

BETWEEN A ROCK AND
A SOFTER PLACE:
Reflections on Some Recent Economic History
of Latin America*

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BUSINESS HISTORY IN LATIN AMERICA: THE EXPERIENCE OF SEVEN COUNTRIES. Edited by Carlos Dávila and Rory Miller. (Liverpool, U.K.: Liverpool University Press, 1999. Pp. 241. \$19.95 paper.)

HISTORIA DEL BANCO DE MEXICO: Vol. II, 1940–1946. By Eduardo Turrent Díaz. (Mexico, D.F.: Banco de México, 2000. Pp. 419. \$35.00 paper.)

LA INDUSTRIA TEXTIL EN MEXICO. By Aurora Gómez-Galvarriato, coordinador. (Mexico, D.F.: Instituto Mora, Colegio de Michoacán; Colegio de México; Investigaciones Históricas, Universidad Nacional Autónoma de México, 1999, Pp. 269.)

INSTITUTIONS AND INVESTMENT: THE POLITICAL BASIS OF INDUSTRIALISM IN MEXICO BEFORE 1911. By Edward Beatty (Stanford, CA: Stanford University Press, 2001. Pp. 296. \$ 55.00 cloth.)

THE LEGACIES OF LIBERALISM: PATH DEPENDENCE AND POLITICAL REGIMES IN CENTRAL AMERICA. By James Mahoney (Baltimore: Johns Hopkins University Press, 2001. Pp. 396. \$55.00 cloth, \$18.95 paper.)

PREBISCH Y FURTADO: EL ESTRUCTURALISMO LATINOAMERICANO. Edited by Jorge Lora and Carlos Mallorquín. (Puebla: Benemérita Universidad Autónoma de Puebla, 1999. Pp. 307.)

Once upon a time, economic history was the Queen of Latin American studies. The age of economic history was the 1970s to mid-1980s, a two-decade idyll when practically all the budding Latin Americanist social science disciplines came together around interdisciplinary and

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historically based economics as a core research program. Economic history bridged the space between the “hard” and “soft” social sciences, girded by an intellectual alliance between social and economic historians. Economic history raised a big tent, methodologically and politically speaking, almost as broad as the project of Latin American studies itself.

Among academic historians, the rising social-history model was then in vogue, with its methods and topics informed by “underlying” economic structures and motives, building upon French and English styles of history writing. Class formation, labor history, land tenure, demography, production cycles, and relations of social groups were major arenas of research. Typical dissertations from the era sported Weberian titles like “Economy and Society in Río de las Pulgas.” Marxism, at its 1970s heyday, virtually hegemonic in Latin American universities, and thriving abroad, provided its followers a serious (if sometimes too serious) commitment to historical materialism. Newer currents of neo-Marxism allowed historians and other social scientists to combine economic, social, and political analyses, in sophisticated ways that benefit Latin America’s socially embedded economies. Debates around the historical nature of Latin American capitalism, its ruling classes, and modes of production and reproduction stirred a wave of innovative research. Starting in the late 1960s, a small group of U.S. historians were tooling up on the “New Economic History,” which used quantifiable and/or theoretical constructs from neoclassical economics for analyzing economic change. Some problems (such as the historical impact of railways) were applied successfully to Latin American contexts; its early enthusiasts added this to the eclectic toolbox of fellow economic historians. Grand sociology cast an eye towards the determinants of Latin American industrialism and authoritarianism and to shifting urban or rural social structures, problematics with long tap roots in history and economics. Political scientists toyed with a variety of macro and comparative approaches, often drawing upon or dissenting from the “modernization” paradigm, which was itself extracted from interpretations of European economic history. Anthropology, moving from ethnographic foundations, welcomed the holistic “political economy” approach to forgotten peoples of Latin Americanist pioneers like Eric Wolfe and Sidney Mintz, or joined neo-Marxist debates on peasant economies, like peers in rural sociology.

Economics was a broader and more historicized field than defined by today’s North American university model. Development was a primary concern, and many American and European economists (or both, as in the formidable case of Albert O. Hirschman) worked in dialogue with the thriving Latin American “structuralists.” Indeed, the general fascination with Latin American economic history in the 1960s and 1970s was arguably a by-product of the post-war developmental projects and

intentions of Latin American states. Raúl Prebisch's and CEPALista economic structuralism was embraced as a virtual official ideology by many governments (Hirschman 1981). Loyal critics of Latin American developmentalism, for example Brazil's Celso Furtado, became resolutely historical and institutional in their concerns. For Furtado and his generation, getting the economic history right was *sin qua non* for getting the economic future on track. Furtado's *Economic Development of Latin America* (1970) was, I venture, the most widely circulating Latin American social science text of the times, at least until overcome by the best-selling "dependency theorists." Furtado established the major periodizations of Latin American economic history (for example, the epochs of "outward-oriented" and "inward-oriented" growth) and their varied socio-historical developmental obstacles, all of which became the grist for the next two generations of historical revisionists. And there came the dependency school: by the early-1970s, this socio-economic and historical model mesmerized Latin Americanists of most disciplines, north and south, with its broad economic metaphors about "distorted" or dependent *underdevelopment* (Cardoso 1977; Gootenberg 2001). With all its theoretical flaws and false leads, dependency had the power to stimulate a vast body of serious research in Latin American economic history, from debates about sixteenth-century capitalism and colonial labor regimes to the growth roles of nineteenth-century foreign investment and trade. Its intellectual heir, Wallersteinian "World Systems theory," has never sparked the same excitement.

