

## A SMALL WINDOW INTO A LARGER WORLD: INLAND PORTS, TRADE, AND STATE-BUILDING IN URUGUAY (1860-1918)

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*This paper intends to analyze the role of inland ports and waterways in Uruguay from 1860 until 1918. The main idea is to understand how the country's ports have shaped its economic life during what has been called «The First Age of Globalization». During these years of political turmoil, the process of state-building in Uruguay was intrinsically connected to its ability to trade with its neighbors and European allies. Therefore, the maritime trade analysis in the South Atlantic Ocean and Uruguay's place can reveal how the country established itself as an independent state and a thriving trade economy by the early 20th century.*

KEYWORDS: *Inland Ports, Uruguay, First Age of Globalization, Trade, Economic History.*

### **UNA PEQUEÑA VENTANA HACIA UN MUNDO MÁS GRANDE: PUERTOS INTERIORES, COMERCIO Y CONSTRUCCIÓN DEL ESTADO EN URUGUAY (1860-1918)**

*Este trabajo tiene como objetivo analizar el papel de los puertos interiores y las vías navegables en Uruguay desde 1860 hasta 1918. La idea principal es comprender cómo los puertos del país han moldeado su vida económica durante lo que se ha denominado «La Primera Era de la Globalización.» Durante estos años de agitación política, el proceso de construcción del Estado en Uruguay estuvo intrínsecamente conectado a su capacidad para comerciar con sus vecinos y aliados europeos. Por lo tanto, el análisis del comercio marítimo en el Océano Atlántico Sur y el lugar de Uruguay puede revelar cómo el país se estableció como un estado independiente y una economía comercial próspera a principios del siglo XX.*

PALABRAS CLAVE: *Puertos interiores, Uruguay, La Primera Era de la Globalización, Comercio, Historia económica.*

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Uruguay was created in 1828, following the *Convención Preliminar de Paz*. After three years of negotiations mediated by Great Britain, Uruguay finally managed to become an independent nation. However, the country was in a difficult geopolitical situation, entrapped between Brazil and Argentina. At least, Uruguayans could find solace because the country was endowed with plenty of access to multiple waterways. This privileged access to the Atlantic Ocean, the River Plate, and the Merin lake have shaped the country's development in ways that have not been well explored by historiography. In that sense, this work aims to analyze Uruguay's economic development between 1860 and 1918 through the perspective of its inland ports and world trade.

The timeline contemplated here focuses on a crucial period when Uruguay emerged from its endless wars and revolutions into an age of state consolidation and economic modernization. Due to the economic impact of the World War I in South America, this analysis stretches until 1918. In this process, inland ports had a critical role as the leading trade hubs to Uruguay's exports and imports. It is quite interesting that Uruguay does not have a prominent port in its Atlantic shore; all meaningful ports are either located on two rivers: Plate and Uruguay. These waters are favorable to navigation, and the country still has some of the best inland ports in South America, especially Montevideo, probably the best location for a large port in the whole continent. Here, there is an interesting issue worth mentioning. Even though historiography considers Buenos Aires and Montevideo as maritime ports, and not inland ports, in this paper Montevideo will be treated as an inland port for the sake of the analysis.

The story told here has ports and waterways at its core, but ultimately it is about trade and nation-building. Popular wisdom often believes that if a nation has won what in economics is denominated «commodity lottery», all the other factors will be automatically in place. However, this is not the case here. Despite of the fact that Uruguay was well positioned regarding the potential of its exports and the navigability of its waterways, without a solid nation-building process, Uruguay would not be able to fully reap the fruits of its geography. That is why this paper intends to demonstrate through a mix of institutional framework and geographic analysis how the consolidation of the Uruguayan state throughout the second half of the 19th century was critical to foster the country's inland ports and trade prospects.

It may seem easy to frame Uruguayan history solely through the perspective of the meat and wool industry, but different angles can reveal new aspects of Uruguay's economic development. Inland ports demonstrate how this impressive natural wealth was brought to different corners of the Earth; it also tells the country's most critical diplomatic relations. Moreover, it demonstrated what the Uruguayan import trade meant for consumption patterns and its economic development. The prosperity that surrounded cities closer to the ports changed the country's landscape, making it by 1920 one of the most urbanized in Latin America.

This paper will be divided into two segments: The first will cover from 1860 until 1890, an age of tremendous economic expansion, but marked by political instability. The thirty-year boom is followed by a severe recession in 1890 that temporarily ends the Eu-

ropean immigration flux and brings back the ghost of a civil war following the rise of the *caudillo* Aparicio Saraiva. In this moment, Montevideo's port held the primacy in the Southern Atlantic Ocean, while Buenos Aires still struggled to have a meaningful port structure, and Argentina had barely consolidated its state-building process.

The second part analyzes the period between 1890 and 1918, a time of intense political change, marked by the rise of José Batlle y Ordoñez as the political leader of the *Colorado* party. With him comes the Uruguayan state's consolidation based in Montevideo and the countryside's pacification after the final defeat of Aparicio Saraiva. Once the 1890 recession ended, and British investment started to flow again, the port of Montevideo was able to leave the morass of the 1880s and 1890s and finally started a comprehensive modernization process. This period also brought the modernization of the Uruguayan meat industry and the rise of Germany and the United States as vital trade partners. Meanwhile, Brazil and Cuba fell behind after the downfall of jerked beef as Uruguay's main export due to the abolition of slavery in both countries.

### **Inland Ports in the Age of Turbulence (1860-1890)**

From the colonial age until the 1850s, Uruguay's territory was coveted first by Portugal and Spain and later by Brazil and Argentina. All these four players' frequent interventions were made even worse by British and French intromission in Uruguayan affairs. This chaotic scenario caused a permanent state of warfare between *caudillos* of the two main political parties, the *Blancos* and the *Colorados*. Their internecine fight made Uruguay the second most unstable country in South America, with 18 rebellions in the 19th century alone, only behind Colombia.<sup>1</sup> The *Blanco* party controlled the countryside and represented large landowners' interests, whose cattle and sheep were the main agricultural staples of the Uruguayan economy. Meanwhile, the *Colorado* Party held Montevideo and its vicinities, and the party was largely formed by liberal merchants with a focus on the external market.

The perennial warfare that engulfed Uruguay was a drag to Montevideo's development. The capital was famous for its carnival and for having a milder summer than Buenos Aires, but still struggled with poverty and a sheer lack of infrastructure. British and American travelers in the 1860s complained about the rotten oxen's carcasses left on the streets, which attracted a plethora of rats and cockroaches.<sup>2</sup> Tiny dark streets in the crowded *Ciudad Vieja* (old city) were a defining characteristic of Montevideo. The construction of new public markets and a few broad avenues tried to give the city an impression of modernity, but it was still far from its apogee.

1. Somma, Nicolás M., «How Do Party Systems Shape Insurgency Levels? A Comparison of Four Nineteenth-Century Latin American Republics», *Social Science History* 40, n.º 2, Cambridge, 2016, pp. 219-245.

2. Castellanos, Alfredo R., *Montevideo en el Siglo XIX*, Montevideo, Editorial Nuestra Terra, 1971, pp. 1-62. Koebel, W. H., *Uruguay*, London, T. F. Unwin, 1915, p. 172.

