

**THE NATIONALIST EVOLUTION OF CARLOS PELLEGRINI AND MODERN  
ARGENTINA, 1880-1906: A COMPARATIVE ANALYSIS**

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Latin America has struggled recently with debt payments as it managed to rid itself of the governments that often caused them. The threats of default and the rolling over of loans, however, are events that occurred almost a hundred years earlier. The oligarchies that solved the financial problems at the turn of the nineteenth century have received far less credit than they deserve. Particularly in Argentina, Carlos Pellegrini revived the financial and economic situation by means of innovations that enabled Argentina to enjoy prosperity and confidence until the Great Depression struck. Oligarchies in other Latin American republics achieved similar success by means of reforms that paralleled Pellegrini's.

By considering these events in a comparative context, Pellegrini's role in articulating Argentina nationalism becomes more apparent. Like progressive period reformers in the United States, Pellegrini established tax reform and anti-monopoly positions. His attacks against British capitalism strongly resemble those of José Balmaceda in Chile. And Pellegrini argued for a stronger role by the middle class and industry, a major issue in Brazil. The Argentine elites responded to political discontent that the Porfiriato in Mexico eventually failed to heed.<sup>20</sup> Unhappy wars and ethnic conflict were problems that weakened Peru and Bolivia, but not the Argentine oligarchy. And Argentina never became subservient to the United States, as was the case in Cuba.

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<sup>20</sup> For comparisons of Argentina and Mexico, see Douglas W. Richmond, *The Mexican Nation: Historical Continuity and Modern Change*, (Upper Saddle River, NJ: Prentice Hall, 2001), pp. 199-201.

The process of forming a nation state in Argentina was a stormy process. Carlos Pellegrini played a key role by strengthening the economy and maintaining the country's credit when he ruled as president from 1890 to 1892. Although he served the interests of the oligarchy for many years, Pellegrini gradually evolved into a sensitive reformer once he decided to disassociate himself from strongman Julio A. Roca. The public perceived Pellegrini as someone who reformed fiscal and political policies. Pellegrini's career also reveals that he can be considered a nationalist, although in somewhat conservative tones. His overall contribution was the resurgence of self confidence and prosperity that followed the 1890 crisis.<sup>21</sup>

Political unity was an elusive goal in early Argentina. In attempting to promote a restricted liberal republic, the porteño interests in Buenos Aires as well as the province of Buenos Aires established legal guarantees to facilitate the entrance of foreign capital and immigration.<sup>22</sup> But the porteños were unable to form a strong central state. They despised the gaacho masses of the interior and disrupted provincial economies by encouraging cheaper European imports. Although vast quantities of land could be purchased with minimal capital, much of the national territory was unsettled or threatened by marauding Indians.<sup>23</sup> General Julio Roca became popular after completing successfully his famous 1879 desert campaign. By February of 1880,

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<sup>21</sup> For recent biographies of Pellegrini, see Douglas W. Richmond, *Carlos Pellegrini and the Crisis of the Argentine Elites, 1880-1916*, (New York: Greenwood Press, 1989) and Ezequiel Gallo, *Carlos Pellegrini: Order y reforma*, (Buenos Aires: Fondo de Cultura Económica, 1997).

<sup>22</sup> Early political strife is analyzed in Thomas F. McGann, *Argentina, the United States and the Inter-American System, 1880-1914*, (Cambridge: Harvard University Press, 1957); Jorge Abelardo Ramos, *Revolución y contrarrevolución en la Argentina: historia argentina en el siglo XIX*, (Buenos Aires: Ediciones Plus Ultra, 1965); José Luis Romero, *A History of Argentine Political Thought*, (Stanford: Stanford University Press, 1963). A penetrating study is Ferrari, Gustavo and Ezequiel Gallo, *La Argentina del ochenta al centenario*, (Buenos Aires: Editorial Sudamericana, 1980). A classic overview is James R. Scobie, *Argentina: A City and A Nation*, (New York: Oxford University Press, 1971), 88-216). The most recent is Luis Alberto Romero, *A History of Argentina in the Twentieth Century*, (University Park: Penn State University Press, 2002).

