

## ARGENTINA AND THE FIRST WORLD WAR (1).

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The hypothesis of Andre Gunder Frank that Latin America's underdevelopment is partly attributable to unequal exchange in economic relations with the advanced world includes the obverse proposition that Latin America's growth has been most substantial in periods such as wartime when links with the metropolitan countries were weakened. The most explicit statement of this view occurs in the book, *Latin America: Underdevelopment or Revolution*,

... the satellites experience their greatest economic development and especially their most classically capitalist industrial development if and when their ties to their metropolis are weakest. This hypothesis is almost diametrically opposed to the generally accepted thesis that development in the underdeveloped countries follows from the greatest degree of contact with and diffusion from the metropolitan developed countries. This hypothesis seems to be confirmed by two kinds of relative isolation that Latin America

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(1). — An earlier version of this paper was read to Professor John Lynch's seminar at the Institute of Latin American Studies, University of London and the writer is grateful for the comments received. There is no research monograph devoted to Argentina's economic history 1914-18, but the following contain useful material or comment. G. di Tella y M. Zymelman, *Las etapas del desarrollo económico argentino* (Buenos Aires, 1967); A. Dorfman, *Historia de la industria argentina* (Buenos Aires, 1942); F. Pinedo, *En tiempos de la república* (Buenos Aires, 1946); Academia Nacional de la Historia, *Historia argentina contemporánea 1862-1930*; III, (Buenos Aires, 1966); L. Roque Gondra, *Historia económica de la República Argentina* (Buenos Aires, 1943); R.M. Ortiz, *Historia económica de la Argentina* (Buenos Aires, 1955); E. Tornquist y Cia, *The Economic Development of the Argentine Republic in the last Fifty Years* (Buenos Aires, 1919); C. F. Diaz Alejandro. *Essays in the Economic History of the Argentine Republic* (London, 1967); J.S. Tulchin, "The Argentine Economy during the First World War" *Review of the River Plate*, CXLVII, 3750-1, 19 & 30 June 1970 is a brief sketch.

has experienced. One is the temporary isolation caused by the crises of war . . . It is clearly established and generally recognized that most important recent industrial development — especially of Argentina, Brazil, Mexico, but also of other countries such as Chile, has taken place precisely during the periods of the two World Wars . . . Thanks to the consequent weakening of trade and investment ties the satellites initiated marked autonomous industrialisation and growth (2).

The central assumptions are, therefore, that under wartime conditions Latin America's external economic ties weakened while local industry enjoyed substantial growth. The object of this article is to suggest that neither is true of Argentina's experience during the First World War.

Some initial confusion arises from not knowing quite what is meant by economic ties. In the quotation cited Gunder Frank mentions trade and investment, but more generally his metropolis-satellite structure (an expanded version of Prebisch's centre-periphery concept) appears to embrace the totality of Latin America's relations with advanced countries. Certainly, imports fell, export growth slackened and European investment virtually ceased in Argentina during the war years. But, on the other hand, certain crucial links tightened. In peacetime Britain never asked for more than most-favoured-nation treatment; in wartime Britain demanded that Argentina's entire foreign trade should be reserved for the Allied nations. In fact, the leading metropolitan countries were able to impose a degree of control over the Argentine economy during the war which was inconceivable in peacetime. War conditions provided the pretext for policies towards Argentina which could not have been implemented in normal times. Far from offering Argentina a respite from external pressures, the First World War greatly intensified them.

Britain's general aim on the outbreak of the First World War was to secure from Latin America the greatest possible economic cooperation in the Allied war effort. The official rationale for this policy was that, apart from the strategic importance of the region, Latin America was a crucial source of primary produce and, traditionally, had formed a key market. The reaction of most Latin American governments, however, was to observe a policy of neutrality and for this there was a number of reasons. First, Latin America's dependence on external commerce made it unwise to alienate any European trad-

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(2). — A. Gunder Frank, *Latin America: Underdevelopment or Revolution* (New York, 1969) 9-10. See also *Capitalism and Underdevelopment in Latin America* (New York, 1969) and *Lumpen-Bourgeoisie and Lumpen Development* (New York, 1972).

ing partners, especially since shortages were certain to arise under wartime conditions. Secondly, the preservation of trade with Germany was a way of avoiding further dependence on Britain or developing dependence on the United States. Thirdly, in a number of republics German companies controlled major export commodities and could not be eliminated immediately without the collapse of key branches of trade (3). Fourthly, though it was sometimes urged that no Latin American country dare abandon neutrality and risk exposure until the United States did, it is probable that many republics felt more hostile to North America than to Germany. For these reasons there was great reluctance in the area to align in any significant way in the European conflict. Even when the United States declared war on 4 April 1917 abandonment of neutrality and alignment with the Western Allies was slow and incomplete. Though eight Latin American countries eventually declared war on Germany, only Brazil and Cuba played anything approaching an active part and though five other countries broke diplomatic relations with Germany, such major republics as Mexico, Chile and Argentina remained neutral for the duration (4). Furthermore, Argentina made repeated efforts to organise the remainder into a league of neutrals (5) and the crucial aspect, from the British standpoint, was that Argentina was easily the most important source of primary produce to retain neutral status.

Argentina's adherence to neutrality was of major significance for the conduct of her export trade which, in effect, developed through two clear stages broadly corresponding to the evolution of the British war economy. Until early in 1916 Argentina trade was comparatively free of regulation; thereafter a set of controls was imposed designed to reserve Argentina exports for Allied consumption despite the country's declared neutrality. The official calculations for the changing market distribution of Argentina's exports appear in table 1.

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(3). — F.A. Kirkpatrick, *South America & the War* (Cambridge, 1918) 19-40 is very interesting on the position of German companies in South America. Also H. Hauser, *Germany's Commercial Grip on the World* (London, 1917) especially Pt. 3. There is a good modern discussion in M. Small, 'The United States and the German Threat to the Hemisphere 1905-1914' *The Americas*, XXVII, Jan. 1972, 3.

(4). — T.A. Bailey, *The Policy of the United States towards Neutrals 1917-18* (Baltimore, 1942) 306; G. Connell Smith, *The Inter-American System* (Oxford, 1966) 55; W.S. Robertson, *Hispanic American Relations with the United States* (Oxford, 1923) 412-416; and more generally E.J.J. Bott, *El comercio entre los Estados Unidos y América Latina durante la Gran Guerra* (Buenos Aires, 1919); G. Barclay, *Struggle for a Continent* (London, 1971).

(5). — *The Times History of the War* (London, 1918) 29; H.F. Peterson, *Argentina and the United States* (New York, 1964) 309. F.J. Stimson, *My United States* (New York, 1931) contains the ambassador's reminiscences.

Table 1. Percentage Distribution of Argentina's Exports (6).

Year	Great Britain.	Germany.	United States.	France	Italy.	Belgium.
1913	24.9	12.0	4.7	7.8	4.1	6.8
1914	29.3	8.8	12.3	5.7	2.4	5.0
1915	29.6	—	16.1	7.2	7.3	—
1916	29.5	—	20.9	11.9	5.0	—
1917	29.0	—	29.1	13.1	5.2	—
1918	38.2	—	20.6	14.1	5.0	—
1919	28.5	0.9	18.4	11.1	4.0	5.8
1920	26.7	2.2	14.7	6.8	3.3	5.0

External sources of food supply were much more important to Britain than to Germany. In 1914 Britain raised only 35% of the calories consumed in the country while the Germans produced over 80% of their calory requirements. The Britttish fed only 45 to 50 people on 100 acres of average farmland while Germany supported 70 to 75 people from equivalent resources. The British planted only 43 acres of wheat per 1000 population while the Germans planted 208 acres par 1000 (7). British deficiencies were further compounded by the liberal scale of army rations which gave soldiers consumption standards superior to those prevailing in civilian life (8). Therefore, in terms of immediate war needs Britain was much more dependent on Argentine primary produce than Germany was. But it is understandable, nevertheless, that the Germans were determined to gain the larges possible share of Argentina's export trade. First, the Germans fully realized Britain's external dependence and aimed to keep supplies out of British hands. Secondly, there were gaps in Germany's production structure, notably in wool supplies, which needed filling from Latin American sources; and generally the building up of commodity reserves was a sensible wartime policy (9). Thirdly, German export houses in Argentina, particularly in the grain trade, had never restricted themselves merely to the German market but operated on a world-wide scale

(6). — Extracted from the *Argentine Annual* (Buenos Aires, 1921) 303. It should be remembered that Britain's percentage was inflated by purchasing services grain on behalf of France, Italy and also for certain neutral countries as explained in the text. Obviously, the official figures cannot disclose evasions.

(7). — M. Olson, *The Economics of the Wartime Shortage* (Duke, 1963) 73-6.

(8). — W.H. Beveridge, *Economic and Social History of the World War: British Food Control* (London, 1928) 10.

(9). — FO 902/2 WTID Weekly Bulletin, 12-18 Feb. 1916, 25; WTID Weekly Bulletin, 26 Feb-3; Mar 1916, 28; WTID Weekly Bulletin, 25-31 Mar 1916, 24; FO 902/5 WTID Weekly Bulletin, 2-8 Sept 1916, 39.

and so needed huge quantities of produce (10). Fourthly, Argentina's main importance to Germany was as a market for manufactured goods so that maintaining a German presence in the export trade seemed prudent in the promotion of import trade. One noteworthy factor furthering the German commercial effort was that while the English community in Argentina was depleted to the extent of 6000 men by military service, the German community remained intact because shipping problems made it difficult for Germans in Argentina to return to Europe.

