

BACKGROUND

HISTORY

Ask anyone from Buenos Aires and they will tell you that the business, history and politics of the city are the business, history and politics of Argentina. As the capital of the country and home to one-third of the national population, Buenos Aires is the epicenter of every major Argentine drama – from triumph to defeat and back.

THE SPANISH ARRIVE

Although the banks of the Río de la Plata (River Plate) had been populated for tens of thousands of years by nomadic hunter-gatherers, the first attempt at establishing a permanent settlement was made by Spanish aristocrat Pedro de Mendoza in 1536. His verbose name for the outpost, Puerto Nuestra Señora Santa María del Buen Aire (Port Our Lady Saint Mary of the Good Wind) was matched only by his extravagant expedition of 16 ships and nearly 1600 men – almost three times the size of Hernán Cortés' forces that conquered the Aztecs. In spite of his resources and planning, Mendoza unfortunately arrived too late in the season to plant adequate crops. The Spanish soon found themselves short on food and in typical colonialist fashion tried to bully the local Querandí indigenous groups into feeding them. A bitter fight and four years of struggle ensued, which led to such an acute shortage of supplies that some of the Spanish resorted to cannibalism. Mendoza himself fled back to Spain, while a detachment of troops who were left behind retreated upriver to Asunción (now the capital of Paraguay).

With Francisco Pizarro's conquest of the Inca empire in present-day Peru as the focus of the Spanish Crown, Buenos Aires was largely ignored for the next four decades. In 1580 Juan de Garay returned with an expedition from Asunción and attempted to rebuild Buenos Aires. The Spanish had not only improved their colonizing skills since Mendoza's ill-fated endeavor but also had some backup from the cities of Asunción and Santa Fe.

Still, Buenos Aires remained a backwater in comparison to Andean settlements such as Tucumán, Córdoba, Salta, La Rioja and Jujuy. With the development of mines in the Andes and the incessant warfare in the Spanish empire swelling the demand for both cattle and horses, ranching became the core of the city's early economy. Spain maintained harsh restrictions on trade out of Buenos Aires and the increasingly frustrated locals turned to smuggling contraband.

The city continued to flourish and the crown was eventually forced to relax its restrictions and co-opt the growing international trade in the region. In 1776 Madrid made Buenos Aires the capital of the new Viceroyalty of the Río de la Plata, which included the world's largest silver mine in Potosí (in present-day Bolivia). For many of its residents, the new status was recognition that the adolescent city was outgrowing Spain's parental authority.

Although the new viceroyalty had internal squabbles over trade and control issues, when the British raided the city twice, in 1806 and 1807, the response was unified. Locals rallied against

TIMELINE

1536

Spanish aristocrat Pedro de Mendoza reaches the Río de la Plata and attempts to set up a permanent settlement, only to return to Spain within four years.

1580

Buenos Aires is reestablished by Spanish forces, but the city remains a backwater for years, in comparison to growing strongholds in central and northwestern Argentina.

1660

Buenos Aires' population is around 4000; it would take another century for it to double.

SMUGGLING IN BUENOS AIRES

It's not a coincidence that one of the most popular whiskeys served in Buenos Aires is called Old Smuggler. The city's history of trading in contraband goes all the way back to its founding. Some argue that the culture of corruption, so pervasive until the economic collapse of 2001, was tolerated because the historical role of smuggling in Buenos Aires led to a 'tradition' of rule-bending.

The Spanish empire kept tight regulations on its ports and only certain cities were allowed to trade goods with other countries. Buenos Aires, originally on the periphery of the empire, was hard to monitor and therefore not allowed to buy from or sell to other Europeans. Located at the mouth of the Río de la Plata, the settlement was an ideal point of entry to the continent for traders. Buenos Aires merchants turned to smuggling everything from textiles and precious metals to weapons and slaves. Portuguese manufactured goods flooded the city and made their way inland to present-day Bolivia, Paraguay and even Peru.

Later, the British and high-seas pirates found a ready and willing trading partner in Buenos Aires (and also introduced a taste for fine whiskeys). An increasing amount of wealth passed through the city and much of the initial growth of Buenos Aires was fuelled by the trade in contraband. As smuggling was an open game, without favored imperial merchants, it offered a chance for upward social mobility and gave birth to a commercially oriented middle class in Buenos Aires.

Although smuggling has died down in recent years it is never that far away. There have been a series of recent government incidents, including what has been called 'the suitcase scandal': in August 2007, a Venezuelan businessman tried to sneak US\$800,000 into Argentina on a plane chartered by the government's national energy company. In the same year Cristina Kirchner's economy minister was forced to step down over US\$64,000 found stashed in a bag in her office toilet.

the invaders without Spanish help and chased them out of town. These two battles gave the city's inhabitants confidence and an understanding of their self-reliance. It was just a matter of time until they broke with Spain.

INDEPENDENCE

When Napoleon conquered Spain and put his brother on the throne in 1808, Buenos Aires became further estranged from Madrid and finally declared its independence on May 25, 1810.

Six years later, on July 9, 1816, outlying areas of the viceroyalty also broke with Spain and founded the United Provinces of the River Plate. Almost immediately a power struggle arose between Buenos Aires and the provincial strongmen: the Federalist landowners of the interior provinces were concerned with preserving their autonomy while the Unitarist businessmen of Buenos Aires tried to consolidate power in the city with an outward orientation toward overseas commerce and European ideas. Some of the interior provinces decided to go their own way, forming Paraguay in 1814, Bolivia in 1825 and Uruguay in 1828.

After more than a decade of violence and uncertainty, Juan Manuel de Rosas became governor of Buenos Aires in 1829. Although he swore that he was a Federalist, Rosas was more of an opportunist – a Federalist when it suited him and a Unitarist once he controlled the city. He required that all international trade be funneled through Buenos Aires, rather than proceeding directly to the provinces, and set ominous political precedents, creating the *mazorca* (his ruthless political police) and institutionalizing torture.

1776

Buenos Aires becomes capital city of the new Spanish Viceroyalty of the Río de la Plata, which included what are today Bolivia, Argentina, Paraguay and Uruguay.

1806 & 1807

British troops raid the city but are beaten back by the people of Buenos Aires in two battles, now celebrated as La Reconquista (the Reconquest) and La Defensa (the Defense).

May 25, 1810

In a huge public protest, Buenos Aires declares its independence from Spain and renames the city's main square Plaza de Mayo to commemorate the occasion.