

Italian Emigration to Argentina and Immigrant Remittances (1850-1908)

Italian emigration to Argentina became conspicuous only after 1850, remained stable, ranging on an average between 3 and 6 thousand persons annually, in the period 1851-1861, then grew rapidly from 7 thousand to 40 thousand between 1861 and 1871 and even more markedly during the next decade (1871-1881), until it reached a total of no less than 76 thousand a year later. Over the span of thirty years, from 1850 to 1880, the ratio of Italian immigrants to immigrants from other nations in Argentina was reversed: whereas originally Spanish immigrants were decisively the most numerous, in the decade 1861-70 the number of Italian immigrants equalled and, starting from the following decade, even greatly exceeded the number of those from Spain; eventually, according to an estimate by the Minister of the Interior of Argentina, Irygoyen, it came to account for no less than 81% of the entire immigrant inflow to Argentina. In all, 646,162 Italians had moved to Argentina between 1857 and 1888: together with their children – including those who, having been born in Argentina, were considered Argentine citizens – they made up a significant minority of the country's entire population, which the 1887 census estimated as a total of 3,794,258 inhabitants.

The reports of the Italian consuls show that by the close of the XIXth century the influence of the Italian community had been gradually growing also in economic terms; although not all of the emigrants had achieved an appreciable degree of success, all, or nearly all of them were in a position to save some money and send larger or smaller sums back to relatives at home.

The fact that these Italians had to overcome many difficulties before achieving some financial success is also shown by the circumstance that for many years they were unable to set up any Italian banks. A turning-point was observed as late as 1872, when the *Banco de Italia y Rio de la Plata* was founded and officially recognized by the government of Argentina; this bank rapidly increased its capital and business and in 1887 it opened two branch offices, one in Rosario de Santa Fé and one in La Plata. In that same year, however, the Italian community further expanded its banking services through the creation of another Italian bank with its seat in Buenos Aires: the *Nuovo Banco Italiano*, which was originally incorporated under the name of *Banco Italiano del Rio de la Plata* and which had branch offices in La Plata and Santa Fe in addition to a banking office at La Boca, a densely populated suburb of Buenos Aires inhabited above all by Italian workmen and sailors. Two years later, in 1889 the *Banco de Roma y Rio de la Plata* was established and officially recognized by the Argentinian government. It had its head office in Buenos Aires and a branch office in Chivilcov and was the only Italian bank

in Argentina to carry on business in the manner of European popular banks.

From the dates mentioned above it easily follows that the Italian community, especially that of Buenos Aires but also those of La Plata, Santa Fé, etc., developed in economic terms primarily between 1872 and 1889 the years when, as mentioned before, Italian emigration to Argentina grew steadily. This coincidence goes to confirm the direct, close connection between a boost in immigration, which arises from a boost in demand for labour and the development of the banking business, which in turn involves a greater accumulation of capital and its effective use. A revealing circumstance is that in that same period of time, exactly in 1886, two insurance companies, *Italia* and *La Italia Reaseguradora*, were founded (in 1892 they were merged into a single company) and that the Italian Chamber of Commerce of Buenos Aires was founded in 1884.

The fact that, as already mentioned, both the banks and the insurance companies and also the Chamber of Commerce were founded in Buenos Aires shows that, as far as Italian capital is concerned, this city was the greatest centre of accumulation in Argentina. Not only was this city inhabited by the largest Italian community in Argentina, about one third of all Italian immigrants (i.e. about 200,000 Italians out of a total which, on the eve of the disastrous economic crisis of 1889, was slightly over 500,000) but the Italians living there were to be considered, on the whole both more well-off and more enterprising in the field of the production of goods and services. Indeed, according to the 1887 census, no less than 12,349 of the 34,695 houses existing in the capital were owned by Italians, whereas Argentinians were found to own 15,366. And that is not all: 62% of the city's shops belonged to Italians, whilst in 1892 "the capital employed in Buenos Aires' industry and trade accounted – in the Italian consul's view – for an all but negligible proportion, equal to 42.35% of the total".

