FREE TRADE IN ONE (PRIMARY PRODUCING) COUNTRY;
THE CASE OF ARGENTINA IN THE 1920's

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FREE TRADE IN ONE (PRIMARY PRODUCING) COUNTRY;
THE CASE OF ARGENTINA IN THE 1920'S

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It is a well known fact that at the end of the First World War the Argentine Republic stood among those countries in the world with the highest incomes per head. Such a position had been achieved starting from a very low base through an accelerated process of growth beginning in the last quarter of the 19th century. Everybody also knows that half a century later the Republic was placed quite lower in the world income leagues, not to speak of last decade's performance.

One significant aspect of that earlier process of growth was the extent up to which the country opened up to trade and investment with foreign countries, among which Great Britain was particularly important as customer, creditor and direct owner of a large section of the capital stock of the Republic. Refusal by successive governments to intervene in the economic life of the country -and more particularly to actively regulate foreign trade so as to promote the development of domestic industry beyond the initial programme of support for agricultural activities- has also been regarded as another main characteristic, of that period, not unrelated to the previous one.

It is not our purpose in this paper to challenge what we think is a rather idealized image of the pre-1914 period neither to discuss if laissez-faire policies were appropriate or even
as prevalent at large in that era. But it is a fact that, in Argentina, in the 1920's such policies were continued to be applied. The country, as a consequence, got caught in the severe Depression of the inter-war period -among other things- completely dependent on the export of half a dozen agricultural goods and on a few markets, foremost among them Great Britain, an economy with a severe foreign exchange problem. Such a circumstance, we would contend, is somewhat connected to the poor growth performance of the Argentine economy since then.

The argument has been advanced that those events were largely unpredictable. But without the benefits of hindsight Alejandro Bunge in the early years of the 1920's decade pronounced dramatic warnings against continuity of free-trade policies and forcefully advocated industrial protectionism as the adequate response to the increasing restrictions that Argentine export staples were facing and about to face in foreign markets.1/

Bunge was not alone in correctly pointing out developments in the international division of labour and advocating industrialization as the way out. In the context of the First and Second National Economic Congresses (Congresos Económicos Nacionales) sponsored by the Confederación Argentina del Comercio, la Industria y la Producción -bringing together almost all trade and business organizations- one may detect exactly the same preoccupations voiced even by representatives of those sections of society which have traditionally been taken as opposed to industrialization.2/

Forty years later, Di Tella and Zymelman revived part of Bunge's theses by labelling the 1914-1933 period as "The delay". An opportunity to invest profits derived from agricultural activities to build up industry in the last few years of prosperity would have been missed.3/
Opinions might differ about the right course of action to follow once a change in the international division of labour and in the commercial policies of the great powers is detected. But it is difficult to accept that inaction could be the best. Anyway that such a transformation was taking place has first to be unequivocally established. And it is our contention that Bunge was not gazing into a crystal ball when he arrived to the right diagnosis of the world situation. The information was there for any literate person to be read in newspapers and other media. It is to such a purpose that this paper is devoted, i.e. to somewhat tediously document the unrelenting onward march of protectionism, discrimination and government intervention in economic life—more specifically in agricultural activities—beginning at the very moment when Argentina entered the world market as a significant exporter of foodstuffs.

To summarize, in a first section I proceed to examine the position of Argentina by the 1920's in world trade and more specifically in world trade in agricultural products. A second section is devoted to the examination of protectionism and government direct intervention in trade beginning with the Great Depression of the late XIXth. century and up to 1930. Particular attention—given Argentina's specialization in export of agricultural goods—is devoted to agricultural protectionism and developments in the world market for temperate-zone foodstuffs. A third section concentrates on two shocks—additional to the general growth of protectionism—which were of particular relevance for Argentina's position, i.e. the American Sanitary embargo against fresh and refrigerated meat exports and the increasing threat of Imperial Preference on the part of the United Kingdom. A fourth section is devoted to an analysis of Argentine commercial policy before the Depression of the 1930's.
1. World trade in agricultural products and the position of Argentina in the 1920's

By the end of the decade of the 1920's world trade in agricultural products was estimated at about 12.523 million dollars, making up to 38.5% of the total value of world trade in that same year.⁴/

Great Britain was the major world importer taking in almost 1/4 of the total (23%). Together with other countries in Western Europe-Germany, France, Italy, the Netherlands and Belgium-Luxembourg-the United Kingdom took in more than half of world agricultural imports (52%).⁵/

On the side of exporters the main one was the United States with 13.2% of world exports. But, this country was simultaneously a large importer taking in 14.5% of the world total. Second in rank as a world exporter came Argentina with 7% of world agricultural exports, followed by India (6.2%), Australia (4.7%) and Canada (3.7%). Argentina, therefore, was the largest net agricultural exporter.⁶/

As to products, the main agricultural products in world trade were: raw cotton and linters (1.412.1 million dollars & 11.28% of world trade in agricultural products), wheat (820.8 million dollars & 6.55%), sugar (722.6 million dollars & 5.77%), wool (694.2 million dollars & 5.54%) and raw coffee (562.6 million dollars & 4.49%). Food and drink products made up for 55.76% of the total and cereals 16.2%.⁷/

For all practical purposes agricultural products made up to the totality of Argentine exports. In the 1925-29 quinquennium agricultural (including pastoral) products
represented 96% of the total. Cereals and oilseeds made up for almost 60% and pastoral products for almost 40% of the total. More specifically, Argentina's main export products and their share of the total were: wheat (22%), maize (19%), linseed (12%) & refrigerated beef (11%).

Let us now survey the position of Argentina in world markets for these products.

In the 1925-29 period average world annual trade in wheat and wheat flour was 20,840,000 tons. On the side of imports 78% were absorbed by countries in Western Europe. Of world exports, on the other side, 93% originated in just four countries, Canada, the United States, Argentina and Australia, in this order. Other significant exporters were the Lower Danube countries, the Soviet Union and North Africa (India having already become a net importer). Argentina was responsible for 20% of world exports. The main importing countries were the United Kingdom: 6 million tons; Germany and Italy: 2,3 million tons; and Belgium/Netherlands 2,3 million tons. Large exports by Canada -about 8,4 million tons- in addition to exports by Australia made the British Empire, on the whole, a surplus area. France obtained about one-fifth of its imports from its North African possessions. Only a small part of European needs could be obtained in Europe itself or even in areas close to Europe as North Africa. But it is important to remember that these same importing countries in Europe were important producers themselves. In the 1926-27 biennium, for instance, while imports by these countries were 17,6 million tons their own production amounted to 18,3 million tons.

In addition and, in the words of Taylor & Taylor, "The position of the four great exporting countries with respect
to trade policy was weak, inasmuch as they customarily bought less in the importing countries than they sold to them". In the case of Argentina her wheat exports mainly went to the United Kingdom (34%), Belgium (14%) and the Netherlands (11%). Only slightly above 1/4 of her imports originated in those three countries.\(^{10/}\)

Maize production is less extended than that of wheat but, simultaneously, it is mainly utilized in the countries where it is grown. Consequently, world trade in maize, in 1925-29, was only slightly above 8 million tons or about 9% of world production. Almost 3/4 of world output, in that same period, took place in the United States but exports were negligible. Argentina, on the other hand, with less than 10% of world production did supply more than 2/3 of world trade. The only other significant exporters were, by that time, the Lower Danubian countries with 17% of the world total. The main importers, like in the case of wheat, were Western European countries; they took 95% of world imports. Taken one by one the main purchasers were Great Britain (24% of the total), the Netherlands (13%) and Germany (13%).\(^{11/}\)

Maize, on the other hand, is mainly a feedgrain, its commercial demand depending on the livestock industry. Being, therefore, more substitutable with other feedgrains -and wheat- demand for maize is much more elastic than that for wheat. On the other hand, nations that import maize -but for France, Italy and Spain making up for less than 20% of world imports- are not significant producers as was the case for wheat, meaning a different potential for import substitution on their part. In addition, the fact that maize is mainly an input of one sector of the agricultural industry, the livestock sector -including dairy and poultry production- means that the case for import restriction in importing countries certainly runs up against at least a section of
rural interests. The large export trade of Argentina was due—in the words of Taylor & Taylor—to "...first, a form of land tenure in that country which encourages the exportation of corn rather that the feeding of it to livestock; and, second, the market in Northwestern Europe arising from the development of the livestock industry based on imported feeds". In the case of some of the smaller countries of Northwestern Europe the demand for maize was a derived demand from their prosperous activity as exporters of livestock products, mainly to Great Britain and Germany. For Argentina the main markets were Belgium (16%), Italy (11%) and France (10%).

The next product, in descending order of magnitude, in Argentine exports, in those years, was linseed. By the 1925-29 period linseed exports had become an Argentine specialty. Of an average world total of 2 million tons, Argentina exported 1.6 million tons, i.e. 80% of it. Linseed, additionally, is an input for a manufacturing activity the demand for which being influenced by different factors than those for wheat or maize.

Among the main importing countries only the United States was simultaneously a producer, the European importers cultivating flax only for fibre purposes. For the United States -26% of world imports and 35% of Argentine exports of linseed—foreign supplies were marginal to its own production. In addition, linseed was and is subject to competition from other oilseeds—like tung—while, on the other hand, cakes obtained as a by-product of their crushing for oil are used as animal feed. Demand for linseed, therefore, is subject to a highly complicated set of forces but even in times of expansion its market was a fairly reduced one.
Next in order of importance among Argentine exports, in the 1925-29 period, was refrigerated meat. World trade, on the average, during those years was about 1,1 million tons of beef, 300,000 tons of mutton and 680,000 tons of pork. Imports were very much concentrated in Great Britain that took in 60% of the beef, almost 94% of the mutton and 72% of the pork entering world trade. Germany imported about 140,000 tons and Belgium, France and Italy some 70,000 tons each. Argentina, in those years, supplied 61% of world exports of beef but only 28% of those of mutton and negligible quantities of pork. In the beef market the only other significant exporters were two other South American countries -Brazil and Uruguay- with 1/6 of the total and two British Empire countries -Australia and New Zealand- with 10% of the total. Argentine exports of refrigerated beef to Great Britain, in fact, were about 1/2 of world trade in this product by themselves. For Great Britain, Argentine supplies of beef meant 80% of its imports from all sources, in their turn making up for 54% of its domestic consumption. For Argentina, exports of chilled beef to Great Britain were 90% of the total and those of frozen beef 54% of the total.14/

To summarize, two-thirds of Argentine exports by 1925-29, were made up of four products, wheat, maize, linseed and beef. In the world market for each of these products the position of Argentina was at least highly significant, definitely not marginal. Demand for these products was mainly concentrated in Great Britain and Northwestern Continental Europe to a varying degree in competition with domestic production of either those same products or close substitutes. In addition, in the case of grains -the three most important Argentine exports- the United States was also an important producer and, in at least one case, an important exporter by itself.
From the (agricultural) "Great Depression" to the (agricultural) Depression; or the early agony of Free Trade

World trade in temperate-zone foodstuffs had not always been like the one whose picture for the 1920's we have tried to describe.

Beginning in the decade of the 1870's the volume and pattern of world agricultural trade had gone through a drastic transformation. This transformation was the consequence of a revolution in transport and the opening-up of virgin lands mainly in the United States and Russia but also in Canada, Oceania and the River Plate area in South America. Vasts extensions of land, additionally, were liable to the full utilization of new farm machinery which became widespread in North America but even in Europe overtook centuries'old techniques.

