

*El Nacimiento de la Banca en América Latina: Finanzas y Política en el Siglo XIX.* By Carlos Marichal. Mexico City: El Colegio de México, 2022. Pp. 508, MX\$350. doi: 10.1017/S0022050723000311

Carlos Marichal is a distinguished Latin American economic historian who has constantly expanded the ambit of the region's history. Throughout his career, he has dedicated considerable effort to researching the history of Latin American economies, underscoring the significance of fiscal, monetary, and financial aspects for an understanding of its long-term development. In this spirit, his new book investigates the financial infrastructures and the circumstances that gave rise to modern Latin American banking in the aftermath of independence. The book is an exhaustive review of a vast and ever-growing body of literature that has developed over the last two decades. It offers a nuanced exploration of the legacies of the colonial system and the new endeavors of independent nations, revealing a narrative shaped by elements of both continuity and change. It highlights the ongoing tensions and conflicts between past institutional structures and the financial needs of emerging states.

Marichal's book is notable for its regional scope and comparative approach. While the financial and economic history of each Latin American country does display some common patterns and historical processes, scholarly research has largely focused on national experiences, with little attention being paid to parallels and contrasts with neighboring countries. Marichal draws on national historiographies and findings on individual cases, skillfully weaving them into a cohesive analytical narrative. Without undermining any of them, he nevertheless strikes a balance between the local characteristics and domestic singularities of various countries that have common regional features and are similarly influenced by international considerations. Importantly, the book not only engages with countries and regions within Spanish America, but it also makes a significant contribution to the literature by extending its analysis to Brazil, as the Spanish and Luso historiographies have traditionally had limited interaction. It provides a comprehensive and insightful account of the financial history of Latin America that bridges national and regional perspectives.

The book is rooted in the stark contrasts between the financial systems of the United States and Latin America in the postcolonial era. While the United States underwent a rapid expansion of capital markets and thousands of banks emerged after independence, the process in Latin America was much slower, more volatile, and prone to failure. In the first half of the nineteenth century, only three banks were created on the entire continent, and all of them were short-lived. Chapter II scrutinizes the colonial period to trace the institutional basis for credit and banking activities and their impact on postcolonial Latin America. The inheritance of colonial loans, along with the disruption of payments and funding channels of institutions such as the church, *bancos de avío* (mining banks), reductions' (*pueblos de indios*) *cajas de comunidad* (a type of savings bank), and others besides, dealt a major blow to a system that had framed and conducted financial activities for more than three centuries. Against the backdrop of high political and military instability, the liberalization of interest rates and the reconfiguration of the financial architecture, in addition to the entry of new international and domestic actors, a rise in the cost of credit as well as financial disintermediation across the region ensued.

The growth of Latin American banking occurred in the second half of the nineteenth century. Chapter III traces the presence of financial institutions in the region along with their relationship to the evolution of exports and commercial activity as well as to the financial needs of governments in a period of national formation and territorial consolidation. Although less robust than those in the United States, nearly 90 financial institutions, primarily commercial banks, were established across the continent. Marichal argues that these figures, coupled with the size of some of these banks, call for a reconsideration of the role of domestic banking—at least in the most dynamic economies of the region—which has traditionally been overshadowed by a focus on foreign banks. The liberal policies and modern legal frameworks implemented at the time (e.g., civil and commercial codes), as well as the establishment of stock exchanges in which banks could raise capital, also contributed to the expansion of the banking sector. This transformation resulted in better access to credit and, in some places, a considerable reduction in its costs, thereby facilitating economic growth and development.

Discussions and experiments between systems of free banking and monopolies of emission helped to shape and develop the financial and banking sectors. While the more liberal framework of free banking had a significant impact in Chile and Colombia, which relied on the plurality of private banks of issue, an orientation toward a single public bank of issue tended to dominate in Argentina and Brazil, while hybrid models were implemented in other countries. Chapter IV delves into the diversity and complexity of these monetary and credit systems with respect to the political and fiscal challenges and how, by the last quarter of the century, the promoters of a model of government banks that had special privileges of issue tended to impose themselves. These developments were not easy and were marked by instability and the occurrence of the first panics and banking crises in Latin American history, which are explored in Chapter V. In the context of the first globalization era, not only domestic factors but also problems in the international financial system, such as the crises of 1857 and 1873, had important repercussions. The limited extent of development and integration of the incipient banking system at a national and international level meant that the economic implications and timing of the crises varied considerably across cities and countries.

*“El Nacimiento de la Banca en América Latina”* is an invaluable and much-needed contribution to the history of banking in Latin America, an area that has been long lacking from a comprehensive regional perspective. Previous authoritative works on Latin American economic history, as Marichal points out, have overlooked the vital role of finance and, in particular, the banking sector. The book provides compelling evidence that overlooking financial factors in discussions of regional economic development can lead to potential misunderstandings and problems. However, while it provides an important foundation, further research is needed to integrate the banking industry—and finance more generally—into current historical analyses and interpretations of Latin America’s economic and financial outcomes. Moreover, little is still known about the possible relationship between the incipient banking sector and the sovereign debt problems and currency crises that affected the region during this period. Although the book does not examine these topics extensively, its discussion of primary sources and archival material provides scholars with insights and guidance for pursuing further research and enriches our understanding of these important issues.

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