Despite this uninspiring scenario, Montevideo boasted the best port location in the River Plate and South America. Its 10.6 km bay was a safe haven from turbulent ocean currents in the Southern Atlantic Ocean. From the right tip of the bay, it is possible to see the famous hill called *Cerro* on the other side, which gave the city its name. The port and the urban landscape loomed over the horizon from the left, a magnificent view for any incoming ship. The canal had a depth between 15 and 17 feet in its entrance, while larger ships had to anchor a bit farther, in a depth of 25 feet.<sup>3</sup> It was a stark contrast to the port of Buenos Aires, where its muddied waters were a threat to ships, who were often afraid of being stuck and, because of that they had to anchor afar from the port facilities. That peculiar feature made port operations in Argentina's capital slower and more expensive than Montevideo's.<sup>4</sup>

Because of its strategic location and operational advantages, Montevideo's port had the primacy over Buenos Aires' in regional trade, and it is vital to emphasize that a meaningful part of Argentina exports was sent to Europe through the Uruguayan capital. The same trend was verified on the import side. From 1860 until 1885, data shows that European imports stopped first in Montevideo and then went to Buenos Aires through the River Plate. Most of Argentina and Uruguayan exports were traded through Montevideo's port, reaching an average of UYU 1.6 million/year.<sup>5</sup> These trends reverse after 1885, as Buenos Aires improved its port infrastructure (*Puerto Madero*) and took over the primacy over local trade from Montevideo.<sup>6</sup>

The 1860s were a good decade for the Montevideo's port, despite the political instability that plagued the country. The decade was particularly beneficial for Uruguay's two main export products: wool and jerked beef (*tasajo* or *charqui*). Because of the American Civil War, the global wool supply was directly hit, a situation that allowed Uruguay to expand market share. Following a political change in 1865, when the *Colorado* party of Venancio Flores seized power with Brazilian help, Montevideo's port consolidated its position as an essential supply hub for the Triple Alliance war effort.<sup>7</sup>

At that time, Brazil was among the most important trade partners of Uruguay, only behind France and Britain. In comparison, jerked beef was the main Uruguayan export to Brazil, while wool and hides were bought in large quantities by European countries,

3. De Zúñiga, Eduardo García, *Historia del Puerto de Montevideo*, Montevideo, Universidad de la República, Facultad de Ingeniería, 2010, pp. 165-188.

4. Scobie, James Ralston, *Buenos Aires, Plaza to suburb, 1870-1910*, Londres, Oxford University Press, 1974.

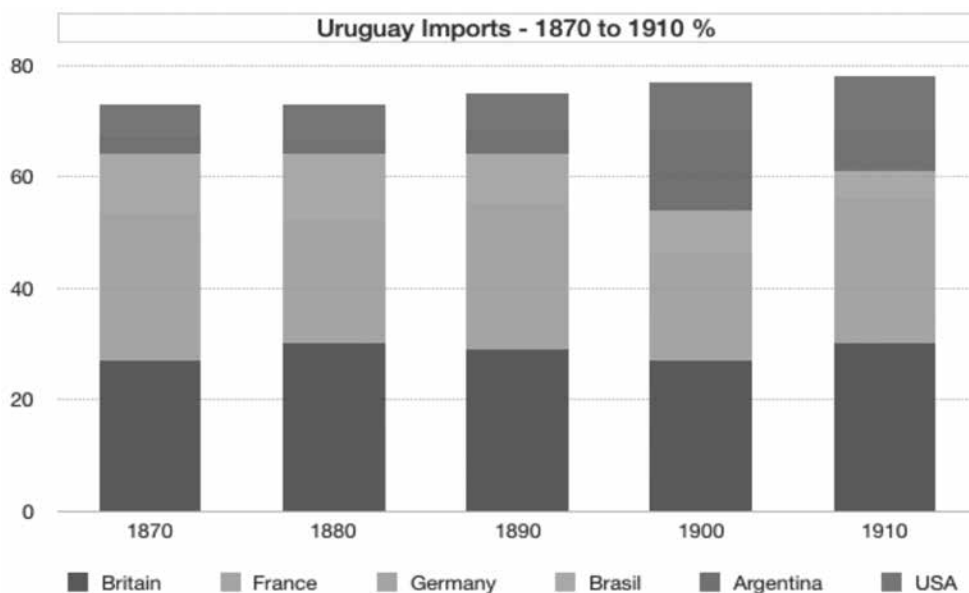
5. Bonino-Gayoso, Nicolás; Antonio Tena-Junguito y Henry Willebald, «Uruguay and the first globalization: on the accuracy of export performance, 1870-1913», *Revista de Historia Económica* 33, n.º 2, Madrid, septiembre 2015, p. 290.

6. Between 1885 and 1889, European imports that went through the port of Buenos Aires and had Montevideo as the destination reached UYU 1.7 million. Uruguayan exports to Europe that went through Buenos Aires reached UYU 4.4 million. The same numbers for the 1895 to 1899 periods were US\$ 3.8 million and US\$ 22 million.

7. Millot, Julio y Magdalena Bertino, *Historia económica del Uruguay, Tomo II. 1860-1910*, Montevideo, Fundación de Cultura Universitaria, 1991, p. 135.

especially France and Belgium. Britain remained as Uruguay's leading trade partner, providing coal, iron, and much needed capital.<sup>8</sup> British diplomats made clear that they were more interested in exporting to Uruguay than buying its products.<sup>9</sup> The export market for agricultural staples the British wanted to control was Argentina's, and in that objective, they were extremely successful.<sup>10</sup>

GRAPHIC 1. Uruguay Imports - 1870 to 1910 (in %).



SOURCE: Millot, Julio y Magdalena Bertino. *Historia Económica del Uruguay...*, cit., p. 137.

The prosperity of the 1860s can be verified in its numbers, symbolized by the port's economic performance. For decades, several scholars warned about the problems of using customs valuations, like those used in this article. The figures shown here should only be seen as illustrations of very general trends. In 1869, total exports through Montevideo stood at 19 million Uruguayan Pesos. Moreover, 29,000 tons of wool and 630,000 pieces of hide were shipped from the Montevideo's port. British ships were responsible for most of the shipping, and another sign that the decade was marked by a busy port was that sinking, and accidents reached a record high in 1869 (68).<sup>11</sup> Trade expansion in

8. *Ibidem*, pp. 153-159. Bonino-Gayoso, Nicolás; Antonio Tena-Junguito y Henry Willebald, *Uruguay...*, cit, p. 290.

9. It is important to mention to the reader that these figures have not been corrected for the use of Official prices and for transit trade. Corrected figures could be different.

10. The National Archives (TNA), n.º 1594/ «Report for the year 1893-94 on the trade and finance of Uruguay», Montevideo, 1896.

11. *Ibidem*, pp. 137-139.

