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### *The Impact of Treaties on Argentine Foreign Trade during the First Globalization*

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## The Impact of Treaties on Argentine Foreign Trade during the First Globalization

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### Abstract

Since Independence, the region that later became Argentina was interested in promoting economic foreign relations. For different reasons, associated with the dynamics of the international context and, especially, with the colonial heritage and the reconfiguration of sovereignties, with the exception of the treaty with the United Kingdom (1825), the United Provinces of the River Plate did not sign other trade agreements until the mid-nineteenth century. Since then, coinciding with the nation-state building process, negotiations proliferated. All of them had a clear goal: to improve commercial connections not only with European countries but also with American ones.

The literature has recognized trade treaties as part of the characteristics of the Argentine economic integration to the world system during the so-called First Globalization (c. 1850-1914). Nevertheless, to the best of our knowledge, it did not measure their impact on foreign trade. Thus, in this research, apart from examining their general and particular aspects, we ask if there existed a direct link between the signing of agreements and the performance of foreign trade. By doing so, we shed light on their outcomes, in terms of the diversification of international relations, the application of tariffs, the respect of the Most-Favourite-Nation clause, or the diplomatic negotiations.

In this regard, this study is not only a reflection on Argentine trade policy but it is also a partial contribution to the discussion on the effects of trade agreements during the First Globalization through a case study, which integrates treaty data and trade data.

The paper is divided into four parts. It begins by analysing the trends of Argentina's foreign trade during the First Globalization. It then goes on to present Argentina's tariff policy. The next section offers an overview of trade agreements, highlighting ruptures and continuities throughout the period. Finally, we propose some exercises to reflect on the impact of agreements on foreign trade and to compare their real and symbolic influence.

**Keywords:** Argentine, Bilateral Trade Agreements, Most-Favoured-Nation Clause, First Globalization.

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## I. Introduction

The debate about the role of treaties in the liberalization of international trade has historical and current worldwide interest. For the nineteenth century, there is an extensive literature that has observed the implications of the cycle opened by the Cobden-Chevallier agreement.<sup>1</sup> In short, some of the recent discussions in this regard have focused on the real impact of the network of treaties that defended the Most-Favoured-Nation clause (hereinafter, MFN). That is, how much trade expanded between contracting parties as the consequence of this type of arrangements. The questions, focused by historiography mainly in Europe, are valid, however, for the Argentine case.

Between the last three decades of the nineteenth century and the eve of the First World War, Argentina was one of the countries that grew the most (Bolt et al, 2018). To some extent, its growth was due to the expansion of the export sector and the arrival of imports (Bértola and Ocampo, 2012). During this period, with fluctuations, foreign trade contributed approximately half of the GDP (Gerchunoff and Llach, 2007: 487). As it is well known, the River Plate region integrated international markets since its Independence in the 1810s, but it was not until the last nineteenth third that it intensified its trade connections with Western Europe and America. Exports amounted to almost USD 45 million in 1870 – the first year that the official statistics recorded the movement of all customs. Thirty years later, they had more than quintupled, and, at the threshold of the so-called Great War, they were more than USD 500 million. Imports also grew, being about USD 46 million in 1870, doubling twenty-five years later, and amounting to more than USD 400 million prior to 1913 (see Figure 1).<sup>2</sup> It is remarkable not only that the growth of exports in value was even higher in volume (see Figure 2), but also that there were diversification in goods, destinations, and origins (for more details, see Tables 1 to 4).

During the second half of the nineteenth century, Argentine governments signed several trade treaties; not all were ratified and implemented (Torres Gigena, 1943). Among other goals, all of those agreements defended the freedom of trade under the implicit assumption that this would improve mercantile relations with European and American countries (Pillado, 1915). To the best of our knowledge, the literature has recognized the trade treaties as part of the characteristics of the Argentine international economic insertion during the so-called First Globalization (c. 1850-1914).<sup>3</sup> Nevertheless, it did not measure their impact on foreign trade. Thus, in this research, apart from examining their general and particular aspects, we ask if there existed a direct link between the signing of agreements and the performance of foreign trade. By doing so, we shed light on their outcomes, in terms of the diversification of international relations, the application of tariffs, the respect of the MFN clause, or the diplomatic negotiations.

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<sup>1</sup> For an updated review, see Accominotti and Flandreau (2008: 147-151), and Tena-Junguito, Lampe and Tamega Fernandez (2012: 708-709).

<sup>2</sup> It is important to clarify that the export data is based on corrected series by market prices (Rayes, 2015), while the import data is based on official values that, hitherto, have not been systematically revised.

<sup>3</sup> There is a vast bibliography about it, for instance, Mc Gann (1960), Ferrer (1963), Fodor and O'Connell (1973), Ferns (1960), Peterson (1985), Satas (1987), Tulchin (1990), Paradiso (1993), De Groof et al (1998), Escudé and Cisneros (2000), Lanús (2001), Pelosi (2008), and Rocchi (2011).

In this regard, this study is not only about Argentine trade policy but it is also a partial contribution to the discussion on the effects of trade agreements during the First Globalization through a case study, which integrates treaty data and trade data. We consider that the case is significant because of the importance of Argentina in international trade at the time, and it is potentially representative of a peripheral economy in general and of a Latin American state under construction in particular.

The sources to carry out this analysis are the Argentine official trade statistics (revised when it was possible), each of the treaties signed (ratified or not) by (the governments of the territory that became) Argentina that dealt with aspects related to trade between 1825 and 1913,<sup>4</sup> customs laws, and the *Tarifa de Avalúos* (list of official import and export values).

The paper is divided into four parts. It begins by analysing the trends of Argentina's foreign trade during the First Globalization. It then goes on to present Argentina's tariff policy. The next section offers an overview of the signing of trade agreements, highlighting ruptures and continuities throughout the period. Finally, we propose some exercises to reflect on the impact of agreements on foreign trade and to compare their real and symbolic influence.

## **II. The Argentine foreign trade during the First Globalization**

In order to analyse the impact of treaties on the evolution of foreign trade, it is necessary to address its performance. The territory that emerged as Argentina from the middle of the nineteenth century was mainly based on the River Plate region, which, upon becoming independent from Spain, underwent various economic transformations. By cause of territorial dismemberment, some colonial commercial and production circuits were broken or reconfigured. Buenos Aires ceased to be the port of departure for precious metals, essentially silver from *Alto Perú* (extracted from the Potosí mines, later in Bolivia). The alternative was the already existing bovine livestock production and, consequently, the exports of hides and other cattle products, such as tallow and jerked meat (*tasajo*). Wool and sheepskins were increasingly exported from the 1840s onwards. While the profile of the central area (the *Litoral*), especially the Buenos Aires province, was "purely animal" (Salvatore and Newland, 2003), the rest of the provinces (the *Interior*) produced handicrafts and primary goods destined for the domestic market or for neighbouring countries, restoring, in some cases, old trade relations (Schmit, 1998).

Once the state-building process was consolidated, the economic structure, which had been characterized by abundance of land and natural resources and scarcity of labour and capital, started to change (Brown, 2003). The overseas immigration, that represented more than six million individuals between mid-nineteenth and early twentieth century, increased the production of the export sector and multiplied the consumption of foreign products. In addition, the arrival of foreign investment, led by the British, expanded imports and accelerated railway expansion and the development of other firms related

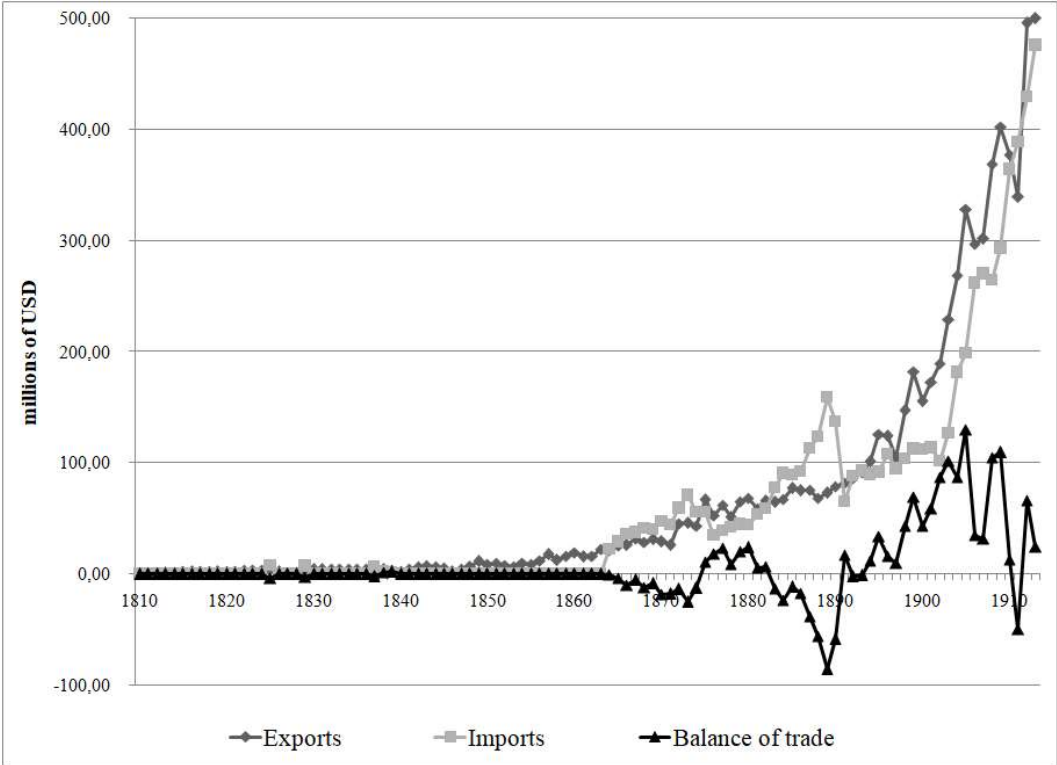
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<sup>4</sup> All of them are available at <https://tratados.cancilleria.gob.ar/> (we accessed it during 2020 and 2021).

to international trade, such as meat-packing plants, land and insurance companies, banks, etc. (Miller, 1993).

