How Latin America Fell Behind: Essays on the Economic Histories of Brazil and Mexico, 1800-1914
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actions of the United States, but her chief contribution is a discussion of the consequences of the construction of the canal. She shows that the reaction of South American governments was relatively mild. Chile toyed briefly with the notion of seeking German influence to counter the United States, only to drop the idea. Argentina and Brazil failed to protest, while Colombia's angry reaction was undermined by civil war. The author concludes that the canal radically transformed commerce and communications on the Pacific coast and drastically reduced shipping through the Strait of Magellan, but she misses an opportunity to illuminate the long-term effects of the canal with more specific information, such as the consequences of the growth of shipping through the canal and its influence on Pacific coast nations.

The treatment of international relations by both authors is remarkably objective. They have shed some light on the complex interactions of South American nations, but the application of faddish concepts like "spatial images" to the study of international relations is of questionable value and certainly is no substitute for diligent work in the archives and thorough review of relevant scholarship.

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How Latin America Fell Behind: Essays on the Economic Histories of Brazil and Mexico, 1800–1914. Edited by STEPHEN HABER. Stanford: Stanford University Press, 1997. Tables. Figures. Notes. Bibliographies. Index. xi, 315 pp. Cloth, $55.00. Paper, $18.95.

The ten essays edited with an introduction by Stephen Haber can be read on three levels: as an analysis of economic change in Latin America between 1700 and 1900, but particularly in the nineteenth century; as an examination of growth patterns from an internal, domestic, or "endogenous" viewpoint that emphasizes factor endowments; and as a questioning of the viability of concepts of dependence, dependent development, or —as some would have it—the inherent inequality of capitalism on a global scale. Rather than *How Latin America Fell Behind*, the book's subtitle more accurately indicates its purpose: to compare the two largest economies of Latin America—Mexico and Brazil—which, Haber argues, simply do not fit the procrustean bed of dependence.

The essays fall into three categories. The first deals with specific countries. Four essays (by Salvucci, Cárdenas, Marichal, and Chowning) concern Mexico while two essays (one by Leff and another coauthored by Haber and Klein) examine Brazil. Then there are two comparative essays (by Summerhill and by Haber) that compare Mexico and Brazil. Finally, of more general scope, an essay by Engerman and Sokoloff contrasts institutional growth formats in the Western Hemisphere. Confronting this inviting (and daunting) smorgasbord, any reviewer risks undertreating some contributions, overtreating others, and probably bowdlerizing all.

Salvucci, Cárdenas, and Marichal generally agree on the stages of Mexican growth in the nineteenth century: bare recovery until 1870 followed by accelerated growth during the Porfiriato. Salvucci's methodical reassessment of estimates of national income product between 1800 and 1840 comes up with variations on the theme of stagnation:

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either a decline in per capita income, no growth, or a very moderate upswing after 1840. All three authors accept the pivotal roles of the silver mining sector (production fell about 31 percent between 1820 and 40) and of "political instability" as the pull-factors behind private investment in high-risk, short-term public debt. Chowning introduces a somewhat discordant note to this consensus on the Mexican economy until about 1850. In her regional analysis of Michoacán during the first half of the century, Chowning offers data that point to agricultural recovery after 1830 as mercantile capital flowed into cereal-livestock properties to profit from upward trends in commodity prices, from rising costs of leases and rents, and from comforting stagnation in the rural wage bill. She detects "new men" buying haciendas, concentration of income and property, and friction between elite and middle classes as upward mobility seemed to have been choked off.

Cárdenas and Marichal concur in perceiving accelerated growth under political stability in the decades after 1880, linked to the resurgence of silver and, later, nonferrous metal exports that both led to rising per capita incomes and public revenues, to public investment in railroad transport and, last but not least, to exchange-rate depreciation that provided indirect protection for textile and other manufactures. For his part, Marichal stresses the development of money and credit markets, large inflows of foreign investment (particularly after 1885), and the state's new-found capacity to market long-term bonds to Mexican investors.