Montevideo's port led to a construction boom in the capital, which started to change its landscape with the inauguration of the *Mercado del Puerto* (Port Market) and 16 new broad streets.<sup>12</sup>

At this point, it seems important to show that during the 1860s, Uruguay was not alone regarding the prosperity of its trade. The analysis of the Argentine trade during this period also showed a cycle of robust growth throughout the whole decade. According to Carlos Newland, Argentina had a *per capita* export growth of 13.5 % between 1861 and 1865.<sup>13</sup> And from 1866 until 1870, an even more robust export growth rate of 20.3 %, marked the end of a prosperous decade for Argentine exports. However, the Argentine the export sector's growth stalled during the 1870s.<sup>14</sup>

The violent *Lanzas* Revolution (1870-1872), in addition to the global depression of 1873, put an end to the Uruguayan economic prosperity of the 1860s. Nevertheless, once the conflict was over, following a power share agreement between the two parties, the trade situation improved.<sup>15</sup> Between 1870 and 1880, Uruguay saw an annual expansion in exports in the order of 3 %.<sup>16</sup> The most significant period of growth during the second half of the 19th century.<sup>17</sup> It was a time of political consolidation under the iron fist of Lorenzo Latorre and Maximo Santos. Simultaneously, the export economy started to diversify and the countryside was put under military control. Consequently, other inland ports became important players in expanding the Uruguayan export market's strength.<sup>18</sup>

The countryside inland ports tend to get much less attention, mainly because Montevideo shipped more than 90 % of Uruguay's exports. Historiography of this period focuses on the conflict between the countryside versus Montevideo but the development of the export market in the 1870s brought another perspective. At that time, the export of meat extract gained in importance, including the inland ports of Fray Bentos and Paysandu. Between 1870 and 1875, the export of meat extract saw a substantial increase of 158 %, representing 4 % of all Uruguayan exports during that period.<sup>19</sup>

The extract of meat became an essential source of protein for European armies du-

12. Castellanos, Alfredo R., *Montevideo... cit.*, pp. 1-62.

13. Newland, Carlos, «Exports and Terms of Trade in Argentina, 1811-1870», *Bulletin of Latin American research* 17, n.º 3, Hoboken, 1998, p. 410.

14. Tena-Junguito, Antonio and Henry Willebald, *On the accuracy... cit.*, p. 47.

15. The Long Depression was a worldwide price and economic recession, beginning in 1873 and running either through March 1879, or 1896 depending on the author. It was the most severe in Europe and the United States, which experienced strong economic growth fueled by the Second Industrial Revolution in the decade following the American Civil War. The episode was labeled the «Great Depression» at the time; it held that designation until the Great Depression of the 1930s. Though a general deflation period and a general contraction, it did not have the severe economic retrogression of the Great Depression.

16. This figure results from adjusted exports data, in contrast with the previous ones coming from Millot & Bertino.

17. Bonino-Gayoso, Nicolás; Antonio Tena-Junguito y Henry Willebald, *Uruguay... cit.*, pp. 304-313.

18. Rock, David, «State-Building and Political Systems in Nineteenth-Century Argentina and Uruguay», *Past & Present*, n.º 167, Oxford, 2000, pp. 176-202. Bethell, Leslie, *The Cambridge history of Latin America*, vol. 5, Cambridge, Cambridge University Press, 1986, pp. 453-474.

19. Bonino-Gayoso, Nicolás; Antonio Tena-Junguito y Henry Willebald, *Uruguay... cit.*, pp. 287-320.

ring the late 19th century, and Uruguay was extremely well-positioned to be one of the world's leading suppliers. The fact that the country was endowed with perfect land for cattle ranching and the easy access to Fray Bentos port through the River Plate, allowed it to become an important trade hub of the product. Liebig's Extract of Meat Co. was a German firm financed by British capital; it had Basque and French workers and was managed by a Belgian businessman. A genuinely multinational endeavor. The plant assembled in Fray Bentos (1865) had state of the art technology and was considered by experts the best in the world. The company had to be in the countryside since it needed to process 40.000 heads each year; therefore, it made more sense to be closer to where the cattle ranches were.<sup>20</sup>

The Rural Code of 1875 was a game-changer that made the development of the meat extract complex possible in Western Uruguay. The Code allowed the state to enforce some sort of land property organization in the countryside, using at the same time the power of legal land titles and the military ruthlessness of the state. What followed was a vast land concentration process in the hands of a few powerful and politically connected landowners, among them several British and Brazilian citizens.<sup>21</sup> Clear evidence of their importance was that the leading suppliers of cattle to Liebig's were the British landowners Hughes and Drysdale, who were so powerful that they influenced the meat prices even in Montevideo. Nationwide data from the amount of barbed wire bought for land demarcation during the 1870s points to a 500 % increase in 8 years.<sup>22</sup> This proves that a colossal land enclosure process was in full motion in Uruguay following the Rural Code. This development allowed the countryside to be pacified and property rights were finally enforced, but at a high social cost for small landowners, who lost their land and moved to the cities to seek economic opportunities.<sup>23</sup>

During the golden years of Liebig's, from the 1870s until the 1900s, the inland ports of Fray Bentos and Paysandú in the Uruguay river were a vital transportation hub. Despite the British investment in Uruguayan railroads, reliable train service did not arrive in the region until the late 1880s.<sup>24</sup> In addition to that, Uruguay's roads were usually terrible, making a six-day trip to Montevideo a tortuous and painful endeavor. Both ports

20. Millot, Julio y Magdalena Bertino, *Historia económica...*, cit., pp. 63-70. Hutchinson, T. J., *The Paraná: with incidents of the Paraguayan War, and South American recollections, from 1861-1868*, London, E. Stanford, 1868.

21. Pereira, Thales A Zamberlan, «Was It Uruguay or Coffee? The Causes of the Beef Jerky Industry's Decline in Southern Brazil (1850-1889)», *Nova Economia* 26, n.º 1, Belo Horizonte, 2016, pp. 7-42. Escardó, F, *Un reflejo de Montevideo: reseña estadística y descriptiva con algunos detalles de la República Oriental del Uruguay*, Montevideo, Impr. á vapor de La Democracia, 1878, p. 9.

22. F. A. Berria, Agustín de Vedia, and Carlos M. de Pena, *Album de la Republica O. de Uruguay, Compuento para la exposición continental de Buenos Aires*, Montevideo, Imprenta y Encuadernación de Rius y Becchi, 1882, p. 22. Panizza, Francisco, «Late Institutionalisation and Early Modernisation: The Emergence of Uruguay's Liberal Democratic Political Order», *Journal of Latin American Studies* 29, n.º 3, Los Angeles, 1997, pp. 667-691.

23. Hutchinson, T. J., *The Paraná...*, cit., p. 42.

24. Julio Millot, Magdalena Bertino. *Historia Económica...*, cit., pp. 63-416.

were better suited to efficiently transport meat extract through Montevideo or Buenos Aires.

In the 1870s, it was possible to see a significant increase in the export of meat extract from less than 10 tons/year in the late 1860s to more than 1,000 tons/year by the mid-1870s. This meant an increase at an annual rate of 6 %. Despite a small decrease in sales in 1879, the business resumed its usual strength from 1880 until 1890.<sup>25</sup> An important factor behind this export staple's success was the Uruguay river, easily navigable until the northern border with Brazil; where some waterfalls impeded ships to sail up north. Strategically located in the junction between the rivers Negro and Uruguay, the small town of Fray Bentos was the ideal spot for the Liebig's factory. Instead of waiting for the still weak Uruguayan state to act, the company built its own port to expand its activities.<sup>26</sup>

Even though Fray Bentos port was well equipped, it could not handle all the demand. That is why the city of Paysandú, the second largest in Uruguay, was well suited to help in the task. Paysandú was one of the most important trading points in the Uruguay river. Through its waters, trade flowed seamlessly to Europe, Brazil, Argentina, and Paraguay. Unfortunately, there is a shortage of specific data about the tonnage of meat extract explicitly exported through the ports previously mentioned. However, through the analysis of different data sets, some trends become clear.

