

## “Britain, the Argentine and Railway Imperialism”

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This paper examines the position of railways during the period of British commercial and financial dominance in the River Plate in order to reassess ongoing debates about economic imperialism. It argues that the hegemonic status often attributed to railways in the British-Argentinian equation is misplaced, certainly mis-understood. This misconception derives in part from a projection back into early decades of attitudes and antagonisms prevalent in the 1930s. For good or ill, by the 1930s London-registered railway companies had come to assume an emblematic status in the British-Argentinian relationship. The conjuncture was unfortunate: heightened volatility and structural change in the international economy highlighted flaws in the liberal, export model of the *Belle Époque* just as rail technology was reaching the end of its natural shelf-life. This combination of circumstances undermined earlier, broadly positive, contemporary evaluations of railways. Negative misconceptions, which came to the fore in the 1930s, had (and continued to have until quite recently) a pernicious impact on subsequent writing.

The paper opens with a brief survey of the literature on economic imperialism. This is followed by a stylised account of changing attitudes to British investment in railways. The third and fourth sections explore specific events in the history of British-Argentinian railways, events and processes that may shed new light on debates about the ‘imperialism’ of railways. These include the nature of ownership and funding, railways policy and the railway boom of the 1880s, and conflict between ‘London’ companies and domestic interests around 1900. The final section re-visits these events in the light of contributions to the railway historiography. Perhaps it is also worth recording at the outset that the history of the British-Argentinian railway connexion opened in the 1850s and closed in the 1940s. The longevity of the relationship, as much as the position of railways as a prime example of social overhead capital, allowed ample opportunity for controversy.

### Economic Imperialism and the British-Argentinian Connexion

The debate about the ‘imperialism of free trade’ entered the Argentinian historiography earlier, and with greater force, than writing on many other parts of the continent. Some contributors date British financial and commercial imperialism in the Argentine from the Baring Loan of 1825, a design that culminated in the 1933 unequal trade pact (Halperín 1970: 75-6, 84-92; Alhadef 2015: 367-8). The emphasis on economic imperialism is reinforced by the bizarre episode of unsuccessful British military adventurism in the River Plate two hundred years ago. Two invasions in 1806 and 1807 were repulsed by largely national forces. The defeat and expulsion of British troops in the 1800s, and robust responses to subsequent Anglo-French naval blockages, put pay to any formal imperial designs on the Argentine - if such there were, but did not inhibit the growth of increasingly close trading and investment relations between the Argentine and the United Kingdom. Was this relationship exploitative of the Argentine, or mutually beneficial? As Ferns argued in 1960, it is possible to make a

strong case for the benefits accruing to the Argentine from the relationship with the UK.<sup>1</sup> Of critical importance is the dynamics of the relationship and the extent to which mutual advantage, or an exploitative arrangement that was adverse for the Argentine, changed over time. Thompson has constructed a useful template for ‘measuring’ British informal imperialism in the Argentine. That is: did Britain exerted indirect power over foreign policy, internal politics and domestic economy; did Britain obtained rents from an asymmetrical relationship; was the landed elite an independent actor, or did it serve as an intermediary of imperialism - in short, was it a collaborating elite? (Thompson 1992: 421-2).

The tenacity of the ‘economic imperialism’ strand in the historiography stands in sharp contrast with the growth record of the country during the classic age of informal empire. Or was it that the frustration of expectations aroused by the economic performance of the era of export-led growth, the so-called *Belle Époque* (c.1870-1914, triggered and sustained the imperialism of free trade thesis? It is widely acknowledged that income levels in the Argentine were substantially greater than in neighbouring areas around 1880 and similar to those in Western Europe and the USA (Coatsworth 1998: 24-7; della Paolera & Taylor 2003: 2-3). A hundred years later, while the Argentinian position had slipped against the USA, the ‘growth gap’ with Latin America and with Mediterranean and Latin Europe) particularly those countries that accounted for the largest proportion of emigrants to the Argentine (had widened considerably).

Table I: GDP per capita (1990 International US\$)

Region	1820	1870	1900	1913	1950
<i>Latin America</i>					
<b>Argentine</b>	<b>1,300</b>	<b>1,311</b>	<b>2,756</b>	<b>3,797</b>	<b>4,987</b>
Brazil	646	713		811	1,672
Mexico	759	674		1,732	2,365
<i>‘New Countries’</i>					
Australia	517	3,645		5,715	7,493

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<sup>1</sup> Among British beneficiaries of the relationship, Ferns identifies the creole-British business community, shareholders of some banks, railway companies, meat-processing plant and mercantile enterprises, and consumers, especially the ‘wage working class’ whose standard of living was considerably enhanced by cheap River Plate commodities. In the Argentine, Ferns specifies landowners (including *estancieros* of immigrant origin), workers (whose wages and employment prospects widened considerably), and the Argentinian state - though Ferns does not use this term (Ferns 1960: 487–91).

Canada	893	1,695		4,447	7,437
USA	1,257	2,445	4,096	5,301	9,561
<i>Europe</i>					
Italy	1,117	1,499		2,564	3,502
Spain	1,063	1,376		2,255	2,397
UK	1,707	3,191	4,593	4,921	6,907

Source: A. Maddison *The World Economy: a millennial perspective* (Paris: OECD 2001) ( pp.185, 195; G. Della Paolera & A.M. Taylor *Straining at the Anchor: the Argentine Currency Board and the search for macroeconomic stability, 1880-1935* (Chicago: Chicago University Press 2003) p.8.

Table I demonstrates that Argentinian per capita income was high by European and Latin American standards in 1913 and gaining relative to those in other areas of recent settlement like Australia and Canada. Indeed, even as late as the post-Second World War period, despite some slippage, the economic trajectory of the republic continued to shadow that of other ‘new’ countries, rather than that of neighbouring republics and ‘Latin’ Europe.

During the classic age of British hegemony in the River Plate, the economic transformation of the Argentine was impressive by any standard.

Table II: Argentinian Economic Growth Relative to the Rates of Growth of Comparator Countries, 1880-1938 (%)

	1880-1938
Australia	122.7
Canada	9.9
USA	43.2
Brazil	60.9
Mexico	69.5

Source: Guillermo Vitelli *Los dos siglo de la Argentina: historia económica comparada* (Buenos Aires: Prendergast 1999) pp.118, 121

The comparative growth of the country between 1880 and 1938 is startling even when account is taken of the more sluggish performance of Australia. Having exhibited particularly high rates of growth of GDP per capita in the middle decades of the nineteenth century, the Australian economy entered a long recession in the 1890s. As the record of the other countries in the set indicates, it is difficult to envisage a counterfactual that would have

yielded a better result. Between 1869 and 1914, annual rates of economic growth per capita averaged 3.9 percent (Díaz Alejandro 1970: 3; Rapoport 2000: 101)<sup>2</sup>. Few economies have sustained such a high average rate of growth for almost two generations. If this was economic imperialism, it was hardly bad for growth.

