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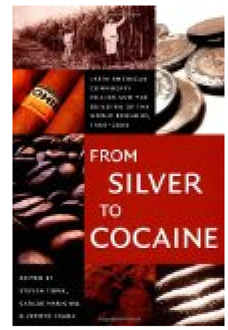

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Linking Latin America to the World of Goods

This book offers an original approach to the economic history of Latin America since colonial times. It does so by applying commodity chain theory to the development and expansion of capitalism in the region. Commodity chain theory was first developed by social scientists largely inspired by Immanuel Wallerstein´s seminal work on the world system in the modern era. Little or not used at all by historians of Latin America to date, commodity chain theory focuses on "the production of tradable goods from their inception through their elaboration and transport to their final destination in the hands of the consumers" (p. 14). The editors stress the theory's relational power as it helps uncover the multiple links established among producers, consumers, and commercial and financial intermediaries both in Latin America and in the industrial areas of the world.

The book is organized into chapters dealing with twelve major commodities. Four cover goods related to the colonial period (silver, indigo, tobacco, cochineal); the remaining eight are devoted to postcolonial products caught up in the midst of capitalist transformation (coffee, sugar, cacao, bananas, guano and nitrates, rubber, henequen, coca and cocaine). All chapters are rich in information and offer in-depth analysis. Most of the authors make a real effort to insert their case studies into the framework of commodity chain theory but others, it is sad to say, do not make any attempt at it, which partly hampers the main argument of the book.

Some common themes stand out throughout the chapters. First, most authors emphasize the political dimension of the creation, transformation, and destruction of commodity chains, identifying the state as a key actor in this process. Second, the circulation of information and the role played by previous business networks in the development and consolidation of commodity chains are stressed in many cases. Third, several chains that competed to control markets of given commodities often transcended national boundaries; that is, both foreign and local capital and agents were involved in the formation of transnational chains. By directing its attention to products rather than nations, this theory transcends national approaches and offers a global perspective encompassing producers in Latin America, consumers in North America and western Europe (and eventually Asia), along with several layers of intermediaries (both local and international) in between. Fourth, and perhaps the most important theoretical contribution of these essays, is that they are written with a slant against dependency theory. Contrary to dependency theory's premises, the "commodity chain" approach contends that producers in Latin American countries had a more active role in defining the terms of the trade and in reaping profits from it, that the chains were not always dominated by North American and European agents, and that profits were distributed throughout the chain, not concentrated only at the top of it.

These theoretical features of the commodity chain approach as applied to Latin America are best illustrated by some of the individual chapters, which present organizational variations in the formation of chains associated with different commodities.

Steven Topik and Mario Samper study coffee production and trade in nineteenth- and twentieth-century Brazil and Costa Rica. The sheer size of Brazil's coffee operation helped turn coffee into a real mass commodity at the end of the nineteenth century, when it was consumed in large quantities worldwide, especially in western Europe and the United States. By 1900, Brazil dominated the coffee market, producing 75 percent of coffee drunk in the world. The authors contend that "[L]arge inexpensive Latin American production combined with plentiful sugar allowed coffee to overshadow its competing caffeinated drinks.... Latin America turned much of the Western world into coffee drinkers" (p. 129). This argument applies primarily to Brazil, as the enormous scale of its coffee business advanced the expansion of coffee consumption and, until 1930, helped the producers control its price.

Unlike coffee, the formation of banana commodity chains in Central America was largely demand-driven, centered on the U.S. market. According to Marcelo Bucheli and Ian Read, increasing demand for bananas in the United States promoted the incorporation in 1899 of smaller fruit-processing businesses into the United Fruit Company, which came to monopolize Central American banana production and distribution. The big conglomerate fostered vertical integration of production and trade, concentrating in its hands the management of land, railroads, and steamships. The authors stress the political aspects of its grip on banana trade, as it was strongly influenced by U.S. policies in Central America aimed at defending United Fruit leverage in the banana-producing countries, thus fostering consumption of bananas by the American public.