In actual fact in Buenos Aires there were Italians in every walk of life. They were, for instance, bricklayers, blacksmiths, joiners and carpenters, shoe makers and repairers, tailors, hatters, furnace-workmen, cooks, charwomen and maids, hairdressers, cabinet-makers, mechanics, gardeners, glass-blowers, upholsterers, house-painters, saddlers, ice-cream makers, coachmen, carters, and labourers in general. If we are to believe the Italian consul - in all of these trades Italians were without rivals. And not only this! By being eager to secure social promotion, as soon as they were in a position to do so, they would embark on more profitable trades. "And so it happens – to quote again consul Chicco – that an ice-cream maker will turn, for instance, into a liquor-distiller; a greengrocer into a hotel-keeper; a tailor into a clothier; a bricklayer into a builder; a horse-breaker into a horse dealer; a farmer into the owner of a field or a farmhouse, etc.". In addition, both in Buenos Aires and in other cities with a large concentration of Italian immigrants, Italians also practised the liberal professions, foremost among them those of physicians and engine-

ers. And there were also Italian painters and woodcarvers as well as interior decorators. Eventually we should add a fact which concerns not only the Italian inhabitants of Buenos Aires, but more generally all Italians living in Argentina: Italian emigrants were busily engaging in port activities of every kind, so that almost the whole of the shipping activities, whether conducted on ocean-going vessels or dinghies, were in their hands. Almost the whole of the people engaging in such activities whether shipowners, shipping and forwarding agents, captains, sailors, and ship-boys ship-wrights, caulkers and sail-makers, were Italians and a large proportion of the inter-oceanic trade was being carried on either on Italian vessels or, anyway, by Italian crews serving under various flags. In the opinion of F. S. Nitti, "almost all of the vessels (probably nine-tenths) plying on the Paraná and Uruguay rivers were owned by Italians".

Before the 1889 economic crisis brought the long phase of Argentinian economic expansion and prosperity to a sudden disastrous stop the conditions of Italian workmen and professionals was excellent, in Buenos Aires no less than in all the other towns. "As long as the Argentinian Republic was flourishing – so the Italian consul affirmed – as long as living in luxury was deemed to be a 'must' for those earning plenty of money and a sure means for acquiring credit and general esteem, everybody benefited from the effects of such fictitious prosperity, artists no less than artisans and workmen, and all such gold as was earned without any effort was poured lavishly upon the city, thus boosting considerably the earnings and profits of working people".

No wonder that Italian banks and insurance companies were also founded in that phase of rapid and intense accumulation and that the flow of remittances to Italy, where the Italian immigrants still had their parents, wives, children or other relatives, increased as well. It should be kept in mind that, up to 1892, Italian immigrants to Argentina – who before 1859 came almost exclusively from Liguria and the Como area, later on prevalingly from southern Italy, and when bound for the Plata region mainly from Basilicata – used to leave their homeland not for good, but with a view to returning home sooner or later.

According to the Italian consul, "In general even those who have been living (in Buenos Aires) for a great many years for business and family reasons never cease hoping to return home and enjoy the fruits of their work there". This was confirmed by the fact that although Italians alone accounted for little less than half the city's foreign population, out of a hundred foreigners requesting to be naturalized Argentinian citizens, on an average only 24 were italians. This figure is, indeed, small and leads us to conclude that the majority of Italian immigrants were eagerly saving and sending their savings back to Italy.

As well as in Buenos Aires and a number of expanding smaller cities deriving their means of subsistence mainly from the Rio de la Plata, there were Italians in almost every part of Argentina, including the Cordoba province and

the out-of-the-way provinces of Salta and Jujuy by the Bolivian border. In these provinces Italians did not always reside in the cities; the greater part of them worked in the country. And those who had been attracted by facilities granted by the Argentinian government were usually better off than those who had been allured there by private entrepreneurs or companies run by speculators. Whereas – as reported by the Italian Consul General in 1892 – poorer Italian workers, who had been lured to Argentina by private individuals, were obliged to accept ill-paid, tiring jobs in order to pay off the debts incurred for paying for the voyage, most of the Italians (90%) who were either beneficiaries of land grants or merely tenants and had thus contracted loans with the Argentinian government were able to repay such loans and the greater part of these even managed to achieve affluence.

Though unreliable and incomplete, available statistical data on the value of the real estate owned by immigrants, three-fourths of which was composed of agricultural land, reveal that in 1892 Italian-owned real estate was mainly concentrated (the values in current *lire* given in brackets are not translated into present-day prices) in La Plata (40 million), San Nicolas (20 million), Buenos Aires (18 million), Mendoza and Chililcov (15 million), Dolores (10 million), Carmen de Patagones and Victoria (5 million), etc. Accordingly, before the 1889 crisis it was the residents of the larger cities or holders of governmental land grants or generally tenants that were able to generate immigrant remittances toward Italy.