The strength of the German position in the Argentine grain trade was undoubtedly the greatest single source of anxiety for Britain as can be seen from table 2.

Table 2. *Leading Companies handling the Argentine Grain Export Trade* (11).

Company	Effective Nationality	Percentage of Export Trade Controlled
Bunge & Born.	German	23
Louis Dreyfus & Co.	Franco-Jewish	22
Huni & Wormser.	Franco-Swiss	10.1/2
Weil Bros.	German-Jewish	10
General Mercantile Co.	Dutch	9.1/2
Hardy & Mühlkamp	German	7
H. Ford & Co.	Dubiously British	7
Sanday & Co.	British	6
Proctor, Garrett & Marston.	British	3
Others.	—	2

It is clear that the Germans controlled or influenced about 60% of grain exports from Argentina (12): Louis Dreyfus & Co. was the only large non-German firm while even they had large numbers of German and Austrian employees and a pre-war history of collaboration with the German companies in the notorious 'Big Four' (13). Furthermore, there are signs that cooperation among the German-influenced firms grew closer under wartime conditions. There were constant reports that they were making a bid for increased control of the trade

(10). — L. Nemirovsky, *Estructura económica y orientación política de la agricultura en la República Argentina* (Buenos Aires, 1933) has a good account of the world-wide operations of these firms.

(11). — Compiled from F.O. 368/1203, 25 Oct. 1915; F.O. 368/786, Commercial Confidential No. 164, 30 July 1913.

(12). — FO 368/786. Tower to Grey, Commercial Confidential N<sup>o</sup> 164.

(13). — FO 371/2239. Tower to Grey, Annual Report 1914, 24; FO 371/2601, Tower to Grey, Annual Report 1915, 37.

and the danger seemed very real since Bunge & Born alone had the capacity to store one quarter of the Argentine crop (14). Indeed, Bunge & Born in association with the General Mercantile Co. were thought to be organising other firms to secure the whole business in Argentine wheat and maize (15). An intercepted cable appeared to offer further proof:

Have arranged division among members of government wheat and maize steamers as agreed by CONSORTIUM See Bunge, Mercantile, Weil. We recommend discretion as regards other markets which are stagnant without buyers or sellers (16).

It was also very disturbing that Argentine grain shipments rocketed to improbable countries. In the first ten months of 1915 Argentine maize exports to Holland totalled 512,000 tons; Denmark, 226,000 tons; Sweden, 121,000 tons (17). These countries, which had been insignificant markets before the war, now appeared to be among the heaviest buyers. It was almost certain that these shipments to neutral states were ultimately destined for Germany. A major difficulty in limiting such practices was that a large part of Argentina's exports were shipped 'for orders', the ultimate destination not being declared. In 1913 about one quarter of the republic's total exports were traded in this manner and it was calculated at that time that about two thirds of such shipments were destined for the United Kingdom (18). After the outbreak of war grain shipments were often consigned to St. Vincent, the British island in the Caribbean or to Las Palmas in the Canary Islands, which was the last neutral touching place on the normal ocean route between South America and North Western Europe (19). The most anomalous feature of all was that these alien firms handling the bulk of grain transactions employed as much as 85% of the British shipping tonnage available in the River Plate for their own purposes (20). For in spite of the King's Proclamation that the British merchant navy should limit its operations to Allied cargoes, steamship agents did not differentiate and tramp ship captains in the River Plate would contract directly with the enemy firms, both groups taking the convenient view that if they did not accept the business less scrupulous shippers would.

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(14). — FO 902/1 WTID Weekly Bulletin, 15-21 Jan. 1916.

(15). — FO 902/2 WTID Weekly Bulletin, 26 Feb.-3 Mar 1916, 28.

(16). — FO 902/2 WTID Weekly Bulletin, 4-10 Mar. 1916, 24.

(17). — FO 902/2 WTID Weekly Bulletin, 19-25 Feb. 1916, 33.

(18). — *The Argentine Annual* (Buenos Aires, 1921) 303; FO 368/922, Argentine Republic, Commercial N<sup>o</sup> 68, 22 Mar. 1914.

(19). — FO 368/1203. Tower to Grey, Commercial N<sup>o</sup> 46, 23 Feb. 1915.

(20). — FO 368/928, Mackie to Tower, 7 Oct. 1914.

Yet another difficulty was that for most of the war a large proportion of Argentine grain for export continued to be sold through the Options Markets at Buenos Aires and Rosario (21). As in peacetime so in war, the large companies were able to dominate proceedings in these markets and to force up prices against Allied firms (22). In principle, it might have been possible to secure closure of the Options Markets or at least to direct Allied purchases elsewhere. But, in practice, the British grain companies had a very equivocal attitude to this system of trading. While they resented domination by the big German-controlled companies, they were, nevertheless, attracted to the Options Markets by the very tangible advantage that the ultimate destination of grain traded there was not disclosed. This meant that they could avoid knowing the final market of the cereals purchased. Of the 200 brokers who engaged in options trading 120 were in a position to deal with enemy countries (23). The markets at Buenos Aires and Rosario thus gave British companies conveniently concealed access to a wider range of outlets and so with the full support of the British Chamber of Commerce in the Argentine Republic they remained in favour of options trading.

In the uncontrolled period up to early 1916 there were two elements in British cereals policy which had particularly strong implications for Argentina. The first was that the British government was against amassing grain stocks to any extent likely to disturb the normal course of trade (24). 'Business as Usual' was still the watchword of the day and it meant that the British were unwilling to stockpile River Plate grain. The second was the disposition to give preference in the supplying of cereals for Britain to the British dominions in spite of the fact that the River Plate was much nearer than Australia. As the Board of Agriculture explained:

The purchases of wheat and flour on behalf of the Allies have been governed almost exclusively by commercial considerations, but the representatives of the Board have endeavoured to secure that, so far as relative prices justified a preference, the claims of Canada, Australia and India should receive full consideration in the placing of orders (25).

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(21). — FO 368/1691, Tower to Balfour, Commercial N<sup>o</sup> 233, 11 June 1917.

(22). — FO 902/11, WTID Weekly Bulletin, 16-22 Mar 1917, 45; FO 902/15, WTID Weekly Bulletin 31 Aug.-6 Sept. 1917, 41.

(23). — FO 902/6 WTID Weekly Bulletin, 23-29 Sept. 1916, 37; FO 833/17 Tower to Balfour, Commercial N<sup>o</sup> 377, 30 June 1917, 58.

(24). — FO 368/1479. Board of Agriculture to Treasury, 7 July 1916.

(25). — FO 368/1479, Board of Agriculture to Treasury, 7 July 1916.

The British were, in fact, practising imperial preference which goes far to explain persistent anxieties in the River Plate in the 1920s.

Argentina's wartime position among Britain's cereals suppliers appears in tables 3 and 4.

Table 3. *U.K. Wheat Imports 1914-1921* (26).  
(in 000s of cwts)

Year	Russia	Canada	U.S.A.	Argentina	India	Australia
1914	7,235	31,457	34,220	6,498	10,709	12,122
1915	796	19,725	41,649	12,156	13,957	180
1916	13	21,551	64,554	4,496	5,612	3,730
1917	111	18,408	54,208	6,701	2,745	9,247
1918	—	15,969	24,758	14,389	621	2,014
1919	—	17,865	31,769	6,819	—	14,953
1920	2	10,189	45,422	30,831	20	19,971
1921	—	14,589	36,065	4,186	2,660	20,109

It is doubtful whether even an abandonment of neutrality by Argentina would have bought an exemption from British imperial preference because the Allies were not short of grain at this stage. There was probably nothing lost, therefore, when the Argentine Government, out of national sensitivity on the neutrality issue, insisted that the name of H.M. Government should not appear on grain contracts. At that time British official concern was not with food shortages, but with the need to shore up the feeble British grain companies in Argentina. Thus, it suited both governments that two British firms were secretly designated official suppliers to Britain (27). For the Argentines it avoided open infringement of neutrality; for the British it formed part of a policy of state reinforcement of Anglo-Argentine business.

The defects of this policy soon became manifest. In the first place, one the designated companies, Nicholson and Rathbone, had proved incapable of maintaining themselves in business in peacetime and needed heavy subsidies from the British government to sustain wartime trade. Even this support proved insufficient and the company actually divided the business with Huni & Wurmser, which meant that the British government was assisting a Franco-Swiss competitor (29). The

(26). — B.R. Mitchel & P. Deane, *Abstract of British Historical Statistics* (Camb., 1962) 100-1.

(27). — FO 833/16, Tower to Grey, Commercial N<sup>o</sup> 147, 30 Sept. 1916, 50 FO 371/2239, Argentine Republic, Annual Report 1914, 24; FO 368/1204, Tower to Grey, Commercial N<sup>o</sup> 90, 27 Mar. 1915.

(29). — FO 368/1204, Tower to Grey, Commercial N<sup>o</sup> 90, 27 Mar. 1915, Document prepared by Proctor, Garrett & Marston, 20 Mar. 1915.

Table 4. *U. K. Cereals imports from Argentina 1914-1921* (28).

