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Castillo, Hugo F.; Tulchin, Joseph S.

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Capitalist Development and Social Structure in Argentina, 1880 - 1930

Hugo F. Castillo and Joseph S. Tulchin

The search for the historical roots of the economic, social and political problems that beset Latin America has been a constant task for several decades. Over the past thirty years there has been a staggering amount published, from different perspectives, attempting to explain why the nations of the region have not managed to create the bases for self sustaining economic growth. The problems of imperialism, of modes of production, of the world economic system have generated not only a monumental bibliographic production, but also important theoretical and political debates ¹). Recent studies have indicated that capitalism developed through various forms and mechanisms, forms that reflected and adjusted to the characteristics of each area. The rhythm of penetration and its intensity varied across time and space, giving rise to diverse combinations of productive systems and social organizations ²).

This theoretical debate is important in the sense that it provides instruments of analysis that help to explain and to articulate fundamental aspects of the development of dependent capitalism in Latin America. Many of the works have tried to explain how the expansion of the capitalist economic system integrated into the same market economies that included different productive systems that came to occupy such diverse positions or functions within the structure of that world economic system ³). This model, which establishes fundamental differences between economies of the center and of the periphery, but which at the same time emphasizes the tight articulation

1) Andre Gunder Frank, Rodolfo Puiggrós, Ernesto Laclau, *América Latina: feudalismo o Capitalismo?* (Bogotá, Cuadernos La Oveja Negra, 1972); Sempat Assadourian, Ciro F. S. Cardoso, et al., *Modos de producción en América Latina*. (Cuadernos de Pasado y Presente; Buenos Aires: Siglo XXI, 1973); Ciro F. Cardoso and Hector Perez Brignoli, *Historia Económica de América Latina*, vol. 2, (Barcelona: Editorial Crítica, 1979), pp. 100 - 104; Richard Harris, "Marxism and the Agrarian Question in Latin America," *Latin American Perspectives*, vol. V, 4, 1978. The concept of "articulación de modos de producción" is formulated in Pierre Philippe Rey, *Les Aliances de Classes* (Paris: Maspero, 1976); see also John Taylor, *From Modernization to Modes of Production. A Critique of Sociologies of Development and Underdevelopment* (London: MacMillan, 1979); Harold Wolfe, ed., *The Articulation of Modes of Production* (London: Rutledge and Kegan Paul, 1980).

2) See Kenneth Duncan and Ian Rutledge, "Introduction: patterns of agrarian capitalism," in Duncan and Rutledge, eds., *Land and Labor in Latin America* (Cambridge: Cambridge University Press, 1977).

3) Fernando H. Cardoso and Enzo Faletto, *Dependencia y Desarrollo en América Latina*, (Mexico: Siglo XXI, 14a edic. 1978), p. 23.

between the two, has helped to explain some of the mechanisms of profit transfer from periphery to center, the distortions that capitalism undergoes in peripheral countries, as well as the unified nature of the world economy⁴). One of the most frequent criticisms of this theoretical scheme is that its macrostructural character made it difficult to link it to structures and the dynamic formation of classes in specific historical cases, with concrete forms of appropriation specific to a given productive system⁵). The debate now requires empirical historical studies.

The disintegration of the Spanish colonial empire and the subsequent organization of numerous national states coincidentally with the onset of industrial capitalism accelerated the expansion of capitalism, in the center as well as in the periphery. The growing demand for primary products and food stimulated the expansion of productive activities in virgin lands of Latin America and imposed significant changes on the areas of oldest colonization with long established productive structures. These new nations tended to specialize in the production of primary products through the sale of which they were linked to the international market⁶).

In some cases, the growing international demand reenforced labor systems with mechanisms of extra-economic coercion; in others the obligations of workers were increased and their benefits curtailed, moving toward a wage labor system⁷). In still other cases, the expansion was accomplished through the incorporation and exploitation of virgin lands by colonists and landowners, creating productive structures that differed from the zones of earlier settlement, most notably in being completely integrated into the world capitalist system from the outset⁸).

4) Este modelo de centro-periferia ha servido de base para diferentes formulaciones teoricas que tratan de explicar los mecanismos de reproduccion del sistema capitalista mundial, see Paul Baran, *Political Economy of Growth* (1957); Samir Amin, *Unequal Development* (1976); A. G. Frank, *Capitalism and Underdevelopment* (1976); I. Wallerstein, *The Capitalist World Economy* (1979).

5) Cardoso and Perez Brignoli, *Historia Economica*, vol. 2, 104.

6) Roberto Cortes Conde, *The First Stages of Modernization in Latin America* (New York : Harper & Row, 1974).

7) See Frederick Katz, "Labor Conditions on Haciendas in Porfirian Mexico: some tendencies, some trends," *HAHR* 54; 1 (Feb. 1974); A. Bauer, "Rural Workers in Spanish America: Problems of Peonage and Oppression," *HAHR*, 59; 1 (Feb. 1979); S. M. Smith, "Labor Exploitation on Pre-1952 Haciendas in the Lower Valley of Cochabamba, Bolivia," *Caravelle*, 28 (1977).

8) See C. Kay, "The Development of the Chilean Hacienda System, 1850 - 1973," in Duncan and Rutledge, eds., *Land and Labor in Latin America*; A. Guerrero, "Renta diferencial de la tierra y vias de disolucion de la hacienda pre-capitalista," *Caravelle* 28, (1977); Solomon Miller, "Proletarianization of Indian Peasants in Northern Peru, in Dwight B. Heath, ed., *Contemporary Cultures and Societies of Latin*

The phenomenon of frontier expansion and the incorporation of new lands has frequently attracted the attention of geographers, developmental economists, and historians because the dynamics of expansion offers an unusual opportunity to study the origins and development of social and economic structures. In this case we are particularly interested in the agrarian structures that developed in Argentina at the end of the 19th century in response to the rising European demand for foodstuffs and the demographic pressures there. The process of colonization and the organization of units of production in this case implied the appropriation of the land, the development of labor systems, and the investment of capital in the improvement of the land as well as the development of an infrastructure. We want to study and explain the characteristics of this dynamic process of expansion, paying particular attention to the dialectical relation between internal processes and external ones during the period of expansion⁹).

Despite the abundance of studies of nations of recent settlement, such as Australia, Brazil, New Zealand, Argentina, Canada, etc., it is still not clear how international monopoly capital, through its action in peripheral nations, creates the objective conditions which besides allowing its reproduction also conditions the development of social and economic structures in the dependent countries¹⁰).

In general, the mechanisms of imperialist penetration are well known: control of the commercial trade system, direct investments in transportation, communication systems, and public utilities, loans to government and direct investment in such activities as plantations, ranching and mining. For the imperialist nations, the search for markets, the need to guarantee sources of primary products, and the flow of capital determined the basic elements

America, 2nd ed (New York, 1974); Alvaro Jara, ed., *Tierras nuevas: expansión territorial y ocupación del suelo en América Latina* (Mexico: El Colegio de México, 1969); Alistair Hennessy, *The Frontier in Latin American History*, (Albuquerque: Univ. of New Mexico Press, 1978); Thomas H. Holloway, "The coffee colono of São Paulo, Brazil: migration and mobility, 1880 - 1930," in Duncan and Rutledge, eds., *Land and Labor*; Cardoso y Pérez Brignoli *Historia Económica*, vol. 2, pp. 63 - 84.

9) See, for example, the article by Peter Winn, "British Informal Empire in Uruguay in the Nineteenth Century," *Past and Present*, no. 73 (Nov. 1976).

10) For Argentina see Tulio Halperin Donghi, "La expansión de la frontera de Buenos Aires (1810 - 1852)," and also Roberto Cortés Conde, "Patrones de asentamiento y explotación agropecuaria en los nuevos territorios Argentinos (1890 - 1910)," in Alvaro Jara, ed., *Tierras Nuevas*; for Brazil see M. W. Nicholls, "The agricultural frontier in Modern Brazilian history, the state of Paraná 1920 - 1965," in *Cultural Change in Brazil: Papers from the Midwest Assoc. of Latin American Studies* (Muncie: 1969). On the concept of dependent reproduction, see Ronaldo Muck, *Politics and Dependency in the Third World. The Case of Latin America* (London: Zed Books, Ltd, 1984) pp. 31 - 35.

of the new system of domination ¹¹). Given the essentially rural nature of most of the Latin American societies and the low level of investment in the countryside, it isn't strange that most of the students of the phenomenon have ignored the role of foreign finance capital in the development of agrarian productive systems in the lands of recent settlement. This problem is particularly acute in a country like Argentina where such a significant portion of its territory was settled in the 19th century and where so much of its national income came from the agricultural activity on that newly settled land.

Looked at from another angle, the settlement of empty lands constitutes an important period in the process of the consolidation of the national state, since the state is incorporating into the national sovereignty lands that had been previously beyond its direct control ¹²). The political dimension of this process is made evident when we remember that the conditions that govern the access to land ownership are regulated by the central government and tend to reflect the economic interests and ideology of the dominant class. During this period of accelerating participation in the world market and of the formation of national markets, economic liberalism was the doctrine that best rationalized the changes that the ruling groups desired to introduce in production and trade. This new situation created favorable conditions for the formation of social and political alliances that supported the dominant growth model based on an economy of exports, alliances that included groups and fractions of national classes and representatives of international companies who, together, constituted what Poulantzas called "a power block ¹³)."

Given the existence of an international economic system that by means of political and social mediation exercises undeniable influence on national

11) Albert S z y m a n s k y, in describing the characteristics of imperialism during this period, indicates that beginning around the middle of the 19th century there occurred a radical transformation in the nature of imperialism as a result of the emergence of giant corporations and cartels that monopolized markets and which allowed them to assure themselves of a cheap supply of primary products and to secure the most favorable prices for their manufactured goods. Moreover, there was a strong concentration of their investments in infrastructure, especially in railroads. Thus, for example, the British investments in Argentina, Chile, Brazil and Uruguay increased between 44 % and 68 % from 1860 to 1913. As a result of this new pattern of accumulation, on a world scale, of this unequal exchange which was a consequence of the monopolization of markets, there was a transfer of wealth from the periphery to the center. See *The Logic of Imperialism* (New York: Praeger, 1981), pp. 103 - 112; and C a r d o s o and F a l e t t o, *Dependencia y subdesarrollo*, pp. 43 - 44.

12) See Oscar O s z l a k, *La formación del estado Argentino* (Buenos Aires: Editorial Belgrano, 1982).

13) Nicos P o u l a n t z a s, *Clases sociales y poder político en el estado capitalista* (Mexico: Siglo XXI, 1978), pp. 302 - 303, 311 - 327.

economic development, it is vital to establish clearly the mechanism of control used by the central countries, the exporters of capital and of manufactures, and the impact of their activities on the dependent societies and economies.

We consider that the historiographical debate over modes of production and over the world capitalist system will be enriched if we can study in detail how one mode of production comes to dominate others within a given social formation and what are its specific mechanisms of domination 14). In these circumstances we propose that the study of the agrarian credit system that evolved in Argentina during the period of most rapid expansion offers the possibility of exploring the problem of dependence, the mechanisms of the transfer of surpluses from the periphery to the center, and the complicated issue of capital accumulation in agriculture, with all of the implications that it has for understanding the development of internal and external structures of domination. We feel that this is a crucial aspect of Argentine socio-economic development that has been ignored, perhaps because of the attention focused on the more obvious characteristics of imperialist penetration. In this paper, we will test the hypothesis that credit and the manipulation of the commercial and financial system were the central mechanism through which a fraction of the dominant class, in alliance with international capital, secured its position of dominance and contributed to shaping the social structures and production structures which were integrated functionally into the dominant capitalist mode of production 15).