<sup>23</sup> Joaquin Villaneuva to Julio A. Roca, 9 Jan. 1877, Archivo General de la Nación, Buenos Aires, Archivo Julio A. Roca (hereafter cited as AJR), leg. 4. Richard Slatta, *Gauchos and the Vanishing Frontier*, (Lincoln: University of Nebraska Press, 1983).

the ambitious Roca organized slates of interior supporters that enabled him to triumph in the presidential elections of that year.<sup>24</sup>

### **Pellegrini's Early Career**

Carlos Pellegrini was reared within a privileged environment that few Argentines could match and one that most would envy. Pellegrini's education was not a sterile experience. The principal characteristics of his life was intellect and imagination.<sup>25</sup>

A positivist ideology was evident at an early stage. Pellegrini believed that a strong state should educate the masses and encourage productive work. The bloodshed that he witnessed during the war in Paraguay left within Pellegrini a thorough distaste for war. He also maintained that finances were the basis of national strength and that armed strife continued in Argentina because of budget deficits and a maldistribution of state revenues.<sup>26</sup>

Early in the 1870s, Pellegrini initiated a successful political career based upon economic issues and his endless drive. After winning a seat to the Buenos Aires provincial legislature in 1872, Pellegrini began his evolution as a nationalist within a positivist context. Typical of an emerging nationalism was Pellegrini's successful idea to exempt incipient industry from taxes for four years. Although the legislature rejected his proposal to encourage a silk industry, Pellegrini advocated that Buenos Aires subsidize the national secondary school system. Because this was

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<sup>24</sup> For the first Roca administration, see Lee Bruce Kress, "Julio A. Roca and Argentina, 1880-1886: A Political and Economic Study," (Ph.D. diss., Columbia University, 1972). For Roca's provincial support, see Nicolas Barras to Roca, 9 Jan. 1880, AJR, leg. Leg. 9; Francisco Figueroa to Roca, 6 Jan. 1880, AJR, leg. 9.

<sup>25</sup> Carlos Pellegrini, *Obras*, ed. By Agustín P. Rivero Astengo, 5 vols. (Buenos Aires, 1941), I, p. 127. For a study of Pellegrini's career, see John E. Hodge, "Carlos Pellegrini, Argentine Statesman," (Ph.D. diss., University of Illinois, 1963).

<sup>26</sup> Pellegrini, *Obras*, I, pp. 262-291. For Pellegrini's reflections upon the Paraguayan War, see Carlos Pellegrini, "La batalla de Tuyuti" in *Revista de Derecho, Historia y Letras*, 76 vols., (Buenos Aires, 1906), XV, pp. 193-196. Roca's perspective appears in Felix Luna, *Soy Roca*, (Buenos Aires: Editorial Sudamericana, 4th ed. 1990), pp. 17-61.

a provincial position, Pellegrini could maintain that he represented the interests of the Argentine interior.<sup>27</sup>

In 1876, Pellegrini embarked upon the first of several trips to Europe. To revitalize Argentine culture as well as the economy, Pellegrini joined the elites in promoting massive European immigration to the Río de la Plata. Pellegrini believed that in Europe he had discovered the good minds and fine traditions that Argentina supposedly lacked.

After returning to Argentina, Pellegrini carefully forged a political alliance with Roca. Pellegrini was furious with President Nicolás Avellaneda because the chief executive had defaulted on the payment of Argentina's foreign debt. As Avellaneda attempted to balance political factions against one another, Pellegrini believed that he and Roca could manage the country more successfully. By October 1879, Roca counted on Pellegrini to serve his successful presidential campaign. Pellegrini identified himself with the aspirations of the provinces to share the wealth that Buenos Aires enjoyed by means of political and economic concessions from the national government.<sup>28</sup>

During the 1880 revolt, Pellegrini used his position as Minister of War to become a vigorous centralist leader. On Pellegrini's advice, Avellaneda moved the capital to Belgrano while Pellegrini called in troops from the interior. As congress and Avellaneda collapsed, a junta composed of Pellegrini, Benjamín Zorilla, and Santiago Cortínez exercised power and crushed the rebellion. Pellegrini's junta also handled the peace conference with Bartolomé Mitre in which

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<sup>27</sup> Pellegrini, *Obras*, I, p. 323; John E. Hodge, "Carlos Pellegrini, Argentine Nationalist," *Journal of Inter-American Studies*, 8:4 (Oct. 1966), 544. For Pellegrini's insistence upon protecting national industry, see Pellegrini to Almancio Alcorta, 14 May, 1875, Archivo General de la Nación, Buenos Aires, Archivo del Dr. Almancio Alcorta (hereafter cited as AAA), leg. 12.

