


REVIEW

Carlos Marichal, *El nacimiento de la banca en América Latina: Finanzas y política en el siglo XIX*

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Carlos Marichal's book, *El nacimiento de la banca en América Latina: Finanzas y política en el siglo XIX*, is like the work of a dedicated goldsmith who carefully works out the most minor details regarding the overall vision of the artefact to be produced. His book allows us to study the financial history of Argentina, Brazil, Chile, Colombia, Cuba, Mexico and Peru, among other countries. At the same time, it offers us a global vision of the financial sector's impact on Latin America's economic development. In this way, it presents the particularities of each country and a shared history of the region.

Marichal is not content with applying 'theoretical frameworks' established for developed countries to the Latin American case to test the theory or to declare the region exceptional. On the contrary, Marichal enters into a dialogue with works on the history of banking in the 'Global North' to make comparisons and proposals for historical analysis, thus placing the case of Latin America at the centre of the global debate on financial history.

Marichal examines the development of banking and credit in Latin America from the colonial period to the early decades of the twentieth century. Part of this long-term analysis is based on a rigorous examination of the different case studies published in recent years. In a context where economic historians prioritise applying theoretical frameworks to narrowly defined case studies, it is encouraging to read a work that presents a global vision of the problem, a comparison with other regions of the world, an analytical proposal and a research agenda for further studies.

Marichal's history of Latin American banking is organised around two thematic axes. The first is the analysis and discussion of the impact of limited financial development on the relative slow economic growth in Latin American countries. The second is the complex relationship between finance and politics in the region. Throughout the chapters of his book, Marichal discusses the interaction between financial and political modernisation in Latin America.

Chapter 1, on colonial credit and banking, is one of the most original and important for the book's argument. It nuances the classical theories about the negative impact of the colonial legacy by showing that the credit system in colonial Latin

America was not significantly different from that in Europe at the same time. Marichal highlights the early appearance of banks in colonial Latin America but focuses his study on three sources of credit that were indispensable for business development in this period: ecclesiastical, mercantile and mining credit. The analysis of ecclesiastical credit is particularly interesting because it was not a monolithic structure. Monasteries, confraternities, religious orders, secular clergy, bishoprics, etc., competed as credit agents. Likewise, ecclesiastical credit was often linked to long-term loans tied to haciendas and other real estate. For its part, mercantile credit was essential for trade between the Atlantic and the Pacific, as well as to finance the expenses of the local colonial administration. Merchant associations such as the Tribunal del Consulado (Consular Tribunal) obtained significant commercial advantages through their loans to viceroys and governors. Last but not least, mining credit acquired great importance in the eighteenth century, especially in Mexico, with the creation of the Banco de Avío, which specialised in this type of activity. A point emphasised throughout this chapter is that the three forms of credit were frequently intertwined.

Another of Chapter 1's contributions is an analysis of the impact of the monetary order on the colonial credit system. As a commodity currency, it could be exported and hoarded. Precisely, the aforementioned credit agents used to hoard most of the money supply, creating a constant shortage of circulating currency for domestic transactions. Therefore, a credit system based on the advance of intermediate and final goods was developed, which lasted in many Latin American countries until the first half of the twentieth century.

In Chapter 2, Marichal's study of the formation of the first national banks during the early years of Latin American states (1820s–1850s) proves the existence of a close relationship between political and financial modernisation in the Latin American case. Throughout the chapter, he demonstrates how public debt, fiscal crises, political instability and the slow process of nation-state formation were the leading causes of the first banks' failure in the region – all founded with local capital. The credit system during this period continued to function similarly to that of the colonial period, with large- and small-scale commercial credit as the leading actor. Likewise, ecclesiastical credit continued to play an essential role in mortgage lending in countries where the Church maintained its influence.

In Chapter 3, Marichal describes how Latin American banking took off between the 1860s and 1870s, when the region's countries joined the global market by exporting commodities. However, as Marichal points out, this financial development was not uniform; most of the banks in the region were founded in Argentina, Brazil, Chile, Colombia, Mexico and Peru. These financial institutions' capital was made up of alliances of local commercial houses. In this chapter, Marichal explains, based on an analysis of an extensive literature review, the similarities and differences in the development of banking in Latin American countries and its impact on private activity. A common feature was that the largest banks were frequently linked to governments, giving them privileges over issuing banknotes.

In Chapter 4, Marichal shows how, during the second half of the nineteenth century, the development of a banking system in Latin America sparked a debate on whether to maintain free banking or grant monopolies on banknote issuance.

Firstly, he explains how, in Latin America, unlike in the United States or the United Kingdom, the political discussion and formulation of the rules of the game preceded the development of banking. For example, the adoption of free banking in Chile and Colombia was favoured by liberal politicians and public policies. Secondly, Marichal develops in greater depth the differences between the paths taken by Latin American countries, emphasising their different political fields and economic structures. The best example is the comparative study of Chile and Colombia, which maintained a free banking system for almost two decades, in contrast to Argentina, Brazil and Mexico. Finally, this chapter shows how, at the end of the nineteenth century, the promoters of privilege and/or government banks tended to impose themselves politically throughout the region, a phenomenon favoured by the alliance between the largest banks and the states. In other words, the paths of state modernisation and banking crossed again. In Chapter 5, Marichal analyses how this interaction between private banks and the state will significantly expose Latin American countries to international financial crises.

In short, we are presented with a book that takes care of meticulous historical detail and comparative analysis based on recent case studies. At the same time, however, it offers a comprehensive analysis of Latin American banking history in constant dialogue with the historiography and theory on the development of banking at the global level. It simultaneously brings the reader up to date with the relevant debates on the subject and proposes new paths for empirical research and theoretical reflection on the financial history of Latin America.