What I would stress most about this dynamic era in Latin American economic history was its ecumenical eclectic nature. Historians, economists, anthropologists, sociologists, *pensadores*, and policy-makers of widely differing styles (and political baggage) all learned from each other across disciplines and across the hemispheres. Plural approaches, even some of dubious or descriptive value, proved fruitful in these debates. The often vast political divergences in these controversies were reined in by the substance of the object of study—substantive economic realities. To be sure, economic historians accentuated the "external" and internal" binary of Latin American history, or "state" versus "market," but today's lamentable split between "elite" and popular history "from below" barely registered, as economic struggles united the fields of inquiry. There existed an accepted common idiom, an understanding of terms, and even long-range research program, such as that articulated (among other places) in Roberto Cortés-Conde and Stanley Stein's excellent 1977 *Latin America: A Guide to Economic History, 1830–1930* (Cortés-Conde and Stein 1977). Thousands of monographs, collections, and articles from the period built up a growing stock of basic knowledge; many were distilled into the early 1990's *Cambridge History of Latin America* (Bethell 1998).

If I were nostalgic, it is because nothing could be farther from the condition of Latin American economic history today at the start of the twenty-first century. Economic history, if certainly more rigorous and “professionalized,” is more the isolated concern of specialists and barely read by others outside their field, including policy-makers. Much of this recession in economic history has to do with the great (or to some, *not* so great) transformations of recent times—the collapse of Marxist states and paradigms, the global rise of neo-liberalism, disillusion with a transforming Latin American industrialism, the retreat from “development” among governments and academics, the growing and narrowing technical demands of many social science fields (particularly economics), the crisis of inter-disciplinary area studies and the “cultural turn” of the intellectual Left. Today, no one clamors for deeper historical knowledge to implement, or to oppose, the region’s waning neo-liberal policies. Some of this drawback from economic history appears justified and has led to a creative explosion in other realms of history. Some vulgar economic assumptions of the past, that the great secrets of social life were all to be found in economic history, could no longer be honestly sustained. Much of the earlier work had suffered from naive or scant schooling in economics (Everyman as economic historian) or, at a more conceptual level, from what economic sociologist Mark Granovetter would call an “over-embedded” view of economic activity (the economy as a bit of Everything). But other reasons for the fall seem paradoxical and cruel, and have left the corpus of Latin American economic history hanging like a de-funded California super-highway going nowhere.

A less inexorable cause of this decline, I believe, is the breakdown of dialogue between diverse disciplines, and Left and Right, that once stimulated economic history. There is no longer a broad “vision” driving research, to borrow upon Heilbroner and Milberg’s notion of the pro-active role of ideology in economic thought (Heilbroner and Milberg 1995). The typical Latin Americanist (with the exception of some social history traditionalists within Latin America) has fled the materialist world since 1989, turning with passion to cultural, identity, and “new” political questions, including pressing gender and race issues.¹ This turn

1. The Left cultural turn is more pronounced in the United States than in Latin America and Southern Europe, a source of disjunctures for its northern apostles. Cultural studies in Latin America retain a stronger economic content in study of “globalization,” including a marked interest in the communications and “culture industry” (Garcia Canclini 2002).

For simplicity’s sake, I’m downplaying other partial exceptions to the generalization about receding economic history. “Development” remains an accepted and even vibrant field in some countries (e.g., U.K. and Canada) and within multilateral institutions (i.e., the Inter-American Development Bank), and the turn to “grass-roots,” micro, equitable,

is felt strongest in the more “interpretive” fields of history and social and cultural anthropology, and, to a lesser extent (or mixed in), sociology, which are all gravitating towards what used to be called “humanities.” Economic history falls between the cracks, as the gulf widens between these fields and today’s ever-more “hard-science” economics and political science disciplines, which used to extend the “political-economy” bridge to economic history. This rift between soft and hard social sciences, or their refashioning into two new larger camps, relates to the 1990s tightening of professional boundaries and rewards, and perhaps to seismic shifts of North American politics. Whatever the cause, it is much harder now, despite intellectual payoffs, for scholars to mix softer and harder approaches, or to mix historical, comparative, and multivariate methods.² Yesterday’s pioneers of economic history (John Coatsworth, Fernando Henrique Cardoso, Albert Fishlow) might today not win favor or even tenure in any particular field today, given their wide-ranging interests. In U.S. history departments at least, one is hard pressed to find economic historians in training, and the U.S. academic models dominate the Americas as never before.

