better markets abroad, our home markets becoming every year more and more sated with our products; in other words, we have become an exporting country".² At a time when her national wealth and purchasing power were increasing, Argentina offered a logical and lucrative outlet.

From the United States Legation at Buenos Aires, reports continued to come of potentially rich investments for North American enterprise. There is, Minister Barrett believed, "no other country in the world that has before it, ...greater undeveloped opportunities of agriculture, commerce and population, together with so much present material progress".³ Railroad construction, government works, public utility projects all wanted Yankee goods and capital. Reported Barrett's successor, "The articles are needed, there is money to pay for them, and the people are well disposed toward American products".⁴

Additional forces were stimulating Argentine and United States interest in each other. At the turn

²Beaupre to Hay, Oct.6, 1904. Dip. Des.
Vol.43, unnumbered.

³Barrett to Hay, Feb.8, 1904. Dip. Des.
Vol.42, no.38

⁴Beaupre to Hay, Aug.26, 1904. Dip. Des.
Vol.43, no.24

of the century, both were aware of their increasing competition for European and South American markets. By 1900 Argentina's wheat exports to Brazil had completely displaced those from North America, while five years later her meat exports to Great Britain exceeded United States shipments for the first time.⁵ To Washington, therefore, the River Plate was becoming increasingly important as both a trade rival and potential market.

During the early nineteenth hundreds, however, Great Britain remained economically dominant throughout South America. By 1900 her Argentine investments amounted to £189,040,000, representing 80% of all foreign capital in that country. The same year commerce between London and Buenos Aires reached £21,223,000, 38% of the Republic's total foreign trade.⁶ Noted one United States diplomat in 1902, Argentina was often referred to as a commercial annex of the United Kingdom.⁷

Before challenging British hegemony and tapping Argentine resources more fully, North American businessmen needed accurate and reliable commercial information.

⁵Lord to Hay, Jan.16, 1901. Dip. Des. Vol.40, no.91

⁶Ferns, H.S. Britain and Argentina in the Nineteenth Century. (Oxford, 1960) pg.493

⁷Lord to Hay, May 10, 1902. Dip. Des. Vol.40, no.186

In concentrating on the home market or those within easy reach, they had neglected and were ignorant of opportunities in South America.⁸ European agricultural and commercial experts meanwhile had been making extensive studies and acquiring knowledge about that region. Unless the United States did likewise, Minister Barrett warned from Buenos Aires "the advantage gained by.....European competitors will be so great that their lead cannot be overcome".⁹

Between 1900 and 1906, therefore, diverse private and public agencies in North America began to study more systematically and extensively Argentine tastes and requirements. The International Bureau of American Republics was particularly active in this respect. Now that Buenos Aires had reaffirmed membership of that body, the Bureau worked hard to promote the River Plate as a potential overseas market. To this end a handbook was published which contained detailed information about opportunities there.¹⁰

⁸Emery, F. "Causes of our Failure to Develop South American Trade", The Annals of the American Academy of Political and Social Science. Vol.22 (1903), pg.153-156

⁹Barrett to Hay, Feb.8, 1904. Dip. Des. Vol.42, no.38

¹⁰ibid.

Various government departments sent representatives to Argentina for research purposes. During 1903 the United States Legation at Buenos Aires reported the arrival of an official from the Department of Agriculture, while two years later Professor Hutchinson, a commercial agent, studied that city's port facilities.¹¹ In 1904 an expert from the Fisheries Bureau was employed by the Argentine government to investigate the Republic's fresh water lakes.¹² "Their reports", Minister Beaupre observed, "are everywhere sought abroad and their statements accepted with a flattering readiness and eagerness".¹³

The State Department also acted to improve commercial intelligence from the region. During 1904 the status of the United States Consulate was raised to that of Consulate-General. Instead of returning reports just on his own district, the consular representative there now gave market information covering the entire country.¹⁴ Its publication in

¹¹ Ames to Hay, May 12, 1903. Dip. Des. Vol.41, no.258. Beaupre to Root. Dec.18, 1905. Dip. Des. Vol.46, no.276.

¹² Barrett to Hay, Jan.13, 1904. Dip. Des. Vol.42, no.23

¹³ Beaupre to Hay, Oct.6, 1904. Dip. Des. Vol.43, unnumbered.

¹⁴ It should be noted, however, that prior to his death in 1897 Consul Baker attempted to report on all of Argentina - a duty for which he was unpaid.

government journals was of great benefit to North American manufacturers.

In November 1905 United States citizens at Buenos Aires formed "The North American Society of the River Plate". Its purpose was to "encourage and maintain friendly relations with the country of (their) residence, and assist in promoting closer commercial union between North America and the countries of the River Plate...".¹⁵ To achieve this the society offered detailed information and advice for United States firms seeking markets in the Republic, while regular meetings were held to educate visiting businessmen in the diversity of porteño tastes and customs.

This growing North American knowledge of Argentina was accompanied by moderately harmonious diplomatic relations. In 1901 a dispute flared up over Britain's refusal to allow the importation of Argentine livestock because of an outbreak of foot-and-mouth disease. Buenos Aires retaliated by closing her ports to English cattle and any country which did not do the same. When Washington refused to act, the Argentine government imposed quarantine restrictions against United States bloodstock.¹⁶ However these

¹⁵Beaupre to Root, Dec.16, 1905. Dip. Des.
Vol.46, no.275

¹⁶Lord to Hay, June 28, 1901. Dip. Des.
Vol.40, no.121

were removed a year later and trade between the two countries returned to normal.¹⁷

During the early years of the Twentieth Century both North America and Argentina defined their respective attitudes to hemispheric affairs. In December 1902 Great Britain, Germany and Italy established a blockade of Venezuela's ports to force her government to meet its debts. The Argentine Foreign Minister responded by arguing that "public debt gives no place for armed intervention, and less still to the material occupation of the soil of American nations by a European power."¹⁸ His warm reception by the United States press was greatly appreciated in Buenos Aires. The American Charge reported that Drago was "elated" and the attitude of the public "friendlier" to the Yankees.¹⁹

On December 6th 1904 President Roosevelt expounded his "Corollary" - the idea that the United States might be obliged to act as a policeman in the more chaotic countries of Latin America. The difference between it and the Drago Doctrine which would determine

¹⁷Lord to Hay, Feb.20, 1902. Dip. Des. Vol.40, no.17

¹⁸Quoted in Connell - Smith, G. The United States and Latin America. An Historical Analysis of Inter-American Relations. (New York, 1974) pg.115

¹⁹Ames to Hay, May 5, 1903. Dip. Des. Vol.41, no.255

North American-Argentine relations for the next three decades was, however, as yet not apparent. Thus the porteño press remained passive over Washington's intervention in Panama the year before and urged the government to stay uninvolved.²⁰ In 1905 Foreign Minister Larreta declared the Monroe Doctrine to be a doctrine of friendship and the United States an example of peace and progress.²¹ Not until the conclusion of the First World War would his country fear the gran garrote.

The English community at Buenos Aires viewed with concern the continuing warmth between the two Republics. They maintained their previous efforts to undermine it. During 1901 the Buenos Aires Herald ridiculed the work of the second Pan-American conference as worthless and impractical,²² while the following year Washington was attacked for failing to ratify the commercial convention. Argued one editorial "...it will be a long time before the Argentine Government will enter into negotiations for another treaty of reciprocity with the United States..."²³

²⁰Barrett to Hay, Dec.25, 1903. Dip. Des. Vol.42, no.14. Barrett to Hay, Dec.29, 1903. Dip. Des. Vol.42, no.17

²¹Beaupre to Root, Oct.24, 1905. Dip. Des. Vol.46, no.244

²²Mayer to Hill, May 28, 1902. Con. Des. Vol.24, no.127

²³Lord to Hay, May 3, 1902. Dip. Des. Vol.40, no.182

Aspersions were again raised about the true nature of the Monroe Doctrine. The English newspapers portrayed it to the porteños as "a snare to entrap them and at an opportune time, swoop down upon their country and take charge of the Government".²⁴ When the Roosevelt Corollary was expounded in 1904, both the Buenos Aires Herald and the Buenos Aires Standard led the attack against it. The Monroe Doctrine, the former declared, was aggressive, constituting "a standing defiance, a glove thrown down, which any European Power may be tempted to take up".²⁵

This Anglo-American disharmony was also carried over to the commercial arena. In 1904 a representative of several large North American car-building companies secured an order to build \$(US)700,000 worth of rolling stock for the North Argentine Railway. It was won in competition against fourteen other firms, amongst whom were prominent English concerns.²⁶ When the United States wagons began to arrive, the Buenos Aires Herald emphasized their unusual dimensions and cast doubts as to their suitability.²⁷

²⁴Cole to Root, April 26, 1906. Con. Des. Vol.24, private letter.