According to customs data, although Fray Bentos and Paysandú together were ten times smaller than Montevideo, 38 % of the country's exports passed through its ports between 1888 and 1890.<sup>27</sup> Between 1875 and 1885, data points out to an increase of 5.000 more ships with a three-fold increase in tonnage to these same inland ports.<sup>28</sup> Although the data sets are incomplete, it is possible to infer that these numbers confirm the 1870s and the 1880s were a time of meaningful export growth in Uruguay. Moreover, it shows the importance of meat extract and the role of ports of Fray Bentos and Paysandú in this process.

Other critical source was the several British and American travelers' reports from that time, and they portrayed a lively port life in Fray Bentos and Paysandú. They often found those two cities to be rather uninspiring but were very impressed by the cattle business's wealth attached to Liebig's factory. Local workers told these foreign travelers that sailboats dominated the area in the previous decades, and most of them were either Argentine or Brazilian. However, after the rise of Liebig's, European steamers' presence in the region became an everyday occurrence. While these ships carried canned meat

25. Bonino-Gayoso, Nicolás; Antonio Tena-Junguito y Henry Willebald, *Uruguay...*, cit., p. 313.

26. Hutchinson, T. J., *The Paraná...*, cit., p. 61. Millot, Julio y Magdalena Bertino, *Historia Económica...*, cit., pp. 63-416.

Koebel, W. H., *Uruguay...*, cit., p. 17.

27. The figures for 1882-1886, according to Anuario Estadístico 1886, are the following: 1882 (32,36 %), 1883 (27,48 %), 1884 (30,31 %), 1885 (25,17 %), 1886 (26,79 %). These figures mentioned in the Anuario Estadístico 1886 do not account for Argentinian or even Paraguayan production exported via these ports (i.e., transit trade).

28. International Bureau of the American Republics, *Uruguay: [a handbook]*, Washington, Government print, 1893, p. 7.

Berria, F. A.; Agustín de Vedia and Carlos M. de Pena, *Album de la República...*, cit., p. 15.

extract back to Europe, they brought in luxury products from France and manufactured goods from Britain and Germany.<sup>29</sup>

Montevideo still controlled most of the trade and that wool, hides, and jerked beef represented almost 60 % of Uruguayan exports, but the importance of Fray Bentos and Paysandú should not be underestimated.<sup>30</sup> More importantly, it showed that Uruguayan economic life started to blossom beyond the capital area and that its inland ports were an essential part of that story. It is important to point out how a more vigorous state-building process followed a pattern of increased trade with the rest of the world under the Colorado party, which had its signature policy in the Rural Code of 1875.

### **A new port for a new nation (1890-1918)**

A rosy scenario disguised the troubles Uruguay faced in the late 1870s. One of the most heated debates in the late 19th century Uruguay was the modernization of Montevideo's port. Because of its location, privileged access to the dynamic trade of River Plate, and the lack of suitable rivals in Argentina and Southern Brazil, the port was a prime trade hub in the area. However, since the mid-1870s, the Argentine state was finally consolidated, and its export economy started to expand robustly. With that process in motion, it was likely for Buenos Aires to capture from Montevideo the South Atlantic Ocean's main port's position. However, Argentinian export expansion wouldn't mean automatically that its products were exported from

Buenos Aires. If producers from provinces along Uruguay river found better transport infrastructure and less costs and taxes in Uruguay, Montevideo would continue developing its activities as transit trade port. To compete with Buenos Aires, it became necessary for the Uruguayan government to revamp the Montevideo port.

In this pivotal moment, a bellicose mood still prevailed in Uruguayan politics, which stalled the project for 25 years. Even though Lorenzo Latorre and Máximo Santos, two of the most important political figures in the *Colorado* party, could not move ahead with the port improvement project. In this tumultuous period, attempts to form a more stable political system and a centralized state was often at odds with civil wars and authoritarian moods. Funds that would be devoted to the construction of the new port were instead diverted to military operations.<sup>31</sup>

29. Hutchinson, Thomas Joseph. *The Paraná...*, *cit.*, pp. 227-232. Regarding imports, the figures are: 1882 (3,64 %), 1883 (2,96 %), 1884 (2,82 %), 1885 (2,35 %), 1886 (2,58 %).

30. Koebel, W. H., *Uruguay...*, *cit.*, p. 34.

31. Uruguay faced a period of severe political instability in the presidency between 1894 and 1899. The brief presidency of Duncan Stewart (21 days) was followed by Juan Ideate Borda, who was murdered after three years into his presidency. Instability followed with President Juan Cuestas, who was the interim president until 1899. Cuestas conducted a self-coup in 1898 and resigned in 1899. An agreement between Colorado oligarchs that had Batlle and Cuestas brought normalcy back to the Uruguayan presidency. Both Juan Cuestas and Batlle y Ordoñez served full terms after 1900.

Meanwhile, several projects for the new port were presented by British and French construction firms. As the world got into the transatlantic age, in the late 19th century, the waters surrounding the Montevideo Bay were too shallow for them. Therefore, the new port is a clear example of a vital project was spoiled by terrible political timing, with stark consequences to the Uruguayan economy. Two central problems stood out in what concerned the port modernization: Firstly, there was a debate whether the new port should be built inside or outside the bay. Secondly, several different budgets presented to the Uruguayan congress were considered outrageously expensive; export incomes and customs taxation were not enough to afford the project.<sup>32</sup>

The Uruguayan government established a Public Port Commission in 1872 to evaluate the projects for the new port. Tasks in the Commission were shared by the Office of Public Works and the Tax Accountancy Office, both also reported to the legislative branch.<sup>33</sup> Endless political squabble around the competing projects presented by the engineers Tusson, Bateman, and Waldorp in the 1870s and 1880s ended with no conclusion. As the 1880s came to an end, the Public Port Commission affirmed the port issue was not solved. After substantial fees were spent over twenty years of surveys conducted by foreign and national engineering companies, there was no end in sight.<sup>34</sup> The global economic crisis that started in 1890, following the Argentine debt default, brought the Uruguayan economic expansion to an end. Fifteen years of low economic growth and political turbulence would follow, compromising the Montevideo port's prominence in South America.

Due to the Uruguayan elites' inability to have a stable political arrangement, the global economic turmoil of 1873 and 1890, and the rise of Buenos Aires, Montevideo's port lost its primacy position. Between 1890 until 1918, with new developments in Uruguay's political and economic life, the port restored some of its previous importance. The renewed port became an essential tool for the nation's export market, which entered a new phase of increased globalization and product diversification.

Besides the political quarrel, during the economically prosperous period under the aegis of presidents Máximo Santos (1882-1886) and Máximo Tejes (1886-1890), the Montevideo port was a vital tool for the Uruguayan export system. As uncertainties loomed over the port facilities' improvements, political and economic turmoil created a national crisis. In this period, it became clearer the importance of the state-building process to the development of the Uruguayan economy.