On the one hand, Figure 1 shows how the foreign trade of the region that became Argentina expanded from its Independence. Indeed, it is eloquent about the take-off of the sector in the 1860s and its boom, albeit volatile, from the 1890s onwards. Since then, the trade balance tended to be in surplus.

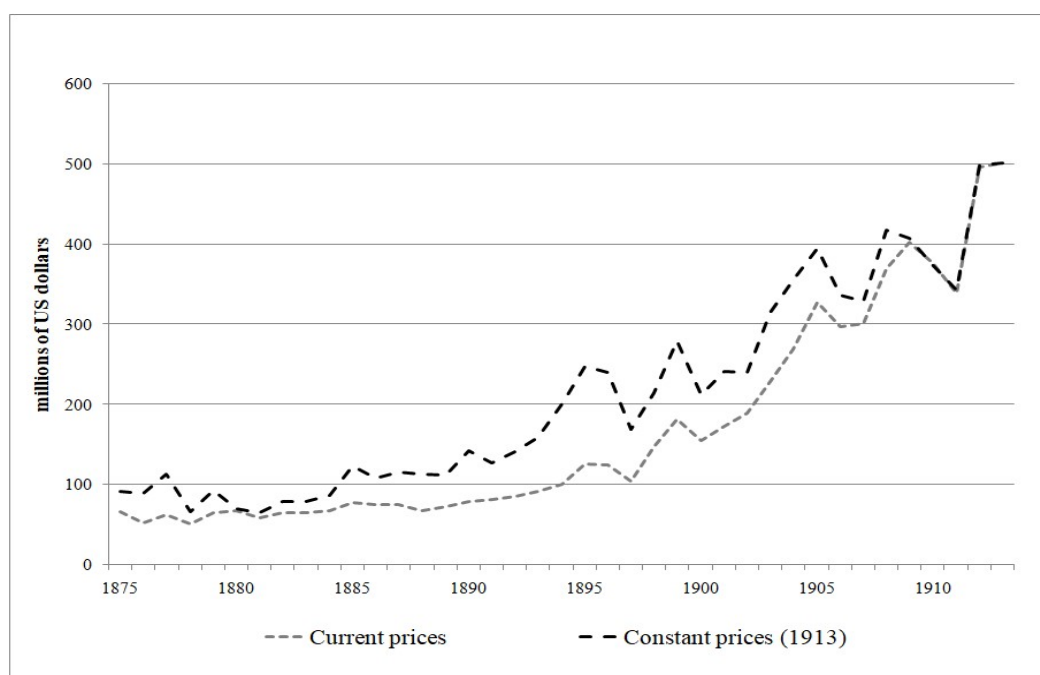
Figure 1. Exports, imports, and balance of trade of (the region that became) Argentina (in millions of US dollars), 1810-1913



Own elaboration based mainly on Ferreres (2005). Export data for the period 1875-1913 were spliced with a corrected series (Rayaes, 2015). For monetary conversion, we followed Federico and Tena (2016).

On the other hand, Figure 2 reveals the growth of exports between 1875 and 1913, both in value and in volume, although it was certainly greater in the latter due to the impact of the drop in trade costs, one of the main features of the First Globalization. Thus, even in times of falling prices for the products that Argentina offered, as between the mid-1880s and the mid-1890s, the exported quantities tended to grow. In fact, according to our data, after the initial decline of terms of trade, there was a positive tendency between 1894 and 1914 (Kuntz-Ficker and Rayaes, 2017: 44).

Figure 2. Argentine exports, in current and constant prices (1913)  
(in millions of US dollars), 1875-1913



The deflator for constant prices was a price index constructed with export prices in 1913. Own elaboration based in a corrected series (Rayes, 2015). For monetary conversion, we followed Federico and Tena (2016).

As we previously pointed out, at the beginning of the twentieth century, the Argentine economy, not exempt from fluctuations or crises, was one of the most dynamic in the world. Largely, this was due to the performance of the export sector. It contributed to the growth of the GDP, generated direct and indirect fiscal spill overs,<sup>5</sup> had high value of return, produced especially forward linkages (although there existed backward linkages too), encouraged industrialization, and expanded the domestic market (Kuntz-Ficker and Rayes, 2017). It is worth recalling, at this point, that Argentina has been considered as a paradigmatic case of the export-led-growth model during the period (Bulmer Thomas, 1994). We explain it by the diversification of goods, and the relative lack of concentration in destinations, in comparison with other Latin American countries, like Peru or Chile (Badía-Miró et al, 2016), or with other commonly named “new settlement economies”, such as Australia and Canada (Míguez and Rayes, 2014).

Since the 1880s, technological innovations in navigation, as well as in production (for example, refrigeration techniques), plus the crossing of breeds to improve the quality, transformed the livestock activity. Argentina began to sell abroad not only traditional livestock products and live animals but frozen and chilled beef and frozen mutton. This aside, from the second half (and especially in the last quarter) of the nineteenth century, the so-called “revolution in transportation” benefited the Latin American economies. This happened due to the lower cost of maritime freight and, especially, because

<sup>5</sup> The taxation of exports was a modest contribution to total collection. Nevertheless, export activities generated significant indirect fiscal spills, namely, those yielded by other activities that were sparked by the success of the export sector.

of the fall in domestic costs of carrying goods from the production centres to ports thanks to the extension of the railway (Bértola and Williamson, 2006). For “heavy baskets” (composed by low unit value goods), this meant a productivity shock and the opportunity to export to distant markets (Gerchunoff and Llach, 2008). Wheat, maize and flax (and to a lesser extent, wheat flour and other grains), had a prominent place in the export composition from the 1890s, reaching mainly European markets, and becoming, between 1900 and 1913, on average, more than half of the total exported value.

Table 1. Composition of Argentine export basket (in %) and total exported value (in millions of US dollars) during selected years

| Products   | 1870 | 1883 | 1893 | 1903  | 1913  |
|--|------|------|------|-------|-------|
| Bovines  | 0,2  | 1,8  | 3,9  | 3,7   | 2,9   |
| Frozen beef  | 0    | 0    | 0,2  | 6,1   | 10,1  |
| Frozen mutton                                      | 0    | 0,0  | 4,9  | 5,7   | 1,8   |
| Chilled beef                                       | 0    | 0    | 0    | 0     | 1,4   |
| Jerked meat  | 5    | 3,8  | 4,6  | 0,7   | 0,1   |
| Raw sheep skins                                    | 14,4 | 8,1  | 4,3  | 4,2   | 1,1   |
| Salted cattle hides                                | 8,8  | 4,5  | 4,7  | 2,2   | 4,7   |
| Dried cattle hides                                 | 21,5 | 11,9 | 6,5  | 3,3   | 2,7   |
| Raw wool   | 28,7 | 50,8 | 24,3 | 21,0  | 8,7   |
| Tallow   | 17,2 | 3,9  | 2,4  | 1,9   | 1,9   |
| Wheat  | 0    | 3,3  | 24,8 | 17,4  | 19,8  |
| Maize  | 0    | 0,7  | 1,7  | 14,0  | 21,6  |
| Linseed  | 0    | 0    | 3,0  | 9,0   | 9,6   |
| Oats   | 0    | 0    | 0    | 0,2   | 3,9   |
| Wheat flour  | 0    | 0,6  | 1,4  | 1,3   | 1,4   |
| Quebracho extract                                  | 0    | 0    | 0    | 0,5   | 1,0   |
| Quebracho log                                      | 0    | 0    | 1,3  | 0,8   | 2     |
| Other products                                     | 4,2  | 10,6 | 12,0 | 7,9   | 5,4   |
| Total value of exports (in millions of US dollars) | 44,8 | 64,6 | 91,5 | 228,8 | 501,3 |

Own elaboration based on a corrected series (Rayes, 2015). For monetary conversion, we followed Federico and Tena (2016).

About the geographical distribution, it is remarkable that, although the literature has highlighted the “special relationship” with Great Britain,<sup>6</sup> exports to British markets accounted for a maximum of one third of the exported value and their role particularly increased during crisis, as in the First World War (Bulmer Thomas, 1994). The rest of the exports went to continental markets, among which Germany, France, Belgium, the Netherlands, Italy and Spain stood out, as well as the United States and Latin American countries.

<sup>6</sup> There is a profuse literature, which we cannot summarize here, which, from different currents of thought, has emphasized the link between Argentina and the United Kingdom not only due to performance of foreign trade but also due to the export of British capital and its arrival to Argentine markets as foreign (direct or portfolio) investments.

Table 2. Geographical distribution of Argentine exports (in %) and total exported value (in millions of US dollars) during selected years

| Destinations  | 1870 | 1883 | 1893 | 1903  | 1913  |
|---|------|------|------|-------|-------|
| Germany   | 1    | 8,1  | 10,6 | 15,9  | 16,0  |
| Belgium   | 24,4 | 21,1 | 11,1 | 10,5  | 8,4   |
| Brazil  | 1,9  | 2,4  | 12,6 | 3,8   | 4,8   |
| Chile   | 1    | 2,2  | 1,7  | 0,3   | 0,5   |
| Spain   | 3    | 2,2  | 2,7  | 0,6   | 1,0   |
| United States   | 14,3 | 6,4  | 3,5  | 3,4   | 4,4   |
| France  | 20,7 | 35,6 | 18,4 | 15,5  | 7,9   |
| Italy   | 3    | 2,5  | 3,5  | 1,9   | 3,8   |
| Netherlands   | 0,5  | 0,1  | 0,0  | 4,2   | 6,7   |
| United Kingdom  | 24,8 | 9,3  | 22,5 | 29,7  | 38,5  |
| Uruguay   | 1,5  | 3,3  | 3,9  | 2,1   | 2,0   |
| Other destinations                                    | 3,9  | 6,7  | 9,5  | 12,1  | 6,0   |
| Total value of exports<br>(in millions of US dollars) | 44,8 | 64,6 | 91,5 | 228,8 | 501,3 |

Own elaboration based on a corrected series (Raya, 2015). For monetary conversion, we followed Federico and Tena (2016).