²⁵Beaupre to Hay, Dec.12, 1904. Dip. Des. Vol.44, no.97

²⁶Beaupre to Hay, Aug.26, 1904. Dip. Des. Vol.43, no.24

²⁷Beaupre to Hay, April 5, 1905. Dip. Des. Vol.45, no.142

Likewise, during the same year, fourteen pedigree heifers were imported in an attempt to open up the Argentine Republic to North American cattle. English importers who had long enjoyed a monopoly of the market were not disposed to sit by and lose a portion of their business to North America. The United States Minister reported they were open in their criticism of the livestock and did everything in their power to prejudice the sale. As a result Argentine breeders became reluctant to purchase and the animals fetched low prices.²⁸

To offset such harassment and gain more trade, North American representatives at Buenos Aires repeated their call for greater assistance. Minister Barrett sought to promote agricultural scholarships for young Argentines to study in the United States. There they could not only be introduced to North American livestock, but be trained in the use of that country's machinery. The result, Barrett argued, would be "to develop in Argentina closer ties of friendship for us "North Americans",and counter-balance to some extent the European influence which is now predominant".²⁹

²⁸Beaupre to Hay, Sept.20, 1904. Dip. Des.
Vol.43, no.45

²⁹Barrett to Hay, Jan.28, 1904. Dip. Des.
Vol.42, no.32

His successor to the post, Beaupre, wanted United States firms to establish branch offices or agencies in the Republic. These should be under the direct charge of competent men sent out from North America who could speak Spanish and were suited to deal with Argentines. Their presence would secure a greater share of the market from European competition and allow for the quick replacement of missing or broken parts.³⁰ Contended the Minister, "nothing but personal representation will wrest the business out of the hands of other peoples and supplant their inferior or more expensive article by the cheaper or better American".³¹

Also deserving attention, Beaupre wrote, was the status of the United States Legation at Buenos Aires. Few European countries were represented in the Argentine capital by ambassadors. During 1904 Washington and Rio de Janeiro elevated their ministries in each other's country to the rank of embassies. To both increase her prestige vis-à-vis Europe and placate Argentine resentment, Beaupre suggested that North America's representation in Argentina be likewise raised.³²

³⁰Beaupre to Hay, March 16, 1905. Dip. Des. Vol.45, no.135

³¹Beaupre to Hay, Aug.26, 1904. Dip. Des. Vol.43, no.24

³²Beaupre to Acting Secretary of State, July 11, 1905. Dip. Des. Vol.45, no.175

From 1900 to 1906, the United States found the Southern Republic a steady market for her manufactured products. During 1904 North American sales to that country made their first sizeable increase to \$16,902,000. Argentine exports to the United States failed to grow as rapidly. Although they more than doubled over a six-year period, the flow of trade between the two countries remained firmly in the latter's favour. In 1904 the trade balance against Argentina stood at \$7,000,000. Two years later this had grown to more than \$14,000,000.³³

Between 1904 and 1906 combined United States-Argentine trade figures reached new heights. During those two years they increased from \$26,737,178 to \$51,052,422.³⁴ Argentina was now Washington's biggest customer in South America.³⁵ Reported Minister Beaupre "...there is an opening at Buenos Aires for nearly every article manufactured in the United States".³⁶

³³Statistical Abstract of the United States, 1906. (Washington, 1907), pg.217

³⁴ibid.

³⁵In 1904 the United States sold imports to Brazil amounting to fourteen million dollars and bought Brazilian exports totaling sixty-five million dollars. Burns, E.B. The Unwritten Alliance, Rio-Branco and Brazilian-American Relations. (Columbia University Press, 1966)

³⁶Beaupre to Hay, Aug.26, 1904. Dip. Des. Vol.43, no.24

Chief among North American imports into Argentina were iron and steel products. By 1906 they had become worth an estimated \$8,395,000. Next came wood and wood manufactures with a value of \$6,091,000. Agricultural implement sales continued their steady climb, while electrical machinery regained much of the ground it had earlier lost to German competition.³⁷

The most spectacular growth, however, occurred in the supply of railroad materials. Between 1904 and 1906 United States sales of steel rails jumped from \$139,000 to \$2,841,000, thereby breaking Britain's monopoly over the market.³⁸ Not only did Argentine state railways now make major purchases in North America, but British railroads also were on occasions turning to United States manufacturers. During 1905 the North American Legation at Buenos Aires reported that the director of the Entre Rios Railway had become an ardent advocate of Yankee methods of railway management and rolling stock and had introduced both to his company.³⁹

One reason for the big increase in United States-Argentine commerce was the introduction of North American branch offices in Argentina. During 1903

³⁷Ferrer, J. "United States-Argentine Economic Relations, 1900-1930". Ph.D. Thesis. (University of California, 1964) pg.51

³⁸ibid

³⁹Beaupre to Hay, March 11, 1905. Dip. Des. Vol.45, no.130

the United Shoe Machinery Company opened an office at Buenos Aires, while three years later the Singer Sewing Machine Company opened the second United States branch in that city. Both firms were so successful there that they soon began some minor assembling work.

By founding their own selling agencies and avoiding the established commercial houses, North American exporters were destroying an important European advantage. Moreover, they were now in a better position to gauge local tastes and demand. In the year the United Shoe Company arrived, Charge Ames reported that American shoes had secured 40% of the market and that a slight alteration of design had done much to add to their acceptability.⁴⁰

Both the above branches were primarily merchandising offices, not manufacturing plants. During 1906 a United States firm, the Argentine Wool and Sheepskin Company began operations at Avellaneda. The company processed 80,000 to 90,000 sheepskins a month for shipment to North America. Prior to the establishment of this branch, the parent firm had obtained Argentine sheepskins from French and English processors.⁴¹

⁴⁰ Ames to Hay, Dec. 7, 1903. Dip. Des. Vol. 42, no. 312

⁴¹ Eddy to Root, Nov. 24, 1908. National Archives Department of State, Argentina, Record Group 59, Numerical File 1906-1910. (Hereafter cited as Num. File.) Case 17188/1, no. 45

Recognition of Argentina's growing importance to the United States led Secretary of State Root to visit Buenos Aires in 1906. Bitter reference had been made in the porteño papers to the choice of Rio de Janeiro as the site for the Third Pan American Conference and the Secretary's subsequent stop at that city.⁴² Despite these, however, Root received a warm and enthusiastic welcome when he came to the Argentine capital. His public statements, especially those against the forcible collection of public debts, effectively subdued press criticism. To many it seemed the Monroe Doctrine and the Drago Doctrine had been harmonized.⁴³

During 1906 the United States Legation in Buenos Aires reported Argentina had never been more friendly towards the "Colossus of the North". Moreover, that she was looking to develop greater political and economic ties.⁴⁴ When bids opened for the construction of three iron bridges in Mendoza, the Director General there was especially instructed to present the offer to United States financiers.⁴⁵ The Argentine government clearly

⁴²Beaupre to Root, Dec.4, 1905. Dip. Des.
Vol.46, no.263

⁴³The Economist, Sept.29, 1906, pg.1578

⁴⁴Beaupre to Root, Jan.22, 1906. Dip. Des.
Vol.46, no.301

⁴⁵Beaupre to Root, Jan.13, 1906. Dip. Des.
Vol.46, no.298

wanted North American products and capital. The next eight years would see Washington's attempt to fulfil that order.

By the turn of the century the United States had become aware of Argentina's increasing importance as both a trade rival and potential market. The necessity for reliable and accurate market information was therefore acute. To meet this, North American firms established branch offices, government departments dispatched commercial experts, United States manufacturers formed trade organisations. As a consequence between 1900 and 1906 the groundwork for future capital involvement was laid and the apparatus erected for closer commercial ties.

CHAPTER IV

THE ARGENTINE MEAT INDUSTRY.

During the last decades of the nineteenth century North Americans had gained a monopoly in the supply of certain goods to Argentina. Failing to invest capital, they had penetrated few of that country's businesses or industries. Beginning in 1907, however, United States firms drove to secure a more permanent foothold in the Republic. This took the form of concentrating investment in certain key areas of the Argentine economy. There North American enterprise and finance attempted to overcome British dominance and hostility.

The movement of United States capital into Argentina began with the refrigerated meat industry. By the turn of the century that industry had been established along the Rio Plata on a commercial basis. Techniques of preparing, shipping and marketing refrigerated beef had been perfected, permitting regular export to the British market. During 1907 Chicago meat companies sought to establish a presence in the region.

That the North American packer should look to the River Plate was not surprising. Within the United States the amount of beef available for export was declining as the domestic market absorbed an increasing proportion of available cattle. In 1905 Argentine meat shipments to Great Britain exceeded those by North America for the first time.¹ Either new sources of supply had to be found or the lucrative English market abandoned.