<i>Commodity</i>	1914	1915	1916	1917	1918	1919	1920	1921
Wheat	6,497,760	12,156,000	4,495,700	6,700,600	14,389,400	6,819,100	30,830,800	4,186,460
	6,496,484	12,149,399	4,492,144	6,693,560	14,374,065	6,815,322	30,814,767	4,067,687
Barley	98,200	727,900	443,200	397,000	—	221,500	419,000	57,600
	98,200	723,819	443,093	396,821	—	221,500	412,105	57,520
Oats	4,150,500	5,807,000	4,446,500	924,600	1,524,270	2,069,200	4,676,200	3,231,540
	4,142,576	5,789,821	4,404,416	902,136	1,523,780	2,069,019	4,662,396	3,174,340
Maize	28,642,884	44,152,400	20,843,700	9,578,200	3,584,000	13,914,800	29,237,100	15,827,600
	27,227,456	41,695,566	20,767,396	9,568,524	3,583,408	13,906,181	28,972,356	15,706,570
Wheatmeal and Flour	57,800	89,000	17,200	16,000	1,200	68,100	183,918	114,737
	57,760	89,000	17,200	16,000	1,200	68,100	156,940	68,757
Linseed	256,904	318,534	227,741	49,186	101,613	1,081,023	4,325,300	8,039,560
	248,152	306,962	227,611	49,183	101,611	1,081,002	4,307,340	6,919,800
<i>U. K. Cereals Imports from Argentina 1914-1921</i>								
<i>Commodity</i>	1914	1915	1916	1917	1918	1919	1920	1921
Wheat	2,581,389	8,609,500	3,421,712	6,168,554	13,253,798	6,353,666	38,364,688	3,642,458
	2,580,743	8,605,083	3,419,228	6,161,565	13,238,267	6,350,008	38,342,143	3,534,897
Barley	31,601	340,978	287,861	354,329	—	224,172	422,172	28,276
	31,601	338,855	287,788	354,151	—	224,172	413,462	28,224
Oats	1,174,415	2,964,497	2,205,834	635,790	1,647,659	2,042,344	4,314,068	1,614,300
	1,171,779	2,955,141	2,182,833	622,761	1,647,098	2,041,640	4,300,285	1,581,666
Maize	8,601,441	17,048,593	12,492,212	7,951,323	3,473,760	11,147,631	23,507,058	7,896,875
	8,145,350	16,131,077	12,451,075	7,943,131	3,473,208	11,141,575	23,290,514	7,826,072
Wheatmeal and Flour	20,613	52,990	11,648	19,692	1,460	75,079	228,280	96,491
	20,593	52,990	11,648	19,692	1,460	75,079	185,552	53,343
Linseed	2,285,297	3,229,294	3,184,585	950,596	2,458,836	7,744,217	8,207,810	7,174,036
	2,205,046	3,115,377	3,182,340	950,542	2,458,787	7,744,026	8,174,491	7,070,519

(28). — Compiled from the Annual Statements of Trade in B.P. £.

British government's other adoption, H. Ford & Co., had long had German associations and, moreover, was inclined to give priority to preserving its established Italian trade over developing war trade to Britain (30). In addition, the designation of these two firms as official suppliers provoked considerable resentment among other British grain merchants in Argentina (31). Nevertheless, for as long as there was no general anxiety about primary produce supplies, there was no desire on Britain's part to change the approach. Indeed, the official policy was broadened into an attempt to sponsor a renaissance of British business in Argentina (and elsewhere in Latin America and the world) which would leave it fortified to face post-war competition.

This was the thinking behind the Black List policy introduced in March 1916. The statutory basis lay in the Trading with the Enemy Acts of 1914-5 along with subsequent amendments. The officially declared aim was to inflict the maximum possible damage upon enemy commercial interests by denying them any opportunity to trade with Britain (32). The original legislation appeared to give a warrant for acting only against German firms located on enemy territory. Nevertheless, the Black List policy was immediately extended to Latin American with the official justification that German companies in the area provided sustenance for German naval activity in Latin American waters (33). It was generally believed, however, that a major objective of the Black List was the permanent elimination of German competitors and there exist private official admissions of this aim:

It is further hoped the way may be opened for the extension of British commerce and influence, both now and after the war, through the temporary or complete elimination of enemy competitors (34).

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(30). — FO 371/2601, Argentine Republic, Annual Report 1915; FO 368/1203, Tower to Grey, Commercial N<sup>o</sup> 345, 27 Oct. 1915.

(31). — FO 368/1204, Document prepared by Proctor, Garrett & Marston, 20 Mar. 1915.

(32). — FO 833/16, FTD. to Chambers of Commerce, 20 Jan. 1916.

(33). — FO 833/16, FTD Memorandum, 16 Nov. 1916.

(34). — FO 833/16, FTD to Chambers of Commerce, 20 Jan. 1916.

The comment was made by L. Worthington Evans who continued 'It is admitted that the Statutory List may prove effective in crippling German trade during the period immediately after the War and evidence is accumulating which gives ground for thinking that this will be the case. This being so, it is certain that the longer the War lasts the more crippled will German commerce be after the War, because the effects of the Statutory List are necessarily slow and cumulative in their operation and require time to be fully developed'.

In its application to Latin American export trade, the three key sectors selected for the destruction of German pre-eminence were Brazilian coffee, Chilean nitrates and Argentine grain (35).

Control at the British end of the Anglo-Argentine grain trade was implemented by a police ban suspending the salesman of German companies from operating on the Baltic Exchange in London and at marketing centres elsewhere in the United Kingdom (36). At the Argentine end the German companies were gradually deprived of shipping by the fear of steamship lines that they too would be blacklisted if they openly carried German-owned produce. From the very beginning the Black List met considerable resistance from affected interests. The United States government took it for granted that the object was primarily commercial rather than strategic and North American business continued unrestrained, at least until Washington declared war (37). Indeed, the activities of the American Transatlantic Line, which controlled the Wagner steamers, constituted a major breach of the Black List. The Argentine government was deeply worried that the policy would create an Allied buyers' monopoly in the grain trade and frequently complained. The leading newspapers, *La Nación* and *La Prensa* refused to announce the names of blacklisted brokers (38). The Brazilians subverted the policy through the operations for their steamship company, Lloyd's Brasileiro (39). A new business class sprang up in Argentina specialising in disguising trade with the enemy. The Italians were especially prominent in these cloaking activities until Italy declared war and the Italian legation in Buenos Aires issued a decree prohibiting transactions with enemy firms or neutral ones dealing with the enemy. There were, nevertheless, numerous Argentines who were willing to act as intermediaries on spotting a business opportunity, especially since Britain's motives were so very suspect (40). As the British representative, Sir Rgnald Tower admitted:

There is little doubt that the policy embodied in the Trading with the Enemy (Extension of Powers) Act is held to be unworthy of the British traditions... The Statutory List policy is considered

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- (35). — FO 833/16, FTD Memorandum 16 Nov. 1916.  
(36). — FO 368/928, Spenser Dickson to Tower, 14 Oct. 1914.  
(37). — S. Braden, *Diplomats and Demagogues* (New York, 1971) 58.  
(38). — FO 833/17, Memorandum on the Statutory List policy in the Argentine Republic, 1 Oct. 1916-30 June 1917; FO 833/16, Tower to Grey, Commercial N<sup>o</sup> 147, 30 Sept. 1916; Estanislao Zeballos was a director of *La Prensa* at this time. His book, *The Emergency Legislation of Warring Nations* (Cleveland, 1916) was widely relied upon by the opposition to British policy.  
(39). — FO 902/4, WTID Weekly Bulletin, 1-7 July 1916, 33-4.  
(40). — FO 833/17, Memorandum on the Statutory List policy in the Argentine Republic, 1 Oct. 1916-30 June 1917.

rather as a persecution of a few selected enemy firms than as a legitimate national policy based on recognized principles . . . all the indications which I have received indirectly and my observations of the consistently hostile attitude adopted by the Press in all criticisms of the policy, convince me that the feeling of resentment is profound and widespread. . . it is based not on any sympathy with the German cause, nor with the particular firms involved. . . It is rooted in what is regarded as an unwarranted interference in the selling and export of Argentine produce and the fear that such interference means a monopoly in the hands of the Allied houses and a consequent forcing down of prices (41).

The negative side of the policy was successful in the grain trade to the extent that the German companies were substantially reduced in the British market for the duration of the War. The cereals department of Bunge & Born was effectively restricted to trade within the republic and exporting to Brazil. This was, however, slightly compensated by the fact that Britain, which had imported under 10% of national flour requirements in peacetime, was keen to import flour under war conditions to obtain freight economies. Bunge & Born's milling division was, therefore, disguised as a British firm, since there were no English mills in Argentina, and permitted to supply Britain with flour throughout the war. Weil Bros virtually suspended grain dealing and survived by purchasing Argentine cédulas from holders in Germany, smuggling the scrip into Argentina aboard Dutch vessels and selling them in the republic to profit from the very favourable exchange rates. Hardy & Mühlkamp replaced the German partner with a Belgian with the less objectionable name of Louis de Ridder and continued trading as if it were an Anglo-Belgian enterprise. In one way or another, therefore, the Black List policy drastically reduced German participation in the trade (42).

The disappointment lay much more in the positive side of the policy which aimed to achieve a major transfer of trade from the German companies to the British, who had given many assurances that they were capable of filling the vacuum. The reality was, however, that for many years British traders had been unable to hold more than about 9% of Argentina's cereals exports and the German merchants were severely missed. After a trial period the British government, groping towards realism, was willing to settle for an alliance with French business to stiffen the Anglo-Argentine grain traders. But the latter, on

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(41). — FO 833/16, Tower to Grey, Commercial N<sup>o</sup> 147, 30 Sept. 1916, 72.

(42). — FO 833/16, Tower to Grey, Commercial N<sup>o</sup> 147, 30 Sept. 1916, 3-7, 12, 20, 44, 50.

grounds of past resentments and anti-semitism, refused to cooperate with Louis Dreyfus & Co. (43). In great exasperation Tower reported:

In view of the denunciatory attitude adopted by the British managers the uselessness of my attempting to help them seemed evident unless I could alter their present point of view (44).