2.1. The transport revolution and the Great Depression in European agriculture.

The transport revolution was made up of railway construction and improvement in shipping leading to the iron-later steel-ship and the utilization of steam. In twenty years, railway rates fell more than 50% and shipping across the North Atlantic cost less than a third than at the beginning of the period. In the same period wheat prices -c.i.f. Liverpool- for American products fell 40%.\textsuperscript{15/}

After 1885 Argentina and Canada joined the expansion closely followed by Australia. By the end
of the century, these four overseas exporters were sending almost 7 million tons, while Russia by itself sent 3.5 million tons, and the Danube countries 2.1 million tons.16/

In Europe prices for wheat and other grains collapsed. For the whole 1873-1896 period wheat prices came down 53% while rye prices declined 48%. In this same period the average level of wholesale prices only fell 36%. Farmers were caught in a downward spiral of prices while having to stand, in some cases, substantial debt burden. This general deflation in the world capitalist economy lasting some 20 years is known as the Great Depression. Although explanations for such a long downward course differ, no doubt the agricultural crisis played a significant role.17/

Land prices also fell about 50% in the quarter century between 1870 and 1895. Livestock products -including dairy products- fell much less. In Great Britain -were as we shall see there was no protection so that domestic prices for agricultural products reflected international prices- butter declined 23% and beef 21%, in the period 1895-99 compared with the average for 1867-77, while all foodstuffs had declined 37% and wheat 49%.18/

Differences in price declines were very significant for developments in the various European countries. For livestock producers, the fall in prices was less important and came later. Simultaneously, feed prices declined with those of grains. Livestock producers therefore, suffered much less during the Great Depression and their activity became comparatively more profitable. In some countries like Denmark and the Netherlands such a situation led to a shift towards a highly efficient dairy and pork/bacon/ham production.
specialization exporting to their big and prosperous neighbours, Great Britain and Germany. In other countries the shift was less marked but, for instance, in France, while in 1892 area devoted to crops was 50% higher than that devoted to pastures by 1913 it was 12% less. This last process was also generated by the decline of sheep flocks, above all those devoted to wool production, a traditional activity in most European countries. As we shall later see, due to the pressure from textile manufacturers, wool was not protected with customs duties and, consequently, fully under the competition of expanding production in Australia, Argentina and Uruguay. In Australia sheep numbers increased from 23 million in 1861 to 106 million in 1891 to decline later due to prolonged drought to 57 million in 1903. In Argentina the sheep flock augmented from 41 million in 1870 to 74 million by 1903. As a result wool prices fell by more than a third in Europe in the period 1860-1890 and sheep numbers, for instance in Germany and France went down from 25 and 24 million, in 1870 to, respectively, 6 and 17 million in 1910. There was, simultaneously, a shift away from wool races to meat races of the British type demanding good pastures and the place left by sheep was at least partially taken up by cattle and pigs.\(^{19}\) 

From our point of view it is important to underline that it was arable farmers to suffer more than livestock producers during the Great Depression. In general, such a distinction coincided with a division by size. Arable farmers, like the Prussian Junkers, had large farms while the small farmer was devoted to dairying, pigs and poultry. It was the larger and normally
politically more powerful large arable farmers that would campaign—with the exception of Great Britain—for protection to counteract the fall in prices.\textsuperscript{20/}

Protectionism, in most countries, was the main answer to such a phenomenon induced by overseas competition. Thus a brief period of Free Trade started to come to an end.

2.2. The previous free-trade interlude

In fact, the era of Free Trade—a rather grandiose noun for no more than 50 years—cannot be traced further back than to the 1840's. It was during this decade that the great free-trade reforms of Peel were introduced in Great Britain both in the agricultural and in the manufacturing fields. Foremost among them for our concern, was the repeal of the Corn Laws in 1846 as well as the elimination of duties on cattle and meat.\textsuperscript{21/}

The remaining parts of the Protectionist edifice were brought down by Gladstone in 1853 and by some specific measures in the later decades of the 19th. century. But the other main step towards Free Trade was the signature of the so-called Cobden-Chevallier Treaty with France after the end of the Crimean War. The number of dutiable articles was reduced to forty-eight and the last duties on manufactures in general were eliminated.\textsuperscript{22/}

In France protectionism had roots long in the history of the nation and in the case of agriculture a sliding scale of duties on grain had been introduced after the Napoleonic wars. In spite of popular agitation
for free trade-starting in the 1830's -the French Parliament as late as 1850 rejected proposals to eliminate duties on food and raw materials. It was Napoleon III, circumventing the Parliament's opposition by using his powers to conclude international treaties, to sign the Anglo-French Treaty in 1860 in secret. France almost eliminated tariffs on foodstuffs and raw materials and duties on manufactures were greatly reduced under this treaty. Throughout the 1860's France concluded a series of treaties with European nations under the most-favoured-nation clause, this way extending benefits negotiated with various partners to all nations. 23/

German commercial policy after the institution-in 1834-of the Zollverein was dominated by that of Prussia which after the Napoleonic wars had reduced its tariff rates. Prussia was in fact a grain exporter and was, therefore, interested in free-trade in grains the import duties of which were abolished in 1853. A further step in the liberalization of German policies was the signing, in 1862, of the treaty with France, one of the series above described. Italy, another country achieving national unity in the nineteenth century, followed a similar pattern. Upon unification -in 1861- the Piedmont tariff was inherited by the whole country. This tariff had been much influenced by British ideas and desire for close relations with France of Napoleon III, a convinced free-trader. 24/

Thus by the end of the 1860's Europe seemed quite securely in the road to free trade. The United States, on the other hand, mainly as a consequence of the Civil War had undertaken a sharp increase in her tariff rates that would in fact last up to 1913. Reaction against
free trade in Europe, however, did not wait for long and obtained early success.

2.3. The protectionist revival, 1870-1914.

In the case of France we have seen that Parliament was far from having abandoned protectionist tendencies. An early reaction by the late 60's was strengthened by the revenue needs arising of the Franco-Prussian War and by depression in the 1875-80 period. A first tariff law was passed in 1881 involving rather low duties which were further lowered through treaties. Moreover, but for the case of livestock products there was little protection for agriculture in this first law. In the meantime agitation by agricultural organizations against cheap overseas imports had become substantial. In 1885 and 1887 significant tariff increases on agricultural products were introduced. But the protectionist movement did not stop here. With renewed downward pressure on prices Parliament in the early 1890's set to discuss a new tariff. The new law—the Méline Tariff of 1892— instituted an even higher tariff and the practice of a "double column" tariff, i.e., a minimum and a maximum rate for each dutiable item, the minimum rate to be applicable only to countries having entered advantageous treaties with France. The overall tariff level was reputed to be the highest, comparable only to that of the U.S. and Russia. 25/

The French protective system was further tightened up through an 1892 prohibition of importation for cattle—on sanitary grounds—which when eliminated, in 1903, was superseded by sharply increased tariff rates and the full application of the double-column system to livestock products. Meanwhile rates for wheat were further
increased to 7 francs per quintal the internal price being 22 francs. In 1910 a new tariff law was passed involving a large proportion of tariff lines with further increases for agriculture and an increase to 50% of spreads between maximum and minimum rates. But the maximum tariff was almost inoperative as practically all countries signed treaties with France with concessions that resulted in the application of the minimum duties.  

The increased duties for wheat coupled with the high livestock rates passed in 1903, were to remain in force till the outbreak of the Great War.  

The course of tariff protection for agricultural goods in France can be examined in the following table, taken from Michael Tracy’s book on Agriculture in Western Europe.

<table>
<thead>
<tr>
<th></th>
<th>1881</th>
<th>1885</th>
<th>1887</th>
<th>1892</th>
<th>1894</th>
<th>1896</th>
<th>1898</th>
<th>1903</th>
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<td>7</td>
<td>28</td>
<td>7</td>
<td>27</td>
<td>5</td>
<td>31</td>
<td>1</td>
<td>18</td>
<td></td>
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<td></td>
<td>30</td>
<td>5</td>
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</tr>
<tr>
<td>Grain</td>
<td>7</td>
<td>5</td>
<td>3</td>
<td>11</td>
<td>16</td>
<td>2</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Flour</td>
<td>1.20</td>
<td>6</td>
<td>8</td>
<td>11-16</td>
<td>11-16</td>
<td></td>
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<td></td>
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<tr>
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<td>6-13</td>
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<td></td>
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<tr>
<td>Cheese (hard)</td>
<td>8</td>
<td>15-25</td>
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<tr>
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<td>10</td>
<td>6-10</td>
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<tr>
<td>Beef (fresh)</td>
<td>3</td>
<td>7</td>
<td>12</td>
<td>25</td>
<td></td>
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<td>7</td>
<td>12</td>
<td></td>
<td>25-40</td>
<td></td>
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<tr>
<td>Bullocks</td>
<td>15**</td>
<td>25**</td>
<td>38**</td>
<td>10</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Cows</td>
<td>8**</td>
<td>12**</td>
<td>20**</td>
<td>10</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pigs</td>
<td>3**</td>
<td>6**</td>
<td>8</td>
<td></td>
<td>15-25</td>
<td></td>
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<tr>
<td>Wine†</td>
<td>5††</td>
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<td></td>
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</tr>
</tbody>
</table>
| Notes: | (a) From 1861 to 1881, duties were nil or negligible (wine excepted).  
(b) Temporary changes in the duties are not indicated.
* Variations according to gluten content.
† France per hectolitre.
‡‡ Not exceeding 12th proof from this date on.
Source: Tracy, M., op.cit., Table 3.2., p. 70.
In Germany the return to protection took even less time than in France. Faced with competition from overseas producers the "landed interest" turned to protection already in the 1870's. Industrialists, simultaneously, were afraid of competition from Great Britain. Bismarck's influence, also, made itself felt. Bismarck had a keen interest in protection of agriculture. "More than by any political activity" - he is purported to have said - "I am moved by a beet-root". The result of that much emotivity was the Tariff Law of 1879 under which agricultural products were taxed. 27/.

As the agricultural crisis became more serious in the early 1880's, duties on grain were increased in 1881, 1885 and 1887. 28/

Beginning in 1890 there was a change in German commercial policy. On the one hand, industrial development made it necessary for the country to ensure outlets for the increased output of manufactures. On the other, foreign countries were preparing a more aggressive commercial policy that could be harmful for German interests. Bismarck was dismissed and Count Caprivi replaced him. In the elections of 1890, also, the left-wing parties opposing protection made significant gains. As a consequence Caprivi negotiated a series of treaties in which in exchange of concessions for German manufactures reductions were granted on agricultural duties. 29/

The treaties would remain 10 years in force and Caprivi's successor - Prince Hohenlohe - did not give too much attention to Prussian landlords. In his opinion the smallholders were deriving no benefit from protection which was exclusively benefiting large landowners. With renewed agricultural crisis in the 1890's pressure for
higher duties on food kept increasing and led to the high 1902 Tariff Law to be applied for treaty renegotiation. This law involved a system of maximum and minimum tariff as the French Méline Tariff but for the case of livestock products. The minimum rates were intended to put a lower bound to the concessions to be made during treaty renegotiation. Thus duties on livestock products could be reduced without limit and they were cut sometimes by more than half. But the livestock sector was anyhow protected through sanitary regulations. 30/

The course of German agricultural protectionism may be gathered from the following table, taken from the same source as the one relative to France.

<table>
<thead>
<tr>
<th>Product</th>
<th>1879</th>
<th>1885</th>
<th>1887</th>
<th>1891</th>
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<th>1906</th>
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<tr>
<td></td>
<td>15 July</td>
<td>22 May</td>
<td>21 Dec.</td>
<td>6 Dec.*</td>
<td>25 Dec.†</td>
<td>1 March**</td>
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<tr>
<td>Wheat</td>
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<td>3</td>
<td>5</td>
<td>3.50</td>
<td>7.50–5.50</td>
<td>5.50</td>
</tr>
<tr>
<td>Rye</td>
<td>1</td>
<td>1</td>
<td>5</td>
<td>3.50</td>
<td>7–5</td>
<td>5</td>
</tr>
<tr>
<td>Oats</td>
<td>1</td>
<td>1.50</td>
<td>4</td>
<td>2.80</td>
<td>7–5</td>
<td>5</td>
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<tr>
<td>Barley</td>
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<td>2.25</td>
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<td>malting: 7–4</td>
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<td>Reeding: 7</td>
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<tr>
<td>Cheese (hard)</td>
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<td>15</td>
<td>30</td>
<td>15</td>
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<td>15</td>
</tr>
<tr>
<td>Eggs</td>
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<td>2</td>
<td>6</td>
<td>2</td>
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<td>2</td>
</tr>
<tr>
<td>Meat</td>
<td>12</td>
<td>20</td>
<td>15**</td>
<td>45</td>
<td>27</td>
<td></td>
</tr>
<tr>
<td>Bullocks</td>
<td>20††</td>
<td>30††</td>
<td>25.50††</td>
<td>18</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>Cows</td>
<td>6††</td>
<td>9††</td>
<td>18</td>
<td>8</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Pigs</td>
<td>2.50††</td>
<td>6††</td>
<td>18</td>
<td>8</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Wine in barrel</td>
<td>24</td>
<td>30††</td>
<td>24*</td>
<td>20††</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: From 1885 to 1879, duties on grains were nil and those on livestock products were relatively low.
* Rates in treaties with Austria-Hungary and Italy.
† Rates provided for under tariff law, with minimum duties for wheat, rye, oats and malting barley.
** Rates actually applied on entry into force of 1902 law, following commercial treaties.
†† Marks per head.
*** 17 marks on pigmeat.
†† 10 marks on red wine.
# Higher rates on wine of 14° proof and over.
Source: Reichsstatist, Table 4.2, p. 94.