In terms of political vision, the academic Left, which will understandably continue to define Latin American studies, can sound like sore losers in the retreat from materialism. I doubt that previous historical commitments to overcoming economic injustice, social inequality, and historical underdevelopment were really about such issues as “identity,” “culture,” or “difference.” I submit that economic history, if dogmatically so, was a noble cause, one that kept progressives at the center of once vibrant and far-reaching societal debates.

One trend in this turn attempts to colonize economics itself for cultural studies (Escobar 1995). It calls to task the categorical reality or urgency of “development,” now re-read as master-narrative or linguistic conspiracy of postwar states and other imperialists. Poverty and underdevelopment become ordering social constructions and mere “inventions” of the powerful. It is true that we need to interrogate

and sustainable development is significant. Financial history, regional economic history, and history of mining and trade, continue to make strides, in groups led for example by Carlos Marichal in Mexico or Enrique Tandeter in Argentina. Political economy is alive among comparative politics scholars and sociologists, such as Stephan Haggard and Peter Evans. The rising field of world (or global) history continues to pose large economic questions, but has mainly been interested in Europe and Asia.

2. For a compelling argument for the necessary compatibility of such distinct social science models, see Robert A. Alford, *The Craft of Inquiry: Theories, Methods, Evidence* (New York: Oxford University Press, 1998), chaps. 1–3; Immanuel Wallerstein et. al., *Open the Social Sciences: Report of the Gulbenkian Commission on the Restructuring of the Social Sciences* (Stanford, CA: Stanford University Press, 1996), on the decay of cross-disciplinary institutional spaces.

economic ideals and their historical diffusion to the Third World, a topic I have dabbled in myself (Gootenberg 1993). But this perspective also risks trivialization.³ It cedes timely critique of predominantly conservative cultural interpretations of underdevelopment. It abandons (to the neo-liberals) the venerable political economy tradition of the Left. And it oddly shares with them a demonization of “the state,” which has now become the historical villain of many Latin Americanists (who are plainly disillusioned with some past researchable bad-guys, such as Imperialism, Large Landowners, Peripheral Capitalism, Lumpen-Bourgeoisies.) Paradoxically, it downplays “developmental imagination” at a historical moment when most Latin Americans (including the middle classes born from the development decades) are struggling head-on with economic decay and instability and vast inequality and social suffering. Among Latin Americans, there is less skepticism of state roles in growth and equity, however refashioned for the twenty-first century. Ask Lula or any Argentine in the street.

On the other hand, the Latin Americanist Right, if there can be such a thing, is weakly concerned with history and certainly has never been friendly to the state (at least not in the realm of development). Interestingly, the fundamentalism of dead Marxist methodologists has found its reflection in some newer versions of Latin American economic history. In the United States, the field has not only shrunk in size but has largely abandoned history faculties for the haven of economics (or sometimes) political science departments. There is much to be admired in these second and third-generation “new economic historians” (NEH), with their commitment to quantification and explicit modeling. Contributions to specific themes (industrialization, finance, currency, trade) are formidable, and there are even now productive islands of foreign-trained NEH scholars in Latin America.⁴

Sadly, few historians, sociologists, or anthropologists presently engage with (nor much understand, given its technical barriers) what is produced in these redoubts of Latin American economic history, despite their recent re-discovery of qualitative institutional factors in economic growth. But historians are skeptical of this form of economic

3. Not all Left scholarship has gone along with substituting identity politics (and analysis) for movements of economic liberation. See the recent analysis of identity in Rogers Brubaker and Frederick Cooper, “Beyond Identity,” *Theory and Society* 29, no. 1 (2000): 1–47; Mahmood Mamdani on perils of loose “Culture Talk” in wake of 9-11 (Mamdani 2002) or sober critical inquiries of post-war international development (Cooper and Packard 1997).

4. See overviews in collections by Haber (1997) and Coatsworth and Taylor (1999). However, after more than two decades of NEH interest in Latin America, there is still little attempt at a larger synthesis of trends, findings, or problems comparable to those routinely produced by economic historians of the 1970s (Cortés-Conde and Stein 1977).

history because of its one-dimensionality: only economic factors factor into economic growth problems, a reductionist view of economic sociology which Granovetter might label an “under-embedded” perspective. Here, nothing is socially constructed or sustained, and larger contexts are banished for the sake of sleeker arguments. The old alliance of social and economic history is history. Many historians or “interpretativists” are uncomfortable with this school because of their wariness (sometimes as recovering Marxists) of anybody bearing firm methodological “truths.” Unfortunately, unlike the historical economists of the 1970s, interest in or tolerance for other disciplinary approaches is not one of the virtues of today’s new economic historians. Some of its proponents, notably Stanford’s Stephen Haber, seem to be making a career out of assailing other disciplines and approaches (as “unscientific”: basically anything differing from his monistic Popperian model of the social sciences). This too dampens interest in economic history among Latin Americanists.⁵

