

The changing political scenario of the region foregrounds the author's study. The woes of "crisis" were followed by the turbulent years preceding Italian unification. The papacy had played an important part in the revival of Apennine textiles. Pope Pius VI abolished a number of tolls, taxes, and duties on silkworm cocoons greatly facilitating the production and sale of silk. In 1782 Bishop Minnucci founded a silk processing and weaving conservatory where poor girls could earn their dowry through fabric making. Physiocratic reforms did away partially with the stranglehold regulations of the guilds. However, whereas the Apennine region gained in terms of its export of raw material, especially silk, it bought back the same as finished goods, losing eventually on the roundabout.

The latter chapters take up the story from the postunification period when the protections, privileges, and subsidies offered by the papal states had become a thing of the past, to the world war period when, for a brief while, the silk industry of the region flourished. This was evident in the opening up of new mills and innovations such as modern steam-heated basins replacing the traditional basins fuelled by wood fires. This "Indian Summer" (*sic* p. 105) collapsed with the competition of textiles from regions such as India in cottons and Japan in silks. Rayon displaced silk in the twentieth century to the loss of the Apennine silk producers, although Italy took very quickly to rayon production, ranking second only to the United States.

As "tenacious survivors" the natural fiber textiles of the Apennine region have lasted unto the present day despite tough competition from China and India, which could hire labor at an even cheaper rate. With innovative techniques and the constant nurturing of the relationship between town and country, the Apennine producers could still become "market-makers."

This fascinating saga of a region and its principal industry,—natural fiber textiles—is a must read for economic historians in general and textile historians in particular.

VIJAYA RAMASWAMY, *Jawaharlal Nehru University*

LATIN AMERICA

The Cambridge Economic History of Latin America, vol. 1. "The Colonial Era and the Short Nineteenth Century." Edited by V. Bulmer Thomas, J. H. Coatsworth, and R. Cortes Conde. New York: Cambridge University Press, 2006.

To summarize in a limited space the many virtues of volume one of this major and long-awaited update on the new economic history of the Iberian colonies in the New World is a serious challenge. The editors have certainly surpassed their aim of presenting a current state of the knowledge on the subject. The 13 chapters offer sound analysis and robust data describing the major trends and developments in Spanish and Portuguese America, beyond national and regional cases. Most contributors' expertise is in Spanish American history, which might explain why both economies are treated separately even though intense legal and illegal connections existed between them. All chapters have thorough and updated bibliographical essays, some of which include scholarship by Latin American researchers in original languages, and most contain a valuable section about Brazil for comparative purposes.

With an economic and institutional logic, the book examines the 300 years up to the mid-nineteenth century. Transcending the conventional threshold of political independence around the 1820s, the contributors have generally prolonged the analysis un-

til the mid-nineteenth century, to the onset of globalization, a process that staged an auspicious reversal in the development trajectory of the region. The analysis ends when a “process of institutional modernization needed to sustain economic growth took shape” (p. 2). Interestingly for the main thesis of the volume, a comparable spurt of institutional reforms in the region concurred with another wave of globalization in the 1990s—then, as in the nineteenth century, the results were “increases in inequality of income” (p. 3), renewed political instability, and intensive growth that did not last.

The extended time frame is not the sole improvement in relation to the existing literature. The volume also includes three “background” chapters on pre-Hispanic economic organization (by a bio-archeologist and a cultural ecologist) and on the other two main world regions that affected these economies, namely Europe and Africa (written by two prominent global economic historians, Patrick O’Brien and Patrick Manning). Rebecca Storey and Randolph Widmer describe the elaborated systems of labor and sophisticated knowledge in the use of resources prior to the arrival of Europeans, which organized production and exchange in economies whose (slow) growing populations apparently did not suffer nutritional hazards comparable to those of contemporary Europeans, despite the highly unfavorable environment. Moreover, they transacted at long distance in rather integrated regional markets.

African slaves and Europeans dramatically reshaped the ecological and technological basis of the native economies. Yet, some fundamental organizational forms persisted and eventually the “conquest” resulted in mutual adaptation and appropriation of goods, knowledge, customs, and institutions, which replicate the extensive miscegenation that characterizes Latin America. The result was a fascinating mix of tradition and versatility in the organization of production and exchange, which is fully apparent in chapters 4 to 6. These chapters form part 2, “Natural Resources and Factor Endowments” and offer contributions on the environment, population, and the labor system of the Iberian colonies, with perhaps some slight overlapping and hence repetition of themes and treatment of issues. Melville’s rhetorical nuances attempt to remedy the relative youth (i.e., still at an exploratory stage) of environmental history studies for the region in her chapter on the great ecological and ethnic diversities of the pre-European New World. In contrast, Linda Newson takes stock of one of the earliest and most developed fields of research—the demographics of colonial Latin America. She has produced an exhaustive factual and analytical account of the (de)population, recovery, and mixing of population stocks (hence the survival of languages). Coupled with Massimo Livi-Bacci’s articles (“The Depopulation of Hispanic America after the Conquest.” *Population and Development Review* 32, no. 2 [2006]: 1–34 and “Return to Hispaniola: Reassessing a Demographic Catastrophe.” *Hispanic Historical Review* 83, no. 1 [2003]: 3–51), which are surprisingly missing in her analysis, Newson’s chapter should be reference reading hereafter.