An additional element in the German customs system would be a sign of things to become much more important later
i.e. the import certificate system. Under this system exports of grain from East Germany were subsidised by the amount of the duty on grains. 31/

Of all large nations in Europe Great Britain alone remained loyal to Free Trade under the Great Depression. 32/

The effect of overseas competition on British agriculture we have already seen to be severe, as prices of grain drop by almost half. But successive governments kept adhered to free-trade. In 1892 only imports of cattle from the Continent were prohibited on sanitary grounds (the same thing would happen 8 years later for imports of cattle from Argentina). It ended up becoming a permanent measure mildly protectionist as the public granted preference to fresh meat over refrigerated meat arriving from the Southern Hemisphere, Argentina in the first place. 33/

A discussion of the reasons for the divergence in reactions between, say, Great Britain in one side, and, France or Germany, on the other would lead us too far beyond the scope of this paper. Reasons have been advanced having to do all the way from the specific structure of tenure systems in agriculture up to the general trend of public opinion in the country in question relative to protectionism. Great Britain, certainly, was much less rural a country than the rest and the predominant form of tenancy-large landowners renting out to rather large-tenant-farmers-made for a cushioning of the effects of lower prices as landowners accepted sizeable reductions in rent levels. Farmer agitation was much less than in the Continent and had less significance in terms of national politics. In the Continental protectionist countries it is somehow of a
puzzle to discover why were large arable farmers able to rally behind the cause of grain protectionism -meaning higher food prices and feed costs -those peasant farmers which as mainly livestock producers were anyway much less affected by overseas competition. The issue of cheap food for the urban masses -an important almost dogma in Great Britain- was taken up almost only by the left-wing in the Continent.34\(^/\)

From our point of view it is more important to underline that a significant break had been introduced in the edifice of laissez-faire and the international division of labour granting overseas food producers- -like Argentina- unlimited access to the markets of the advanced countries in Europe. Even in Great Britain an early campaign which would have tremendous significance in later times had started with some strength. We refer to the campaign for an Empire Zollverein. The first Colonial Conference had been held in 1887 and in 1902 the fourth one passed a resolution in favour of Imperial Preference. The idea was supported by the Fair Trade League which had been campaigning -with fluctuating vigour- since the 1870's. Protectionism -in the agricultural field- and Imperial Preference made for a contradiction as the Empire was becoming a surplus area for grains and livestock production. Chamberlain's campaign beginning in 1903 met no early success but on the contrary led to a victory for Free Traders as the Liberal opposition managed to obtain a large majority precisely on the issue of tariffs in the General Election of 1906. The campaign for "Tariff Reform", however, did not stop here and kept winning adherents up to the beginning of the Great War.35/
2.4. World agriculture before and during the First World War.

In the years preceding the First World War supply and demand for wheat looked like having achieved some balance after decades of basic oversupply conditions. Although production continued to expand at a very fast rate imports by countries in Northwestern Europe also increased with great speed. Not only population was growing but as a consequence of prosperity wheat was displacing other cereals and potatoes in the diet of the European population per caput consumption registering a significant increase. In the 25 years from 1885/89 to 1910/10 world output went up by 44% but that of importing countries in Europe only by 11%. Imports into Europe increased 5.4 million tons, almost 2/3 and about the same amount as the increase in the four largest overseas exporters sales in the same period. There were significant increases, at the same time, in exports by Russia and the Danubian basin countries.36/

Wheat prices were in the increase beginning in 1896 as a result of the exhaustion of the frontier in the U.S. and cultivation of new lands in Argentina, Canada, Australia and Siberia being made at increasing costs.37/

War brought severe problems to wheat production in Europe. Output went down by 1/3 between 1910/13 and 1914/18 in importing and exporting countries of Europe taken together. Reduction in output and the disappearance of Russia as one major exporter led to a sharp increase in prices. The deficit was mainly covered by an increase of more than 10 million hectares in wheat cultivation in Canada and the United States and of almost 5 million tons in exports by these same two countries. Argentina and Australia did not share in this boom as a consequence
both of shipping difficulties and of comparatively larger advantages in increasing livestock production.\textsuperscript{38}

Geographical distribution of world wheat production had, therefore, suffered a significant transformation as a consequence of the war. But as it was not the outcome of gradual changes it was bound to be, at least partially, reversed once peace came. In addition to such forces behind supply, population was now lower in Europe as a result of the war and, also, some reduction in per caput consumption could be observed. Let us for a moment concentrate in the United States to follow the consequences of this situation.

2.5. The 1920's Depression in United States agriculture.

In the United States farm prices during the war increased faster and more than other prices. By 1918 the index of farm prices was almost 10% ahead of the all commodities index relative to the 1910-14 period. Farmer's incomes had increased from $7.5 billion dollars in this quinquennium, on the average, to $16.2 billion in 1918. Land prices, also, were 29% up. Mortgage debt, however, had been raised from $4.7 billion to $10.2 billion dollars.\textsuperscript{39}

Farmers were expecting a drop in prices once the war was over. But in fact prices stimulated by world scarcity and United States credits to European purchasers kept climbing till mid-1919. Thereafter the drop was sharp. By 1921 prices received by farmers were only 16% above pre-war while those payed by farmers were still 56% up on that basis; rural wages were about double the pre-war level and tight money conditions were making
even more unbearable the burden of high debt contracted at past inflated prices. 40/

Early agitation by farmers against such a state of things led to the constitution of new organizations and the setting up of the powerful "Farm Bloc", a bipartisan group in the U.S. Senate which had the majority of the Agricultural Committee and enough votes to keep pressure on both Congress and the Administration throughout the 20's for measures in favour of farmers.41/

As price declines coincided with a monetary tightening up it was not unusual for farmer's organizations to mainly turn their attention to financial remedies. Marketing organization also was very much under scrutiny those years and proposals were discussed for setting up a generalized cooperative system for selling the U.S. harvest. But tariffs were also brought up supposedly to help the farmer.42/

The United States, mainly since the days of the Civil War, were a high-tariff country. Tariffs were a very important political issue and more than one election turned around this matter. On the whole, the Republican party tended towards a protectionist policy while the Democrats would rather stand for lower tariff levels. Farmers both in the South and the mid-West tended to support free trade and oppose protectionism. Duties on some agricultural products were placed, however, "...in order to maintain the fiction that the agricultural population secured through them a share of the benefits of protection", as Taussig has explained.43/

But with the election of Wilson as President -late in 1912- public opinion expressed themselves strongly
against protection which was vaguely connected in their minds with monopoly power. Republicans split that year and Democrats achieved a sizeable majority not only in the House of Representatives but also in the Senate — the body most prone to protectionism. Wilson lost no time and called for an extra session to immediately discuss tariff legislation. The new Tariff Act -the Underwood/Simmons Bill- was passed on October 1913. Not only did this Act involved a general reduction in tariffs but more specifically it made wool and hides — for a long time the two most important exports from Argentina to the United States — free of duty. Wheat, maize and meat as well as quebracho extract, other important agricultural products were also made duty-free. Linseed that would become the largest Argentine export to the United States market was mildly taxed at 20 cents per bushel (of 56 lbs.).

At the end of the First World War there was less justification than even for a high tariff. The United States had become a creditor nation and room had to be made for imports from foreign countries for them to be able to service their debts. A combination of circumstances, however, resulted in one of the highest tariffs ever legislated. The victory of the Republican party — first in 1918 and again in the 1920 elections — was no doubt one contributory factor.

But one more important, perhaps the most important factor behind the return to high protectionism was the agricultural depression which, by the way, had extended to a wholesale depression. In spite of the fact that for products like wheat of which the United States had an export surplus import duties could not possibly help in halting price declines, pressure was brought to bear on Congress for protection to be applied to farm products. The Republican dominated lame-duck Congress immediately passed a protective bill which was vetoed by President Wilson on his last day in office early in January 1921. And in May of this year the "Emergency" Tariff bill imposing high duties on agricultural products was passed.
The Emergency Tariff bill was to be "...understood by our (the United States) people that it is for the emergency only" and approved originally to be in force only for six months. But as early as January 1921 the House of Representatives' Ways and Means Committee started hearings for a new tariff bill. The Emergency Bill was re-enacted repeatedly until approval of new tariff legislation in September 1922, the Fordney-McCumber Act. If anything duties on agricultural products were increased again. Linseed was now dutiable at 40¢ instead of 30¢ per bushel. Beef & veal duties were raised even further from 2¢ to 3¢ per pound. More in general, the elimination of the restraining influence of farmer's opinion led to a widespread increase in duties. But, as Taussig explains, "on the whole, textiles" -for instance- "showed no such marked accentuation of the protective policy as did the articles in which the agricultural West was interested. The difference was significant of the character of the act and of the forces which led to its enactment".46/

There was no reason why import duties could help wheat prices. and as the Tariff Commision remarked in later analysis no influence between the enactment of the Tariff Acts and price movements could be detected. In fact by making it more difficult for European importing countries to get hold of needed foreign exchange it would reduce the market for American farm exports. Those duties were "dust in farmer's eyes" as Taussig would remark of a previous instance. No wonder, therefore, that pressure from the Mid-West on Congress did not subside after 1922 and that it turned attention to more direct ways of price support.47/

There were multiple initiatives of which the best known was that launched under the slogan of "Equality for Agriculture". In the analysis of George N.Peek and High S.Johnson -two small agricultural machinery manufacturers- "...the protective principle...operated in the benefit of industry to the detriment of agriculture" as crop prices were fixed by world prices but
industrial prices were raised by the Tariff. Their proposal, which in slightly changed form came to be known as the McNary-Haugen plan, envisaged purchases at a fixed "ratio price" - redressing the fall in relative prices of farm products from the prewar level - and for surpluses to be sold abroad at world market prices with losses to be born by the farmers themselves. Several bills were submitted to Congress throughout the 20's involving such a plan. In two instances - in the years 1927 and 1928 - McNary-Haugen bills were passed by Congress but were vetoed by President Coolidge. But early in 1929 the newly elected Republican President Hoover called for a special session of Congress to consider a "limited" revision of the tariff in support of the farmer's position. This initiative ended up in the enactment of the Hawley-Smoot Bill of 1930 that elevated tariffs to an unprecedented level.

Later on we shall come back to examine the Hawley-Smoot Bill as well as other protective measures instituted by the U.S. government in the late 20's in relation with agricultural products of particular interest for Argentine exporters. We shall now turn our attention back to Europe to analyze the impact of the postwar depression of agriculture on the commercial policy of the importing nations.

2.6. Protectionism among European importers in the 1920's

The aftermath of the First World War in the agricultural market was characterized, as we have pointed out, by a marked redistribution of production towards overseas countries and reduced output levels in combination with lowered consumption and a drop in prices. Agricultural protectionism in European importing countries responded to such a situation by some moderation in duties on foodstuffs - in the context of a re-enactment of prewar legislation -
while in the United States, as we have seen, tariffs for almost all agricultural goods were being raised. 49/

As Leith-Ross correctly singled out, 1925 was the turning point for agriculture in the postwar period, more specifically for wheat, the all important commodity. This was the first year when European -excluding Russian- output was above that for the average in the five year period previous to the War. This was also the year when Germany recovered the freedom to formulate its own commercial policy and that when Mussolini launched the "Battle for Wheat" in Italy. We shall however see that signs of things to come were already highly visible in Europe besides, again, what the United States had already implemented 50/.