In this context, this review essay focuses on the recent production (mainly late 1990s onwards) of economic history of Latin America. It asks, do the approaches and problems adopted in this set of seven books and collections suggest ways for economic history to recover some of its former dynamism and relevance? Is there a “new way” for Latin American economic history? Or is economic history, the founding Queen of mid-twentieth century Latin Americanists, dead? Of course, any review essay is constrained by the works under review, which may not

5. Haber (1997, 1999). I will not comment on Haber’s use (or mis-use) of the Popperian standard, which has been long contested across both the social and natural sciences. But it is worth underscoring that this split is not necessarily a rigid “Left-Right” divide, as assumed in many “debates.” John Coatsworth, the father of Latin American New Economic History in the 1970s, was also a committed socialist drawn to Marxist methods; Haber, in his recent turn to institutions, is collaborating with Left labor historians (Bortz and Haber 2002).

Rather than about “science” or “politics,” this divide is more akin to the older “substantivist”—“formalist” debate of economic anthropology, which played out mainly in African studies. Are the economic categories, assumptions, and models of the West (including western Marxism) optimal for understanding the (differently) embedded economies of the rest of the world? Is the universalizing power of abstracted theory always “rigorous”? Do holistic models do much analytical work? How do we build specific and complicated cultural, historical, and political factors directly into analysis? Some of these epistemological discrepancies can be empirically resolved, but not all. However, Latin America, with five centuries of Western economic structuration and assimilation behind it, is unlikely to fit either extreme (of apt economic tools/inappropriate tools)—which was certainly the middle-ground perspective of the Latin American Structuralists. For a recent (largely sympathetic) look at the applicability of Western social theory to Latin American studies, see Miguel Centeno and Fernando López-Alvarez, eds., *The Other Mirror: Grand Theory Through the Lens of Latin America* (Princeton, NJ: Princeton University Press, 2001).

offer a balanced appreciation of the field. In a perfect world, this essay would also cover recent important diverse contributions by Adelman (1999), Bauer (2001), Bethell (1998), Bulmer-Thomas (1995), Contreras and Glave (2002), Coatsworth and Taylor (1998), Haber (1997) Borta and Haber (2002), Love (1996), Marichal(1999), O'Brien (1999) and Thorp (1998), to name a few. But since this world is not yet perfect, I gladly review the interesting books listed earlier.

PRIVATE BUSINESS?

Carlos Dávila and Rory Miller's exemplary edited collection, *Business History in Latin America: The Experience of Seven Countries*, makes a good starting point, for business history offers an inside look at economic institutions, one that is "peopled" in the social history sense (albeit, mainly with businessmen and entrepreneurs). Business history offers a pragmatic institutionalism. Since the 1970s, the interdisciplinary "new" business history has emerged as a growth pole in the United States and Britain, yet still lags for Latin America. As Dávila and Miller underscore in their introduction to their collective multi-national survey, several factors stalled this approach here. Latin American firms have rarely opened their archives to historians, while historians in turn harbor their own prejudices. Broad myths about a dearth of native entrepreneurial spirit in the region, anti-business sentiments, combined with preference for the study of foreign and import-export firms, which was attuned to working for or against the 1970s dependency hypothesis. Something has changed as more historians get away from anachronistic stories of individual firms towards more theorized contextualized views of Latin American capitalism.

The individual chapters consist of solid surveys of varied countries' domestic business historiography (Argentina, Brazil, Chile, Colombia, Mexico, Peru, Venezuela). Some go beyond summary by posing strong questions about the relation of business history to economic history per se and to political history. Others raise critical research agendas, such as the need to begin studying the large state companies so prominent after 1950. Overall, the volume suggests that the practice of economic history has much to do with the peculiarities of each national history. Colin Lewis's essay on Brazil, for example, focuses on the intersection of business history with the country's sophisticated tradition of economic history and theory (from Furtado to Cardoso). For Chile, Luis Ortega brings out the role of politics and the state in barely nascent business history. Carlos Dávila on Colombia underscores the regional and entrepreneurial complexes in the country's history. Rory Miller, writing on Peru, manages to extract a complexity of business historical themes from a historically small and poor economy.

Dávila and Miller cannot possibly chart all the new directions in business history, such as openly cultural and transnational approaches (O'Brien 1999) or its fruitful mix with new labor and political history (Weinstein 1996). If any quibble is possible with this fine introduction to the field, it is that business history is left undefined as a discrete field of inquiry. As the field flexes its inter-disciplinary muscle, almost everything becomes a part of business history, up to and including the demonizing dependency accounts of the 1970s. Yet that is its virtue as well: new business historians are true to the ecumenical sweep of prior economic historians.