To this end a series of meetings was held at the British Chamber of Commerce in the Argentine Republic designed to reconcile the British and French grain dealers in order that:

...the British grain exporting houses may reap a golden harvest from the opportunities now offered to them (45).

It became increasingly obvious, however, that while British merchants were quite incapable of seizing the opportunity created for them by the British government's drive against the German grain houses, they would never accept French help. Accordingly, in order to get their grain exported somehow, the Argentines produced a plan to replace the Germans.

At a meeting on 1st June 1916 under the chairmanship of the President of the Republic a scheme was devised for British government purchases of Argentine grain. The scheme provided that a private syndicate should be formed by banking and business houses working under the supervision of the British government. The syndicate was to be guaranteed by a deposit of Argentine government bonds and would be granted a monopoly for purchasing all grain for British consumption. The most attractive feature of the scheme for the British was that payment for the grain would be deferred until after the war, the Argentine government paying the farmers for the duration (46). The proposal was essentially an exercise in trade diversion designed to restore Argentina's position in the British market. Already victims of imperial preference, the Argentines by offering credit sought to preempt the United States which invariably insisted on cash. Other motives also prompted this overture towards Britain by Argentina. Earlier in the season the Argentine minister of agriculture, Calderón, ad-

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(43). — The strength of anti-semitism in Argentina in this period owed something to resentment against the grain companies.

(44). — FO 833/16, Tower to Grey, Commercial N<sup>o</sup> 147, 30 Sept. 1916, 51.

(45). — FO 833/16, Tower to Grey, Commercial N<sup>o</sup> 147, 30 Sept. 1916, 51.

(46). — FO 368/1479, Tower to Grey, Commercial N<sup>o</sup> 194, 2 June 1916; FO 902/3, WTID Weekly Bulletin, 3-9 June 1916, 27.

vised the farmers to delay crop deliveries in anticipation of war-inflated prices. However, as Argentine supply responses were only one influence among several on world cereals values, wheat prices fell in the interval from 9 to 7 pesos per 100 kilos. This miscalculation left Argentina with a wheat export surplus of 2m. tons and no facilities for storage. The proposal that the allegedly-purged Bracht & Co. should play a prominent role in the syndicate was attributable to Calderón's deep involvement in the affairs of this firm (47). Further, since British policy was manifestly restricting Argentina's export markets and it grew daily more obvious that the British grain companies could not cope, the Argentines may well have been trying to forestall a complete take-over of the grain trade by the British government. This would help explain why the offer was so very tempting. It was so generous, indeed, that Britain contemplated demanding even better terms. The British government was at first disinclined to provide transport for the grain and insisted that Argentina requisition the 73,000 tons of German shipping which had been impounded in Argentine ports since the outbreak of war (48). Such action would have constituted an irrevocable breach of Argentine neutrality, but eventually it was decided that the pressure required to accomplish this would have been excessive (49). The second issue was the question of payment. Calderón's offer amounted to an interest-free loan to the Allies for the duration of war. But the terms changed substantially when Hipólito Irigoyen assumed the presidency in October 1916 and demanded that the British Treasury should finance the transaction (50). Again pressure was proposed in the shape of withholding British shipping from the grain trade until Irigoyen consented to lend Britain the money to buy the cereals (51). In the event this was not sustained either, probably for ex-

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(47). — FO 368/1479, Tower to Grey, Commercial N° 24, 5 June 1916.

(48). — Statistics for German tonnage impounded in Latin American ports appear in WTID Weekly Bulletin 20-26 April 1917, 40; FO 368/1479. Tower to de Bunsen, 4 Aug. 1916.

(49). — FO 368/1479, de Bunsen to Tower, 26 Sept. 1916.

(50). — FO 368/1479, Tower to FO, Commercial N° 394, 26 Oct. 1916.

(51). — FO 368/1479, Royal Commission on Wheat Supplies to FO., 27 Dec. 1916; FO 371/16544, Macleay to FO., 4 July 1933, D. Kelly commented that Irigoyen '... was hated by Sir Reginald Tower as a result of his relations with H.M.'s Legation during the war and we regarded him in 1919 as not merely an enemy but as corrupt. '260 R.C. Craigie added that Irigoyen' ... was primarily responsible for keeping Argentina from joining the Allies during the War.' 260: FO 371/3504, Tower to Balfour N° 44, 9 April 1919, 5-12, FO 371/3130, Memorandum by a resident of Argentina, 15 April 1918 include bank statements which were circulated among foreign diplomats in Buenos Aires purporting to show that Irigoyen along with Honorio Pueyrredón, Alfredo Demarchi and others were permitted large overdrafts by the *Banco Germánico Transatlántico*: FO 371/16544, 4 July 1933. An unidentified hand in the British Foreign Office wrote, 'A good riddance' when Irigoyen died on 3 July 1933, 260.

ternal reasons. In late 1916 it became clear that surplus wheat stocks would become general. Australia had an unshipped surplus of two million tons while Canada had 1,700,000 tons (52). In such conditions of oversupply it was unnecessary to yield to Irigoyen and Britain instead delighted the dominions by intensifying imperial preference.

It was becoming apparent, however, that under increasingly disruptive war conditions, persevering with British private enterprise in the grain trade in the River Plate and elsewhere would eventually lead to a crisis which could even jeopardise the war effort. Total grain imports for the United Kingdom alone amounted to 10m tons annually, while flour had to be distributed to 40,000 bakers and 100,000 retailers (53). With reorganisation in view a Royal Commission was appointed on 10 October 1916 'to enquire into the supply of wheat and flour on behalf of His Majesty's Government and generally to take such steps as may seem desirable for maintaining the supply (54). As a result reserve stocks of wheat passed into public custody and the Commission assumed responsibility for all contracts outstanding among the the grain companies. At first control was applied only to wheat, but on 27 October 1916 it was extended to all grains and on 25 April 1917 flour was added. Government-appointed Purchasing Commissioners were based in the chief exporting countries, North America, Canada, Australia and Argentina. The one in Buenos Aires superceded the two private companies which had so miserably failed to manage Britain's grain purchasing in the River Plate. The Purchasing Commissioners had a subsidiary agency in Montevideo which negotiated for the Uruguayan crops (55).

At least as important as the Black List was shipping control and the navigation companies were similarly transferred from private management to government supervision (56). The Board of Trade took over the task of managing for the carriage of foodstuffs. This was achieved by requisitioning tonnage for especially vital commodities such as wheat, shipowners being ordered to charter in selected supplying countries. Requisitioning of tramp ships led on to control of liner services and, ultimately all shipping was withdrawn from the free market.

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(52). — FO 368/1479, Board of Agriculture to Treasury, 7 July 1916.

(53). — First Report of the Royal Commission on Wheat Supplies, BPP., XVIII, I.

(54). — *Ibid.*, 1.

(55). — MAF 60/1, File N. Cereals 3. The prominent Anglo, Sir Herbert Gibson, received his knighthood for his work in the wartime grain trade.

(56). — The standard authorities on shipping are C.E. Fayle, *History of the Great War: Seaborne Trade* (London, 1920) 2 Vols.; C.E. Fayle, *Economic and Social History of the World War: The War and the Shipping Industry* (London, 1927); J.A. Salter, *Economic and Social History of the World War: Allied Shipping Control* (London, 1921).

The Ministry of Shipping created in December 1916 could send British vessels wherever government cargo awaited transport and engaged supplementary neutral shipping for which commercial rates were paid.

While this formidable system for control of trade was being constructed in Britain, the advantage in the international grain market appeared to move in Argentina's direction as British dominion stocks were reduced and new orders began to be placed in the republic. With external demand thus growing a decree was issued by the Argentine government on 26 March 1917 prohibiting exports of wheat and flour after 28 March 1917; there was an accompanying warning that maize exports might also be prohibited (57). Irigoyen's explanation was that grain shortages were threatening home consumption. It was said that an investigation of stocks had revealed that Argentina could not permit export of more than 40% of the wheat purchased by foreign buyers before 26 March 1917. The two day interval between the issue of decree and its enforcement was scant notice in view of the sailing times between Europe and South America and Allied shipping en route with a carrying capacity of 191,200 tons could not be diverted. Allied grain orders amounted to 310,000 tons of wheat and 150,000 tons of maize (58). That especially strict treatment was being meted out to the Allies was underlined by the fact that Irigoyen's restrictions were not applied to Spain, Brazil, Uruguay and Paraguay (59).

Argentina's new grain policy provoked heavy retaliation as Britain now had the means of control and the United States now had a growing commitment to the War. Two main types of pressure were exerted. First, the Argentine government held loans from New York banks to the value of 45 m. which fell due for repayment before the end of 1917. Since the republic desired renewal, the British government suggested to the United States government that it should be made conditional on unrestricted export of Argentine grain to the Allies or on the requisitioning of German ships in the River Plate ports (60). A second tactic, approved by Herbert Hoover, was to refuse to grant

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(57). — FO 386/1690, Tower to Balfour, Commercial N<sup>o</sup> 124, 27 March 1917.

(58). — FO 368/1690, Tower to Balfour, Commercial N<sup>o</sup> 127, 28 March 1917; FO 902/11, WTID Weekly Bulletin 23-29 Mar. 1917, 38; FO 902/12, WTID Weekly Bulletin 20-26 April 1917, 40.