In France commercial policy in the postwar period as soon as war prohibitions were lifted went through a phase characterized mainly by attempts to adjust duties -which were specific- to inflation to avoid erosion of protection levels. A more systematic policy was inaugurated with the Tariff Revision of 1927 modified by the Treaty with Germany of the same year under which the minimum tariffs negotiated with this country were to be extended to all countries entitled to minimum tariff tratment by France. Agricultural duties, however, remained as prescribed in the Tariff bill. To take some examples, wheat which was duty-free previous to this tariff, became dutiable at about 20% of its value; beef duties were increased from 50 to 350 francs per 100 kgs. for fresh -and chilled- beef and from 50 to 180 francs per 100 kgs. for frozen beef. It was estimated that the new tariff law in combination with the working of commercial treaties in vigour would yield an average rate of protection of 14,4% (13,9% in 1913) but that the corresponding
figure for agricultural products only was 23.8%. "As to agricultural protection, it has been placed by the new tariff in the very foreground" was the opinion of Delledonne, the author of one of the better known books on European commercial policies in the 1920's. This opinion was definitely not shared by the Confédération Nationale des Associations Agricoles which demanded 'equality of treatment' and less emphasis on industrial development. In March 1928 agricultural duties were raised again but without leaving agricultural organizations satisfied.51/

Germany, under the terms of the Treaty of Versailles, was deprived of sovereign rights as to tariff policies till 1925. Agriculture started suffering intense competition from abroad which exerted a downward pressure on prices while costs were kept high. Even if opposed by left-wing forces and the opinion of many economists, the 1925 Tariff re-instated the von Bülow's 1902 highly protectionist system, with somewhat higher duties for livestock products which were successively increased further in 1927.52/ As a result of the 1925 Tariff Laws and the concessions granted to other nations under a series of commercial treaties signed during those years, it has been estimated that the general level of protection was 13.9% (13.1% before the War) but that it reached the level of 20.4% for agricultural goods (18.3% back in 1913).53/

In addition to tariff measures other more direct ways of supporting agriculture were put into practice. First, the import certificate system was reintroduced entailing a system of export subsidies for grains. Second, minimum prices for rye—much more important
in Germany than wheat- were introduced in 1925 with Government direct intervention in purchases and sales after 1928. And, third, in July 1929 milling ratios prescribing a minimum of 30% of domestic grain in flour production were enacted. All these measures would be reinforced after 1930 in Germany and copied or invented again in most other countries. 54/

In Italy concern about the cereal deficit arising out of the war was coupled with anxiety over the difficult balance of payments situation. Wheat imports which at the time of Italian Unification stood at 250,000 tons per year, had increased to 1,500,000 tons in the years before the war and shot up to 2,500,000 tons in the period 1921-24 as production lagged behind a fast rising demand. Wheat imports had come to represent more than half the balance of trade deficit in the early 1920's. Already in 1921 a highly protective Tariff Law was enacted but duties of L 7,50 (gold) -equivalent to some 1.45 pre-1933 dollars- were suspended. For the time being the Italian tariff disregarded agriculture. But in 1925 when the "Battle for Grain" was launched the duty on wheat was re-established. In 1928, additionally, the 'bonifica integrale' programme devised for land improvement was put into action. Protection by 1926 was at the level of 14.2% (12.7% in 1913); for agricultural goods it stood at about 23% (21.7%). 55/

In Great Britain as to government intervention in agriculture the decade of the 1920's was inaugurated with the Agricultural Act of 1920. Under this Act guaranteed minimum prices for wheat, oats and barley which had been introduced during the war to encourage expansion of cultivated area were extended indefinitely
in the future. But the next year, as prices collapsed in the postwar slump, the cost of this scheme was thought to be excessive and it was discontinued in an action which was criticized as a "betrayal" of farmers. The only other break with laissez-faire connected with agriculture in the 1920's was the subsidy for sugar-beet production. In the manufacturing field although the "Balfour Committee" had recommended a general ad valorem tariff of 10% at the end of the war, protection was limited to "Safeguarding" of "key" industries and the persistence of the "McKenna" duties introduced during the war on imports of "luxury" goods (motocars among other things). The numerical significance of the "safeguarding" duties was little, only 0.1% of the total imports of Great Britain in the 1921-25 period were covered. But their existence and their renewal in 1926 -after the first five years of being in vigour- revealed a changing attitude towards protection. Even more important for us is that an actual beginning for Imperial Preference -about which we shall say more in the following- was given with rebates granted on revenue duties imposed by the Finance Bill of 1919 and on the McKenna duties. 56/

After 1925 and long before the Wall Street crash signs of overproduction in the markets for many products were visible. A period of chronic decline in agricultural prices set in. In fact according to Mandelbaum real prices for wheat had steadily been declining since the early 1880's.57/

We have seen the reaction in Europe as well as the early revival of protectionism in the United States during the 1920's which in fact had strong links with the events unleashed by the Great Depression of the late 19th. century.
We shall now examine the two most powerful protectionist initiatives that additional to the above dominated discussions in Argentina in the late 1920's.

3. Some additional shocks

In the second half of the 1920's to the trend towards increasing protectionism we have been surveying some dramatic shocks were specifically added to the difficulties faced by the Argentine in markets for her staple export products. The first one-with roots going back to the late 19th. century -was the more imminent threat of the introduction by Great Britain of Imperial Preference. The second one, was the embargo imposed by the United States on sanitary grounds against fresh and refrigerated meat coming from Argentina.

3.1. The imperial Preference threat against Argentine exports to Great Britain.

The campaign for an Empire Zollverein -as it was known borrowing from Germany's experience- had started in Great Britain as early as the 1870's supported by the Fair Trade League. As we have seen, one first Colonial Conference was held in 1887 and, in 1902, the fourth one passed a resolution in favour of Imperial Preference.

The major obstacle against such an initiative was the need for Great Britain to introduce a tariff and more specifically a tariff on food to be able to grant preferences on what were the main exports from the Empire to the Home country. In fact, more than
1/3 of the total imports from the Empire into the United Kingdom -in 1913- was made up of food, drink and tobacco. The other leading items in those imports were raw materials -like Australian and New Zeland wool- the taxing of which was frontally opposed by manufacturers. 58/

Consequently it is not surprising to see that -as we have already mentioned- Joseph Chamberlain's campaign met no early success. To overcome such an obstacle it was necessary for Britain to become convinced of the need to take refuge in the Empire -and some other countries like Argentina- to maintain alive export industries confronted with intense competition from late industrializing countries.

One obstacle against Imperial Preference, however, had been removed at the Colonial Conference in 1897. At this Conference Great Britain had withdrawn its opposition to preferences being granted by the self-governing colonies and proceeded to terminate the Belgian treaty of 1862 and that signed with Germany in 1868 under which an open-door policy had been instituted and, in fact, extended all around via the mechanisms of MFN clauses in treaties with other countries. Such a move initiated, mainly, by Canada led to a system of one-sided preference on the part of the Dominions for some British commodities. 59/

Such a unilateral scheme was not particularly favoured by the Dominions and pressure was mounting for reciprocal concessions to be granted by Great Britain. The First World War made quite an impact on this issue. On the one hand, public opinion in England
experienced a feeling of gratitude towards the Dominions for their support during the war. On the other, the need for increased self-sufficiency was now more clearly perceived at least in terms of an area like the Empire within which there were little doubts that political solidarity would always be forthcoming. Therefore, it is not surprising to see the Imperial War Conference of 1917 passing resolutions favourable to the principle of Imperial Preference. We have already seen how rebates were granted for Empire products on revenue duties, in 1919, and two years later Empire products were exempted from the key industry duties instituted by the Safeguarding of Industries Act. Additionally, as early as 1922 preferential systems favouring British products in non-self-governing colonies became widespread as the United Kingdom de facto abandoned its previous strict application of the open-door principle. Still, at least in the case of imports into Great Britain, preferences were confined to a few goods and to a small amount of trade. At the Imperial Economic Conference of 1923 a determined effort was made to put forward suggestions for more substantial concessions to the rest of the Empire. But at the General Election of 1924 the principle of Imperial Preference based on duties on foodstuffs as put forward by the Conservative Party was defeated. It would take the Depression and the coming to power of the National Government, in 1931, for such a principle to be applied in the context of a major overturn of the policy of Free-Trade inaugurated back in the 1840's.

The fact remains that the introduction of Imperial Preference and consequently of restrictions against Argentina exports of foodstuffs to Great Britain had
become a distinct possibility by the early 1920's. And as such it was used by British interests in Argentina in their campaign -which got into full force after the first visit of the Prince of Wales in 1925- for preferential treatment in favour of British products and British investments in Argentina.60/

3.2. The American sanitary embargo against Argentine meat exports and other late 1920's protectionist measures by the United States.

On September 17th. 1926 the United States Department of Agriculture issued an order under which -beginning in January 1927- imports of fresh or refrigerated meats into the United States from any region in which foot-and-mouth disease existed would be prohibited. The Argentine Republic appeared in the first list published along with fifteen other countries including Brazil, Paraguay and Uruguay.61/

The United States market was only a tiny fraction, at that time, for Argentine meat exports. But it was one on which great hopes had been placed. Production of beef and veal in the United States had been declining since the turn of the century. And such a decline had led to an import surplus in a country which traditionally had been an important exporter of those products. Prospects for an important expansion in exports of beef from Argentina to the United States looked like being brilliant as there was a significant difference in costs in favour of the South American producers vis à vis the Northamerican. Attempts at gauging if the cost difference was larger or smaller than the tariff -which as we have already seen had been increased to 3¢ per lb. in 1922-
were less than successful. But the general impression remained that progressively the cost advantage in favour of Argentina would increase starting from a position which was already showing to be comparatively advantageous.\footnote{62}

Unfortunately the foot-and-mouth disease problem looked like possibly impairing not only a promising but small market as that of the United States but also Argentina's main market, i.e. Great Britain. On June 2nd. 1926 the British Government had prohibited imports of carcasses slaughtered in the European continent. This prohibition, in itself, affected Argentine exports only to the degree in which a significant flow of exports on-the-hoof to Zeebrugge - in Belgium - had developed for slaughter and further export as fresh beef to Great Britain in direct competition with domestic supplies. But even more important was the fact that this prohibition placed a question mark on the much more significant chilled and frozen beef trade. Because it was the outcome of the discovery, for the first time, of the F&M virus not on live animals but in imported carcasses. Although some scientists had announced that such was a possibility, up to that time it had been widely held that refrigeration killed the F&M virus. Consequently the British Government initiates conversations with the Argentine leading to a letter sent to Buenos Aires incorporating a series of recommendations on sanitary measures to be taken in Argentina so as to avoid export of infected carcasses. This last letter arrived in Buenos Aires on September 4th. 1926, with a difference of only few days with the publication of the American government embargo.\footnote{63}
If the American sanitary embargo had imparted a severe blow to hopes of a new, huge and expanding market for Argentine beef, government actions and the state of public opinion in Great Britain threatened to suddenly put an end to the existing trade with the major market, in fact, the only one for the best-quality chilled beef. Paradoxically, although the scientific discovery that the F&M virus could remain present in refrigerated meat had originated in England, it was the United States to keep its market shut down for Argentine exports while the United Kingdom government contented themselves with a few additional measures of sanitary control introduced by the Argentine government late in 1927 and early in 1928.

It would take us far beyond the scope of this paper to substantiate in detail such a statement but I am convinced that although originally the American sanitary embargo was prompted by a genuine fear of infection it gradually and increasingly became a protectionist device. I am also convinced that the British government stood firm against pressure from farming circles to stop import of Argentine beef for fear of the impact on cost of living of shutting out such a significant proportion of the total meat supply of their population.64/

The fact remains that additional to tariff increases a new barrier had been levied against Argentine exports. It was the most severe of all possible blows but it was not the last one by the United States in that alleged Free Trade era previous to the Wall Street crash. Disputes arose, on sanitary grounds also, about export of grapes and, on technical grounds, of alfalfa seed. Linseed and corn exports were threatened with
increases in duties as a consequence of cost investigations under section 315 of the Fordney-McCumber Tariff Act. These disputes were eventually sorted out but they were followed by an even more serious event, a new more protectionist tariff bill, the Hawley-Smoot Act.

Although that Act was finally approved in 1930 we have seen at the end of section 2.5. that the initiative for a new bill granting further protection to the farmer had been taken well before the Wall Street crash-in fact at the time of a stock market boom-by President Hoover when inaugurating his term early in 1929. Hoover had called for a "limited" revision as Harding had done in 1921. Congress made it a generalized revision already in May 1929 when being passed by the House of Representatives. 65/

By August 1929 reactions by more than 24 countries against the projected higher duties had been received in Washington. Among them that of Argentina. In Buenos Aires the Sociedad Rural Argentina had convened a meeting of all institutions associated with agricultural production and trade and the decision was taken to submit a letter to the President early in 1929. Opinions differed on the matter of either reducing duties for those countries which liberally received Argentine produce or raising them -like the Union Industrial Argentina suggested- against those erecting protectionist barriers. The idea behind all proposals was the same, i.e. that of "reciprocity" about which we shall say more in next section. No less than ten years, anyway, had been lost and Argentina would be forced to drastically curtail imports under the impact
of Depression. Because even in that year of 1929 as we shall now proceed to examine Argentina kept being a Free-Trade country. 66/

4. Argentine Commercial Policy

The basic law governing the Argentine customs regime by the decade of the 1920's had been in vigour since the beginning of the century. Duties were nominally ad valorem but applied to official fixed valuations as prescribed by a specific schedule. 67/

4.1. Tariff levels and structure

A largely inconclusive argument has involved the question of Argentine tariff levels before 1931. Traditionally, it was widely accepted that the Argentine tariff had been very low at least up to 1931 as part of the laissez-faire policies of that era. Both protectionists and free-traders would agree on such a picture differences between them revolving around the question of the supposed advantages or not of a low tariff. In later years, however, some authors have revived and in a way confirmed observations already formulated in those times in the sense that Argentine tariff levels were far from being low if they are compared -without any further qualification- with those prevalent in Europe, the United States and other countries in the so-called "Regions of Recent Settlement". The average Argentine tariff comes up as lower than that of the United States, but similar to that of protectionist Australia and above those for Canada and Europe but for the case of Spain. If such
was the case—it is argued—protectionist criticism of the Argentine tariff levels would be completely misplaced.68/

A full discussion of this issue would demand careful research leading us beyond the scope of this paper. But in our opinion some precautions which are not always fully taken up cannot be left aside when passing judgement on the pre-1931 Argentine Tariff. Let us briefly take them up one by one.