But - we are still quoting the consul - foreigners were heavily affected by the 1889 economic crisis and the consequential devaluation of the Argentinian currency. "The working classes" – the consul specifies – "were not granted any wage increases; on the contrary, in terms of the currency's gold value, their income was reduced in proportion to the increase in the agio". This situation was further worsened by companies going bankrupt or being wound up, by the fact that shops, banks, and public bodies cut back on personnel, etc., to the detriment primarily of foreign workers and business. However, among the Italians, city dwellers did not manage nearly so well as those living in agricultural areas. "Whilst agricultural wages greatly exceed the means of subsistence", the already-mentioned consul Chicco observes, "for day-labourers have no means for spending their money, the situation is quite different in the cities above all in Buenos Aires". There the loss in the purchasing power of wages combines with the effects of their nominal decrease in real value and the dismissal of workmen made necessary by the fall in sales in turn consequential upon the crisis.

The crisis obviously did not affect only Buenos Aires. The Italian communities living in other cities also heavily felt its adverse effects. A case in point is Rosario: up to 1889 this city had been developing at an exceptional pace in consequence of the building of port facilities for both loading and unloading cargo, the establishment of important factories, and the flourishing of trade,

also fostered by railway and river transport infrastructure branching out in various directions – to the point where its growing expansion had earned Rosario the denomination of ‘South America’s Chicago’. After 1889 the crisis stifled initiative, almost all of the commercial businesses came to a standstill, many of them were wound up, and hosts of workers emigrated to Brazil or elsewhere. The same happened in the city of La Plata, where the crisis caused a considerable exodus toward Europe and Brazil.

As mentioned before, the worsening of the conditions of Italian city dwellers in Argentina led, on the one hand, to a fall in immigrant remittances to Italy and, on the other, to the exodus from Argentina of a conspicuous number of Italians, hence to a further reduction in such remittances. The number of immigrants forming the Italian community of Buenos Aires dropped from about 200,000 to 160,000 between 1889 and 1891. And as the flow of Italian immigrants to Argentina dwindled substantially, from over 70,000 a year to roughly half that number and sometimes even less, a corresponding increase was observed in the number of those who found their way back home or moved elsewhere.

By the end of the century, however, the crisis which affected Argentina between 1889 and 1892 appeared to have been overcome; accordingly immigration was found to increase again, without, however, reaching the level of the period before the crisis. The crisis had brought to a stop the speculative fever by which the country had been gripped between 1880 and 1888, when dreams of intensive settlement had caused rapid and substantial increases in the cost of land, speculation in the stock-exchange, and the provision of substantial funds to stimulate growth through public expenditure, with a consequential escalation in the supply of paper money. Within that widespread climate of euphoria the banks also boosted credit facilities and thus added the perverse effects of bank credit inflation to those of paper money inflation. Recovery, though supported by loans from foreign governments, which still regarded Argentina with confidence, was of necessity slow. For a great many years the country was forced to mark time.

The above remarks about the varying trends in Argentina’s economic history were a necessary assumption for explaining the reasons why the flow of immigrant remittances from Argentina to Italy was neither steady nor increasing, but was found to decrease remarkably after 1888. In spite of everything, this flow was still significant, while, in the years immediately after the crisis, the number of registered letters mailed from Argentina to Italy remained remarkable. Although the inclusion of valuables in registered letters was unlawful under the Post Office regulations it was common knowledge that all emigrants made extensive use of such a practice. F. S. Nitti had been told by both the Italian consuls in Argentina and the emigrants themselves that registered letters were used not only to send over to Italy paper money and Italian banknotes, which Italian immigrants used to buy up from money-changers even

at the cost of an overcharge, but also gold, i.e. gold coins which they would place in a piece of cardboard with holes specially made to house them. The presence of the cardboard within the registered letter was explained by alledging in writing, on the envelope itself, that it contained photographs.

In spite of the risk involved, many emigrants preferred sending sums of money in registered letters because it was inexpensive. Yet some did avail themselves of international money orders. Argentina was, in fact, authorized to issue such money orders and there were post offices empowered to issue them nearly all over the country. Yet the total amount of the remittances made by money orders did not exceed a million lire: and after the crisis had broken out this total was found to decrease even further.

The fact is that money orders used to travel very slowly, and in Argentina even more slowly than in the United States, where they were in use as well. An emigrant dispatching a money order, say at Santa Fé or Rosario had to wait for the local office to transmit it to Buenos Aires, the only city linked to Genoa by a direct communication system. Once the order had reached Genoa it was included in the list of money orders to be issued in Italy only after quite a long period of time, so that the relevant amount would reach its destination only after much delay.