In their review of Brazil's postindependence trajectory, Haber and Klein join the Mexicanists in maintaining a focus on domestic obstacles to economic growth. Independence brought the "institutionalization of a trading system that had been in place some time" (p. 248), a kind of "path dependence," while the free trade model prescribed by Great Britain brought favorable barter terms of trade in the first half of the century. It was not dependence on British imports but the absence of a "vibrant agricultural sector"—the result of nationwide slavery, high transport costs in the prerail era, and virtually no financial intermediaries—that alone accounts for Brazil's delayed industrialization.

Widening the scope of Marichal's essay, in "Financial Markets and Industrial Development" Haber contrasts the impact of differing governmental policies on financial markets in a common industry: textile manufacture. In Mexico liberalization was limited, relatively few new banks were chartered, and, Haber concludes, the textile industry became concentrated. By contrast, Brazilian policy after 1890 abruptly expanded the money supply and encouraged equity markets that, in turn, facilitated the multiplication of textile enterprises.

In the last of the studies, Engerman and Sokoloff turn to factor endowments to explain the lag (their "diversity in outcomes") between the economic development of Latin America and the Caribbean as compared to that of the United States and Canada. The "diversity," they argue, should be traced to their reasonable redefinition of factor endowments. To the usual trio of land, labor, and capital they add the number of property owners and their background (European, African, Amerindian), along with the legal and political institutions they managed to create. By this more inclusive definition, the

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endowments of North America and Canada led to "participation of a broad range of the population in commercial activity" (p. 271); in Latin America, property concentration rather than dispersion inhibited the spread of commercial involvement among the general population and induced a markedly different outcome: reduced growth.

The fact that over 70 years after independence the Brazilian and Mexican economies displayed "lag" or "reduced growth" is by now part of the historical canon. Equally recognized have been impressive foreign inputs during a post-1890 period of "externally oriented growth," notably in infrastructure and financial services, as well as an ever-expanding overseas appetite for Latin American export staples such as Mexican metals and petroleum and Brazil's "desserts" of coffee, cocoa, and sugar. Summerhill, after imaginative data manipulation, observes that by 1913 exports made up one-third of Brazil's rail freight and one-quarter of gross domestic product, and that railroads "diminished the relative importance of the export sector . . . reducing the degree of foreign economic dependence" (p. 113).

Predictably, the external dimension in the growth of Mexico and Brazil hardly surfaces in other essays. Summerhill's reference to dependence is one clue to the principal title (*How Latin America Fell Behind*); more explicit is Haber's introductory essay questioning the accuracy of a dependence syndrome that explains "falling behind." That model's fundamental fault lines, he advances, are its generalizations, which lack empirical evidence and hence explanatory power, and the untested principle that "Latin American underdevelopment was a product of capitalism itself" (p. 8). Yet Haber proposes that "sustained . . . industrial growth" in Latin America (his periodization is not stated) was based on at least two principal external factors: "foreign-owned railroads" and the "late-nineteenth-century 'export boom.'" On the surface this appears contradictory, for this is a *dependista* argument. At any rate, Haber makes clear *the* point of the collection of essays he has edited: that to better understand Latin America's economic performance we should shift from "poverty and inequality" to "growth economics," and we should make use of the quantitative methods of hypothesis and testing (cliometrics) applied in recent decades to United States economic history.

The etiology of the Latin American condition was already a growth-industry by the early twentieth century. The migration first of British, then of United States capital and enterprise to Latin America, the influence of Marx and then of Hobson, Lenin, Hilferding, and Luxemburg moved Latin Americans and Latin Americanists outward, toward a systemic analysis that might account for persistent poverty. By the late sixties the earlier economic imperialism was transmogrified into "dependency," which turned into neoliberalism in the late eighties. Why Latin America and more recently East Asia have flourished on capital inflows, crony capitalism, and authoritarian polities with *apparently* different outcomes may be explicated by cliometrics, or by the expertise of hindsight provided by the International Monetary Fund, the World Bank, and the United States Treasury Department.

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