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## COMMENTARY AND DEBATE

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### FOREIGN PREDOMINANCE AMONG OVERSEAS TRADERS IN NINETEENTH-CENTURY LATIN AMERICA: A Comment

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In his recent essay on the economic role of foreign merchants in nineteenth-century Latin America, Eugene Ridings has thrown considerable fuel on a smoldering historical debate.<sup>1</sup> For many years, Latin American intellectuals, politicians, and journalists have argued that one of the root causes of the region's economic backwardness lay in the legacy of rule by a class of great landowners allied to a select, but powerful, group of foreign merchants. This alliance constituted the basic underpinning of the so-called oligarchical state.<sup>2</sup> More recently, however, doubts have emerged as to the validity of this schematic sociohistorical viewpoint.

Perhaps the most radical transformation in our perception of the nature of the propertied classes in nineteenth-century Latin America has resulted from the publication of many new studies on landowners, haciendas, and plantations. By means of meticulous case studies, scholars have demonstrated that contemporary landowners were not simply a semifeudal class of aristocrats. On the contrary, a substantial number were innovating entrepreneurs who ran their plantations, estancias,

and haciendas according to capitalist criteria. They imported modern agricultural machinery, carried on extensive credit transaction with local banks, and were well informed about the international price trends of the commodities in which they specialized.<sup>3</sup>

While a major historical revision of the nature of the Latin American rural propertied classes has been effected in the last decade and a half, what has happened in regard to the merchants? According to Ridings, recent research has confirmed the old view that the majority of the import-export firms in Latin American ports and capitals were foreign-controlled. Few historians would be likely to quarrel with such a position. But Ridings goes much further, arguing that "the relative absence of native overseas merchants meant that Latin Americans were excluded from a vital step toward *all* forms of entrepreneurship" (emphasis added). He insists, moreover, that this situation impeded Latin Americans from setting up banks, insurance companies, factories, and other joint-stock enterprises.<sup>4</sup>

Although Ridings has reviewed a broad range of recent works on the history of foreign merchants in Latin America, he has done so selectively, and he does not cite additional literature that might suggest a different viewpoint. It is the purpose of this comment to suggest that Ridings has overstated his case. I will make particular reference to historical studies on merchants in two countries, Argentina and Mexico, that raise important questions regarding the complexity and diversity of the origins, activities, and attitudes of this key sector of the urban propertied classes of nineteenth-century Latin America.

There is no doubt that "export-import merchants were an important element in the ruling elite," as Ridings states, but this situation does not imply that virtually all traders were foreigners. A broad range of studies on the merchant community of Buenos Aires during the 1820s, for instance, have underscored the role of native-born merchants in many of the largest commercial and financial transactions of the post-independence period. More specifically, the study by Hugo Galmarini on the group of wealthy traders led by Braulio Costa indicates that between 1820 and 1830, much of the export-import business of Buenos Aires was handled by merchants of old colonial families, like the Anchorenas, Alzagas, Aguirres, Riglos, Fragueiros, and Saenz Valientes, among others.<sup>5</sup> Together with a few influential British merchants, such as the Parish Robertson brothers, they established one of the earliest Latin American banks, the Banco de Buenos Aires (1822), and an important mining company for exploiting the Famatina silver lodes. They were also instrumental in arranging the million-pound loan issued in London in 1824 on behalf of the Buenos Aires government. It should be added that the role of the native-born entrepreneurs in these ventures has been thoroughly documented in additional studies such as those by

Samuel Amaral, Armando Chiapella, Ernesto Fitte, and Juan Carlos Vedoya.<sup>6</sup>