In 1890, Uruguay saw itself without credit to develop large public projects. Britain was the primary provider of industrial and capital goods to Uruguay. Through the British Bank of the River Plate, the European power controlled the majority of the Uruguayan sovereign debt.<sup>35</sup> The crisis put a dent on British investment in Uruguay for the whole

32. De Zuniga, Eduardo Garcia, *Historia del Puerto de Montevideo*, Montevideo, Universidad de la Republica, Facultad de Ingeniería, 2010, pp. 165-170.

33. *Ibidem*, pp. 35-39.

34. *Ibidem*, pp. 7-12.

35. TNA, n.º 2020/ «Uruguay, Report for the year 1896-97 on the trade of Uruguay», London, 1897.

decade, especially after the defaults of the Bank of the River Plate and the *Banco Nacional*.<sup>36</sup> The country's imports decreased substantially, and the construction sector in Montevideo virtually stopped.<sup>37</sup> It should be also mentioned that exports decreased in real terms in the period between 1890-1900.<sup>38</sup> In the previous decades, Uruguay was a magnet to European immigrants, but suddenly saw a large outflow of people to Argentina or back to Europe. It is estimated that at least 100.000 Uruguayans were living in Argentina during the 1890s seeking a more prosperous life.<sup>39</sup>

The economic meltdown directly affected political life, President Herrera y Obes (1890-1894) belonged to Montevideo's liberal elite, in the *Colorado* party's best tradition. He was tremendously unpopular; the loss of prestige reignited the civil war's threat following a *Blanco* uprising. *Colorado's* nightmares were materialized in the character of Aparicio Saraiva, a *caudillo* and leader of the *Blanco* party. His popularity in the countryside mobilized landowners, who were struggling financially, against the central government. To avoid a civil war, Montevideo's government conceded three departments near the Brazilian border to the *Blancos*. This concession from the *Colorado* Party officially started a power-sharing agreement between the two parties, that would last until 1904.<sup>40</sup> In a position of weakness, the *Colorado* liberals found it easier to negotiate than to start a war against Saraiva, who was in a better position to prevail in that moment.

If the situation was bad enough when Herrera y Obes left office, it got even worse when President Juan Idiarte Borda (1894-1897) was assassinated while still holding office. Following a self-coup in 1898, the leadership of Juan Cuestas and Batlle y Ordoñez managed to reorganize the *Colorado* party. Their idea was to end the *Blanco* control in the countryside, which threatened to take over the whole country and restore economic expansion.<sup>41</sup> The economy showed a few signs of recovery in the late 1890s, with a small increase in imports and better numbers from the construction sector.<sup>42</sup> Nevertheless, even then, British diplomats in Montevideo were utterly skeptical about the country. Compared to the blossoming Argentina, Uruguay seemed to be mired in poverty and unrest in the British government's eyes.<sup>43</sup>

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TNA, n.º 3735/«Report for the year 1905 on the trade and finances of the Republic of Uruguay», London, 1906.

36. *Ibidem*, pp. 9-13.

37. Millot, Julio y Magdalena Bertino, *Historia Económica...*, *cit.*, pp. 63-416. Castellanos, Alfredo R., *Montevideo en el Siglo XIX*, Editorial Nuestra Terra, 1971, pp. 1-62.

38. Bonino-Gayoso, Nicolás; Antonio Tena-Junguito y Henry Willebald, *Uruguay...*, *cit.*, p. 312.

39. Goebel, Michael, «Gauchos, Gringos and Gallegos. The assimilation of Italian and Spanish immigrants in the making of Modern Uruguay 1880-1930», *Past & Present*, n.º 208, Oxford, 2010, pp. 191-229.

40. Somma, Nicolás M., *How Do Party Systems...*, *cit.*, pp. 219-245. Panizza, Francisco, «Late Institutionalisation and Early Modernization: The Emergence of Uruguay's Liberal Democratic Political Order», *Journal of Latin American Studies* 29, n.º 3, Los Angeles, 1997, pp. 667-691. Bethell, Leslie. *The Cambridge...*, *cit.*, pp. 453-474.

41. *Ibidem*, pp. 457-459.

42. Millot, Julio y Magdalena Bertino, *Historia Económica...*, *cit.*, p. 342. Uruguay's exports continued its downward trend during the last years of the decade.

43. TNA, n.º 2020/«Uruguay, Report for the year 1896-97 on the trade of Uruguay», Montevideo, 1897.

From a theoretical perspective, some scholars considered the moment crucial for Uruguay's future. As argued by Francisco Panizza, late institutionalization followed by early modernization, with the rise of the *Batllismo* in 1903, made Uruguayan politics more stable and gave the country better conditions to improve its economic prospects.<sup>44</sup> The strand of liberalism implemented by Batlle following the final defeat of Saraiva in 1904, was a peculiar one in Latin America. It combined freedom of economic activity with state intervention in certain strategic areas and a central role for labor rights and unions. This early modernization process pacified Uruguayan politics and avoided the political drama seen in Argentina with the fierce fight between the PAN conservatives and the UCR in the 1900s.<sup>45</sup>

The Uruguayan state's reorganization under Batlle's leadership allowed the economy to recover and take advantage of the favorable global scenario in the years that preceded World War I. With the inception of refrigerated ships in the 1880s, a whole new export market was opened to Argentina and Uruguay. Chilled and frozen beef had a larger value-added for exports, at a time the United States and other Commonwealth countries together could not cope with the increasing British demand.<sup>46</sup> While chilled beef was on the rise, jerked beef and meat extract enjoyed their last years of prosperity. Brazil temporarily interrupted its imports of jerked beef in 1887, alleging sanitary issues related to cholera and yellow fever but hiding its real protectionist intent. According to Thales Pereira, Brazilian protectionism was a blessing in disguise for Uruguay. The Brazilian market's temporary loss made several landowners focus on the new frozen and chilled beef market, modernizing the meat export industry in the process.<sup>47</sup>

In this moment, the leadership of Batlle y Ordoñez will become a new political force within the *Colorado* party, especially by espousing a brand of «Conservative Liberalism», known as *Batllismo*.<sup>48</sup> As the state-building process consolidated under the *Batllismo*, what followed was the expansion and modernization of the economy. For example, cattle and sheep herds' improved through increased breeding with European livestock, bringing a definitive end to the *criollo* cattle's age. The cattle that came out of Uruguay's breeding houses had more beef and was ready to meet Britain's market demands.<sup>49</sup> Agricultural research and fairs in Uruguay were subpar when compared to Argentina's. This gap slowly closed in the 1900s, as the prospects for Uruguayan agriculture improved substantially. In that sense, the argument brought by Victor Bulmer-Thomas, which says that export diversification was a better strategy at the time for countries that were seeking

44. Panizza, Francisco, *Late...*, *cit.*, pp. 667-671.

45. Yaffe, Jaime, *Política y economía en la modernización: Uruguay 1876-1933*, Montevideo, Universidad de la República, Uruguay, pp. 1-14.

46. Julio Millot, Magdalena Bertino, *Historia Económica...*, *cit.*, pp. 63-416. During this period, Australia, Canada and New Zealand could only partially address rising British demand for meat.

47. Bonino-Gayoso, Nicolás; Antonio Tena-Junguito y Henry Willebald, *Uruguay...*, *cit.*, pp. 287-320. Pereira, Thales A Zamberlan. «Was...», *cit.*, pp. 7-42.