(59). — FO 902/12 WTID Weekly Bulletin 20-26 April 1917, 40-1; FO 368/1690, Tower to Balfour, Commercial N<sup>o</sup> 160, 19 April 1917; FO 902/11, WTID Weekly Bulletin 13-19 April 1917, 37; FO 902/12, WTID Weekly Bulletin 3-10 May 1917, 40; FO WTID Weekly Bulletin 11-17 May 1917, 40; For pressure from English flour interests. *Parliamentary Debates: Commons* Vol. XCV, 25 June-13 July 1917, Tyson Wilson to Lord Cecil, 5 July 1917, 1259.

(60). — FO 902/13, WTID Weekly Bulletin 8-14 June 1917, 38.

export licenses for coal, agricultural machinery and other products from the United States to Argentina unless the republic would reserve its entire grain export surplus for the Allies. The reason for exerting such drastic pressure was the growing anxiety about cereals supplies. In estimates submitted to the State Department, Hoover calculated that Allied requirements for 1918 were 525m. bushels of wheat while Canada and the United States could supply only 320 m. (61). Under these supply conditions, Argentine exports assumed crucial importance for the Allied war effort.

The threatening shortage was the major imperative to negotiate a formal agreement with Argentina for grain supplies. The secondary object was to eliminate, or at least control, the republic's sales to neutral countries which might reach German hands (62). During conference in London in November 1917 involving a financial representative of the United States, the French minister of finance and the British Chancellor of the Exchequer it was agreed that the three countries should associate in urging Argentina to enter an agreement. It was understood, however, that the United States should not be considered a party to the agreements and that while the Italians would receive a share of the grain they would not participate in the loan from Argentina, their purchases being financed by the British Treasury (63).

Most of the clauses in the final version were derived from Argentina's counter-proposals, probably to cater to Argentine national sensitivity concerning an agreement in which an under-developed country loaned £ 40m. to two advanced countries in order to continue selling its grain after Allied policy had eliminated most other customers (64). Three aspects were particularly contentious. The first concerned minimum prices which were insisted upon by the Argentine government. It was reported, however, that the farmers were sufficiently desperate to settle for any minimum which exceeded production costs in order to inaugurate the revival of export trade from its chronically low lev-

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(61). — FO 902/15, WTID Weekly Bulletin 24-30 Aug. 1917, 38-9; FO 902/15, WTID Weekly Bulletin 31 Aug.-6 Sept 1917, 41.

(62). — FO to Royal Commission on Wheat Supplies, 18 June 1917; FO 902/15, WTID Weekly Bulletin 24-30 Aug. 1917, 38; FO 902/16, WTID Weekly Bulletin, 7-13 Sept. 1917, 34.

(63). — There are two general accounts in F.M. Surface, *The Grain Trade during the World War* (New York, 1928); F. H. Collier, *A State Trading Venture* (Oxford, 1925) FO. 902/17, WTID Weekly Bulletin 9-15 Nov. 1917, 42; FO 902/19, WTID Weekly Bulletin 4-10 Jan. 1918, 28.

(64). — First Report of the Royal Commission on Wheat Supplies. BPP., XVIII, 1921, 64-5 gives a printed version of the formal terms of the Loan Convention. Another prominent Anglo, Sir Hilary Leng, got his knighthood as adviser to the British on Argentins wheat.

el (65). Argentina accepted minimum prices of 12.50 paper pesos per 100 kilos of wheat; 15.00 for linseed and 7.00 for oats. Further, the Allies could opt out of purchasing if wheat exceeded 15.00 or linseed 17.00 (66). The second issue concerned exchange rates. The Argentines wanted deductions from the loan, as cereals purchases went forward, to be calculated at current rates of exchange, which under wartime conditions were high. But the Allies, even as recipients of the loan, were able to dictate a ceiling on exchange rates for the transactions and would not permit Buenos Aires to draw on London or Paris when the peso exceeded 50 pence or 5.60 francs (67). The third issue was the Allied demand that the entire Argentine wheat surplus should be requisitioned for Allied use. With heavy stocks already building up in the republic because trade had ended with (Britain's) enemies, the Argentine government stood out against this demand and refused to suspend sales to neutrals (68). Argentina was further pressed to accept the grain agreement by a joint note from the North American, British and French Governments containing the following threat:

If the Argentine government do not accept this proposal, a statement will be issued to the Argentine public describing these negotiations and stating that as a consequence of their failure it will be necessary for the Allies to shut down their purchases of Argentine produce and to divert their tonnage, coal supplies and general trade elsewhere (69).

The Loan Convention was sanctioned by the Argentine deputies and senators at the beginning of the New Year and signed on 14 January 1918 (70). It worked admirably from the Allied point of view.

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(65). — FO 902/18, WTID Weekly Bulletin, 7-13 Dec. 1917, 42.

(66). — First Report of the Royal Commission on Wheat Supplies, *BPP*. XVIII, 1921, 28. There was no maximum price for oats which were indispensable for army forage.

(67). — FO 902/19, WTID Weekly Bulletin 21-27 Dec. 1917, 36; FO 902/19, WTID Weekly Bulletin 28 Dec-3 Jan. 1918, 29.

(68). — FO 902/18, WTID Weekly Bulletin 23-29 Nov. 1917, 40.

(69). — FO 902/8, WTID Weekly Bulletin 14-20 Dec. 1917, 39.

(70). — FO 368/1876, Tower to FO, Commercial N<sup>o</sup> 77 24 Feb. 1918; FO 371/3130, Tower to FO, 11 Feb. 1918; William James, *The Eyes of the Navy: A Biographical Study of Admiral Sir Reginald Hall* (London, 1955) 158-9 for the obstruction of the wheat trade by labour problems, Irigoyen's inactivity and British interference. Hall also recommended the British Cabinet to pay £ 120,000 in bribes to secure Argentina's declaration of war. The expenditure of £ 20,000 for this purpose was authorised by the British Cabinet and the details were left to Sir Edward Carson, who, of course failed. CAB 23/13, War Cabinet 290 I, Dec. 1917.

A crucial gap in Allied requirements was filled. Imports from Argentina from January 1918 to January 1919 were 2,538,038 tons of wheat; 973,756 maize; 652,078 oats; 164,958 linseed; 29,510 flour. The terms of payment greatly relieved a serious shortage of foreign exchange. Further, though Argentina refused to suspend sales to neutrals, Anglo-United States pressure on the neutral countries effectively reduced their independent purchasing from the River Plate. Increasingly, the Inter-Allied Wheat Executive assumed responsibility for the purchases of such countries as Norway, Sweden and Iceland which paid the British Treasury in their own national currencies. Faced with this virtual elimination of alternative markets, Argentina was left with no choice but to seek closer trade relations with Britain and the Allies. By March 1918 the Argentine foreign minister was pleading for an enlargement of the Loan Convention establishing a permanent arrangement (73). At the same time the Argentine ambassador in Washington was offering measures to steady Anglo-Argentine exchange rates and to absorb more British capital goods if Britain would make more shipping available in the River Plate (74).

Britain, however saw no need to enlarge or formalise the Loan Convention. As the War Trade Intelligence Department stated

The Argentine cereal interests will be dependent on the European Allies for their market so that there is no immediate need for a further agreement (75).

By this date grain, particularly maize, was being burned as fuel in Argentina at better prices than those prevailing in export trade (76). Wartime grain prices appear in tables 5 & 6.

For purchase of the 1918-19 crop, the minimum price clauses were abandoned and there was no need to incur a further loan from Argentina, partly because about £6m. remained from the previous

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(71). — First Report of the Royal Commission on Wheat Supplies. *BPP*, XVIII, 1921, 28, states 'Had it not been for a loan contracted with Argentina in 1918 we should have been embarrassed to provide funds for the large cereal purchases in the River Plate', 13.

(72). — FO 902/20, WTID Weekly Bulletin 1-7 Feb. 1918, 32; FO 902/20 WTID Weekly Bulletin 7-14 Feb. 1918, 39; FO 902/23, WTID Weekly Bulletin 17-23 May 1918, 22.

(73). — FO 371/3130, Tower to FO, 23, March 1918; FO 902/21, WTID Weekly Bulletin 15-21 March 1918, 27.

(74). — FO 902/2, WTID Weekly Bulletin 29 March-4 April 1918, 34-5.

(75). — FO 902/24, WTID Weekly Bulletin 28 June-4 July 1918, 32.

(76). — FO 902/25, WTID Weekly Bulletin 19-25 July 1918, 44.

