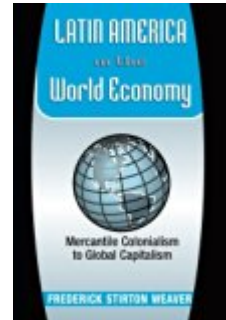


**Frederick Stirton Weaver.** *Latin America in the World Economy: Mercantile Colonialism to Global Capitalism.* Latin American Perspectives Series. Boulder: Westview Press, 2000. xix + 252pp. \$25.00, paper, ISBN 978-0-8133-3809-5.



**Reviewed by** Ralph Lee Woodward

**Published on** H-LatAm (April, 2002)

## From Mercantilism to Neoliberalism

In a work more substantial than its relatively few pages might suggest, Frederick Stirton Weaver succinctly summarized and analyzed the relationship between Latin American development and the world economy since the sixteenth century. He develops and refines ideas and approaches that first appeared in earlier articles, especially his "Capitalist Development, Empire, and Latin American Underdevelopment: An Interpretive Essay," *Latin American Perspectives* 3: 17-53, and more recently for Central America in his *Inside the Volcano: The History and Political Economy of Central America* (Boulder: Westview, 1994). The author's ability to synthesize concisely large periods and concepts and his clear and didactic style makes this an especially appropriate work for undergraduate courses on Latin America's economic history, or even for general surveys of Latin American history.

It is not primarily, however, an economic history of Latin America, but rather an analysis of the ways in which economic systems and processes in the North Atlantic world have affected and

determined Latin America's economic progress. Its focus places Latin America within the changing international political economy. Nor is it narrowly economic deterministic, for the author imparts a good sense of social and cultural issues that are related to the economic history of the region. And while he provides considerable attention to economic theories and forces, he concludes that Latin America's future ultimately depends on human political choices, not simply on the forces of technology and the market. A professor of economics and history at Hampshire College, Weaver offers this book as "part of a continuing dialogue among those committed to understanding current changes in ways that might enable more people in the world to live with less material deprivation and political oppression" (p. xiv).

More than half the book focuses on the latter two-thirds of the twentieth century, yet the three chapters synthesizing the previous four centuries are remarkably sound. While this reviewer would have preferred greater elaboration on several aspects of earlier history, he nevertheless must ap-

plaud the work's success at condensing a very large literature into an effective summary.

An initial chapter overviews the rise of European capitalism and its application to the New World (1492-1700), while a second treats competitive capitalist industrialization, free trade imperialism, and Latin American independence (1700-1850). The third chapter deals with the rise of finance capitalism, the New Imperialism and Latin American export economies from 1850 to 1930, in which Weaver notes important differences between nineteenth-century German-led industrial growth and England's eighteenth-century industrial revolution, both drawing Latin America more fully into the North Atlantic trading system with its agroexports.

Much of the work focuses first on the economic history of Europe and the United States and then relates how they affected Latin America. Chapter 4 describes the rise of transnational corporations and the dominant features in the international economy. It contains a splendid synthesis and analysis of international theories dominating world trade and relations in the mid-twentieth century. It does a particularly good job of explaining the increasingly complexity of U.S. business interests in Latin America. His synthesis of the U.S. intervention in Guatemala in 1954 is characteristic of his brief yet perceptive analyses: "Democracy in Guatemala (1944-1954)...had worried the Truman administration a bit, but it became deeply disturbing to the U.S. government in the early 1950s when the United Fruit Company, which had close connections with the very top echelons of the Eisenhower administration, had its property threatened by the reformist government. Corrupt connections and the fear of Communist influence in Guatemala, in good part produced by an extensive media campaign by the United Fruit Company, were a powerful combination, and in 1954, the CIA went ahead with its plans to overthrow the Guatemalan government....Despite the overheated anti-Communist

rhetoric that accompanied it, however, it is difficult to determine whether the operation was principally an old-fashioned helping hand for rich friends or whether it was informed mostly by a global anti-Communist strategy that genuinely saw Guatemala as a bridgehead for an assault on the Americas. But beyond the usual mix of motives, it is important to note that preserving a capitalist system of private property in production (anti-Communism) and preserving the private property of a powerful U.S. corporation abroad (corrupt connections) can easily be made to sound like the same thing" (pp. 109-10).

A fifth chapter explains import substitution and industrialization in Latin America in the mid-twentieth century, weighing the varying effects--successes and failures--of this approach to Latin American economic development. Again, the author's ability to condense to few words complex historical developments is evident, as, for example, in his treatment of the Argentine in the late twentieth century: "The most serious problem for the military government...was the enduring legacy of Perón's political mobilization of large proportions of the working population. The military government's failures in trying to demobilize the workers set the stage for severe fiscal crises. Continuing working-class political pressure hindered the government's ability to curtail social expenditures or shift the tax burden onto the shoulders of the poor. Tax reductions for the well-to-do, then, led to such general declines in tax rates that tax revenues shrank not only as proportions of GDP but even in absolute terms" (p. 141). The result throughout the Southern Cone, he argues, was that "the mobilization of workers had gone too far for standard military coups or the resumption of ISI [Import-Substituting Industrialization], and all three military governments [Uruguay, Argentina, and Chile] abandoned the ISI project altogether and opted for another economic model. There is no question that the ISI project contained serious technical problems, and its prospects for propelling continued economic dynamism were not