The growth of exports and the arrival of foreign capital boosted imports, which multiplied almost tenfold between the last quarter of the nineteenth century and the outbreak of the First World War, favoured by fiscal measures, an improvement in the consumption capacity of the population, and the new demands of economic activities, namely the export agriculture and the light industries that then flourished. Not only were consumer goods diversified, but also inputs and capital goods were increasingly added to the import basket due to the expansion of the transportation system, the modernization of the infrastructure, and the development of the manufacturing sector (Raya, 2018).



Table 3. Composition of Argentine import basket (in %) and total imported value (in millions of US dollars) during selected years

| Classification according to official statistics    | 1870 | 1883 | 1893 | 1903  | 1913  |
|--|------|------|------|-------|-------|
| Animals  | 0,1  | 0,4  | 0,2  | 0,4   | 0,3   |
| Food   | 19,7 | 1,4  | 11,2 | 9,5   | 8,3   |
| Tobacco  | 2,5  | 1,5  | 0,4  | 2,9   | 1,7   |
| Beverages  | 17,9 | 11,6 | 8,6  | 5,7   | 3,3   |
| Fabrics and clothing                               | 34,5 | 26,7 | 33,9 | 30,7  | 21,3  |
| Oils and fats                                      |      |      |      | 3,6   | 5,6   |
| Chemical and pharmaceutical products               | 2,5  | 3,2  | 4,3  | 3,5   | 3,6   |
| Dyes   |      |      |      | 0,7   | 0,6   |
| Woods  | 3,8  | 4    | 5,1  | 6,5   | 2,6   |
| Paper  | 0,8  | 1,7  | 3,2  | 2,5   | 2,4   |
| Leather and fur                                    | 0,7  | 1,5  | 0,9  | 1     | 1,1   |
| Iron   | 6,4  | 9,4  | 13,5 | 18    | 11,9  |
| Other metals                                       | 1,6  | 6,7  | 1,6  | 2,9   | 3,4   |
| Agriculture  |      |      |      |       | 2,2   |
| Transport  |      |      |      |       | 8,8   |
| Stones, crystals, ceramic and others               | 0,3  | 2,8  | 2,4  | 9,1   | 8,7   |
| Building   | 2,4  | 9,3  | 3,4  |       | 8,5   |
| Electricity  |      |      |      |       | 2,4   |
| Various articles and manufactures                  | 6,8  | 19,8 | 11,3 | 3     | 3,3   |
| Total value of imports (in millions of US dollars) | 46,3 | 77,4 | 92,9 | 126,6 | 406,6 |

Own elaboration based on Argentine official trade statistics. For monetary conversion, we followed Federico and Tena (2016).

The origins of imports were similar to the destinations of exports. The United Kingdom led, followed, until the end of the nineteenth century, by France, and, from the twentieth century, by Germany. Belgium's role tended to increase at first, but, since the 1900s, it decreased, probably due to a better statistical record, as we will explain below. The United States was another origin that grew especially from the beginning of the twentieth century. Items especially linked to the ethnic consumption of the main immigrant groups came from Spain and Italy. In addition, as expected, there were imports from neighbouring countries.

Table 4. Geographical distribution of Argentine imports (in %) and total imported value (in millions of US dollars) during selected years

| Origin   | 1870 | 1883 | 1893 | 1903  | 1913  |
|--|------|------|------|-------|-------|
| Germany  | 3,4  | 8,7  | 11,5 | 13    | 16,9  |
| Cuba   | 0,5  | 0,1  | 0    | 0,3   | 0,3   |
| Austria  | n/d  | n/d  | n/d  | 0,5   | 1,4   |
| Belgium  | 2,7  | 4,1  | 10   | 4,2   | 5,2   |
| Bolivia  | 0,5  | 0,1  | 0,1  | 0,1   | 0,1   |
| Brazil   | 7,6  | 2,7  | 2,2  | 4,1   | 2,2   |
| Chile  | 2,9  | 0,3  | 0,3  | 0,2   | 0,2   |
| Spain  | 4,6  | 4,7  | 3,3  | 2,7   | 2,9   |
| United States                                      | 6,1  | 6,1  | 10   | 12,7  | 14,7  |
| France   | 27,2 | 19,2 | 13,2 | 9,7   | 9     |
| Italy  | 3,9  | 4,3  | 9,7  | 11,2  | 8,3   |
| Netherlands  | 3,6  | 0,7  | 0,2  | 0,6   | 1     |
| Paraguay   | 0,4  | 1,6  | 1,2  | 0,8   | 0,5   |
| United Kingdom                                     | 26,1 | 38,2 | 33,8 | 34,2  | 31,1  |
| Sweden   | n/d  | 0,01 | 0,02 | 0,02  | 0,005 |
| Uruguay  | 4,5  | 5,5  | 2,7  | 0,6   | 0,8   |
| Other countries                                    | 11,8 | 3,6  | 1,8  | 5,3   | 5,4   |
| Total value of imports (in millions of US dollars) | 46,3 | 77,4 | 92,9 | 126,6 | 406,6 |

Own elaboration based on Argentine official trade statistics. For monetary conversion, we followed Federico and Tena (2016).

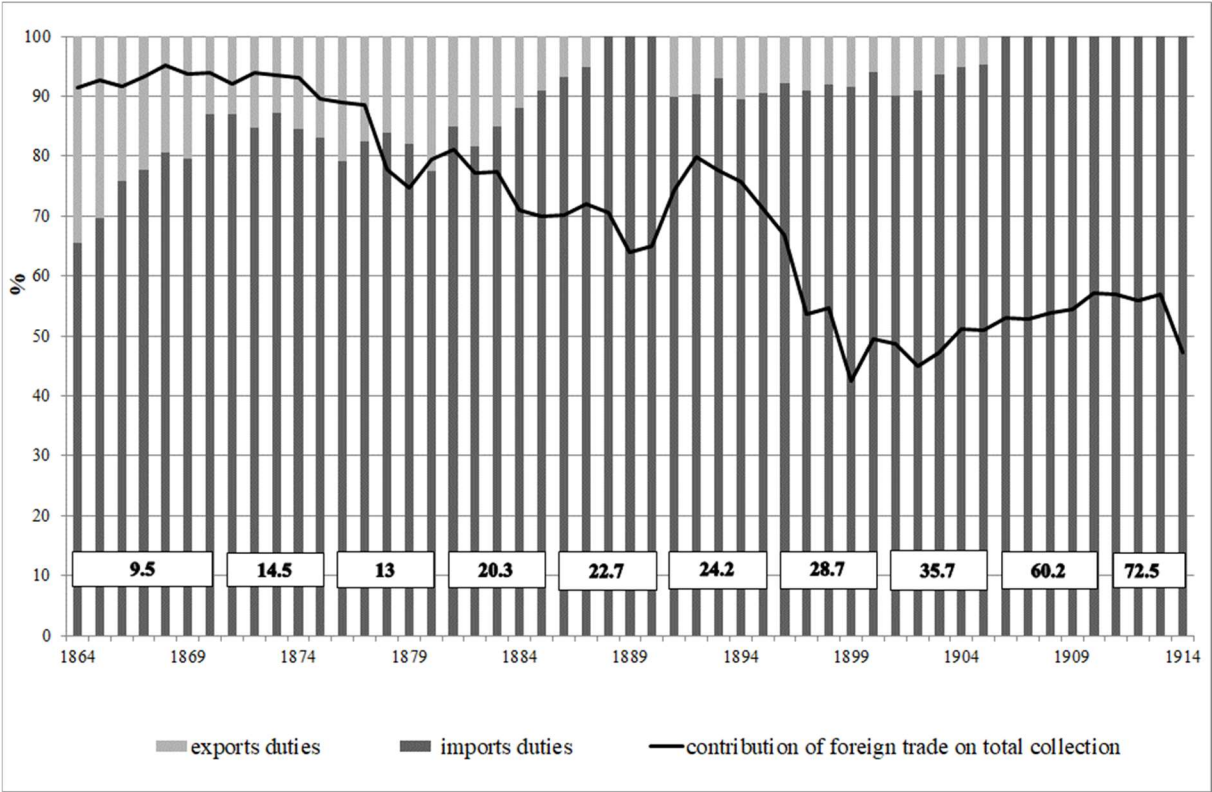
### III. The Argentine tariff policy

Since treaties are elements of trade policy, it is relevant to consider some of the main features of the Argentine tariff policy. The Independence in Latin America, started at the beginning of the nineteenth century, implied the dismantling of a restrictive commercial system and, consequently, the embrace of the free trade, particularly in the territory that had been under Spanish rule. However, fiscal needs, especially noticeable during the state-building process, promoted protectionism (Irwin, 2002; Coatsworth and Williamson, 2004). That is, for some countries facing difficulties to tax other sectors, tariff on foreign trade remained a major source of public revenue. This could affect their capacity to engage in trade liberalization (Hallaert, 2015). Nonetheless, the Argentinean tariff policy did not have a single orientation. A liberal face, both in exports and imports, consistent with the tendency to sign trade agreements, coexisted with taxation for fiscal or industrializing reasons (Rayes, 2021). This explains why the MFN clause had limitations, as can be seen in the commercial conflicts in which Argentina was involved.

Customs duties were the main instrument of the Argentine commercial policy, complemented with norms that regulated the mercantile interchange. That rules –expressed in customs laws, special laws, decrees, and reports or resolutions– specified the characteristics of customs procedures, the attributions of customs clerks, and the penalties and punishments for individuals and companies, among other issues. There was almost no prohibition, a few non-tariff barriers and no quotas along the period under study.

During the agro-export boom, tariff collection was essentially focused on imports, since, unlike the mining countries (Badía-Miró and Díaz, 2017), exports were progressively freed, although it can be said that their liberalization was subject to fiscal constraints. Figure 3 shows the proportion of import and export duties in the total collected by foreign trade (bars) and the share of this sector in general income (line) between 1864 and 1913.