Table 5. *Average Monthly Grain Prices in Buenos Aires Options Market in pesos m.n. per 100 kilos. Wheat.*

Year	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Yarly average
1915	10.95	11.60	11.60	12.60	12.85	12.35	12.20	12.05	12.12	11.65	11.10	9.05	12.00
1916	9.20	9.12	8.82	8.80	8.22	7.95	8.00	8.90	8.95	11.15	11.95	12.72	9.56
1917	13.65	14.02	13.95	14.20	15.57	15.97	16.17	17.47	17.50	16.95	17.15	12.22	14.73
1918	12.75	13.00	13.20	13.00	12.90	12.80	12.65	11.32	11.10	11.02	11.87	11.90	12.90
1919	10.90	10.70	10.37	10.67	10.85	10.85	15.55	16.75	16.75	14.10	14.62	13.67	14.93
1920	14.20	14.55	18.10	21.90	26.15	25.75	25.12	23.00	—	—	—	—	—
1921	17.60	16.65	17.55	16.55	17.02	18.00	18.25	18.52	17.30	14.30	12.85	12.37	20.95

*Average Monthly Grain Prices in Buenos Aires Options Market in pesos m.n. per 100 kilos. Maize.*

Year	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Yarly average
1915	5.10	5.35	5.15	5.30	5.67	5.22	4.95	4.97	4.90	4.95	5.00	5.07	4.91
1916	5.20	5.40	5.03	4.70	4.95	4.87	4.55	4.67	4.77	6.15	8.07	8.50	5.84
1917	9.37	9.37	9.47	9.17	10.57	11.10	11.52	11.07	10.92	10.30	9.72	8.10	9.98
1918	6.90	7.00	6.80	5.55	4.75	4.85	5.50	5.95	5.90	5.57	5.65	5.95	5.86
1919	4.95	4.65	4.52	4.65	5.37	5.52	8.55	9.92	9.92	7.55	7.02	6.55	7.25
1920	6.22	6.55	8.60	9.70	10.85	10.70	9.42	9.15	9.80	9.20	9.05	9.65	9.08
1921	9.75	10.05	10.35	9.30	7.95	7.97	8.72	8.82	8.12	7.00	7.25	7.65	8.58

(77). — The following five table have been extracted from Ministerio Agricultura, *Anuario agropecuario* 1932 (Buenos Aires, 1935) 268-27.

Table 6. *Average Monthly Grain Prices in Buenos Aires Options Market in pesos m.n. per 100 kilos. Oats.*

Year	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Yearly average
1915	7.40	7.87	7.90	8.40	—	—	—	6.00	6.00	6.95	6.20	4.97	7.32
1916	5.22	5.22	4.25	4.15	3.62	4.07	4.52	5.12	5.22	5.90	8.25	8.50	4.98
1917	7.80	7.97	8.27	9.27	9.70	10.72	10.47	9.15	8.92	7.52	5.77	5.82	8.63
1918	5.75	5.75	6.02	5.25	5.15	5.75	6.25	7.00	5.77	5.35	5.87	6.05	5.91
1919	6.10	5.75	6.10	6.45	6.30	6.30	9.00	9.70	9.70	7.25	6.90	6.80	8.22
1920	7.20	8.10	8.65	9.25	10.60	11.25	10.65	10.50	10.70	10.30	10.25	9.45	9.74
1921	—	7.40	8.15	7.95	7.90	8.15	9.10	9.55	8.80	7.25	7.75	8.05	8.19

*Average Monthly Grain Prices in Buenos Aires Options Market in pesos m.n. per 100 kilos. Barley.*

Year	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Yearly average
1915	6.00	6.15	5.60	4.60	4.90	4.75	4.80	5.40	4.75	5.60	5.50	4.45	5.21
1916	4.85	4.60	3.90	3.75	3.60	3.30	4.20	4.85	4.85	6.15	8.15	6.50	4.89
1917	8.00	8.30	9.00	10.40	11.30	11.65	12.40	10.90	8.50	6.75	6.50	5.25	9.12
1918	6.50	6.75	6.35	5.75	5.50	5.40	5.20	4.40	4.85	5.00	5.50	5.95	5.64
1919	4.45	5.35	5.70	6.30	7.05	7.40	8.00	8.32	7.25	6.50	6.25	6.90	6.64
1920	7.70	8.75	9.05	10.25	11.50	12.00	10.00	9.75	10.75	10.50	9.85	9.60	9.97
1921	10.00	9.25	8.75	8.00	8.00	8.10	8.60	9.35	8.10	6.40	6.15	6.45	7.40

*Average Monthly Grain Prices in Buenos Aires Options Market in pesos m.n. per 100 kilos. Linseed.*

Year	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Yearly average
1915	9.62	9.67	9.90	10.10	10.80	11.40	11.50	11.42	11.45	11.85	12.15	11.37	10.68
1916	12.32	12.32	12.10	12.15	11.72	11.22	11.65	12.65	13.82	17.02	19.60	19.65	13.41
1917	23.87	23.17	22.50	22.75	23.55	24.10	23.40	23.47	23.20	20.95	19.50	16.10	20.75
1918	17.40	20.55	21.62	23.45	23.80	24.05	25.15	25.47	25.35	23.00	22.90	18.60	22.59
1919	18.10	18.40	18.92	19.55	23.65	29.27	38.80	39.00	39.00	23.40	28.30	22.65	25.56
1920	24.25	23.87	28.90	27.75	27.50	26.85	23.87	24.75	26.00	24.00	21.15	17.65	24.71
1921	15.75	14.50	14.95	13.92	15.72	17.75	21.50	22.70	19.70	16.00	16.50	17.45	17.20

loan and partly because at prevailing prices, the Allies could easily afford to finance the trade for themselves. Thus, documental research shows that, far from enjoying release from foreign pressure, the Argentine grain trade in wartime was subjected to the most draconian foreign manipulation in the republic's economic history up to that time.

There were a number of basic similarities between the grain trade and the meat trade. In both the commodity was vital for the war effort of the Western Allies. In both control rested to a marked extent on non-British capital and enterprise.

Table 7. *Percentage Control of Argentina's Meat Exports in 1913 (78).*

Nationality of Companies.	Names of Companies	Percentage of Exports.
British	Chiefly Vestey Bros.	32.5
North American	Chiefly Swift, Armour, Wilson, Morris, Cudahy.	42.6
Argentine	Chiefly Sansinena	24.9

In both the British ambition was to establish pre-eminence. And in both there was a strong disposition to use the occasion of the War to achieve this end. Three distinctive features of the meat trade, however, rendered inappropriate the strategy used in the grain trade. First, the British meat companies in Argentina were substantially stronger than the British cereals firms and appeared capable of handling such additional trade as the state could manipulate towards them. Secondly, while Britain's competitors in the grain trade were for the most part German firms which could be black listed and deprived of shipping, the competition in the meat trade was mainly North American which tempered the tactics which could be employed. After all, the United States was supposed to be on Britain's side. Thirdly, the Argentine meat trade was not market-diversified like grain exporting; the existing orientation was almost exclusively towards Britain. Wartime action in this case, therefore, was not to block all trade elsewhere and then take a fraction of the republic's unexportable surplus; rather it was to extract the maximum amount of meat to the detriment of national consumption. That is why British policy caused a depression of internal grain prices and an inflation of internal meat prices in Argen-

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(78). — Extracted from E.G. Jones, 'The Argentine Refrigerated Meat Industry' *Economica*, IX, 1929, 170.

tina. It may be a paradox, but it is not a contradiction, to say that on balance both were damaging to the republic, since grain farmers were much more numerous and vulnerable than meat producers. This collection of circumstances made for variation between Anglo-German rivalry and Anglo-United States rivalry in Argentina in the First World War but the general objective was the same, to use the War to strengthen Britain's position in the republic.

Meat was the first foodstuff to come under British government control beginning as early as August 1914. At first, Walter Runciman and the Board of Trade acted as intermediaries between the War Office and the meat companies and originally they dealt with the proposals submitted by the Argentine government on the outbreak of war (79). Power rapidly passed, however, to Sir Thomas Robinson, who as Commissioner for the British government, came to conduct negotiations with all supplying countries for meat for civilian and service consumption and on behalf of the French and Italians as well as the British (80). A conference of representatives of the River Plate meat companies was convened in London to submit tenders for the supply of 15,000 tons of refrigerated meat monthly. Upto 25% of this quantity could be mutton, the rest being beef and the original contract was one for one year dated from 28 August 1914. Sufficient insulated hold space aboard liners was requisitioned and a credit of about £250,000 was opened at the *Banco de la Nación* to initiate payments to the meat companies. Anderson, Anderson & Co. were appointed as London representatives and prices were determined by market rates prevailing in the week of arrival of the meat. Civilian consumers in Britain were not rationed, but after the Ministry of Food was formed, meat retailers had to submit to controls. By the end of 1916 80% of the meat exported from Argentina was covered by renewed versions of this contract, 20% remaining for private trade (81).

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(79). — The name of H.M. Government was removed from the meat contracts in response to a request by the Argentine Government for the same reasons as in the grain trade. But because there was never a formal agreement between the two governments on meat, parallel to the one in the cereals trade, the fiction was maintained that the Orient Steamship Co. was the purchaser of all meat really intended for the Allied armed forces. FO 368/927, Tower to FO, 29 Sept. 1914. W. H. Beveridge, *Economic and Social History of the World War: British Food Control* (London, 1928) 10.

(80). — E.M.H. Lloyd, *Economic and Social History of the World War: Experiments in State Control* (London, 1924); T.B. Wood, *The National Food Supply in Peace and War* (Camb., 1917) give a thorough account of these developments while there are some personal, and embittered, reminiscences in W.H. Beveridge, *Power and Influence* (London, 1953).

(81). — FO 368/1689, BOT to FO, 9 Jan. 1917; FO 371/2239, Argentina Republic Annual Report 1914, 52-3.