bright. Nevertheless, the first nations to jettison ISI were not responding to failures of ISI's economic logic to generate economic growth; rather they were reacting to its political logic: the real and immediate political challenges that ISI's economic successes had produced. The military governments used brutal force to dismantle the state-centric ISI structures and to replace them with politically safer 'free market' mechanisms. Unlike earlier, short-lived experiments of this kind, however, these shifts in policy occurred at a time when the contradictions of Modern Times in the leading capitalist powers were already producing new patterns of economic organization and international political economics. The politically opportunistic policies, then, were economically consonant with new patterns that changed the contexts of actions so markedly that entirely new courses were forged throughout the world" (p. 144).

In a sixth chapter, Weaver focusses on more recent times and international competition and the dissolution of the "Modern Times," as he labels the relationship that had emerged following World War II. This chapter deals almost exclusively with United States economic development as he lays the foundation for a final chapter, in which he describes Latin America in terms of its "debt, democracy, and uncertain transformations" (p. 169). Acknowledging that capitalism has changed in significant ways over the last two hundred years, he insists that there are two fundamental characteristics that are still "integral to its very definition as a mode of production: the first is the wage labor system, with the resulting conflict between propertyless workers, who have only their labor services to sell, and the propertied classes and their agents who purchase labor services. The second is profit-motivated production by private firms that compete with each other in product markets to realize profits. The labor-capital struggle and capital-capital competition are the two defining and driving forces of capitalism, and they are set in national political frameworks with

shifting government-citizen relationships" (p. 150).

Much of the final chapter is devoted to what Weaver calls Neoliberal Democracy, as he argues that "contrary to conventional wisdom, the mutual compatibility that links democracy with free markets is not a common commitment to individualism and decentralized authority; the presence of large, powerful corporations makes such associations highly tenuous. The principal connections between free markets and democracy are to be found in other directions, and Neoliberal Democracy is my name for the powerful combination of debt crisis, neoliberal political economy, and electoral politics" (p. 188). In Weaver's view, "neoliberal reforms have been essentially negative, eliminating public policies that restricted the wealthy or protect the poor. Free markets mean freedom for capital, and therefore national democratic (i.e., electoral) procedures prevail at the time that political channels are closed as a means for citizens to affect the material welfare, which is delegated to undemocratic decisions by private capital, foreign and domestic" (p. 189). Weaver warns of the danger of a "tightly knit global elite" (p.205) with its "increasing concentration of income and private power throughout the world," as he concludes with a condemnation of neoliberal policies. Closing on an optimistic note, however, he assures us that "This era, like all prior eras, is a time of transition, and the outcomes of the process will be determined primarily by humans' political efforts and choices and not by Technology, History, The Market, or any other mystical influence" (p. 206).

Weaver is thus highly effective at synthesizing Latin America's economic development within the context of world economic history. He does this in terms and descriptive comment that are easily understandable by undergraduates who are not economics majors. In the process, he gives us a clearer picture of the nature and role of imperialism in Latin America over several centuries, and more especially since 1930, especially with re-

lation to the United States. The work is further enhanced by many useful tables and a substantial bibliography.

During the current semester I assigned this book to my graduate seminar on Latin American Economic History. Their response to the book varied considerably, some liking it very much, but others reflecting disappointment that it did not provide more detail on Latin America. One student, Will Kelly, called the book "terribly thin" with case studies that were "almost painfully brief," and regretted insufficient treatment of competing theories of capitalism. On the other hand, Ruediger Cirsovius, a German student working primarily in United States history praised the book as "comprehensive" and "well-written," providing "fundamental information in order to understand the constant economic crisis of Latin American countries." He acknowledged that Weaver's analysis might sometimes seem too simplistic, "but that this enhanced" the strength of his argument." Similarly, first-year student Katrina Díaz found the work "logical and easy to follow," as she appreciated Weaver's "clear language and his explanations of economic terms." Charles Greer, on the other hand, another student whose primary field is United States history, thought the "organization of the book made it hard to follow." A more advanced Latin American history student, David Johnson, writing his dissertation on economic history, characterized the work as "ambitious," but successful at demonstrating "how changes in the political economy of Western Europe-North America affected Latin America." Johnson recognized the book as "a primer for those studying economic history on an introductory level, as the author covers an impressive array of topics outside the traditional scope of Latin American studies." He agreed with Kelly, however, regarding Weaver's case studies, which Johnson criticized for their "lack of evidence and analysis."

While I have not yet exposed undergraduates to this volume, I believe it would be a highly appropriate choice for the instructor who wishes to enlighten his students on the close relationship between the rise capitalism in Europe and North America and Latin America's economic history over the past five centuries.

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**Citation:** Ralph Lee Woodward. Review of Weaver, Frederick Stirton. *Latin America in the World Economy: Mercantile Colonialism to Global Capitalism*. H-LatAm, H-Net Reviews. April, 2002.

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