Although we have selected Argentina as a case study, we believe that the structure of domination that we will describe was present in various countries in Latin America that experienced similar export economic booms at the end of the 19th century and probably is characteristic also of other dependent economies in the Third World even today. We have picked Argentina because it joins a variety of favorable conditions for study. It is a country that is often pointed to as a classic example of the frontier society. It is a country that has been acutely frustrated in its efforts to break out of the circle of underdevelopment despite periods of notable economic growth and despite enviable natural resource endowment. Finally, we chose Argentina because earlier studies have identified rich regional variation within the broad category of export economy, a diversity that allows for a multiplicity of forms and stages in the evolution of agrarian systems. Those studies also pointed to the importance of

14) For a brief analysis of the concept of mode of production, see Tom Bottomore, Lawrence Harris, V. G. Kierman, Ralph Miliband, eds., *A Dictionary of Marxist Thought* (Oxford: Basil Blackwell Reference Pub. Ltd., 1983), pp. 335 - 337. See, also Assadourian y C. F. Cardoso, *Modos de producción*, p. 21.

15) A. G. Ford, *El patron oro: 1880 - 1914. Inglaterra y Argentina* (B. A.: Editorial del Instituto Di Tella, 1966) see especially chapters V and VI, pp. 143 - 185. For the concept of class fractions, see Poulantzas, *Clases sociales y poder político*, pp. 88 - 100.

the financial system in the development of export agriculture, a phenomenon that fits in perfectly with the sort of theoretical issues that interest us¹⁶).

The dramatic economic expansion on the Argentine pampa was financed by two parallel credit systems. One was loans direct from the nation's principal banks to a small group of landowners and entrepreneurs together with direct investments by foreign corporations. The second was based on a vast network of local lenders - middlemen - who were distributing the capital of a relatively small number of major corporations that used the services of the Banco de la Nación Argentina to move their own money to the branches of the bank throughout the country. On the pampa, the overwhelming portion of the capital was controlled by transnational cereal brokers and consignment agents who provided the liquidity for more than 90 percent of all agricultural producers, and at rates around 24 percent interest per year, four times greater than the rates usually charged for bank loans to landowners or other privileged borrowers. Because of the high rates of interest charged by the consignment houses and because of their domination of the financial system, we will use the flow of this expensive credit as a measure or indicator of economic and financial dependence, dependence that will vary inversely with the independence that the rural producer enjoys in the marketplace. We will assume that the flow of this credit marks areas and groups of producers who, for whatever reason, did not have access to cheaper credit offered by the nation's banks¹⁷).

The financial system that was based on the movement of sight drafts (giros) to the branches of the Banco de la Nación was an integral part of the international capitalist system in which Argentina was inserted in the second half of the nineteenth century. Thus, in order to understand the function of the giros in the Argentine economy, we must link them to the evolution of the various productive structures in the country. This imposes upon us the requirement of characterizing the mode or modes of production and forms of production that coexisted or developed in Argentina during this period of rapid economic expansion, as well as exploring the relations of domination that were established within each¹⁸).

16) See Joseph S. T u l c h i n, "Agricultural Credit in Argentina, 1920 - 1926," Institute of Latin American Studies, UNC, Occasional Papers Series, (1983).

17) The description that S z y m a n s k y offers of monopoly capital in Europe applies perfectly to the Argentine case, see *The Logic of Imperialism*, p. 103.

18) Actualmente hay un debate historiográfico bastante importante sobre la persistencia de "modos de producción" o "formas de producción" precapitalistas en la región, que aparecen subordinadas al modo de producción capitalista dominante. Una buena síntesis de la polémica se encuentra en Richard H a r r i s, "Marxism and the Agrarian Question in Latin America," *Latin American Perspectives*, vol. V, 5 (Fall, 1978); Barry H i n d e s s and Paul Q. H i r s t, *Pre-capitalist Modes of Production* (London: Routledge and Kegan Paul, 1975). Ver también P o u l a n t z a s, *Clases sociales y poder político*, pp. 78 - 83.

Our study focuses on a period in which capitalism had been established as the dominant mode of production, even when it had developed under various forms and conditions. The expansion of agricultural activity on the pampa and in other regions of the country occurred in various forms, determined by geographic, ecological, and demographic conditions, as well as by the historical process of settlement in the various regions. Thus, even on the pampa, as Flichman has pointed out, tenancy took many forms - capitalist renting, campesino tenancy, and units of production organized in a capitalist fashion by the landowners themselves¹⁹).

If we extend our purview to regions of the country beyond the pampa, we can observe that diverse agrarian systems were incorporated into the world capitalist market without causing the disappearance of older forms of production and labor recruitment, forms that imply non-economic mechanisms of coercion and even non-capitalist forms of production. Wage labor and agrarian capitalism developed at different rates in different regions, and the expansion of agricultural production was not always the result of the extension of capitalist relations of production in agriculture. The principal characteristic of this period was the tight integration among different forms of production, even while the orientation of the process was toward the expansion of capitalism in agriculture²⁰).

19) Sobre el concepto de "dominación de un modo producción", Samir Amin indica que ello implica: "1) la dominación de la ley fundamental del modo dominante, que determina las condiciones de la reproducción del conjunto de la formación; 2) en consecuencia transferencia de una parte del excedente (surplus) generado en los modos dominados hacia el modo dominante; 3) la dominación política de la clase dominante del modo dominante; 4) la dominación ideológica del modo dominante." Samir Amin y Costas Vergopoulos, *La question paysanne et le capitalisme* (Paris: Editions Anthropos-Idep, 1974) p. 11. See also Alonzo Aguilar, *En torno al capitalismo Latino Americano* (Mexico: D. F.: UNAM, 1975), p. 38; Guillermo Flichman, *La renta del suelo y el desarrollo agrario argentino* (Mexico: Siglo Veintiuno, 1975), p. 89; James R. Scobie, *Argentina, a City and a Nation* (New York: Oxford University Press, 1971), pp. 48 - 49; and Scalabrini Ortiz, *op. cit.*

20) For a characterization of the contemporary situation in Argentina en terminos que son tambien valido para el periodo estudiado, see Juan Villaroel cited by Richard L. Harris, "Marxism and the Agrarian Question in Latin America," *loc. cit.*, pp. 3 - 4. Este periodo de transición en el cual empiezan a aparecer relaciones de producción propiamente capitalistas en el campo, que coexisten con diversas formas de producción, algunas de ellas pre-capitalistas, ha generado un debate historiográfico en torno a llamada "articulación de modos de producción," Uno de los puntos esenciales de este debate gira en torno al carácter de las economías campesinas y si debe considerarsele como un modo de producción o como una forma de producción. Para una síntesis del debate teórico así como también una interpretación personal ver, Alain de Janvry, *The Agrarian Question of Latin America*, (Baltimore: The Johns Hopkins University Press, 1981), pp. 94 - 140; una discusión teórica sobre el problema de la articulación de los modos de producción en Harold Wolfe, ed., *The Articulation of Modes of Production*, pp. 1 - 44.

For most of the colonial period, Argentina was an economic backwater in the Spanish empire. The northwestern region, along the foothills of the Andes, served as an outlying source of supply for the valuable mining towns on the altiplano. Salta and Jujuy were transshipment points and centers for the production of mules indispensable to the mining economy. Further south, Tucuman, San Juan and Cordoba were sources of foodstuffs and labor, just as they had been during the later pre-Columbian era.

Catamarca, a mountainous region, was noted for its household production of textiles, an activity that continues to the present day. The northeastern section of the country was sparsely populated, especially away from the banks of the major river system. Asunción and the Indian reservations in its hinterland were the principal center of economic and social activity in the northeast and, because of the peculiar nature of their governance, they were effectively cut off from the other settlements in the area, serving largely as a frontier buffer between the Portuguese and the Spanish territories.

Further to the south, on the broad pampa, cattle and horses introduced by the first explorers in the 16th century virtually ran wild. Nomadic Indians controlled the vast stretches of open land and Spanish settlements were confined to the immediate environs of Buenos Aires and a narrow stretch of land along the banks of the Parana river and then west, to Cordoba, the main wagon route to the altiplano. Hapsburg neglect of the region that was to become the dynamic heartland of the modern Argentine nation allowed the early evolution of a capitalist mode of production based on the surplus production of hides and wheat, most of which was exported illegally from the many small ports along the Parana, in English bottoms, for the supply of Portuguese slave plantations in Brazil or British plantations in the Caribbean. The recent studies of Jesuit haciendas throughout Latin America during the colonial era have demonstrated that these units were run for the purpose of producing a profit and that the profit was earned by the deliberate production of surplus commodities intended for specific markets. The Jesuits, if you will, were one of the first transnational corporations, adjusting the activity in any given unit with a view to the benefit of their entire international enterprise²¹).

While there is no longer much question that these Jesuit haciendas and many private ones as well were run as commercial enterprises, consciously inserted into a broader commercial network and managed professionally with the objective of producing a surplus that would generate a profit for the owners, the labor systems on these estates have defied easy characterization. It is safe to say that there was very little wage labor, and less on the church-owned properties

21) See Nicholas P. C u s h n e r, *Lords of the Land: Sugar, Wine, and Jesuit Estates of Coastal Peru, 1600 - 1767* (Albany, N. Y.: State University of New York Press, 1980); and, for New Spain, Herman W. K o n r a d, *A Jesuit Hacienda in Colonial Mexico* (Stanford: Stanford University Press, 1980).

than on private lands. Most of the labor on the great estates was controlled by semi-feudal mechanisms that were common throughout the Spanish empire. The high degree of control over labor that was typical of landed estates in the interior of the River Plate area contrasted sharply with the absence of control over the semi-nomadic gauchos who provided the labor on the cattle frontier of the pampa²²).

By the middle of the 18th century, the labor system on the cattle ranches constituted a market relationship between landowners and those engaged in the marketing of hides and other products of the seemingly limitless herds of cattle and bands or gangs of gauchos available for hire. Most of the labor transactions were piecework but there were some instances of contracts covering specific periods of time or precisely defined roundups²³).

The sharp differences between the littoral and the interior in labor systems and relations of production became more pronounced as the 18th century wore on, particularly after 1776, when the creation of the Viceroyalty of the Rio de la Plata gave the city of Buenos Aires and its hinterland a legitimacy and importance within the empire that it had lacked. As the struggle for independence focused attention on the locus of political power, the tension between the littoral and the interior provinces flared repeatedly into violence during the early decades of the 19th century. In economic terms, the littoral looked outward and sought to turn the land and the cattle to profit through international trade. The interior feared and opposed international trade since neither the artisans and small producers nor the large landowners had much they could sell abroad competitively and saw the new manufactures of Europe's industrial cities as their death knell²⁴).

The history of the dramatic expansion of the Argentine export economy in the 19th century has been told and retold many times. In the process of reinserting Argentina into the world economy and imposing a capitalist mode of production on the nation, those most closely associated with the export of beef and cereals, known as the export oligarchy, shaped the state to their own ends and came to dominate the society and the polity. In economic terms, the domination of the pampa relegated the interior regions to a backwater—inefficient producers of goods and services for the domestic market, land tenure patterns little chang-

22) Eric H o b s b a w n, *Bandits* (New York: Pantheon Books, 1981); Hennessy, *The Frontier in Latin America*; and Mario G o n g o r a, "Vagabondage societe pastorale en Amerique Latine (specialement au Chile Central): Annales (Jan. - Feb. 1966).

23) See Jonathan D. B r o w n, *A Socioeconomic History of Argentina, 1776 - 1860* (Cambridge: Cambridge University Press, 1975).