First. It is a fact that the Argentine tariff was much more encompassing than, say, that of the United States. Many raw materials and manufacturing inputs which were duty-free in already industrialized countries were dutiable in Argentina. Some authors took this fact as evidence enough of the revenue character of the Argentine tariff. Others raised the question of "protectionism in reverse" or, in modern parlance of "negative effective protection", i.e. raw materials being dutiable at higher rates than finished products.69/

One first consequence of the larger coverage of the Argentine tariff is that when examination is restricted to dutiable items and a comparison is drawn, say, with the Australian tariff it now comes up as being several points below this level and, by the way, markedly inferior to the United States one.70/

Work done by Díaz Alejandro in the all-important case of the textile industry, on the other hand, has failed to confirm a generalized case of "negative effective protection". But for the case of silk products—and tobacco in other branch of manufacturing—
raw materials were normally taxed at rates lower than those for finished products.

The fact remains, however, that manufacturing raw material in Argentina were in general, actually dutiable, while they were almost always duty-free in industrialized countries and even in the United States. If rates on finished goods were comparable or even lower than, say, in the United States or Australia, taxation of raw materials in Argentina means that rates of effective protection should have been lower in this last country.71/

In my opinion, therefore, there are grounds to believe that the level of effective protection of manufacturing activities in Argentina was in fact much lower than in other "new" countries with apparently comparable tariff height.

Second. In addition some measure of downward correction in tariff levels for comparative purposes should be introduced if bias in exchange rates is also taken into account. Because a uniform tariff rate applied on all and every imported article -which as we have just seen was much more the case of Argentina than that of other countries- would be equivalent to a two-tier exchange rate system making it more expensive to buy than to sell foreign exchange. Now, it may be presumed that such would be the correct policy to follow for a country whose exports are derived from a sector the productivity of which is higher and largely unconnected with that of the rest of the economy. Such would be the case for instance of present-day oil-exporting countries and that of an Argentina freely
depleting the top fertile layer of the Pampa region in the era of the "agricultura-minera" (a "mining-agriculture"). In such a situation the market exchange rate would tend to be below the one that would be "fair" for import competing sectors. Consequently, in the absence of a two-tier exchange market discriminating against traditional Pampean exports -as the one introduced but in a mild way in November 1933- tariff levels would only be playing a compensatory role in terms of the exchange rate and as such they cannot reasonably be compared to those of other countries without introducing some correction.\footnote{22}

In conclusion, reduced effective protection due to the existence of tariffs on raw materials in addition to exchange rate bias made for a much lower level of protection than the one which unqualified comparisons of average tariff height seem to indicate.\footnote{23}

3. Most-favoured-Nation clauses and reciprocity in Argentina commercial policy.

Under article 74 of the 1905 Customs Law -which remained in force throughout this period- the President of the Argentine Republic was empowered to raise tariffs by up to 50% to counteract discrimination by a foreign country or to lower them by no more than 50% in exchange of "equivalent advantages". Such an article was not new in Argentina tariff legislation. Throughout the 1890's clauses of this kind had been introduced in various tariff laws. Their origin may be traced to French and United States commercial policy during this last decade.
In fact, under the Méline tariff of 1892 - the one consecrating early agricultural protectionism - France had adopted a "double-column" tariff incorporating higher rates to be charged against countries not having entered treaties involving concessions of special interest for this country. Two years before, in the United States, the McKinley tariff had included a provision for penalty duties - among which 1 1/2¢ per lb. on hides - to be applied to countries not granting preferential treatment to United States exports. Reaction in Argentina led to passing the 1892 Tariff law which contains a penalty provision like that of art. 74 in the 1905 law. 74/ 

In the case of Argentina, however, provision for penalty duties was largely formal as the country was tied up by Most-Favoured-Nation (MFN) clauses in treaties signed with all important trading partners which in the case of Great Britain and most European countries were clearly of an unconditional character. 75/ 

There was little possibility therefore for Argentina to discriminate against some foreign country's exports on the basis of penalty duties provisions but for the case of the United States although the country tended to adhere to the American-conditional-interpretation of the clause. 76/ 

As a consequence of such a limitation one may register successive calls to denounce treaties of commerce containing MFN clauses so as to be free to follow a policy strictly based on reciprocity already in the 1890's. In one such call a preoccupation emerges which would gain greater strength during the 1920's and
to which we shall come back later, i.e. we refer to the matter of granting special preferences to Great Britain to contain the threat of imposition of Imperial Preference. 77/

3.3. Commercial policy in the 1920's

As in all other countries the post First World War crisis and the difficulties of activities stimulated by the scarcities of wartime but now subject to foreign competition unleashed in Argentina in the early 1920's a campaign for increased protection. The workings of the system of tariff valuations was making for a drastically reduced real level of protection due to inflated import values. In July 1920, Law 11022 was passed providing for a 20% increase in official valuations which was markedly lower than the level of inflation.

Under the new President Alvear and at the initiative of his Minister of Finance -Herrera Vegas- a Commission was appointed to study the fiscal and customs system of the country. Alejandro Bunge would head the Commission. Proposals for a rationalization of the tariff were made suggesting a subdivision of import products under four categories, from raw materials and machinery to those whose import was thought to be undesirable. Rates would range from zero to 80 per cent, in an increasing scale. But resignation of Herrera Vegas put an end to the work of the Commission. Congress, in November 1923, passed a new law -Law 11281- introducing a 60% increase in official valuations and raising by one-fourth specific duties. In the opinion of one foreign author "These changes were primarily for the purpose of increasing customs revenues". This renewed attempt to protect the
development of manufacturing through tariff reform had failed. 78 /

There is no change in Argentine tariff regime for the rest of the 1920's. But pressure for changes shift to the livestock producers under the impact of the early 1920's crisis. In April 1926 the Sociedad Rural Argentina convened a Congress of Livestock Producers of the River Plate. At this Congress a resolution is passed calling for denunciation of all commercial treaties so as to be in a position to enter into reciprocity treaties and to grant special favours to neighbouring countries. The issue is fervently taken up by the Sociedad Rural leadership, both that ending its mandate in 1926 and the new headed by Duhan. Their enthusiasm, of course, was not completely unconnected with the imposition of the U.S. sanitary embargo and renewed threats of introduction of Imperial Preference on the side of the United Kingdom. Beginning in January 1927 "Anales" - the Sociedad Rural periodical publication - would place on all issues the slogan "Comprar a quien nos compra" (Buy from those who buy from us) concocted by the British Ambassador and only thinly disguising the purpose of the whole exercise of treaty denunciation, i.e. granting preferences to Great Britain. President Alvear would make a reference to such a policy in his speech inaugurating Congress on May 1, 1927 and a whole stream of projects would be submitted to this body to enact a preferential system. 79 /

There was no unanimity of opinion in Argentina that such was the correct course of action. For instance, at the Segunda Conferencia Económica Nacional (Second Conference on the National Economy) attended by all
representative trade and business organizations a proposal to revise all commercial treaties in view to denounce -if found convenient- MFN clauses incorporated in their text was not passed. In its stead a resolution calling to celebrate commercial treaties on a basis of reciprocity but only with neighbouring countries was approved.80/

In the meantime, the United States government following its policy inaugurated back in 1922 was trying to convince the Argentine authorities to negotiate a new Treaty of Commerce which would include an unconditional MFN clause. As a result of their labours they only received from President Alvear's Administration a note suggesting the addition of a denunciation clause to the existing 1853 Treaty among the two nations. Early in 1929 during the controversy unleashed by discussions of the Hawley-Smoot Act and under President Yrigoyen's Administration the U.S. Chargé d'Affaires reports that having asked Dr. Oyhanarte-Yrigoyen's Minister of Foreign Affairs about the effects of the Sociedad Rural campaign he had received the answer that "the government thinks with its own head". Only a few months afterwards the Argentine government was signing the D'Abernon agreement and a few other measures granting preferences to Great Britain.81/
4. Conclusion

Reacting against discussion of the highly protectionist Hawley-Smoot Act in the United States, "La Nación" -one major Argentine newspaper- in a very synthetic way depicted the situation we have been examining in this paper. In a leading article and under the heading "La excepción argentina" (The Argentine exception) it stated: "World conditions have undergone transformations in the last years. All countries have tried to industrialize, they have tried to limit their purchases abroad and to exclusively rely on themselves. But there is one exception, i.e. the Argentine Republic". 82/

In fact we have seen that while the whole world with the flagging exception of Great Britain had turned towards protectionism Argentina did little to change its commercial policy. Moreover if there was a strong campaign favouring some changes it only was the one advocating special concessions for Great Britain rather than more self-sufficiency or higher diversification of the economy.

Of course I am aware that criticism might be levelled against my using now 60 years later the benefits of hindsight. To such a criticism and after the above pages I could only answer recalling once more one of Bunge's writings and more specifically one particular sentence in his lectures in the year of 1921, i.e. "Existen, finalmente, los mal informados, que siguen creyendo en una Inglaterra librecambista" (To come to an end, there are also those ill-informed people who go on believing in a Free-Trade England). 83/
Consequently one could well say that Argentina in the 1920's comes out after examination as a case of Free Trade in one country, in this case a primary producing one.
"Hasta 1908 o 1910 nuestra política adaptada a la política inglesa ha sido benéfica en todo sentido. Nuestro progreso económico se debe en buena parte a nuestra fuerte vinculación comercial con Inglaterra y con otros Estados europeos... Todos sabemos que Inglaterra realiza grandes esfuerzos por obtener sus alimentos, protegiendo la producción de sus dominios... Vendríamos a quedar por obra de la nueva política inglesa, casi fuera de su órbita comercial... Los Estados Unidos que tienen interés en atraer hacia su órbita comercial a todos los países sudamericanos... necesitan, sin embargo, defender a sus agricultores y ganaderos... Nuestra nueva política responde a necesidades nuevas, nacidas en parte, precisamente, del cambio de la política económica de aquellos países en cuya órbita nos hemos movido hasta hoy... resulta de capital importancia que nuestras exportaciones comprendan un número mayor de productos que hasta hoy; así disminuye el riesgo y nuestras importaciones no continúan en aumento". See Bunge, Alejandro, La nueva política económica argentina, Chap. 1 in La Economía Argentina, vol. III. Buenos Aires, 1928, text of a conference delivered in 1921.


See Di Tella, Guido y Manuel Zymelman, Las etapas del desarrollo económico argentino. Buenos Aires, 1967, Chapter 1. "La historia de las tarifas durante ese período es indicación clara de la actitud anti-industrial. El sector agropecuario continuó revirtiendo sus ganancias en la agricultura y ganadería a pesar de que la eficiencia marginal de su capital continuaba cayendo y no supo aprovechar las crecientes ventajas ofrecidas por el sector industrial". For Bunge the beginning year for the period he named as "un período de detención" was around 1908. See Bunge, A., op.cit., Chap. XI.

5/ Ibid. Proportions for each country were: Germany (12.5%), France (8%), Italy (3.5%), Netherlands (2.5%) and Belgium-Luxembourg (2.5%). Outside Europe Japan's rank was in between France and Italy.

6/ Ibid. To present-day readers it might come as a surprise that India was an important exporter of agricultural products; it was, in fact, a net exporter of grains.

7/ Ibid., Table 2, pp. 10-12.


10/ See Taylor, H.C. & A.D., op.cit., p. 110 and Díaz Alejandro, C.F., op.cit., Table 1.12, p. 20.

11/ See Banco Central de la República Argentina, op.cit., Tables 44-46.

13/ See Banco Central de la República Argentina, op.cit. and Taylor, H.C. & A.D., op.cit., pp. 183-190. Cultivation of linseed is agronomically also subject to great limitations being a very sensitive plant.