<sup>28</sup> Paul Groussac, *Los que pasaban: Jose Manuel Estrada, Pedro Goyena, Nicolás Avellaneda, Carlos Pellegrini, Roque Sáenz Peña*, (Buenos Aires: Editorial Sudamericana, 1939), p. 300; Oligario Ojeda to Roca, 20 June 1877 and 31 Aug. 1877, AJR, leg. 4; Delfin Gallo to Roca, 27 Dec. 1877, leg. 4; Roca to Pellegrini, 7 Jan. 1880, AJR, leg. 9; Benjamín Posse to Roca, 24 Feb. 1880, AJR, leg. 9.

the selfish porteños were forced to accept Buenos Aires as the new national capital.<sup>29</sup> Years later, Pellegrini remarked that it was an ironic contradiction that Carlos Tejedor---the autonomist leader from Buenos Aires province---and Mitre could claim to lead a party that called itself "nationalist" when they really represented regional and personalistic principles.<sup>30</sup>

During the first Roca administration, Pellegrini asserted his political ambitions. To porteño autonomist Dardo Rocha, Pellegrini pledged his support. In return, he received Rocha's position as national senator.<sup>31</sup> He also maintained a nationalist position by insisting that the port of Buenos Aires had to be built by the federal government. Therefore, Pellegrini presented a project for a new bank of the Argentine Republic. Pellegrini's leadership in the War ministry enabled the army and navy to improve their training and organization. Both branches of the armed forces increased manpower levels in order to preserve newly settled frontier areas near potentially hostile neighbors. Pellegrini also demanded that provincial battalions be nationalized with their expenses paid by the government in Buenos Aires.<sup>32</sup>

### **The 1890 Revolt**

After the 1886 elections, Pellegrini continued his rise to power. Upon his return from Europe, Pellegrini helped ensure the election of Miguel Juárez Celman as president. Pellegrini also served as vice president and the real leader of the Partido Autonomista Nacional. Perhaps

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<sup>29</sup> For Pellegrini's political advice to Roca, see Pellegrini to Roca, 10, 21, 22, and 30 May 1880, AJR, leg. 10. Pellegrini's handling of arms and troops is noted in Ramón Gil Navarro to Roca, June 20, 1880, AJR, leg. 11; José Juan Antelo to Roca, AJR, 23 June 1880, leg. 11; Gregorio Torres to Roca, 13 July 1880, AJR, leg. 11.

<sup>30</sup> Pellegrini's comment is in Pellegrini to Estancio S. Zeballos, 6 Jan. 1899, *Revista de Derecho, Historia y Letras*, XV, pp. 181-182. For Pellegrini's overall views, see "La Paz del 80" in *Atlántida*, 12 vols. (Buenos Aires, 1911), IV, pp. 321-327.

<sup>31</sup> Pellegrini, *Obras*, 11, pp. 11-12. For a report that Pellegrini admired Rocha in the 1880s, see Ramón Bulsigas to Rocha, 25 May 1891, Archivo General de la Nación, Buenos Aires, Archivo y Colección Darbo Rocha (hereafter cited as ADR), leg. 86.

<sup>32</sup> Kress, "Julio A. Roca and Argentina," p. 309; Pellegrini to Roca, 14 Sept. 1880, AJR, leg. 12; Pellegrini to Roca, 28 Dec. 1880, AJR, leg. 13.

his most important role was his continual leadership in financial problems that began to plague the Juárez Celman regime.<sup>33</sup> Pellegrini never tolerated the corruption and inept leadership of the government. Despite Roca's defense of Juárez Celman, Pellegrini ominously informed his brother Ernesto in October 1889 that "the hour of liquidation has arrived."<sup>34</sup> Challenging the alliance between Roca and Juárez Celman required a fair amount of integrity and independence; Roca and Juárez Celman had married each other's sisters. But public criticism of Juárez Celman became so widespread that Pellegrini assumed power temporarily in January 1890.