Figure 3. Share of import and export duties collected by foreign trade (in %), participation of this sector in total collection (in %), and five-year average (in millions of US dollars), 1864-1914



Own elaboration based on Argentine official trade and tax collection statistics. For monetary conversion, we followed Federico and Tena (2016).

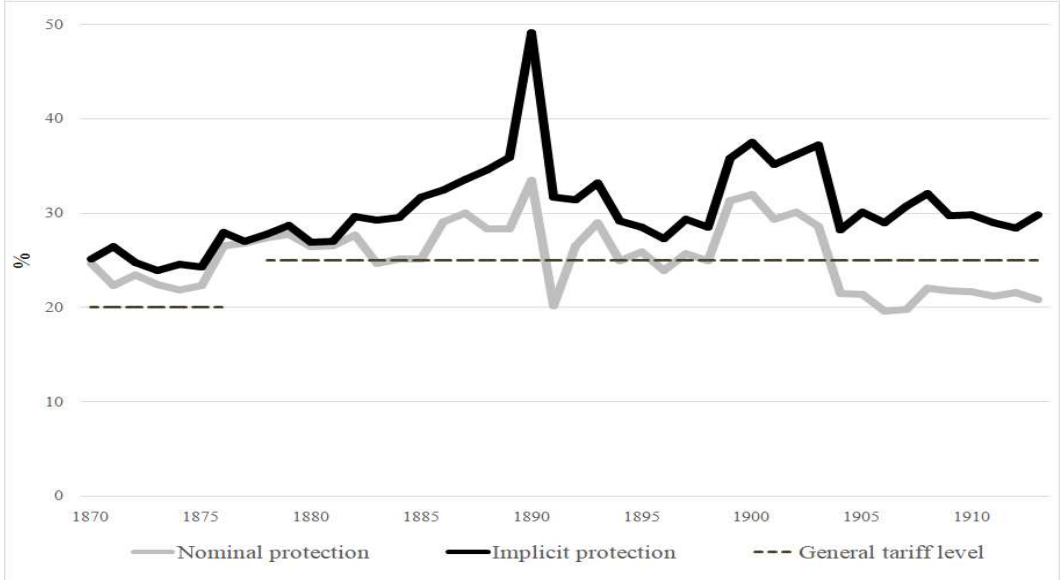
In 1913 foreign trade taxation –which included duties on imports, exports, storage, lighthouses, health, and ports– was more than half of the national state income. Before the Great Depression, Argentina, as other Latin American countries, had comparatively high nominal tariff levels largely for fiscal reasons (Coatsworth and Williamson, 2004). However, protection had a certain industrialist bias (Díaz Alejandro, 1968). Some import taxes had been established since the end of the nineteenth century to protect agricultural manufactures of the *Interior* (sugar, wines) or light industries of the Buenos Aires’ city (food, beverages, and clothing) (Rocchi, 2006).

The Legislative Power established annually customs duties. They were mostly *ad valorem* although since the 1890s there were also specifics (generally applied to food, beverages, and tobacco). All were calculated on official values and that is why is difficult to conclude on the effective level of protection. A recent study reveals that the *Tarifa de Avalúos* were sporadically updated. Therefore, they

were not always representative of current market prices (Rayes et al, 2020). In fact, the exchange rate was possibly more useful in protecting industries by restricting imports. Although since the unification, in the 1860s, the Argentine governments tried different measures to control the monetary anarchy, it was not until the middle of the following decade that one of them created a national currency with gold equivalence (*peso fuerte*). However, it was unsuccessful due to lack of gold or silver. Finally, by law of 1881 the government adopted a monetary unit (*pesos oro*) and established legal relations with foreign currencies. In 1885, it had to declare inconvertibility because of negative trade balances. A period of devaluation began. Only since 1899 (strictly speaking in 1903), and until the First World War, Argentina anchored its currency to the gold standard, but it did so with a different parity than the one originally proposed (Della Paolera and Taylor, 2001),<sup>7</sup> which, on the other hand, promoted exports, one of the sectors that undoubtedly led the growth of the economy during those years.

Returning to fiscal policy, it is important to remember that until 1869 the average nominal tariff level was 15% *ad valorem*, from 1870 to 1875 was 20% *ad valorem* and, since then, it was 25% *ad valorem*. Figure 4 reveals that the implicit protection (measured as the percentage of duties on taxed imports) was naturally higher than the nominal protection (measured as the percentage of duties on the total value of imports) given the existence of free imports. However, it is important to note that the gap tended to widen. If, on average, in official values, it was not more than 1.5% in the 1870s, it was approximately 8% in the first decade of the twentieth century. Furthermore, the implicit protection was always above the general tariff level.

Figure 4. Nominal and implicit protection and general tariff level in Argentina, 1870-1913



Own elaboration based on Argentine official trade and tax collection statistics.

<sup>7</sup> The initial estimated parity was 1 *peso oro* = 1 *peso moneda nacional*. The former applied to international trade while the latter was for domestic transactions. Finally, the parity was ruled at 1 *peso oro* = 2.2727 *pesos moneda nacional*.

The share of imports that entered freely depended on the fiscal situation. Hence, it fell, both in the 1870s, and in the first half of the 1890s, due to recurring deficits. Duty-free entry was generally reserved for products that boosted budding productive sectors (large-scale agriculture or light industries), that favoured the expansion of railways and the construction of public services, and that stimulated art, education, the circulation of ideas, and freedom of worship. Thus, as in other Latin American countries, like Uruguay (Finch, 1981: 161-162) or Chile (Díaz and Wagner, 2004: 33), tax exclusion was more for the promotion of economic activities than for mass consumption. Indeed, the latter paid high duties (except fresh fruits, fresh fish, and vegetables). During certain years, some were freed (sugar cane, nuts, corn flour, wheat flour), but only because of their scarcity.

Finally, Argentine customs laws were generic and did not discriminate explicitly imports by place of departure or manufacture. However, some specifications on certain products could indirectly affect some partners. This happened, for example, to wines in the mid-1890s, when tariffs were different according to alcoholic graduation, starting a debate in which even Spanish and Italian diplomats intervened, given that the new custom law harmed beverages from their countries. Actually, empirical evidence from official sources illustrate that the participation of diplomats, both Argentine and foreign, was a constant to claim against protectionist initiatives, which escalated since the last decade of the nineteenth century.

#### **IV. The evolution of trade treaties signed by Argentine**

Before making a *racconto* of trade agreements signed by the River Plate region, which became Argentina, it is appropriate to reflect on the international context in which they thrived. To begin with, we must recognize that in a world in which, unlike the one that arose after the Second World War, there were no multilateral organizations to promote commercial exchange, treaties were naturally considered the most institutionalized way of guaranteeing access to several markets. Within this approach, there is a classical view that indicates that, between the Congress of Vienna (1815) and the Britain's repeal of the Corn Laws (1846), a generalized protectionism predominated. In addition, since the Cobden-Chevalier treaty (1860) and until the early 1870s, an era of trade liberalization began, particularly by the expansion of the MFN clause, by which one country binds itself to extending whatever future privilege it gives to a negotiating counterpart to all countries previously enjoying MFN status (Bairoch, 1993; Irwin, 1993; O'Rourke and Williamson, 1999; Keene, 2012).

Nevertheless, according to Accominotti and Flandreau (2008: 157), during this period there was not a take-off of the trade, which grew in the 1840s, accelerated in the 1850s, and then stalled, noticeably for the MFN treaties-intensive area, namely Europe. In fact, they pointed out that the mentioned clause could stop the free trade expansion because of the countries' fear of having to make extended concessions to third parties, and it was a tool for policymakers rather than an instrument of economic policy. Therefore, their conclusion is that later literature possibly extolled the Cobden-Chevalier treaty. This finding coincides with the study on the tariff structures carried out by Tena-Junguito et al (2012),

who worked with a database that includes several data points for manufactured products in more than forty countries, colonies, and dominions for some selected years during the period 1846 to 1880 (that is, before and after the Cobden-Chevalier agreement). Those authors indicated that the treaty matters but liberalization experience was underway at least since 1846. They also considered that the treaty was a European phenomenon since tariff protection decreased in both the core of rich countries and, later, in some parts of the periphery. Nevertheless, in Latin America, the liberalization process predated the treaty, and the region returned to protection as early as the 1860s.

To contribute to the debate about the real liberalization and, especially, the expansion of international trade due to the dissemination of the MFN clause, our proposal is to analyse the Argentine case. We have previously pointed out that, in its tariff policy, a trend towards liberalization with protectionist turns for fiscal or industrializing reasons coexisted, clearly since the last decade of the nineteenth century. To complete the research on trade policy, a study of the course of signed treaties is still necessary.

In order to reach a long-term view and to distinguish stages, our database starts at the first agreement. Thus, we find that between 1825 and 1913 –the independent territory that during the second half of the nineteenth century became– Argentina signed **thirty-one commercial treaties** with **twenty nations** (for more details, see Appendix). At the end of the period, only **thirteen agreements** were in execution with **thirteen nations**. Yet, official statistical revealed **exchanges with forty-six countries** (without considering the European possessions, assigned to each metropolis).

The treaties signed by Argentine governments had several goals. One of them was to improve the commercial relations with European and American countries by approving the reciprocal freedom of trade. These agreements also had other common denominators, such as the promotion of perpetual friendly and peaceful relations, the expected behaviour during warfare, the claim of Independence against any attempt at foreign domination, the regulation of the appointment of consular agents, the respect for natural and civil rights (life, freedom of conscience, transit or enterprise, and protection of private property), as well as the exemption from compulsory military or personal service for the foreign citizens, and their access to Justice.

In terms of trade, we can argue that the treaties followed same rules, except the agreement signed with Portugal in 1852 or Bolivia in 1858 and other celebrated with the United States in 1899, the only ones that consigned specific values, *aforos* or products. Except four, all the agreements included the MFN clause, and they mostly endorsed the free river navigation and the removal of obstacles, restrictions or prohibitions to commercial exchange.