14/ See Taylor, H.C. & A.D., op.cit., Chapter XIII and Banco de la Nación Argentina, Revista Económica, vol. 6, No. 4, mayo-junio 1933, "El mercado británico de carnes".


18/ For Land prices see Société des Nations, op.cit., Annexe II and for British Wholesale prices Tracy, M., op.cit., Table 2.3, p. 46.

19/ See Société des Nations, op.cit. Annexe II.

20/ See Tracy, M., op.cit., pp. 21-22.

21/ Corns Laws were originally devised to keep prices stable at a fair level by regulating domestic trade and restricting exports and, later, imports. A sliding scale of duties on corn imports was in existence when prices were above a minimum during and immediately after the Napoleonic Wars or for all values later on. In spite of their original purpose Corn Laws made for large fluctuations in prices as traders would accumulate stocks and raise...
prices to be authorized to import or to be able to import at a lower duty. The campaign against the Corn Laws -that benefitted landowners and farmers by raising prices- began in 1815 and led to the formation of the Anti-Corn Law League in 1838. Its victory was certainly helped by the Reform Act of 1832 that decidedly reduced the power of the landowners by enlarging the electorate. Additionally, farming in Great Britain had become the occupation of only a quarter of the population and generated less than such a proportion of the national income. Not unconnected with this last fact the large landowners' opposition to the repeal of the Corn Laws ended up by being less than frontal. Their income sources had become much more widely spread. See for this last point Hobsbawm, E.J. Industry and Empire. London. 1968, pp. 85-86 and also p. 195 for his opinion that renunciation of the Corn Laws by the aristocracy was an act of political compromise vis a vis the new industrialists in a context of a potential for popular insurrection. For the repeal of the Corn Laws see also Tracy, M., op.cit., pp. 42-44.

Previous to the 1840’s reforms of the customs had been introduced in 1822-26 after the petition of the London merchants. But duties as high as 80-100% remained in force. See Delledonne, O. European Tariff Policies, New York, 1928, p.5.

22/ After repeal of some specific duties like those on hops (1862), sugar (1875) and others, the number of dutiable articles was brought down to about twenty. See Delledonne, O., op.cit., p. 6-7.

23/ The sliding-scale duty on grains was eliminated in 1861. There were complaints that while Great Britain was extending to other countries under the unconditional form of the MFN clause -to which Great Britain had always adhered- concessions granted to France that this country was asking reciprocal advantages from other countries if they were to enjoy advantages accorded to Great Britain. For the Cobden-Chevallier treaty see Tracy, M., op.cit., pp. 68-69, Delledonne, O., op.cit., pp. 9-10 and Richardson, J. Henry British Foreign Economic Policy, London, 1936, pp. 85-86.
24/ For the German and Italian case see Delledonne, O., op.cit., chap. 1. For the German case, specially agriculture, see also Tracy, M., op.cit., pp.92-93.

25/ The tariff issue was central to the 1889 election campaign. In the new Parliament an "Agricultural Group" comprising 301 deputies was formed. Jules Méline was the President of the Agricultural Group and of the Tariff Commission appointed to examine the government's proposals for a new tariff. Over strong opposition from free-traders the Commission's proposals were increased in the final discussion. Méline, as Minister of Agriculture, had been responsible for the 1885 tariff on wheat and he was to become Prime Minister - simultaneously with Minister of Agriculture - from 1896 to 1898. He had also been President of the first world Congress of Agriculture meeting in Paris in 1889 from which an International Commission for Agriculture in charge of organizing further congresses sprang up. At these congresses ideas about an international wheat agreement and an European Customs union - favouring the entrance of Danubian grain in Western Europe - were first discussed. Méline later wrote a book whose idea is clearly expressed by the title "Le retour a la terre et la surproduction industrielle" (The return to the land and industrial overproduction). See Société des Nations Considerations ..., op.cit., pp. 39-40 and Tracy, M., op.cit., pp. 70-72. Also Delledonne, O., op.cit., pp. 11-12. The minimum/maximum system originally was not applicable to agriculture.

26/ In 1897, also, the 'loi de cadenas' which would play a very important role later on was passed. It allowed the Executive to introduce increased tariff rates pending their approval by Parliament. The demand for a revision of the tariff started in 1906 due to changes in tariff legislation by other European countries, foremost Germany. The law was finally approved by March 29, 1910; 500 items out of a total of 654 were touched by the revision. The major treaty negotiated under this new tariff was that with the United States. This country had just passed the Payne-Aldrich Bill which included, also, a maximum and minimum tariff. The first one was obtained by the addition of a surcharge of 25% against the goods of a country that 'unduly discriminated' against American exports. See Delledonne, O., op.cit., pp. 12-13. The tariff rate of 7 francs per quintal was introduced in 1894; see Tracy, M., op. cit., p. 72.
27/ Bismarck's phrase is quoted in Société des Nations Considérations..., op.cit., p. 42. In the previous decade agriculture had been prosperous and the "landed interest" had opposed industrial protectionism as advocated by people like Friederich List. Prussian Junkers were particularly afraid that duties on manufactures could lead to reprisals by Great Britain against their grain exports. When competition from American supplies started to be felt not only in Great Britain but even in the home market it became easier for industrialists -mainly the iron producers- to convince farmers of the need for protectionism. The tariff for wheat was placed at 1 mark per quintal. See also Tracy, M., op.cit., p. 93 and Delledonne, O., op.cit., p. 17. Beginning in 1880 imports of livestock products were restricted on sanitary grounds; it made life difficult, particularly, for U.S. exports of pork and pork products.

28/ Duties on wheat were increased in 1885 to 3 marks per quintal and in 1887 Bismarck proposed for the duty to be increased to 6 marks per quintal. Parliament adopted a rate of 5 marks.

29/ Count Caprivi made it a point to insist he had no vested farming interest; he is said to have stated that he possessed 'kein Ar und Halm' (no acre neither a blade of straw). The first significant "Caprivi" treaties were those with Austria-Hungary and Italy. The first one involved reductions in duties for grains; the second one incorporated reductions for wine, poultry, eggs and fruit. In 1893 and in 1894, respectively, new treaties were signed with Rumania and Russia extending to them the lower grain tariff negotiated with Austria in spite of the fact that they were important grain exporting countries. The treaties passed by Parliament notwithstanding opposition from the newly created Bund der Landwirte under which the Prussian landlords were trying to organize all farmers in Germany. Through the operation of the MFN clause the reduced duties were extended to almost all countries including the United States. See Delledonne, O., op.cit., pp.17-18 and Tracy, M., op.cit., pp. 94-95.

30/ Preparation of the 1902 law was helped by the replacement -in 1900- of Prince Hohenlohe by Count von Bülow who was a protectionist. Economists of different convictions took part in the debate previous to the law. Adolf
Wagner argued—in parallel to Meline in France—for keeping agriculture as an important sector of activity. Free traders—like Brentano—argued against the effects of high prices of food on the working population. It was calculated by him that an average worker had to work an extra thirteen days a year just to pay for the duties. The duty on wheat—the only operative—was 5.50 marks on a domestic wholesale price of 21 marks; for rye, it was 5 marks on a domestic wholesale price of 17 marks. Brentano also argued that protection was supposed to be temporary but that German agriculture had not used its benefits to diversify into other more profitable undertakings. In addition, in his opinion, it was only the large landowners that were deriving all the benefits. See Tracy, M., op.cit., pp. 96-100 for a discussion of the 1902 Law and the debate among German economists which, as he well points out, contains all the seeds of present-day arguments for agricultural support policies and the ensuing protectionism. For the 1902 law see also Delledonne, O., op.cit., pp.19-20.

The import certificate system originally was devised to allow those reexporting Russian grain mixed with local grain, to import duty free an equivalent amount. East Germany exported grain to Scandinavia and Great Britain while West Germany bought from abroad the grain it needed. The reason for such a movement has to be found in transport costs—it was cheaper to send and to import by sea than to send overland—and in different qualities, the East German grain being of inferior quality to that required by West Germany. Starting in 1894—the year of signature of the treaty with Russia—any export gave entitlement to exemption of duty on imports; the corresponding certificate became negotiable and boiled down to an export bounty for East of the Elbe producers. See Tracy, M., op.cit., pp. 102-103. The import certificate system became even more important in the late 1920's in Germany. For a proposal supported by the Grange, in the United States, the "export debenture system", in the 1920's see also Benedict, Murray R. Farm Policies of the United States, 1790-1950. New York. 1953, pp. 227-228. This system was presented as an alternative to the McNary-Haugen bills calling for an agency to purchase the whole crop at a certain minimum price and to sell surpluses abroad the burden of the operation to be born by the farmer. This proposal also had a German antecedent, Count Kanitz's proposal—with the support of the Bund der Landwirte—for an import monopoly of grain that would fix a price for domestic sales independent of the foreign price. The proposal was hotly debated during the 1890's in
Germany but it did not encounter enough support at the time because it, in fact, implied total control not only of foreign but also of domestic supplies. It would require the Depression and a Nazi régime to be put into practice but to stay afterwards in the Federal Republic of Germany. See again Tracy M., op.cit., pp. 101-102.

Italy also joined the protectionists. Tariff laws granting protection, first, to manufactures and, then, to agriculture were passed in 1878 and 1887. This last law led to a commercial war with France lasting ten years, 1888-1898. This war as well as duties on grains did not satisfy the needs of traditional Italian agricultural exports mainly based in the South of the country. Again in this case it was the Northern grain farmers to win a victory, a situation not too dissimilar to more contemporary events under the Common Agricultural Policy of the European Community. Austria-Hungary, Russia, Sweden, Spain and Portugal, also, introduced protective measures.

Denmark, the Netherlands and Belgium took the opposite course of action. Under their remarkable cooperative system Denmark converted her agriculture to dairying, poultry and pig production. Netherlands copied the Danish experience. Both countries became important exporters of livestock products to Great Britain and Germany. Belgium taxed livestock products but refrained from taxing grains.

For Italy see Daledonne, O., op.cit., pp. 25-32. For Denmark see Tracy, M., op.cit., Chap. 5, and Société des Nations Considerations..., op.cit., p.47. Same sources for other countries.

See Tracy, M., op.cit., p.26 and Anales de la Sociedad Rural Argentina, vol. XLV, año 1910, noviembre y diciembre, "Exportación de ganado en pie" (Live cattle exports) Live cattle exports came down from 312,150 in 1899 to 150,550 in 1900.

For a discussion of the reasons for divergent reactions see Kindleberger, Ch., op.cit., and Tracy, M., op.cit., Chap. 1.
In 1902 a tax of a shilling and a quarter was placed on imports of corn allowing, then, for preference to be granted to the Empire. But it was repealed in 1903. The "Fair Trade" movement advocated a policy of tariff retaliation or "reciprocity". See Delledonne, O., op.cit., Chap. 2.

See Banco Central de la República Argentina, Revista Económica, nueva serie, vol. 1, N°2, 1937, "Tendencias de la producción agrícola".

In 1913 wheat prices at U.S. ports were 18,20 gold francs per quintal having been 12,75 back in 1892. At Liverpool prices between these two years had, increased from 14,60 gold francs to 17,60 gold francs. See Société des Nations, op.cit., p.50.

See Banco Central de la República Argentina, op.cit., Cuadros 40 y 41.

See Benedict, Murray R.; op.cit., p. 168. We have borrowed to a large extent our analysis of the 1920's agricultural depression in the United States from this classic.

Out of the agricultural extension work emerged the American Farm Bureau Federation that rapidly became the dominant farm organization, achieving a membership as large as the Grange. The "Farm Bloc" got established at a meeting on May 9, 1921. See Benedict, M.R., op.cit., Chap. 9.

Under Section 21-an amendment passed on March 3,1919- of the War Finance Corporation Act authorization was extended to grant credits to European importers. The Corporation was reactivated by a new bill passed over Presidential veto early in 1921 and given new powers under the Emergency Agricultural Credits Act -approved August 24, 1921- to finance exports as
well as to buy from banks paper secured by agricultural products. On March 4, 1923, additionally, the Federal Intermediate Credit system was created under the supervision of the Federal Farm Loan Board which already steered the Federal Land Bank system. As to marketing, a Cooperative Marketing Act was passed on February 18, 1922, excluding cooperatives from restrictions placed anti-trust Clayton Act. Those were the times of the "Sapiro" movement -named after a lawyer Aaron Sapiro-leading to the creation, in 1921, of U.S. Grain Growers, Inc., a national grain marketing cooperative association, sponsored by farmer's organizations. The local cooperatives were supposed to engage in contract-sales committing the farmer member to assure delivery of stipulated amounts over a period of years. This and other similar plans eventually failed. A paralel plan for livestock marketing led to the creation of the National Livestock Producers Association which played a significant role in keeping Argentine supplies out of the U.S. market. See Benedict, M.R., op.cit., Chapter 9.