Perhaps growth of this order accounts for the limited attention given to economic imperialism, or even the British connexion, in historical writing before the 1930s. Mainstream writing addressed themes that were principally concerned with state-building, a process considered as essential for 'progress', a conceptualisation of progress that was founded on integration into the liberal capitalist order of the period. The progression to progress was both whiggish and triumphalist (Halperín Donghi 1980: 829; Moreyra 2003:68). It was also one in which the role of British capital was considered to be both instrumental and benign: 'British capital became so routine an element of administrative life than municipal and provincial governments vied with the national state for funds in the London stock exchange.' (Halperín Donghi 1993: 189). Contemporary opinion similarly regarded railways as crucial to state formation and nation-building.

Before the 1920s there were few sustained critics of the liberal project of political modernisation and social progress under-pinned by export-led growth. '*Entreguismo*' and '*vendepartia*' were words that would only enter the literature with considerable force later (Oszlak 1982: 148). Arguably, the more articulate contemporary reservations about the liberal model were those of the 1920s that specifically questioned its economic outcomes, concerns which prefigured new currents in the historical writing of the 1930s and beyond. Although of only limited impact at the time, a new conservative, nationalist political economy was articulated by the *Revista de economía argentina* whose columns advanced the case for protectionism and natural industrialisation, while stressing the limits of export led-growth (not least international economic volatility), regional and sectoral imbalances resulting from the liberal model, and structural constraints associated with concentrated patterns of land and 'excessive' urbanisation (Falkoff 1981:57-75). The questioning of liberal economics, and prevailing theories of comparative advantage, which first appeared in the pages of the *Revista* would shape late thinking about unequal exchange.

The *Revista de economía argentina* was soon joined by a new body of revisionist historiography that focussed largely on the political. Revisionist texts questioned both social and political transformations vaunted by earlier writing. A substantial proportion of this re-interpretation of the process of nation-building, ranging from the right to the left, addressed the pernicious consequences of the British-Argentinian relationship and, by

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<sup>2</sup> Estimates of growth *per capita* vary considerably. Calculations by Cortés Conde for 1875-1912 cited above by Rapoport, namely 3.9 percent, are substantially above estimates provided by others. For example, 2.5 percent (Maddison 2001: 196). Halperín shows aggregate growth averaging 3.7 percent *per annum* between 1875 and 1896 but falling by more than a third to 2.3 percent from 1896 to 1912 (Halperín 1986).

association, export-led growth.<sup>3</sup> Revisionist texts, especially those produced in the 1930s focussing on the British connexion, constituted some of the first contributions to the economic history literature about the Argentine, as well as to the historiography on economic imperialism. It was at this point that left-wing authors began to describe the landed oligarchy as decadent and anti-national, conspiring with foreign capital to exploit the country and subvert an alternative political-economic model that would have yielded a more dynamic and equitable socio-economic order (Moreyra 2003: 81-2 ). Collectively, the *Revista* and revisionist literature of the 1930s had a profound influence on later schools: structuralism, popularised after the late 1940s, and dependency prevalent in the late 1960s and the 1970s. Whereas pre-1930s historical writing had been largely 'political' in focus, much of the new writing was concerned with the economic and the social, borrowing substantially from the social sciences.

Not all the new literature peddled a pessimistic assessment of the functioning of the international economic order before and after the 1930s, but much of what may be broadly described as the new economic historiography did. The Instituto Torcuato Di Tella was associated with a body of writing on Argentinian economic and social history that presented a more measured assessment of the period of export-led growth.<sup>4</sup> Nevertheless, the dominant currents of structuralism and dependency were largely negative and, although not directly writing from the standpoint of proponents of the economic imperialism thesis, produced work than was in sympathy with it.

From the 1950s to the 1980s, structuralism and dependency were the dominant paradigms. A radical, neo-liberal challenge to negative assessments of the *Belle Époque* only

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<sup>3</sup> While revisionist writing of the 1930s to the 1960s ranged from the anti-imperialist right to the nationalist left, there were several tensions. Almost all contributors agreed on the negative influence of Britain on the Argentine - from Independence until the Second World War and extolled the Rosas regime as a defender of national interests. Beyond these themes, there was less common ground. Some applauded the catholic, conservative values of segments of the traditional landed class - who offered an authentic national project that had been undermined by a liberal internationalist commercial oligarchy. Others saw *latifundistas* as a check on development (Halperín 1970: 9-24, 36-54). Key contributors of the 1930s include the brothers Irazusta, protagonists of an alternative to the liberal, internationalist project, and Scalabrini Ortiz, who took a negative view of the commercial and financial relations with the UK.

<sup>4</sup> The first generation of scholars associated with the Di Tella who contributed to the economic history literature include are Roberto Cortés Conde, Guido Di Tella, Ezequiel Gallo, Túlio Halperín Donghi, Manuel Zymelman. Equally authoritative work about the *Belle Époque*, and earlier periods, that sustained the modernisationist thesis was produced by authors such as José C. Chiaramonte and Vicente Vázquez Presedo. Much of this writing was indebted to the seminal scholarship on growth economics by Carlos F. Díaz Alejandro.

began to re-surface in the 1990s. Re-vindicating the welfare gains of economic internationalism, and stressing the importance of property rights for economic growth, this writing is inclined to dismiss the dependency and structuralist theses and, by implication, approaches that emphasise the 'imperialism of free trade'.<sup>5</sup> Firmly linked to the new institutional economics school observable elsewhere in the economic historiography of Latin America, proponents of this approach point to the high cost of economic isolation, even during the problematic 1930s, and mistaken assumptions (and policy recommendations) associated with structuralism and dependency. Applauding the saliency of contributions by Díaz Alejandro to the study of the economic history of the Argentine, this new writing would also acknowledge the persuasiveness of the Ferns take on the British-Argentinian commercial and financial relationship before 1900, and has had an impact on the railway historiography.

### 'British' Railways and Argentinian Development: contemporary perceptions and the historiography

As argued, by the 1930s railways had come to epitomise the UK-Argentinian commercial and financial relationship. Yet the characterisation of railways as the prime expression of British business in the republic is flawed in several respects. Assumptions of hegemony derive largely from a period late in the history of the relationship and ignore domestic managerial and financial involvement in the railways sector during formative phases and an enduring 'Buenos Aires' presence in some companies until around 1900. They are also based on assessments of corporate consolidation that underestimate the degree of rivalry among foreign firms, and largely ignore the supervisory capacity of the state.