Rory Miller and Robert Greenhill emphasize the intervention of the state in defining the terms of the production and commercialization chains formed around fertilizers (guano and nitrate) in nineteenth-century Andean South America. Both commodities were state monopolies given under concession to private entrepreneurs. Production was mostly in the hands of national agents, but trading and distribution were controlled by large foreign merchant companies, mainly British and American, which had better access to financial and logistical resources. Despite this fact, national states (especially Peru and Chile) benefited from fertilizers trade through the application of high export tariffs and revenue from concessions. As the authors argue, "the commodity chains that were constructed in the international fertilizer trades may have been dominated by foreign intermediaries as a result of asymmetries of information and access to business networks and cheap finance, but the host economies still obtained substantial benefits and rents from the trade" (p. 261).

Zephyr Frank and Aldo Musacchio´s study of the Amazon (Brazilian) rubber boom of the late nineteenth and early twentieth centuries echoes this last finding. The authors stress the effect of uncertainty and competition at every step of the rubber commodity chain as it grew larger and more complex. Within this context, producers and consumers make decisions based on their share of knowledge and information. Uncertainty and competition disprove the "exploitative model" implied by some practitioners of commodity chain theory, as profits both in the industrial core and the agricultural periphery were distributed similarly. As the authors put it, "[T]his finding casts doubt on the traditional concept of commodity chains ... in which actors in the core economies tend to concentrate profits while actors on the periphery are left to face the fickle winds of the market" (p. 293).

Paul Gootenberg´s essay on coca and cocaine is perhaps the best study in the book, dealing with the development of competing commodity chains between the producing countries in the Andes and their consumers in western Europe and North America from the middle of the nineteenth century to 1950. The surge of coca and cocaine production and export was first linked to developments in medicine and the pharmaceutical industry in Germany and the United States, namely the discovery of cocaine's anesthetic powers. Both countries imported large quantities of coca, mostly from Peru. Large German and American chemical manufacturers–such as Merck and Parke Davis respectively–pioneered coca trade, sending agents to Lima and the eastern slopes of the Andes to induce coca producers to sell them the leaf or a slightly processed form of cocaine (called "cruda"). Back in the importing countries, chemical firms manufactured medicinal cocaine for domestic and global distribution. Despite some developments of Dutch (Java) and Japanese coca chains in the 1910s and 1920s, the former countries came to dominate coca/cocaine chains for half a century. Whereas in Germany science was the driving force behind cocaine distribution, the United States became the largest market for coca/cocaine, largely due to its popularity as a stimulant and as the major ingredient in Coca-Cola. As a result, in the 1920s two-thirds of coca production was consumed in the United States. In the following decade, the United States started to curb the import of coca due to a campaign to ban its use. World War II was a turning point: the leaf was no longer used as medicine and the United States banned legal use of coca/cocaine, except for Coca-Cola. Since the 1950s another set of chains appeared, related to the illicit trade of cocaine driven by the U.S. market.

The editors are to be praised for having put together a valuable set of articles bound by the application of commodity chain theory that advances a more nuanced version of the workings of capitalism in Latin America and its connections to the global market. This theory provides a solid framework that integrates economic, social, and political factors to elucidate the expansion of capitalism in the region. As Paul Gootenberg ably puts it, "By focusing on flows rather than objects or sites, a commodity chain approach challenges distinctions between national economies and polities still dear to neoclassical and institutional economists. In short, this holistic view helps us to overcome traditional divides between internal and external factors and between economic and non-economic factors in Latin American history" (p. 322).

The editors also stress that commodity chain theory offers a needed corrective to the empiricism pervasive in traditional literature on Latin American economic history. Though true, this statement applies more to economic history written in the Anglo-American academic milieu than in Latin America, as Marxism and dependency theory have always provided a strong theoretical core to Latin American economic history. In this respect, commodity chain theory offers a needed corrective to these as well as to institutional approaches to Latin American economic history.

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