PUBLIC SECTORS

Among the critical public economic institutions worth exploring are the region's central banks. Mexico pioneered the first in 1923, El Banco de México, which emerged as one of the leading activist central banks of the region, in line with Mexico's expanding post-Cárdenas state. Eduardo Turrent Díaz's *Historia del Banco de México Vol. II, 1940–46* deals with those years of growth and consolidation and the changing prerogatives of central banks. It is a solid old-fashion "chronicle" of activities and banking statistics, written by a true institutional insider, a long-time functionary of the Banco de México. A gold-mine of detailed information, it might be best read with excellent recent histories of public finance of the era by Enrique Cárdenas (1994) or Emilio Zebadúa (1994).

The book outlines the work of the Bank in the Hacienda era of Eduardo Suárez, especially in monetary regulation and credit operations that kept the Mexican economy afloat during World War II. A data source for future financial, currency and institutional studies, the book also opens a window into the major policy shifts of mid-century Mexico: the rise of new forms of currency creation and deficit spending (and indeed inflation), and the first brush with fiscal "heresies" (54) such as Keynesianism. Towards the era's end, we glimpse the excitement of Prebisch's 1944 journey to Mexico, and the beginnings of concerted promotional roles for the Bank in infrastructure, private investment, economic research, and training, and pro-industrialization efforts in the Oficina de Investigaciones Industriales. The thinkers who influenced the bank are an interesting lot, from Federal Reserve economists to eastern Europeans such as Paul Rosenstein-Rodan and protectionists Roumanian Mihail Manoilescu.⁶ Like the Mexican state itself, the Banco de México seems to have rapidly jumped, using the war as its trampoline, from consolidation to developmental roles in the Mexican economy. It

6. Just as argued for Brazil by Love (1996).

is probably left to others to analyze these developments, but Turrent Diaz's book exemplifies the kind of unheralded grunt-work needed in the region, the gathering and preserving of basic knowledge in the history of Latin American economies.

NOTABLE IDEAS

While ideas in the shaping of economic institutions, very little has been done in this area of Latin America's economic history. *Prebisch y Furtado: El estructuralismo latinoamericano*, an essay compilation by Jorge Lora and Carlos Mallorquín, deals with the two giant public intellectuals, Raúl Prebisch and Celso Furtado, who defined a Latin American style of economic thinking (and by now economic history) in the post-war period—until overwhelmed by the debt crisis of the 1980s and the Washington-consensus market liberalism in the 1990s. This volume offers a sophisticated foray into the foundational history of economic ideas. It is also a plea to resurrect facets of Latin American structuralism today as a foil to “neo-classical” analysis, which contributors find lacking for Latin American realities.

The history of economic ideas remains an orphaned field in Latin American studies, despite the emphasis on displaced economic notions in much historical literature about postcolonial Latin America (from “imported” nineteenth-century free trade to Prebisch's “mistaken” post-war thesis on the deteriorating terms of trade).⁷ Economic thought offers a potentially rich means for overcoming the discrepancy between materialist and culturalist approaches to economic history, on the assumption that their protagonists play an active role in shaping economic perceptions, categories, programs, and realities (Montesinos and Markoff 2001). This heightened “agency” of ideas would seem axiomatic to younger historians.

Lora and Mallorquín, pioneers in this field, are hoping to find a softer road to the Latin American structuralists. In their brief but eclectic introduction they invoke Karl Polanyi (on the need to transcend the distinction between economy, politics, and culture) and even Sigmund Freud (the heterogeneity of economic actors and institutions in Latin America as “polymorphous and perverse”). Structuralists, they argue, were right to integrate chronic disequilibrium and deep persisting inequalities into their analysis of Latin American economies.⁸ Post-war

7. See Paul Gootenberg, *Imagining Development: Economic Ideas in Peru's “Fictitious Prosperity” of Guano* (Berkeley, CA: University of California Press, 1993), 11–19, for the marginal status of the field.

8. Indeed, economic and social inequality is arguably the defining economic history puzzle and dilemma of Latin America. For centuries, radical inequalities mark Latin

developmentalism offered Latin America a socially diverse and “authentic” voice. A homage to neither thinker, Prebisch not surprisingly wins more attention than Furtado.