48. Caetano, Gerardo, *El Impulso...*, *cit.*, pp. 217-250.

49. Millot, Julio y Magdalena Bertino, *Historia Económica...*, *cit.*, pp. 63-95.

economic stability, served well to Uruguay under *Batllismo*. Between 1900 and 1920, Uruguayan market for maize, linseed, and wheat increased, which created an exciting diversification of the export portfolio.<sup>50</sup>

Another significant economic development was the financial reorganization of the country conducted by the *Colorados* in the 1900s. As the external debt skyrocketed from US\$ 2.6 million in 1860 to US\$ 121 million in 1905, there was a pressing need to consolidate Uruguayan debt with British creditors. As the negotiations for debt consolidation started in 1895, the government decided it was the right moment to create the Bank of the Oriental Republic of Uruguay (BROU by its initials in Spanish) in 1896.<sup>51</sup> The new bank was supposed to bring financial and currency stability through strong state support, ending years of massive gold outflows. As the *Batllista* project evolved, the BROU became a crucial stability tool, bringing the country back to the good grace of the British banks. All these critical developments in politics, finance, and agriculture paved the way to take the new port project out of its quagmire. Once Batlle managed to unify and pacify the Uruguayan state, the development of large projects, such as Montevideo's port, became possible.

The turn of the century was marked by more fruitless debates in the Montevideo Port Commission, especially when engineers Alphonse Guerard and Ernest Tolkmitt were called from Europe to make further assessments about the whole project. Their suggestions were partially refused by the port commission, which deemed some of them too expensive to implement. There was an agreement that the port area had to have a depth like the one seen in Buenos Aires and that the general infrastructure of the port had to be thoroughly revamped, especially the cranes and the storage houses. Another problem that haunted the Montevideo port was the lack of direct access of railways to the port cargo area.

In 1901 an agreement was finally reached to start the renovation process. The construction committee chose the French firm *Allard & Coisseau*, and construction started in the same year.<sup>52</sup> The project was followed along the lines suggested by Guerard, which focused on the port infrastructure and increased depth in nearby waters. The responsibility to execute the French project went to a local firm, *Constructora Uruguaya*. Given the huge dimension of the project, the building company's budget was stretched to the limit. Despite some financial scares along the process, the port was officially inaugurated on the 25th of August 1909. Some complementary infrastructure works were finally finished in 1911.<sup>53</sup>

The new port had modern electric cranes and improved storage facilities. These new

50. Bulmer-Thomas, V., *The Economic History of Latin America Since Independence*, Cambridge, Cambridge University Press, 2014. pp. 50-86.

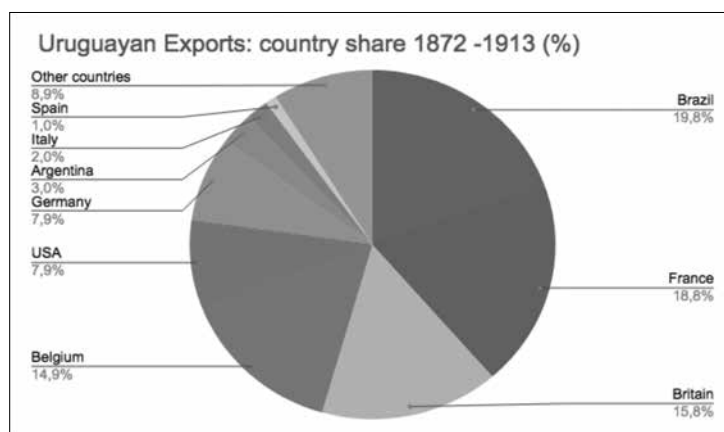
51. TNA, n.º 2020/«Uruguay, Report for the year 1896-97 on the trade of Uruguay», Montevideo, 1897. Millot, Julio y Magdalena Bertino, *Historia Económica...*, cit., pp. 63-89.

52. De Zúñiga, García Eduardo, *Historia...*, cit., p. 237.

53. *Ibidem*, pp. 165-169.

facilities allowed Uruguay to manage more complex cargo, improving its trade relationship with different partners. Early project difficulties to connect the cargo area to the city's railway system were finally overcome in 1918, allowing freight to arrive seamlessly from all parts of Uruguay straight to the port. Extra protection barriers around the port made birthing safer and more accessible for all ships. Due to increased depth in the pier area, large steamers could load and unload cargo and passengers in more efficiently.<sup>54</sup> With an estimated cost of £ 4.5 million, which in 1911 represented almost half of Uruguay's customs duties for that year, the revamped port allowed Uruguay to strengthen its political stabilization through increased trade prospects.<sup>55</sup>

GRAPHIC 2. Uruguayan Exports: country share 1872-1913 (%)



SOURCE: Bonino-Gayoso, Nicolás; Antonio Tena-Junguito y Henry Willebald, *Uruguay...*, cit., pp. 287-320. Bulmer-Thomas, V., *The Economic...*, cit., pp. 50-86.

Port improvements helped to consolidate what essentially was a prosperous moment for Uruguayan economy. During the 1890s, Uruguay's export growth decreased by half compared to the previous two decades; and from 1900 onwards, it is possible to see the arrival of another period of economic expansion.<sup>56</sup> The arrival of ships in Montevideo's port increased by 90 %, only seven years after the port was revamped.<sup>57</sup> Better port infrastructure, coupled with a stable political environment, allowed Uruguay to heap the

54. *Ibidem*, pp. 132-134.

55. Albes, E., *Pan American Union. Montevideo, the city of roses*, Washington, Govt. Print, 1922, p. 8. International Bureau of the American Republics, *Uruguay...*, cit., p. 27. TNA, n.º 794/«Uruguay. Report for the years 1886-90 on the trade, &c., of Uruguay», London, 1890. De Zuniga, Eduardo Garcia, *Historia...*, cit., pp. 165-172.

56. In the period 1900-1913 the annual growth rate of exports was in average almost 4 %. Bonino-Gayoso, Nicolás; Antonio Tena-Junguito y Henry Willebald, *Uruguay...* cit, p. 312, Figure 16.

57. Millot, Julio y Magdalena Bertino, *Historia...*, cit., pp. 68-74. A growth from 10.000 ships in 1910 to 19.000 ships was registered in 1918.

fruits of the global economic expansion in the years that preceded World War One. Unfortunately, the new Montevideo port could not recoup its previously dominating position in South America; that post now belonged to Buenos Aires' *Puerto Madero*, which was now the central trade hub in the southern cone.

An important event in the 1900s helped to consolidate the position of the revamped Montevideo port; improvements in maritime and railway freight rates resulted in a loss of trade importance to the ports of Fray Bentos and Paysandú. According to Bértola «average freight costs between Montevideo and Liverpool fell annually by 0.7 % between 1870 and 1913». Regarding the Uruguayan railways, Bértola affirmed that «in the case of the small Uruguayan territory, between the 1870s and 1913, railroad tariffs decreased by 3.1 annually».<sup>58</sup> These numbers are of great importance to understand how cheaper transportation shaped trends in Uruguayan inland ports from 1900 onwards.

Following the financial stabilization of Uruguay, the British invested in the expansion of the railway network. With cheaper freights, river trade from smaller ports to Montevideo lost ground to the new railways that now crossed the country.<sup>59</sup> New infrastructure in the Montevideo port also made trading there cheaper, which coupled to its central position in the Uruguayan rail network, reinforced this trend. These structural advantages added to the market share loss of jerked beef and meat extract were the death knell to the glorious days of Fray Bentos and Paysandú ports.

