
REVIEW ESSAYS

RECENT LATIN AMERICAN ECONOMIC HISTORY AND ITS HISTORIOGRAPHY

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AN ECONOMIC HISTORY OF TWENTIETH-CENTURY LATIN AMERICA; VOLUME 1: THE EXPORT AGE: THE LATIN AMERICAN ECONOMIES IN THE LATE NINETEENTH AND EARLY TWENTIETH CENTURIES. Edited by Enrique Cárdenas, José Antonio Campos and Rosemary Thorp. (Basingstoke: Palgrave Press in association with St. Antony's College, Oxford, 2000. Pp. xii+329. \$75.00 cloth.)

AN ECONOMIC HISTORY OF TWENTIETH-CENTURY LATIN AMERICA; VOLUME 2: LATIN AMERICA IN THE 1930S: THE ROLE OF THE PERIPHERY IN WORLD CRISIS. Edited by Rosemary Thorp. (Basingstoke: Palgrave Press in association with St. Anthony's College, Oxford, 2000. Pp. xv+297. \$69.95 cloth.)

AN ECONOMIC HISTORY OF TWENTIETH-CENTURY LATIN AMERICA; VOLUME 3: INDUSTRIALIZATION AND THE STATE IN LATIN AMERICA: THE POSTWAR YEARS. Edited by Enrique Cárdenas, José Antonio Campos, and Rosemary Thorp. (Basingstoke: Palgrave Press in association with St. Anthony's College, Oxford, 2000. Pp. xiv+345. \$75.00 cloth.)

PROGRESS, POVERTY AND EXCLUSION: AN ECONOMIC HISTORY OF LATIN AMERICA IN THE TWENTIETH CENTURY. By Rosemary Thorp. (Baltimore: The Johns Hopkins University Press for the Inter-American Development Bank and the European Union, 1998. Pp. xii+369. \$24.95 paper.)

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LATIN AMERICA: ECONOMY AND SOCIETY SINCE 1930. Edited by Leslie Bethell. (Cambridge: Cambridge University Press, 1998. Pp. vi+522. \$65.00 cloth.)

THE POLITICAL ECONOMY OF LATIN AMERICA IN THE POSTWAR PERIOD (CRITICAL REFLECTIONS ON LATIN AMERICA). Edited by Laura Randall. (Austin: University of Texas Press, Institute of Latin American Studies, 1997. Pp. vii+319. \$30.00 cloth, \$15.95 paper.)

MARKET, SOCIALIST, AND MIXED ECONOMIES: COMPARATIVE POLICY AND PERFORMANCE : CHILE, CUBA, AND COSTA RICA. By Carmelo Mesa-Lago with Alberto Arenas de Mesa, et al. (Baltimore: The Johns Hopkins University Press, 2000. Pp. xxi+707. \$77.00 cloth.)

LATIN AMERICA AND THE WORLD ECONOMY SINCE 1800. Edited by John H. Coatsworth and Alan M. Taylor. (Cambridge, Mass.: Harvard University Press, David Rockefeller Center for Latin American Studies, 1998. Pp. xiv+484. \$24.95 paper.)

POLITICAL INSTITUTIONS AND ECONOMIC GROWTH IN LATIN AMERICA: ESSAYS IN POLICY, HISTORY AND POLITICAL ECONOMY. Edited by Stephen Haber. (Stanford: Hoover Institution Press, Stanford University, 2000. Pp. xi+294. \$18.95 paper.)

Over the past several years, a variety of edited volumes on the economic history of Latin America have appeared in English. It is enough to make one think that the field has been saturated. Appearances can deceive. Nevertheless, the uninitiated reader with an interest in learning about the long-term trajectory of economic events in Latin America currently faces a confusing array of choices when trying to develop that interest.

The works under review here are edited collections of papers or collaborative volumes that survey "Latin American economic history."¹ Most have been designed for use in the classroom; all have pedagogical uses. The first issue worth considering when assessing their merits is the nature of the genre. Edited compilations surveying broad fields over large geographic areas and long time periods are fraught with promise and pitfalls. The promise is the ability to disseminate important ideas and information relevant to an entire region in concise and (hopefully) consistent form. The pitfalls include the compromises between breadth and depth of coverage, between country-specific and region-wide studies, and between established and emerging research. Each of these volumes tackles these trade-offs in different ways.

1. Since the collective corpus of this review includes seventy separate essays and two collaborative books, appealing to the patience of the reader has suggested the inadvisability of comprehensive coverage of the essays.

Two other issues need to be raised before assessing the works individually. These books implicitly—but not explicitly—accept the assumption that the region of “Latin America” constitutes a meaningful grouping, and that countries are meaningful units of economic analysis. These assumptions make good questions for intellectual history, and surveying a variety of collections in one sitting may offer insight. Finally, these books represent a distinct divide in how they treat the debates about economic structuralism (or dependency, in its strongest expression). Many of the volumes accept the terms of the debate, if not the arguments themselves; others do not. The division manifests itself in the choices of topics of interest and methodologies.