It was also evident that the United States would soon herself become an importer of beef. Argentine firms had been making improvements in the quality of meat shipments and would shortly be better able to compete with the North American product. To the Chicago packing firms, therefore, greater involvement on the River Plate was not only highly attractive, but vitally necessary. Moreover, one United States diplomat in Buenos Aires observed, there was the added possibility that such a step "might eventually lead to a combination of American and Argentine meat interests by which the meat markets of the world could be controlled".²

¹ Hanson, S.G., Argentine Meat and the British Market. Chapters in the History of the Argentine Meat Industry. (Stanford University Press, 1938), pg.141

² Jones to Hay, Aug.24, 1899. Dip. Des. Vol.38, no.736

During 1899 a representative of Swift & Co. had arrived at Buenos Aires to study market conditions and opportunities.³ Eight years later that firm bought out La Plata, the largest frigorífico in Argentina. Attempts were made immediately to promote the breeding of top quality animals and expand output. By 1908 Swift had become the second largest shipper of Argentine beef, handling 27.6% of the chilled product and 16.4% of the frozen.⁴

Other North American packers also sought bases for operations in this new area. During 1908 Schwartzchild & Sulzberger held negotiations with the Frigorífico Argentino, but purchase terms could not be agreed on and the deal fell through. Late in the same year the National Packing Co., a combination of Swift, Morris and Armour, purchased the La Blanca Storage Co. at Avellaneda. Chicago-based packing-houses now controlled about half the chilled-beef and a third of the frozen-beef exports.⁵

³Jones to Hay, Nov.23, 1899. Dip. Des.
Vol.38, no.161

⁴Hanson, Argentine Meat, pg.149

⁵Smith, P.H., Politics and Beef in Argentina. Patterns of Conflict and Change (New York, Columbia University Press, 1969), pg.58

To the British, the increasing North American presence was of major concern. For the preceding, two decades, English frigorificos had enjoyed a near-monopoly over the meat freezing business in Argentina. Along with locally-owned companies, they had met informally to regulate prices and reduce competition amongst themselves. The arrival of the United States firms, whose reputation for cooperative action and ruthless tactics was well established, raised the spectre of increased competition and threatened British control of the industry.

As a result British packers sought to halt the North American advance. During 1907 there was growing concern within the United Kingdom at the threat of a worldwide meat shortage. Company representatives proposed that the Board of Trade support an amalgamation of British packinghouses that would assure Great Britain of its meat supply and yield an annual interest to the Crown. However, the project was considered impossible and the government would not even undertake to convey a friendly intimation to Buenos Aires.⁶

In Argentina, the English language newspapers denounced Yankee involvement in the meat freezing business. Estancieros were warned that the North American firms would join forces to gain a monopoly and depress prices. To prevent this, they were urged

⁶ibid.

to establish their own cooperative plants.⁷ Meanwhile, during June 1909, British interests in the Argentine Congress supported a bill which prohibited any "trusts or joint action" in the meatpacking business.⁸

Most Argentine ranchers, however, were reluctant to follow this course. The Chicago companies desire for better quality animals meant cattle prices were steadily rising. Moreover, their arrival was regarded as a means of releasing estancieros from the clutches of British firms. The national cabinet, therefore, refused to sponsor any anti-trust measures. Instead the Argentines placed the responsibility for legislative action with Britain, whose ban against Argentine livestock was still bitterly resented.⁹

As meat prices rose and dependence on Argentine beef grew, London became more deeply concerned with developments on the Plate. In 1909 a Departmental Committee was appointed to investigate the level of United States control over Britain's meat supply.

⁷For example, the Review of the River Plate, Oct.24, 1908. Quoted in Hanson, Argentine Meat, pg.148

⁸The bill was sponsored by Carlos and Manuel Carles. Though representing the city of Buenos Aires, the Carles brothers came from a prominent cattle-owning family and spoke on behalf of British investors.

⁹The Economist, 28 July, 1906, pg.1253

The Committee's report found that while the main North American meat companies acted in concert, they were at present not sufficiently powerful to dictate prices. It warned, however, that should the Chicago packers make further inroads into Argentina, the entire beef trade could come under their control.¹⁰

During 1909 the North Americans began to expand their operations. Over the next two years they doubled their exports of frozen and chilled beef. Initially prices were unaffected owing to the collapse of the United States surplus. However, the British market could not expand indefinitely and late in 1910 the trade became unprofitable. The North American shipments nevertheless continued and during 1911 exports were over 30% greater than those during the previous year.¹¹

In competing with the British and Argentine frigoríficos, the United States firms enjoyed several advantages. Their plants made more efficient use of by-products and were better situated at tidewater locations.¹² Most importantly, they possessed greater

¹⁰The Economist, 15 May, 1909, pg.1030

¹¹Hanson, Argentine Meat, pg.158-159

¹²While port loading and transshipments from lighters hindered other plants, La Plata was rarely delayed by low water and steamers could load and head for England swiftly. La Blanca also shipped efficiently.

financial resources, enabling them both to pay more for cattle and endure greater losses than the smaller British and Argentine firms. As a result, by deliberately increasing sales and overloading the market, the North Americans sought to drive their competitors from the industry.

In November 1911 the meat companies managed to reach an agreement. They established a "pool" where each company was allotted every six weeks a percentage of total exports. The North American share comprised initially 41%, the British 40% and the Argentine 19%. In three years the United States firms had seized leadership of the industry. They now controlled two thirds of the chilled beef exports, one-fifth of the frozen and one-third of the mutton.¹³

The North American expansion went on. During 1910 Swift & Co. had opened another plant at Rio Gallegos. This was followed a year later by the purchase of Cibil Saladero in Uruguay and the New Patagonian Meat & Cold Storage Co. in Patagonia. The "18 de Julio" Saladero at Montevideo also passed into Yankee hands,¹⁴ while Armour & Co. began to upgrade their La Blanca plant. Observed the United

¹³Ferrer, J., "United States - Argentine Economic Relations, 1900 - 1930". Ph.D. Thesis. (University of California, 1964), pg.45-46

¹⁴This was later renamed the "Frigorífico Montevideo".

States Consul General "the export trade of Argentina in preserved meats of all kinds is assuming larger and larger proportions; and affords good openings for investment of American capital on a large scale".¹⁵

To meet this competition, the British and Argentine firms were also active in improving their operations. During 1910 Smithfield and Argentine Co. issued new shares to extend its works. A year later Sansinena outbid Swift & Co. and purchased Frigorífica Uruguay. Las Palmas revised its shipping contract to enable quicker delivery to England, while Frigorífico Argentino opened its own retailing outlet there. Under pressure from efficient competitors, these firms were seeking to hold their share of the market.

Early in 1913 the North Americans moved again to establish dominance in the Argentine meat industry. The United States Congress had begun to revise tariff schedules. Import duties on fresh meat would soon be abolished, thus opening up the North American market to foreign beef. To forestall potential disruption at home, the Chicago packers sought greater control over the River Plate trade.

During January Swift & Co. requested that either its Montevideo plant be left outside pool restrictions or that an addition to La Plata's portion of the market

¹⁵Bartleman to Assistant Sec. of State, Feb. 24, 1910. Num. File. 22079/1, no. 230

be made. A month later La Blanca followed suit and asked for a 50% increase in its share. To preserve peace, the other frigoríficos offered the North Americans a smaller rise. However, this was not accepted and both La Plata and La Blanca began to expand output.¹⁶

British packers viewed the prospect of another price war with alarm. They urged the Argentine government to intervene and warned that if the pool was abandoned the British market would be swamped with meat. In London, company spokesmen persuaded an Argentine representative that the resulting high price of livestock on the River Plate would lead to excessive slaughtering and therefore irreparably harm the industry as a whole. Buenos Aires, however, would not act unless there was proof of an intention to form a monopoly.¹⁷

On April 5 1913 the pool ended and the frigoríficos were free from restrictions on exports. Working together, the two North American companies raised their shipments to the quantity previously exported by the entire industry. British and Argentine firms

¹⁶The Economist, 19 July, 1913, pg.119

¹⁷The Economist, 12 July, 1913, pg.70

responded by also expanding output. As a result the British market was swamped with chilled beef, and prices fell dramatically at Smithfield.¹⁸

Again the British tried to stimulate political action. Company representatives and the pro-English press argued the only purpose of the North American action was to form a monopoly and warned that without governmental intervention their plants would be obliged to close. Minister Tower informed London that the manager of Nelsons was collaborating with other non-United States firms to arouse feeling against a trust in meat. For this purpose Argentine deputies were "being sedulously provided with material for future speeches....in Congress".¹⁹

In Britain the Foreign Office viewed the price war with growing concern. While the meat packing rivalry provided beef cheaply for consumers, British stockmen were suffering. Consequently Buenos Aires was requested to limit the exports of each packing-house. Commented Tower, the British government "would watch with sympathetic concern any action which might be taken for the purpose of preventing the establishment of a monopoly in the meat export trade".²⁰

¹⁸Hanson, Argentine Meat, pg.174

¹⁹Tower to Grey, 25 June, 1913. Diplomatic Reports from Argentina to the Foreign Office. Public Record Office (London), Foreign Office Papers (Hereafter cited as P.R.O.F.O.) 368/785/33418.

²⁰Tower to Grey, June 11, 1913. P.R.O.F.O. 368/785.