Conventional images of a dual or double primacy - railways as the principal expression of corporate Britain and of a sector dominated by London companies - took concrete form only in the inter-war period. After the 1920s, broadly favourable assessments of the 'railway connexion' were overwhelmed by increasingly sophisticated radical and nationalist criticisms flagged in the section above. Until the 1920s, fairly positive contemporary opinions about the British companies were sustained by a revival of railway construction, by investment in technical up-grading, and by largely successful corporate propaganda which emphasised a community of interest between investors and consumers and between the companies and rail workers. Discordant, negative assessments of the London-Buenos Aires axis gained currency around the time of the negotiation of the Roca-Runciman Pact in 1933. These presented British companies as technically and managerially bankrupt mechanisms of exploitation and the landed oligarchy as the supine agent of voracious foreign capitalists.<sup>6</sup> It

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<sup>5</sup> The principal exponents of the 'new economic history' are Gerardo della Paolera and Alan M. Taylor. Together and individually they have attempted to deliver a new body of work that offers a new institutionalist take on Argentinian economic history.

<sup>6</sup> For a pioneering example of contemporary radical revisionism, see Rodolfo & Julio Irazusta *La Argentina y el imperialismo británico: los eslabones de una cadena, 1806-1833* (Buenos Aires: Ediciones Argentina Condor 1934) and Julio Irazusta *La influencia británica en el Río de la Plata* (Buenos Aires: EUDEBA 1934, re-edited 1963). For an informative, critical contemporary British diplomatic assessment, see J.V.

was at this point that the image of the 'English octopus' (*el pulpo inglés*) took root. The image and the term were persuasive. Cartoon depicted a greedy consortium of British railways, centred on Buenos Aires with tentacles spreading across the country, in control of natural resources and national assets, tenaciously constricting and suffocating Argentinian development. The double-hegemony misconception lend weight to this simple but effect depiction of British exploitation.

This is not to say that, by the early twentieth century, railways were not a prominent feature of the British-Argentinian connexion. They were. Around 1910, most Argentinians experienced almost daily contact with 'London' enterprises. In the pampas, though not necessarily in the national territories or the far north-west, consumers of rail services shipped produce - or travelled - on lines that often displayed English names. Telegrams were sent and received at telegraph offices located at railways stations built in the 'English' style. In a number of up-country townships, centrally located railway depots (often carrying name boards like 'City Bell', 'Durham', 'James Carik', 'Henderson', 'Keen', 'Lincoln' or 'Roberts') appeared to be more permanent architectural features of the urban landscape than the police *comisaría* (if one existed) or chapel. By the 1920s, commuters in greater Buenos Aires, Córdoba Rosario and Bahía Blanca similarly travelled on 'English' passenger trains. However, daily contact did not necessarily imply antagonism. Until the inexorable deterioration that occurred in the 1930s, relations between providers and consumers of transports services were punctuated by moments of accommodation and tolerance - as well as antagonism about the price and quality of services. Indeed, as late as 1929, when such a populist figure as President Hipólito Yrigoyen, archetypical representative of urban professional and some working class groups, applauded the contributions made by London railways to national progress, and expressed a strong preference for a continued British (as opposed to US) presence in the sector, prospects still appeared to be bright.<sup>7</sup>

Allowing for the crabbed international economic, and domestic political, environment of the 1930s, why did such a negative characterisation of the railways, and particularly of the companies as mechanisms of British imperialism, gain ground so rapidly? Part of the answer may lie in the nature of social overhead investment and technology. Railways, like utilities, are 'natural' monopolies. They entail substantial start-up costs, which serve as a barrier to entry, and are 'lumpy' enterprises that involve a complex nexus of elements and function effectively only when complete. Railway technology is also a general purpose, enabling technology with wide scope for improvement and application, and a considerable cumulative growth impact on other sectors. This can generate distributional conflict: who is best able to capture the resulting efficiency gains, owners or users of the new technology? And, in common with all general-purpose technologies, rail technology has a 'natural' shelf-life: as its

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Perowne, Foreign Office, F.O. Minute on British Presence in the Argentine, 11 Sept. 1939, FO 371/22765: A6503/6503/51.

<sup>7</sup> A surge of US investment in the Argentine around 1928-9, including the purchase of shares in several London-registered railways and utilities, occasioned unease in official circles. See: Sir Malcolm Roberts, British Ambassador, Buenos Aires, to Sir Austen Chamberlain, Secretary of State, 16 May, 1929, FO 371/13460:A3329/52/2.

scope is exhausted, the growth impact fades (Crafts 2003; Lipsey, Bekar & Carlaw 1998: 15-54.) And, innovative technologies invariably triggered expectations and speculation: expectations that tended to be realised in the medium term, rather than the short, and speculation which offered opportunities for windfall gains - and losses, and disturbed financial markets.

As lumpy natural monopolies, employing an expensive (and often rapidly changing) technology with wide application and likely impact on growth, it is unsurprising that railways were franchised and regulated by the state, in the Argentine as elsewhere. Government determined routes, the location of stations, operating schedules and tariffs, and often policed construction costs, particularly when under-writing profit guarantees. Given the scale of investment and the length of time needed to bring projects to fruition, from the perspective of the companies, legislative authorisation was essential to condition the market and to promote investor confidence. For government, licensing signalled a recognition of the conflict between implicit monopoly and opportunities for rent-seeking, on the one hand, and public service functions associated with social overhead projects, on the other. And there was public safety to consider. In these respects, the railway business was always more political than many other forms of commercial and financial activity. Consequently, suppliers of rail services were invariably subject to the laws of politics as well as to the rules of the market.

Franchising and regulation meant that price was fixed (or administered) rather than being determined by input costs or the mechanics of competition. By the turn of the century, when the principle of state supervision had become firmly entrenched, 'excessive' regulation became a source of friction in corporate-state relations. Companies were irked by the obligation to secure official sanction for what they regarded as minor operational changes, issues that should be decided by commercial considerations or management, and demanded greater freedom. Administrators, on the other hand, wished to tighten regulatory regimes, not least as ideas about the role of the state and the shape of the political universe changed. Moreover, consumers invariably had recourse to non-market forms of redress if aggrieved over the price or quality of service. In addition, railways were amongst the earliest large employers of urban labour - with a disproportionately large component of skilled worker, another feature that distinguished them from enterprises operating in other sectors. All of these factors had an impact on profits and on relations with government and society, particularly during conjunctures such as the 1930s when the innovative thrust of rail technology was fading, and economics and politics became less predictable.