The three volumes of *An Economic History of Twentieth Century Latin America*² provide the background papers for Thorp’s *Progress, Poverty and Exclusion*. The Inter-American Development Bank sponsored this project as something of a public outreach program.³ The scholarship in these volumes reflects its institutional sponsorship. The conceptual framework and methodology reflect the academic discipline of economic development. National macroeconomic measures provide empirical data, and public policy is central to the concerns of the authors. These three volumes provide country-specific studies with chronological and geographic reach beyond any other collection available, and Thorp’s overview volume succeeds at making the topic widely accessible.

The stylized hallmarks of the “Export Age,” from (approximately) the last quarter of the nineteenth century until the Depression,⁴ were open flows of trade, capital and people, with minimal government involvement. Contemporaries within Latin America and subsequent historians have focused on the importance of commodity exports for generating economic growth and development. The specific commodities that countries exported varied significantly. Their economic well-being and the timing of growth reflected that diversity (the “commodity lottery”). Common themes emerge, uniting the experiences of all commodity export producers: the overall importance of international markets for both commodities and currencies, patterns of linkages between commodity production and domestic economic opportunity, and the role of the state in open economies. In each case, how these themes played out depended on the international price and demand trends for the product involved and on the domestic circumstances that permitted wider-spread development, or not.

2. Much of this section draws from Gail D. Triner’s “The Fits and Starts of Latin American Economic History and Historiography,” *Enterprise and Society* (forthcoming).

3. The European Union provided additional support for *Progress, Poverty and Exclusion*.

4. Some economic historians consider that the collapse of the gold standard at the beginning of World War I marked the end of the open global economy.

In *The Export Age*, only one commodity—coffee—is the focus of more than one essay; coffee was the crucial product promoting trade for Brazil, Colombia, and Costa Rica during these years.⁵ These sections offer the only opportunity for implicit comparison of the production of the same commodity in different geographic and institutional environments. Coffee emerged as the product that most successfully promoted development. Whether in Brazil, which produced 75 percent of the world's coffee on large estates and commanded international markets, or in Colombia and Costa Rica, where production began later and smaller producers predominated, coffee seemed to generate linkages through channels of commerce, infrastructure, and consumer demand that encouraged domestic development and industrialization.

Elsewhere, minerals (tin in Bolivia, nitrates in Chile), sugar in Cuba, wheat and livestock in Argentina, bananas (elsewhere in Central America), and diverse compositions of export baskets (in Mexico and Peru) prevailed.⁶ Mineral-based export economies had more trouble using their participation in international markets to sustain positive effects. Here, some of the traditionally portrayed characteristics of enclave economies came into play: limited investment opportunities in the infrastructure and human capital development of domestic economic activities and limited incentive to diversify the productive base during “good” years. However, revenues for the state did finance an expansion of its activities.

All commodity exporters were aware of the vulnerabilities inherent in market fluctuations. Disinclination to diversify production during favorable years, because of the wealth incentives to produce for international markets, exacerbated the negative effects of declining world markets for goods during economic downturns. All of the economies covered in this volume suffered severely from the downturns of international markets. These authors emphasize the negative effects of trade disruptions during World War I and the Great Depression and the shock of collapsed commodity prices from 1920 to 1921.⁷ Efforts to manage these vagaries gave the state a role in the export economies that extended

5. Abreu and Bevilacqua's “Brazil as an Export Economy, 1880–1930”; Ocampo and Botero's “Coffee and the Origins of Modern Economic Development in Colombia”; and Brignoli's “The Economies of Central America, 1860–1940,” respectively.

6. Contreras's “Bolivia, 1900–39: Mining, Railways and Education”; Palma's “Trying to ‘Tax and Spend’ Oneself out of the ‘Dutch Disease’: The Chilean Economy from the War of the Pacific to the Great Depression”; Santamaría García's “Alteration, Crisis and Adjustment in the Cuban Export Economy, 1898–1939”; Cortés Conde's “The Vicissitudes of an Exporting Economy: Argentina, 1875–1930”; Pérez Brignoli and Knight's “Export-led Growth in Mexico, c. 1900–30”; and Drinot's “Peru, 1884–1930: A Beggar Sitting on a Bench of Gold?,” respectively.

7. Wider consideration of the global depression of the 1890s and of its effects on commodity prices could have strengthened this perspective.

beyond the usual expectations of liberal, non-interventionist governments. In addition to developing physical infrastructure for transportation and communications and to establishing revenue systems (often based on trade tariffs, prior to the Depression), states tried to manage monetary policy in order to stabilize currencies (often through the gold standard) and maximize the return to trade. Currency value often determined the profitability of international trade, and it was perhaps the strongest variable affecting pre-World War I industrialization, because of its effect on the balance between domestic and imported prices.