For their part the Chicago meat companies denied any connection between them. They asserted that heavy shipments of meat were made only in fulfillment of long-standing contracts and that the high price of cattle in Argentina was due to scarcity caused by drought. Moreover, the North Americans claimed, they could still make a profit at current meat prices because their system of working was superior to that of the other firms. To prove this, they offered to put their books at the disposal of Argentine officials.²¹

Impressed by the North American testimony, the Argentine government again refused to take any action. At a special conference the Minister of Agriculture and other leading cattlemen decided that no measures should be taken against the packers unless they threatened the interests of Argentine ranchers. Draft bills to tax excessive exports and thus limit the output of each packinghouse were rejected. Instead Foreign Minister Mujica informed Tower the best way to combat any meat trust would be to reopen British ports to Argentine livestock.²²

The introduction of the Underwood tariff in 1913 enabled Argentine meat to successfully enter the

²¹The Economist, 12 July, 1913, pg.70

²²The Economist, 19 July, 1913, pg.119

United States market. That year 6,621 tons were re-exported from England to North America. Twelve months later this had risen to 65,390 tons or slightly less than one sixth of total Argentine exports.²³ For the first time shipments of chilled beef went directly from Buenos Aires to New York. Now more than ever the North Americans felt impelled to advance their control of the Argentine industry.

Meat from La Plata and La Blanca continued to swamp the British market. As a result topgrade Argentine beef could be purchased in London at a lower price than inferior meat was bringing in Buenos Aires.²⁴ The British and Argentine companies tried to resist this pressure by also maintaining increased exports. However, by the end of 1913 the trade was so unprofitable that their plants were contracting shipping space for other cargoes.

During September 1913 the intense competition began to bring results when Frigorífico Argentino closed down. It was leased by a North American firm Sulzberger & Sons, who considered a source of supply in Argentina essential to holding its position in the United States. Four months later the River Plate and Las Palmas firms merged into the British & Argentine Meat Co. In an effort to effect economies and withstand competition, the new firm closed the Las Palmas plant

²³Hanson, Argentine Meat, pg.182

²⁴The Economist, 12 July, 1913, pg.70

and concentrated production at Campana.²⁵

Eventually, however, Anglo-Argentine resistance broke and early 1914 negotiations for a new pool began. By June the meat companies succeeded in reaching an agreement. Chicago - based plants now controlled 59% of the market, compared to 29% for the British and 12% for the Argentines.²⁶ Once more the North Americans had retained their gains of the preceding price war.

The expansion of North American capital into Argentina began in earnest with the refrigerated meat trade. Over a seven year period, United States firms secured dominance in one of Argentina's leading industries. Through concerted action and competitive tactics, they overcame the intense opposition of British and Argentine frigoríficos. In so doing the North American presence in the Argentine economy became something real and permanent.

²⁵The Economist, 4 April, 1914, pg.819

²⁶Smith, Politics and Beef, pg.68

CHAPTER V

BATTLESHIP DIPLOMACY, 1909 - 1910

The North American desire to overcome British economic dominance in prewar Argentina was not confined to the meat industry. During 1909 Taft assumed the Presidency, marking a radical change in United States foreign relations with Latin America. Pursuing a vigorous policy of "dollar diplomacy", Washington employed both financial and diplomatic pressure to open new markets in the region for her manufacturers. The expansion of naval armaments among South American nations offered one potentially lucrative outlet.

Argentina began considering a major increase of her navy during July 1906 in response to Brazil's purchase of three modern battleships. A year later controversy over the jurisdiction of the waters of the River Plate heightened tension between the two countries. Argentine newspapers berated the government for its inaction in the face of growing Brazilian menace.¹ As a result in August 1908 the Chamber of Deputies voted \$55,000,000 for naval armament.²

¹Wilson to Root, Sept.9, 1907. Num. File
Case 1070/14, no.16

²Eddy to Root, Nov.25, 1908. Num. File
1070/26, no.46

North American arms manufacturers were not caught unprepared. Three months before the bill became law, an agent of the Bethlehem Steel Corporation had approached the United States Legation at Buenos Aires for official assistance.³ When the Argentine government announced a special naval commission in London would receive all bids, the President of Bethlehem himself, travelled to the British capital. He was followed by representatives of four other North American companies.⁴

Initially though the United States firms seemed to have little possibility of winning the contracts. Previously they had not competed to any great extent in the international armament business with the result that their weaponry was largely unknown within South America. In contrast Krupp, Armstrong, Vickers, Ansaldo and Schneider - Creusot had equipped all the Southern Republics, while many Argentine officers had trained in Europe.⁵

Moreover, the Roosevelt administration refused to actively support the North American companies.

³Eddy to Root, Oct.22, 1908. Num.File 1070/23, no.34

⁴They were Fore River Ship Building Company, New York Ship Building Company, Newport News Shipbuilding and Dry Dock Company and the Cramps Ship Building Company, of Philadelphia.

⁵Eddy to Root, Dec.31, 1908. Num. File 1070/40, no.62

Beyond authorizing Mr. Eddy in Buenos Aires and Ambassador Reid in London to secure for them "equality of treatment" with other bidders, the State Department left the initiative largely to the manufacturers and shipbuilders themselves.⁶ European governments on the other hand had frequently exerted strong diplomatic pressure on behalf of their nationals. To this end they could remind the Argentine government of their extensive financial interests within the country. "So great were these different advantages enjoyed by Europeans....", one United States government official observed, "that the mere making of bids by American firms caused great surprise".⁷

The advent of Taft and Knox, however, signified a radical change in North American policy. The State Department launched at once upon a vigorous campaign to secure the naval business for United States shipyards. The recently-created Division of Latin American Affairs provided assistance for those firms making bids, while a new envoy, Charles H. Sherrill, was sent to Buenos Aires with instructions to actively promote the North American cause. At Knox's request United States bankers subscribed a \$10 million loan that made possible the immediate expansion of the Argentine navy.⁸

⁶Bacon to Reid, Feb.11, 1909. Num. File 1070/39, no.907

⁷Memorandum by the Chief of Latin American Affairs, Jan.22, 1910. Num. File 1070/175

⁸Wilson to Knox, March 7, 1909. Num. File Memorandum

As a further inducement to the placing of contracts with North American shipyards, United States naval secrets were put at the disposal of the Argentine government. During April Buenos Aires was furnished with the specifications of the latest North American dreadnought with a request that the matter be kept confidential. Two months later the Bethlehem Steel Corporation obtained permission to use confidential ordnance specifications if it should obtain the armaments contract.⁹ In granting this information, the State Department informed Argentina that Washington expected the "most favorable opportunity" for her manufacturers.¹⁰

When Sherrill arrived in Buenos Aires in June he found that the Argentine naval commission had returned from Europe and was considering tenders for the new construction. Moreover, that England, France, Germany and Italy were all bringing strong pressure to bear upon the Argentine government to secure the contracts for their respective armament firms. "The political influence of foreign powers", complained one United State company representative, "is being exerted in a very forceful manner to turn the business to English and Continental firms; the King of Italy, the

⁹Meigs to Navy Dept., May 12, 1909. Num. File 1070/55, letter

¹⁰Wilson to Knox, March 7, 1909. Num. File Memorandum

German Emperor and the force of English diplomacy are being made use of; and American firms will have very little consideration, I fear, unless our government will exert powerful influence in favor of this country".¹¹

Sherrill wasted little time in aiding the United States companies. Within sixty days after presenting his credentials, the Minister had discussed the battleship issue with all the officials concerned, twice with President Alcorta and five times with Foreign Minister, De la Plaza.¹² He presented them with copies of reports made by United States naval officers during their recent trip around the world and emphasized that awarding the contracts to North American firms would be a graceful way of showing Argentine goodwill.¹³

To help his Minister, Taft supported the removal of import duty on hides from Argentina. As a result the amount of non-dutiable Argentine exports to the United States increased from 17% to 49%.¹⁴

¹¹Orcutt to McHarg, July 21, 1909. Num. File 1070/68, letter

¹²Sherrill to Knox, July 8, 1909. Num. File 1070/72, no.20

¹³Sherrill to Knox, July 29, 1909. Num. File 1070/75, no.38

¹⁴McGann, T.F. Argentina, the United States, and the Inter-American System 1880-1914. (Cambridge, 1957), pg.261

Promises of further reciprocal favours were held out as an inducement for Buenos Aires to sign a North American contract. These included the establishment of a United States bank in the Argentine capital and subsidies for a direct steamship line.¹⁵

Despite these overtures, however, opposition to the North American bidders in Argentina remained formidable. Both the naval commission and the Minister of Marine had a "strong predilection" for the British firms.¹⁶ The Vice President of the Republic, Roque Saenz Peña favoured Italy, where he had been the Argentine ambassador for many years; whilst the Minister of War wanted the contracts to go to Germany, so as to standardize the military and naval equipment of the country.¹⁷

To overcome this bias, Sherrill sought the support of key political figures and the Argentine press. He exerted special persuasion upon the editors of La Prensa who were enthusiastic advocates of naval expansion. Consequently that paper began to strongly urge the adoption of North American methods and materials in the construction of the proposed warships.¹⁸ When

¹⁵Wilson to Sherrill, Sept.30, 1909. Num. File 1070/80, telegram

¹⁶Sherrill to Knox, Sept.20, 1909. Num. File 1070/102, no.94

¹⁷Sherrill to Knox, Aug.27, 1909. Num. File 1070/77, no.71

¹⁸Sherrill to Knox, Sept.9, 1909. Num. File 1070/89, no.85

other Argentine newspapers reported United States armour plate to be defective, La Prensa defended and praised the Yankee product.¹⁹

During interviews with the Foreign Minister, Sherrill stressed the isolated position of Argentina, surrounded by a hostile coalition of Brazil, Uruguay, Bolivia and Chile. He intimated that it might be well for Buenos Aires to cultivate the friendship of Washington.²⁰ After De la Plaza bluntly asked if Washington would support his country in a war with its neighbours, the North American Minister replied the knowledge that the Argentine battleships were being built in the United States "will tend to restrain any power desirous of our friendship from making war upon Argentina during the time of the construction of these vessels in American yards".²¹ As a result both the Foreign Minister and President became favourable to the Yankee firms.