Despite the favorable image created by the rapid growth in exports and the economic infrastructure, a formidable financial crisis struck Argentina in 1890. The long-awaited economic boom so carefully planned by the Buenos Aires elite was not sufficient to enable the government to meet its credit obligations. The government's consolidated public debt increased from 197 million gold pesos in 1886 to 351 million gold pesos in 1890. A general insolvency resulted when the service on the public debt represented 133 percent of government income in 1890. Even though the British railroads provided poor service, Juárez Celman allowed them to maximize their profits.<sup>35</sup> In addition to the poor state of finances and the deepening control of foreign capital, Argentine commerce gradually deteriorated. Bank transactions, stock market activity, and freight traffic declined by over 50 percent in 1890.<sup>36</sup> Once world market prices for

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<sup>33</sup> Pellegrini, *Obras*, II, p. 157 reveals how Pellegrini controlled the army during the 1886 elections.

<sup>34</sup> Groussac, *Los que pasaban*, pp. 306-307; Carlos Pellegrini to Ernesto Pellegrini, 10 Oct. 1889, *Obras*, II, p. 229. For Roca's defense of Juárez Celman, see Roca to Torres, 31 Jan and 12 April 1880, AJR, leg. 116; Roca to Chevarría, 19 Dec. 1889, AJR, leg. 116.

<sup>35</sup> Luis V. Sommi, *La revolución del 90*, 2nd ed. (Buenos Aires: Ediciones Pueblos de América, 71-78; John E. Hodge, "Carlos Pellegrini and the Financial Crisis of 1890," *Hispanic American Historical Review*, 50 (Aug. 1970), p. 499. A thorough overview of Argentine Economic growth is A. G. Ford, "British Investment and Argentine Economic Development, 1880-1914" in David Rock, ed. *Argentina in the Twentieth Century*, (Pittsburgh: University of Pittsburgh Press, pp. 12-40).

<sup>36</sup> Sommi, *La revolución del 90*, pp. 63-66; H. S. Ferns, *Britain and Argentina in the Nineteenth Century*, (London: Oxford University Press, 1960), pp. 406-409.

corn, wheat, wool, and leather fell by 40 percent after 1888, social conditions worsened as most Argentines suffered a decline in real wages.<sup>37</sup>

The 1890 revolt failed because of the inability of its leadership and Pellegrini's quick response. The Unión Civica party, eventually known as the Radicals, led the rebellion. Leandro Alem, a popular caudillo, assumed direction of the movement. It was a combination of elites and frustrated middle groups which received assistance from federalists such as Bernardo de Irigoyen and Aristobulo del Valle as well as Mitre. Alem had the support of Buenos Aires and its province but did little once his followers seized control of the Plaza Lavalle on the morning of July 26.<sup>38</sup> Juárez Celman fled Buenos Aires as rebellious naval ships began to shell the city. Pellegrini, however, maneuvered his supporters and convinced the rebels to accept an amnesty and surrender.<sup>39</sup> Discredited and unpopular, Juárez Celman had to surrender executive power to the vice president, the first time such a transfer occurred in Argentina.

### **Pellegrini's Financial Policies**

Primarily concerned with the disastrous state of Argentine finances, Pellegrini threw his energy into a rejuvenation of Argentina's external credit. Although he spared no effort on behalf of the Argentine oligarchy, Pellegrini began to champion nationalist policies rather than foreign capital. Already critical of the decentralized liberal model that never questioned foreign domination of the economy, Pellegrini perceived that economic growth had to proceed by

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<sup>37</sup> Sommi, *La revolución del 90*, p. 66. For the social effects of Juárez Celman's policies, see Carl E. Solberg, "Farm Workers and the Myth of Export-Led Development in Argentina," *The Americas*, 31:2 (Oct. 1974), 121-138.

<sup>38</sup> Telmo Manacorda, *Alem: un caudillo, una época*, (Buenos Aires, 1941); Juan Balestra, *El noventa*, 3rd ed. (Buenos Aires, 1959), p. 137. A traditional study is Alvaro Yunque, *Leandro Alem: El hombre de la multitude*, (Buenos Aires, 1953). For the early Socialist party, see Richard J. Walter, *The Socialist Party of Argentina, 1890-1930*, (Austin, 1977).