In the introduction to volume 2, *Latin America in the 1930s: The Role of the Periphery in World Crisis*, Thorp frames the Great Depression as the point at which the export-oriented model of growth suffered its final demise.⁸ The introductory essay situates the Depression years in contrast with the early 1980s (the “lost decade”). One can only wonder about the modifications that might have come from an updated introduction. In the years since its original appearance, readers might find heightened interest in these essays for their clear documentation of early and innovative counter-cyclical fiscal and monetary management. Díaz Alejandro’s useful overview essay deserves a readership beyond Latin Americanists, since it articulates a dichotomy between reactive and passive countries in managing the Depression. Reactive governments (Argentina, Brazil, Chile, Colombia, Mexico, Peru, and Uruguay) were able, and willing, to distance themselves ever-further from the prevailing open market orthodoxies in order to insulate themselves from international crises; these economies suffered relatively less severe and shorter disruption from the Depression.⁹ Passive economies (Caribbean and Central America) could not, or would not, make similar breaks. Kindleberger concludes with a very helpful essay that puts the experiences of the Latin American economies in comparative perspective, both among economies in the region and internationally. The precedents and motivations for later large-scale import-substitution industrialization policy strategies clearly emerge during the Depression years.

Volume 1 demonstrates the economic promise of participation in international markets. Both volumes 1 and 2 also demonstrate the vulnerabilities of such participation to the vagaries of markets, illustrating the reasons that governments wanted to insulate their economies from international influence. Volume 3, *Industrialization and the State in Latin*

8. Because this volume was widely reviewed after its initial publication in 1984, readers are referred to earlier reviews for overviews of the specific issues arising during the years surrounding the Depression and the experiences of individual countries. See, for example, reviews by Mamalakis, *Journal of Latin American Studies* 19, no. 1 (May 1987): 214–15; and Finch, *Bulletin of Latin American Research* 5, no. 1 (1986): 142–44.

9. The country-oriented essays make it clear that reactive countries exercised varying degrees and forms of reaction.

America: The Post-War Years, focuses on the diverse means that states used to promote domestic industrial development and economic independence after World War II. Perhaps because of their concerns with quite recent experience, policy makers and public officials have a higher representation as authors in volume 3 than in the other two collections.

During the post-World War II era, strategies began to emerge to support long-held goals of improving standards of living and promoting economic independence.¹⁰ As the editors emphasize in the introduction, economic agents saw industrialization as the means to meet these goals. Actively promoting industrialization in order to both increase production and reduce reliance on imported manufactures (import-substitution industrialization, or ISI) became an appropriate focus of the public sector. Strategies that supported industrialization included various policy mixes of trade tariffs and quotas, exchange rate regimes, price and market distribution controls, direct subsidies, and the establishment of government enterprise. These policies represented a “turning inward,” away from international markets, and toward domestic development and growth. The papers in this volume support the conclusion derived through the earlier volumes that innovation during the post-World War II era occurred in neither the process nor the goal of industrialization, but rather the conscious strategies of governments to promote that goal. The resulting enlarged presence of the state in Latin American economies and the difficulties of re-structuring price and production mechanisms have been the legacies of the effort.

In a departure from the dominant country-specific organization of the other two volumes, three chapters consider the theory and institutional history of import-substitution industrialization. These chapters are useful for orienting the uninitiated reader into a controversy that defined political economy and economic policy through the third quarter of the twentieth century, and that remains present throughout Latin America. An essay by Jorge Katz and Bernardo Kosacoff (“Technological Learning, Institution Building and the Microeconomics of Import Substitution”) articulates the microeconomic and institutional theory of supporting infant industries that would not develop without public policy incentives. The theoretical background is helpful, but sometimes difficult to match against the country-specific essays. In separate papers, E. V. K. FitzGerald and Richard Webb consider the role of international organizations in promoting the concept. Offering a conclusion likely to surprise many Latin Americanists, both FitzGerald and the

10. The editors’ introduction and the essays on the United Nations’ Economic Commission on Latin America (ECLA) by FitzGerald and Brazil by Abreu, Bevilaqua, and Pinho specifically articulate the opinion, which others refer to more obliquely, that ISI policies represented a second-best solution for Latin American economies after World War II.

editors' introduction minimize the importance of ECLA¹¹ in promoting import substitution. Webb documents the slow, and geo-politically motivated, adoption of support for ISI among the World Bank and other international financial institutions. Although the support by these organizations was short-lived and unenthusiastic, it was crucial in establishing the credentials of ISI theory.