In later decades, the “native” merchant houses of Buenos Aires continued to play an important part in overseas trading activity, acting jointly with a variety of foreign-owned concerns. Not surprisingly, the latter tended to specialize in the import of manufactured goods from abroad (mainly textiles) while the Argentine traders (many of whom were also important landowners) were more active in the export of leather and jerked beef.<sup>7</sup> In the 1850s, when the great wool expansion began in the Río de la Plata, native-born merchants again emerged as key economic actors. They not only dominated wool consignments from the estancias but also participated in the overseas export business.<sup>8</sup> At the same time, they promoted the first of a series of new enterprises, including banks, railways, gas companies, and insurance firms. Argentine merchants and ranchers played a key role in establishing the Banco de la Provincia de Buenos Aires (1854), which handled most of the international financial transactions of the Argentine economy and subsequently became the largest bank in Latin America.<sup>9</sup> Argentines were the original shareholders in the first Argentine railroad, the Ferrocarril Oeste de la Provincia de Buenos Aires (1857), and they promoted other early joint-stock companies such as the Empresa de Gas de Buenos Aires (1862) and the insurance firms La Bienhechora del Plata (1864) and La Estrella Marina (1865).<sup>10</sup> That Argentine merchants contributed to the establishment of these enterprises certainly suggests that foreign merchants had no monopoly over trade, finance, or entrepreneurial skills.

But were Argentine entrepreneurs in some way exceptional, as Ridings suggests Colombian nineteenth-century businessmen were? By no means. A look at recent studies on the history of Mexican entrepreneurs in this period suggests that native-born merchants also used their wits to profit handsomely from local and overseas trade and finance. A pioneering study carried out by eight Mexican historians, using a wealth of notarial records, has revealed that a good number of the most prominent merchants and private bankers during the turbulent decades from 1830 to 1860 were native-born Mexicans.<sup>11</sup> The mercantile firms of Escandón, Martínez del Río, Beístegui, Rubio, and Mier y Terán, among others, dominated an important part of export-import activities as well as a significant portion of the internal trading and financial activity of the republic. As David Walker argued in a recent article, these “would-be-monopolists routinely used the coercive powers of the state to structure commerce not only in tobacco, but also in textiles and armaments, in staples such as beef and salt, and in enterprises for roads, mints, public finance, and a host of other endeavors.”<sup>12</sup>

There were, of course, foreign-owned merchant houses in Mex-

ico that played an important economic role at the time. The most influential were Manning Mackintosh in Mexico City and Barron Forbes at Tepic, but it would be incorrect to suggest that they dominated most mercantile and financial activity. Indeed, in several instances, it could be argued that the foreign houses were less successful than the native firms. Manning Mackintosh went bankrupt in 1850, while the Beísteguis continued their flourishing business in commerce, silver mining, and money lending. By 1866 Nicanor Beístegui had built up a huge fortune, mostly based on his extensive Mexican properties but partly invested in British, French, and Spanish government and railway bonds.<sup>13</sup>

Mexican merchants continued to play a prominent part in national and international mercantile and financial transactions in later decades. A recent case study on the leading entrepreneurs of Monterrey during the decades 1850–1910 has demonstrated that native merchants played as large a role as immigrant (“foreign”) traders in building up commerce with the United States and in promoting the most important mining, ranching, banking, and manufacturing enterprises throughout northeast Mexico.<sup>14</sup> More specifically, historian Mario Cerutti has skillfully used notarial records and government documents to trace the origins of the fortunes of four of the most prominent family groups, the Maderos, Zambranos, Hernándezes, and Milmos. The first two families had long-standing roots in the region, whereas the Hernández and Milmo families were relatively recent arrivals. All of them participated in the great import-export trade that developed with the Confederacy during the U.S. Civil War. Also, they all used their earnings from the international trade in cotton and arms to build up large, diversified economic empires in northeast Mexico.

In summary, there would appear to be little justification for affirming that foreign merchants were as predominant in international mercantile activity throughout Latin America as Ridings suggests, and even less justification for stating that native merchants lacked the capital and business experience to set up banks, insurance companies, factories, and other enterprises. One final problem should also be mentioned. Ridings argues that “foreign” merchants rarely struck roots in Latin America and that they infrequently established long-standing commercial dynasties. Few historians have carried out extensive research on these questions, which raise serious problems of definition and methodology. In the first place, how do we define a “foreign” merchant? Are all immigrant merchants (or the descendants of immigrant merchants) considered “foreigners” in socioeconomic histories of the United States, Canada, or Australia? What can we say of the numerous wealthy foreign merchants who married into local mercantile or land-owning families? Space does not allow me to provide examples of this

process of social and economic integration of the propertied classes of Latin America during the nineteenth century, but it might merit more attention in future studies.