<sup>39</sup> A detailed account of the 1890 revolt is British consul in Buenos Aires to Lord Salisbury in the Foreign Office, 4 Aug. 1890, Public Records Office, microfilm of the General Correspondence of the Argentine Republic (hereafter cited as PRO), roll F06/409, frames 97-106. For Pellegrini's role in ending the turmoil, see British consul to Foreign Office, 27 July 1890, F06/409, frame 86; Sor. De la Junta Revolucionaria, 1890, ADR, leg. 293.

weakening privileged groups in the interior and abroad. Pellegrini was never an egalitarian or a demagogue, but he now promoted vigorous financial policy by the state to favor industrialization and the growth of domestic capital.

One of the novelties in Pellegrini's fiscal policy was his use of protectionism and a rejection of traditional free trade ideology. Because he felt that reliance upon beef and grain exports were insufficient for a modern economy, Pellegrini urged that Argentina's wine, sugar, tobacco, and rice industries had to be encouraged. Balanced industrial growth would avoid foreign debts and excessive domestic consumption of luxury imports.<sup>40</sup> For this reason, Pellegrini taxed foreign wine, beer, sugar, and dried fruit. It was not long before Pellegrini noted his satisfaction that national industry could compete successfully against foreign competition.<sup>41</sup>

Because the financial situation was so acute, the Pellegrini regime decided that a stronger state had to guarantee a stable financial system. Inflation, unemployment, and business failures were common ailments. The treasury ministry contained hard-working officials who were imaginative but unable to deal with political problems.<sup>42</sup> Nevertheless, the government restricted gold transactions at the stock market in order to stabilize the currency. Provincial and municipal administrations were not permitted to assume foreign loans in the future. By November 1891, the British consulate in Buenos Aires concluded that the country was on the verge of bankruptcy when its studies concluded that Argentina's debt added up to £74,000,000

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<sup>40</sup> Pellegrini, *Obras III*, pp. 324-333. For a discussion of how the sugar industry became integrated into domestic needs, see Donna J. Guy, *Argentine Sugar Policies: Tucuman and the Generation of Eighty*, (Tempe, Center for Latin American Studies, 1980). For an excellent regional perspective, see James P. Brennan and Ofelia Pianetto, eds. *Region and Nation: Politics, Economy, and Science in Twentieth Century Argentina*, (New York: St. Martin's Press, 2000).

<sup>41</sup> Arthur Herbert to British consul, 20 May 1891, PRO, roll F06/418, frames 248-259. This report notes that in early 1891, British imports dropped by 48 percent compared to the first quarter of 1890 while French imports fell by 65 percent and German imports by 60 percent. Also, consult Donna J. Guy, "Carlos Pellegrini and the Politics of Early Argentine Industrialization 1873-1906," *Journal of Latin American Studies*, 11:1 (May 1979), 123-144.

<sup>42</sup> Ricardo Pillado to Victorino de la Plaza, 18 Feb. 1891, Archivo General de la Nación, Buenos Aires, Archivo del Victorino de la Plaza (hereafter cited as AVP), cuerpo 5, anaquel 2, no. 3.

with revenues of only £6,000,000. The financial consul pleaded that his study not be released because the report "will probably push them over the edge."<sup>43</sup> Given these realities, Pellegrini cut expenses and tried to weed out corruption and waste as much as possible.

Pellegrini's next fiscal steps intended to produce revenue and meet foreign debt obligations. In October 1890, import duties rose by 60 percent for luxury items. Later, Pellegrini decreed high taxes on wine and sugar production and a ten percent tax upon private bank dividends. In November 1890, the government concluded an arrangement with European bankers that allowed Argentina to pay her debts at a lower but longer schedule in return for promising not to undertake new loans and to pay creditors in gold from customs duties.<sup>44</sup>

The lamentable condition of the provincial banks forced Pellegrini to curtail their autonomy. He quickly dispatched Victorino de la Plaza to London in order to negotiate a moratorium on the debts of the interior banks. This would enable Pellegrini to avoid discounting their bills on the financial market. The provincial land bank of Buenos Aires province had to agree to a five percent tax on its land titles as well as having to reconvert them into foreign titles in the form of a mortgage security. Once the old coupons were amortized and the bank received a loan, it was permitted to issue notes only in quantities that they could cover. The London bankers finally agreed to these terms in January 1891.<sup>45</sup>

Although the de la Plaza mission was successful, government officials proved that the alleged abuses of the interior banks were true. Inspectors found that banks in the provinces of Catamarca, Córdoba, Santa Fe, and Tucumán issued fraudulent notes when they were

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<sup>43</sup> *Buenos Aires Standard*. 25 Nov. 1890 reports the gold panic at the Bolsa. Arthur Herbert to British consul, 31 Aug. 1891, PRO, roll F06/418, frames 391-393. A similar report is contained in *Buenos Aires Standard*, 21 Nov. 1891.

