

Integral Outsiders: The American Colony in Mexico City, 1876–1911. *By William Schell Jr.* Wilmington, Del.: Scholarly Resources, 2001. xix + 274 pp. Illustrations, photos, index, notes, bibliography. Cloth, \$55.00. ISBN 0-842-02838-2.

Reviewed by Noel Maurer

The literature on foreign investment in Latin America is immense. However, the migration of large numbers of European and American owners, managers, and hangers-on that accompanied much of the investment from Europe and the United States has been relatively less studied. Thus, certain questions have not been explored: Why did they come? What effect did they have? What kind of society did the migrants construct and what became of their communities?

William Schell's exhaustively researched and well-written account of the American colony in Mexico fills a great lacuna in the literature. Schell's account of the colony's growth and development not only expands our knowledge of the Americans who contributed to Mexico's economic growth during the period; it also provides new insights into the political economy of Porfirian Mexico.

The first Americans to arrive in Mexico appeared shortly after Porfirio Díaz's accession to power. Their intention was to persuade Díaz to sell more of Mexico's territory to the United States. They failed in this goal but remained in the country, becoming an essential link between the Porfirian dictatorship and American investors. The American colony's elite prospered in joint ventures with powerful Porfirian politicians, in which they served as go-betweens for the Mexican government and Anglo-American investors. Personal intermediaries were crucial because Porfirian Mexico was not governed by the rule of law. The only way in which investors could be secure in their property rights was to transfer rents to politicians capable of protecting them against predation by the federal government. In Schell's words, "The colony's *popolo grosso* [as he calls wealthy, connected Americans] brokered their personal connections to *importantes* on behalf of other Americans" (p. 80).

Schell convincingly argues that without access to the political links offered by resident Americans, foreign investment in Mexico—and economic growth—would have

been substantially lower. American commercial banks, for example, played a role in financing public improvements in Tampico, Veracruz, Mexico City, Guadalajara, and Tehuantepec. These banks were managed by expatriates and financed by American capital, and they “salted their boards of directors with influential Porfirian *políticos*.” The expatriate community was vital in facilitating American investment in banks, plantations, and railroads, although Schell overstates the importance of the American private banks.

There was a downside to the role of the American colony in cementing political commitments. The rent-seeking nature of Porfirian Mexico provided ample opportunities for corruption and fraud, and the American community did not prove immune to these temptations. Chapter 5, “Tropical Mafia,” entertainingly details the inflated expectations and outright skullduggery that accompanied the rubber boom of the 1900s. Chapter 7, “Chaos at Porfirian Twilight,” contains the story of the scandalous collapse of the United States Banking Company. The connections of the resident American community may have enabled and facilitated foreign investment, but they were inferior to the impersonal rule of law.

Schell’s book is not entirely concerned with questions of political economy. The presence of the *popolo grosso* attracted many less wealthy and prestigious immigrants. By 1910, Mexico City’s American colony numbered 10,000, twice its size in 1906 and up from only 600 people in 1886. A complicated social structure emerged, strikingly different from the American society its residents had left behind. Chapters 2 and 3 colorfully describe this social structure in detail and explain how it engaged the Mexican society surrounding it. Chapters 6 and 7 show how the United States government attempted (mostly unsuccessfully) to use the colony’s links in order to further its foreign policy aims in the hemisphere, both before and immediately after the fall of the Díaz regime in 1911.

In short, this is a wonderful book, full of historical detail and held together by a coherent argument. The book only fails in the section of Chapter 4 titled “Silver Symbiosis” (pp. 83–90). Schell’s discussion of the effect of Mexico’s silver production on its economic development is confused and based on a large number of very questionable assumptions. He lacks the theoretical and empirical tools to make coherent

conclusions about silver's role in Mexico's growth and economic fluctuations. Except for this section, however, *Integral Outsiders* is an entertaining, informative, and cogent book about how foreign migration and foreign investment in Mexico were inseparable in a country where the rule of law did not function and property rights depended on personal relationships.

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