## NOTES

1. Eugene W. Ridings, "Foreign Predominance among Overseas Traders in Nineteenth-Century Latin America," *LARR* 20, no. 2 (1985):3–27.
2. The references in the historical and sociological literature to the alliance of native landowners and foreign merchants are legion. One much-cited interpretation of the "alliance" can be found in the classic work by Fernando Henrique Cardoso and Enzo Faletto, *Dependencia y desarrollo en América Latina* (Mexico, 1969), chaps. 2–4. A recent work analyzing the formation of the Latin American nation-states from the perspective of the concept of "oligarchy" is Marcello Carmagnani, *La grande illusione delle oligarchie: stato e società in América Latina, 1850–1930* (Turin, 1981).
3. Two pioneering collective studies that reshaped views on the role of Latin American haciendas and plantations are *Haciendas, latifundios y plantaciones en América Latina*, edited by Enrique Florescano (Mexico, 1975), and *Land and Labor in Latin America: Essays on the Development of Agrarian Capitalism in the 19th and 20th Centuries*, edited by Kenneth Duncan and Ian Rutledge (Cambridge, 1977). The recent studies on Mexican haciendas alone have merited several important review articles, for example: Eric Van Young, "Mexican Rural History since Chevalier: The Historiography of the Colonial Hacienda," *LARR* 18, no. 3 (1983):5–61; Freidrich Katz, "Labor Conditions on Haciendas in Porfirian Mexico: Some Trends and Tendencies," *Hispanic American Historical Review (HAHR)* 54, no. 1 (1974):1–47. Additional references to henequen plantations in Yucatán can be found in Gilbert Joseph, "From Caste War to Class War: The Historiography of Modern Yucatán (c. 1750–1940)," *HAHR* 65, no. 1 (1985):111–34. Pioneering work on the transformation of haciendas in the Bajío region and in San Luis Potosí has been done by David Brading in *Haciendas and Ranches in the Mexican Bajío: León, 1700–1860* (Cambridge, 1978), and Jan Bazant, *Cinco haciendas mexicanas* (Mexico City, 1975).
4. The full quotation from Ridings is: "First, the relative absence of native overseas merchants meant that Latin Americans were excluded from a vital step toward all forms of entrepreneurship. They lacked the capital and business experience that could result in the establishment and native control of banks, insurance companies, factories, and other forms of large-scale enterprise" (p. 4).
5. Galmarini provides lists of the shareholders and partners in various of these business ventures that demonstrate the predominance of native merchants. See Hugo Raúl Galmarini, *Negocios y política en la época de Rivadavia: Braulio Costa y la burguesía comercial porteña (1820–1830)* (Buenos Aires, 1974).
6. Additional information on the activities of the Buenos Aires merchants can be found in two essays by Samuel Amaral, "Comercio y crédito: el Banco de Buenos Aires, 1822–1826," *América* (Buenos Aires) 2, no. 4 (Apr. 1977):4–49, and "El empréstito de Londres de 1824," *Desarrollo Económico* 23, no. 92 (1984):559–88; see also Sergio Bagú, *El plan económico del grupo rivadaviano, 1811–1827* (Rosario, 1966); Armando O. Chiappella, *El destino del empréstito Baring* (Buenos Aires, 1975); Ernesto Fitte, *Historia de un empréstito: la emisión de Buenos Aires de 1824* (Buenos Aires, 1962); and Juan Carlos Vedoya, *La verdad sobre el empréstito Baring* (Buenos Aires, 1971).
7. Information on the activities of "creole" merchants of Buenos Aires in the leather and jerked beef trade during this period can be found in two works by Andrés Carretero, *Los Anchorena: política y negocios en el siglo XIX* (Buenos Aires, 1970) and *La llegada de Rosas al poder* (Buenos Aires, 1971); see also Jonathan Brown, *A Socioeconomic History of Argentina, 1776–1860* (Cambridge, 1981), 95, 116–21, 174–84. Most of the exports from Entre Ríos, Santa Fe, and Corrientes were handled by local "native" merchants. The largest exporter in the 1840s and 1850s was José de Urquiza, who owned not only huge ranches but several important commercial firms, ship-