<sup>44</sup> Hodge, "Carlos Pellegrini, and the Financial Crisis of 1890," pp. 507-508.

<sup>45</sup> For the de la Plaza mission, see Presidente del Banco Hipotecario de la Provincia de Buenos Aires to de la Plaza, 7 Oct. 1890, 12 and 16 Nov. 1890, 10 Dec. 1890, AVP, cuerpo 5, anaquel 2, no. 3.

insolvent. The owners had simply swindled the country.<sup>46</sup> The provinces, however, resisted Pellegrini's attempts to reform their corrupt practices. Politicians in the countryside demanded that their lackeys administer local banks in order to control provincial politics. More often than not, Roca had limited banking reforms in the interior at the behest of his rural allies.<sup>47</sup> Such selfish waste encouraged Pellegrini and his Treasury ministry to centralize fiscal policy. Congress allowed Pellegrini to settle the provincial loans in return for shutting down many interior banks.

To maintain the country's credit, Pellegrini attempted to prop up Argentina's major banks: the Banco Hipotecario, the Banco Nacional and the Banco de la Provincia. Therefore, the government created the Caja de Conversión, which emitted 60 million pesos to these banks on the strength of a currency emission of the same quantity. As the banks continued to weaken, Pellegrini encouraged wealthy porteños to support a "patriotic loan." But these attempts failed when the elites backed out and the Baring bank in England collapsed. By April 1891, Caja funds dried up and Pellegrini suspended payments to the banks. Once the government had to shoulder the weight of public misfortunes, Pellegrini closed both banks and decided to establish a national bank.<sup>48</sup> With the gold premium rising and inefficiency continuing within the principal banks, Pellegrini had no other choice.

To end the fears of a new currency emission, Pellegrini proposed a new Banco de la Nación Argentina in April 1891. In this manner, larger federal banks would be converted into a

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<sup>46</sup> *Buenos Aires Standard*, Oct. 1, 1890; British consul to Foreign office, 2 Sept. 1890, PRO, roll F0/6, frames 380-381; Gov. of Cordoba to Roca, 13 Feb. 1891, AJR, leg. 62. Ricardo Pillado to de la Plaza, 26 June 1891, AVP, cuerpo 5, anaquel 2, no. 3.

<sup>47</sup> Benjamín Dominguez to Roca, 25 Jan. 1891, AJR, leg. 66; Julio Astrada to Roca, March 29, 1892, AJR, leg. 66, Gov. of Córdoba to Roca, 5 Nov. 1891, AJR, leg. 65; Ricardo Pillado to de la Plaza, April 26, 1891, AVP, cuerpo 5, anaquel 2, no. 3.

<sup>48</sup> British consul to Foreign Office, 1 Dec. 1890, PRO, roll F06/410, frames 497-500; British consul to Foreign Office, March 17, 1891, PRO, roll F06/418, frames 178-188; Ricardo Pillado to de la Plaza, 4 April 1891, AVP, cuerpo 5, anaquel 2, no. 3.

single, central bank. Pellegrini assured the public that his new bank would increase trade and that elected stockholders would manage it instead of politicians. National specie would be deposited in the Caja in return for Treasury notes at a rate of 2-1/2 dollars of paper to one of gold. The bank would not loan funds to local governments and assumed ownership of provincial banks on its own terms. In direct defiance of the de la Plaza agreement, the Caja emitted 50 million pesos of customs receipts to the new bank.<sup>49</sup>

In response to growing anti-British agitation in Argentina, as well as the need to raise more reserves for the new bank, Pellegrini began to attack foreign capital. This was a dramatic departure from traditional elite policy. Pellegrini accused foreign banks of distributing excessive dividends and hoarding gold. Some Argentines interpreted Pellegrini's crackdown on foreign banks as an attempt to force confidence in the state bank while trying to pressure foreign banks out of the country.<sup>50</sup>