43/ In the early years of the history of the United States and after the collapse in prices -mainly agricultural-following the end of the Napoleonic Wars, farmers supported protection of industry as a way to promote an urban market for their otherwise unsaleable output. But, afterwards, as a ready market for grain -as previously for cotton- could be found in Europe farming opinion turned against protection. There were other issues, however, that attracted more vehemently farmer's attention, like railway rates, grain monopolies and the silver currency question.

Taussig argues that of all agricultural products wool was perhaps the only one for which protection resulted in some actual benefit for the farmer. For Argentina -a wool exporting country- this became a very clear truth after the Civil War duties. In paralell to what would happen later in the 1920's with the meat sanitary embargo, a measure restraining imports but originally taken for some other reason -in the case of the wool duties a revenue reason while in the meat embargo one a technical veterinary reason- would once in in vigour be defended for protectionist purpose and almost impossible to be eliminated. Wool was an important part of the income of some middle States as Ohio under competition from more efficient domestic
Far West— and foreign producers. As voting between the two main parties was almost evenly divided in these States, such a situation made for the wool duties to become in association with those on woollens— one of the most important aspects in the protective system. On the history of the U.S. tariff the obvious reference is to the masterly Taussig, F.W. The tariff history of the United States; I have utilized the 7th. edition, New York and London. 1923. The quoted passage is in p. 249.

Wool —but for a short period between the 1894 and the 1897 Tariff Acts— had been taxed and at very heavy rates. It made quite a difference with the European situation in which pressure by manufacturers had prevented wool being encompassed by the increasing protectionism of the late 19th. century. To compensate manufacturers of woollens a compensatory duty—additional to an ad valorem duty— was raised on wool manufactures. This compensatory duty was high enough to become in itself an important part of the duty on manufactures. Hides had been free since 1872 but under the Dingley—1897—Act were made to pay 15% under pressure from representatives of the ranching States. In 1909 President Taft had to bring quite some pressure on Congress to obtain the elimination of this duty in the Payne—Aldrich Act. See Taussig, F.W., op.cit., Chaps. v/IX.

Estimates of the average tariff level arising out of each Tariff Act have been put forward as: 1883—45%; 1890—49%; 1894—41%; 1897—46%; 1909—40.7% and 1913—27%. See Benedict, M.R., op.cit., p. 204, fn. 93.

Hides and quebracho extract remained duty-free under the Emergency Tariff Act. But the duty on linseed was raised from 20¢ to 30¢ per bushel. Wool—now less important—an Argentine export— was dutiable again at 15¢ per lb. (11¢ in 1909).

Fresh or refrigerated meat was dutiable at 2¢ per lb. (in 1909 beef & veal paid 1 1/2¢ and mutton & lamb 2¢). Wheat also was made to pay 35% per bushel (25% in 1909) and maize returned to the 15¢ per bushel duty of the 1909 Act. See Taussig, F.W., op.cit., Chapter X.

For the Tariff Commission opinions see their publications as quoted in Kelly, W.B. Jr., op.cit., p.10. Taussig poetic phrase is quoted from p. 367 of his book on the tariff history of the U.S.

In the case of beef although no link could be established between domestic prices and the tariff, it was argued that the tariff had kept away imports from foreign countries, mainly Argentina. See Edminster, Lynn Ramsay The Cattle Industry and the Tariff; New York; 1926. Chap. VIII, p. 198. "...the presumption is that the duty must have had some effect on imports in 1922-24".

For the whole story of the "Equality for Agriculture" movement see Chap. 10 in Benedict, M.R., op.cit.,; quote from Peek-Johnson in p. 209. Peek would become head of the Agricultural Adjustment Administration (AAA) in the early years of the New Deal.

See above for U.S. commercial policy in the early 20's and Société des Nations, Considerations relatives a l'évolution actuelle du protectionnisme agricole. C.178. M.97.1935. Geneve; 20 mai 1935, Annexe II., p. 15, Table 1 were it is shown that while in 1913 U.S. exports of wheat encountered duties of more than 35¢ per bushel in countries purchasing 24% of their total, the analogous proportion for 1922 was almost nihil. Something similar was valid for meat but it must be remembered that meat duties in the United States had been reintroduced in 1921 when the country was becoming a net meat importer.

See Société des Nations, Considerations..., op.cit., Annexe 1, Le protectionnisme agricole en Europe pendant la période d'apres guerre, p.16. Sir Frederick Leith-Ross would become Economic Advisor to the National Government in Great Britain and in such a capacity an important figure in the negotiation of the Roca-Runciman. Treaty with Argentina in 1933.
The method utilized to adjust duties in the early 20's was that of the 'coefficients de majoration' the number used to multiply pre-war rates to arrive at the new figure. There were two major measures in 1920-21 leaving duties, however, slightly below in their real value to those previous to the war. In 1926 two increases by 30% were again introduced after almost 4 years of stability. See Delledonne, O., op.cit. "Chap. III, Tracy, M., op.cit., Chap. 8 and Société des Nations, Considerations..., op.cit., Annexe 1.

For the 1902 law and the debates among economists connected with its discussion see Tracy, M., op.cit., pp. 96-100.

Imports till 1925 were regulated by import licences. There had been some changes in duties, incorporating higher levels for foodstuffs, in 1921 and later in 1922 and 1923. After 1927 fresh and chilled beef was made to pay 32 RM per 100 kilos - up from 21 RM - and wheat 5 RM per quintal. See Delledonne, O., op.cit., Ch. IV, and Société des Nations, Considerations..., op.cit., Annexe 1.

The import certificate system entitled East of the Elbe grain exporters to an exemption on import duties for an equivalent amount; the certificate had become negotiable after 1894. See Tracy, M., op.cit., pp. 102-103 and Chap. 9.

See Delledonne, O., op.cit., Chap. V and Tracy, Michael, Fifty Years of Agricultural Policy in Journal of Agricultural Economics, vol. XXVII, N°3, Sept. 1976. Duties had to be paid in gold lire or if in paper at a premium related to the price of the lira during the previous week. Thus, in the case of Italy there was no question of erosion of duties as a consequence of inflation. But in spite of this "coefficients of increase" like those used in France and Spain - as well as in Argentina - to readjust duties according to price inflation were also introduced. This made for the Italian tariff to be particularly high.
Duties levied under the "Safeguarding of Industries Act" could be as high as 66 2/3% - under the 1921 law - and reached 50% for optical glasses under the 1926 renewal. See Delledonne, O., op.cit., Chap. II and Table in pp. 116-117 for imports under "Safeguarding". The second extension of these duties was envisaged to cover a period of 10 years. McKenna duties of 33 1/2% were levied starting in 1915 and continued after the war. They were of some significance for the development of the British motorcar industry and in 1926 they were extended to commercial motor vehicles and in 1927 to rubber tyres and tubes. A breach with the laissez-faire principle was obvious in the refusal to raise an equivalent excise duty on the domestic production of these luxury goods. See Richardson, J. Henry, op.cit., Chap. IV. Altogether Safeguarding and McKenna duties covered 2 to 3 per cent of British imports. Protection was also granted to dyestuffs under the Dyestuffs [Import Regulation] Act of 1920 and also to artificial silk, petrol and sugar under their "Revenue duties". Empire products received a rebate of 1/6 of revenue duties, a policy which was confirmed, even, after the Conservative Party proposal for extensive Imperial Preference was defeated in the General Election of 1923.

As to the beginnings of agricultural support policies see Tracy, M., op.cit., Chap. 7.

Timoshenko offers a list of 15 important commodities in world trade the prices of which were already falling by the mid-twenties. These products involved from one-fifth to one-fourth of world trade. They included three of great importance for Argentina, i.e., wheat, wool and hides. See Timoshenko, Vladimir P., World Agriculture and the Depression. Michigan Business Studies, vol. V., No. 5, University of Michigan, School of Business Administration, Bureau of Business Research, Ann Arbor, 1933.


The decline in prices was associated with an increase in stocks of the same commodities. See, for instance, Timoshenko, V. P., op.cit., p. 550 for a chart depicting the increase in world wheat stocks in the late 1920's.
See Delledonne, O., op.cit., Chap. II, Section V for an analysis of UK imports from the Empire. Joseph Chamberlain is quoted as stating: "If you are going to give preference to the Colonies you must put a tax on food".

Canada granted a rebate of 1/3 on the rates established by her general tariff to produce originating in the United Kingdom and some other parts of the Empire. A tariff lower to her general tariff but by only 2 1/2 to 5% was applied to some foreign countries like France, Italy, Japan and Argentina. Australia, beginning in 1907, granted a preference to the United Kingdom of 5% on a majority of the items and even 10% and 20% in the cases of, respectively, machine tools and cutlery. New Zealand placed a surtax varying from 10 to 100 per cent on her general tariff for goods originating outside the British Empire. A preferential regime for United Kingdom products was also applied by the South African Customs Union. See Delledonne, O., op.cit., loc.cit. and also Richardson, J. Henry, op. cit. Chap. V.

For post-First World War Imperial Preference politics see Delledonne, O., op.cit., loc.cit. and Richardson, J. Henry, op.cit., loc.cit. For the British campaign in Argentina and the use of the IP threat to extract concessions see Fodor, Jorge and A. O'Connell: Argentina y la economia atlantica en la primera mitad del siglo XX, in Desarrollo Económico, vol. 13, N° 49, abril-junio de 1973. See also United States National Archives and Record Service, DS, RG 59, "The British Campaign Against American Trade and Capital in the Argentine" (May 29, 1929).

See Edminster, L.R., op.cit. and figures quoted therein from both the Tariff Commission and the Department of Agriculture. This author's conclusion was that "...on the whole beef can be produced much more cheaply in Argentina than in the United States" (see page 303).

For the British Government letter see Public Record Office, Foreign Office file 371-General Correspondence-No. 11954 (1926).

For this section I am relying on unpublished research which included going through both United Kingdom and United States government archives. See my "La fiebre aftosa, el embargo sanitario norteamericano contra las importaciones de carne y el triángulo Argentina-Gran Bretaña-Estados Unidos en el periodo entre las dos guerras mundiales", Jornadas de Historia Económica Argentina, San Juan 1983. In the case of the United States witness failure to implement a decade later the Espil-Hull convention on lamb and mutton exports from Patagonia, a region in Argentina isolated from the rest of the country and in which everybody agreed that the disease was absent. But also read Mr. Fladness - a veterinary doctor sent down to Argentina by the B.A.I. in 1927- about the difficulties of actually avoiding infected carcasses being exported. Fladness' reports are in the Record Group 59 of the State Department, file 611.355/51. For a more impartial opinion on the same difficulties one can read the conferences pronounced in 1929, in Buenos Aires, by Dr. Henry Vallee and reproduced in Anales de la Sociedad Rural Argentina, año LXIV, vol. LXIV, №1, enero de 1930. Dr. Vallee was recognized as the leading world expert on the subject in those years.

As to the reasons behind the British government leniency towards Argentine beef see statement in the House of Commons, pronounced on July 5 1926 by the Minister of Agriculture -Walter Guinness- in which he ended up by saying: "...bearing in mind the importance of such trade for Britain's supply of meat it might well be possible that it would be preferable to risk contagion than to completely cut off this source of supply". See "The Times", July 6, 1926. And later see also letter from the same Minister of Agriculture to the Foreign Office of March 14, 1929: "...there would be obvious difficulties in suddenly depriving British consumers of over half their normal meat supply". PRO, FO 371, 13455, M.A.F. Ref. T.A. 28472.
A. I am indebted to Dr. Juan Carlos Torre for providing me this and other missing items in my research file from the PRO on the F&M disease issue.

65/ For the Corn and Linseed disputes see National Archives and Record Service of the U.S., Department of State, Record Group 59, 611.355/Corn and 611.355/Linseed. Section 315 of the 1922 Act empowered the President of the U.S. to raise or lower tariffs according to the concept of equalizing costs of production. In a way it is a direct descendant of the idea of a "scientific tariff" proposed by the Republic Party back in 1908. But its actual inclusion was promted by an attempt to avoid the imposition of the "American selling price" as the basis on which duties would be assessed. Such a move was the consequence of fears of dumping, outright or "exchange" dumping generated by devaluation of European currencies. See Kelly, W.B. Jr., op.cit., pp. 14-25. Also for this dispute as well as that related to grapes and alfalfa seed see Riefler, D.B. Trade Relations of the United States with Argentina. Editorial Research Reports. New York, 1929, as well as República Argentina Ministerio de Relaciones Externas y Culto, Memoria presentada al Honorable Congreso Nacional. Correspondientes a los años 1926 y 1927. Memorias de la Embajada Argentina en los Estados Unidos de América. For the Hawley-Smoot Act see also Kelly, W.B. Jr., op.cit., pp. 11-14, and also Memorandum Enclosure N°1 -in Despatch N° 484 (originating in Washington Embassy) dated March 8, 1929 in F.O. 118/620 United Kingdom, Public Record Office.

