

General Perón and the nationalisation of railways in Argentina

In the second part of his article on the Argentine railways, Bruno Derrick, records specialist, Advice and Records Knowledge, discusses the end of British-ownership and investment in 1948.

In 1948, the government of General Perón nationalised foreign-owned railways in Argentina. Perón, who first took power in 1943 before being elected with a popular mandate in 1945, saw the move as being nationalistic and patriotic. The railways, it was felt, should belong to the 'people'. They had united the country, linking its capital, towns and ports together and enabled trade with Europe and North America. Nationalisation was to have long lasting economic consequences; in the short-term, it abruptly ended the chief outlay for British investment in the country. It also ended a whole way of life for expatriate workers, engineers, their families and the native workers also employed on the railways. Owners were compensated and most of them left Argentina.

The question of foreign-owned railways in Argentina, and the effect they had on the economy of the country and on Argentine prestige as a nation, had been prominent in political discourse in Buenos Aires since before the Second World War. In 1936 the British Ambassador in Buenos Aires reflected:

Once more it may be said that that Argentine relations with Great Britain have remained normal; and friendly in spite of the Railway Question and of differences of opinion in connexion with the new commercial treaty, which could not be expected to satisfy everybody.¹

In the same year, on 23 December, the Argentine government announced the beginning of the gradual acquisition of British-owned railways, starting with the Central Cordoba Railway and the Rafael Steam Tramway Companies. Events would delay implementation but a consensus began to develop in Argentina that the state should acquire an ever-increasing share of the private railway companies, British-owned and otherwise.

British involvement in Argentine railways stretched back to the middle of the nineteenth century. After the First World War, there were more than 20,000 miles of railway tracks throughout Argentina, most of the lines being British-built and owned. The railways helped to exploit a hitherto under-exploited country. As the country opened up, immigrants poured into the country from all over Europe, but chiefly from Southern Europe. It was initially envisaged that these new Argentines would assist the agricultural development of the country, in the *pampa* of Buenos Aires Province and further south in Patagonia. But most of the new arrivals stayed within the confines of Greater Buenos Aires. The rich hinterland of the country was largely developed through the help of British farmers. Railways played an essential part in developing Argentine prosperity; for example, live cattle could be transported for long distances.

By the 1930s, Argentina was among the ten richest countries of the world. The expression that a man or woman was 'as rich as an Argentine' began to be heard in Europe. But the railways, and the economic infrastructure centred on the railways, were wholly or partly foreign-owned and this was increasingly resented, in particular by those Argentines who later became firm supporters of General Perón and of the Perónist Movement. This was an inward-looking movement that rejected the consensus that Argentina, whatever the economic benefits that accrued, should adhere to unofficial membership of the British Empire and Commonwealth. Hence, the movement towards nationalisation of the railways started even before General Perón had seized power.

During the 1939-1945 War Argentine goods, in particular beef, flooded into Britain. The trade was one way and in 1945, Britain was in an economic trade deficit with Argentina. With flourishing currency reserves in Britain the government in Buenos Aires could therefore, to a large extent set the agenda; particularly when the British, bankrupted after six years of war, were in no position to maintain their pre-war overseas commitments. The situation was further complicated by the United States which provided Britain with a huge loan post 1945; the nature and durability of which was likely to be affected by the financial implications of a deal between Britain and Argentina over railway ownership. Railway nationalisation was not the major issue of concern for Britain or Argentina between 1939 and 1945, but the issue did not go away, as Foreign Office correspondence held at TNA reveals.

The British were particularly concerned about compensation for British workers on the Argentine railway network were nationalisation to go ahead. The election of a Labour government in Britain in 1945 brought to power a party that was ideologically 'anti-imperialist' as well as a party that believed in the merits

of nationalisation. The British nationalised their own railways in 1948. General Perón, now with a popular mandate, also believed in nationalisation although for rather different reasons. Still, there was a degree of ideological symmetry; the Argentines wanted 'their' railways and the British were desperately short of cash.