Other foreign investments experienced unaccustomed regulation. Insurance companies had to pay heavy license fees, deposit a "guarantee" of 50,000 pesos into the Caja, and construct new buildings. Pellegrini decreed a two percent tax on bank depositors who did not purchase government bonds, and a seven percent tax upon foreign insurance premiums as well as joint stock companies with external capital or ownership. The President and the public resented the large profits realized by foreign companies because their capital was not exposed to the risk of Argentine inflation.<sup>51</sup>

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<sup>49</sup> British consul to Foreign Office, 14 April 1891, PRO, roll F06/418, frames 212-215; British consul to Foreign Office, 26 May 1891, PRO, roll F06/418, frames 243-247. British consul to Foreign Office, 27 Oct. 1891, PRO, roll F06/418, frames 488-490; Hodge, "Carlos Pellegrini and the Financial Crisis of 1890," pp. 520-521.

<sup>50</sup> British consul to Foreign Office, 25 Nov. 1890, PRO, roll F06/410, frames 487-494; Diego de la Fuente to Rocha, 1 March, 1891, ADR, leg. 87.

<sup>51</sup> British consul to Foreign Office, 4 Aug. 1891, PRO, roll F06/418, frames 359-361; Ernesto Tornquist y Cia Ltd., *El desarrollo económico de la República Argentina en los últimos cincuenta años*, (Buenos Aires: Imprenta Mercatali, 1920), pp. 291-294.

The railroads also lost their privileged status. Pellegrini appointed federal officials to inspect lines, examine books, and control rates. In addition to canceling ten concessions, at least two lines lost their guaranteed status while an 1891 law stipulated that railroad companies had to deposit 50 percent of their gross returns into the national treasury.<sup>52</sup> Pellegrini also urged that no additional railroad concessions be granted because of chaotic development and haphazard planning on the part of the planners.

The British were unhappy about these decrees and attempted to rally support from other European governments and the United States against rising nationalist sentiment. Lord Salisbury was particularly upset with a law that stipulated that an Argentine national had to be aboard foreign vessels engaged in coastal trade. The British were also angered when the Argentine government firmly rebuffed their objections toward higher port duties and pointed out that diplomats should not meddle in domestic affairs.<sup>53</sup> Many Argentines were angry that the British continued to occupy the Falkland Islands after their seizure in 1833. Both sides were distrustful and disdainful.

The Foreign Office particularly resented the defiance of the Buenos Aires municipality in resisting the demands of English tramway companies. Disputes between the city and British gas companies were not resolved until Pellegrini forced both sides to compromise.<sup>54</sup> Disputes with Buenos Aires indicate that anti-British resentment was widespread. Pellegrini could have intensified Argentine nationalism toward a more aggressive diplomacy with Great Britain, but Pellegrini felt that reasserting the nation's economic growth was a much more important task.

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<sup>52</sup> British consul to Foreign Office, 27 Oct. 1890, PRO, roll F06/411, frames 159-160; British consul to Foreign Office, 29 July 1891, PRO, roll F06/418, frames 482-483.

<sup>53</sup> British consul to Foreign Office, 8 June 1891, PRO, roll F06/418, frames 258-261; British consul to Foreign Office, 13 July 1891, PRO, roll F06/418, frames 333-335.

<sup>54</sup> British consul to Foreign Office, 23 June 1891, PRO, roll F06/418, frames 294-303; British consul to Foreign Office, 22 Dec. 1891, PRO, roll F06/415, frames 385-387.

## Conclusions

By the time he left the Casa Rosada, Pellegrini had achieved many of his goals. Although weakened physically from the strain of day-to-day administration, Pellegrini had improved the financial system. In 1891 and 1892 Argentina recorded a favorable trade balance and reduced luxury imports. Pellegrini claimed that he had also tripled customs revenue, created internal taxes, and stimulated two years of "peace and work."<sup>55</sup> Moreover, the wide gap that separated the interests of the capital city and the countryside began to be closed. By regulating foreign capital and the provincial banks to aid commercial interests and Argentine industry, Pellegrini reveals that he was really a centralist exploring a nationalist path rather than an unconditional representative of the landowning oligarchy.