John Monteiro has mastered the specificities and varieties of forms of labor in colonial Latin America, which involved a mesmerizing combination of contracts, silver wages, nonwage compensations, and coercion. His penetrating chapter presents the coexistence of coerced (informal and formal) labor along with widespread wage use among free *and* forced labor; sometimes in the same region, the same sector, and even the same ethnic group. Thus the main features of the colonial labor system were “informality” and a wide spatial, ethnic, and occupational mobility. Indeed, as Coatsworth points out, the relative ease of owning land (and similar easy access to other resources such as unminted silver) “raised the wage incentives which would have moved people to more productive—modern—jobs” (p. 261). Defining colonial labor solely as coerced or forced is not at all adequate where contracts were greatly distorted by re-

ciprocity and patronage arising from ethnic connections and the peculiar colonial bond established by imperial Spain. Even *mitayos* received regular payments in cash. Nor did cash wages satisfactorily reflect free labor. Additional benefits were traded for wage increases. Monteiro's chapter should be a compulsory read for anyone who wants to compare colonial labor institutions hereafter. Moreover, it nicely bridges the opening chapter of part three "Economic Organization and Sectoral Performance."

John Coatsworth's "The Political Economy and Economic Organization" is more than a revision of the literature. It is an original interpretative essay and the backbone of this volume. He offers an explanation for the fundamental failure of Iberian institutions to advance their productivity, hence the long-term stagnation of modern Latin American economies despite some occasional, recurrent, short-lived, export-led booms. Coatsworth's is a far more sophisticated and accurate examination of such institutional hindrances than most others currently offered in studies of the colonial origins of comparative development.

The first half of the chapter presents with extraordinary precision a political economic analysis of the origin, working, and evolution of the New World "Iberian equilibrium." "Revocable contracts" as a bond between crown and subjects, the often ex post royal approval of contracts, the symbiotic relation with the church (yet a distinct institution), and the persistence of the "implicit compact" between the crown, the colonial government, local elites, and "subordinate majorities" indicate the existence of a rule rather weaker than the pedestrian notion of absolutism commonly invoked. The section on the legal system is less convincing though. Why should the adoption of a "civil law" regime have been so important if, as Coatsworth points out, the crown lacked "the capacity (and personnel) to compel obedience" and "delegated" most activities of governance to individuals and groups. In addition to the ultimately negotiated nature of the crown's rule and the subject's discretion to comply with its authority, the persistence of ethnic jurisdictions and the concomitance of indigenous and Spanish judicial agents left the ruler with the ultimate capacity to *veto* but not to *legislate*. The ruler's monopolistic authority was only nominal and, in practice, severely limited by jurisdictional jockeying resulting from overlapping authorities, secular and religious, European and indigenous, metropolitan and local. Thus there is little in the chapter to resolve the contradiction between what is described as a *de facto* localized law-making process and the charge that the *de jure* top-down nature of Roman law somehow hindered growth. Notwithstanding a slightly "normative" tone in the narrative about what the Iberian institutional setup was *not*, this chapter must be the point of departure of the revision of what the political economic rationale of these imperial economies actually was.

Five chapters on different economic sectors complete part three. Carlos Sempat Assadourian displays his unique erudition and insights on the colonial period in the chapter on agriculture and land systems. He has a point when calling attention to the limited scope for a more successful and more productive economic performance: the structure of international demand for Latin America agricultural exports in the early modern world economy was limited by available income and transportation costs. In the chapter on the mining industry, Enrique Tandeter crafted an exhaustive review of the literature with the rigor, outreach, and knowledge that were his trademark as scholar. It assesses practically every aspect of this widely researched topic—labor, financing, technology, output, prices, royal policies—which makes it essential reading for those working on the period. Aurora Galvarriato discusses the scale and scope of "premodern manufacturing" and analyzes in thorough detail the sugar industry, mostly in the islands and Brazil, and textiles in the main Spanish colonies. A marked lack of

recent research on the topic did not help her employ an analytical approach less framed in old debates about the occurrence of or impediments to industrialization in Latin America. Only a handful of titles published in the last 20 years stand out in her painstaking bibliographical essay.