The book contains two contributions by Joseph Love: the first sets the stage of Latin American structuralism in neoclassical, Keynesian and corporatist currents, while the second focuses on distinctive features of Furtado's *oeuvre*, such as his immersion in French historical ideas, and his sustained interest in “social structures” over trade cycles and terms of trade. Mallorquín's essay on Furtado is as complex as the man himself. Furtado led an exemplary Weberian career with public engagements as a Brazilian functionary and critic positively, dialectically, shaping his ideas. He follows the shifts from the early 1950s “national” structuralism to “Furtadoian” visions of underdevelopment and dependency in the 1960s to, by the early 1980s, his “post-national” lens on Latin American economies.⁹ Prebisch receives novel analysis: Ron Sprout stresses his changing doctrines and common errors and mis-readings in their reception; Armando Di Filippo heralds Prebisch's dynamic concept of “social surplus” rather than trade issues; Dosman and Pollock size up the practical and globalist Prebisch during his mid-1960s tenure at the United Nations Commission on Trade and Development (UNCTAD). Joseph Hodara's *ensayo* “Confesiones de Don Raúl: El capitalismo periférico” is a more unconventional discursive reading of Prebisch's “utopian” categories, politics, and universe. The book ends on two less historical notes, including a polemic by Cristóbal Kay on the so-called end of development. “Returning to the future,” Kay argues, requires a more complex reading of the founders of Latin American structuralism.

In short, the history of economic ideas, even these of fairly recent vintage, can be a proving ground for new approaches to Latin American economic history, some of them far softer and post-structuralist than these intellectual giants of the developmental decades would themselves have embraced. The ideas of Latin American development, if not the policies, live on.

America off from the rest of the developed and undeveloped world, a topic worthy of sociologist Charles Tilly's recent renewed theoretical concern with structured “Durable Inequalities” (Tilly 1995). The Latin American and Caribbean Studies Center at Stony Brook University has recently created a post-doctoral research site dedicated to this theme, with the support of the Rockefeller Foundation.

9. Furtado is actually still alive (and kicking) and was recently quoted as elated with the Brazilian elections: “It's a relief for many people to be able to believe in something” (Jan Rocha, “Lula Raises Hopes in Brazil,” *NACLA Report on the Americas* 36, no. 2 [November 2002]: 9).

SPINNING INSTITUTIONS

Aurora Gómez-Galvarriato's edited volume, *La industria textil en México* is a state-of-the-art collection about one sector, textiles, over a long period (1800–1930). These essays attest to an economic historiography that is “beyond” dependency and that matured beyond the questions posed in the 1970s. It also attests to how the nineteenth century, once a dark chaotic age between colonial institutions and modernity, has emerged on its own. In her introduction, Aurora Gómez, one of Mexico's top young economic historians, lays out core questions addressed by the contributors, basically, how did Mexico undertake an early unexpected (1840s) jump in its textile industry? Why did that industrial advance not keep up during the Porfirian transformation and beyond? Was this, to paraphrase the great but awkward-tongued Russian economic historian Alexander Gerschenkron, Mexico's own “spurt that failed”?

Manuel Miño begins the volume with a look at colonial precedent, *obrajes* workshops, and whether or not this fit the older European phenomena (evidently not) of growth-generating “proto-industrialization.” Guy Thomson, deftly combining social and economic analysis, unpacks the continuities in textile investments across the era 1800–70; one conclusion is that “merchant capital” (once thought the bane of early industrialization in Latin America) was likely its ally here. Walther Bernecker explores critically the tropes of Furtado-esque historians, was industrialism really a question of “inward” versus “outward” orientation? No, and likely the Mexican state, such as it was, played a deleterious role despite its early protectionism. Gómez surveys mid-century cotton factories, and foregrounds the “institutional fragility” in which they had to operate, including a lack of coherent promotion. Stephen Haber, in a comparative essay on Brazil and Mexico, demonstrates how two distinct capital markets (Mexico's the more monopolistic) led to differing outcomes in industrialism. Brazil's more competitive and modern lending banks elicited a more dynamic textile sector by 1900. Leticia Gamboa ends with a descriptive overview of the Puebla textile industry (Mexico's largest) through the thick and thin of revolutionary and post-revolutionary economic upheaval.

Broadly speaking, all of these essays focus resolutely on domestic factors in Mexico's chances for successful early industrialism, combined with Gerschenkron's sensitivity to geopolitical context and timing.¹⁰ They speak to the growing interest in Latin American industrialism, not as a historical or inevitable failure, but as ongoing possibility. They are all, to some

10. I am glad to find more Gerschenkron among Latin Americanists: see my “Hijos of Dr. Gerschenkron: Late-Comer Conceptions in Latin American Economic History,” (in Centeno and López-Alvez, 2001, 55–80).

extent institutional, without much ado, which brings us to the latest current in Latin American economic history, the new institutionalism.

NEW (AND IMPROVED?) INSTITUTIONS

Edward Beatty's *Institutions and Investments: The Political Basis of Industrialism in Mexico before 1911* is among the first major monographs in Latin American history to use the new institutional economics as its point of departure—though as Jeremy Adelman points out, the *old* institutional economics (and kindred legal-institutional history) has had a long and honorable place in Latin American studies (Adelman 2001).¹¹ Beatty's study builds strongly on two revisionist trends, already evident in the Gómez volume. Historians no longer believe (a la Furtado) that Latin America's pre-1929 industrialism was neither insignificant nor necessarily hobbled by an international division of labor; Mexicanists now see the Porfirian dictatorship (of General Porfirio Díaz, 1877–1910), for all its other faults, as a period of dynamic capitalist modernization of Mexico.