The country-specific essays of volume 3 demonstrate the varieties of mechanisms and results that ISI produced. The three most interesting essays are the ones that grapple with atypical ISI experiences. The contribution by Abreu, Bevilaqua, and Pinho identifies Brazil as unique among Latin American economies because its size made feasible the efficient manufacture of many products for the domestic market. Even with the potential of large markets, the outcome in Brazil was not unique: the state could not sustain its ISI strategy in the face of international disruptions of the 1970s oil embargoes and international indebtedness. On the other hand, Venezuela had the benefit of strong petroleum revenues to help finance ISI policies in the 1970s. Oil-importing countries faced the choice of increased borrowing costs or severe disruptions in public investments during the decade. Ultimately, as Astorga demonstrates, this difference also did not change the outcome: overvalued currency and deteriorating fiscal and current accounts rendered the policies equally infeasible in Venezuela.

Chile might offer the economic success story of the region, as demonstrated by sustained growth and relative insulation from financial crisis. Despite adjustment difficulties, Chile moved away from inward-looking development to a more open economy, with widespread privatization of public enterprises during the 1970s. Ffrench-Davis identifies the breakdown of democracy (i.e., the assertion of military authoritarianism) as important for the re-opening of the Chilean economy. The essay raises two important questions that merit further probing. First, what about Chile allowed its seeming success, relative to other Latin American economies, at the end of the twentieth century? Second, was there a connection between military authoritarianism and choice of economic policy regime? Given the prevalence of dictatorships in Latin America during the period and the controversy that these questions have engendered, the issue is curiously muted throughout the volume.

The final judgments on ISI that emerge from these essays are decidedly mixed. Industrial protection resulted ultimately in some infant industries growing up to become efficient and effective adults. Jorge Katz

11. ECLA provided organizational and institutional support for many promoters of import-substitution industrialization, and its related social theories of structuralism and dependency, from the 1950s through the 1980s.

and Bernardo Kosacoff's "Import-Substituting Industrialization in Argentina, 1940–80: Its Achievements and Shortcomings" (their second essay in the volume) is most specific in crediting ISI policies with job creation, absorbing an increasingly urban labor force, skill training, and the introduction of technology. Other essays also allude to these results. These authors emphasize that ISI policies required continued dynamism in the export sectors in order to finance industrialization and infrastructure development. The counterfactual question—whether these specific benefits responded to fundamental needs better than developments that could have occurred absent ISI policies—does not receive enough attention in the essays. In the end, the widespread experiments with ISI government policies clearly demonstrated the difficulties of attempting to engineer a change from openness to an inward-looking orientation. The importance of international economic circumstances did not diminish with inward-oriented development, and the gap in the standard of living between North Atlantic and Latin American economies did not diminish.

These volumes do not offer theoretical or analytical challenges to our knowledge of Latin American economic history; they narrate an established body of scholarship. The scholars who have come together for this project represent a cohesive group. They produced much of the underlying original research that they report on here, yet the accumulated impression from these essays challenges widely held conceptions about the role of the state, balance between change and continuity among historical periods and judgments (positive and negative) of historical development strategies.

Specialists in Latin American economic history will find these volumes to be useful references. For graduate students and others trying to obtain a general background, the papers offer a useful and concise source of background information on the economic histories of specific countries and on some of the major themes that have affected all Latin American economies through the twentieth century. The persistent reader will be able to develop a perspective on questions that range far beyond the immediate topics of the volumes, such as commonalities between current trends of globalization and the earlier "Export Age." In sum, this large collaborative effort will prove worthwhile to a very wide audience.

The book that resulted from these three volumes, *Progress, Poverty and Exclusion*, is suitable for an undergraduate class on the subject¹²

12. Eliana A. Cardoso and Ann Helwege's *Latin America's Economy: Diversity, Trends, and Conflicts* (Cambridge, Mass.: MIT Press, 1992) offers the closest alternative; it is less historical in perspective and more concerned with economic concepts than *Poverty, Progress and Exclusion*.

and for a general interest audience. It offers a wide-ranging overview of Latin American economic history that is non-ideological, and it succinctly abstracts the major trends through the region. By distilling common themes and identifying interesting variations, Thorp outlines the contours of Latin American economic experience in the twentieth century. The representation of import-substitution industrialization policies—its motives, economic implications, and economic and political results—is clear and helpful. While the book does not explore in detail the mechanisms that mediated public and private sector interactions, it gives substance to the belief that the economic realm was a crucial component in the growth of the state through the century. The portrayals of debt-led growth through the 1970s and the returning prevalence of market ideologies in the 1980s are clear.

Progress, Poverty and Exclusion develops into cohesive overviews themes that appeared in the companion volumes. For example, Thorp identifies the theme of regional integration that ran through the companion volumes in an interesting way. She suggests that attempts for economic integration (establishing common markets for trade and, potentially for money and labor) were efforts to establish regional level protectionism. Later, the characterization of these policies reversed, to portray them as stepping-stones to globalization (232–35). Similarly, the cumulative results of the underlying essays lead Thorp to develop a perspective on the implications of privatizing public enterprise in conjunction with globalization.

