

regional history by providing a theoretical model that takes into consideration the interplay of national, regional, and local history in the construction of a national identity. The formation of national identity is a contested terrain between various historical actors containing racial, cultural, political, and economic components in constant opposition with each other. The appropriation of the past by these historical actors helps them to define their present and future identity as the process of nation-state construction continues within the "imagined community."

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The Mexican Economy, 1870-1930: Essays on the Economic History of Institutions, Revolution, and Growth, edited by Jeffrey L. Bortz and Stephen Haber. Social Science History Series. Stanford, Stanford University Press, 2002. xvii, 348 pp. \$65.00 US (cloth), \$25.95 US (paper).

The Power and the Money: The Mexican Financial System, 1876-1932, by Noel Maurer. Social Science History Series. Stanford, Stanford University Press, 2002. xiii, 250 pp. \$60.00 US (cloth).

Mexico suffered from political instability and economic stagnation throughout much of the nineteenth century, from which it emerged only under the regime of Porfirio Díaz. During Díaz's rule, Mexico adopted the export-led growth model, traditionally portrayed as a liberal model that rested on the expansion of trade. But, was Porfirian Mexico truly liberal? The collection of essays edited by Jeffrey Bortz and Stephen Haber, and Noel Maurer's work on the Mexican financial system suggest that a form of crony capitalism, far from the liberal ideal, developed in late nineteenth-century Mexico. The Porfirian arrangement brought economic growth and political stability to Mexico for the first time in its Republican history. According to these studies, however, growth was not as robust as it might have been. Cronyism falls short of offering the ideal conditions for sustained economic growth, which only limited government and the universal protection of property rights can provide. In the end, the distributional consequences of Porfirian policies ignited the Mexican revolution. Moreover, some of the key institutional characteristics of Díaz's regime survived the revolution and shaped Mexican history for decades to come.

Taken as a whole these works make a substantial contribution not only to the economic history of Mexico, but also to the positive political economy literature. Methodologically the two books draw from the New Institutional economics, which emphasizes the critical role institutions (laws, social norms, conventions, etc.) play in shaping patterns of growth. Sustained economic growth rests on the protection of property rights, for which credible commitments are essential. Governments pursuing short-run interests often violate property rights, and

potential investors, knowing this, will not invest unless the government reassures them through credible commitments that their property rights will not be violated. Moreover, a government can protect the property rights of a subset of property holders rather than commit to the universal enforcement of property rights. The authors argue that to overcome the Mexican cycle of political violence and stagnation, the Díaz' regime credibly committed to the protection of the property rights of a subset of property holders. This is not the most effective solution to the commitment problem but it is certainly more effective than the alternative of chaos and instability. The works reviewed here contribute to the understanding of the Porfirian arrangements and to some degree those of the early post-revolutionary period, although only two chapters in the edited volume and two chapters in Maurer's book deal with the latter. The two volumes also contribute to the theory of credible commitment, which rarely deals with arrangements outside the context of limited government and the universal protection of property rights.

The book edited by Bortz and Haber is a collection of very well crafted and carefully researched works on the Mexican economy between 1876 and 1930. It covers three major topics: financial institutions, trade, and labour policies. The chapters on the banking system and Maurer's book on the history of the Mexican financial system give a detailed and comprehensive view of the nascent banking system in Mexico, its evolution and impact. Maurer tests various competing hypotheses on the origins and effects of the Mexican banking system with the support of very well-chosen primary and secondary sources. Maurer shows that partial credible commitments were established in Porfirian Mexico and the early post-revolutionary period. In late nineteenth-century Mexico, they served a clear purpose: Díaz conceded special privileges to a semi-official superbank, the Banco Nacional de México (Banamex) in return for funds for the government — many of these privileges were later extended to the Banco de Londres y México (BLM). One major implication of these arrangements was financial concentration. The two national banks, Banamex and the BLM, overwhelmingly dominated the market with a combined share of over half the assets in the banking system.

According to Maurer, insider lending (lending to the bank directors or their associates) was a rational strategy designed to overcome the high transaction costs of the financial markets. Maurer, and Haber and Bortz in chapter two of the edited volume, show that the firms with good connections to the banks were the ones that grew the fastest, but these were not necessarily the most productive firms. Financial concentration in the context of poorly defined property rights also implied large concentration in Mexico's key industries. Maurer's work also illustrates that the Mexican revolution severely affected the financial system but did not alter its high concentration levels, which persisted throughout the twentieth century. In the final analysis, cronyism implied a much slower rate of growth for Mexico relative to the counterfactual of an open and competitive system.

Two excellent additions to the discussion of the banking system are Carlos Marichal's and Paolo Riguzzi's articles in the edited volume. Marichal illustrates

in detail the positive role of Banamex as a catalyst for Mexican credibility in international markets. He argues that the creation of Banamex was instrumental for re-opening access to the external credit markets thanks to its financial connections in Europe. In contrast with Maurer, who argues that Banamex did not really comply with the role of a central bank, Marichal emphasizes the key role Banamex played in the management of public finances.