24) See among many others, Carlos Diaz A l e j a n d r o, *Essays on the Economic History of the Argentine Republic* (New Haven: Yale University Press, 1970); S c o b i e, *Revolution on the Pampa* (Austin: University of Texas Press, 1964); and T u l c h i n, *The Structure of Power of the Argentine Pampa* (forthcoming).

ed from the colonial period, and labor systems also reminiscent of earlier periods and of pre-capitalist modes of production. In political terms, the oligarchy came to terms with the local bosses and elites of the interior. The sugar interests of the northwest and the wine growers of the Andean foothills secured tariff protection from the federal government that guaranteed their economic survival. They, as well as the landlords of the northeast and the sheep ranchers of the far south enjoyed a measure of political independence on local issues so long as they didn't "cause trouble" to the national government²⁵).

There is ample historical evidence to reinforce the ecological and economic indications to suggest that the study of mechanisms of control and social structure in Argentina must be conducted on a regional, not a national level. The regional differences imposed different settlement patterns and these, in turn, contributed to the evolution of different social organizations, different forms of economic activity, and different patterns of political behavior in the various regions²⁶). Earlier work has confirmed the expectations that the differences

25) Jorge B a l a n, "Urbanizacion Regional y, Produccion Agraria en Argentina: un Analisis comparativo) Estudios CEDES, vol. 2, 2 (1979); and "Regional Urbanization under Primary Sector Expansion," in A. P o r t e s and H. B r o w n i n g, eds., *Current Perspectives in Latin American Urban Research* (Austin: University of Texas Press, 1976).

26) We have dealt elsewhere, in great detail with the justification for the regional study of Argentine development. See T u l c h i n, *Structure of Power in Argentina*, chapter 2 (forthcoming). Here, we simply might call the reader's attention to the theory of Human Ecology which deals with the manner in which groups organize and live together, and location theory, which deals with the distribution of resources within a society. On the former, see Amos H a w l e y, "Human Ecology," *International Encyclopedia of the Social Sciences* (N. Y.: Macmillan, 1967). The basic elements of location theory are summarized most conveniently in John F r i e d m a n n and Willian A l o n s o, eds., *Regional Development and Planning* (Cambridge: M. I. T. Press, 1964), (Part II, "Location Theory"). The special case known as staple theory is discussed in several readings included in the volume edited by Friedmann and Alonso, already cited, and in Melville H. W a t k i n s, "A Staple Approach in Australian Economic History," *Business Archives and History*, vol. IV, 1 (February 1964), pp. 1 - 22; and R. E. C a v e s, "'Vent for Surplus' Models for Trade and Growth," in R. E. B a l d w i n, et al., *Trade, Growth and the Balance of Payments* (Chicago: Rand McNally & Company, 1965), pp. 95 - 115. Applications of these theories to the Argentine case include Hector J. C. G r u p e, et al., *Relevamiento de la Estructura Regional de la Economia Argentina*, 5 vols. (Buenos Aires: Consejo Federal de Inversiones and the Centro de Investigaciones Económicas, Instituto Torcuato di Tella, 1962); and Hector L. D i e g u e z, "Argentina y Australia: Algunos aspectos de su desarrollo económico comparado," *Documento de Trabajo*, No. 38 (1968), Instituto Torcuato di Tella. Modern location theory is intended to refer to phenomena on the international or intranational levels, and the concept of region may refer to sections within a single country or to countries within the international community. Originally, in the writings of nineteenth century theorists such as Von Thunen, the concepts were applied to relatively small areas. The regional basis for economic development is explored in Harvey S. P e r l o f f, Edgar S. D u n n, Jr., Eric E. L a m p a r d, and Richard F. M u t h, *Regions, Resources, and Economic Growth* (Baltimore: The Johns Hopkins University Press,

among the regions of the pampa are as significant as differences between the pampa as a unit and other regions in the country. This includes differences of population density, ethnic composition, principal economic activity of the population, land tenure pattern, as well as the size and type of agricultural units. In other words, the structural conditions varied from region to region. We intend to describe the socio-economic structure of each region before exploring the possible influence of the credit system over each of them. With this objective, we have selected a set of variables, taken from the Third National Census (1914) which reflects significant features of the regional productive structures, and which enable us to compare the regions to one another²⁷).

Regional Characterization of Tenancy Structures and Labor Systems

Region 1: Santa Fe Wheat

This region is composed of the ten counties in the center of Santa Fe province (see Map 1). It is the area which was the first to receive agricultural colonists and continued to be the most intensely colonized zone on the pampa. Before 1860, the soils were considered less attractive than the pasturelands of the northwestern section of the province of Buenos Aires, but even if later experience demonstrated that it was not ideal for cereal production, its reddish soil seemed adequately fertile and it received adequate rainfall. These factors, together with easy access to the Parana River, used to transport goods to Buenos Aires, were

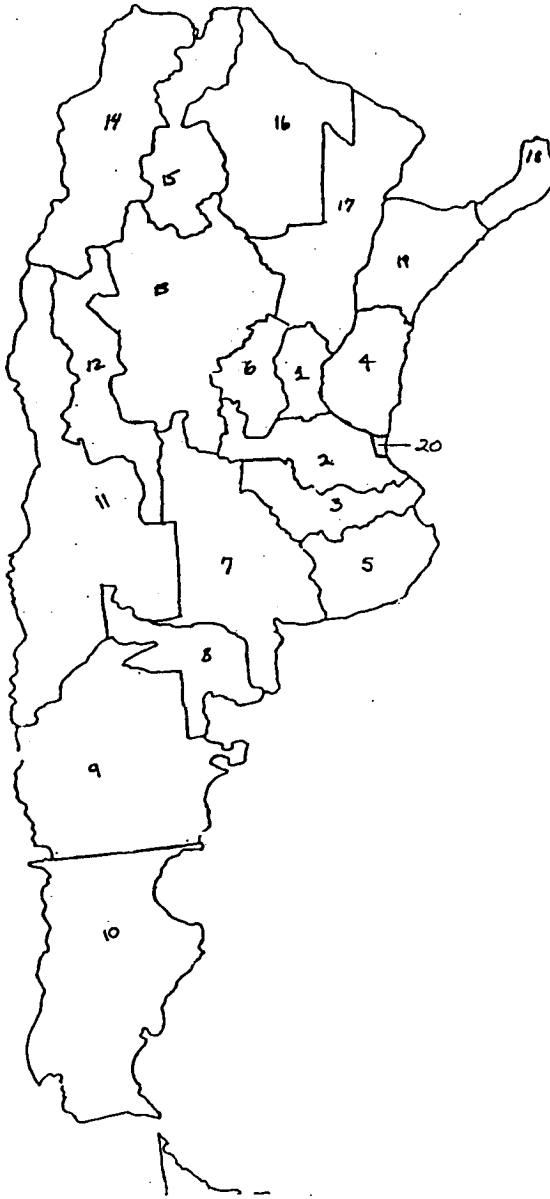
1960); and applied in considerable recent research on the economic history of the United States, for example, National Bureau of Economic Research, Conference on Research in Income and Wealth, Regional Income, Studies in Income and Wealth, and Trends in the American Economy in the Nineteenth Century, Studies in Income and Wealth, vol. 24 (Princeton: Princeton University Press, 1960).

On the growth of Buenos Aires as a commercial center, see James R. Scobie, *Buenos Aires: Plaza to Suburb, 1870 - 1910* (N. Y.: Oxford University Press, 1974), and Charles S. Sargent, *The Spatial Evolution of Greater Buenos Aires, Argentina, 1870 - 1930* (Tempe: Published by the Center for Latin American Studies, Arizona State University, 1974). For a more general statement on the function of commercial cities, see Adna Weber, *Growth of Cities in the Nineteenth Century* (New York: Cornell University Press, 1889). On the growth of commercial cities in the U. S., see Allan R. Pred, *Urban Growth and the Circulation of Information: The United States System of Cities, 1790 - 1840* (Harvard Studies in Urban History) (Cambridge, Mass.: Harvard University Press, 1973).

For case studies of the impact of differential regional development on social organization and political activity, see the papers of Dogan, Linz, Allardt and Personen, Rokkan and Soares, in S. M. Lipset and S. Rokkan, eds., *Party Systems and Voter Alignments: Cross National Perspectives* (N. Y.: The Free Press, 1967); and G. A. Bank, R. Buve, and L. Van Vroonhoven, eds., *State and Region in Latin America: A Workshop* (Amsterdam: Center for Latin American Research and Documentation, 1981).

27) The empirical data for this analysis is taken from Republica Argentina, Bureau Nacional de Estadística, Tercer Censo Nacional, 10 vols. (Buenos Aires: Talleres Graficos de L. J. Rosso y Cia, 1916 - 1917).

MAP 1
Regional Boundaries in Argentina



sufficient to stimulate cereal production for export until well into the twentieth century 28).

The family farm of 100 to 500 hectares was the predominant unit in the region (see Table 1), whether owned or rented. This activity co-existed with capital intensive ranching that was concentrated in the western portion of most of the counties, closest to the province of Cordoba.

Region 2: Northern Wheat

This region includes some of the oldest settlements in Argentina, 31 counties of the province of Buenos Aires, extending northwest from the Federal Capital, the contiguous two counties at the southwestern tip of Santa Fe and the easternmost county of Cordoba, 34 counties in all. This land had been a pasture since the 18th century and it was from here that the herds of criollo cattle were moved south onto new lands. The railroad arrived here very soon after the first tracks had been laid from Rosario in Santa Fe to the city of Cordoba. By the time of the third national census, the region was dominated by the capital intensive fattening ranches, including the famous *cabañas*, where prize animals were raised and groomed with care. These were not large units and many of them were rented, indicating the kind of leverage these entrepreneurs could get on their capital. Wheat farming was important, but much less so than in the Santa Fe wheat zone 29).

Region 3: Southern Wheat

This region is the band of counties south of the Saladillo River, stretching from the Bay of Samborombon on the east to the frontier with Cordoba and La Pampa territory on the west, a total of 20 counties. The geographic conditions here are essentially the same as in Region 2, except for the easternmost counties that are low lying and wet, but the region lay beyond the ring of forts that protected early settlements in region 2 from marauding Indians, so that effective settlement had to await the railroad, which arrived in the 1880s. The ranching here is far more extensive than in either of the other zones (see Table 1), as demonstrated by the significance of large units and the high capitalization per unit. Salaried laborers on these units are a more significant portion of the agricultural labor force than in either of the other zones previously mentioned.

Region 4: Southern Littoral

This is a region composed of the fourteen counties of Entre Rios province and three Buenos Aires counties in the River Plate Delta. While the latter have

28) For detailed studies of this region, see the work of Ezequiel Gallo, for example, *Agricultural Colonization and Society in Argentina. The Province of Santa Fe, 1870 - 1895* (D. Phil. Thesis, Oxford University, 1970).

29) Tulio Halperin Donghi es quien ha estudiado con gran detalle el desarrollo socio económico de esta region. Puede consultarse un resumen de sus investigaciones en el capitulo "La expansión de la frontera de Buenos Aires (1810 - 1852)," en Alvaro Jara y otros, op. cit..

the same ecological characteristics as the southern counties of Entre Rios, these are grouped with the northern counties of the province because the entire region is dominated by the river systems that mark the frontiers of the province. Colonization began here late in the century and gave the region a heavy concentration of small units operated by their owners. The major portion of the region's land was devoted to fairly extensive undercapitalized ranches³⁰).

Region 5: New South

The 22 counties of this region, stretching south and west of region 3 are characterized by hard natural grasses that require tilling and conversion to a crop such as alfalfa before the land can be used effectively to graze the blooded stock characteristic of the fattening establishments further north.

The settlement on this frontier was the result of internal migration by creole entrepreneurs rather than immigrant sharecroppers and the transformation of the land took place slowly over a long period of time, mainly through labor inputs rather than through significant infusions of capital. The indices we have followed reflect this historical experience.