Before the national organization, the first was the Treaty of Friendship, Commerce and Navigation, signed by the United Provinces of the River Plate and the United Kingdom of Great Britain and Ireland in February 1825. The formal reasons given to justify the agreement were “the security as well as the encouragement of such commercial intercourse and for the maintenance of good understanding”. This act was very significant in symbolic terms since the recently independent Latin American territory demonstrated its sovereignty. The signing of the treaty revealed that also the efforts

aimed at British recognition, carried out by the governments of Buenos Aires from the 1810s. The treaty was even more hopeful than the Monroe Doctrine by which the United States supported the Independence of the region and promulgated the non-interference of Europeans in American affairs (Gallo, 2001). In addition, it was important in material terms, given that it enshrined the freedom of commerce and navigation of rivers and ports open to traffic, and the protection of personal and property of foreigners, among many other liberal principles. Moreover, it included the MFN clause, prior to its boom from the mid-nineteenth century.

Even when foreign trade was undoubtedly a significant source of tax collection and a path to develop economic sectors, a long period elapsed until the signing of new agreements.<sup>8</sup> An explanation for almost three decades without new treaties may be the coexistence of multiple productive and commercial orientations due to the autonomy of the provinces, some of which had attempted to sign agreements with other countries (for example, Mendoza with Chile) or negotiated particular concessions (for instance, cattle from Salta exported to Bolivia) (Schmit, 2011: 84-87). Another explanation was that, despite having achieved recognition by the major powers, the River Plate region was involved in a tangle of conflicting and contradictory interests. The colonial heritage was an unstable internal order and increasing competition between foreign nations (Centeno, 2002).

It is worth indicating that, during this period, the Argentine case was different from other Latin American countries. Pahre (2008:17) recognized different waves of international trade cooperation. The first one coincided with a series of treaties in the region that established commercial relationship between newly independent countries and their trading partners. These treaties tended to guaranteed reciprocal MFN treatment to signatories, while granting some mutual concessions on particular items. Analysing his database, we find that between 1824 and 1851, the countries of the region signed 110 trade agreements. Mexico, Peru and Brazil participated in half of those treaties.

It was not until the 1850s that the Argentine Confederation (a union of thirteen provinces excluding the province of Buenos Aires) signed various trade agreements with other countries, such as Paraguay, Portugal, the United States, Chile, Italy, Brazil, and Bolivia. Besides, it signed free river navigation treaties with the United States, France and England. Some of them were exchanged, others were only ratified, and others not even that, particularly due to territorial claims. Some had expiration dates after a certain period, while others were unlimited. It is important to note that the willingness to negotiate treaties by the Confederation contrasted with the absence of agreements from Buenos Aires. Beyond the fact that the latter had not been internationally recognized as an independent state, that situation reveals that the former needed to strengthen commercial links, which were concentrated in the main city-port (Buenos Aires) (Brown, 2003), and to reinforce its legitimacy.

Of course, domestic political dynamics of the unification of the Argentine territory affected external relations. Thus, negotiations with neighbours repeatedly referred to the need to resolve land and

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<sup>8</sup> The treaty with Chile, signed in November 1826, remained without effect due to the lack of ratification by the Chilean government, fearful of the consequences of the war between United Provinces of the River Plate and Brazil (Pillado, 1915: 121). That agreement not only embraced the MFN clause, but also ensured free terrestrial trade.

river limits, or to advance in pacification after conflicts. In addition, some treaties did not succeed as a result of disagreements over the change of rules once the Argentine territory was unified, as happened with Belgium in 1860 (Pillado, 1915: 131).

Territorial unification and the consequent building of the state-nation in Argentina coincided *grosso modo* with the outbreak of the first wave of globalization. The treaty signed with Spain in 1863 was the first concluded in this new era that inherited not only the previously signed agreements but also the inconclusive negotiations. The treaty with Spain recognized that there was a previous history of negotiations.<sup>9</sup> It had different contents from others because it naturally reflected the old metropolis-colony relationship. Actually, it referred to sovereignty as well as nationality aspects. In commercial terms, it made explicit the need to establish a specific Trade and Navigation Treaty, and, following the model of the agreement with the United States, it distinguished between the gratuitous or conditional MFN clause. The former meant that the nation granting the benefit verified it without claiming for itself any other, while the latter meant that the counterparts granted the benefit on the condition that any other benefit equal to that granted to any other beneficiary nation is extended to it.

Between 1865 and 1868, there were four attempts to sign an agreement with Bolivia. In 1870, a treaty with Austria-Hungary did not succeed because of modifications requested by Vienna. Negotiations took place in 1911 for the signing of a new agreement, but they did not prosper (Torres Gigena, 1943: 22). The Treaty of 1872 signed with Sweden and Norway was not ratified by any party. Two and four years later, treaties with Peru (in force a decade later) and Paraguay were signed, respectively. The latter denounced it in 1881 to introduce modifications, giving birth to another agreement in 1885. In 1878, a treaty with Portugal was not exchanged due to disagreements about where to do it. In 1885, a new agreement was signed with Sweden and Norway, but it only came into force in 1896. Subsequently, there were attempts to modify the MFN clause, but they were unsuccessful.

Since the 1880s different instruments, that addressed trade issues, blossomed. They specifically ruled the mutual recognition of patents for commercial vessels (Sweden, Norway and Denmark); the payment of lighthouse taxes (Uruguay); the weight and size limits of packages of merchandises' samples sent by mail (France and Switzerland); measures for the extension of railways (Bolivia), a road (Chile) or to regulate rail traffic (Chile and Paraguay); trademarks (Denmark and Brazil); cabotage trade (Uruguay); and the construction of telegraph lines (Chile and Uruguay).

Naturally, some instruments were even more and directly related to trade operations. At the end of the nineteenth century, protectionism was not only in tariffs but also in non-tariff measures. Given the health problems presented by the trade in livestock, Argentina and Uruguay signed an agreement in 1899 to regulate it. They established, among other aspects, the authorized ports, and the veterinary inspections. Two years later, they added a protocol by which they added more rules related to ports and quarantines. In 1908, Argentina signed an agreement with Paraguay on similar terms.

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<sup>9</sup> This treaty began to be bargained in 1855. There were two problematic issues that complicated the negotiations: the debts contracted by the authorities of the (later) Argentine Confederation and the nationality of the children of Spaniards born in Argentine lands. Both would set precedents for future bargaining between the former metropolis and other independent Latin American countries (Bécker, 1922).



During the last decade of the nineteenth century, on the one hand, conventions were signed to reaffirm the MFN clause (France, Italy, Switzerland, and Sweden). They introduced the expiration after one year of its denouncement by some of the contracting parties, avoiding rigid validity periods. On the other hand, an agreement with a country outside of America and Europe was signed for the first time. The treaty with Japan in 1898 followed the fundamental precepts of others. However, it left cabotage reserved for the national flag, and, foremost among the novelties, it established that the MFN clause referred to benefits granted to the United States or European countries. This gave to Argentina the chance of bargaining different trade conditions with the rest of America. Additionally, just before the end of the nineteenth century, Argentina and the United States signed a trade convention with mutual reductions in import tariffs on certain products.<sup>10</sup> This agreement, finally not approved, was uncommon given that its specificities, and followed a change in the North American administrations when their projects of customs union did not come to fruition (Van Klaveren, 1977).

Finally, in the first decade of the next century, Argentina only signed three treaties. Only the one with Persia of 1902 was ratified. The treaty with Belgium of 1903 (actually a convention to grant each other the MFN clause) failed because of discrepancies over sanitary regulations. In 1910, another agreement was also signed with Nicaragua. It introduced an innovation since the MFN clause would not apply to benefits given to terrestrial trade with neighbouring countries or to navigation and cabotage trade, ruled by national laws. This illustrates the changes in the conception that some officials (diplomats or ministers) had about the scope and limitations of the MFN clause (Rayes, 2022).

## **V. The impact of treaties on foreign trade: between symbolic and real influence**

In this last section, we will return to the goal set out in the Introduction. Thus, we will reflect on the impact that treaties had on Argentina's trade performance. Firstly, we are interested in frame the case in a larger context. Between 1824 and 1914, Latin American countries signed 466 agreements. According to our estimations, approximately 70% of those were ratified and only half were implemented. Even when, as we previously pointed out, Argentina did not participate actively of the network until the 1850s, it then changed to become one of the main signatory countries, as the next table shows.

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<sup>10</sup> Roughly speaking, the United States concessions included tariff diminution of 20% on sugars, bovine hides, and wool, while the Argentine concessions provided for reductions of 50% for canned foods (e.g. seafood) and dried fruits, of 20% on bacon, oatmeal or corn, plus a revision of official prices of wood, and a regulation on specific tariffs (e.g. cottonseed oil).

Table 5. Latin American countries and commerce agreements, 1824-1914

| Country                         | Number of times that countries participated in commerce agreements | %          |
|---------------------------------|--|------------|
| Mexico                          | 61   | 10,6       |
| Peru                            | 53   | 9,2        |
| <b>Argentina</b>                | <b>37</b>  | <b>6,4</b> |
| Uruguay                         | 37   | 6,4        |
| Bolivia                         | 36   | 6,2        |
| Nicaragua                       | 35   | 6,1        |
| Brazil                          | 34   | 5,9        |
| Colombia                        | 34   | 5,9        |
| Chile                           | 31   | 5,4        |
| Honduras                        | 30   | 5,2        |
| Guatemala                       | 29   | 5          |
| El Salvador                     | 28   | 4,8        |
| Dominican Republic              | 27   | 4,7        |
| Paraguay                        | 24   | 4,2        |
| Ecuador                         | 23   | 4          |
| Costa Rica                      | 21   | 3,6        |
| Venezuela                       | 20   | 3,5        |
| Haiti                           | 11   | 1,9        |
| Cuba                            | 3  | 0,5        |
| Gran Colombia                   | 2  | 0,3        |
| Peru and Bolivian Confederation | 2  | 0,3        |
| Total of signatures             | 578  | 100        |
| Total of commerce agreements    |  | 466        |

In the database, of 466 trade agreements, only 368 were explicitly treaties. The rest were additional articles, conventions, protocols, declarations, exchange of notes, modus vivendi, provisional and supplementary agreements.

