

# The construction of railroads in Argentina in the late 19<sup>th</sup> century: The major role of English companies

Maria Heloisa Lenz

## Federal University of Rio Grande do Sul

In the late 19<sup>th</sup> century Argentina went through a phase of great economic growth, the *Belle Époque*<sup>1</sup>, represented by a strong foreign presence of products, labour and, especially, capital. The capital that entered the country was mainly British investment and was allocated to the construction of the railroads required by the remarkable territorial expansion that occurred in the country at the time, resulting in Argentina's present territory. That large expansion of the borders, along with the incorporation of great portions of fertile land, very appropriate to agricultural activities, enabled the internal production of goods demanded by the international market. The so-called Desert Campaign, or *La Conquista del Desierto*, and the construction of railroads that crossed the new territory linking it to the rest of the country were absolutely decisive in this process. The Desert Campaign consisted of a number of military operations carried out by the Argentinean authorities around the 1870s and 1880s aimed at banishing the Indian population from the area south of Buenos Aires.

This paper attempts to examine the formation and financing of the Argentinean railroads within the context of the territorial expansion and the role they played in the period of great expansion of the British capital in Argentina. The choice of railroads as the main means of development for the country emerges from the understanding that the territorial safety and its consolidation were the two essential elements to reach it. The territorial consolidation was key, particularly in areas where the borders were poorly defined or where vast areas were inhabited by wild Indians. On the other hand, safety did not relate only to foreign aggression, but also to domestic instability. Regional rivalries and antagonisms were equally powerful forces confronting the central government, making the establishment of safety essential for the national authority over the provinces.

There is a lengthy literature concerning the innovative characteristic of the railroads where they are usually shown as elements that generated new patterns of economic activity and consolidated existing products, as they allow the rediscovery of new regions and new alternatives for the exportable surplus produced. On the other hand, some scholars have argued that the construction of railroads in Latin America seldom promoted national consolidation since the configuration of the railways encouraged exclusively export production and foreign trade instead of promoting endogenous diversification.

Undoubtedly the British-built railroads and the Desert Campaign were crucial for the construction and consolidation of the Argentinean domestic market. Both campaigns, Alsina's in 1874 and General Roca's in 1878, had the obvious goal to rescue the desert occupied by Indians and colonize it as a means to assure its ownership. By the end of Alsina's conquest 56,000 km of territory were incorporated and by General Roca's over 550,000 km.

The construction of railroads in Argentina began in the 1860s, when British capital was already predominant. Despite some local experiences, the large railroad companies arrived along with the British capital, making the two simultaneous and inseparable. The Argentinean railroad network became the largest and most important in Latin America. Two English capital companies – Great Southern Railway of Buenos Aires and the Central Argentine Railway – were at the top of the ranking.<sup>2</sup> While the Central Argentine Railway was a large company, creating its own demand, with intense State participation and low Argentine national private

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<sup>1</sup> Cortés Conde, R. *El progreso argentino, 1880-1914*. Buenos Aires, Editorial Sudamericana, 1979; Cortés Conde, R. *La economía argentina en el largo plazo (siglos XIX y XX)*, Buenos Aires, Editorial Sudamericana Universidad de San Andrés, 1997. See also Díaz Alejandro, C.F. *Essays on economic history of the Argentina Republic*. New haven: Yale University, 1970.

<sup>2</sup> Stone, H.R. M.C. I.T. *British railways in Argentina 1860-1948*, London: P.E. Waters & Associates, 1993; Lewis, Colin. *British Railways in Argentina 1875-1914. A case study of Foreign Investment*. Athlone, Institute of Latin American Studies, University of London, Cambridge, 1983, Cuccorese, Horacio J. *História de los ferrocarriles en la Argentina*. Buenos Aires: Ediciones Macchi, 1969. Ortiz, Raúl Scalabrini. *Historia de los ferrocarriles Argentinos*. Buenos Aires: Editorial Plus Ultra, 1983, Vázquez-Prevedo, V. *Estadísticas históricas Argentinas (Comparadas)*. Primera Parte 1875-1914. Buenos Aires: Macchi, 1971.

capital contribution, the Great Southern Railway of Buenos Aires was constructed in an already densely populated area and had a great number of English citizens as its main shareholders.

As a consequence, Argentina soon became a "railroad inferno": in 1900 at least 21 private railroad companies and three public companies struggled over the market represented by a population of four million people. The railroad system grew every year and by the late 1910 it totalled about 30,000 km while another 8,000km were under construction. Considering the small population, the Argentinean railroad system could be considered one of the most developed systems in the world at the time. Thus, the construction of railroads, although required by foreign trade demands, performed a remarkable role in national consolidation, facilitating access to new areas, thereby aiding geographical and economic integration. Thus regional exchange was made feasible, in spite of the lack of rivers and canals. The importance of the railroads as indispensable elements for the integration and access to the new regions and for the building of the Argentinean nation, especially through the incorporation of the "pampa" area, was always highlighted by the politicians and statesmen of the time.

Along this paper it was seen that the great territorial expansion due to the Desert Campaign pushed and was pushed by the construction of railroads, yielding the incorporation of vast areas of fertile land which, by their production, not only made possible the final territorial consolidation of the country, but also pushed its economic development to a significant boom.