Extensive grazing was the dominant form of production. Another significant feature of the form of production in this zone was the employment of salaried labor, 38 % of all farm employees, one of the highest levels in the nation. This suggests that the transition to a capitalist mode of production was uneven. While capital investment was not intense and ownership retained elements of a traditional, pre-capitalist system of production, the formation of a rural proletariat had evolved as nearly as far as any region in the country.

The ranchers in the zone, certainly not poor, exhibited several characteristics that distinguished them from colleagues further to the north (Zones 3 and 2) and emphasized the differentiation in market access between fatteners and breeders. The breeders of region 5 were busy converting their estates to more valuable mixed farming units through the use of salaried labor and tenants, which is reflected in the high incidence of tenancy (see Table 1).

Region 6: Western Wheat

This region consists of the six counties on the eastern slope of the Cordoba hills. Here, the rainfall is slightly less abundant than in Santa Fe, immediately to the east, and the soil is greyish and fertile. The first trunk line of the railroad crossed this region in 1870, but there was no further construction until well into the 1890s. There were settlements dating from the colonial period but they were sparse until a wave of immigration into the area at the end of the 19th century. Curiously, the immigration into Cordoba received none of the organi-

30) Los estudios sobre asentamientos en Entre Rios incluyen el de Richard W. Wilkie: "Environmental Perception and Migration Behavior: A Case Study of Rural Argentina," LASA 6th National Meeting (1976); y "Rural Depopulation: A Case Study of an Argentine Village," Everett Lee, ed., Proceedings of the IBP V Assembly (London: Oxford University Press, 1976).

Table 1

Region	Variable	% Small Units	% Sur-face	% 100-500	% Sur-face	%GT 1000 Hect.	% Sur-face	GINI	% Owners	% Te-nant	% Salaried Workers	% Wheat	Dollar K/Hect.	Dollar K/Pop.	Dollar Cow/Hect.
1	61	20	53	40	20	00	20	.50	32	60	17	21.0	390,284	84,236	10,282
2	62	29	37	32	36	02	36	.60	29	56	21	7.41	503,168	157,973	10,751
3	52	06	23	36	05	59	59	.72	37	52	31	4.87	574,190	337,155	9,179
4	61	08	22	30	04	57	57	.72	53	37	24	4.18	344,583	166,076	5,123
5	39	02	34	34	15	13	13	.71	31	60	38	3.63	601,092	554,354	7,773
6	31	04	47	60	03	35	35	.52	38	50	22	22.3	256,702	NA	6,958
7	25	01	16	52	12	12	70	.63	30	60	34	11.6	223,250	459,987	3,454
8	56	01	01	11	28	91	91	.80	34	55	NA	NA	NA	NA	343
9	22	00	08	08	01	54	94	.62	07	89	NA	NA	NA	NA	382
10	03	00	03	03	00	80	99	.19	06	91	NA	NA	NA	NA	339
11	64	01	04	13	04	20	93	.62	62	22	47	0.05	42,502	130,191	308
12	87	02	06	06	03	04	75	.94	77	13	36	0.06	28,920	29,277	417
13	63	05	24	24	15	07	68	.77	73	12	26	0.99	79,551	79,465	1,290
14	66	03	18	18	07	14	85	.84	45	47	30	0.02	16,228	35,906	192
15	78	04	13	13	09	07	75	.84	66	25	49	0.01	82,709	40,332	801
16	12	00	20	20	02	52	87	NA	60	26	56	0.00	46,943	143,694	449
17	48	01	33	33	07	14	85	.80	50	36	37	0.64	156,386	272,362	1,686
18	97	28	03	03	06	01	62	.55	70	10	NA	0.01	38,986	NA	1,667
19	72	03	15	15	09	08	78	.83	63	27	28	0.00	312,255	210,616	3,662
20	85	34	13	13	40	00	17	.55	51	38	37	0.06	983,141	151,818	19,766

zational supports that it did in Santa Fe and would, later, in Entre Rios. The result was a pattern of small and intermediate holdings that is unique on the humid pampa. The dominant activity was wheat farming on moderately sized units, generally cultivated by families. Levels of capitalization were extremely low.

Region 7: Frontier Wheat

Included here are twenty-eight counties, the westernmost tier of Buenos Aires province and the contiguous tier of counties in what was then the National Territory of La Pampa, as well as the southern tip of San Luis province. This is the semi-arid pampa, with the least fertile soils of the entire pampean area. Effective settlement came only with the railroad after the campaigns against the Indians who had controlled the land for centuries. The federal government distributed parcels to veterans of the Indian campaigns as a means of settling the area, but the land quickly was accumulated into huge tracts by porteño landowners. Some of these, in turn, were sold to colonization companies, who organized communities in coordination with the railroads³¹).

The government's land policy is reflected in the land tenure pattern, with a significant incidence of latifundia, widespread dedication to wheat farming, and high incidence of tenancy. The statistical evidence suggests that this is a zone undergoing rapid expansion though already fully integrated into the international market.

We can divide the rest of the regions into four macroregions, Patagonia, Cuyo, the Northeast, and the Northwest. Patagonia, regions 8, 9, and 10, includes the modern provinces of Rio Negro, Chubut, Santa Cruz, and Tierra del Fuego. It was the sheep raising area, characterized by vast expanses of unfenced land over which grazed forty percent of the nation's sheep. Farming was restricted to the river valleys, the most important of which was the Rio Negro. A generation later, the fruit farms of the Rio Negro would supply the entire country and play a prominent role in the region. At the time of the 1914 census, they were not yet statistically significant. It is useful to point to the absence of family farms in the region. This, together with the landholding pattern, the high incidence of wage labor, especially at sheering time, on large units often administered as commercial enterprises on behalf of absentee owners, many of whom were foreign nationals whose enterprises would today be considered transnational companies, created the conditions for abusive exploitation of labor, which precipitated violent class conflicts in the 1920s³²).

31) Para el asentamiento en el territorio de La Pampa vease Romain Gaignard: "Orígenes y evolución de la pequeña propiedad campesina en la pampa seca Argentina (El caso de la provincia de La Pampa)," *Desarrollo Económico*, vol. 6, 21 (1969). El estudio de este problema desde otra perspectiva puede consultarse en Joseph L. Love, "An Approach to Regionalism," en Richard Graham y Peter H. Smith, eds., *New Approaches to Latin American History* (Austin: University of Texas Press, 1974).

The Cuyo region, encompassing the provinces of Neuquen and Mendoza, was the center of wine making, as it is today. Here the land tenure pattern is one of large units covering most of the territory cheek by jowl with massive numbers of tiny units, generally owned by their operators. The symbiotic relationship between these units reflects the nature of the principal economic activity. The small producers were entirely dependent upon the larger ones for storage facilities, for sale of their wine grapes and, for credit. It was not unusual for large landowners to hire workers by contract to work portions of their lands, and to pay the workers with wages, a small house, and the tools of his labor. In sum, a region that exhibits all the characteristics of traditional agriculture³³).

A similar pattern is found in the Northwest, regions 14 and 15, the provinces of Tucuman, Salta and Jujuy, only the crop is sugar, not wine grapes. Again, the dependency of the small producer on the *central* is reflected in the land tenure pattern and in the very low levels of capitalization per hectare and per person in agriculture (see Table 1). The major differences between the sugar and wine districts are that the former was an area of much older settlement, lying athwart the old wagon trail from Buenos Aires and Cordoba to the mines of upper Peru, and that the population was more densely settled, a response to the higher demand for seasonal labor in the sugar *centrales* than in the wine *bodegas*.

The sugar oligarchy maintained its regional interests within the framework of national politics without integrating itself into the international market. On the contrary, the production of sugar was so inefficient in international terms that the national industry preserved its economic viability only behind a high tariff wall erected by the national government. The sugar companies, like the wineries and the sheep ranch companies used the giros to provide liquidity to pay their workers during the harvest and to provide credit to the small producers at usurious rates³⁴).

The Northeast, regions 16, 17, 18, and 19, the provinces of Santiago del Estero, Corrientes and Misiones, and the national territories of Formosa and El Chaco, is characterized by a combination of large units and many small peasant holdings. Levels of capitalization are extremely low. It is a region in which there

32) For details on the land and labor situation in Patagonia, see Jose Maria B o r r e r o, *La patagonia trágica* (Buenos Aires: Editorial Americana, 1967); on the evolution of the fruit farms in the Rio Negro valley, see Cesar V a p n a r s k y, *Pueblos del Norte de la Patagonia, 1779 - 1957* (Fuerte General Roca: Editorial La Patagonia, 1983), on the bloody labor uprising in Santa Cruz, see Oswaldo B a y e r, *La patagonia trágica*, 3 vols. (Buenos Aires: Editorial Galerna, 1972 - 73).

33) F l i c h m a n, *La renta del suelo*, pp. 122 - 28. The following descriptions owe much to this fascinating study. See, also, B a l a n, loc. cit.

34) Donna G u y, *Argentine Sugar Politics*; and B a l a n, loc. cit., on the regional oligarchy.

is a great deal of wealth but most of it is tied to the land and tied up in the land. The large estancias represent social status, economic security and political power to their owners, but they do not produce significant surplus to allow capital accumulation. For the most part herds and lands had not been modernized by the time of the 1914 census and the economy of the region was not integrated into the international economy 35).

This brief characterization of diverse regions in Argentina has permitted us to establish some important elements of interregional differentiation associated with land tenure, labor systems and forms of production. On the basis of these differences we will suggest that the characteristics of dominant and subordinate groups also will vary from region to region. However, this must not cause us to forget that the landowning class constituted the hegemonic group in rural society. Looking beyond the diversity of regional socio-economic structures and the dynamic peculiar to each of them, there were mechanisms that articulated these structures, that linked different forms of production and diverse regions.

Thus, even if it is true that the regions differed markedly from one to another, we must not forget that they were bound together within an international capitalist system. Nowhere was the domination of the export oligarchy more obvious, nowhere was the pattern of distortion in the economic growth of the nation more apparent to contemporaries as well as to later students of the process than in the organization of the banking industry and in the severe limitations on the access to capital. Here, as in no other form of economic activity, the linkages between Argentine production and transnational capital were powerful and exclusive. The flow of giros around the country, because it was so closely associated with export crops and because it was such expensive credit, reflects the penetration of international finance capital in the Argentine economy and the direct manipulation of the economy by foreign interests through this pervasive mechanism of control,

In the following sections we will describe the distribution of giros across space and over time. Then, we will transform the giros into our dependent variable and correlate it with the socio-economic indicators we used in the earlier sections in which we characterized the various regions. According to our working hypothesis, we should expect to find wide regional variations in the socio-economic characteristics that correlate best with the flow of giros. The objective of our statistical exercise is to identify those dependent groups or elements within the productive structure of each region that are the consumers of the expensive credit distributed through the giros system, as well as the forms of production most closely associated with the giros.

The Banco de la Nación dominated Argentine finance. In 1910, it handled roughly one-third of all banking business directly and, through its control over

35) Flichman, *op. cit.*, pp. 129 - 35.

foreign exchange, treasury deposits, and links with the Caja de Conversion, had indirect control over a least another third, perhaps another half, of the business. Even strong private banks had to resort to the Banco de la Nación for short-term loans or credits to keep them going³⁶). Thanks, in part, to its strength and to the bad harvests of 1910 and 1911, the Banco de la Nación slowly increased its share of the business until, with further stimulus from the war in Europe, it reached a high point of direct control over nearly 60 percent. Most of the increase was at the expense of other Argentine banks.

The Banco de la Nación operated on a strictly commercial basis. Loans were granted only to individuals and firms with the finest credit ratings or with impeccable guarantees. This, alone, would have been sufficient to exclude all but the largest and most liquid ranchers and corporations from access to bank credit. There was one additional factor that closed the door tight on the vast majority of farmers and ranchers. The Banco de la Nación was restricted by its charter to granting loans of 90, 180, or, in special cases, 270 days. Under such conditions loans to the agricultural sector could not be used to expand production, they could have only commercial functions to tide a basically solvent rancher over a temporary liquidity difficulty or to extend the leverage of his capital³⁷).