Table 8. *U.K. Meat Imports from Argentina 1914-19 (82).*  
(cwt<sup>s</sup>)

	1914	1915	1916	1917	1918	1919
Fresh and Refrigerated Beef	5,993,126	5,096,461	4,037,678	2,671,132	1,977,267	3,867,720
Fresh and Refrigerated Mutton	1,145,583	781,735	768,259	470,836	707,250	974,848
Unenumerated in Import List: Fresh, Refrigerated & Salted	298,487	246,481	391,649	353,770	347,272	585,834
Preserved Meat	297,641	246,271	391,615	353,767	347,221	584,573
	172,275	564,810	694,363	681,278	1,175,845	1,319,044
	143,228	556,057	681,923	879,289	1,164,615	1,184,055

*U.K. Meat Imports from Argentina 1914-19.*  
(£s)

	1914	1915	1916	1917	1918	1919
Fresh and Refrigerated Beef	13,134,530	15,304,661	12,785,448	10,501,955	9,122,809	18,164,396
Fresh and Refrigerated Mutton	2,390,810	2,093,923	2,885,754	2,166,854	3,592,080	4,957,383
Unenumerated in Import List: Fresh, Refrigerated & Salted	2,326,766	2,071,380	2,844,866	2,155,029	3,584,223	4,937,690
Preserved Meat	511,169	522,882	1,008,062	1,324,542	1,715,109	2,964,605
	509,366	522,171	1,007,957	1,324,533	1,714,777	2,957,069
	1,021,947	3,241,694	4,123,907	6,164,592	9,832,036	10,472,949
	847,230	3,190,871	4,057,509	6,153,038	9,742,106	9,360,179

(82). — Compiled from the Annual Statements of Trade in P.P..

Within these broad arrangements British government policy was to alter the proportional allocation of meat exports in favour of the English *frigorificos* in the River Plate. The first victim was the Argentine-owned Sansinena Company, which felt entitled to 16.095% of the meat contract on the grounds that they had controlled that proportion of pre-war trade. Their proportion was reduced nonetheless to 14%. After three months it was objected that the firm was interpreting this as a right to ship 14% of beef exports, regarding mutton as a separate addition. A narrow interpretation of the agreement was then imposed confining Sansinena's rights to a mere 11.643% of exported beef. When the general contract was increased to 25,000 tons monthly in March 1915 Sansinena felt entitled to ship 3,500 tons but were allotted only 2,879 tons. Furthermore, they were required to draw almost 1,000 tons of their allotment from their works in Montevideo. Most of the time their Montevideo output was needed to supply private trade to the French market, and on occasions when Uruguayan meat could be spared for the contract, shipping was not made available. The injustice was further highlighted by the fact that shipments of other firms from Uruguayan *frigorificos* were not counted as part of their contract allocation. When Sansinena complained their shipping space was cancelled entirely and when it was resumed from May 1915 matters were so arranged that they could ship only 1,500 tons to 1,800 per month which was about half of their equitable entitlement under the contract (83).

In August 1915 the contract was substantially amended when an agreement was reached providing that the meat-packing installations of the British & Argentine Meat Packing Co. (an amalgamation of Drabble's & Nelson's effected just before the War under the auspices of the Vestey family) should be leased to the British government until six months after the end of the War. The terms were negotiated on a profit-sharing basis and the entire output was earmarked for the armed forces. This approach was strongly endorsed at the Imperial War Conference in 1917 when the Committee on Imperial Meat Resources emphasised the heavy dependence of Britain on foreign, chiefly North American, companies in the international meat trade and specifically recommended further direct support of British packing plants in South America (84).

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(83). — 368/1203, 'Memorandum for Sir Reginald Tower prepared by Carlos Tornquist' 21 Sept. 1915.

(84). — MAF 60/436, Meat Supplies. A committee of ministers was appointed to plan post-war meat supplies. In addition to expanding River Plate trade, it was agreed that the British & Argentine Meat Co (Vestey's) should establish a branch in Brazil with a loan of £ 200,000 from the British Treasury. The distinguished historian of Latin America, R.B. Cunningham

Faced with these developments the Argentine government grew increasingly alarmed about keeping the meat trade profitable for the republic. The first reaction was an attempt to impose a 5% duty on meat exports which would have added about £100,000 per month to Argentina's trading earnings (85). The proposal was, however, deferred after British pressure. The measure of the Argentine government's desperation can be divined from its subsequent proposal that a formal meat agreement should be negotiated roughly parallel to the grain agreement which the republic detested (86). The sole advantage for Argentina would have been the creation of an opportunity to insist on minimum to be paid by the packing plants to the cattlement (87). Some mild interest was shown by the British provided the arrangement meat on credit on the same terms as grain. But the cereals Loan Convention had already relieved British exchange reserve problems and in every other way the existing situation in the meat trade was highly satisfactory for Britain. As the British Food Controller, Lord Rhondda, put it:

It would be difficult at the present time to enter a meat convention without disturbing the present favourable contracts (88).

They were, indeed, so favourable that they were actually continued until 1923 by which time Vestey Brothers was considered sufficiently well-established to maintain a strong British presence in the River Plate trade and, in fact, in world supplies. By the early 1920s the company owned ranches and packing plants in Argentina, Brazil, Venezuela, Madagascar, China, Australia and New Zealand along with shipping and retail distribution facilities in England. The grateful Lord Vestey lived in Brazil for the duration of the War and paid no income tax to the British government.

The British improved their position in the Anglo-Argentine meat business during the First World War, but more at the expense of Ar-

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Graham, who had made his academic reputation with a book on the viceroyalty of New Granada, was commissioned to investigate meat production in Colombia and reported that prospects for expansion were excellent. FO 368/1688, BOT to FO, 4 April 1917.

(85). — Originally proposed by the socialists in Feb. 1915 for grain as well as meat. FO 371/2601, Argentine Republic, Annual Report 1915, 38; Proposed again in Jan. 1917. FO 368/1689, BOT to FO 9 Jan. 1917; FO 902/9 WTID Weekly Bulletin 12-18 Jan. 1917, 50; Congress was prorogued in March without approving the duty. FO 368/1689, Tower to FO 6 Mar. 1917.

(86). — FO 368/1877, Tower to FO, Commercial N<sup>o</sup> 137, 27 Feb. 1918; FO 902/21, WTID Weekly Bulletin 1-7 Mar. 1918, 39.

(87). — FO 368/1877, Tower to FO, Commercial N<sup>o</sup> 57, 7 Feb. 1918.

(88). — FO 368/1877, MOF to FO, 16 April 1918.

gentine entrepreneurship than of the North American companies. In addition to the huge revival of meat shipments from the United States to Europe, the North American companies almost held their position in the River Plate. In 1913 the percentage control of Argentina's meat exports had been; United States firms 58.9%; United Kingdom, 31.3%; Argentine, 9.8%. In 1918 the figures were United States 56.5%; United Kingdom 39.1%; Argentine 4.4% (89). Again, it is difficult to square the documentary evidence of intensified foreign manipulation of the meat trade with the notion that war in Europe equalled liberation for Argentina.

Table 9. *Argentina's Total National Production and Exports (90).*  
(Annual averages in millions of 1950 pesos).

Period.	Gross Product.	Exports.	Percentage of Gross Product Exported.
1900-04	10,756	2,915	27.1
1905-09	15,890	4,036	25.4
1910-14	19,896	4,480	22.5
1915-19	19,131	4,601	24.0
1920-24	25,491	6,393	25.1

Table 10. *Percentage Shares in the Import Trade of Argentina (91).*

Year.	Great		United			
	Britain.	Germany.	States.	France.	Italy.	Belgium.
1908	34.2	13.9	13.0	9.7	9.1	4.7
1909	32.8	14.7	14.2	10.0	8.9	4.5
1910	31.1	17.4	13.8	9.6	9.0	5.6
1911	29.6	18.0	14.3	10.4	8.0	5.2
1912	30.8	16.6	15.4	9.8	8.5	5.3
1913	31.1	16.9	14.7	9.0	8.3	5.2
1914	34.0	14.8	13.4	8.2	9.2	4.4
1915	29.9	2.5	24.8	5.9	9.3	0.4
1916	28.2	—	29.2	6.9	9.8	0.1
1917	21.8	—	36.9	5.9	6.9	0.02
1918	25.0	—	33.9	5.2	4.0	—
1919	23.6	0.3	35.5	3.9	3.3	0.02
1920	23.4	4.7	33.2	5.9	4.4	1.7

(89). — S.G. Hanson, *Argentine Meat and the British Market* (New York, 1937) 207.

(90). — Extracted from Cepal, *El desarrollo económico de la Argentina*, (México, 1959), parte 1, 18.

(91). — Extracted from the *Argentine Annual* (Buenos Aires, 1921) 303.

Britain was equally intent upon exploiting war circumstances to increase British export trade to Argentina, particularly with an eye to the post-war period, by eliminating Germany, which had long been Britain's nearest rival in the market as table 10 shows.

Though far behind Britain, Germany's percentage share was growing and, unlike Anglo-United States export rivalry in the Plate, Anglo-German competition centred on much the same commodities. Consequently, The Black List was applied to Argentina's import trade on the same pretext as in export trade.

Experience both before and during the War goes far to show that the large German overseas houses are regarded and act as an almost integral part of the German political and military system. If Germany is to be weakened for some time to come in its political and military power, a portion of the task is accomplished by weakening these overseas houses. Such a result should, as far as possible, be achieved by belligerent action during the War rather than by trade war on the restoration of peace (92).

The British Chamber of Commerce in the Argentine Republic and the Anglo-Argentine companies regarded war conditions as a perfect opportunity to secure the collaboration of the British government in the elimination of a major competitor and to a considerable extent British officialdom concurred. The main restraining influence on official policy was certainly not respect for Argentine neutrality but growing official disillusionment in the capacity of the Anglo-Argentine community to absorb the entire German import business (93). This restraint was greatly resented by Anglo-Argentine businessmen and British banking was particularly aggrieved that the Banco Alemán Transatlántico and the Banco Germánico de la América del Sud were left undisturbed until 16 July 1916 (93a). Another area of great difficulty was in the textiles trade for the importation of cotton goods, in particular, was mainly concentrated in the hands of German houses (94). In the pre-war years the low prices and extensive credit facilities offered by the Germans had given them supremacy in the trade. By July 1914 British and other competitors had been driven to enter a conven-

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(92). — FO 833/16, Memorandum prepared by the Foreign Trade Dept. 16 Nov. 1916, 85.