It would certainly be an exaggeration to attribute all Uruguay's economic prosperity in that period to the new port, mostly because other economic factors were also in play. Victor Bulmer-Thomas emphasized the keys to economic development in Latin America in the early 1900s were a combination of export diversification and a dynamic internal market. In that sense, even despite its small territory, Uruguay managed to have a surprisingly dynamic trade pattern.<sup>60</sup> In 1904, the *Frigorífica Uruguaya* plant's inauguration in Montevideo marked the moment where the country officially joined the global frozen/chilled beef market. While Argentina was already doing it by the late 1880s, Uruguay was a latecomer to the market due to its lack of capital, political instability, and rudimentary industrial park.<sup>61</sup> However, in 1908, exports of chilled/frozen beef from *Frigorífica Uruguaya* reached 9000 tons, which represented a four-fold increase from 1905 export levels.<sup>62</sup>

The rise of the chilled/frozen beef industry meant to Uruguay direct access to the British domestic market, which had a better earnings potential than the Brazilian and Cuban markets combined. Following the first plant, more foreign investment in that segment followed, with the inauguration of three new plants by 1914, making Swift Armour

58. Bértola, Castelnovo, «Between the Colonial Heritage and the First Globalization Boom: On Income Inequality in the Southern Cone», *Revista de historia económica* 28, n.º 2, Madrid, 2010, pp. 307-341.

59. Millot, Julio y Magdalena Bertino, *Historia...*, cit., pp. 403-416.

60. Bulmer-Thomas, V., *The Economic...*, cit., pp. 50-86.

61. Millot, Julio y Magdalena Bertino, *Historia...*, cit., pp. 63-416.

62. Koebel, W. H., *Uruguay...*, cit., p. 9.

and Morris Co., the dominating players in the Uruguayan beef market. Meanwhile, Liebig's would struggle to maintain its dominant position after 1910. If the meat extract market saw an increase of 5 % in the first half of the 1910s, Liebig's product and the jerked beef industry saw a decrease in export demand of 11 % between 1905 and 1910. These trends only accentuated in the 1920s, as meat extract and jerked beef slowly faded into economic irrelevance and together with them the ports of Fray Bentos and Paysandú.

Another important factor that helped Uruguay were maize and wheat crops, with them agriculture became a more important player. With a new influx of European immigrants after 1905, there was a larger labor force to work in Montevideo and its surrounding departments.<sup>63</sup> Despite frequent droughts and locust clouds, the total crop area increased from 350.000 hectares in 1895 to 918.000 hectares in 1908.<sup>64</sup> Wheat and maize joined more traditional export staples, such as wool and hides, a more diversified export portfolio helped to keep the economy expanding until 1929.<sup>65</sup>

The economic expansion that happened after 1904 with the *Batllismo* and Montevideo's new port generated a boom that went beyond the export sector. Montevideo construction data showed a boom that surpassed the previous one. Building permits jumped from 600 in 1899 to 2.400 in 1909, a clear sign of economic expansion.<sup>66</sup> New buildings in Neoclassical style, broad avenues, and public parks gave Montevideo a European flair. At that time, the city was taken over by a craze that surrounded the new electric tramway. With the tramway, financed by British capital, anyone could quickly go from the port area to the posh beachside suburb of *Pocitos* in less than an hour. *Pocitos* beach epitomized Uruguayan *Belle Epoque* prosperity, with its boardwalk (*Rambla*), where fancy cars and wealthy Argentines enjoyed the pleasant summer days.<sup>67</sup>

Aiming to foster this dynamic consumption pattern in Montevideo and some other more prosperous departments, import trade gained importance. By 1912 Uruguay was importing UYU 10 million more in goods than in 1899, which shows how fast the economic expansion and new port infrastructure also positively affected imports.<sup>68</sup> In the decade that preceded World War I, coal imports from Britain increased by 60 %, which accurately reflected the new demand for energy in the Uruguayan economy. The novelty here was the increased oil imports from the United States to attend a growing car fleet, despite of the precarious state of the Uruguayan roads. Increasing demand for oil in Uruguay improved the American trade influence, which was weak throughout the 19th cen-

63. Goebel, Michael, *Gauchos...*, *cit.*, pp. 191-229.

64. Millot, Julio y Magdalena Bertino, *Historia...*, *cit.*, pp. 95-112.

65. Jones, Fielden, *Commerce of South America*, Boston, Ginn and Company, 1928, pp. 245-282.

66. Millot, Julio y Magdalena Bertino, *Historia...*, *cit.*, pp. 68-71.

67. Rosenthal, Anton, «The Arrival of the Electric Streetcar and the Conflict over Progress in Early Twentieth-Century Montevideo», *Journal of Latin American Studies* 27, n.º 2, Los Angeles, 1995, pp. 319-41. Ross, Gordon, *Argentina and Uruguay*, New York, Macmillan, 1916, p. 9.

68. Millot, Julio y Magdalena Bertino, *Historia...*, *cit.*, pp. 403-416.

ture. German machinery and French luxury products also became a regular feature among Uruguay's imports in the 1900s.<sup>69</sup>

The role of Germany as Uruguay's trade partner in the 1900s must be properly emphasized. Germany's trade with Uruguay was growing substantially after 1890, with industrial machinery imports leading the way. Germany soon became a crucial buyer of Uruguayan exports, especially of wool and bovine hides. German share in Uruguay export trade jumped from 3.3 % in 1890 to 19.5 % in 1913.<sup>70</sup> It is particularly interesting that after Montevideo's port reforms were completed, trade with Germany increased by 7 % in only two years, making Germany the largest buyer of Uruguayan exports. Uruguay's British community was increasingly uncomfortable with that situation, with a prevailing sense of encroachment by the Germans of its dominant position in the River Plate.<sup>71</sup> However, Britain's problem was a blessing to Uruguay since it allowed the country to expand its trading partnerships and capitalize on a positive economic cycle.

GRAPHIC 3. Exports per head (country), U.S. Dollars - 1912.



SOURCE: Bulmer-Thomas, V. *The Economic History...*, *cit.*, pp. 82-86.

A diversified export market, coupled with a dynamic internal market, helped create a virtuous cycle of development. While trade represented a mere US\$ 16.00 per capita in Brazil in the 1910s, in Uruguay, it represented US\$ 51.00. Impressively, a small South American country is virtually tied with Canada in that category (US\$ 52.00).<sup>72</sup> These are impressive numbers for a nation that was under political strife during almost its entire

69. *Ibidem.*

70. Bulmer-Thomas, V., *The Economic History...*, *cit.*, pp. 50-86.

71. TNA, n.º 5024/ «Uruguay. Report for the year 1911 on the trade and commerce of Uruguay», London, 1911.

72. Bulmer-Thomas, V., *The Economic History...*, *cit.*, pp. 58-65.

existence. Uruguay's privileged access to waterways was decisive to create this improvement in the nation's fortunes. Thanks to the new Montevideo port, trade with the outside world was improved, allowing the country to explore its full potential. In this moment, the Uruguayan state created proper conditions to fully explore its economic potential. Its agricultural wealth and the prowess of its inland ports and waterways helped Uruguay seize the moment and become a meaningful trade player in South America.