As will be shown below, the imperialism of free trade literature ignores - or underplays - operational and technical aspects of railways, while accepting uncritically the monopoly nature of public services. There is also a tendency to down-play the regulatory capacity of the state (when not depicting government as the slave of foreign interests) and to vaunt the predatory competence of British firms while under-valuing the organisational capacity of other actors in the company-state-consumer (and business-labour) equation. Arguably, local interests were both instrumental and dominant in the early history of Argentinian railways, as illustrated by the franchising of concessions and the funding of construction.

'Anglo-criollo' or British: agents of national development of vectors of imperialism?



Most of the original railways emerged from concessions granted to merchants in the 1850s. Although concessions were frequently amended as circumstances changed and different groups competed for ascendancy, the mercantile connexion was invariably sustained. In the early days, London finance was present but never hegemonic. Overseas interests at this stage were largely technical and subordinate, represented mainly by contractors, rarely by concessionaires. Local involvement was also signalled by the involvement of the state. This was manifest in the political contacts of franchisees and various forms of support ranging from tax waivers to capital injections. With expansion during the final third of the nineteenth century, two tendencies may be discerned: local financial participation, thought not necessarily managerial control, was diluted due to a surge in foreign investment; and state involvement grew, often financed through external borrowing. Perhaps the trends were functional and complementary. There is clear evidence that mercantile capital cast for itself a transient but not necessarily speculative role in promoting railways. Merchants envisaged their initial investments as promotional and temporary (Reber 1979: 134-5). They sought to retain control while at the same time encouraging external funding. Businesses which proved to be moderately profitable were taken to foreign money markets directly, those that were not passed to the state. Yet even when companies were registered overseas, local luminaries were recruited onto Buenos Aires boards and River Plate interests continued to be represented by directorships in London. Over time mechanisms of official support became more formal. Profit guarantees and tax concessions were substituted for *ad hoc* forms of aid such as loans, subventions and land grants. The formalisation of state support undoubtedly made it easier for enterprises to raise capital in overseas markets while at the same time enhancing potential for official monitoring and the transfer of managerial and technical skills to the government rail bureaucracy.

The 'local' character of early 'London' companies is illustrated by the diffuse interest of merchants and landowners and, indeed, the state itself across the sector. Government, as much as private investors, tended to engage with several enterprises rather than sponsor a single firm. Hence, many early enterprises are better described as 'anglo-creole' rather than as 'British' or 'national', a feature that much nationalist and imperialism scholarship has been reluctant to acknowledge. For example, before it was transferred to the province of Buenos Aires, the list of concessionaires and shareholders of the Ferrocarril Oeste reads like a virtual who-is-who of the Buenos Aires merchant community (Reber 1979: 124-7; Lewis 2015: 18-21; Lopez 1991: 37).<sup>8</sup> Although registered in London, the Buenos Ayres Great Southern Railway Company was no less *anglo-criollo*, promoted by prominent British-Argentinian and Argentinian merchants, *estancieros* and public figures (Mulhalls 1863: I, 106; Fair 1899).<sup>9</sup>

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<sup>8</sup> The original documents are located at Archivo General del la Nación (hereafter AGN) 1852/10/28/2/4/Doc.1723b; 1853/10/28/3/7/3/Doc.3919. Amongst the concessionaires was Daniel Gowland, president of the British Chamber of Commerce.

<sup>9</sup> The list of names includes Armstrong, Drabble, Elortando, Fair, Green, Lezama, Lezica, Lumb and Parish. John Fair is a typical case - shareholder, concessionaire, local representative of the Southern in Buenos Aires and sometime Buenos Aires government agent in the UK. Frank Parish similarly acted in an official and business capacity: long-term resident and British Consul in Buenos Aires, there is evidence

Another company floated in London, the Central Argentine Railway Company Limited, was somewhat less 'local' in the composition of its shareholders and Board of Director. However, the Argentinian federal government had made a substantial investment in the line while the associated land company seems to have operated largely for the benefit of resident 'British' landowners (López 1994: 69).<sup>10</sup> A notable - though hardly surprising - feature of almost all railways established in the 1850s and 1860s is the relatively circumscribed group of individuals involved. Key merchants and *estancieros* were connected with virtually all starter enterprises - as concessionaires, shareholders, agents, and directors: their interests were spread across the sector rather than focussed on a single enterprise.

The merchant community in Buenos Aires was a source of expertise and contacts. Resident merchants had been instrumental in obtaining concessions and provided starter funding. Sometimes members of *ad hoc* advisory groups, more usually a formally constituted local committee, merchants retained direct links with the early railways. Another feature of the local committees was the co-option of local political talent. These bodies shadowed London boards and were useful in resolving disagreements between railway and government (Lewis 1977: 403-5; Reber 1979: 125, 126-7). Occasionally distinguished directors like Thomas Armstrong or John Fair were normally resident in Buenos Aires or, as in the case of the Drabbles, spent part of the year in Europe and part in the River Plate (Lewis 2015: 20-1). These men 'knew the country' and were integrated into the land-owning oligarchy. Companies founded in the 1880s did not enjoy such effective local contacts. In part this was because 'cosmopolitan' merchants were thickest on the ground in Buenos Aires, while many companies set up in the 1880s operated in up-country provinces. Established Anglo-Argentinian merchants enjoyed less effective connexions with the provincial interests who gained influence at federal government level in the 1880s. Perhaps it was also the case that the cultivation of domestic interests was less important during the railway mania. As Halperín observes, by this stage the country was awash with money and an enormous numbers of projects enjoying government profit guarantees appeared to be available to all comers (Halperín Donghi 1993: 189; López 1994:349-53).<sup>11</sup> Good contacts, it seemed, were no longer

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that the local merchant community and *porteño* officials were anxious to secure his commitment to the enterprise - see, Edward Thornton, British Minister to the Argentinian Federal Government (Parana), to Earl Russell, Secretary of State, 19 Aug. 1862. FO 6/240:120-1, William Doria, Charge d'Affaires, Buenos Aires, 23 Aug. 1862. FO 6/238:37.

<sup>10</sup> The list of land company beneficiaries includes names associated with the Oeste and BAGS.