Perón himself was rather more inclined to proceed cautiously with moves towards nationalisation, but clamour from the more populist wing of his party propelled him into action. And so, on 17 September 1946 a trade agreement between Britain and Argentina was signed. The Miranda-Eady Agreement covered a wide range of trading matters between the two countries. The future ownership of the Argentine railway network was only one matter upon which there was agreement, but the Agreement is chiefly remembered for this one aspect.²

Under its terms the foreign-owned railways of Argentina, mostly British but some French, would be merged into one mixed company that would take over the operating assets and liabilities of the existing companies. The old companies would be given shares in the new mixed company. The Argentine government, for its part, pledged 500 million pesos over the following five years to reassure those who feared that the process of nationalisation might represent an investment in a decaying means of transport with dilapidated rolling stock. The Agreement paved the way for eventual nationalisation and it was generally well received. The British were keen to jettison their railway assets but in other respects wanted to maintain close economic relations, and generally establish better relations. Perón himself said:

We would be ungrateful if we did not recognise what other nations have done in this sphere [economic development], and particularly Great Britain, whose spirit of enterprise has conferred so many benefits of civilisation. Consequently, on this occasion we extend to her the expression of our gratitude, as in risking her capital in the construction of the great network of railways in Argentina she contributed to an extraordinary degree in making our country what she is today.³

But the agreement was a chimera. Perón perhaps did not appreciate the full extent of economic and political nationalist sentiment in Argentina in the second half of the 1940s. Within months of the Agreement being signed, the idea of a mixed company was abandoned and the Argentines and British prepared for outright purchase of the railways by the Government in Buenos Aires. The radical wing of the Perónist Party did not regard the agreement as undermining foreign control, chiefly British control, of the Argentine economy. It still left Argentina unable to realise the full potential of one of her own assets. In December 1946, the Argentine State purchased the three small French-owned

companies (The Rosario y Puerto Belgrano, the Compañía General de Buenos Aires and the Provincial de Sante Fé) for 183 million Argentine pesos.

By February 1947, the British-owned railways had been purchased for £135,500,000 with an additional sum of £14,500,000 for estates and properties. The decision was welcomed in Britain, and was well received in Argentina, although the alacrity with which the British accepted the deal raised some eyebrows in Buenos Aires. Even Miguel Miranda felt that the agreed fee was too high; he suggested a lower figure as representing the proper value for a product that was essentially 'scrap iron' with a depreciating value. There were those, in Argentina and elsewhere, who saw the railroads as being obsolete, the future lay in roads, cars and aviation. Such an analysis proved to be correct.

The fine details of the transfer took a year to settle. When it finally took place, on 1 March 1948, amidst much fanfare, even those Argentines who harboured doubts, tended to join in with the celebrations. British railway investment in Argentina was not at its height in 1948 but nevertheless, 57% of the railway network was British-owned. These railways companies, together with rolling stock and lines and assets and liabilities, now became the property of the Argentine State. Seven companies were nationalised, and these included the Buenos Aires Great Southern, the Central Argentine and Argentine North Eastern companies.

As the transfer of ownership was being completed, General Perón addressed the nation:

I consider the act that we are celebrating today so important that I firmly believe that if my political career, or even my physical life, were to end today I would die with the intimate satisfaction that I had paid off my debt to Argentina. Men perish. The patria remains and its well-being is what matters.⁴

In the long run however, the railways went into decline because of neglect and under-investment. Outside Greater Buenos Aires today, the train barely exists as a means of transport; the lines have rusted, with trains no longer stopping at lonely stations in the middle of the endless pampa. Argentina is no longer a nation united by the railway.

Notes

1. TNA FO 371/20598
2. The agreement was named after the Argentine and British officials who signed it. Miguel Miranda was, perhaps tellingly, President of the Central Bank, and Sir Wilfred Eady, born in Argentina in 1890 and the son of a railway engineer, in 1948 was Joint Secretary of the Treasury in Charge of Overseas and Home Finance.
3. Winthrop R. Wright, *British-Owned Railways in Argentina – Their Effect on Economic Nationalism, 1854-1948*, Latin American Monograph No. 34, Institute of Latin American Studies, Univ. of Texas Press, London, 1974
4. *La Prensa*, 2 March 1948