The bank's loans to the agricultural sector were rarely transactions between the bank and a producer. There were usually from one to three middlemen between the bank and the producer who needed the money. Fully two-thirds

36) Universidad Nacional de Buenos Aires Facultad de Economía, Instituto de Economía Bancaria, Estadística Bancaria (1936). For a more general view of the credit system, see Laura Randall, *An Economic History of Argentina in the Twentieth Century* (NY: Columbia University Press, 1978), Chapter 4.

37) The archival records of the Banco de la Nación indicate that large loans were made at or close to the prime rate of 5 or 6 percent to prominent landowners with one or more guarantor (cosignatarios) and were renewed over and over again. While the data are not available to demonstrate precisely what proportion of such loans were rolled over and how long such a process might be continued, it is clear that the bank's best customers were assured of what amounted to a line of credit that provided them with the liquidity they needed to maintain their productive activity. The device of rolling over loans at periodic intervals was common to commercial banks in other countries. For a detailed account of commercial banking practices in the USA at this time, see John A. James, *The Evolution of National Money Market, 1898 - 1911* (Princeton: Princeton University Press, 1977), chapter II. James estimates that 65 percent of agricultural loans by rural banks in the USA were renewed at least once and that at least 20 percent of non-collateral loans were used for financing fixed capital (pp. 84 - 94). It should be perfectly clear that ours is a partial view of the Argentine credit system. The Banco de la Provincia de Buenos Aires played an important role in Buenos Aires agriculture, but there is no data available comparable to that for the Banco de la Nación. This, together with the Banco de la Nación's strategic position within the national banking network, has convinced us to accept the latter as representative of the entire system.

of the farms in the pampa region (including the provinces of Buenos Aires, Santa Fe, Córdoba, Entre Ríos, and the Territory of La Pampa) were run by people who did not own the land. These tenants, or employees, might get the financing they needed from the landowner, who might get it directly from the banks. More often, the tenant got the money he needed to buy seed, hire labor to harvest his crop, or buy machinery to work his land from the local supplier, or *almacenero*. The *almacenero* was a local monopolist of credit who sold money at 20 to 25 percent interest. He got his money from consignment houses in Buenos Aires or from their agents in his district at about 12 percent interest. The dealers in commercial paper were the wholesalers of the rural credit business, and they got their money from the banks, at about 6 percent interest, or from their European partners.

The Banco de la Nación provided the cereal export houses with the means to move the capital – sight drafts (*giros*) on the bank's branches in the countryside. The cereal houses could thus move the money to buy the grain they needed to fill their export commitments. The individual farmer was defenseless when agents for the big cereal houses came around to buy at the peak of the harvest. He needed the money. He was in debt to the *almacenero*, the consignment agent, and to the landowner who held the rental contract on the farm. To hold his crop off the market until prices firmed, the farmer would need direct access to credit and a place to store the grain. However, banks would not lend to him; his only source of credit was the *almacenero* or some other agent of the export houses. Even had the farmer been able to renew his loans, there were no storage facilities available to him. By law, the railroad companies were supposed to build grain deposit facilities at every railhead in the cereal zone, but in 1914 the existing facilities were adequate for only thirty percent of the nation's cereal exports. By some remarkable coincidence, nearly all of the available storage along the railroad lines was leased to one firm, the Cereal Deposit Company, which during the harvest, subleased the space to the highest bidder, so that the individual farmer could not compete with the cash-rich cereal houses³⁸).

Both the banking system and the informal credit machinery focused financial power on the Banco de la Nación and favored those directly connected with the export of cereals and meat, and, to a lesser extent, large corporations producing sugar or wine. Any effort to alter the credit system would threaten the economic groups which benefitted from it and prompt them to sally forth to defend their interests. Economic advantage had as much or more to do with privileged access to cheap credit as with hard work or efficiency. It could mean

38) For a description of how the credit system operated in the rural sector, see Bejarrano, *op. cit.*; R. P. Emiliani, *Reorganización Económica, Política y Social* (BsAs: Privately Printed, 1920); and Scobie, *Revolution on the Pampas*. For the Chilean case, see Bauer, *Chilean Rural Society from the Spanish Conquest to 1930* (Cambridge: Cambridge University Press, 1975), pp. 105 et seq.

as much as 18 percent, the difference between a handsome profit and capital accumulation on the one hand and insolvency and perpetual debt on the other.

Rather than bringing in new capital to increase the liquidity of the Argentine economy, to the extent that the transnational merchants secured their working capital from Argentine banks, they actually drained capital from the economy by taking it out of the hands of the producers through the usurious interest rates they charged. Thus, not only did the cereal houses make money on the export transaction, they also captured the portion of profit that might have gone to the individual producer were it not for the insidiously illiquid credit system which they dominated.

GIROS: An Indirect Measure of Credit and Control in the Countryside

We are fortunate in having available the data necessary to study one facet of this informal credit system. The archives of the Banco de la Nación include records of all the giros sent through its facilities to branches throughout the country. While these giros do not represent all of the capital available to agriculturalists from private sources, they do represent a significant portion and there are enough of them over the years to warrant careful analysis. For each entry in the bank's *Libros de Actas* there is the date of the transaction, the name of the firm moving the money, the branch of the bank to which it moved, the amount of the transaction, the agent of the company taking receipt of the draft, and the conditions under which the funds are moved. During the twenty years from 1910 to 1929, there were nearly ten thousand giros recorded in the *Libros de Actas*. In the aggregate, they represent the movement of over 800 million pesos by nearly five hundred different firms to over two hundred branches of the National Bank spread all around the country. At first glance, given the overwhelming importance of agricultural activity on the pampa, it might appear that this is not an imposing number of transactions. What is important, however, is the amount of money moved by the cereal houses and consignment agents. In several of the years studied, giros moved by known consignment agents and grain exporters through the bank to its branches on the pampa amounted to 80 percent of the value of the nation's grain exports. That such considerable amounts of capital could be moved around the country by a few firms in a small number of transactions is an indication of their economic power and the smooth efficiency of the informal credit system that operated in their interest.

While it is true that the giros were not restricted to the cereal companies - they were used by the sugar companies in the Northwest, the wineries in Cuyo, the sheep ranchers in Patagonia, and the quebracho firms in the Northeast, as well as those engaged in other forms of economic activity - there is no doubt that the cereal exporting houses constituted the largest single category of users of this service offered by the National Bank and that they moved the largest block of

funds. Of the 48 most active users of the giros service, 33 were cereal brokers and exporters and another 5 were banks whose activity was concentrated in the cereal zone and were undoubtedly acting on behalf of consignment agents and others concerned with the marketing and export of agricultural commodities. These thirty-eight companies were responsible for moving over 80 percent of all giros recorded in that twenty year span.

The structure of this informal credit system was oligopolistic. Two firms moved twenty-eight percent of the money, and ten moved nearly sixty percent. For the most part, the major exporting firms maintained their market share throughout the period under study. The only significant shift was that by the end of the period, a number of international banks had come to play important roles in the marketing of the harvest, whereas not one was among the most active firms in the years prior to World War I. This probably indicates a gradual institutionalization of the middleman, taking more of the business out of the hands of Argentine firms and placing it directly under the control of foreign or transnational companies³⁹). Even before the changes resulting from the war, it is evident that international firms dominated the credit markets and the export trade. As many as sixteen of the twenty most active firms in 1910 were foreign owned or controlled, or at best precursors of the present day transnational corporations. In 1925, if we exclude four sugar companies, foreign controlled firms accounted for 15 or the 18 most active users of the giros service.

The most obvious feature of the giros flow is the dramatic increase over time. This indicates a rapid expansion of agricultural production and progressively tighter integration of that activity into the international market. The distribution of the giros throughout the country is summarized in Table 3, and underscores the prominence of the pampa in the agricultural activity of the nation.

At this point, it is necessary to reiterate that the giros, as high cost credit, were used by producers only when other forms of credit were not available. Consequently, because of its cost, it indicates a relationship of dominance and subordination between the distributors of the credit, those who owned the capital, and those who borrowed the money. The same relationship is implied in the cases in which a cereal house, winery, sugar mill or sheep rancher would move the money in order to buy from a small producer the fruits of his labors. Such producers could afford to continue their productive activities under the burden of such financial conditions only if the return on their own investment was sufficiently great to overcome the enormous difference between the cost of official bank credit and the cost of the unofficial credit distributed by the

39) For a study of the international grain trade in the twentieth century, see Dan Morgan, *Merchants of Grain* (NY: Viking Press, 1978).

Table 2
National Total of Giros, 1910 - 1930, in paper pesos

1910	12,196,188	1923	29,101,087
1911	12,332,818	1924	45,029,851
1912	9,359,523	1925	69,379,442
1913	24,048,530	1926	77,802,358
1914	22,415,171	1927	63,363,502
1915	30,258,259	1928	83,310,487
1916	26,888,281	1929	72,676,400
*		1930	57,278,977

* Data for the year 1917 - 1923 are not available.

Source: Archives of the Banco de la Nación Argentina, *Libros de Actas*.

Table 3
Distribution of giros by macro-regions, by year, as a percentage of the national total.

Year/Macroregion	Pampa	BsAs	Cuyo	NW	NE	Patagonia
1910	80.73	1.82	3.61	4.76	6.54	2.54
1911	72.96	3.46	1.87	10.12	4.69	6.90
1912	73.85	2.62	3.00	10.00	4.22	6.30
1913	68.48	6.48	1.12	10.46	3.74	9.73
1914	71.73	0.59	1.10	13.21	4.49	8.88
1915	73.17	1.26	0.76	15.19	2.71	6.91
1916	71.25	0.67	0.83	13.84	4.15	9.26
*						
1923	65.38	0.36	2.92	12.35	8.16	10.32
1924	64.65	0.26	2.47	12.57	7.67	12.38
1925	62.41	0.18	3.38	12.45	8.62	12.96
1926	64.68	1.35	3.46	12.43	8.32	9.71
1927	65.72	0.02	3.54	14.31	9.13	7.27
1928	62.71	0.17	4.10	12.89	10.12	10.10
1929	62.43	0.01	3.49	14.20	9.53	10.34
1930	52.83	0.12	3.62	17.81	13.16	12.46

*Data for 1917 - 1922 not available

giros system; that is, when they enjoyed a comparative advantage either in the national or the international market. The pertinent question that is posed next is what kind of regional productive structures demanded and permitted such a peculiar credit system.

In order to answer this question in a useful manner, it is necessary to go back and disaggregate the Pampa into its regional components. As we indicated earlier, the pampa was not a homogenous area and the diversity of its productive structures is reflected in the wide regional variation in giros flows over time (Table 4).

Table 4
Distribution of Giros on the Pampa, as a Percentage of the National Total,
for Various Years.

Region	Year						
	1910	1912	1914	1916	1924	1926	1928
1	18.20	26.66	15.91	17.11	16.21	16.85	18.42
2	17.09	13.14	14.39	7.61	7.97	8.02	9.27
3	8.42	4.22	8.04	4.71	5.48	5.24	3.76
4	7.46	6.99	8.62	9.05	9.81	8.74	8.76
5	8.60	5.88	5.16	8.52	6.13	6.03	4.43
6	1.31	2.03	1.65	1.16	2.43	1.69	3.61
7	19.62	13.92	16.93	25.75	29.11	17.92	14.41

The intraregional variation of giros activity over time reflects the evolution of systems of production, as well as the mere increase in export agricultural activity. Doubling the number of hectares planted in wheat would not necessarily lead to a doubling in the quantity of giros flowing into the region. If the increase in production represented an accumulation of capital or a shift from tenant farming to cultivation of the land by the owner and a hired labor force, it is conceivable that some portion of the increased acreage was financed directly by the banks or under more favorable conditions than the giros. That we cannot determine from these data. However, we can explore the relations between the flow of giros and regional variations in productive systems, to test our original hypothesis that these giros can be used to identify patterns of dependent agriculture in Argentina and that the perpetuation of that dependence was a function of the inequities in the credit system.