Own elaboration based on Pahre (2008).

Secondly, we propose to examine general and particular aspects of treaties (for more details, see Appendix). In broad terms, they followed similar patterns and promoted same rules. With simple structures, their scope was wide without further specifications or references. The initial agreements did not stipulated neither the period of validity nor the validity after the denunciation. However, from the mid-1850s, these questions began to be clarified, particularly the latter. The instruments that did so provided for a life of no more than twelve years and a validity of no more than one year if denounced by any of the parties. Nonetheless, in some cases, in the absence of a denunciation by any of the parties or the signing of a new one, they were still in force beyond the period agreed as valid, as happened, for instance, with Germany (1857), Bolivia (1868), Peru (1874), and Sweden and Norway (1885).

In specific terms, trade agreements dealt with the MNF clause and navigation conditions, and referred to border issues with neighbouring countries. Almost every treaty recognized the MFN clause, although some distinguished between the gratuitous and the conditional application. The first time that

Argentina made that distinction was with the United States in 1853. And, since then, it appeared in others (for example, Italy (1855), Brazil (1856), Germany (1857), Spain (1863), Bolivia (1868), Paraguay (1876), Portugal (1878), Sweden and Norway (1885), Paraguay (1885), and Japan (1898)), although it was not the predominant approach. Interestingly, in the last mentioned treaty, the parties recognized the distinction by referring explicitly to concessions given to European or United States. Argentine governments belatedly realized the need to restrict the application of the NMF clause to favour border terrestrial trade, as it did in 1910 with the, finally failed, agreement with Nicaragua.

This aside, cabotage trade and navigation, that is, between ports of the same nation, were recurring topics in the negotiation of the treaties. Although they were not always explicitly mentioned, they were generally invoked to clarify that coastal activities were reserved for national flag vessels (for example, Portugal (1852), Austria-Hungary (1870), Peru (1874), Paraguay (1876), Portugal (1878), Japan (1898), and Nicaragua (1910)). However, treaties allowed that the same ship of the other nationality could unload part of the merchandise in one port and part in another without paying additional taxes. Additionally, there were conventions and protocols that explicitly or implicitly addressed issues that influenced trade, like those that dealt with transport and infrastructure communications (mail and telegraphic networks), package weights and dimensions, navigation, health, and trademarks.

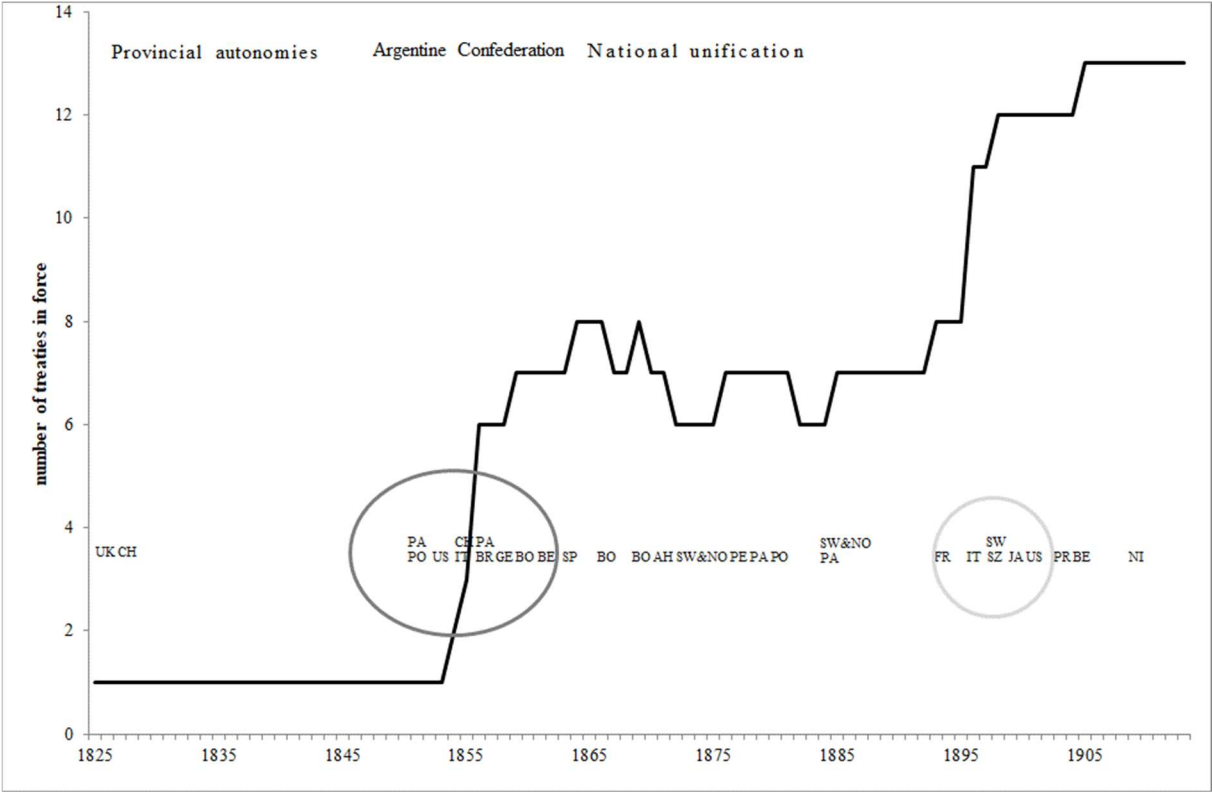
With neighbouring countries, Argentina had trade treaties, except with Uruguay, and specific conventions on cattle exchange, as with Uruguay (1901) and Paraguay (1908). The agreements with those states were affected by border conflicts revealing that, as it has already studied, bilateral trade agreements were governed both by pecuniary factors, such as distance or other frictions, and by geopolitical factors (Eichengreen et al, 2019).

Finally, we must distinguish between the symbolic and the real influence of trade agreements. For a country like Argentina, those treaties must have had more than one meaning. In fact, our findings point in several directions. The most obvious is the diversification of economic relationships. It is generally claimed that, during the period under consideration, the level of institutionalization was low and there existed an informal economic multilateral system (Latham, 1997), without an arbitrator or dispute settlement scheme (Hallaert, 2015). The predominance of bilateralism in international relations contrasted with the preponderance of multilateralism in trade. In other words, the links between states were one to one while the trade balances (and even payments, if we consider capital flows) were not be offset *vis-à-vis* thanks to the gold standard. Thus, by signing trade agreements, Argentine governments might intend to take advantage of a nascent informal multilateral network, created at the behest of the MFN clause.

Apart from those more obvious intentions, there were possibly intangible, and equally relevant, purposes. On the one hand, the proliferation of bilateral agreements was in large part triggered by the fear of exclusion from the international community (Hallaert, 2015). In addition, on the other hand, they served to demonstrate state capacity, namely domestic and external sovereignty, especially during the state-nation building process.

According to evidence, sometimes the signing of agreements increased when trade declined or did not flow smoothly, as during the short life of the Confederation separated of Buenos Aires province (1852-1860), or, out of our scope, after the crash of Wall Street. In fact, during the 1930s Argentina signed more trade agreements than between Independence and the Great Depression (Torres Gigena, 1943: 11). This suggests that the act of signing agreements could be a reassurance to expand trade relations or against growing protectionism (American Society of International Law, 1909: 397). The figure below shows the number of trade treaties in force and signed agreements each year between 1825 and 1913.

Figure 5. Signed and in force trade treaties, 1825-1913



AH Austria-Hungary. BE Belgium. BO Bolivia. BR Brazil. CH Chile. GE Germany. IT Italy. JA Japan. NI Nicaragua. PA Paraguay. PO Portugal. PR Persia. SP Spain. SW Sweden. SWandNO Sweden and Norway. SZ Switzerland. UK the United Kingdom US the United States.  
Own elaboration based on trade treaties.

Following the previous figure, after a period almost without agreements since Independence, in the 1850s the Argentine Confederation inaugurated an era of trade treaties, continued during the following decades, in times of national unification. The period when the Confederation was separated from the Buenos Aires province –and, consequently, separated from the main custom and port– was the more intense given that in nine years it signed ten trade agreements. Later, there was another, less explosive, stage of signing new agreements, in the 1890s. If the first moment could be associated with a certain primacy of free trade in the international system, undoubtedly the second is understandable because of the increase in protectionism (Foreman-Peck, 1994; O'Rourke and Williamson, 1999). The number of treaties in force in each year not only shows the cumulative effect of the signed agreements

but also displays the results of the negotiations carried out. Thus, there was a first peak around the mid-1860s and another at the beginning of the twentieth century, when it was recorded the maximum number of agreements in force.

In order to observe what the situation was towards the end of the period, the following table indicates with which countries, that appeared in official statistics as trade partners, Argentina had (or not) trade agreements in force around 1913. It also shows their share in Argentine exported and imported value.