<sup>11</sup> In 1888 the federal congress was asked to sanction guaranteed railway concessions with a capital value of £1.5 millions and in 1889, over £4 millions. By 1891, had they been honoured, total annual guaranteed interest payments to federally franchised railways would have cost the Exchequer approximately £1 million (Congreso Nacional, Cámara de Diputados *Diario de Sesiones* (1891) I pp.281-1.).

a prerequisite in order to secure lucrative concessions. Hence the pace of network growth quickened, until brought to an abrupt halt by the Baring Crisis.

Whatever the immediate adverse consequences of the crisis, railway mania in the 1880s yielded a national system that under-wrote frontier expansion well into the twentieth century.

Table III: Rail Network Growth, 1875-1895

Year	Mileage (%)	Capital (%)	Passengers (%)	Freight (%)
1875	1,215	£8.1	2.6m	0.7mt
1885	2,797 (130%)	£24.3m (200%)	5.6 (115%)	3.0mt (329%)
1895	8,771 (214%)	£96.2m (296%)	14.6m (161%)	9.7mt (223%)

Key: (%) - percentage change 1875/1885, 1885/1895; m = millions of pounds; mt = millions of tonnes.

Source: Francisco Barres 'Reseña de los Ferrocarriles Argentinos' *Boletín de la Asociación Internacional Permanente del Congreso Panamericano de Ferrocarriles XXVIII* 86 (1944) pp.70,72, 73, 83.

Table: II shows that between 1885, before the onset of the railway mania, and 1895, when the last of the projects initiated before the Baring Crisis had been completed, rail route mileage increased by more than 200 percent, and capital investment by almost 300 percent. Given the gestation period required to bring new land into cultivation (and the post-Crisis recession) the increase in rail freight is also impressive. It is also instructive that, with the exception of the increase in freight, which grew from a particularly low base in 1875, rates of change between 1885 and 1895 were considerably greater than between 1875 and 1885.

Railway mania and imperialism: competition, collaboration or imperialist consolidation

Several conflicting constructions can be placed on the 1880s railway mania. First, competition: competition between established railways companies and, subsequently, between existing lines and newly floated enterprises; and competition between private and state lines (Ferns 1960: 400; Lewis 2015: 50-60, 64; López 2000: 626-34). Secondly, national consolidation: trunk rail construction of the order suggested in Table II points to an integration of the national territory and the forging of a national market (Cortés Conde 1979: 78-89; Rocchi 2006: 135, 143). Thirdly, an imperialist take: as a state presence in the sector was financed by foreign debt, default on which resulted in foreclosure and the privatisation of government lines, the mania may be envisaged as a debt trap designed to intensify the dependence of the country on international capital. Competition, however, was real, as is evidence of state policy designed to foster competition among private lines and to diversify sources of capital.

Between approximately 1867 and 1887, the federal government authorised route studies and granted franchise for competitive construction in the west and north west (Ferns 1960: 411-12; Fleming 1977: 375, 376-9; López: 2000:51-7). For example, in the 1880s the federal government issued concessions to a new company, the Buenos Ayres and Rosario Railway Company Limited, to build from the national capital to Rosario and on to the north west. At much the same time, extension concessions were granted to the Central Argentine, which linked the cities of Rosario and Córdoba (where it connected with a state line to the north west), to build south to Buenos Aires. In part, the proliferation of franchises was designed to effect connexions between the then separate networks that radiated, respectively, from Rosario and Buenos Aires. But, having been in dispute with the Central for some years, the sanctioning of competitive concessions can also be seen as a mechanism applied by the federal government to tame the Central (Ferns 1960: 402, 404-6; Lewis 2015: 53, 61-4; López 1994: 84-8). The result of this war of concessions was that, by 1896, there were two routes not only between Buenos Aires and Rosario but also linking the federal capital with such cities as Villa María, a key junction in northern *pampa húmeda*, Córdoba, the most important city of the interior, and Tucuman, the regional capital of the north-west.

New concession on the borders of the provinces of Buenos Aires and Santa Fé, and an aggressive construction policy pursued by the province of Buenos Aires state railway, the FC Oeste represented another challenge to 'British' companies. Namely, the long-established Buenos Aires Great Southern and a newer enterprise, the Buenos Ayres & Pacific Railway Company Limited (López 1991: 137-43, & 2000:54-6). The flotation of new enterprises, the licencing of trunk and branch line construction by private companies, and pressure on the 'zones' of London companies by the Oeste changed the configuration of the rail network of the province of Buenos Aires, as well as extending it. By 1886, the north and centre of the province could boast a fairly extensive system with parallel lines running on east-west and north-south axes. In the south, key settlements and ports such as Azul, Bahía Blanca, Maipú, Mar del Plata and Tres Arroyos were already connected to the city of Buenos Aires, though the rail system here still exhibited a developmental, radial configuration rather than the denser, grid-iron pattern observed further north.

And, a state presence in the sector grew in absolute terms, although the proportion of the network represented by federal and provincial lines declined from around 50 percent in 1875 to about 40 percent by 1890, such was the volume of private construction during the mania. Competitive construction of this order, is implied by the trends observed in Table II, questions long-held views in the traditional railway literature of concerted action by monolithic bloc of foreign companies '... to dominate the Argentinian economy ...' (López 1994: 98). Most established companies accepted that there was nothing they could do to prevent the franchising and building of competitive lines by the new enterprises, by the federal government, or by provincial administrations. The best defence was to apply new funds to enhancing services and consolidating their position, and to avoid antagonising government and public opinion (Ferns 1960: 411).

Competitive construction in the 1880s, and again during the surge in international liquidity immediately before the First World War, also corresponded with a diversification in sources of state borrowing and private company funding. Regalsky argues that this was both an object and function of official policy, and explains the massive surge in the franchising of

guaranteed railways between 1887 and 1889. During these years, concessions for more than 16,000 miles of new lines were published, all with profit guarantees. 'Without doubt, the government looked to promote the entry of new investor groups into the railway business so that they would compete with established interests ...' (Regalsky 2002: 240). This policy appears to have worked. In the 1880s, the Argentine was unique in Latin America, alone attracting important flows of investment from Paris into the railway sector, a success repeated some years later. Between 1900 and 1914 French investment in Argentinian railways increased from \$22million gold to \$130million - a near sixfold increase when total investment in the sector grew by a factor of 2.5 (Regalsky 2002: 105, 325).