On the surface, changes in the distribution of giros across the pampa appear to reflect two significant shifts in productive activity. The sharp shifts in regions 3 and 5, the central portion of the province of Buenos Aires, indicate the transition to mixed agriculture that had begun at the end of the 19th century. Swi-

tching the use of land, from grazing to the cultivation of cereals in response to anticipated swings in market demand for beef and wheat, created large changes from year to year in the producers' need for liquidity. The steady decline in region 2 marks the deepening commitment of producers there to fattening, as well as the geographic concentration of politically and socially prominent figures whose names appear on the rolls of the Banco de la Nación as those receiving direct loans at the normal market rate of six or seven percent⁴⁰). The rising trend for region 7 represents the expansion of export agriculture on the southwestern frontier. Colonization was used here, as it had been in region 1 (Santa Fe) thirty years earlier, and as it was being used in region 4 (Entre Ríos) to bring land under cultivation. Such grazing as was done was extensive and almost entirely oriented toward the domestic market. Mixed farming, so prevalent in regions 3 and 5, was virtually non-existent.

The flow of credit to the northeast remained fairly steady through 1916, between three and four percent of the national total. In the next decade, however, it rose to a high of 13 percent in 1930 (see Table 3). This indicates a growing demand for credit for the expansion of the regional economy. Given the fact that the region's economy was scarcely integrated into the world market until the first world war, this increased flow of giros marks the dramatic growth in the extraction of quebracho and other plantation crops, almost entirely by transnational corporations. These changes would, over time, precipitate significant changes in the productive structures of the region, but for the moment the same pattern of dependent development that we have seen on the pampa was being reproduced. As on the pampa, the expensive credit made available through to the giros system to the producer undoubtedly crimped severely the process of capital accumulation.

Outside of the pampa, the northwest received the most giros of any macro-region. The flow to this region was fairly stable, indicating a consolidated productive structure with a considerable economically active sector that depended on the giros for its effective functioning. Given the fact that sugar cultivation was the overwhelmingly preponderant activity, it is clear that the relations of production in the region were stable and had been organized over a long period of time. Furthermore, the fact that the sugar industry was insulated from the international market and that the region's production was headed for the national market also contributed to the stability of the productive structure and the flow of giros, arguing that the political influence of the sugar oligarchy remained effective throughout the period.

The flow of giros to Cuyo fluctuated widely during the period under study, even declining in the 1920s. Since the area was dominated by grape growing

40) Data from the Archives of the Banco de la Nación Argentina, Libros de Actas: Prestamos, 1910 - 1917.

and wine making, we must assume that the fluctuations had something to do with the changing fate of that industry. As with sugar, the wine produced in the zone was intended for the national market and so there was little price competition and little opportunity for exploring whatever comparative advantage the region might have had on the international market.

The semi-circle of counties around the metropolitan area of Buenos Aires experienced a dramatic expansion and then a severe contraction of the giros flow. This region undoubtedly was experiencing major transformations as a result of the growth of the city of Buenos Aires. The land in the region was dedicated at the beginning of the period to truck farming and fattening of cattle on the prestigious *cabañas*. By 1930, many of these had given way to suburban subdivisions in which immigrants or their children invested the capital they had accumulated after long years of hard work in the city. None of these groups would have been clients for the giros credit system.

In Patagonia, after a rapid growth between 1910 and 1916, the flow of giros stabilized at just over 10 percent of the national total. Although sheepherding was the dominant activity in the macroregion, at the end of the period, it is likely that the expanding fruit farms around the Rio Negro became important consumers of the credit that the giros represented. The transnational companies that dominated the sheep raising used the system to move their capital around the country, pay their laborers and buy the wool clip from smaller producers. The production of wool remained fairly stable throughout the period.

The flow of giros around the country across time indicates significant increase in economic activity and expansion of the geographic base of the nation's export oriented activities. Before the war, almost all of the giros went into the pampa and the regions where plantation crops were cultivated, Cuyo and the Northwest. By the 1920s, this situation had begun to change, as the amounts flowing to the interior and to Patagonia mounted. By 1924, the pampa received 64 percent of the national total of giros, down from a high of nearly 81 percent, and by the end of the decade it had fallen below 53 percent. By contrast, in the same year, Patagonia received 12 percent, the northwest 17.8 percent, the northeast 13 percent, and Cuyo 3.6 percent. This redistribution reflects an expansion of the productive activities in these zones and their tighter integration into the national and the international market system. This suggests that there had occurred in the interior regions the reproduction of the same pattern of dependent development that characterized the pampa as a result of its rapid expansion before the war. Following the same reasoning, we can interpret the decline in the share of the giros going to the pampa as an indication that the dependent sector was reduced. It is also possible, however, that a certain equilibrium had been achieved among the number of producers, the amount of land available and the demand for credit, so that as the demand and the availability of these factors of production increased in other regions, the proportional share of the

Region 1

Indicator/Year	1910	1911	1912	1913	1914	1915	1916	1923	1924	1925	1926	1927	1928	1929
GINI INDEX	.81	.87	.73	.75	.77	.71	.71	.62	.59	.61	.63	.58	.69	.73
Farm Owners	-	-	-	-	-	-	-	-.42	-.36	-.24	-.52	-.31	-	-
Ranch Owners	-	-	-.20	-	-.22	-	-.20	-.55	-.56	-.56	-.87	-.55	-	-
Small Holders	.94	.79	.97	.97	.97	.97	.97	.98	.98	.98	.98	.97	.94	.95
Tenants	.46	.23	.55	.52	.54	.56	.57	.98	.95	.80	.95	.90	.47	.48
Salaried Employees	-.21	-.32	-	-	-	-	-	-	-.25	-.38	-.22	-.24	-.25	-.25
Value of Livestock/Hectare	-.27	-	-.32	-.30	-.33	-.31	-.36	-.89	-.70	-.69	-.97	-.67	-.25	-.25
Total Capital Invested/Hectare	-.29	-.20	-.32	-.30	-.34	-.31	-.32	-.87	-.67	-.67	-.94	-.65	-	-
% Land Planted in Wheat and Linseed	-.40	-.42	-.36	-.36	-.41	-.34	-.36	-.60	-.53	-.43	-.61	-.50	-.29	-.32

Region 2

Indicator/Year	1910	1911	1912	1913	1914	1915	1916	1923	1924	1925	1926	1927	1928	1929
GINI INDEX	-	-	-	-	-	-	-	-	-	.32	.27	-	-	-
Farm Owners	-	-	-	-	-	-	-	-	-	.26	.27	-	-	-
Ranch Owners	-.30	-	-	-	-	.25	.25	.27	.25	.41	.41	-	.29	.32
Small Holders	-	-	-	-.21	-	-	-	-	-	-	-	-	-	-
Tenants	-	-	-	.23	.34	.38	.39	.26	.55	.57	.50	.42	.42	.59
Salaried Employees	.37	.30	.37	.22	.44	.46	.44	.46	.25	.49	.46	.43	.29	.42
Value of Livestock/Hectare	-	-	-	-	.24	.50	.51	.33	.58	.53	.55	.45	.53	.58
Total Capital Invested/Hectare	-	-	-	-	.26	.51	.51	.35	.58	.56	.57	.46	.53	.60
% Land Planted in Wheat and Linseed	-	-	-	-	.21	.42	.42	.39	.49	.57	.39	.33	.39	.62

Region 3

Indicator/Year	1910	1911	1912	1913	1914	1915	1916	1923	1924	1925	1926	1927	1928	1929
GINI INDEX														
Farm Owners	.23	.27	.31	.34	.39	.45	.60	-.24	-.39	-.29	.21	-.21	-.34	
Ranch Owners	.23	-.26	-.30	.46	-.25	-.21	-.21	-.21	-.21	-.21	-.21	-.23	.22	.30
Small Holders	.21	-.21	-.21	-.21	-.21	-.21	-.21	-.21	-.21	-.21	-.21	-.21	-.21	-.21
Tenants	.43	.34	.37	.43	.42	.40	.46	.41	.41	.54	.40	.41	.53	.63
Salariated Employees	.24	.26	.34	.40	.36	.42	.54	.38	.43	.52	.38	.42	.44	.53
Value of Livestock/Hectare	-.21	.30	.39	.32	.43	.56	.31	.27	.37	.34	.40	.38	.45	
Total Capital Invested/Hectare	-.21	.30	.38	.32	.43	.56	.32	.27	.38	.35	.39	.39	.45	
% Land Planted in Wheat and Linseed	.37	.49	.41	.42	.57	.71	.93	.24	.48	.34	.29	.26	.37	.49

Region 4

Indicator/Year	1910	1911	1912	1913	1914	1915	1916	1923	1924	1925	1926	1927	1928	1929
GINI INDEX														
Farm Owners	.55	.58	.66	.46	.40	.44	.37	-.37	.59	.43	.28	.35	.30	
Ranch Owners	-.34	-.37	-.22	-.22	-.22	.22	.29	-.22	-.22	-.22	-.22	-.22	-.22	
Small Holders	.38	.41	.44	.30	.27	.37	.25	-.23	.23	-.23	-.23	-.23	-.23	
Tenants	.51	.50	.60	.41	.69	.70	.57	-.69	.77	.67	.66	.62	.70	
Salariated Employees	.43	.39	.45	.45	.66	.66	.74	.25	.72	.59	.53	.53	.65	
Value of Livestock/Hectare	-.23	.21	.43	.30	.55	.43	.48	.32	.34	.53	.48	.32	.34	.53
Total Capital Invested/Hectare	-.23	.21	.43	.30	.55	.43	.48	.32	.34	.53	.48	.32	.34	.53
% Land Planted in Wheat and Linseed	.46	.51	.60	.34	.55	.54	.40	-.47	.78	.75	.69	.62	.67	

Region 5

Indicator/Year	1910	1911	1912	1913	1914	1915	1916	1923	1924	1925	1926	1927	1928	1929
GINI INDEX	-0.43	-0.51	-0.48	-0.62	-0.54	-0.44	-0.40	-0.40	-0.43	-0.34	-0.33	-0.29	-0.28	-
Farm Owners	.23	.21	-	-	.21	-	-	.59	.67	-	-	.51	.45	-
Ranch Owners	-0.21	-0.22	-0.22	-	-	-0.27	-0.28	-0.33	-0.20	-0.38	-0.36	-	-0.22	-0.37
Small Holders	-0.20	-0.23	-0.25	-0.30	-0.28	-0.23	-0.25	-	-	-0.23	-0.27	-	-	-0.30
Tenants	.32	.35	.37	.29	.41	.33	.36	.32	.38	.28	.27	.49	.46	.53
Salariéd Employees	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Value of Livestock/Hectare	-0.23	-0.26	-0.24	-0.23	-	-0.28	-0.26	-0.46	-0.31	-0.41	-0.38	-0.21	-0.22	-
Total Capital Invested/Hectare	-0.23	-0.26	-0.24	-0.25	-0.22	-0.28	-0.26	-0.48	-0.37	-0.41	-0.40	-0.26	-0.28	-
% Land Planted in Wheat and Linseed	.31	.34	.38	.23	.39	.36	.42	.30	.30	.39	.38	.46	.44	.69