Beatty wants to add to this revisionism the idea that Porfirian legal and governmental institutions *mattered* and worked in that transformation, including Mexico's nascent industrial sector. The new institutional history, inspired by Nobel Laureate (and economic historian) Douglass North, underscores the centrality of legal institutions and property rights in creating clear incentives for efficient, rapid "modern" economic growth (North 1990). As Haber recently notes, Latin America offers a perfect "laboratory" for testing such theories, because of its dramatic historical shifts in property regimes and its range of growth outcomes (Bortz and Haber 2002). Such interest could also mark an opening of "hard" economic historians towards the softer (eclectic, qualitative) methods of previous generations, including as Haber admits, greater contexts of social inequality and unequal political regimes. One might go further: institutionalism potentially shares ground with developmentalism (with its implicit growth institutional focus), with Polanyian anthropological perspectives (market values and logic vary across cultural-political systems) and even Marxist political-economy ("capitalism" as a particular, historically constituted mode of property relations).¹²

11. Jeremy Adelman's *Republic of Capital: Buenos Aires and the Transformation of the Atlantic World* (Stanford: Stanford University Press, 1999) is also institutional.

12. In this sense too, institutionalism is hardly "new" in Latin American economic history: see John Coatsworth's early synthesis of North with modes of production in "Obstacles to Growth in Nineteenth-Century Mexico," *American History Review* 82 (1977): 95–100 (which is also one of the first economic revisionist statements on the *Porfiriato*). For bringing Polanyi—whom North admires—into history, see Topik (2001) or Bloch and Sommer (1984).

Beatty's book excels in its systematic analysis of late nineteenth-century Mexican patent and promotional laws; legal, tariff, and tax codes; and in its rigorous view on Mexico's economic bureaucracy. Although it uses a few exotic statistical tests, especially around a core data set of 264 state contracts for new industries, most of its legal and policy analysis would be familiar even to non-economic historians. The central question, given a wealth of reasonable alternatives (in mining, commerce, bond markets) is, why did entrepreneurs invest at all in Mexico's new factory projects? A remarkable finding is that rising late nineteenth-century Mexican industries seem to have followed the modal pattern of twentieth-century forced industrialism, that is, import substitution industrialization (ISI, importation of factory technology to produce consumer goods locally)—something once thought to have required a Prebisch to justify. At first this occurred inadvertently with currency instability, but in the early 1890s Beatty identifies a second stage when Porfirian officials consciously adopted pro-industrial policies, including high effective tariffs, albeit cloaked as revenue tools. Another major contribution is Beatty's characterization of the Porfirian bureaucracy as relatively rational, efficient, and institutionalized, fully capable of setting their own developmental agendas. These officials were not just an arbitrary and personalistic clique, as usually assumed under the *científico* rubric, and they exhibited a discernible vision of economic modernity. Curiously, the empirical centerpiece of the study, Porfirian patent and promotional law, turns out to have been a mixed bag in terms of results: neither was really necessary as incentives for disseminating new technology in Mexico (since almost all was imported), and both tended to uphold monopolistic rights or skills.

An outstanding case study like this invites further questions. Was Mexico's industrial sector vital enough (before 1910) to merit such intensive institutional analysis, particularly given Haber's analysis of its institutional constraints? Can an institutional focus move beyond legal and bureaucratic realms, linking with the relational sort business or labor historians routinely bring to the factory and firm? Historians may wonder why this ambitious book (which avoids generalizing beyond Mexico) leaves many of its larger questions for concluding speculations. Here, to his credit, Beatty places these industrial and public sector issues in wider contexts—Mexican liberal economic ideas about "modernity" (as an underlying motive of officials), Mexico's profound social and political inequality (as both a bias and an obstacle), even Mexico's place and epoch in the world economy (which fed into its peculiar brand of development). Such larger structural and cultural concerns suggest integrating social and interpretive questions directly into research—that is, new insitutionalism as reconcilable with softer ways of doing economic history.

STAY THE PATH?

One might also say that Mexico's industrialism was "path dependent" (i.e., moving in channels carved out by previous historical forces). James Mahoney's *The Legacies of Liberalism: Path Dependence and Political Regimes in Central America* is among the first Latin American studies to incorporate a "path dependence" approach into its research design. Path dependence, derived from technology studies such as the "QWERTY" puzzle, suggests that economic choices are patterned by inherited institutional conditions, rather than simply by present allocative efficiency. Like institutional economics, path dependence was born from dissatisfaction with the standard deductive tools of neoclassical analysis (as now with "rational choice" theory) and offers one way of nudging hard social science back into interdisciplinary and historical perspectives.¹³ Mahoney's is not a piece of economic history per se, though it taps into a lot of recently done Central American economic history. Rather, it is a provocative work of historical sociology that borrows from this tool of economic analysis. In doing so, it must avoid the "socio-economic" determinism that dogged much of the 1970s attempts at long-term historical analysis, dependency included.