It should be added that the Post Office did not accept responsibility for delivery. In case of loss, the procedure for recovering the proceeds of the money order was long and complex, so that often emigrants would altogether abstain from starting it; in part because of their scant knowledge of the language, in part because they were ignorant of the procedure itself.

For these reasons, emigrants would more often than not avail themselves of the services of 'private bankers', very often merely money changers or forwarding agents, etc., who reaped conspicuous gains, although – as Nitti reports – the honesty of some was in question. Even when they happened not to be straightforward confidence crooks these small bankers used in any case to charge percentage rates on the amounts they were asked to remit. Although it is difficult to make any generalizations and every banker – so Nitti's report runs – would charge as much as he could, according as the emigrant concerned was more or less inexperienced, 'ordinarily' the rate was about 2.5%.

Keeping in mind Nitti's estimate – which is probably in excess of the actual total – according to which at the end of the XIXth century immigrant remittances from Argentina to Italy ranged between 30 and 40 million lire annually, it will be easily inferred that – as the total amount remitted to Italy by money orders and registered and insured letters was comparatively exiguous – small local bankers, whether Italian or foreign, drew conspicuous ill-gotten gains from those dealings.

In investigating immigrants' remittances from Argentina it will be useful to distinguish between Buenos Aires and the inland areas. In consequence of

the lack of any proper transmission channels, remittances used to be costly and/or risky, and this may account for the spreading of the already-mentioned practice of buying up Italian currency notes and paper money – primarily in denominations of under 20 lire – which were then sent to Italy enclosed in letters. The fact is that the three large Italian banks which had been opened by Italians in Buenos Aires and had then set up branches in Rosario, La Plata, La Boca, Chilvilcov, San Nicolas, Pergamino, and Tandil were not interested in remitting the myriad of small sums immigrants sent to Italy.

Having been set up in the wake of the economic growth in the Italian community as a whole, these banks thought it hardly worth while to take upon themselves the burdensome processing of remittances and preferred to engage in discounting to fund all such productive enterprises as the Italian community managed to embark on. Having been in this way rejected by the Italian banks, the remittances were channelled toward obscure money changers. That is why as early as the mid-nineties the Italian government, though appreciating the development of Italian banks in Buenos Aires, included immigrant remittances from Argentina among those singled out for special protection. In the Bill which Minister Luzzatti introduced into the Italian Parliament in 1897 such protection was to be entrusted to the Banco di Napoli. It took a few years, however, before the Bill was passed (February 1901) and could be enforced.

The law on the protection of emigrants' savings and their remittances provided for a special money order form to be issued by the Banco di Napoli and, subject to guarantee, its American correspondents. In short, with certain predetermined conditions the Banco di Napoli agreed to hand these money order forms to its correspondents in Argentina for issue to emigrants making remittances for specific amounts; these amounts the Banco di Napoli undertook to pay out to the beneficiaries in Italy. The most urgent problem for the Banco di Napoli to solve was therefore the creation of a network of correspondents to cover the several Argentinian cities.

As the currency flows to be processed through such a network were quite substantial, an obvious consequence was that both private individuals and companies assailed the Banco di Napoli with a wave of applications for acting as its representative officers.

The very first to move in this direction was the Milanese Marquis Litta Modignani, who had been living in Argentina for sixteen years. He used all his influence to get the Banco di Napoli to grant him the Buenos Aires representative office. His example was followed by many others. Elsewhere I have mentioned the names of several persons and bodies that similarly pressed for obtaining such representative office.

In point of fact, in Argentina the rush on the Buenos Aires representative office had begun even before the Italian Parliament actually passed the law for the protection of immigrant remittances and hence, before the Banco di

Napoli was made responsible for such protection. The first to apply in 1898 for an agency agreement was *William Paats & Cia*, an import-export firm which also held the monopoly for selling Italian tobacco in Argentina, Paraguay, and Uruguay. But the project came to nothing because, in the early months of 1901, the firm got into serious financial trouble.

In the same year, 1898, also a small Buenos Aires foreign-exchange broker, *Ditta Fahet & Cia*, unsuccessfully applied for the agency. An equally abortive attempt was made in 1899 by a small Buenos Aires-based co-operative bank called *Banco Popular Italiano*, which had long been processing cheques and drafts from Argentina to Italy.