Table 6. Argentinean trade partners with or without treaty in force in 1913 and their share in exported and imported value (in %)

| Origins and destinations <b>with</b> treaty |                |         |        |       | Origins and destinations <b>without</b> treaty |                 |         |        |
|---|----------------|---------|--------|-------|--|-----------------|---------|--------|
| Country                                     |                | Year    | % M    | % X   | Country  |                 | % M     | % X    |
| 1   | Bolivia        | 1868    | 0,1    | 0,2   | 1  | Australia       | 0,2     | -      |
| 2   | Brazil         | 1856    | 2,2    | 4,8   | 2  | Austria-Hungary | 1,4     | 0,7    |
| 3   | France         | 1892    | 9      | 7,9   | 3  | Belgium         | 5,2     | 8,4    |
| 4   | Germany        | 1857    | 16,9   | 16    | 4  | Bulgaria        | 0,00006 | -      |
| 5   | Italy          | 1855/94 | 8,3    | 3,8   | 5  | Canada          | 0,4     | -      |
| 6   | Japan          | 1898    | 0,2    | 0,003 | 6  | Chile           | 0,2     | 0,5    |
| 7   | Norway         | 1885    | 0,5    | 0,2   | 7  | China           | 0,1     | -      |
| 8   | Persia         | 1902    | -      | -     | 8  | Colombia        | 0,0001  | -      |
| 9   | Peru           | 1874    | 0,0003 | 0,001 | 9  | Costa Rica      | -       | -      |
| 10  | Spain          | 1863    | 2,9    | 1     | 10   | Cuba            | 0,3     | 0,1    |
| 11  | Sweden         | 1885    | 0,7    | 0,2   | 11   | Denmark         | 0,05    | 0,1    |
| 12  | United Kingdom | 1825    | 32,9   | 40,8  | 12   | Ecuador         | 0,01    | -      |
| 13  | United States  | 1853    | 14,7   | 4,4   | 13   | Egypt           | 0,006   | -      |
|   |                |         |        |       | 14   | El Salvador     | -       | -      |
|   |                |         |        |       | 15   | Greece          | 0,02    | -      |
|   |                |         |        |       | 16   | Honduras        | -       | -      |
|   |                |         |        |       | 17   | Mexico          | 0,3     | 0,02   |
|   |                |         |        |       | 18   | Morocco         | -       | -      |
|   |                |         |        |       | 19   | Netherlands     | 1       | 6,7    |
|   |                |         |        |       | 20   | New Zealand     | -       | -      |
|   |                |         |        |       | 21   | Nicaragua       | -       | -      |
|   |                |         |        |       | 22   | Panama          | -       | -      |
|   |                |         |        |       | 23   | Paraguay        | 0,5     | 0,4    |
|   |                |         |        |       | 24   | Portugal        | 0,1     | 0,1    |
|   |                |         |        |       | 25   | Romania         | 0,005   | -      |
|   |                |         |        |       | 26   | Russia          | 0,1     | 0,1    |
|   |                |         |        |       | 27   | Santo Domingo   | 0,0001  | -      |
|   |                |         |        |       | 28   | Serbia          | -       | -      |
|   |                |         |        |       | 29   | South Africa    | 0,02    | 0,03   |
|   |                |         |        |       | 30   | Switzerland     | 0,6     | -      |
|   |                |         |        |       | 31   | Turkey          | 0,03    | 0,0002 |
|   |                |         |        |       | 32   | Uruguay         | 0,8     | 2      |
|   |                |         |        |       | 33   | Venezuela       | 0,002   | -      |
| Total (%)                                   |                |         | 88,4   | 79,3  | Total (%)                                      |                 | 11,3    | 19,2   |

The table does not consider the trade with possessions of different nations because they are included in their metropolises. It does not come to 100% due to small errors or omissions in statistics.

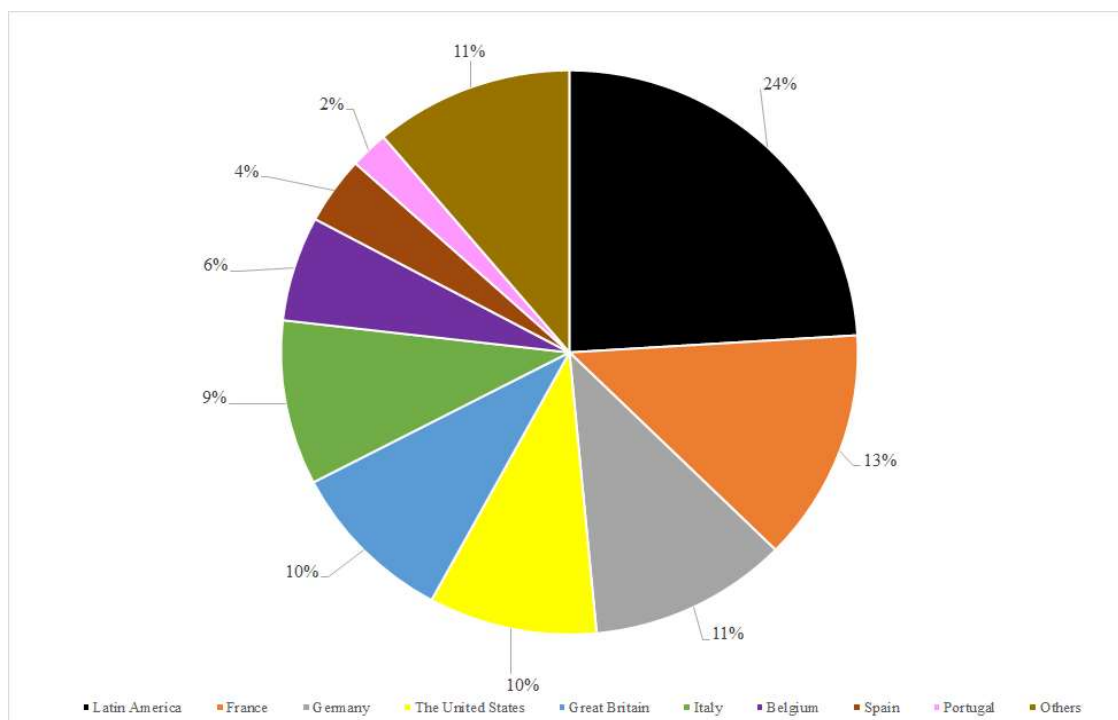
Own elaboration based on official trade statistics, Rayes (2015), and trade treaties.

According to the previous table, a little more than a third of the agreements signed since Independence were still in force by 1913. The rest were never ratified, were denounced, or were extinguished. The main signing regions were Western Europe and America; exceptionally, Argentina had arrangements with countries from other regions, such as Japan or Persia, or the failed one with Russia. Apart from the countries listed in the first column, it signed treaties only with Austria-Hungary, Belgium, Chile, Nicaragua, Paraguay, Portugal, and Switzerland. The partners with running agreements in 1913 represented only a third of the destinations and origins recorded in trade statistics, although those represented approximately 90% and 80% of total imported and exported value, respectively. Therefore, *a priori* there was a better correlation in the intensive margin of trade rather than in its extensive margin. In other words, Argentina did not sign agreements with each partner but it had treaties with those with which trade was deeper. However, this correlation should not be exaggerated.

On the one hand, there existed cases that should have had treaties according to their trade performance. France was Argentina's main trading partner until the end of the nineteenth century and, prior to that moment, had only signed an agreement on free navigation of rivers, incorporating the MFN clause only in 1892. Belgium was the second destination until the 1890s and it did not have any treaty during the period, and Uruguay was a unique case among neighbouring countries since it only signed protocols. On the other hand, Argentina signed agreements with countries that barely contributed to its foreign trade, like Bolivia, Japan, Peru, Sweden, Norway or Switzerland.

Before continuing to analyse our case, it is worth to define it in the regional context. In this sense, Argentina did not escape the great tendencies of the Latin American countries, whose trade agreements were mostly with the great economic powers, although a quarter was between them.

Figure 6. Counterparts of commercial agreements signed by Latin American countries, 1824-1914



For the definition of commercial agreements, see Table 5.

“Others” includes Japan (1.9%), Denmark (1.7%), the Netherlands (1.7%), Austria (1.5%), Switzerland (1.1%), Persia (0.9%), Sweden-Norway (0.9%), Russia (0.6%), China (0.4%), and Turkey (0.4%).

Own elaboration based on Pahre (2008).

Beyond the correlation between agreements and trade, we are also interested in causality. Although incomplete to measure it, we estimated (when the data were available) the five-year average amount of imports and exports, to and from Argentina with each country, immediately before and after the year in which the agreement was signed. Thus, next table shows the percentage variation of the commercial movement. We considered all ratified agreements since the national unification, except the one that was substantiated with Bolivia in 1868 given that before 1870 the official statistics only collected data from the Buenos Aires customs office, through which no products were received from or sent to Bolivian markets.

Table 7. Variation of Argentine foreign trade (in %) five-year before and after the signing of treaties

| Treaty with              | Effect on foreign trade (X+M) |
|--------------------------|-------------------------------|
| Spain (1863)             | ↑ 2,8%                        |
| Peru (1874)              | ↑ 59,5%                       |
| Paraguay (1876)          | ↓ 3,2%                        |
| Sweden and Norway (1885) | ↑ 384%                        |
| France (1892)            | ↓ 21,9%                       |
| Italy (1894)             | ↑ 45%                         |
| Sweden (1896)            | ↓ 2945,4%                     |
| Japan (1898)             | Recorded since 1902           |
| Persia (1902)            | Recorded since 1904           |

Own elaboration based on official trade statistics and trade treaties.