Mahoney's book is built around a bold thesis about nineteenth-century economic liberalism as the region's "critical [historical] juncture," a concept passed on from the Colliers. The forms of liberalism embraced by different Central American Republics during mid-century ("radical liberalism," "reformist" or "aborted") strongly affected their political regime alternatives far into the twentieth century (to the 1970s at least, so he argues). Nations of early radical liberalism (i.e., El Salvador, Guatemala), which undertook for example aggressive privatization of entailed lands, experienced a later propensity for repressive dictatorships; reformist liberalism (Costa Rica is the sole case in this region) bequeathed a historical affinity with long-range democratic possibilities; aborted liberalism (i.e., Nicaragua, Honduras) led to weak and externally dependent states. Mahoney is sensitive to subtle variations in Central American political regimes and buttresses the arguments, for each of the five cases under comparison, with detailed social and political narratives, both before and after the mid-century juncture. The argument

13. Paul David, "Clio and the Economics of QWERTY," *American Economic Review* 75 (1985): 332–37. Why are we still typing in 2003 with a dumb QWERTY-aligned keyboard on a top-of-line personal computer, with all its built-in inefficiency? Because core patterns from the first nineteenth-century mechanical typewriters become incorporated into all succeeding technologies. For "path dependency" models in a larger sociological tradition of evolutionary economics, see Nelson (1994); Douglass North (1990) has added elements into his new institutionalism.

is hardly linear: aftermaths and reactions to the nineteenth century are also drawn out, though perhaps not as much as needed.

At a time when many historians have dropped their grand “historical narratives,” for the local, the specific, or the ephemeral, it is refreshing to see one again! For historians, it is a valuable corrective to stances that often over-valorize “agency” over, well, history and its patterned legacies. Though Mahoney refrains from a unique model for the long-term outcomes, the work seems akin to state-building perspectives, with a major variable being the relative autonomy of consolidating states vis-à-vis differing elites, analogous to sociologist Peter Evan’s model of “embedded autonomy” for modern state capacities (Evans, 1995). The viability of his specific historical arguments, characterizations, and periodizations will no doubt be hotly debated by Central American specialists, especially considering the primacy of this nineteenth-century juncture. He does a fine job dispelling the notion of path dependence as a simple metaphoric ploy for “bringing history back in,” though it may porter some of the baggage of 1950s stage theories back into the realm of Latin American studies. I was left pondering how economic historians of Latin America might profitably re-appropriate path dependent approaches, which after all first came out of economic history. For example, would the forms of nineteenth-century *economic liberalism* or of eighteenth-century colonial exploitation also help determine long-range *developmental* possibilities? Can we define genuine economic critical junctures better than in past periodizations? And is not this a bit like what Furtado or Cardoso were trying to do, back in the Golden Age of Latin American economic history?

CONCLUSIONS

Latin American economic history was once the cornerstone of Latin American studies, but has fallen into a recession of research and wider interest since its peak during the 1970s and 1980s. And while it is now a leaner and more rigorous discipline, it is also a more parochial field than the wide-ranging and innovative field that used to attract the academic Left and Right, developmentalists and their critics, policy-makers and activists, social historians, sociologists, and anthropologists—that is to say, the spectrum of “hard” and “softer” social scientists. This review questioned if a new way is afoot in economic history, one that can recover, at least in part, the interdisciplinary dynamism of the past.

The answer seems to be “not yet,” but there is a promising diversity of new paths. Scholars are building on (or dissenting from) the hard-science economic history model by using a variety of novel institutional and historical approaches: business history, with its palate of real-life institutional concerns; the history of economic ideas, with its embrace of

the cultural and developmental imagination; the post-dependency historiography of industrialism, which brings social and economic research to concepts of relative backwardness; the new institutional history, with its fresh attention to legal and state politics; and sociological path dependence, which offers hard social sciences a path back into long-range perspectives. Many of these works are also starting to grapple with the durable inequalities that virtually define (as well as mar) Latin America's economic history. It is vital to remember that the post-1980s turn from economic history has been a largely North American affair, often driven by institutional and academic politics; across Latin America, open-ended basic research continues apace, albeit hampered by a climate of material instability. Economic history may find its resonance again soon, now that neo-liberalism, with its hollow historical sensibility, has finally worn out both its welcome and utility in much of Latin America. For the time-being, economic history is not the epicenter of a new interdisciplinary revival, but something is beginning to stir.

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