As far as Paats, Fahet, and the Banco Popular Italiano are concerned, they were unquestionably small-scale firms which, having operated in the field of remittances to Italy for years, were making every effort to avoid being excluded from that business. Side by side with their proposals, there were requests of quite a different nature, aimed at transferring a substantial share of the Banco di Napoli's future business in Argentina onto the *Banco de la Nacion*, a bank without shareholders and with a capital then accounting for 50 million pesos; this financial institution already had about seventy branches and correspondents and was backed up by a guarantee given by the Argentinian government. Both a foreign-exchange broker from Buenos Aires, one Miguel Oro, and the Minister of the Argentinian Republic in Rome, Enrique Moreno, used their influence in favour of this financial institution. The latter, however, was acting not so much in his own as in the interest of his son-in-law, the Florentine Count Carlo Guicciardini. Miguel Oro first, in 1899, and then the Count himself in 1900, offered to act as intermediaries between the Banco di Napoli and the *Banco de la Nacion* in the business of processing immigrant remittances to Italy.

As the Banco de la Nacion was a state-owned bank, the Banco di Napoli did not think it convenient to accede to the proposal, being aware that it would be difficult to exercise over the Banco de la Nacion that control which a business such as the processing of remittances called for.

It goes without saying that the opportunity of sharing in Banco di Napoli's monopoly of immigrant remittances kindled an endless chain of hopes in Argentina. Not only Italians or Argentinian banks were eager to secure the agency agreement: through the influence of its parent company, the *Deutsche Uberseeische Bank*, also a powerful German bank, the *Banco Alemán Transatlántico*, whose business in Buenos Aires also included the processing of remittances, unsuccessfully pressed for the appointment.

Other applications were also rejected: for instance the one filed in 1900 by the *Banco de Vigo*, Buenos Aires exchange brokers, and the one filed in 1902 by the *Casa Bancaria Francisco P. Marinelli*, also a Buenos Aires-based firm.

In point of fact, taking the advice of the Italian Ministry of Foreign Affairs, the Banco di Napoli considered the applications by the two Buenos Aires-

based Italian banks, *Nuevo Banco Italiano* and *Banco de Italia y Rio de la Plata*, and eventually chose the latter, not only because it was the more important of the two, but also because in addition to branches in the city of La Plata it had a vast network of correspondents scattered all over Argentina.

Once the Banco di Napoli had chosen the *Banco de Italia y Rio de la Plata* as correspondent, quite an important step forward had been taken toward an effective protection of immigrant remittances. The *Banco de Italia y Rio de la Plata* did its best to prevent the emigrant's money from falling into the hands of greedy profiteers. The service was started only in 1902, yet in 1903 the total remittances processed by the *Banco* was already five times as high as the year before. In the following year it did even better, since the total remittances to Italy reached 2,616,007 lire.

It is worth mentioning that the Banco di Napoli, whilst not sparing criticisms of the practices adopted by its correspondents in other parts of North and South America, missed no opportunity to praise the business conducted by *Banco de Italia y Rio de la Plata*. For instance, it stated that "in spite of strong competition, in the first place with respect to costs, it was spreading the service gradually all over the Republic both by establishing branches of its own and by appointing subagents wherever Italian communities were already established or in expansion".

Thanks to the *Banco's* commitment by the end of 1905 remittances by the Banco di Napoli money order forms totalled 4,138,256 lire; by the end of 1906, as a consequence of the fact that by that time the *Banco de Italia y Rio de la Plata* had no less than 50 banking offices issuing money orders, which had more than doubled, totalling 8,438,469 lire. In addition to 10 branches directly dependent on it, the bank's network included 39 agents scattered all over the Argentinian Republic.

Nevertheless, although remittances kept growing throughout 1907, reaching a total of 10,409,751 lire, this was still just a fraction of the money flow which used to cross the Atlantic from Argentina every year in order to provide for the needs of the emigrants' families at home. Within so vast a country as Argentina there were still a great many towns and villages where it was impossible to purchase Banco di Napoli money-order forms and where emigrants, accordingly, could neither benefit from their low processing costs nor from the guarantee offered by the Banco di Napoli. This was in spite of the fact that the *Banco de Italia y Rio de la Plata* had established another branch and several sub-branches for processing remittances on its behalf.

Meantime, between 1907 and 1908, the international economic situation took a turn for the worse and the Argentinian economy, which had hardly recovered from its own severe crisis, started to decline. The total of remittances began to decrease and also emigration from Italy to Argentina never again reached the figures of the late 1880s, which to this day have remained the period of most intense and effective immigration of Italy to Argentina.