66/ For the debate in Argentina unleashed by discussions, first, at the Ways and Means Committee of the U.S. House of Representatives of a new Tariff Act see National Archives and Record Service (United States), Department of State, Decimal File, 611.353/12ff. in which several despatches from Buenos Aires are filed with press comments and pronouncements from various trade associations on the proposed tariff increases. Meetings were convened by the Sociedad Rural Argentina late in January and early in February 1929. A memorial to the President -Yrigoyen- was drawn and submitted on February 7th. For the text see Anales de la Sociedad Rural Argentina, año LXIII, vol. LXIII, N°4 (February 15, 1929). This memorial was signed not only by the Sociedad Rural Argentina but also by many
of the other local rural societies as well as the Grain Stock Exchange (Bolsa de Cereales), and the meat-packing firms. The agrarian interests advocated reducing tariffs on imports from countries -like Great Britain- which allowed duty-free entry or at very low rates to Argentine produce while keeping their level against other countries. In the words of Martínez de Hoz (F.L., about to become President of the SRA) "...it is essential...for our tariff concessions to be granted...either reducing or eliminating some of the duties presently taxing foreign merchandise" (my translation). The "Unión Industrial Argentina" (Manufacturer's Association of Argentina), on the other hand, was strongly opposed to any duty reduction and advocated a coherent tariff policy that would ensure protection to processing industries. The debate although activated by the discussion early in 1929 of the new U.S. Tariff Act was but a continuation of a demand for revision in Argentine commercial treaties about which we shall have more to say in next section.

67/ The basic law was Ley de Aduana, N°4933 of December 20, 1905. As the Tarifa de Avalúos -the official price schedule to which the nominally ad valorem rates were applicable- was fixed duties ended up being specific. For some products rates were directly specific as those on foodstuffs, beverages, tobacco and other. A duty of 25% ad valorem -on c.i.f. values- was levied on imports not specifically enumerated in the Tarifa. More than 50 items in the Tarifa were duty-free.


69/ See Díaz Alejandro, C.F., op.cit., loc.cit. and also, for instance, Irazusta, Julio Balance de siglo y medio. Buenos Aires, 1960, where one specific case of "protectionism in reverse" is offered. See also Eder, C.J. for his opinion on the Argentine tariff. See also Phelps, Vernon Lovell The International Economic Position of Argentina. Philadelphia, 1938; Chap. IX 'The Foreign Commercial Policy of Argentina'.
See Díaz Alejandro, C.F., op.cit., p. 286. On dutiable articles for the 1920-24 period duties represented 14.9% of all imports in the case of Argentina but 22.4% in that of Australia and 31.3% in that of the United States.

See again Díaz Alejandro, C.F., op.cit., Tables 5.3, 5.4 and 5.5. Duty free imports were to a large extent made up of railway's supplies.

Such a correction would be different than the one which only takes into account variations in time of the exchange rate. As part of this work I have myself corrected Díaz Alejandro's series for the combined effect of the exchange rate and the tariff level on "protection" relative to the position in 1914 (see Díaz Alejandro, C.F., op.cit., Tables 5.1 and 5.7). Instead of using cost of living indices to estimate "real" devaluation against the dollar and the bound sterling I have utilized wholesale price indices which I believe to be a more correct procedure. On such a basis real devaluation is much lower than that estimated by Díaz Alejandro, e.g. real devaluation at the end of the 1920's compared with 1914 is only slightly above 10% instead of being around 30% in Díaz Alejandro's calculations.

As a consequence of my own figures for the "real" exchange rate the "combined effect" of variations in time of average tariff levels and the "real" exchange rate shows an increase -between 1914 and 1929- in the order of 10 to 15% much lower than the figure of 30% given by Díaz Alejandro.

Historical series for average tariff levels and "real" exchange rates as those first and carefully constructed by Díaz Alejandro I find most unsatisfactory as indication of the absolute level of protection. Not only they incorporate changes in import composition thereby showing "changes" in tariff levels when there were none -like what happens in 1928/29- but more importantly they tell nothing about the appropriateness of the base year level of protection (1914 in this case).

For an indication of the comparative status of the Argentine tariff among other South American countries close to the base year of such time series let me offer the following figures valid for 1916.

See art. 14 of the 1892 Tariff law and discussions in the Chamber of Deputies on July 18, 1892 and November 4, 1892, in Congreso Nacional, Diario de Sesiones de la Cámara de Diputados, Publicación revisada por la Oficina de Taquigrafo, Año 1892, Buenos Aires, 1892, 19a. sesión ordinaria and 10a. sesión extraordinaria. Later that same year a Convention with France is signed additional to the treaty of 1853. The convention establishes MFN treatment and is discussed in the Senate in October 1892. See Congreso de la Nación Argentina, Diario de Sesiones de la Cámara de Senadores, Período de 1892, Buenos Aires, 1893, Sesión del 25 de octubre de 1892. United States pressure on Argentina based on potential penalty duties on hides was very serious but the Argentine government did not step back. In 1894 penalty duties were repealed in the United States and moreover ool-which along with hides was the most important commodity in the Argentine export trade to the United States -was made duty-free. For the 1890 and 1894 U.S. Tariff Bills see Taussig, F.W., op.cit., Chaps. V and VI. Repeal of the penalty duties -which were actually applied only to three South American countries- was a consequence of domestic political developments in the United States leading to a more liberal tariff in 1894. In 1897, the new Dingley tariff reinstated penalty duties but as hides were no longer duty-free (an ad valorem duty of 15% was placed on imports of hides as a consequence of pressure from Senators from some Far West States) there was no penalty duty envisaged for this article. The Dingley Act incorporated another two "reciprocity" provisions. One intended to counteract the effects of the French "double-column" system envisaged reciprocal concessions on the basis of duty reductions on a list of articles alphabetically headed by "argol". They came to be known as the "argol" agreements. A second provision envisaged treaty negotiations involving general reductions subject to Congressional approval. These treaties, christened "Kassou" treaties after the name of the Special Commissioner appointed to
negotiate them never came to a vote in Congress. The "argol" treaties -concluded with nine European countries- were terminated under the Tariff Act of 1909. See Taussig, F.W., op.cit., loc.cit. and also Kelly, W.B., op.cit., p.26. Penalty duties incorporated in the Dingley Act were never put into practice.

75/ For the distinction between the unconditional and the conditional form of the MFN clause in commercial treaties see Kelly, W.B., op.cit., pp. 29-35. The conditional form was inaugurated by the then recently independent United States in the 1778 treaty with France. It makes the extension of concessions under the MFN clause conditional on equivalent compensation being granted by the third party claiming the extension. The utilization of this conditional form was the practice of the United States till 1923 when a new policy of applying the unconditional form was inaugurated under section 317 of the Fordney-McCumber Tariff Act of 1922 and first included in the commercial treaty signed that year with Germany. See also Williams, Benjamín H. Economic Foreign Policy of the United States, New York, 1929, Chap. XIV. The conditional form of the clause was particularly suitable for the needs of the semi-industrialised United States of the era previous to the First World War as it was meant to be used to extract concessions from primary producers which could allow American exports to compete with the more advanced countries of Europe. The most ambitious form of such a strategy was Blaine's proposal at the 1889 Pan-American Conference for a Western Hemisphere Customs Union.

76/ I find the discussion about the Argentine doctrine on MFN clauses less than crystal clear. In spite of the fact that in more than one instance both public officials and experts on the subject had voiced their opinion that the Argentine interpretation coincided with the American one it is possible to witness in 1904 an attempt by the Foreign Affairs Minister Carlos Rodríguez Larreta to denounce the 1853 treaty with the United States to be free to apply higher duties to this last country. In this occasion Luis María Drago and Victorino de la Plaza argued convincingly that to denounce treaties of commerce could end up in provoking discrimination against Argentina and that, anyway, there was nothing in the treaty with the United States to prevent Argentina to practice a policy based on reciprocity. For their
opinion as well as that of Horacio Beccar Varela see their articles published in "La Nación" and "La Prensa" at the end of 1904 and quoted by Máspero Castro, Andrés Estudio sobre los tratados de comercio argentinos. Buenos Aires, 1923; Chaps. 4 and 5.

Action envisaged by the Foreign Affairs Minister had been prompted by the de facto agreement among the United States and Brazil under which beginning in 1904 this last country had granted duty concessions on several products one of which —wheat flour— was of special significance for Argentina. It was one of the few to be signed under the reciprocity provisions incorporated in the Dingley Tariff Act. See Williams, B., op.cit., Chapter XIV. The agreement was annually renewed in spite of vigorous opposition on the part of Argentina. In 1923 and at the request of the United States which had decided to embark in a policy of unconditional MFN treatment it was allowed to lapse. See Foreign Relations of the United States, 1923, vol. I, pp. 121-133 and 453-463, for this episode as well as for the more general subject of the adoption of such a policy by the United States government. The Brazilian government was taken completely by surprise and expected the measure to be followed by some action against Brazilian exports. Not understanding either the global motives behind the end of discrimination in favour of United States flour in Brazil the Argentinian government proceed in their turn to grant this last country a reduction of 30% in duties on yerba mate imports, in compensation for the end of discrimination against Argentine flour. See República Argentina, Annual Report of the British Legation in the Argentina Republic, 1924.

See a bill by Senator Igarzábal calling for the elimination of all MFN clauses from international trade treaties or for outright denunciation of such treaties in case elimination of those clauses proved to be impossible in Congresso de la Nación Argentina Diario de Sesiones de la Cámara de Senadores; Período de 1892; Buenos Aires; 1893, N°13, 10a. sesión ordinaria del 18 de julio de 1892. Igarzábal argues: "Necesitamos conservar el libre cambio que disfrutamos con Inglaterra, y no lo conservaremos sino haciendo oportunamente concesiones especiales que no hacemos a otros países, se se realiza la unión aduanera de aquella nación con todas las colonias..." (p.16). /...
Denunciation of all treaties of commerce is also advocated by Eleodoro Lobos when discussing the 1899 Customs Law. See Máspéro Castro, C., op.cit., Chaps. V and VI for other cases.

78/ The opinion quoted is from Phelps, V.L., op.cit., p. 203. For the Herrera Vegas Commission see Bunge, A., op.cit., Apéndice I "Un estudio sobre el régimen aduanero argentino". Duties under law 4933 ranged from 5 to 50 per cent. Tariff increases through adjustment of official valuations for inflation was similar to the French system of "coefficients de majoration".

79/ For the Congreso de Ganaderos del Río de la Plata see "Anales", año LX, vol. LX, pp. 147-153. In Uruguay treaty denunciation had been proclaimed right at the end of the War; in fact, with very little success, Justification of treaty denunciation was given by Ing. C.A. Arocena -from Uruguay- and by Dr. Rafael P. Emiliani from Argentina. Dr. Emiliani had been secretary to Carlos Pellegrini. He had been one of the leaders of the Livestock Producer's Congress in Gualeguaychú -in 1923- were rather radical measures had been put forward for government intervention in the meat trade. In his "Reorganización económica, política y social", Buenos Aires, 1920, Emiliani attacked "economic Monroism" and "trustification" and called for economic independence but interpreted in a very specific sense: "Quién sabe si no sería el caso de llegar a un entendimiento y consorcio económico muy íntimo con Inglaterra...de defensa de nosotros mismos" (p. 284).

In Denmark a campaign running along similar lines to the "Comprar a quien nos compra" one in Argentina, was more explicit, i.e., the slogan was "Kø mere fro England" (Buy more in England).

80/ See CACIP, Actas de la Segunda Conferencia Económica Nacional, op.cit., p. 165.

81/ For negotiations initiated by the U.S. government in view to signing a new treaty see U.S. National Archives and Record Service, DS, RG 59, File 611.3531/72-91. The suggested clause by the Argentine government is
included in Despatch No 18, December 7, 1926 from Buenos Aires. The U.S. government was worried about Spain's campaign for some kind of preferential arrangement in Latin America.


82/ See "La Nación"; Buenos Aires; 26 de enero de 1929.
My translation.

83/ See Bunge, A., op.cit., p. 61.