Regalsky is not alone in pointing to the effectiveness of official railway policy. Others have argued that the Argentinian state had a clear railway strategy, that it consciously engaged with foreign capital and was far from naive or impotent in dealings with London-registered companies, and that there was a direct and conscious link between railway policy and state building. Contemporaries viewed railways as the principal means of developing the country, as a device to consolidate and secure the national territory, and as essential for the application of the writ of the central government in the provinces (Lenz 2004: 87). Oszlak and Roccatagliata similarly argue that railways served to organise the national economic space: railways were instrumental '... in the conquest, occupation and colonization and development of the national territory.' (Oszlak 1982: 141-8; Roccatagliata 1987: 50). Referring to the system of profit guarantees, Oszlak also maintains that the arrangement was not designed simply to serve the needs of concessionaires and investors. The arrangement provided the state with powers of inspection and regulation, which were deployed to good effect. In addition, when the state acquired shares in a private company (as did the federal authorities in the Central Argentine), government became a direct stakeholder with such additional rights as representation at company meetings and at board level (Oszlak 1982: 149-50). Similarly, López argues the case for the coherence of national rail policy, and robustness in dealing with foreign capital. There was a national project which, as acknowledged at the time, could only be implemented by calling on overseas capital (López 1994: 92-9). This does not mean that foreign investors did not seek to exploit dependence on the London or Paris money markets to implement national strategy. On the contrary, they often did. But neither does it imply that government was always subservient, invariably the weaker party in dealings between the state and foreign capital. If railway policy was endogenously determined and the state largely effective in enforcing an independent, national rail strategy, this would imply little capacity on the part of British interests to extract rents by exerting indirect power over internal politics.

If the revisionist literature asserts that the state was able to articulate an effective railway policy, and capable of adopting a 'national' stance with regard to foreign-registered companies, there is also evidence that *estancieros*, the principal early beneficiaries of overseas-funded rail construction, were no less capable of independent action. Two examples involving the Buenos Ayres Great Southern may serve to illustrate this point. In the late 1860s, landowners in the centre-south of the province of Buenos Aires were exercised by the sluggish pace of rail construction, having observed the valorisation of land and transformation of estates in districts to the north and east as the result of the first wave of investment in railways. At this point, local *estancieros* had two important weapons in their arsenal when dealing with 'foreign' enterprises: the provincial state and the state railway, the FC Oeste.

Perhaps there was a third, a desire by the still fledgling Buenos Aires Great Southern to demarcate its zone of operations. In 1866 the provincial administration required the company to honour the original concession by pushing the trunk line southward from Chascomús to Dolores. The BAGS, however, preferred to build a branch line west from Altamirano to pre-empt the Oeste which was threatening to construct south from Merlo to Azul (Lewis 2015: 34-6; López 1991: 51-3, 115-25). The ensuing flurry of protests and applications for concessions provoked complaints of unfair competition and threats of expropriation. In the final event, the Great Southern formally recognised the right of the government to nationalise the company and agreed to harmonise new construction - and establish junctions - with the FC Oeste, but also obtained desired concessions, plus a state subvention for the construction of priority routes. Arguably, the effectiveness of this strategy by local landowners to increase the pace of new construction derived from the *anglo-criollo* character of the BAGS. Local shareholder-directors were able to convey to their colleagues in London the substance of threats (expropriation and competition), as well as the business sense of responding positively to pressure to build in regions of the province that were being rapidly transformed by wool production - the 'greasy gold' of the period (Sabato 1990: 25-7, 34-8). There was as much a correspondence, as a clash, of interests among *estancieros*, foreign capitalists and the state, but deals had to yield mutual benefits for all parties, not disproportionate gains for some.

Another spat occurred around the turn of the century, approximately a decade after the privatisation of the FC Oeste, which had been acquired by a new London company, the Buenos Ayres Western Railway Company Limited. On this occasion, the conflict was as much about rail freights and local anxiety about a London monopoly as about sluggish construction. The result, however, was similar, namely a re-balancing of interests and benefits among contending parties. Until the Argentine returned to the Gold Standard in 1900, the Great Southern had linked freight rates to the gold premium, adjusting charges to movements in the exchange rate. While this practice was applauded by overseas shareholders as a rational response to inflation and monetary instability in the host economy, it outraged producers and exporters. Hence, first the provincial authorities, and later the federal authorities, were pressed by landowners to play the concessions game. Numerous franchises for 'economic' railways (basically metre gauge lines) inter-spaced between the main trunk lines of the BAGS and Buenos Ayres Western were issued around the turn of the century. Subsequently, additional concessions for broad gauge cross-country routes, intersecting with BAW and Great Southern railheads, were published (Regalsky 1989: 425-52 & 2002: 327-31). Despite the bluster of London enterprises, the strategy worked. A surge in lending from Paris and London gave substance to the strategy. New companies were franchised. The Great Southern and Western raised additional funds to build extensions in defence of their zones, and to modernised equipment in order to reduce costs and freights. While the success of these measures were contingent on international liquidity, evidence of the willingness and capacity of local interests to act cautions against glib assertions of British hegemony.

Although these events confirm the ability of local interests to manipulate foreign capital, the early twentieth century tariff dispute involving *estancieros* and the BAGS also points to a critical change in the railway sector. Boom in the 1880s, and bust in the 1890s, diluted the *anglo-criollo* character of the rail sector. First, massive expansion, much of it by new companies and state lines, diminished the presence of pioneer anglo-creole enterprises

like the Great Southern. Secondly, the Baring Crisis triggered greater control from London. This took various forms. Privatisation led to the transfer of state lines to overseas creditors, while even successful companies that had emerged from the crisis largely unscathed were subject to close scrutiny by jittery London interests. Taken together, these processes explain the increased 'Britishness' of the sector by the early twentieth century.

These developments (investment boom of the 1880s and de-nationalisation in the 1890s) seem to support arguments advanced by conspiracy theorists and exponents of the imperialism of free trade hypothesis. Whether contrived or due to the mechanics of the global capitalist system, the result was the same: rail denationalisation and a further strengthening of the stranglehold of international finance. On the other hand, competition in the 1880s, manifest in the scramble for concessions and a pre-emptive construction of trunk routes fits ill with depiction of the British railway interests as a monolithic bloc. In addition, while *anglo-criollo* merchant financiers who underwrote earlier railway initiatives could be presented as a collaborative elite, their behaviour challenges such a facile depiction. As argued above, the dealings of the likes of Fair, Robertson and Armstrong with the Argentinian federal government and provincial administrations suggest less a capacity to capture the state than an ability to negotiate with it. Their engagements with the London money market were not dis-similar. Based on privileged knowledge of two universes, a comparative advantage that allowed them to mobilise contacts and resources in Britain and the River Plate, they advanced an independent project rather than functioned as *compradores*, junior partners of international finance. If merchants do not fit neatly in a cat's paw of global capitalism or *comprador* categorisation, the local state and landowners also demonstrated a robust capacity for independent action *vis a vis* 'London' railways enterprises.