Approximately the last one-quarter of *Progress, Poverty and Exclusion* covers the 1990s. This decade had a small presence in the essays of the companion volumes, and the conclusions that Thorp presents seem to draw largely from her own subsequent research. Any description of this most recent decade may find itself suffering from a short shelf life. For example, a finding that, during the 1990s, Argentina successfully created conditions for stability and global openness (247) may require revision, given Argentine circumstances at the beginning of the twenty-first century.

Its presentation enhances the book's intended use. For the most part, the book is easy to read and does not require foreknowledge on the part of the reader.¹³ Clear tables easily represent the points that Thorp makes; short vignette insets describe specific experiences and illustrate conceptual issues in a manner that will engage undergraduates. Specialists in the subject may wish for the data bases to be made publicly available (an easily accommodated desire) as well as a wider

13. A few odd exceptions include references to "spread over LIBOR" (217) and "CIDE" (250). Many specialists will know what both acronyms refer to, but few general readers will.

representation of analytical, theoretical, and methodological approaches. However, specialists are not the intended audience for this book; they should appreciate this well-considered effort to spread the fruits of their efforts to a wider audience.

If *An Economic History of Twentieth-Century Latin America* offers country-specific studies and a few thematic essays for well-informed and motivated audiences, then *Latin America: Economy and Society since 1930* addresses the same audience, and many of the same ideas, from a regionally integrated perspective. Specific country experiences serve as examples to illustrate region-wide trends. This approach emphasizes the commonalities throughout the region. These very broad-ranging synthetic essays originally appeared in *The Cambridge History of Latin America* (volume 6, parts 1 and 2, published in 1985). The significant overlap of authors among the volumes of *An Economic History* continues in *Economy and Society*. While this indicates the concentration of scholarship among a small group of people in the field, it also suggests that the perspectives represented in the volumes are similar.

Merrick sets up the economic essays with one entitled "Population." In one essay, he bravely surveys demographic trends, ethnicity, and migration patterns. The rate and nature of population growth and urbanization are underlying themes that thoroughly influence economic structure throughout Latin America in the twentieth century. The three chronologically arranged essays on "Economy" have an unusual organizational characteristic. The most recent period identified also covers the longest time frame, the forty years from 1950 to 1990. The decades of the Depression to World War II (1929–1939) and World War II to early post-War period (1939–1950) each have a chapter devoted to them. Bulmer-Thomas and Thorp, for the Depression and World War II eras, respectively, again demonstrate the logic and successes of early import-substitution industrialization. Both chapters focus on, and Bulmer-Thomas is explicit about, the necessity of public policy to implement ISI, rather than relying on the self-determination of private economic agents. Policies related to investment, infrastructure development, credit, prices and exchange rates guided Latin American economies from export orientations through the Depression and towards early industrialization in varying patterns and degrees of intensity. Thorp suggests that, for Latin America as a whole, a shift from economic policy "consistency" in the 1930s to "contradictions" in the 1950s (115) is the puzzle that we need to understand. The contradiction that Thorp refers to, between the need for foreign exchange in order to diversify (industrialize) in competition with the desire to reduce exposure to fluctuations of international commodity trade, extends through post-war years.

The same tension pervades the paper by Ffrench-Davis, Muñoz, and Palma on the second half of the twentieth century. This ambitious

chapter covers a long period more successfully than could be expected. For most Latin American economies, these years encompassed the strongest commitments yet to “development” via state-led import-substitution industrialization strategies as well as the transition back toward internationally open, market-oriented economic policy. While covering the entire period in one essay is useful for understanding the transition between economic regimes, it requires a dense packaging of the experiences during both regimes. In addition, French-Davis also establishes a comparative context with “newly industrialized countries” and “developed market economies.”

The chapters on urban and agrarian social structures begin to address the question of the relation between social and economic structures. Commonly, the causal connections between social and economic development are left to the reader’s intuition. The contribution by de Oliveira and Roberts convincingly connects urbanization, economic growth, working- and middle-class formation, and polarization (of the labor force and of income distribution). Change in the rural sector during the second half of the twentieth century also responded to urbanization and industrialization, as the paper by Long and Roberts demonstrates. The large-scale commercialization of agriculture and public policies to meet subsistence needs and to generate export revenues motivated activist government policies. These chapters remind the reader that the connection between the economic and the social could be made explicitly with respect to many other topics. While Whitehead’s chapter on “State Organization” comprehensively surveys state organization, a volume with economy at its core begs for consideration of the mutual dynamics of state- and economy-building. It also could have offered an excellent opportunity for a consideration of the relation between authoritarianism and structural economic change.

Economy and Society offers many of the features of *Progress, Poverty and Exclusion* at a level requiring prior and more sophisticated knowledge. Its obvious comparison is with Bulmer-Thomas’s survey published in 1994.¹⁴ The Bulmer-Thomas survey offers a view of economic history that is more firmly and clearly rooted in economic theory and analysis, and it presents empirical data in a more comprehensive format. Its unified perspective and style are difficult to replicate in an edited collection.

