Developed World Capital and Argentine Provincial Needs 1870-1940

Peter Ross

University of New South Wales, Australia

Abstract

Argentine provinces desperately required capital for development and other needs once they had begun to be incorporated into the expanding world economy from about 1870. This paper aims to clarify the sources of their capital and the reasons for their seeking some of it outside of domestic financial markets. It will be argued that the provinces could not accumulate sufficient capital from taxation and services in part because of an adherence to liberal principles and in part because they were generally unwilling to institute effective taxation systems which would have required landholding and industrial elites to have paid more to the state. This reluctance resulted in provincial states experiencing extreme difficulties meeting debt obligations particularly during international crisis periods such as the 1890s and the 1930s. The provinces that will be considered are Buenos Aires, Santa Fé, Entre Ríos, Mendoza, Tucumán, and Corrientes.