- ping concerns, and interests in local banks and insurance firms that he helped establish. See Antonio P. Castro, *Nueva historia de Uruguay: industrial, comerciante y ganadero* (Buenos Aires, 1942).
8. Hilda Sabato, "Wool Trade and Commercial Networks in Buenos Aires, 1840s to 1880s," *Journal of Latin American Studies* 15, pt. 1 (May 1983):49–81.
  9. See Octavio Garrigós, *El Banco de la Provincia de Buenos Aires* (Buenos Aires, 1874); Nicolás Casarino, *El Banco de la Provincia de Buenos Aires, 1822–1922* (Buenos Aires, 1923); and Horacio Cuccorese, *Historia del Banco de la Provincia de Buenos Aires* (Buenos Aires, 1972). For succinct information on the professions of the early presidents and directors of the bank, see León Pomer, *La guerra del Paraguay: gran negocio* (Buenos Aires, 1968), 286–90. For additional information on the commercial and industrial transactions financed by this bank in the 1850s and 1860s, see José Mariluz Urquijo, "Fomento industrial y crédito bancario en el estado de Buenos Aires," *Trabajos y Comunicaciones* 19 (1969):105–44. This journal is published by the Facultad de Humanidades at the Universidad de La Plata.
  10. On the early history of the "Ferrocarril Oeste," see Eduardo Zalduendo, *Libras y rieles* (Buenos Aires, 1975), 265–79. The annual reports of this firm were usually published in an appendix to the annual publication. See Departamento de Hacienda de la Provincia de Buenos Aires, *Memoria for 1857–1890*.
  11. Margarita Urias, Guillermo Beato, Rosa Maria Meyer, Shanti Oyarzabal, María Teresa Huerta, María Dolores Morales, Mario Cerutti, and Roberto Hernández, *Formación y desarrollo de la burguesía en México: siglo XIX* (Mexico City, 1978).
  12. David Walker, "Business as Usual: The Empresa del Tabaco in Mexico, 1837–44," *HAHR* 64, no. 4 (1984):705.
  13. On Manning Mackintosh, see Barbara Tenenbaum, "Merchants, Money, and Mischief: The British in Mexico, 1821–1862," *The Americas* 25, no. 3 (Jan. 1979):317–39. On the Beisteguis, see Rosa Ma. Meyer, "Los Beistegui, especuladores y mineros," in Urias et al., *Formación y desarrollo de la burguesía en México*, 131. British historian D. C. M. Platt has frequently criticized the tendency of some historians to overemphasize the importance of foreign merchants in nineteenth-century Latin American economic evolution. For example, see his *Latin America and British Trade, 1806–1914* (London, 1972), chap. 3, especially p. 39; also his recent article, "Las finanzas británicas en México, 1821–1867," *Historia Mexicana* 126 (Oct.–Dec., 1982):226–61.
  14. See Mario Cerutti, *Burguesía y capitalismo en Monterrey, 1850–1910* (Mexico City, 1983); M. Cerutti, *Economía de guerra y poder regional en el siglo XIX*, published by the Archivo General del Estado de Nuevo León (Monterrey, 1983); and M. Cerutti, "El préstamo prebancario en el norte oriental de México: la actividad de los grandes comerciantes de Monterrey, 1855–1890," *Banca y poder en la historia de México, 1800–1925*, edited by Leonor Ludlow and Carlos Marichal, just published by Editorial Grijalbo (Mexico City, 1986).