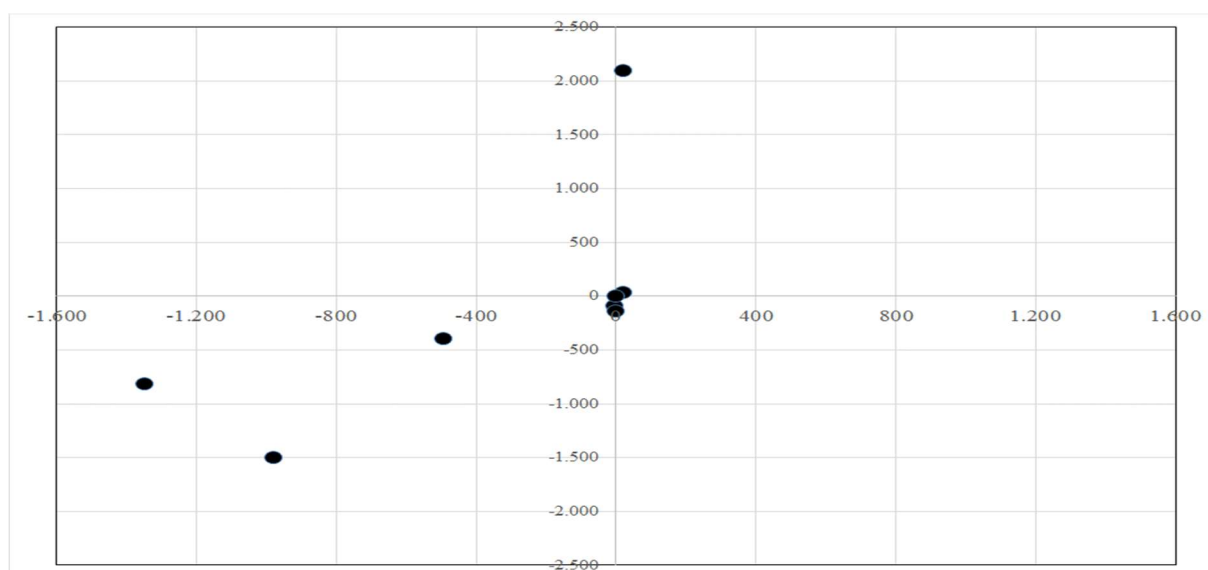
Before analysing the previous table, it is necessary to indicate that the extremely high percentages are due to increases or decreases in figures that were initially very low. The table shows that there were no patterns in the relationship between the signing of treaties and trade flows. Thus, there were cases in which it increased exponentially, while in others the growth was less spectacular. There were also cases in which the value for commercial operations was lower than the period prior to the agreements. In addition, finally, there were cases in which it was not possible to make the correlation due to the absence of data. Accordingly, there were countries with which trade was registered years after the signing of treaties. A hasty conclusion would indicate that the links arose thanks to them; nevertheless, at this point, we must make a necessary criticism of sources. As expected, the previous calculations were subject to statistical reliability and accuracy. This includes recognizing that only since 1902, by ministerial resolution, customs clerks were required to record the commercial origin of the merchandises in the “partials”. This did not prevent the ignorance of the industrial origin of many of the goods imported by Argentina, but at least the amounts of several minor procedures, previously omitted, were reported.<sup>11</sup>

Another exercise to measure the impact of agreements is to observe if the Argentine balance of trade changed, and how, after the signing of treaties.

<sup>11</sup> The information about the measure is in the report of the official trade statistics of the year 1902.



Figure 7. Argentine balance of trade. Comparative performance before and after the signing of treaties, 1863-1902



Own elaboration based on official trade statistics and trade treaties.

The figure shows that the signing of the agreements did not imply a radical change in the Argentine trade balance, which leads us to maintain that the treaties could have had more of a political or symbolic scope than a real one. However, it is worth considering other variables in order to conclude, such as imported and exported products or the share of each partner in total foreign trade.

As stated previously, Argentina was a case of diversification within the concentration of foreign trade in the Latin American context (Badía-Miró et al, 2016; Kuntz-Ficker and Rayes, 2017). To what extent this situation was due to the treaties is a difficult question to solve, among other reasons, because diversification is not a process that occurs soon and because different actors and other factors contribute to its success (Hallaert, 2015). In another research about the role of diplomats in promoting Argentine exports between 1890 and 1920 (Rayes, 2012; Rayes, 2016), we have argued the difficulty of establishing a direct relationship between the actions of those agents and the diversification of markets. That is, although we note that officials actively intervened to encourage or increase commerce, it is not possible to measure how effective their actions were or how much of the expansion of trade was due to diplomatic efforts. The same happens with the signing of treaties.

Naturally, among contemporaries there were different opinions about the usefulness of the treaties for Argentina. Although in general those who participated in the construction of foreign relations embraced free trade and the mechanisms to achieve it, there were critical voices. Ricardo Pillado was probably one of the officials who knew the country's foreign trade best. By 1915, he highlighted the sterility of trade agreements, while urging the Argentine government to denounce them and think of alternatives in accordance with national interests, just as Uruguay had done (Pillado, 1915: 156).<sup>12</sup>

<sup>12</sup> By decree, issued in November 1914, Uruguay had denounced the trade agreements it had with England, France and Germany.

During that time, the Foreign Affairs Ministry was studying carefully every treaty signed by Argentina in order to evaluate if the current conditions were conducive to support the MFN clause.<sup>13</sup> Some years later, and considering that the MFN clause was unfair and inconvenient, particularly in the interwar period, the denunciation of the treaties was encouraged. For example, in 1923 a bill project was discussed in the Chamber of Deputies to appoint a commission to study the treaties and plan modifications according to the needs of production and consumption (Alsina, 1927: 362). Certainly, not only domestic politics was changing, but the international context as well.

## **VI. Preliminary remarks**

That foreign trade was one of the main drivers of the Argentine economy between the last quarter of the nineteenth century and the First World War, and even until the Great Depression, is today an almost undisputed premise. However, different topics associated with it deserve attention. Trade agreements signed during the agro-export expansion are one of them. Here, we have proposed to study the problem historically.

Thus, we have recognized the features of the changing international context, in which trade agreements appraised given the absence of formal institutions. As a peripheral economy, we assumed that Argentina probably needed to sign that kind of instruments, from the middle of the nineteenth century to be part of an informal network, developed at the behest of the MFN clause, and since the end of the nineteenth century to defend against growing protectionism. Furthermore, for a country that was going through a process of state-nation building, we think that the signing of commerce treaties must have had different meanings, some more obvious than others. That is to say, from the willing to expand its relations with different (real or potential) partners, mainly from America and Europe, to consolidate its external and internal sovereignty.

As we pointed out, for fiscal and industrial reasons, Argentina was, like other Latin American states, a country with high nominal levels of protection. Nevertheless, the free trade vocation was in both the spirit of the trade agreements that embrace the MFN clause and in the fact that the customs laws did not have any prohibition on the products traded nor specific discriminations regarding origins or destinations.

Finally, this research has integrated trade data with treaty data in order to observe the link between both elements. Nothing indicates that agreements necessarily promoted commercial relations, since, in some cases, the evidence shows this sequence, but also the reverse; moreover, the existence of trade operations in the absence of treaties. This inclines us to speculate with a more symbolic than a real impact. Nevertheless, further studies that can measure the causality are required.

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<sup>13</sup> Letter sent by Eleodoro Lobos, previously Argentine Minister of Finance (1906-1907) and Agriculture (1910-1911), to Ricardo Pillado (Buenos Aires, 20th April 1915) (Pillado, 1915: 5-8).

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## Appendix

Trade treaties signed by (administrative units that became) Argentina, 1825-1913

| Order of appearance | Year of signing | Country           | Most-Favoured-Nation clause            | Period of validity | Validity after denunciation | Status in 1913 |
|---------------------|-----------------|-------------------|--|--------------------|-----------------------------|----------------|
| 1                   | 1825            | United Kingdom    | Recognized                             | Not specified      | Not specified               | In force       |
| 2                   | 1826            | Chile             | Recognized                             | Not specified      | Not specified               | Not ratified   |
| 3                   | 1852            | Paraguay          | Not mentioned                          | Not specified      | Not specified               | Replaced       |
| 4                   | 1852            | Portugal          | Recognized                             | 10 years           | 1 year                      | Replaced       |
| 5                   | 1853            | United States     | Gratuitous or conditional              | Not specified      | Not specified               | In force       |
| 6                   | 1855            | Chile             | Recognized                             | 12 years           | 12 months                   | Finished       |
| 7                   | 1855            | Italy (Sardinia)  | Gratuitous or conditional              | 12 years           | Not specified               | Finished       |
| 8                   | 1856            | Brazil            | Gratuitous or conditional              | Not specified      | Not specified               | In force       |
| 9                   | 1856            | Paraguay          | Not mentioned                          | Not specified      | Not specified               | Finished       |
| 10                  | 1857            | Germany           | Gratuitous or conditional              | 8 years            | 12 months                   | In force       |
| 11                  | 1858            | Bolivia           | Recognized                             | 12 years           | 12 months                   | Not exchanged  |
| 12                  | 1860            | Belgium           | Recognized                             | 5 years            | 1 year                      | Not exchanged  |
| 13                  | 1863            | Spain             | Gratuitous or conditional              | Not specified      | Not specified               | In force       |
| 14                  | 1865            | Bolivia           | Not mentioned                          | 12 years           | 1 year                      | Not ratified   |
| 15                  | 1868            | Bolivia           | Gratuitous or conditional              | 12 years           | 12 months                   | In force       |
| 16                  | 1870            | Austria-Hungary   | Recognized                             | 10 years           | 1 year                      | Not exchanged  |
| 17                  | 1872            | Sweden and Norway | Recognized                             | 10 years           | 12 months                   | Not ratified   |
| 18                  | 1874            | Peru              | Gratuitous or conditional              | 10 years           | 12 months                   | In force       |
| 19                  | 1876            | Paraguay          | Gratuitous or conditional              | Not specified      | Not specified               | Denounced      |
| 20                  | 1878            | Portugal          | Gratuitous or conditional              | 10 years           | 1 year                      | Not exchanged  |
| 21                  | 1885            | Sweden and Norway | Gratuitous or conditional              | 10 years           | 12 months                   | In force       |
| 22                  | 1885            | Paraguay          | Gratuitous or conditional              | 10 years           | 1 year                      | Not ratified   |
| 23                  | 1892            | France            | Recognized                             | Not specified      | 1 year                      | In force       |
| 24                  | 1894            | Italy (*)         | Recognized                             | Not specified      | 12 months                   | In force       |
| 25                  | 1896            | Switzerland (*)   | Recognized                             | Not specified      | Not specified               | Not approved   |
| 26                  | 1896            | Sweden (*)        | Recognized                             | Not specified      | Not specified               | In force       |
| 27                  | 1898            | Japan             | Gratuitous (restricted) or conditional | Not specified      | 6 months                    | In force       |
| 28                  | 1899            | United States     | Not mentioned                          | Not specified      | Not specified               | Not ratified   |
| 29                  | 1902            | Persia            | Recognized                             | Not specified      | 1 year                      | In force       |
| 30                  | 1903            | Belgium (*)       | Recognized                             | Not specified      | 1 year                      | Not ratified   |
| 31                  | 1910            | Nicaragua         | Recognized (restricted)                | Not specified      | 6 months                    | Not ratified   |

(\*) Declaration on articles of existing trade treaty.

(\*\*) Conventions referring exclusively to the Most Favoured Nation clause.

Own elaboration based on trade treaties signed by (administrative units that became)

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