According to the editors, the productivity of the colonial economy is correlated with external trade (p. 3). Yet, the chapter on “Commercial Monopolies and External Trade” by Graciela Marquez concentrates on policies and institutions organizing the colonial trade and transportation in both oceans rather than the actual trade. In her view, commercial policies and institutions managed to hurt both colonies and metropolis. Although they did not favor domestic development in the peninsula, in the colonies Iberian mercantilism aggravated the terms of trade by charging “higher prices” for imported goods and by distorting the “prices and volume” of trade. Strikingly, this seems to be the only area where the Iberian empires succeeded at efficiently enforcing regulation and practices, whereas they utterly failed everywhere else. Finally Carlos Marichal’s sober chapter on “Money, Taxes and Finance” greatly captures the critical transition from colonies to modern independent fiscal and monetary units. The legacy of weak and unstable monetary regimes and chronically inadequate fiscal performance explains a great deal of the financial and political penuries of modern Latin America.

Chapter 13, or part four, by Leandro Prados closes this volume. His intelligent presentation of the economic impact of Independence in the context of current comparisons of postcolonial economic performances with former British colonies and with Africa probably works better as a forward-looking preface to the developments of modern Latin America than as a conclusion of this book. He chose not to elaborate much on the macroeconomic consequences of the end of an “overarching” ruler, the fragmentation of exceedingly integrated markets, and the collapse of the customs and monetary union that Marichal described so well. His comparative exercise also overlooks one particular feature that set Spain and her colonies apart from the British (post)-colonial world: both metropolis and colonies fared poorly in the nineteenth century and suffered from the same instability. This instability is in sharp contrast to Brazil’s institutional continuity throughout the century and might have posed an interesting counterfactual to test the roots of both regions’ poor economic performances.

The structure of the book, focusing on factor endowments, institutions, and sectors, works well as a basic dividing principle. Yet, it does not do much to appraise the dynamic of the colonial economy or its pace of growth. At least the Spanish empire was a self-financed enterprise that expanded over an enormous territory in a relay fashion drawing capital and people from older settlements for a period of 300 years. Unfortunately, there is not much in this volume about the growth and extension of the empires. As shown by Coatsworth, crown investment in enforcing property rights was practically nonexistent. Defense and domestic security were outsourced to colonials—both European and indigenous communities—and yet no major challenge affected the crown’s rule. It tamed every dissent within and major rebellions were even started in its name against “bad (local) government.” Like other contemporary early modern empires, this rent-seeking ruler privileged stability and continuance of its rule over fiscal income and centralization.

This empire “run on the cheap” reaped massive rents in the meantime while allocating privileges, protection and, ultimately, legitimacy to contracts. It had to redistribute revenues and entitlements to co-opt local elites and subordinate majorities without alienating loyalties or raising costs. By redistributing sizable resources among regions and sectors, the empire extended its rule and secured obedience. This also permitted the incorpora-

tion of newer areas and the development of newer products for export suitable to marketing in the changing international economy. The massive subsidies to Cuba, Chile, and the River Plate should be considered when explaining their relative economic success in the late eighteenth century (R. Grafe and M. A. Irigoín, "The Spanish Empire and its Legacy: Fiscal Redistribution and Political Conflict in Colonial and Postcolonial Latin America." *Journal of Global History* 1, no. 2 [2006]: 241–67). The church, a similarly rent-seeking partner, gained a fair share of the output. Within a rent-seeking "imperial ethics," free riding was in part permitted by the exceptional arbitrage that silver obtained in the technologically more advanced and productively superior East. Did Spain, perhaps, enjoy a 300 year free ride because of her monopoly on silver sources and on the issue of the contemporary world's "reserve currency"?

Abundant but unsystematic information on prices seems to indicate that price levels in Iberian America were high, which points to abundance of money even if there was a persistent shortage of small change. However no copper coins were ever minted in the colonies. Nearly all the coinage of 70,000 tons of Spanish America silver was made of the one peso coin, whose content represented one and half times the daily wage of a skilled worker in 1780s London (R. Romano, *Monedas, seudomonedas y circulacion monetaria en la economia de Mexico*. Mexico, 1998: table IV.2). Similar distribution occurred among gold coins in Brazil. Thus an extraordinary liquidity of the colonial economy permeated even the lowest sections of the population. Money was used to make all sorts of payments, and credit did not have much of a role in the colonial economy, at least in comparison to other world regions. There was a cash flow problem rather than a "shortage of cash," a common confusion in the literature that is unfortunately repeated in this book. Hence pawning dominated in retailing and small-scale trade. Church institutions amassed massive amounts of cash and released it as lenders to small producers. Advances and consignments did the same in domestic trade, which had to be far more extended than hitherto accepted. Unfortunately, there are no price or wage series in the book, reflecting the dearth of price studies in the literature.