The volumes reviewed above juggle the difficulties of integrating wide geographic expanses over long time periods that cover fundamental changes of economic regimes. Two other survey volumes among

14. Victor Bulmer-Thomas, *The Economic History of Latin America Since Independence*, Cambridge Latin American Studies, vol. 77 (Cambridge: Cambridge University Press, 1994).

this collection (Randall's *The Political Economy of Latin America in the Postwar Period* and Mesa-Lago's *Market, Socialist and Mixed Economies*) take the more manageable path of limiting themselves to the period of the 1950s to the 1990s. The more constrained, and recent, time frame of both books may define the limits of their uses for historians. The papers in *Political Economy* are an interesting complement to *An Economic History, Volume 3, Industrialization and the State* and to the "The Latin American Economies: 1950–1990" in *Economy and Society*. A new set of authors, mostly development economists and political scientists, examines many of the same countries discussed in *Industrialization and the State* (Chile, Brazil, Mexico, Argentina, and Cuba) with the postwar economic experiences of Peru and Ecuador added to the mix. In general these essays focus on considerations and dynamics of economic policy-making. They also incorporate questions of social development and equity (income distribution) more explicitly than the papers in the volumes reviewed above.

Working with collaborators, *Market, Socialist and Mixed Economies* presents the most recent major work in Mesa-Lago's prolific career studying the Cuban and Latin American economies. The second characteristic any self-protecting reader will notice about the tome, after its 700 pages, are the five and a half pages of acronyms in the front matter of the book. This very detailed book on comparative economic systems uses Chile, Cuba, and Costa Rica as representative case studies. Mesa-Lago asserts that these cases comprise a typology of economic systems in Latin America: Chile as a market-oriented system, Cuba as a state-determined system, and Costa Rica as an example of an intermediate, or mixed, system.¹⁵ He also suggests that the size and structural characteristics of the countries are sufficiently similar to make comparison meaningful. Mesa-Lago establishes a systematic formal framework as the basis for statistical comparison of the three countries in order to explore effects of the type of economic system on development. The concept of development used here is somewhat more expansive than in the other books in that it incorporates social as well as economic indices. However, as in the other works, the causal connections between social and economic development are not established. "Non-systemic" variables—such as history, demography, resource endowment, and geography—receive brief formalistic nods for their importance in the level of development. The focus of the book is on the role of economic system and policy.

Market, Socialist and Mixed Economies is easy to use; the formats of the narratives and statistical sections are the same for each country. While

15. Mesa-Lago is also careful to qualify the ability of any country to represent a "typology" in an unstylized and accurate manner.

this contributes to ease of use, it implies constraints for the analysis. The national income accounting system used in Cuba (as in other centrally planned economies) was substantively different from that of market-based economies. Therefore, each of the measures requires some clarification with respect to Cuba before it is useful. In the final analysis, Mesa-Lago concludes that Chile enjoyed the highest level of economic development among these three countries, but did not achieve similar results in the realms of social development and equity (distribution). Costa Ricans fared best, according to the social and political indicators used in this book; the lack of military (and associated expenses) was important to this outcome.¹⁶ Cuba experienced a complete turn-around after the revolution of 1959, with a transition from a fairly open economy, where the state had only a small presence, to the polar opposite. The result for Cubans has been that they now suffer the lowest standard of living, at least among these cases. Soviet aid and political influence, combined with rapid and severe policy reversals, were the strongest factors in this outcome. Mesa-Lago does not make the motivation of this book explicit until its final paragraphs, when he articulates his opinion of the requirements for improvements in the standard of living for Cubans.¹⁷

If the volumes considered to this point represent the results of established research with an eye towards use in the classroom, two additional books demonstrate the application to Latin America of new theory and methodologies in economic history. This scholarship is typified in *Latin America and the World Economy Since 1800*, edited by John H. Coatsworth and Alan M. Taylor,¹⁸ and in *Political Institutions and Economic Growth in Latin America*, edited by Stephen Haber. Neoclassical economic theory, quantitative methods, and concepts from the “new institutional economic history” appear in most of these papers. One of the goals of this body of research is the application of cliometric analytical techniques. Forming “testable hypotheses” and performing the

16. One could question whether the choice of economic system is related to the choice to forego a military, but that is a different study.

17. A reader as numerically inclined as Mesa-Lago might deduce his interests by comparing the space allocated to each country study:

	<i>Pages of text</i>	No. of tables
Chile	106	36
Cuba	172	56
Costa Rica	104	34

Readers familiar with the corpus of his research will not be surprised by this concentration.

18. Disclosure: the current reviewer has a paper in *Latin America and the World Economy*, edited by John H. Coatsworth and Alan M. Taylor. This paper is not included in the discussion of the collection.

empirical analysis has proven to be very difficult within the context of the new institutional economic history but the effort has begun to yield results.¹⁹ The empirical contributions of this trajectory of research allow its proponents new ways of asking and answering questions. Equally important, they offer an important intellectual shift in Latin American economic history. These books take as their point of departure neither the exigencies of export economies and import substitution nor economic policy; rather their primary concern is with the arrangements that economic agents (including, but not limited to, the state) make among themselves for transactions. Rather than asking questions about the overall “level” of development in a national economy, these papers explore the processes and institutional arrangements that propelled or deterred growth.