Throughout the negotiations representatives of the various North American companies at Buenos Aires worked in close harmony. Daily conferences were held between them, while it was agreed that should the United States win the contracts, the work would be

¹⁹Wilson to Wilson, June 9, 1909. Num. File 1070/60, telegram

²⁰Sherrill to Knox, July 29, 1909. Num. File 1070/75, no.38

²¹Sherrill to Knox, Jan.23, 1910. Num. File 1070/197, no.227

shared as evenly as possible.²² When the Argentine government announced it would not make both awards to the same shipyard, Fore River Co. stated its willingness to cooperate with the New York Shipbuilding Co. in constructing the two vessels.²³ The Chief of Latin American Affairs noted, that there was a "disposition towards intelligent cooperation shown..... by the American competing firms".²⁴

In turn the State Department maintained close liaison with the interested companies. Special effort was made to brief their representatives and, through the frequent exchange of telegrams, accurately inform them of the latest developments.²⁵ At Buenos Aires Sherrill regularly met and entertained the visiting North American businessmen as well as introduced their Argentine contacts.²⁶ Were it not for this assistance, the President of Fore River Company commented, his country would stand no chance at all of securing the contracts.²⁷

²²Sherrill to Knox, Aug.27, 1909. Num. File 1070/77, no.71

²³Fore River Ship Building Co. to Wilson, Dec.23, 1909. Num. File 1070/152, telegram

²⁴Memorandum by the Chief of Latin American Affairs, Jan.22, 1910. Num. File 1070/175

²⁵ibid

²⁶Sherrill to Knox, Aug.27, 1909. Num. File 1070/77, no.71

²⁷Sherrill to Knox, Sept.20, 1909. Num. File 1070/102, no.94

The endeavours of the North Americans were viewed with some concern by the British Foreign Office. Since 1890 the United Kingdom had built thirteen cruisers for South American countries, including three for Argentina.²⁸ Never before had Washington exerted such political pressure to secure a foreign order for its shipyards. The British envoy at Buenos Aires complained, that the vigour with which Minister Sherrill pursued the claim "is more suitable to a commercial tout than a diplomatic representative".²⁹

British financial interests moved quickly to thwart the United States bidders. In July diplomatic relations were broken off between Argentina and Bolivia.³⁰ The British companies took advantage of the excitement to persuade the Argentine naval commission to reopen bids for a larger type battleship. This made difficult the participation of North American builders and on September 16 1909 the commission recommended that only one German, one Italian and one English company be invited to bid.³¹

²⁸ Livermore, S.W. "Battleship Diplomacy in South America: 1905-1925". Journal of Modern History. Vol. xvi, (1944) pg.37

²⁹ Townley to Grey, Jan.29, 1910. P.R.O.F.O. 371/824/8774. 1909 Annual Report, pg.7

³⁰ Sherrill to Knox, Sept.20, 1909. Num. File 1070/102, no.94

³¹ Sherrill to Knox, Oct.29, 1909. Num. File 1070/121, no.132

Sherrill protested strongly to the Argentine President against the commission's ruling. As a result the United States companies were given three weeks in which to prepare new plans. The Minister of Marine insisted upon a tipo Argentino which corresponded very closely to the submissions put forward by the English bidders. The North Americans agreed to modify their warship designs in accordance with the wishes of the Argentine naval experts.³²

Two events, however, impeded the United States cause. Washington feared that because of their diplomatic break, Argentina would not invite Bolivia to the Third Pan American Conference at Buenos Aires. The State Department, therefore, ordered Sherrill to secure Bolivia's invitation to the conference regardless of any consideration for the naval contracts.³³ De la Plaza greatly resented the North American interference.³⁴

Secondly, the State Department instructed its Minister in Buenos Aires to obtain an extension of the bidding deadline until November 24, 1909. Sherrill objected on the grounds that the Foreign Minister was already being severely criticised for the delay and so could hardly grant any further postponements. However,

³²Sherrill to Knox, Dec.12, 1909. Num. File 1070/132, telegram

³³Sherrill to Knox, Sept.20, 1909. Num. File 1070/102, no.94

³⁴Sherrill to Knox, Oct.8, 1909. Num. File 1070/96, telegram

the Department persisted and its Minister received the angry refusal expected. This event also seriously weakened Sherrill's influence in the Argentine capital.³⁵

In an effort to retrieve the situation, Washington stepped up the pressure on Buenos Aires. At the request of Secretary Knox the Assistant Secretary of State for Latin American Affairs met with the Argentine Minister. He stressed that both Mr. Knox and the President took "the greatest possible interest" in United States manufacturers receiving a share of the battleship contracts and that such an award would favourably impress North American public opinion. More importantly, it would have a beneficial effect upon those United States firms preparing exhibits for the Buenos Aires international exposition.³⁶

Once more, as a further inducement, the administration offered the use of North American naval secrets. Those Argentine ships built in the United States would be fitted with the same guns, turrets and sight apparatus as used on North American vessels. The State Department also reminded Minister Portela of the President's efforts to secure free hides and warned that failure to grant the contract to North America would have a bad effect upon bilateral

³⁵ibid

³⁶Assistant Secretary of State to Adey, Sept. 24, 1909. Num. File 1070/91, Memorandum

commercial relations.³⁷ Meanwhile, under constant pressure from the heads of United States companies, Secretary Knox exhorted his Legation at Buenos Aires to "bend every effort" to "force this battleship question to a successful issue".³⁸

On November 1 1909 the Argentine naval commission recommended that Fore River Ship Building Company along with four other European firms be included in the second round of bidding.³⁹ Although standing last on the list, the North American bid was generally believed to be the lowest. The Argentine naval authorities were now also exhibiting strong interest in Yankee torpedo equipment. Sherrill noted, that this was despite the fact that United States companies appeared to be the only bidders not paying commissions.⁴⁰

Before the North American Minister could capitalize on this interest another setback arose to threaten his negotiations. Relations between Buenos Aires and Washington deteriorated greatly as a result of the Alsop affair. Public opinion in Argentina saw the North American ultimatum to Chile as dictatorial and belligerent. Sherrill reported that the support of President Alcora had been lost at a crucial stage and,

³⁷Wilson to Sherrill, Sept.30, 1909. Num. File 1070/80, telegram

³⁸Knox to Sherrill, Dec.7, 1909. Num. File 1070/125, telegram

³⁹Sherrill to Knox, Dec.9, 1909. Num. File 1070/159, no.181

⁴⁰Sherrill to Knox, Nov.9, 1909. Num. File 1070/126, no.144

that unless something was done quickly to counter-act the anti-American sentiment, "it seems hopeless to expect that we will be successful in the awards".⁴¹

British interests were quick to exploit the situation. There had been general concern at the esteem with which the United States Minister in Buenos Aires was held by the Argentine authorities. Consequently, attempts were made through the English-speaking newspapers to discredit North American policy towards Chile and South America. It was, the Buenos Aires Herald wrote, "a policy beginning in dollars and ending in bluff" with Latin America having to "stand together to repel northern aggression".⁴²

More importantly, the British company, Armstrong-Vickers, used the Alsop incident to persuade the Argentine naval commission to accept a reduced bid. Although rated second of those companies acceptable to Buenos Aires, Armstrong-Vickers' plans called for more expense than the North American. As a result, in return for increased speed and more armour on the battleships, the British firm was allowed to lower its figure \$570,000 in order to bring it under that of the Fore River Company.⁴³

⁴¹Sherrill to Knox, Nov.25, 1909. Num. File 1070/155, no.160

⁴²ibid.

⁴³Sherrill to Knox, Dec.10, 1909. Num. File 1070/127, telegram

Sherrill immediately set about securing a similar concession for the North Americans. He argued that the United States firms had had less than half the time given their competitors to modify designs and that slight alterations not affecting price would make their submissions more acceptable. For this reason, all the companies should have equal opportunity to submit new bids. The Minister of Marine agreed reluctantly and on December 16 reopened bidding.⁴⁴

To counter hostile public opinion over the Alsop affair the United States Minister enlisted, once more, the aid of La Prensa. Conferring with its editor to early in the morning, Sherrill obtained an article strongly endorsing the North American position.⁴⁵ Similar persuasion was exerted on government officials and other Argentine newspapers, while a firm protest was lodged against the anti-American bias of the Buenos Aires Herald.⁴⁶ The British Minister, Townley, complained "hardly a day passed that (the North American envoy) did not find some excuse to go to Government House and press the claims of his countrymen".⁴⁷

⁴⁴ibid

⁴⁵Sherrill to Knox, Nov.25, 1909. Num. File 1070/155, no.160

⁴⁶Townley to Grey, Dec.31, 1909. P.R.O.F.O. 371/824/3432. Summary of Events for December 1909.