Riguzzi analyzes formal and informal institutions that affected mortgage lending. The author discusses how a major advance in mortgage legislation under Díaz, which reduced transaction costs and facilitated access to credit, was undermined by the institution of an organization (the Banco Hipotecario) that received monopoly rights over mortgage lending. This organization, which was established in 1882, obtained a twenty-year legal monopoly over the mortgage market in exchange for privileged access to credit for the federal government. Riguzzi's work confirms the pervasiveness of cronyism in the Mexican financial system at the time.

The next two chapters in the edited volume address trade. They constitute a critical contribution for they present a more balanced view of the Porfiriato, where developmentalist strategies play a role. Kuntz Ficker's work documents in great detail the cumbersome nature of the commercial institutional environment, which regulated Mexican trade up until the 1890s, when major institutional reforms removed these barriers. In her view Mexico's industrialization took off in the 1890s in spite of lower tariffs because critical changes in commercial policy, in particular the simplification of custom regulations, provided a better environment for trade. Edward Beatty's paper complements nicely Kuntz Ficker's. Beatty examines the structure and level of protection for different industries and shows that the Mexican peso's depreciation explains to a great extent the drop in implicit tariff levels for the period 1886-1905. He also addresses the political economy of these changes and concludes that the protectionist character of the tariff system during the Porfiriato responded to both ideology and interests. Beatty finds a high correlation between highly protectionist tariffs and patterns of industrial development. The author, agreeing with Ficker, does not claim that tariff protection in itself brought industrialization but that it was critical. Institutional change alone would not have stimulated industrialization — tariff protection was a necessary condition.

The last two essays deal with labour and the effect of labour policies on productivity and growth. Bortz documents the dramatic changes in labour legislation that took place during the revolutionary period until the late 1920s. Aurora Gómez-Galvarriato analyzes the impact of some of these changes on the textile industry. The major point the author makes is that the three main actors in the textile industry — entrepreneurs, workers, and the government — devised institutional arrangements that established relatively peaceful relations in the workplace at the expense of major losses in competitiveness. Moreover, the author shows that these institutional arrangements prevailed in Mexico for several decades with devastating effects for the development of the industry and the standards of living of Mexican workers.

In the final analysis, and in spite of all the good evidence and interesting

insights these works provide, the reader is left wondering what explains the relative success of Díaz. Maurer's work and Haber in the conclusions to the edited volume imply that partial credible commitments were the only feasible option for Mexico at the time. Mexico, according to Maurer, failed twice to establish the rule of law: after the violence of the nineteenth century and after the violence of the revolution. But, in fact, it failed to establish not only limited government but also partial credible commitments in a number of occasions. Why did Mexico have to wait for so many decades after independence to achieve stability and growth? Why did it wait for most of the twentieth century to open up its political system? Although the volumes reviewed above do not answer these questions, they give quite innovative and illuminating insights to critical features of the Mexican economy in the late nineteenth and early twentieth century.

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Blood and Fire: La Violencia in Antioquia, Colombia, 1946-1953, by Mary Roldan. Duke University Press, Durham, North Carolina and London, 2002. 392 pp. \$89.95 US (cloth), \$24.95 US (paper).

This insightful historical study is a substantial contribution to the understanding of Colombian regionalism and violence. Within Colombia, Antioqueños are much admired and their history much discussed. There is an extensive Spanish language historiography examining the department's mythic past, with a corresponding literature in English. A great deal of this literature seeks to reconcile these myths with historical reality. Working in this vein, Roldan documents the way that the early years of *la Violencia* in Antioquia, a period of national strife so pervasive and deadly it merited no other title, unfolded differently than is usually assumed. Her research has uncovered a record of violence that was "limited in scope and far more varied in impulse," than implied by the traditional story of conflict between partisans of Colombia's Liberal and Conservative parties (p. 10). In exploring this point she charts how political identity, ethnicity, and regionalism were related to the local economy and the actions of a weak national state. She finds "that violence in Antioquia was intimately linked to struggles waged between the regional and the central states and between the regional state and its peripheral inhabitants over the right to determine political, social, economic, and cultural practices" (p. 28). Her description of how this process worked is deceptively lucid; the enormous scholarly effort involved in piecing together such a story is almost impossible to detect in the fluid narrative.

Traditionally *La Violencia* is understood as beginning with the assassination of the Liberal populist Jorge Gaitán on 9 April 1948. Roldan, joining other more recent works that employ alternate periodizations to examine regional histories, begins earlier and then uses 1949 as a dividing point, the year the government of the arch-Conservative Laureano Gómez was overthrown. Chapter one details events between 1946 and 1949, focusing on two related stories. The first con-