Explicitly articulating the standard of comparison that pervades the earlier works, Coatsworth concludes in his contribution to *Latin America and the World Economy* that the gap between the economic well-being of Latin American and North Atlantic economies developed during the nineteenth century. Measuring and explaining that gap, as well as understanding the diverse means and rates of stagnation among countries, motivates much of the work in these volumes. Both books incorporate the implicit assumption that resource endowment is not the cause of wealth differentials between Latin America and the developed world. In a sense, one could think of the frustrating experience in trying to narrow that gap during the post–World War II period as the motivation for subsequent scholars to look for its root causes.

Latin America and the World Economy raises a wide range of questions, and its authors offer a variety of approaches. One of the most useful aspects of this collection is that it includes papers with explicitly comparative perspectives. In addition to Coatsworth’s comparison of wealth in the nineteenth century, Alston, Libecap, and Mueller tackle land rights; Hofman and Mulder compare productivity; Twomey considers patterns of investment; and Díaz Fuentes examines the operations of the inter-war gold standard in various settings. The editors have chosen to organize the papers thematically, with sections on comparative measures, investment, institutions, and government policy. Two topics re-appear in different guises throughout the volume: the negotiation of property rights and the formation of financial markets (equities, debt, and money markets) to accumulate and allocate resources.

Interestingly, these essays often conclude that processes and economic transactions where many had previously assumed failed market

19. Haber, “Introduction,” *Political Institutions and Economic Growth*, 4–5. As evidence of their evolving nature, many of these papers comprise portions of larger projects that are becoming, or have since become, monographs.

dynamics, in fact, were successful. Examples include domestic investors coming together to form corporations and establish an early stock market in São Paulo (Hanley), regulatory reform of capital markets supporting industrial development in Brazil (Haber), Cuban cane growers advantageously protecting their interests while negotiating provision of cane to mill operators (Dye), and the costs and benefits of Brazilian railroad construction (Summerhill). In these cases markets seemed to work as neoclassical theory would anticipate and contributed to growth. Many of the papers also identify limits to the contributions of these experiences that may also help to explain the relative stagnation of Latin American economies. The story, it seems, is more complicated than prior research might lead us to expect.

Political Institutions and Economic Growth even more sharply targets its focus on the institutional factors affecting growth and development. In this collection, the editor continues exploration of the question raised in an earlier edited volume.²⁰ The papers in this collection are self-conscious examples of the new institutional economics brought to bear on Latin American history. With a significant overlap of authors from *Latin America and the World Economy*, one could assume redundancy between the volumes. For the most part, that would be a mistake.²¹ Dye's contribution to this volume represents a significant expansion of the prior work on contracts of individual cane growers in Cuba to incorporate the dynamics of individual growers with political processes. Similarly, Summerhill develops his paper on the social costs and benefits of early Brazilian railroad building in *Latin America in the World Economy* to assess the process and distributional impact of state subsidies. In another example, Taylor builds on an earlier paper (with della Paolera) on Argentine financial markets to generalize to the regional level the impact of foreign investment fluctuations on growth. In doing so, Taylor resurrects and extends the typification between passive and reactive regimes that Díaz Alejandro put forward during the 1980s (in *Latin America in the 1930s*).

Other than the paper by Taylor, the international sector, either through trade or finance channels, has little role in *Political Institutions and Economic Growth*. This focus helps to remedy our relative ignorance of the functioning of domestic economies in Latin America. By doing so, it implicitly, but not explicitly, minimizes the importance of external flows of goods, capital, and people, and the integration between the domestic and international sectors. Those readers resistant to either this per-

20. Stephen Haber, ed., *How Latin America Fell Behind: Essays in the Economic Histories of Brazil and Mexico, 1800–1914* (Stanford, Calif.: Stanford University Press, 1997).

21. Haber's contributions to the two volumes on the effects of institutional and regulatory changes in financial markets on Brazil's industrial efficiency differ from each other in only minor wording changes.

spective or the formalized quantitative analysis will not appreciate this work. Readers looking for country-specific information should also be warned that these collections turn their attention predominantly towards the countries where data seem to be most easily accessible: Mexico, Brazil, and Argentina, with an occasional nod to Cuba. Nevertheless, both volumes will be indispensable to graduate students and practitioners of economic history (Latin American and otherwise) as well as to Latin Americanists for exploring and extending the current state of the field.