### Revisiting the railway literature

Why railways? Because railways, as argued above, feature prominently in the agenda/analyses of all the schools cited and because they came to epitomise the British-Argentinian connexion. A précis of late nineteenth century opinion encapsulates the idea of railways as public goods: Chapter II of the 1853 Constitution obliged the state to foster railways as a means of promoting national and provincial development. By 1913/15, the Argentinian railway network ranked tenth in the world: it was the most extensive in Latin American, the third largest in the Americas (Bunge 1918: 145-7; Tornquist 1919: 122). Beyond these facts, there is little agreement. Although writing over a generation ago, the words of Zalduendo still ring true: the controversy about British investment in railways in the Argentine has stimulated the production of a body of critical work which is far from finished - debate continues about the feasibility of domestic funding, the regional configuration of the network, and much more (Zalduendo 1975: 44).

Díaz Alejandro offers a succinct modernisationist take on railways and growth which, un-apologetically, devotes little attention to questions of funding and ownership, features prominent in other discourses. As social overhead capital formation, railways were critical. The surge in railway investment signalled the potential of the pampas, as well as facilitating an outward movement in the frontier of production (Díaz Alejandro 1970: 3-5). Echoing Díaz Alejandro, others have written: 'In the Argentinian case, it is beyond doubt that the railway was an indispensable component for growth...', there was no other alternative (Gerchunoff

& Llach 2003:28-9; see also, Rapoport 1988: 179-82). Under-pinning this approach is the sense that rapid, sustained extension of the rail network was either beyond local savings capacity, or that the opportunity cost of tying up scarce local capital in overhead projects would have been extremely high - and was unnecessary given, prevailing international levels of liquidity (López 1994: 93-4, 96-7). Clearly, the emerging, current consensus undermines the proposition advanced by nationalist pro-*dependistas* like Scalabrini Ortiz that national funding was a feasible option, and that a significant proportion of domestic savings was devoted to railway finance in the form of indirect subsidies - for example, profit guarantees, and direct funding, namely, government investment in private companies and state enterprises (Scalabrini Ortiz 1958: 17-23).

Accepting the thrust of the argument that reliance on external funds to finance railway construction was logical does not close debates about the cost of external finance nor, indeed, the specific model. What was the real (or comparative) cost of overseas investment in the rail sector? What was the alternative to direct investment by London-registered free standing companies? The cost of direct investment can be assessed from several perspectives. According to official, federal data, from the 1850s to the 1940s annual yields on capital invested in the railway system rarely exceeded five percent, and were usually considerably lower (Dirección General de Ferrocarriles, various dates).<sup>12</sup> Dividends declared by private companies constitute another means of assessing the 'cost' of direct foreign investment, albeit a very rough proxy. Equity shareholders of premier London companies like the Buenos Ayres Great Southern often received substantial dividends. For example, between 1883 and 1887 the average nominal dividend declared on ordinary shares was 10 percent, and from 1899 to 1913 ordinary shareholders consistently received 7 percent. Of course, holders of preference and debentures stock received much less. Annual average yields on recognised capital invested by the BAGS usually fluctuated between five and six percent in good times, and below four percent during less fortunate years. And few companies could match the nominal dividend record of the Great Southern. At the other end of the spectrum, ordinary shareholders of the Argentine North Eastern never received a dividend, save between 1904 and 1907, when they obtained an average barely above two percent; the net yield on total recognised ANE capital touched three percent on only two occasions between 1893 and 1947, and was usually below two percent. These yields and dividends hardly bare comparison with returns obtaining in other sectors of the Argentinian economy like land and manufacturing. On the other hand, for British holders of BAGS equity, average nominal dividends were usually a couple of points higher than those paid by the Great Western Railway or the London & North Western Railway, but Buenos Aires was not Bristol nor Birmingham (Lewis 1974: 402-4).

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<sup>12</sup> The Dirección General de Ferrocarriles (DGFFCC) calculated global yields on recognised capital. Annual rates of return applied to the system as a whole, that is, federal, provincial, and privately owned lines (domestic and foreign). For most of the period, London-registered companies accounted for approximately two-thirds of the Argentinian rail network. Average annual yields above five percent were registered in 1869-75, 1880-85, and 1905. Of course, yields varied considerably across the sector: state-owned metre gauge lines operating in the north usually recorded negative yields; high, positive yields were typical of private, pampean broad-gauge enterprises.



Perhaps the differentials between yields on railway capital, and returns available in other sectors of the Argentinian economy, as much as international liquidity *per se*, explain why interests in the republic were largely content with the 'model' of funding railway construction and operation, that is, a reliance on foreign capital.

As suggested above, network configuration and 'London monopoly' loom large in the nationalist-cum-imperialist literature: foreign ownerships was responsible for 'capricious breaks of gauge' that limited competition and British companies dominated the productive pampean region, locking the country into pattern of agro-export production (Ortiz 1958: 19-36; Scalabrini Ortiz 1958: 17-23). Geographers and historians have re-visited the debates about the determinants and consequences of network configuration. Factors shaping the location and growth of the early lines, and the emergent structure of the rail system have received considerable attention. Pioneering work provides convincing evidence that early network configuration was largely shaped by late-eighteenth patterns of economic activity, rather than by an imperial design emanating from London (Goodwin 1977: 613-32; Brown: 1994: 251-55). Railways were a substitute for pre-modern forms of communication, rather than a mechanism promoting new activities - or a marked re-ordering of factor allocation and distribution. Admittedly, the survival (or revival) of key sectors of the 'colonial' economy in the early nineteenth century was influenced by the legacy of Spanish mercantilism and a surge in world demand for River Plate commodities at the time of Independence - a period when the region was probably the most open, competitive economy in the international system (Halperín 1989: 117-29; Amaral 1998: 13-7). Others have argued that the initial layout of the system was shaped by domestic political considerations, as much as by economic forces emanating from the export sector - whether presented as a pampean collaborative elite or London financial interests (Oszlak 1982: 146-50; Lewis 2015: 201-5). External interests were present, and may have constrained state action in some areas, but imperatives driving the pace and direction of the rail construction were largely national (Oszlak 1982: 148). Yet others have questioned, or qualified, the export bias and structural 'deformities' of network configuration - deficiencies that feature prominently in the revisionist literature of the 1930s. Roccatagliata is adamant and confrontational in style: the network was not narrowly focussed on the city and port of Buenos Aires - a radial configuration designed to consolidate the political hegemony of a mercantile oligarchy committed to liberal internationalism. While some companies were floated to serve the export sector, other lines were constructed to meet regional needs in the interior. As the system expanded and became more integrated, lateral routes developed and various nodal centres emerged: some were ports, implying a dilution of export concentration on Buenos Aires, others were centres of production for regional and national markets (Roccatagliata 1987: 74-81).