(93). — FO 833/16, Tower to Grey, Commercial No 147, 30 Spt. 1916.

(93a). — FO 833/16, Tower to Grey, Commercial No. 147, 30 Sept. 1916. The first was linked with the Deutsche Ueberssische Bank of Berlin and the second with the Dresdner Bank.

(94). — FO 833/18 Tower to Grey, Trading with Enemy, Confidential, 14 Sept. 1915.

tion with the Germans establishing internationally uniform credit policies for five years (95). This convention was still in operation in the war years. When the British minister asked:

Is not the present an excellent opportunity for British houses to resume the commanding position which they occupied in this market some twenty years ago? (96).

the reply of British merchants was that they dare not restore conditions of open competition with the Germans. For although manufacturers in Britain, with great reluctance, eventually agreed not to supply German merchants in the River Plate trade, manufacturers in the United States would not give up their German associates in Argentina. If the convention had been denounced, German merchants would have marketed North American and other textiles, restoring their traditionally generous consumer's credit terms with the aid of the Banco Germánico Transatlántico and the First National City Bank. It was only after North America's entry into the War that British textile importers felt that they could afford to abandon the convention with the Germans. By that time, however, they had forfeited the confidence of the British government which awarded a monopoly for the marketing of all British textiles in Argentina to Moore & Tudor, the one important firm which had not observed the convention (97).

The Germans in Argentina fiercely resisted and two organisations were formed called the Committee for Freedom of Trade and the League of Equity & Justice to protest and develop propaganda against allied policy (98). Leading German firms, notably Engelbert Hardt & Co., Staudt & Co., Kropp & Co., H. Sternberg & Co., Lindwebel Schreyer & Co. and Plaut & Co. made monthly subscriptions to finance resistance with the central objective of inducing the Argentine government to make continuous protests against Allied breaches of the republic's neutrality (99). Apart from the fact that the deprivation of German trading facilities was damaging to the economy of the republic, two other specifically Argentine grievances were stressed. Allied policy insisted that goods delivered to firms in the republic should not be disposed of to third parties without the approval of the British authorities. Further, the British even impeded Argentine companies in obtain-

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(95). — FO 833/17, Tower to Balfour, Commercial N<sup>o</sup> 377, 30 June 1917, 59; FO 902/14, WTID Weekly Bulletin 29 June-5 July 1917, 46.

(96). — FO 833/18, Tower to Grey, Trading with Enemy, Confidential, 14 Sept. 1915, 2.

(97). — FO 902/26, WTID Weekly Bulletin, 6-12 Sept. 1918, 21.

(98). — FO 902/27, WTID Weekly Bulletin, 27 Sept.-3 Oct. 1918, 34.

(99). — FO 902/27, WTID Weekly Bulletin, 11-17 Oct. 1918, 27.

ing goods from Chile and other neutral states. There is no doubt that British interference with the republic's import trade was greatly resented by the Argentine government and foreign minister Murature even compared it to the Spanish Inquisition (100).

The destructive side of the policy met with some success. German trade disappeared from the official import statistics of the republic and the closure of a number of German firms, most spectacularly the bankruptcy of the important Brauss Mahn & Co., shows that clandestine trade was not large enough to compensate. There is no doubt that the Black List policy coupled with shipping controls substantially undermined the German business community in the River Plate, yet British exporters of manufactures could not expect to profit from this until the War was over. Does this mean that Argentine industry benefited from the export constraints on these two traditional suppliers?

The drop in Argentina's import trade was certainly marked as table 11 shows.

Table 11. *Argentina's Import Trade by Main Commodity Groups (101).*

Period.	Consumer Goods	Capital Goods	Fuel	Other Categories	Total.
1900-04	1,063	417	86	1,240	2,806
1905-09	1,604	932	178	1,830	4,544
1910-14	2,065	1,098	285	2,271	5,719
1915-19	1,634	438	136	1,137	3,345
1920-24	2,212	924	262	1,997	5,395
1925-29	3,037	1,789	389	3,000	8,214

The fall in annual average imports for the quinquennium 1915-19 was twice as large as the increase experienced between 1905-9 and 1910-14. Every major import group showed a substantial reduction. But this was by no means compensated by the performance of local industry, whose aggregate wartime production was slightly below the level of the immediate pre-war years and barely half the level reached by the end of the peaceful 1920s as can be seen from table 12.

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(100). — FO 833/16, Memorandum by the Foreign Trade Dept. 16 Nov. 1916.

(101). — Extracted from Cepal, *El desarrollo económico de la Argentina* (México, 1959).

Table 12. *Argentina's Total Industrial Production (102).*

Period	Value of Industrial Output
1900-04	6,353
1905-09	9,302
1910-14	12,621
1915-19	12,299
1920-24	17,364
1925-29	23,925

The only substantial increase was in textile manufacturing which, with the advantage of domestic raw materials, raised annual average production values from 389m. pesos in 1910-14 to 657m in 1914-19. Textiles, however, accounted for only 5.3% of national industrial output. Chemical products increased from 785m. pesos to 935m. pesos over the same period; they accounted for 7.6% of total industrial production. Metallurgy, engineering and vehicle-building all seriously declined with the result that overall the industrial sector regressed in the war years (103).

Several factors may account for the wartime decline of Argentine industry. First, contacts with the metropolitan countries were indispensable for many branches of industrial development. In the early twentieth century world industrialisation was still essentially coal-based while the under-exploitation of Argentina's oilfields meant that petroleum-derived energy was insignificant. Fuel imports fell from an annual average of 285m. pesos in 1910-14 to 136m. in 1915-19. Secondly, Argentina's external technical dependence was very pronounced; imports of machinery and productive equipment fell from 1,098m. pesos to 438m. pesos over the same years. Thirdly, a signif-

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(102). — Extracted from Cepal, *El desarrollo económico de la Argentina* (México, 1959) parte 2. 258. Actually Gunder Frank hedges his bets by saying that Latin American industry grew during the two World Wars AND the 1930s. But this is hardly different from saying that industry grew in the first half of the twentieth century, which probably no-one would disagree with. The damaging point for his argument is that Argentina's industrial growth in the 1920s coincided with considerable expansion in the republic's import and export trades.

(103). — The recent and excellent study by E.F. Jorge, *Industria y concentración económica* (Buenos Aires, 1971) is heavily influenced by Gunder Frank's ideas, but much more concerned with the Second World War than the First. G. di Tella y M. Zymelman, *Las etapas del desarrollo económico argentino* (Buenos Aires, 1967) adds a sixth stage to Rostow's scheme for Argentina called 'la demora' and dated 1914 to 1933. The republic's main industrial historian A. Do fman was unimpressed with the wartime performance of the industrial sector. See *Historia de la industria argentina* (Buenos Aires, 1942). The 1970 edition still takes the same view. Also *Evolución industrial argentina* (Buenos Aires, 1942).

icant part of Argentina's pre-war industrial activity had been the processing of imported raw materials or the finishing of semi-manufactured products; imports of these fell from 2,271m. pesos to 1,137m. Fourthly, some part of pre-war industrial development had been financed by European investment which virtually ceased and was not compensated by Argentine investment; total capital accumulation proceeded at an annual rate of 1.5% in 1914-19 compared with 8.6% before the War. It was metropolitan links of this type which were severed during the First World War to the serious detriment of Argentine industry.

A further factor in the wartime regression of the industrial sector was the weakness of the domestic market. The republic was in a state of economic depression to which Allied policy made a major contribution. The gross national income actually fell during the war years interrupting a secular trend of spectacular growth as can be seen from table 13.

Table 13. *Gross National Income of Argentina (104)*.  
(Annual average in millions of 1950 pesos).

Period.	Gross National Income.
1900-04	11,074
1905-09	17,110
1910-14	21,209
1915-19	20,019
1920-24	25,145

In addition, there was a substantial fall in real wages. Where 1929 equals 100, real wages in 1914 were 68; 1915; 61; 1917, 49; 1918, 42. This was the economic scenario for the major labour unrest and intensified xenophobia of the period. Arguably, the chief beneficiary of the First World War was neither British business nor Argentine industry but United States export trade which, even in a depressed market, was able to double its share from 14.7% to 33.9% in the lacuna vacated by other suppliers (105).

Thus, a number of tentative conclusions emerge from this research. First, during the First World War the economic ties between Argentina and the metropolitan countries tightened in a sense which it is surprising to find ignored in the writings of a man as keen to find evidence of 'imperialism' as Andre Gunder Frank. Secondly, Argentina's in-

(104). — Extracted from Cepal, *El desarrollo económico de la Argentina* (México, 1959) parte 2, 15.

(105). — The percentages are taken from Cepal, *El desarrollo económico de la Argentina* (México, 1959).

dustry regressed, partly because of excessive external dependence on the supply side and partly because of a failure of the domestic market on the demand side, for which the metropolitan countries bore considerable responsibility. Thirdly, Argentina appears similar to cases of staple development, economic growth diffused through international trade, which under peacetime conditions could not be so thoroughly manipulated against the interests of the republic. The First World War is more correctly interpreted as an interruption of this process. Andre Gunder Frank was concerned with Latin America and both world wars while this study seeks to question his thesis only for Argentina and the First World War, which may be an exception to a general rule which is correct. In any case, no disrespect is intended to one of the most interesting writers on Latin American problems at the present time.