The lack of industrialization should not be surprising. No contemporary economy developed a "modern" manufacturing sector until the 1780s, and those that did henceforth, like England, pursued essentially a strategy of import substitution in the early stages. No empire promoted industry in the colonies; British policies in India are a case in point. At this time when returns from freer trade were greater and silver production and minting was skyrocketing (trade restrictions just were on paper), why would colonial Latin America have had to industrialize? With great levels of liquidity and yet favorable purchasing power of silver, a Dutch disease-like process should have affected the colonies just as much as the metropolis. Without information on relative, domestic, and international prices, assessment of the prospects for manufacturing—or the lack thereof—can only be speculative.

It has been known since Earl Hamilton that the bulk of silver and gold extracted out of Latin America since the sixteenth century resulted from transactions of private individuals, i.e., trade. Huge availability of bullion, even if its allocation was distorted by rent-seeking (private, public, and religious) institutions, had to make the colonies a magnet for imported consumer goods. All other European nations sought trading with the Iberian New World, by consent, such as Portugal and Britain after 1703, or by chance, as all other maritime powers did once they established a foothold in the Caribbean in the seventeenth century. Even North Americans widely participated of the intermediation of Spanish American late colonial trade. Changes in the colonial economy resulting from changes in the international environment are too rarely mentioned in this volume. Nor is much said about the distribution and consumption of imports

and production for regional commerce. The pervasive idea of an expropriating monopolistic ruler whose aim was the extraction of revenues overshadows the extent and density of private and domestic exchanges.

Perhaps Patrick O'Brien's chapter will deliver a good framework for designing hypotheses to address some of these questions. Paradoxically, global explanations sorting out the "Great Divergence" have held constant colonial Latin America. It is up to scholars in the field to engage in such a debate. Probably a double strategy that is more global and more local (focusing on consumption rather than exports) with the help of more relative international and domestic prices and incomes will allow researchers to take one step further on the long way that colonial Spanish and Portuguese America economic history has covered already. Further research will necessarily have to start from the point that this book has reached. In so doing, this collection will prove an invaluable source of information, analysis, and inspiration.

ALEJANDRA IRIGOIN, *College of New Jersey*

THE ATLANTIC ECONOMY

The Atlantic Economy during the Seventeenth and Eighteenth Centuries: Organization, Operation, Practice, and Personnel. Edited by Peter A. Coclanis. Columbia: University of South Carolina Press, 2005. Pp. xix, 377. \$49.95.

This book consists of 13 essays originally presented at an international conference organized in 1999 on "The Emergence of the Atlantic Economy." Its contents are as fluid, dynamic, and nuanced as the Atlantic World evoked in the editor's introduction.

April Lee Hatfield, Claudia Schnurmann, and Jan de Vries each discuss aspects of the Dutch presence in the Americas. De Vries' chapter is an outstanding reappraisal of Holland's failure to establish an Atlantic empire. A stout defender of the much-maligned institution of patroonship, he attributes the loss of New York to political factors (the need for English support to resist Louis XIV) rather than internal weaknesses. Despite this setback, de Vries argues, the Dutch continued to prosper in the New World until, by the 1770s, commercial revenue from the Americas exceeded that of the Indies—a remarkable finding and an important corrective to received wisdom.

David Hancock's and R. C. Nash's chapters address mercantile innovation. Hancock's analysis of Madeira wine eschews conventional models of product innovation in favor of self-organized complexity. Innovations resulted from "highly verbal, often contentious epistolary conversations" (p. 32) held between growers, distributors, wholesalers, retailers, and customers. In several respects, the development process Hancock painstakingly documents has an affinity with the social shaping of technology literature. The chapter concludes by discussing the emergence of wine rituals and luxury consumption patterns—territory also covered by Robert S. DuPlessis, who seeks to demonstrate T. H. Breen's "process of material standardisation" (p.72) spread beyond the Thirteen Colonies. DuPlessis's methodology, however, relies on percentage breakdowns of different textile fabric types in probate inventories of merchant dealers located in four colonial cities. The small numbers of merchants sampled means that the point estimates must have large standard errors, making it difficult to conclude anything definitive about distinctive categories of consumption. Nash's impressive contribution adopts an expansive chronology extending to 1830, enabling him to analyze both the rise and fall of the commission system and the cargo trade. On the accumulation of capital and credit generation in Atlantic trade, he concurs with the findings of Richard Pares and Jacob M.