LATIN AMERICAN ECONOMIC HISTORY:
Economic vs. Cultural Interpretations

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A COMPARATIVE ECONOMIC HISTORY OF LATIN AMERICA, 1500–1914. 1: MEXICO; 2: ARGENTINA; 3: BRAZIL; 4: PERU. By LAURA RANDALL. (Columbia University Institute of Latin American Studies. Ann Arbor, Mich.: University Microfilms International, 1977. Pp. 292, 268, 269, 231. $16.50.)

AN ECONOMIC HISTORY OF ARGENTINA IN THE TWENTIETH CENTURY. By LAURA RANDALL. (New York: Columbia University Press, 1978. Pp. 322. $17.50.)

LATIN AMERICA: A GUIDE TO ECONOMIC HISTORY, 1830–1930. Edited by ROBERT CORTÉS CONDE and STANLEY J. STEIN. (Berkeley: University of California Press, 1977. Pp. 703. $35.00.)

Authoritative economic history relies increasingly on a careful blend of quantitative method, economic theory, and the writer's historical imagination. The works by Laura Randall cited above meet this test. She writes that "the burden of explanation of economic history cannot be placed on cultural phenomena, but rather, on political history and economic conditions and policy" (1:1). Hence much of Latin American economic history "can be explained in terms of the size of the market, specialization and division of labor, and economic policy adopted" (1:2). Because of the broad scope of her theme, Randall groups Latin America into seven subregions[1] and concentrates on the first of four subregions, since they contain the dominant Latin American labor force and cultural groups. The countries chosen for study are Peru (group 1: Indian), Mexico (group 2: mestizo), Argentina (group 3: dominantly European settlement), and Brazil (group 4: Portuguese settlement relying heavily on an important Negro labor force). The plan of the 900-page work is to present the Old World and New World background of each area of settlement and show how the two systems meet to shape the three-century colonial experience.

Spain was the "superpower" of the late Middle Ages. "It was the unique achievement of the Spanish peoples," writes John Ramsay, "to establish a world empire with industrial and technical equipment not much advanced beyond that of the Romans, but covering an area many times greater."[2] On the eve of the conquest, Spain had superior capacity

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for warfare but neither ideology nor administration and commerce had developed along lines that would result in rapid economic development (1:33). "The heroes of this frontier society," in Ramsay's words, "were the warrior, the monk, and the missionary—not, it be noted, the trader or merchant."[3] Further, the expulsion of the Jews (1492) and the Muslims (1502) that marked the unification of Spain under Ferdinand and Isabella drained the nation of much of its scarce "human capital"—the artisan, financial, and commercial classes. Unlike these economically advanced groups, the people that were to settle the New World were "largely illiterate, semiskilled, and drawn from the lower classes of some of the poorest areas within Spain" (1:33).

The chapters "Mexico before Cortes" and "Peru before Pizarro" offer rich insights into the social and economic structures of the Aztec and Inca empires. In tax matters, there was considerable similarity between the two. Wealth and income were highly concentrated in the noble classes of both societies. The wealth of the Inca nobles comprised ownership of specified lands, mines, flocks of animals such as llamas, and receipts of tribute. In central Mexico, nobles also owned slaves. Unlike other social classes, the nobility was exempt from tribute; hence large numbers of nobles meant a heavy tax burden on the rest of society. In Spain, according to Randall's calculations, less than 2 percent of the population were nobles, while in Mexico at least 5 percent of the population had noble status (1:47). One of the striking differences in the two societies is that the "total tax burden of the people subject to the Aztec was greater than the total tax burden of Spanish peasants . . ." (1:43).

The one overwhelming similarity in the initial impact of the Spanish in Mexico and Peru is, in the words of the author, "the massive population decline in each country." The diseases that were annoying in Europe and Africa were fatal to the Indians of the New World. Mexico's population declined from an estimated 25 million in 1519 to 1,075,000 in 1605; before Iberian penetration of Peru, there were about 12 million people in the Inca Empire, and by the 1580s only about 1 million remained (4:19–20). Despite great mining activity in Mexico and Peru, the remittance of gold and silver left the colonies without enough precious metal either to serve as a means of payment or to finance their own economic activity (1:5). This lack of specie reinforced Mesoamerican forms of economic organization and hampered the spread of a cash economy. In the treatment of the conquered Americans, the Spanish crown took the long view: Indians were a patrimony, a labor supply to be preserved. Seeking quick riches, many of the conquistadores treated the natives as an expendable resource.

The section on the African background (3:2–6), written by Francis B. Randall, deepens our understanding of the Brazilian colonial picture. Slavery was a deeply imbedded institution within the despotic structure of most large African states. Since Pharonic times, long before European demand for slaves, there existed a native African slave trade across the Sahara to the Mediterranean area and beyond. And, contrary to popular impression, "over 95 percent of the slaves were bought from African slavers, not captured directly by European raiders" (3:3–4). Significantly, many of the plants in current use in the New World were first cultivated and popularized by the African slaves.

From independence to 1914, exports rather than the national markets, provided the stimulus to economic growth. In Randall's words, "the relevant structure was not the newly independent Latin American nation, but the Atlantic economy, with Britain at the center and parts of the Latin American nations at the periphery" (1:11). This statement is confirmed by regression analysis that shows that the most important determinants of Latin American export growth were (a) foreign demand (using United Kingdom population as proxy for demand), (b) length of railroads, and (c) size of local population. Latin American governments could not influence demand for their products, but they could and did attract investment in railroads and increased the size of the labor force by policies that encouraged immigration (1:13). Because of the growing economic orientation of Mexico toward the United States, especially under the *porfiriato*, it is not surprising that the relationship between United Kingdom population and Mexican export growth was found to be relatively weak. As in Mexico under Diaz, accelerated export-led growth in Argentina and Brazil required the existence of stable national governments that could implement coherent economic policies.