⁴⁷Townley to Grey, Jan.29, 1910. P.R.O.F.O. 371/824/8774. 1909 Annual Report, pg.11

In an effort to strengthen Sherrill's hand, the new Division of Latin American Affairs drew up a list of six special concessions to Argentine desires. These included a substantial congressional appropriation for the Pan-American Conference at Buenos Aires in July 1910 and the dispatch of a squadron of North American warships to the Argentine Centennial Celebrations in May 1910. The United States would also undertake to discourage Brazil and Uruguay from raising the question of the jurisdiction of the waters of the Rio de la Plata.⁴⁸ Meanwhile, the State Department had submitted the Alsop claims to the arbitration of King Edward VII.

On January 15, 1910 the Argentine naval commission reported unanimously that the North American proposals for the battleships were the best.⁴⁹ The British Minister immediately demanded a reclassification in favour of his countrymen, but the Argentine cabinet refused to receive his note of protest.⁵⁰

⁴⁸Memorandum from the Division of Latin-American Affairs, Jan. 10, 1910. Num. File 1070/161

⁴⁹Adee to Sherrill, Jan. 15, 1910. Num. File 1070/164, telegram

⁵⁰Sherrill to Knox, Jan. 19, 1910. Num. File 1070/166, telegram

Sherrill met with the Minister of Finance, the President's most intimate friend in the cabinet, and reiterated the goodwill that would be created if Buenos Aires were to award the contracts to North American shipyards.⁵¹

Finally, on January 21 1910, the Argentine naval commission awarded contracts for two battleships worth more than \$20 million to the Fore River Ship Building Company.⁵² In addition the Bethlehem Steel Corporation received orders totalling one million dollars to manufacture artillery for torpedo boats. Buenos Aires did not ignore its European connections completely and contracts for twelve destroyers were distributed evenly among England, France and Germany.⁵³ After seven months of "constant, aggressive and prompt action", Sherrill's negotiations had been brought to a successful conclusion.⁵⁴ Reported the exhausted envoy ".....I have lost 22 pounds in weight since my arrival here June 19".⁵⁵

⁵¹Sherrill to Knox, Jan.8, 1910. Num. File 1070/183, no.214

⁵²Sherrill to Knox, Jan.21, 1910. Num. File 1070/169, telegram

⁵³Sherrill to Knox, Jan.21, 1910. Num. File 1070/170, telegram

⁵⁴Memorandum by the Chief of Latin American Affairs, Jan.22, 1910. Num. File 1070/175

⁵⁵Sherrill to Knox, Oct.9, 1909. Num. File 1070/107, no.117

The Taft administration was elated at the success of its diplomatic efforts in Argentina. Both the President and Secretary of State conveyed to Sherrill their appreciation of "the intelligent and tactful manner" with which he had conducted the negotiations.⁵⁶ In contrast the British remained highly displeased. The Times charged the North Americans with having recklessly slashed prices and with having exerted unfair diplomatic pressure to get the business, while the London Evening Standard complained "England is Argentina's greatest creditor and greatest client and had a right to expect the naval contracts".⁵⁷

The use of "battleship diplomacy" signified a new chapter in United States policy towards Argentina. For the first time North American diplomats and businessmen had combined in a united effort to penetrate that market. Using both financial and diplomatic pressure they overcame the intense

⁵⁶Wilson to Sherrill, Jan.27, 1910. Num. File 1070/172, no.67. Also Sherrill, C. My Story Book (Private Printing, 1938) pg.105

⁵⁷Quoted in Livermore, S.W., "Battleship Diplomacy in South America : 1905-1925". Journal of Modern History, Vol.xvi (1944).

competition of thirty or more bidders from England and five other nations. Their success, along with that of the Chicago packers, underlined the economic power and political influence the United States had now achieved in Argentina.

CHAPTER VI

CONSOLIDATION AND EXPANSION, 1910 - 1914

By 1910 both Argentina and the United States had realized much of their nineteenth century promise. North American industrial capacity had grown dramatically,¹ while Argentina had become the world's greatest exporter of food products and raw materials. Aware of the need for and the benefits of increased bilateral trade, United States businessmen and diplomats moved to greatly expand their budding foothold in the Republic. As a result, during the years immediately prior to World War I, North American-Argentine commerce entered the first boom period in its history.

United States participation in the Argentine Centennial Celebrations reflected the new importance Washington attached to her relations with that country. In May 1910 Major General Leonard Wood arrived as "Special Ambassador" to the event along with a Special Service Squadron of four battleships. The General's appointment and his complimentary remarks

¹In 1900 the value of manufacturing capital in the United States was approximately \$(U.S.)9.8 billion. Ten years later this had grown to \$18.4 billion. Nearing, S., and Freeman J., Dollar Diplomacy. A Study in American Imperialism. (New York, 1925), pg.3

about the Republic's progress were warmly appreciated by the Argentine government and press.² Editorials noted that only as a result of the North American action did some European countries decide to send ambassadors.³

Also during 1910, Washington participated in the Fourth Pan-American Conference at Buenos Aires. The United States delegation comprised a number of distinguished North Americans, who made every effort to remove controversial questions from the agenda.⁴ When the Brazilian delegation sought to have the Conference endorse the Monroe Doctrine, the North American and Argentine representatives worked together to have the motion withdrawn. Consequently, in his closing address to the Assembly, Argentina's Foreign Minister praised the United States commitment to Pan Americanism and expressed a desire for greater hemispheric unity. President Alcorta observed, that

²Bliss to Knox, Oct.15, 1910. National Archives, Department of State Records, American Affairs, Argentina. Decimal Series. (Hereafter cited as Dec. Ser.) 711.35/19, no.675

³Sherrill to Knox, June 13, 1910. Num. File 15504/15, no.420

⁴Sherrill to Knox, Aug.25, 1910. Num. File 11302/48. The North American delegation included Henry White (Chairman), General Enoch H. Crowder, David Kinley, John Bassett Moore, Bernard Moses and Paul S. Reinsch.

his country's relations with North America could not be bettered.⁵

Underlying this United States-Argentine harmony was a spectacular growth in trade between the two countries. In 1913 Argentine imports from North America amounted to \$70,000,000 - an increase of \$14,000,000 over that in 1911.⁶ The United States portion of Argentina's total trade (15%) now surpassed those of France and Belgium and rivalled that of Germany. The United Kingdom, however, retained the greatest share.⁷

Foremost among North American imports into the Republic were manufactured goods. Of these oil, automobiles, railway cars, twine and leather remained the most important items, each with sales of over a million dollars. Also on the market in increasing numbers were such new products as elevators, adding and sewing machines, cameras and typewriters. By 1914 the United States had become Argentina's largest supplier of machine goods.⁸

⁵Sherrill to Knox, Sept.12, 1910. Dec. Ser. 711.35/18, no.617

⁶United States Dept. of Commerce, The Economic Position of Argentina During the War (Misc. Series, No. 88; Washington, 1920) pg.86-88

⁷Sherrill to Knox, Aug.11, 1910. Dec. Ser. 635.00, no.550

⁸ibid. Also Ferrer, J., "United States-Argentine Economic Relations 1900-1930". Ph.D. Thesis. (University of California, 1964) pg.66-67

Argentine exports to her northern neighbour were similarly growing, reaching \$32,000,000 in 1912 before suffering a severe drop the following year due to crop failure.⁹ The removal of hides from the tariff schedule and the development of linseed, quebracho extract and sausage casings as major exports stimulated greater bilateral trade. In spite of this, however, the North American share of Argentina's total exports remained relatively constant (6.3%). As late as 1913 England, Germany, France and Belgium were still better customers.¹⁰

Traditional barriers continued to impede the growth of United States-Argentine commerce. Irregular and inadequate shipping facilities hampered the movement of mail and cargoes. In May 1910 the North American Consul General reported that for six months not a single merchant vessel flying the Stars and Stripes had entered Buenos Aires port.¹¹ Similarly, although supported by the State Department, the Central and South American Telegraph Company failed to complete the Atlantic cable to Argentina. Communications by telegraph, therefore, remained slow

⁹United States Dept. of Commerce, The Economic Position of Argentina During the War (Misc. Series, No.88; Washington, 1920), pg.87

¹⁰Sherrill to Knox, Aug.11, 1910. Dec. Ser. 635.00, no.550

¹¹Bartleman to Knox, May 30, 1910. Num. File 22079/3, no.290

and expensive.