Region 6

Indicator/Year	1910	1911	1912	1913	1914	1915	1916	1923	1924	1925	1926	1927	1928	1929
GINI INDEX	-0.83	-0.84	-0.83	-0.82	-0.82	-0.86	-0.84	-0.90	-0.97	-0.89	-0.99	-0.98	-0.92	-0.92
Farm Owners	.91	.89	.91	.91	.91	.81	.85	.85	.79	.76	.94	.96	.90	.87
Ranch Owners	.54	.49	.54	.54	.54	.40	.44	.83	.76	.31	.93	.95	.50	.43
Small Holders	-	-0.20	-	-	-	-0.30	-0.27	.54	-0.23	-0.44	-0.42	-0.37	-0.22	-0.26
Tenants	.67	.64	.67	.67	.67	.56	.61	.77	.70	.73	.96	.97	.64	.61
Salariéd Employees	-	-	-	-	-	-	-	-	-	-	.83	.86	.37	.32
Value of Livestock/Hectare	-0.24	-0.26	-0.24	-0.24	-0.23	-0.28	-0.25	-0.56	-0.43	-0.26	.99	.99	-0.24	-0.25
Total Capital Invested/Hectare	-	-	-	-	-	-0.23	-	-0.50	-0.40	-0.22	.96	.97	-	-
% Land Planted in Wheat and Linseed	.82	.82	.83	.83	.83	.77	.81	.79	.72	.77	.98	.99	.88	.87

Region 7

Indicator/Year	1910	1911	1912	1913	1914	1915	1916	1923	1924	1925	1926	1927	1928	1929
GINI INDEX	.23	-	-	-	-	.28	.28	.31	.26	.30	.34	.33	.32	.30
Farm Owners	.48	.40	.25	.44	.38	.46	.48	.52	.57	.56	.56	.51	.57	.50
Ranch Owners	.30	.37	.43	.34	.37	-	-	-	-	-	-	-	-	-
Small Holders	.54	.56	.39	.56	.56	.53	.52	.58	.54	.59	.54	.49	.50	.47
Tenants	.51	.48	.34	.50	.45	.46	.48	.48	.51	.48	.47	.47	.49	.43
Salaried Employees	.22	-	-	-	-	.23	.23	.23	-	.22	.25	.26	.26	.23
Value of Livestock/Hectare	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Invested/Hectare	.28	.28	-	.28	.24	.20	.21	-	-	-	-	-	-	-
% Land Planted in Wheat and Linseed	.49	.50	.46	.52	.50	.42	.45	.44	.49	.42	.40	.39	.41	.37

Cuyo (Macrozone)

Indicator/Year	1910	1911	1912	1913	1914	1915	1916	1923	1924	1925	1926	1927	1928	1929
GINI INDEX	.46	.47	.53	.43	.40	.40	.40	-	-.30	.80	.76	.55	.48	.53
Farm Owners	.95	.98	.94	.95	.85	.82	.87	-	-.46	.87	.87	.84	.62	.66
Ranch Owners	-	-	-	.26	-	-	-	.64	-.86	.98	.99	.95	.94	.95
Small Holders	-	.89	.88	.86	.60	.56	.63	.72	-.91	.99	.99	.93	.97	.98
Tenants	-	.91	.90	.97	.84	.82	.88	-	-.32	.83	.82	.77	.49	.54
Salaried Employees	-	.87	.88	.85	.56	.52	.59	.81	-.96	.99	.99	.93	.99	.99
Value of Livestock/Hectare	-	-	-	-	-	-	-	.61	-.30	.67	.62	.38	-	-
Total Capital Invested/Hectare	-	.25	.32	.44	-	-	.20	.92	-.99	.95	.92	.77	.99	.98
% Land Planted in Wheat and Linseed	-	.23	.24	.34	.51	.52	.52	.79	.54	.31	.27	-	-.37	-.32

Patagonia (Macrozone)

Indicator/Year	1910	1911	1912	1913	1914	1915	1916	1923	1924	1925	1926	1927	1928	1929
GINI INDEX	--	--	--	--	--	.22	.40	--	--	--	.39	.53	.31	.33
Farm Owners	--	.33	.32	--	.21	.24	.34	.59	--	.30	.79	.82	.61	.48
Ranch Owners	--	--	--	--	--	--	--	--	--	-.26	--	--	--	--
Small Holders	--	.21	--	--	--	--	.51	--	--	--	.70	.74	.51	.37
Tenants	--	--	--	--	--	--	--	--	-.43	-.26	.21	.28	--	--
Salaried Employees	--	--	--	--	--	--	.22	.47	--	.21	.61	.68	.49	.38
Value of Livestock/Hectare	--	.29	.23	.34	.20	.31	.25	--	.38	--	--	-.26	--	--
Total Capital Invested/Hectare	--	.32	.26	.36	.22	.36	.39	--	-.43	-.26	.21	.28	--	--
% Land Planted in Wheat and Linseed	--	.33	.30	--	--	.20	.31	.50	--	--	.60	.64	.40	.25

pampa declined. Of course, it is important to remember that 53 percent of the national total in 1930 was thirty million peses, whereas 80 percent of the total in 1910 was only a little under 10 million, indicating a strong increase in the export agricultural activity on the pampa tied to the usurious credit represented by the giros.

The following section will test the central hypothesis of the paper in exploring the linkages between these giros flows and the regional productive structures defined through the census data. The distinctive characteristics of each macro-region have been standardized in a series of indicators which we will correlate with the giros, which thereby become our dependent variable. The indicators are those variables used in the earlier section in which we described the various regions ⁴¹).

If we take the macrozone of the Pampa and correlate the flow of giros with the selected socio-economic indicators with which we have been working, we find a clear association with tenants. Thus, in 1910, the simple Pearson correlation (r) is 0.30, rising to .42 in 1914, and reaching its strongest in 1926, at .55 (see Table 5). There is also a strong positive correlation between the flow of giros and smallholding, although the strength of the association varies from one year to the next. With the data available to us, we can't offer a satisfactory explanation for these fluctuations, since there are innumerable factors—economic, international, even climatic—that might affect these results. The correlations with the other variables are weak. The fact that there is no clear correlation between the flow of giros and export cereal cultivation appears to run counter to our central hypothesis. But we must remember that the general view of the pampa masks important interregional differences. Differences which were the result of different historical experiences, different settlement patterns and different combinations of the factors of production. As with the description of the social structures themselves, we must disaggregate the data into the several pampean regions, to see which of the indicators are associated most closely with the flow of the giros.

41) The linkage between the two data sets is effected through the creation of a geographical-financial unit called a Bounty, which assigns bank branches to the counties in which they are located. These units are based upon the unprovable assumption that each branch of the National Bank monopolized giros activity in its zone. There is no way to demonstrate that Firm X did not use the money sent to Branch 1 to do business with a farmer whose land was closer to Branch 2. We simply assume that propinquity creates zones of influence. There are no Bounties smaller than one county. Where more than one branch was in a county, the business of those branches was aggregated into a single Bounty whose geographical limits were that county. Where there were no branches in a county, that county was assigned to the nearest branch and the corresponding bounty included as many counties surrounding that branch as might be considered within its sphere of influence. Then, the data for counties was aggregated to Bounties, so that both giros activity and census characteristics could be analyzed with the same unit of analysis.

In the wheat zone of Santa Fe (Zone 1), the giros correlate positively with the index of land concentration, the GINI, and most powerfully of all with smallholders. In addition, there is a positive correlation throughout the period with tenants. The pattern of relationships suggests that the private credit was concentrated in areas in which the greatest amount of land was held by the fewest producers, areas characterized both by few large units and many very small units, most of which probably were rented rather than owned by the people who lived on the land and worked it.

The only apparent surprise in this regional matrix is the clear negative correlation between the flow of giros and the production of wheat and linseed, which we know was considerable. The explanation for this lies in the settlement pattern in this region—that the bulk of the wheat was produced on cooperatives and on family run farms which had access to credit on slightly better terms than the numerous individual producers on the smallest units of production, most of whom had arrived late in the alluvial process of international migration. The members of cooperatives were less vulnerable to pressure by the large cereal houses and had a better chance of accumulating capital than counterparts in other regions who pitted their fortunes against both nature and the oligopolistic market.

There is a negative correlation also between giros flow and the index of capitalization in livestock, a reflection of the pattern in which the heaviest investment in ranching represented the most modern segment of the cattle industry and tended to be associated with smaller units. In other words, it appears that the giros are associated with the most traditional segment of the Santa Fe agricultural region, the large ranches cheek by jowl with many very small units, many of them rented. These were the producers most dependent upon the cereal houses for the maintenance of their productive activities.

In the old ranching zone of Buenos Aires, just south of Santa Fe (Zone 2), the pattern of relationships is ambiguous at the outset of the period but becomes somewhat clearer in the 1920s, when the giros come to have fairly strong positive associations with wheat and linseed production, with the various indexes of capitalization, and with tenants. The picture that emerges suggests a process of slow penetration of agricultural activity by the usurious middlemen as well as in ranching. The size of the productive unit does not seem to have played a role in the distribution of the giros, except that the smallholder variable has a negative relationship with giros throughout the period.

Further south, in zone 3, the pattern of correlations is too imprecise to characterize. But this imprecision is consistent with our description of this zone as one in transition between extensive, more traditional forms of production and more intensive forms of production. We can assume that the flow of giros fluctuated too much over time and across space to establish a pattern at the aggregate, county level with which we are dealing.

In the province of Entre Rios, zone 4, there are positive correlations between giros flow and tenancy and cereal production, correlations which tend to become stronger over time, suggesting a growing rigidity in the dependent sector of the region. Of interest, also, is the marked difference in the relationship between giros and farmers on the one hand and ranchers on the other. The marked difference begins to erode in the 1920s, as the negative correlation between ranchers and giros deteriorates and then becomes positive, although never very strong. These changes reflect the dramatic transformation created by the significant numbers of immigrant farmers, most of them poor tenants, who pushed the ranchers further and further north, as they took over land they could get their hands on in their drive to make it in the new world. These immigrants came much later than their counterparts across the Parana River in Santa Fe and never succeeded in organizing themselves as effectively to protect themselves from the vicissitudes of the marketplace.

Out on the southern frontier of Buenos Aires province, zone 5, the giros flows correlated negatively with the GINI index and with ranchers, and positively with farmers, although none of the associations is very strong. The most interesting relationships are those between giros and tenancy and wheat cultivation both of which become quite strong during the 1920s. Here, in marked contrast to the experience in the colonization zones (1 and 4), farming was a vulnerable activity. The wheat farmers were the dependent group.

The pattern of associations in region 6, along the Cordoba foothills, is almost too clear, undoubtedly a function of the small number of county units included in the matrix. The giros vary positively with the number of farmers, wheat production, tenancy, and negatively with the GINI index. On the basis of this matrix of associations, as well as the other evidence available to us, there appears to have been a stable demand for giros in this region among tenants, most of whom probably were farmers, and among farmers cultivating their own land, farmers who were neither the holders of the smallest nor the largest units. While the amount of money sent into the zone in the 1910s was not great, it increased rapidly in the 1920s, indicating an accelerating expansion of production and of demand for expensive credit in the years before the collapse of the international economy.

In the semi arid zone 7, in the national territory of La Pampa, the positive associations are with cereal cultivation, tenancy and farmers. Cereal producing farmers are the ones forcing the change from extensive grazing to more market oriented cereal production, but they did so at the cost of their dependence upon the consignment houses for their capital. Here, again, the ecological transition is reflected in the evolution of the statistical associations over time. The correlation with ranching—extensive, under-capitalized units for the most part, moderately strong in the 1910s, breaks down completely after 1920, while the association with wage laborers grows stronger during the decade of the 1920s,

a further indication of the expansion of commercial, dependent agriculture.