So, once again, how to choose among these collections? In addition to their target audience, questions of country coverage and engagement of intellectual traditions may influence reader preferences for any of the volumes reviewed here. The coverage of individual countries is rather idiosyncratic. These collections do not offer a complete economic history of any individual Latin American economy. Attention to small economies is proportional to their size. Central America, as a unit, with quick national overviews, appears in each volume of *An Economic History*. Otherwise, only Costa Rica receives consideration in *Market, Socialist and Mixed Economies*. Some countries, such as Uruguay and Paraguay, do not appear at all in these collections. Others, such as Venezuela and Ecuador, receive little attention. The inclusion of any country in each of the volumes seems to be determined by the availability of research within the given intellectual leaning of each volume.

The scholarship in these volumes does not directly engage in the debate about the validity or usefulness of *dependencia* (or in its more considered form, structuralism), the most contentious argument within post-World War II economic, and perhaps all, historiography of Latin America. Rather, these papers represent the history of that debate. Most of these books—*An Economic History* (and as a result, *Progress, Poverty and Exclusion*), *Economy and Society*, *Political Economy*, and (less explicitly) *Market, Socialist and Mixed Economies*—are organized around the themes of the relationship between Latin American and the international economies and the increasing role of the state in managing that relationship. While this organization is a logical representation of the open nature of Latin American economies, it also illustrates how deeply embedded the ideas of structuralism are in the scholarship.²² For the most part, the authors emphasize that Latin American economies were far from dependent objects in the worlds of global trade and capital. Domestic actors dynamically negotiated their participation in international markets, and Latin American governments took the opportunities avail-

22. The individual authors of the essays take a wide range of views on *dependencia*, ranging from advocacy to strong skepticism. However, their opinions on the debate are explicit in their monographic and journal scholarship. In these volumes, the narrative and organization reflect the ideological and methodological debates.

able to them in order to promote their ideas about development. They also demonstrate that the hazards of “inward-looking development” could be as severe as those of openness. Nevertheless, their focus on international trade and the use of policy to move away from economic dependency permeate this scholarship. Attention to the dynamics motivating private economic agents and transactions is minimal.

Much of the research in *Latin America and the World Economy* and, even more strongly, *Political Institutions and Economic Growth* takes a very different perspective. In editing *Political Institutions and Economic Growth*, Haber moves beyond his earlier debates with many Latin Americanists on the theory and methodology of *dependencia*.²³ Many of the authors in these volumes have taken positions in opposition to the methodologies and ideas of *dependencia* elsewhere; none of them adopts a research approach that engages *dependencia*. Methodological arguments have had a high profile among proponents of the newer approaches. Their concern is to bring structured quantitative analytic methods and neoclassical economic theory (enhanced with its recent institutional and game theoretic applications) to understand the nature and impact of economic transactions among agents. When they engage questions with respect to the international economy, they do not pose the international as the cause of unfavorable outcomes in domestic economies. In fact, as mentioned above, *Political Institutions and Economic Growth* devotes little attention to international economic forces, largely on the assumption that the same criteria and constraints motivate foreign and domestic economic agents. These practitioners often posit this approach against the “non-falsifiable” hypotheses of earlier researchers.

However, the methodological differences also imply ideological divisions. Cliometric, new institutional economic historians work within the context of understanding the dynamics of markets. They accept neoclassical economic theory; when markets fail, they look for explanations within the parameters of internally consistent market activities. One of the benefits of this approach for Latin American economic history has been to bring the sub-discipline closer to the mainstream of economic history as applied to the developed economies. Doing so allows for a consistent framework for understanding relative stagnation. Structuralists (or more strongly, *dependentistas*), on the other hand, easily rely on the observation that active long-term participation in markets has left Latin Americans persistently “behind” developed economies. Since the most visible markets historically have been

23. Haber, *How Latin America Fell Behind*, and Haber, “The Worst of Both Worlds: The New Cultural History of Mexico,” *Mexican Studies/Estudios Mexicanos* 13, no. 2 (Summer 1997): 363–83.

international, their search for the causes of this disadvantage has pitted the domestic against the international. Further, they have looked to the state as a source to circumvent or re-enforce the results that markets have generated. Political realities have played a role in establishing the trajectory of this historiography. The political and economic collapse of the largest and most powerful centrally planned economy—the Soviet Union—caused many to re-examine the viability of such thinking.

The emergence of a new institutional economic historiography of Latin America has been timely. As these volumes demonstrate, the historiography parallels the trajectory of the history that it documents. Concerns with closing the gap between developed and underdeveloped by using state policy to shift and diversify economic structures did not eliminate the vulnerabilities that were their target, and did not close the gap in living standards. In response to these frustrations and to evolving methodologies, and building on the insights of earlier researchers, attention has shifted to understanding the dynamics that motivate transactions.²⁴ Whether this line of research ultimately produces that understanding that will allow a broad spectrum of Latin Americans to “close the gap” is a question for future scholars.

24. Here we have an interesting parallel to much of the “new cultural” historiography that many economic historians will not appreciate; the attention to ferreting out motivations and individual dynamics unite the endeavors, even if their methods divide them.

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