The reappearance of foot and mouth disease in 1910 provided yet another obstacle to improved trade. To prevent contamination of domestic animals, the United States declared an embargo against Argentine livestock and fodder.¹² A year later a dispute arose between Washington and Buenos Aires over Brazilian flour duty. When the former secured a 30% price differential, the Argentine government threatened to raise duties on North American petroleum, lumber and other staples.¹³

Despite these hindrances, however, the period 1910-14 was one of consolidation and expansion for North American influence in Argentina. The Republic's growing prosperity was attracting more and more immigrants from the United States. By 1912 their number had grown to about 5000.¹⁴ Not only did they

¹²Snyder to Assist. Secretary of State, March 18, 1907. Dec. Ser. 611.3556

¹³Unsigned aide-memoire, June 13, 1911. Dec. Ser. 611.3231/210

¹⁴Ferrer, J. "United States-Argentine Economic Relations 1900-1930. "Ph.D. Thesis (University of California, 1964) pg.67

provide a market for North American goods, but through personal relationships, greatly assisted in diminishing Argentine prejudice towards norteamericanos.

Moreover, unlike the fugitives from justice of the 1880's, the majority of United States citizens in Argentina prior to World War One represented legitimate business or commercial concerns. In order to compete effectively for the Argentine market, North American manufacturers were increasingly realizing the need for direct representation there. By 1911 the General Electric Co., United States Steel Products, J.I. Case, the Avery Plow Co. had all established salesmen at Buenos Aires.¹⁵

Parallel to the development of a North American business community on the River Plate was a greater United States investment in Argentina. There North American capital climbed **from** an approximate \$20,000,000 in 1910 to \$40,000,000 in 1913. Concentrated principally on meat packing and other manufacturing enterprises, the amount represented only 1.2% of all foreign holdings (Table 2). Its rapid growth and diversity, however, promised well for the future.

¹⁵Sherrill to Knox, Aug.9, 1909. Num. File
18710/25, no.51

Table 2. Estimates of Foreign Capital in Argentina (Millions of gold pesos).¹⁶

Country	1910	1913
Great Britain	1,475	1,928
United States	20	40
Germany	200	250
France	410	475
Others	150	557
Total	2,255	3,250

United States financiers had begun to actively seek investment opportunities in Argentina. During 1909 Robert C. Howe, the local representative of Armour & Co., approached the Argentine government to discuss the construction of grain elevators at La Plata.¹⁷ According to his proposal, Armour & Co. would raise the necessary funds by accepting Argentine bonds and selling them in the United States. The Minister of Finance approved the idea and Congress granted vacant land around the port for the elevators. The two parties though could not agree upon final terms.¹⁸

¹⁶Gravil, R. "Anglo-U.S. Trade Rivalry in Argentina and the D'Abernon Mission of 1929" in Argentina in the Twentieth Century, (ed) Rock, D. (University of Pittsburgh Press, 1975) pg.42

¹⁷Sherrill to Knox, Sept.19, 1909. Num. File 22078, no.93. Also Sherrill to Knox, Oct.1, 1909. Num. File 22078, no.108

¹⁸Sherrill to Knox, Nov.18, 1909. Num. File 22078, no.154

More ambitious was the attempt by United States businessmen to challenge British dominance of Argentina's railways. In 1912 the Farquhar Syndicate founded the Argentine Railway Corporation, which immediately took over four minor companies and secured a concession to build additional railroad track. A year later the Corporation gained control over the Cordoba Central Railway, one of the five largest British Companies. Again, however, North American endeavours proved fruitless when the Syndicate failed to raise sufficient funds to meet its obligations and went into receivership.¹⁹

United States capital had better success with its industrial concerns. In order to safeguard and improve their supply of raw materials, a growing number of manufacturers sought to establish plants in Argentina. One such firm, the New York Tanning Extract Company began operations at Santa Fe in 1909. The company processed twelve hundred tons of quebracho extract a month for shipment to North America.²⁰

The same year the Consolidated Chemical Industries of San Francisco established a factory at Buenos Aires. It sought to utilize the large amount of bone material unused during meat processing. In 1911 the

¹⁹Hanson, S.G. "The Farquhar Syndicate in South America". Hispanic American Historical Review. Vol.17 (Aug. 1937) pg.314-326

²⁰Letter from New York Tanning Extract Co. to Carr, May 27, 1910. Dec. Ser. 125.0035

West India Oil Co. followed suit and moved to Argentina. By doing so the firm took advantage of the duty free status in that country of unrefined petroleum.²¹

From Washington came further indications of a desire for better relations with Argentina. United States politicians and officials who knew the Republic continued to work for an enlargement of trade. During 1911 a Pan American Commercial Conference, organised by John Barrett, now head of the Pan American Union, was held in Washington. Over a number of weeks Argentine representatives and United States businessmen met together to discuss how to profitably bring North American money and goods to South America.²²

Their efforts were supported by a growing number of organisations designed to promote overseas trade. These included the American Exporters and Importers Association (1911), the Chamber of Commerce of the United States (1912), and the National Foreign Trade Council (1914). During 1912 the Bureau of Manufacturers was expanded into the Bureau of Foreign and Domestic Commerce with special trade commissioners and commercial attachés, a number of whom visited Argentina. A year later the Chicago Association of

²¹Ferrer, J. "United States-Argentine Economic Relations 1900-1930" Ph.D. Thesis (University of California, 1964) pg.43

²²Proceedings of the Pan-American Commercial Conference, Feb.13-17, 1911. (Washington, 1911) in McGann, Argentina, pg.262

Commerce opened a permanent exhibit at Buenos Aires to display United States products.²³

More than ever before British businessmen and officials felt threatened by the North American advance. Growing concern was expressed at the lack of competitiveness and enterprise of some British exports. Agents for United Kingdom firms now experienced greater difficulties in distributing only British products. Increasingly they were willing to also market goods from the United States.²⁴ Of fifty-one such agents listed in a trade directory of 1914, thirteen handled both British and North American products, while one dealt exclusively in the latter.²⁵

Foreign Office personnel at Buenos Aires noted the sudden expansion of United States interests and involvement on the River Plate and warned of its possible consequences. During the centennial celebrations jealous reference was made to the goodwill and hospitality shown to the North American contingent by the Argentine

²³Gravil, R., "Anglo-U.S. Trade Rivalry in Argentina", op. cit., pg.42

²⁴The U.S. Chargé d'affaires ad interim reported American made articles were generally 25% cheaper than those supplied from Europe. Wilson to Knox, April 13, 1909. Num. File, Vol.612, no.144

²⁵Gravil, R., "Anglo-U.S. Trade Rivalry in Argentina", op. cit., pg.47

people. This was contrasted to the resentment exhibited against Britain for not participating owing to the death of King Edward.²⁶ Unless steps were taken to protect her commercial interests in the Republic, one official believed, "there is considerable risk that Great Britain will fail to hold her ground as against.....the United States, who (is) straining every nerve to capture the Argentine market".²⁷

This sentiment was widely echoed by the English press in Argentina. The Buenos Aires Herald and the Buenos Aires Standard predicted that should Farquhar and other North American businessmen firmly establish themselves in South America, they would "drag down the United States on top of these little republics" and British interests would be lost.²⁸ Consequently they argued against a close commercial relationship between Washington and Buenos Aires and urged Argentines to retain their ties with Europe, employing such arguments as appeared in the Buenos Aires Herald on June 22 1909. "The reason why Argentina transacts the bulk of her business with the Old World lies in the indisputable

²⁶Townley to Grey, July 7, 1910. P.R.O.F.O. 371/824/27832

²⁷Mallet to Secretary of the Admiralty, Aug. 17, 1910. P.R.O.F.O. 371/824/27832/10.

²⁸Buenos Aires Standard, October, 1912. Quoted in Hanson, S.G. "The Farquhar Syndicate in South America". Hispanic American Historical Review. Vol. 17 (Aug. 1937), pg. 324

fact that it pays her better to do so".²⁹

British merchants moved to protect their interests. During the 1910 Argentine Centenary, a number of English trading companies boycotted the exposition in an attempt to keep foreign companies from realizing the potential of Argentina. Representations were made to the United States business community and Minister in Buenos Aires to secure their non-participation as well. This, it was hoped would prevent other North American firms from taking an interest in and expanding their operations to the Republic.³⁰

Sherrill, however, declined the suggestion and instead urged United States manufacturers to participate. Under his guidance, special committees were formed to coordinate the exhibits from North America at both the Railway and Agricultural Expositions.³¹ The Minister also proposed a special display of great North American inventors, artists and authors. Such an undertaking, he argued, would not only increase the cultural status of the United States in the eyes of the Argentines but weaken the ties of literature, art and science that bound them to Europe.³²

²⁹Sherrill to Knox, June 23, 1909. Num. File 18710, no.53

³⁰Sherrill to Knox, Dec.12, 1909. Num. File 14503/16, no.185

³¹ibid. Also Sherrill to Knox, July 14, 1909. Num. File 18710, no.26

³²Sherrill to Knox, Nov., 1909. Num. File 18710/42, no.166

In his official capacity as Envoy, Sherrill repeatedly emphasised the similarities between the Northern and Southern Republics. During a speech at the University of Buenos Aires he spoke of the contribution of Sarmiento to Pan Americanism and linked it to that of Henry Clay and Elihu Root.³³ Books were distributed by the United States Legation, documenting Washington's early recognition of South American independence and belittling the importance of Canning.³⁴ Again by these means the Minister hoped to raise Argentine awareness of the United States and modify that country's preference for Europe, particularly England.