In the macrozone of Cuyo, the wine district, the flow of giros was fairly constant in the years before the war, fluctuating in a narrow range between 300,000 and 400,00 pesos, only to increase more than ten times in the 1920s. Despite this dramatic increase, which suggests an expansion in the dependent sector of the economy over time, the pattern of correlations remains fundamentally the same. There are strong positive correlations between the flow of giros and tenancy, the production of grapes, salaried workers and smallholders, with the third tending to weaken in the 1920s. As if to replace it, the correlation with ranchers becomes strong in the 1920s, suggesting the incorporation of new groups into the dependent sector as the economy expanded. Given that the cultivation of grapes and the production of wine constituted the principal economic activity of this zone, we can imagine that the consumers of the giros were found for the most part among tenants and smallholders working closely with the large producers and wineries who bought up the production of the zone. In a fashion analagous to the relationship between cereal consignment houses and farmers on the pampa, the large wineries and a few large vineyards used the giros credit system to maintain their control over the vast majority of grape producers. In this case, the use of correlational analysis provides powerful confirmation of the hypothesis concerning social structure and credit.

Almost the same structure can be discerned in the sugar zone of the Northwest, encompassing the provinces of Tucuman, Salta, and Jujuy. The amount of giros sent into the zone increased virtually every year, while the correlations remained positive with the production of sugarcane, smallholders, and salaried workers. The large *centrales* or sugar refineries sent the giros to their agents in the zone and used the money to buy the cuttings of smallholders. These numerous minifundistas, together with the large number of day laborers employed during the harvest or *zafra* were the dependent sector, tied to the large *centrales* in a stable structure of dependence through the mechanism of the informal credit system.

The other two macrozones, the Northeast and Patagonia do not follow this pattern, although for very different reasons. The complex regional production structure of the Northeast, one of the oldest in the country, displays no clear correlations between giros flow and social structure. Without more detailed information about the region, it would be impossible to know why this is so, although the fact that the economy of the region was linked so tenuously to the international market probably lies at the heart of any explanation. In Patagonia, which was dominated economically by the grazing of sheep, the correlations with grazing and with ranching are negative, which suggests that the sheepherders had access to other sources of credit, just as did the major ranchers and cattlemen on the pampa. On the other hand, the correlations between giros and farmers are positive and get stronger as the amount of giros increases in the 1920s.

Conclusion

In this study we have described and analyzed the characteristics, functioning and consequences of a credit system which imposed onerous burdens on the agricultural producers of Argentina but which they could not do without. The effects of this credit system were not limited to the economic sphere, but extended to the structure of society contributing to the definition of hierarchical positions of domination and subordination and to the distinction of fractions within the dominant class.

We began this study with a brief examination of the theoretical debate over modes of production and social structures in Latin America and we attempted to establish its utility as an instrument of analysis of the historical development of the region. We proposed that the best way to contribute to the discussion was through empirical historical research that would allow us to test the effectiveness of this concept as a tool for the study of the past. By way of summarizing our findings, it would be helpful to evaluate how some of the concepts taken from historical materialism contributed to our effort to distinguish among the various forms in which the production process was organized in a specific historical context. We consider the idea of articulation of modes and the form of production to enhance the flexibility of dealing with the theoretical problems that arise when dealing with a specific social formation.

Different forms of production correspond to diverse types of social relations. Both of these change over time and across space, affected by historical and ecological factors, by which we mean characteristics having to do with human and natural resources. The conclusion that we drew from this observation was that it was necessary to study forms of production at the regional level as a preliminary step to identifying the dominant groups in the export economy. The concept of dominance is central to our study. We have used it to describe capitalism as the dominant mode of production in relation to other modes of production and we emphasized the role of dominance played by specific classes within this mode. Building on the premise that there were various modes in the social formation of Argentina during the period under study, we distinguished among fractions within the dominant class, suggesting that the most significant characteristic in social differentiation was access to finance capital and the international market. The preferential access of one or another group was a reasonably precise reflection of the relative positions of power within the landed oligarchy as well as reflecting similar hierarchical positions among the fractions of the subordinated classes.

Once we have accepted the suggestion of fractions of a class playing different roles in the socio-political evolution of a nation, we can move a step further in our theoretical formulation to suggest that the same class fraction can assume distinct roles in different regions, and that these variations will be predicated

upon the diverse forms of social organization and upon differential access to the market. In the case of the Argentine agricultural export economy during the first quarter of the twentieth century, the dominant groups were those who controlled the export sector, at the head of which were the pampean landowning oligarchy. Landownership undoubtedly was a critical feature in the distinction between dominance and subordination in the society, but as we have seen, some of the most powerful and richest of the agrarian entrepreneurs, the fatteners, were not owners of large tracts of land, they were tenants. At the same time, some owners of huge tracts of land were in a vulnerable position in the market and suffered from the same restricted access to credit as tenants and sharecroppers of vastly more modest means. While it is certainly true that the landowning class was the dominant class, it is necessary to go beyond this generalization to study the specific characteristics of the dominant groups in each region and to try to clarify the sources of their domination. The mechanisms of domination varied from region to region, but in most cases, they were defined by control over labor, access to the market and to credit, access to control over land, and participation in the key function or principal economic activity in the region.

Given the fact that the pampa constituted the most dynamic nucleus of the Argentine economy in this period, and bearing in mind that settlement and exploitation of that territory was a phenomenon of the last half of the nineteenth century, our study coincides with one of the most interesting phenomena of modern Latin American history, that of the expansion of frontier lands and the consolidation of the national territory. From this perspective, the inter-regional contrasts emerge with particular force: the interior, a zone of old colonization with traditional social structures, and the pampa and the littoral, an area of more recent settlement and from its inception tightly integrated into the international market. The settlement of the pampa was closely linked to the growing external demand for agricultural products and the consolidation of the export economy. The combination of an enormous external market and favorable natural conditions stimulated the mobilization of capital and labor from Europe to Argentina to the fertile virgin lands. With them came the railroad and modern means of communication. The transfer of these factors of production, which had not been available in Argentina, created powerful new social and economic forces in Argentina. Even the interior of the country was not impervious to these new forces. The expansion of the railroad and communications networks facilitated the consolidation of a national market, making possible the tight integration of the interior regions even without destroying the fundamental elements of their traditional productive structures.

The entire period of economic expansion in Argentina was characterized by a lack of liquidity, which complicated access to the marketplace. Under these

conditions, access to bank credit constituted one of the most decisive elements of leverage in determining the relative positions of power in different social sectors or fragments of classes. In addition, the study of the credit system has enabled us to understand better one of the mechanisms through which the central countries, especially Great Britain, used the control which they enjoyed over the international commercial and financial system to extract large profits from the periphery while incurring very little risk. In this sense, our study tends to confirm the hypothesis dealing with the process of transfer of surplus from the periphery to the center as the result of the consolidation of the export economies in Latin America. It is important to underline that the use of this form of expensive credit was not restricted to the pampa, the zone most dedicated to exports, but also extended to the interior and the south, serving as a mechanism to integrate these regional economies into a credit system controlled and manipulated from overseas. Under these conditions, finance capital articulated diverse regional economies and forms of production that cannot be classified as capitalist, in a structure whose various elements had in common the characteristic of dependence upon the dominant group.

It is obvious that use of the credit funnelled through the giros network placed the producer in a position of dependence. Through correlation analysis, we have been able to demonstrate that dependent groups varied from one zone to another. On the pampa, the dependent group varied from one region to another. For example, in region 1, there is a strong correlation between smallholders and the flow of giros. The negative correlations between giros and wheat and linseed are an indication that holders of medium sized units in this region, most of them colonists, had by the time of the 1914 census managed to organize cooperatives or other means through which they were able to obtain cheaper credit through banking institutions. In region 2, the correlations between giros and the set of census variables were not very strong, but they demonstrated a rising tendency over time in the case of tenants and wheat and linseed. There were also rising trends in the correlations between giros and the variables associated with ranching. From this, we concluded that there appeared to be a slow penetration of the giros network into the agricultural activity of this region, which argued for a deterioration of the market position for the majority of producers in the region. The picture is less clear in regions 3, 4, and 5 for the entire period under study. In the fringe of counties around the Federal Capital, there is a strong correlation between giros flow and tenants, smallholders, wheat, and wage labor which suggests not only that smallholders were especially vulnerable there but also that there was a group of ranchers that could not gain access to more institutionalized sources of credit and were forced to recur to the middlemen and lenders who controlled the capital moved by giros.

In Cuyo, the correlations indicate that tenants, more often than not small cultivators of grape vines, were the ultimate consumers of the major portion

of the giros, making them the group dependent upon the wine makers or bodegueros. In the Northeast, the simple correlations are an inadequate instrument for capturing the complexity of the distribution of credit to various producing groups. By contrast, in the Northwest, the picture that emerges from the correlations is sharply etched, indicating a vast group of cane producers, probably smallholders or fixed laborers on plantations working as sharecroppers, who are the ultimate consumers of the capital represented by the giros. Finally, in Patagonia the simple correlations do not isolate a single group as the users of the giros. They point to two quite different groups. The first were farmers, concentrated along the banks of the major rivers in the region, who used the capital, through intermediaries, much as on the pampa, to finance their production cycle. The second group, which accounted for the larger portion of the giros, was the sheep ranchers, demonstrating how the giros facilitated the financial domination of the transnational corporations.

In this study, we have attempted to describe empirically the characteristics and the socio-economic impact of an agrarian credit system that served the interests of international capital during the period of the export economic boom in Argentina in the first quarter of the twentieth century. Throughout this study we have emphasized the critical importance of penetrating beyond national level analyses to focus on the specific peculiarities of the historical development of each ecological region in order to understand fully the nature of the mechanisms of domination and of dependence in the Third World. This research has attempted to identify the dependent groups and class fragments in different social structures, from region to region; specifically those groups that produced for the market and found themselves caught up in a credit system controlled by international cereal brokers who extracted usurious interest rates from their clients. This study has demonstrated also how the credit system controlled various groups, groups whose only common characteristic was their dependence upon those who controlled the source of their liquidity. In this sense, finance capital articulated diverse forms of production with different levels of development of the productive forces and extracted surpluses from them without necessarily having to transform them. On the pampa the credit system inhibited the process of capital accumulation among tenants, which taken together with the serious obstacles to landownership imposed by the landed oligarchy, led to a result in which the rapid economic expansion of this period did not produce a middle rank or class of agricultural producers. The steady increase in the flow of giros suggests that the dramatic expansion of economic activity did not bring in its wake any redistribution of wealth, but a steady growth in the dependent sector.

This can be seen in the gradual spread of the giros to finance more and more forms of economic activity, even to include portions of the landowning oligarchy itself, as cattle breeders found themselves losing access to the internatio-

nal market in the years prior to the Great Depression. It can be seen, also, in the extension of the giros network to the interior and the adaptation of the credit system to the forms of production peculiar to those macrozones. The giros serve as an index of financial control over the producers of the agricultural products that were so crucial to Argentina's well being. By carefully tracing the flow of capital through the branches of the National Bank, we can measure the rhythm of export agriculture expansion. Perhaps even more significant, because of the usurious informal credit system that used the bank to send giros, we can define with precision the forms of production in each region or macrozone that were relatively dependent. These findings have dual theoretical significance. They confirm the expectations that different historical experiences and factor endowments would lead to different forms of social organization from one region to another. Further, they indicate that within the capitalist mode of production there might be various forms of production with concomitant variations in relations of production. In other words, similar forms of production had markedly different degrees of success across regions. Put in another way, the characteristics of dependent social organization varied from region to region.

It is impossible in this paper to explain the regional pattern of socio-economic dependence. That must await further studies. On the basis of our research, we believe future work should be comparative and should focus on levels of analysis more specific than the nation-state. Only through such studies will we achieve a better understanding of dependency and the evolution of export economies.