Directly and implicitly, much of the traditional and revisionist growth-economics/modernisation scholarship attributes the relative performance of the country, charted in Table I to the dynamic impact of railways. Pointing to the contribution of railways to industrial growth, Cortés Conde offers an interesting statistic about rail freight in 1914: exports, imports and domestic-use items each accounted for approximated one-third of total tonnage (Cortés Conde 1979: 5-; see also Vázquez-Presedo 1980: 407-8). More recently, Rocchi also sees railways as serving the needs of local manufacturers as well as importers - while also functioning as vectors of modernity (Rocchi 2006: 133-5, 139-40). And, as some neo-political economists remark: 'Intuitively, transportation ... must have been important ...'

to market integration and economic diversification (Salvatore & Newland 2003: 40-41). These assessments accord with the 'enabling' functions of such general-purpose technologies as railways, and with the 'delivery' of official rail strategy.

New assessments of federal railways strategy in the 1880s and of provincial efforts to contain 'London' companies in Buenos Aires suggest that domestic political forces played a significant role in shaping the pace and direction of the growth of the rail system. This evidence, and new analyses of state capacity, must caution against a glib acceptance of nationalist criticisms of the 1930s. State-sponsored competitive construction in the north-west, and *estanciero* efforts to enhance the density of network coverage in the province of Buenos Aires, as well as to constrain rail tariff inflation, points to considerable agency on the part of national interests. Rail construction of the order detailed in Table II had an integrative impact. A skeletal national network was forged as a result of the construction of trunk routes that joined the Rosario and Buenos Aires systems. Subsequent building, largely due to international liquidity in the years immediately before 1914 and during the 1920s, would increase the density of the network, as much as extending its outreach.

Where does the balance of the railway literature lie? Returning to Thompson: '... British railway companies were allowed to dominate Argentina's railway network, but the government showed itself both able and willing to intervene when this so-called 'trust' overstepped the limits of government tolerance.' (Thompson 1992: 433). The position obtained by British enterprises in the railway industry was due to the acquiescence of the landed sector and the political class, rather than due to their manipulation by external forces. The 'collaborative elite' collaborated when it was in its interests to do so and did not when circumstances dictated otherwise. This does not mean that London companies did not become the butt of local political groups. They did. However, charges of 'monopoly' and 'imperialism', current in the inter-war period, reflect more on the changing nature of Argentinian politics and the exhaustion of the dynamics of rail technology, than the performance and position of British companies up to that point. To use the language of the new institutionalism, intuitively, there was a balance of mutual (not necessarily equal) benefit in the relationship. Broadly, foreign firms delivered what was expected of them in terms of frontier expansion, market-integration and nation-building, and the valorisation of local assets. As Argentinian society and economy became more complex, so 'delivery' was required to meet the expectations of more regions and groups. Before c.1914, disputes about detail - tariffs, network configuration, the quality of transport services - confirm rather than refute assumptions of mutual benefit. The framework of the 'contract' was rarely challenged, though some of the small print was re-examined from time to time. It is difficult to fit this relationship into the hegemonic/satellite, Gallagher and Robinson or dependency moulds.

## Conclusion

Growth does not mean that 'imperialism' or 'exploitation' did not exist, nor that a different model might have yielded more growth or better 'quality' growth. Nevertheless, comparative data displayed in Tables I and II indicates that the economic performance of the Argentine was impressive and that it is difficult to find a counterfactual comparator that might suggest an alternative model capable of delivering greater welfare gains. Indeed, apologists for economic internationalism maintain that growth deceleration after the inter-war period was

due to divergence from optimal growth strategies applied during the *Belle Époque*, and which continued to be applied by other 'new' economies with whom the Argentine was converging between the 1870s and 1920s, but with whom a development gap opened hereafter. In this sense, these other countries offer a counterfactual of how the Argentine might have grown after the 1930s and reinforce the view that the actual growth trajectory before the 1920s, and the model applied, was probably the best (Cavallo, Domenech & Mundlak 1999; Taylor 1997 & 2003).

With regard to railways and the market, whereas the nationalist-imperialist historiography tended to emphasise domestic market capture and distortion by external agents, the new contributions to the literature on railways and growth in Latin America argues for national market integration. 'Iron rails lay behind the appearance of more modern national textile and milling industries, and because railroads carried coal for steam engines in the new factories and mills, neither were dependent, as they had been, on hydraulic sources for power' (Bauer 2001: 141). Bauer's consumptionist take on market integration and economic diversification chimes with analyses of new institutionalists. 'Transport investment raised incomes and output by integrating markets and providing new opportunities for specialization in agriculture and manufacturing (Summerhill 2006: 293-4). These analyses vindicate an original modernisationist interpretation that railways were the most palpable form of infrastructure investment in late nineteenth century Latin America, were viewed as such by contemporaries, and largely delivered what was anticipated of them (Cortés Conde 1974: 156). Although these assessments relate to the continent as a whole, they can hardly fail to apply to the Argentine which, by 1900, boasted the most extensive rail network in Latin America, and also the densest.

There is a substantial degree of agreement in new contributions to the railway historiography on the Argentine about state competence, at least regarding the effectiveness of railway strategy and regulation. Domestic interests were instrumental in network design and capable of an effective defence of national interests, even if those interest were often articulated in rather narrow sectoral terms. International liquidity gave effect to an internally conceived project to drive forward the pace of railway development: profit guarantees and supervision were mechanism that facilitated competitive construction and offered some defence against the natural monopoly intrinsic to railways and public utilities. Profit guarantees and subventions were not costless, but they were standard for the sector and the period. Regulation and state supervision may have been contested by domestic and foreign capitalists but were hardly non-existent and were enhanced over time due to a process of learning-by-doing. Government survival dependent on the ability to deliver the supply of an important public good like railways, and a capacity to reconcile the conflicting interests involved.

The image of *el pulpo inglés* is plausible and persuasive, but it hardly accords with the reality of railways and railway operations for most of the period considered here. The early history of railways in the Argentine demonstrates substantial domestic ownership - 'ownership' of the project as well as an equity and managerial stake in many early enterprises. Assuming a modicum of state competence and local agency, that 'London' companies survived for so long must indicate that, as an institution, British railways addressed domestic requirements and were sensitive to national - as well as nationalistic - sentiments.

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