Porfirio Diaz (1876–1910), the anti-hero of most recent histories of Mexico, is credited by Randall for his contribution to the economic modernization of Mexico. The country's internal market widened under the impact of the railroads and the elimination of the *alcabala*, the provincial import duties, by constitutional amendment in 1886. Thus Mexico, in the words of Raymond Vernon, was converted "from a country of isolated little markets, chopped up by a difficult geography and by man-made restrictions, to one in which goods could move easily and freely."[4] By 1910 Mexico had over one million industrial workers, or 19 percent of the active population. Notwithstanding the considerable economic growth that characterized the Diaz era, the regime's unenlightened agricultural and educational policies determined that "the rich were a great deal richer, while the poor ate less" (1:186). Despite the differences that separate the porfiriato from postrevolutionary Mexico, the author concludes that the economic policy of Mexico has been consistent for more than one hundred years: "It is to bring all groups into production for the domestic market, to subject them to national control" (1:190).

In a lengthy chapter 7 (vol. 2) Randall sets forth the economic policies of the several Argentine presidents from 1808 to 1914. The presidency of General Julio Roca (1880–86) saw the westward shift of the agricultural frontier. In her words: "Once the conquest of the Indians made farming safe, and the spread of the railroad cut the cost of transporting bulky commodities to market, new land was brought into production and used for cultivation of corn, wheat, and sugar in significant amounts" (2:102). However, even this shift of the agricultural frontier served further to concentrate land ownership in relatively few hands.

In *An Economic History of Argentina*, Randall reaches two main conclusions: first, that for the last fifty years, Argentina has not been part of any other nation's empire; and second, that the Argentine government's economic policies and the frequency with which these policies have changed have been crucial to the performance of the economy in this century (p. 5). "Who is president," writes the author, "is the most important determinant of expectations of economic events, by virtue of both the economic actions directly taken by the president, and the investment made or withheld by businessmen in response" (p. 25). In neglecting the education of its rural workers and skimping on overall agricultural research support, Argentina has paid a heavy price in development foregone (p. 111). In chapter 8, "Economic Dependence and Independence in the Twentieth Century," Randall finds that "Argentine influence on the economy has been greater than that of foreigners: first by sheer size of the domestic market compared to that of foreign trade; second, by predominantly Argentine ownership of factors of production; and third, by the Argentine government's ability to use a variety of instruments of control" (p. 236)

Randall's methodological approach to the study of economic history offers a salutary contrast to (in her words) "romantic generalizations" with the evidence missing that purport to explain economic events in Latin America. In the division of labor among social scientists, economists have tended to specialize in identifying the proximate determinants of economic development, i.e., capital formation both tangible and human, innovation, and associated changes in the composition of output and the labor force. Her work is valuable precisely because she has tested hypotheses by marshalling the available quantitative historical data and applying statistical techniques such as regression analysis. Still, in this writer's view, Randall's analytical-quantitative methodology and the historico-institutional approach should be considered complementary rather than mutually exclusive. What William Glade[5] has called the "Mediterranean-Iberian-neo-Iberian continuum" shapes the character and content of Latin American politics and economic policies. Among the enduring cultural manifestations of this continuum are the great prestige attached to land ownership, the denigration of work, and the rigidity of class lines. It is therefore not surprising that in Latin America (with some notable exceptions) it was the immigrant entrepreneurs and foreign investors and not the national elites that ushered in the industrial revolution toward the close of the last century. The disproportionate positive economic contribution of foreigners is particularly evident in Mexico where immigrants numbered a mere 116,527 in 1910.[6] In his review of innovating entrepreneurs in seven countries of varying cultural traditions, Everett Hagen found that they were invariably of native origin, usually drawn from the lesser elites.[7] The failure of native Latin Americans to assume the dominant role in the incipient industrialization of their countries suggests that at least part of the burden of the explanation of Latin American economic history rests on cultural phenomena.

The works by Randall discussed in this review reflect a judicious blend of economic craftsmanship and historical imagination—in short, they are a distinguished contribution to our understanding of Latin America's economic history.

In *Latin America: A Guide to Economic History 1830–1930*, a group of Latin American and U.S. scholars have produced a massive bibliography of the economic history of Latin America in the century following the colonial period. A two-part introductory essay by the editors is followed by interpretative essays and over 4,500 annotated entries for works on Argentina, Brazil, Chile, Colombia, Mexico, and Peru. Sponsored by the Joint Committee on Latin American Studies of the American Council of Learned Societies and the Social Science Research Council and El Consejo Latinoamericano de Ciencias Sociales, the work is appropriately dedicated to Joseph Grunwald and Bryce Wood.

NOTES

1. Her grouping is similar to the nine subcultures described in Charles Wagley and Marvin Harris, "A Typology of Latin American Subcultures," *American Anthropologist* 57 (June 1955): 428–51.
2. John F. Ramsay, *Spain: The Rise of the First World Power* (University: University of Alabama Press, 1973), "Foreword."
3. Ibid., p. 79.
4. Raymond Vernon, *The Dilemma of Mexico's Development* (Cambridge, Mass.: Harvard University Press, 1963), p. 44.
5. William P. Glade, *The Latin American Economies: A Study of Their Institutional Evolution* (New York: American Book Co., 1969), pp. 33–38.
6. Flavia Derossi, *The Mexican Entrepreneur* (Paris: Development Center of the Organization for Economic Cooperation and Development, 1971), pp. 143–58.
7. The seven cases included England, France, Russia, India, Japan, Pakistan, and Colombia (specifically, the Antioqueños). See Everett Hagen, *The Economics of Development* (Homewood, Ill.: Richard D. Irwin, 1975), pp. 277–80.