At the outbreak of World War One North America still had a long way to go to overcoming this preference, especially in the areas of trade and finance. Buenos Aires continued to look to the Old World to supply her wants and sell her exports, while British investments in the Republic now stood at £357,750,000.³⁵ The idea of Argentina as an English Colony remained prevalent among many Englishmen. Wrote one United States observer,

³³Sherrill to Secretary of State, Oct.8, 1909. Num. File Vol.928, no.116

³⁴Sherrill to Knox, June 19, 1910. Num. File 25685, no.431

³⁵Rippy, J.F. "British Investments in Latin America, End of 1913". The Journal of Modern History Vol.19 (1947) pg.226

"In England they talk familiarly of "B.A." and the "River Plate"; disdaining to use the Spanish words Argentina, Uruguay, Paraguay and Buenos Aires. To hear them you might suppose they were speaking of something they owned, and you would not be so very far from the truth".³⁶

However, by 1914 the United States was firmly established in the Argentine market and the basis laid for future North American commercial expansion on the River Plate. The tariff changes made by Washington the previous year had not only affected meat imports. Cereals, wool and quebracho extract had also been placed on the free list, while the duty on linseed was substantially reduced. Thus, North America had become practically a freemarket for all Argentine produce.

The situation of United States manufacturers in Argentina was further improved by better facilities between the two countries. In 1912 the Munson Line announced its intention to establish a direct and regular shipping service to Buenos Aires. It began operating the following year, but had to charter foreign vessels until its own newly purchased ships were completed in 1914. As a result goods could be sent more cheaply

³⁶Bingham, H. Across South America. An Account of a Journey from Buenos Aires to Lima by Way of Potosi (Boston and New York, 1911) pg.32

and quickly from New York to South America.³⁷

During November 1914 a United States branch bank was established in Buenos Aires, the first one to be so. The National City Bank of New York had for a number of years been studying investment opportunities throughout Latin America. After passage of the Federal Reserve Act, which allowed the establishment of overseas branches by United States banks it was decided to open an Argentine office. North American businessmen in the Republic were thus able not only to avoid paying commission to foreign bankers, but better preserve their commercial secrets.³⁸

Finally, during 1914, Washington raised its mission in Argentina to the rank of an embassy. Foreign Minister Murature welcomed the move as evidence of his country's new importance. Argentine resentment at the exchange of ambassadors between North America and Brazil some years earlier was also to large measure placated.³⁹ Buenos Aires reciprocated and appointed Rómulo Naón its first ambassador to Washington. In doing so, the new United States-Argentine commercial relationship was formalized at diplomatic level.⁴⁰

³⁷Easum, D.B. "The British-Argentine-United States Triangle: A Case Study in International Relations". Ph.D. Thesis (University of Princeton, 1953) pg.58

³⁸The First National Bank of Boston followed in July, 1917.

³⁹Beaupre to Acting Secretary of State, July 11, 1905. Dip. Des. Vol.45, no.175

⁴⁰Bryan to American Legation, May 16, 1914. Dec. Ser. 124.35/106

The period 1910-1914 climaxed three decades of development in North American-Argentine relations. At the outbreak of war bilateral trade figures had grown to significant proportions, United States investments in the Republic had begun to multiply, while a thriving North American business community was firmly established there. Underlying this was the growth of more complementary economies between the two countries and the removal of tariff barriers by Washington. British officials and manufacturers had now come to perceive the United States along with Germany as the greatest long-term threat to their interests on the Plate. When war came to the Old World the foundations of North American commercial dominance in the New, as evidenced by Argentina, had already been laid.

CONCLUSION

The thirty years prior to the First World War signified a major readjustment of United States - Argentine relations. Hitherto the two republics had failed to find a common basis for commercial exchange. Foremost among the many barriers to increased bilateral trade were the similarity of their rich pastoral and agricultural lands and the noncomplementary nature of their economies. Needing markets to sell her produce and capital to open up the pampas, Argentina sought these instead from across the Atlantic.

At the end of the nineteenth century, however, both countries experienced exceptional internal growth. The North American economy developed to the point where it needed raw materials for its factories and foreign markets for its manufactured goods. With the increasing ability of Argentina to supply both, Washington saw the benefit of expanding her presence on the Plate. This greater involvement was achieved through a series of stages and resulted in the formation of a new commercial and political relationship between the two countries.

Beginning in the 1880's, North America worked hard to establish a foothold in the lucrative Argentine market. Throughout the decade her businessmen and diplomats at Buenos Aires sought to acquire a

knowledge of the Republic and actively promote United States manufactured goods. A trade commission arrived to evaluate the region's potential, while North Americans participated in the first Continental Exhibition at the Argentine capital. Such efforts, however, remained largely confined to the energy of individual officials and entrepreneurs and failed to rectify the many barriers to increased bilateral trade.

During the nineties Washington made a concerted effort to overcome these barriers. The United States Minister at Buenos Aires was directed to work for a reciprocal trade agreement. Despite the ultimate failure of his negotiations, a North American political and commercial presence in Argentina was now firmly established. Not only did trade between the two countries reach new heights, but the United States became Great Britain's greatest competitor for Argentina's import trade.

Following the turn of the century efforts were made to study more systematically and extensively Argentine tastes and requirements. Increasing numbers of North American firms established branch offices in the Republic, while various government experts arrived at Buenos Aires to examine commercial possibilities. Organisations like "The North American Society of the River Plate" worked to encourage greater United States awareness of and interest in the region. Through such efforts North American exports to Argentina grew and

Washington gained monopolies in the supply of certain goods.

Better informed of regional opportunities, United States companies also began to invest in the Southern Republic. Foremost amongst these were the Chicago packinghouses, who needed to secure new supplies of chilled and frozen meat. Between 1907 and 1914 their plants on the River Plate worked together to capture the Argentine industry, regulating prices and reducing competition amongst themselves. By the outbreak of World War One, North Americans controlled the major share of that country's meat exports.

Similarly United States businessmen began to actively compete for Argentine government contracts. During 1909 North American firms cooperated closely with the State Department in an effort to gain the naval business of the Republic. Together they exerted both financial and diplomatic pressure on Buenos Aires to award the battleship contracts to the United States. Their success testified to the new political and commercial influence of Washington in the region.

This influence was consolidated and expanded during the years immediately prior to World War One. A significant North American business community was established at Buenos Aires, while a number of traditional obstacles to improved commerce between the two countries were overcome. Bilateral trade experienced rocketing growth with United States combined exports and imports now surpassing those of Belgium and France

and equalling that of Germany. To Buenos Aires, the Northern Republic had become both an important trading partner and likely source of future capital.

One feature of the growing United States involvement with Argentina was an increasing Anglo-American rivalry on the River Plate, 1880 - 1914. Many Britons were convinced that the Argentine Republic was an important, if informal part of the British Empire. Within that country, the United Kingdom possessed extensive financial interests. Faced with a United States increasingly determined to assert its new economic power and political influence, British merchants and officials fought to preserve their commercial predominance.

Between London and Washington competition initially centred on control of Argentina's import trade. British business interests sought to undermine North American attempts to establish a larger market at Buenos Aires for her products. Discriminatory freight and cable rates were imposed on United States firms exporting to the Republic, while doubts were expressed over the suitability and quality of North American goods. Using British influence over several key Argentine industries, companies were encouraged to maintain their preference for British exports.

As Washington began to exert greater diplomatic pressure on behalf of her businessmen and financiers, English diplomats and newspapers responded by warning

Buenos Aires against closer commercial relations with North America. The Buenos Aires Herald and Buenos Aires Standard repeatedly attacked United States foreign policies in Latin America and raised the spectre of Yankee imperialism. Foreign Office personnel protested against the award of government contracts to North American firms and sought to offset further gestures of Argentine goodwill to her northern neighbour. At the diplomatic level Buenos Aires was again reminded of Britain's extensive financial interests and most-favoured-nation status in the Republic.

That Washington managed to overcome this opposition can be gauged from her commercial position on the Plate vis-a-vis Great Britain at the outbreak of World War One. United States businessmen in Argentina had not only won control from British firms over the meat industry, but had successfully competed for major government contracts. North American technology had adapted well to Argentine conditions, while United States companies now shared many of the advantages - banking, shipping and mail facilities - enjoyed by their United Kingdom counterparts. As a result British merchants and officials were expressing growing concern about their future prospects in the region.

Between 1880 and 1914 the basis of a vital political and commercial relationship between Washington and Buenos Aires was created. The norteamericanos

had begun with major disadvantages in shipping, banking and investments and an ignorance of Argentine tastes and requirements. By the beginning of the First World War they possessed a thorough knowledge of the Republic and formed an integral and visible feature of her economic life. In return for raw materials and food products, Washington was exporting to the Plate ever increasing amounts of manufactured goods and capital. Over a thirty year period, therefore, the North American commercial presence in Argentina developed from a distant and vague impression to an immediate and forceful reality.

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