Pellegrini's impact became more evident while he was an elder statesman. Perhaps his major contribution was overall confidence and sounder administrative procedures. Argentine credit improved to the point that the country resumed full debt payments in 1897, a year ahead of schedule. Monetary stabilization resulted in a return to the gold standard, ushering in a period of sustained and rapid economic growth. Greater trust in public institutions enabled the state bank to become successful. Argentine leaders finally perceived the state as an active agent in promoting economic expansion after the 1890s.<sup>56</sup> The growth of thousands of new industries by 1895 demonstrates the impact of Pellegrini. An extremely dynamic group of entrepreneurs began to enjoy enormous profits. By trying to find international markets for the sugar industry,

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<sup>55</sup> Quoted in Pellegrini, *Obras*, IV, p. 338. Hodge, "Carlos Pellegrini and the Financial Crisis of 1890," p. 542.

<sup>56</sup> A solid analysis of Argentine politics at the turn of the century is Natalio R. Botana, *El orden conservador: La política argentina entre 1880 y 1916*, 2nd ed. Buenos Aires, 1979). The most thorough study of the Radicals is David Rock, *Politics in Argentina, 1890-1930: The Rise and Fall of Radicalism*, (London, 1975). For an analysis of the Argentine economy in a cultural context, see Richardo D. Salvatore, "The Normalization of Economic Life: Representatives of the Economy in Golden-Age Buenos Aires, 1890-1913," *Hispanic American Historical Review*, 81:1 (Feb. 2001), 1-44.

Pellegrini accelerated the process of expanding the export sector to include greater provincial participation.<sup>57</sup>

More significantly, Pellegrini championed political reform after his rule. Pellegrini's break with Roca was a decisive event in 1901. When Roca chose not to back an unpopular foreign loan that Pellegrini had negotiated, he became disillusioned with the status quo. Pellegrini tried to co-opt the Radicals by allowing them to win scattered elections. Afterwards, he continued to insist that some sort of legitimate political pluralism be established. Pellegrini had always disliked personalist politics and criticized corruption publicly. His ideas for reforming the political system culminated in the Saenz Peña law of universal and secret male suffrage. This 1912 law limited the majority party to two-thirds of the deputies in the Chamber of Deputies. Pellegrini was also the first member of the oligarchy to advocate a more benevolent relationship between capital and labor so that workers could receive decent wages.<sup>58</sup>

When Pellegrini challenged British capital, Argentine nationalism resumed the heritage of Rosas, although on a restricted and diplomatic basis. Pellegrini's policies reveal that discord with the British was deeper than is commonly recognized. By anticipating the problems of modernization and their economic roots, Pellegrini symbolizes the nationalist impulse that would play such a key role in Latin America during the twentieth century.

Social revolution would not become an issue until the era of Juan Perón, but Pellegrini had already sanctified anti-imperialism as a legitimate component of national emotions. Moreover, Pellegrini demonstrated that nineteenth century liberalism was no longer workable in fashioning

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<sup>57</sup> Guy, *Argentine Sugar Politics*, pp. 12, 108-112; Jorge F. Sábato, *La class dominante en la argentina moderna: Formacion y características*, (Buenos Aires: CISEA/Imago Mundi, 1991); Hilda Sábato, *Capitalismo y ganadería en Buenos Aires: La fiebre del lanar*, (Buenos Aires: Sudamericana, 1989).

<sup>58</sup> Pellegrini, *Obras*, III, pp. 115-136. In this regard, see David Rock, *State Formation and Political Movement in Argentina, 1860-1916*, (Stanford: Stanford University Press, 2002).

the economic policies of the future. And finally, Pellegrini accomplished his tasks without giving the military an inordinate share of power.

How did the other Latin American oligarchies compare to Argentina? By examining the attempts of elite systems in selected countries, it can be seen that generally they were less successful in terms of fiscal balance, political reform, and social services. Argentina was always able to assert diplomatic independence as well as cultural vitality on a more consistent basis than her sister republics. But the methods of elite rule were similar and not without their rewards<sup>59</sup>. Indeed, the late nineteenth century oligarchies often distinguished themselves to the extent that their success drove a stake into the heart of dependency theory.

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<sup>59</sup> For a broad overview, see Douglas W. Richmond, "Comparative Elite Systems in Latin America and the United States, 1870-1914" in *Revista de Historia de America*, 114 (July-Dec. 1994), pp. 61-89.

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