### **Epilogue - A nation and its ports**

Uruguay managed to keep its foreign trade active despite all the instability brought by the beginning of World War I in 1914. The British war effort scale increased South American beef demand, which mainly benefited Uruguay and Argentina. British exports to Uruguay fell during the first two years of the war, but grew up exponentially from 1916 until 1921.<sup>73</sup> The war years also presented another interesting fact: the United States became a new destination to Uruguayan exports. Since most of the European trade partners of Uruguay were focused on the war, trading with a country so far from them became a dangerous and troubled endeavor.

While Britain managed to keep its dominating position in Uruguay's import market, the Americans had a 26 % share of its export market during the war years. The continued trade with the United States and Britain helped keep good economic momentum, and Uruguay managed to avoid the deep recession faced by Argentina. The war years even saw the emergence of small industrial cluster in Montevideo, mainly focused on consumer goods. Instead of compromising economic performance, the war consolidated Uruguay's position as one of the world's leading frozen/chilled beef exporters.

Once the war was over, the Uruguayan economy kept its positive trend. As Montevideo's port concentrated its export market, trading made Uruguay a reasonably prosperous nation. By 1925 Uruguay was the second-largest exporter of beef in the world, with a 12 % share of the global market.<sup>74</sup> The country managed to eradicate tick and «foot and mouth» disease, while its modern meatpacking houses controlled by British and American firms became the main growth engine for the economy. The slaughtering of livestock increased substantially in the 1920s, reaching 2.7 million cattle in 1929.<sup>75</sup> Meanwhile, Uruguayan wool market weakened after a severe drought in 1914, which killed a sizable portion of the sheep herd; the industry did not fully recover in the 1920s.

On the import segment, there are some critical developments right after the end of the war. Britain managed to keep its leading position until the early 1920s, surpassing the

73. TNA, FO369/«Commercial mission to South America. Reports received from Mr. T. Worthington, the special commissioner appointed by the Board of Trade to inquire into and report upon the conditions and prospects of British trade in certain South American countries, Sixth report, Uruguay», London, 1920.

74. Jones, C. Fielden, *Commerce...*, *cit.*, pp. 245-282.

75. *Ibidem*.

United States as the decade moved forward. Whether Western Europe bought 50 % of Uruguay's exports, the United States still managed to get 30 % of the import market share in 1929.<sup>76</sup> One of the main reasons behind that was that oil was becoming an essential commodity; the years of prosperity made wealthy Uruguayans eager to buy fancy cars; the economy started to demand more oil. Since the United States was the primary exporter of oil in the continent, the Americans dominated the Uruguayan oil market through its companies.<sup>77</sup>

As the export market showed signs of strength, it allowed the country's government to make a series of investments and adopt policies that were years ahead of its peers in Latin America. While most of Latin America was still going through a classic liberal wave, Uruguayan liberalism combined a strand of government interventionism. The government-controlled segments of the energy and telecommunications industries while boasted what was perhaps the best public education system in South America at that point.<sup>78</sup> As the Uruguayan government wished to dent labor unrest, the country legalized labor unions and implemented welfare reforms. These features made the 1920s a golden age of prosperity and the *Batllista* political project enshrined in Uruguayan historiography.

The Uruguayan case is an interesting one; at its inception, the country was constantly harassed by Brazil and Argentina on its borders. Survival and unity were the primary concerns of the Uruguayan elites during most of the 19th century. Internal conflicts and foreign interventions were common until 1904, making the task of pacifying and unifying the country a very difficult one. In that sense, it is vital to understand that trade carried through Uruguay's ports was an essential factor in the country's economic development. In the decades that followed the Triple Alliance War, the political void between Montevideo and the countryside was slowly being closed.

The Uruguayan state consolidation happened at the right moment when the global economy was finally recovering from the 1890 depression, and British capital started to flow once again into the country. The trade boom that preceded World War One and resumed after 1921 put Uruguay in an excellent position to explore its full potential as a trading nation, primarily through export portfolio diversification. From the age of meat extract and jerked beef in the 19th century to chilled/frozen beef in the 20th, its ports were the central trade hub where this interexchange of goods happened.

Unfortunately for Uruguay, its political pacification process and definitive territorial unification were not completed before 1904, with the rise of the *Batllismo* in the *Colorado* Party. Had Montevideo's new port been completed in the 1870s and had it integrated

76. Bulmer-Thomas, V., *The Economic History...*, cit., pp. 60-63.

77. Jones, C. Fielden, *Commerce...*, cit., pp. 235-242.

78. Yaffé, Jaime, *El Intervencionismo Batllista: estatismo y regulacion en Uruguay (1900-1930)*, Montevideo, Facultad de Ciencias Económicas y de Administración Universidad de la República, 2001, pp. 1-27. Hentchke, Jens R., «Artiguista, White, Cosmopolitan and Educated: Constructions of Nationhood in Uruguayan Textbooks and Related Narratives, 1868-1915», *Journal of Latin American Studies* 44, n.º 4, Los Angeles, 2012, pp. 733-764.

with Paysandú and Fray Bentos, Buenos Aires' position might have been less dominant. Nevertheless, even during the continued political instability of the 19th century, the fact that the country was endowed with inland ports helped keep the country's economy moving forward.

Based on this assumption, it seems the historiography has focused more on trade that happened in Montevideo because of its position as the country's capital, but historians forgot to pay more attention to the role of smaller inland ports. Liebig's presence in Fray Bentos and the lack of decent roads and railways made the ports in the Uruguay river interesting trade hubs that have been consistently underestimated. Their importance was increasingly diminished after the arrival of reliable train services to Montevideo, making freight transportation more accessible and cheaper, especially after the new port's inauguration. Over the rest of the 20th century, most of the inland ports in Uruguay faced a slow and steady decline into oblivion as all the trade became even more centralized in the capital. In the future, the goal is to research more about the role of Fray Bentos and Paysandú as transit trade to Buenos Aires' port, which would be fundamental to understand the role these ports have in Uruguayan international trade. Unfortunately, restrictions in international travel and access to archives due to the Covid-19 pandemic did not allow this analysis to be incorporated in this paper.

Another critical point is related to the import market's importance to the Uruguayan trade in that period. Latin America's economic historiography often focuses on exports, but imports were a matter of survival for such a small nation. Under these circumstances, the 1.300 km of navigable waterways in Uruguay were a significant asset. Inland ports allowed British, French, and Dutch ships to reach faraway places carrying industrialized goods. The improvements made in Montevideo's port were instrumental in giving Germany, and the United States a larger presence in Uruguay's trade scene.

Finally, it is essential to emphasize that the «late institutionalization early modernization» concept implemented during the *Batllismo* was the puzzle's final piece. Even with constant squabbles within the *Colorado* party and a conservative turn after Batlle left power in 1916, Uruguayan political life achieved stability levels during the 20th century that would envy the rest of Latin America. The fact that *Colorados* controlled the country for 91 years, following Batlle's principles, helped to make Uruguay an impressive liberal experiment in Latin America. Labor rights, civil liberties, and a stable economy helped consolidate peace and stability in the first half of the 20th century. Nonetheless, for all the political mastery shown by Batlle and the liberals that followed him in the *Colorado* party, it would not have been enough if Uruguay had not been endowed with its ports. In the end, state-building and Uruguay's geography worked in tandem to create a positive cycle of development.

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