

From Silver to Cocaine: Latin American Commodity Chains and the Building of the World Economy, 1500–2000. *Edited by Steven Topik, Carlos Marichal, and Zephyr Frank.* Durham: Duke University Press, 2006. 377 pp. Figures, bibliography, notes, index. Cloth, \$84.95; paper, \$23.95. ISBN: cloth, 0-822-33753-3; paper, 0-822-33766-5

By Victor Bulmer-Thomas

No one who studies the economic history of Latin America and the Caribbean can fail to be intrigued by the commodities that have linked the region to the rest of the world. In a continent of such vast and varied natural resources, it is not surprising that commodities have provided the primary link with the outside world since the time of Columbus. Indeed, even in pre-Columbian times, there was a great deal of inter-American commodity trade.

Building on recent research in the field of commodities, the editors seek to shed new light on the main commodity exports that have dominated Latin American and Caribbean trade with the outside world over the last five hundred years. In doing so, they use the concept of commodity chains to emphasize the attention paid by all the authors in this book to both the supply and the demand sides. They emphasize not only the complexity of the chains but also the role of Latin American exporters themselves in influencing market forces and—at times—manipulating prices.

In doing so, they take issue with the concept of the commodity “lottery,” which they view as downplaying the role of the Latin American and Caribbean exporters in shaping outcomes. Since I am associated with the use of the phrase “commodity lottery,” let me stress that I welcome the added layer of complexity that these studies bring to the understanding of commodity trade. However, there is no escaping the fact that there are many aspects of commodity trade over which the region has had no control. These include price and income elasticities of demand, the possibility of synthetic substitutes, and considerations of public health—not to mention discriminatory trade regimes or protectionism disguised as health or environmental regimes. Thus, there has always been a large element of luck in the long-run impact of commodities on development in Latin America and the Caribbean.

This element is manifested very clearly in the histories of many of the twelve commodities studied in this book, including silver (no longer a significant medium of exchange), indigo and cochineal (replaced by synthetic dyes), and sugar (affected both by public-health issues and by discriminatory trade regimes). It is also true of petroleum, although this commodity—the most important by value in Latin America and the Caribbean—does not figure in the book, an omission that I hope will be corrected in the event that this book runs to a second edition.

All three editors contribute chapters on specific commodities. The study by Carlos Marichal on silver exports during the colonial period is enthralling because of the skill with which he expands awareness of the demand side to include China and India—not just Europe, as is usually the case. There follow two chapters on natural dyes (indigo and cochineal), whose authors try hard, although ultimately without success, to demonstrate that these commodities are not classic examples of the commodity lottery.

The chapters on coffee (by Stephen Topik and Mario Samper) and sugar (by Horacio Crespo) do an excellent job of integrating the demand and supply sides that make up a commodity chain. In the case of Brazilian coffee production, the country's dominant position in the world market ensured that Brazil had a strong influence on the market throughout the period studied. What is striking about sugar, however, is the very weak position of Latin American producers when faced with the vested interests of the beet-sugar industry in Europe (including Russia). Both chapters benefit from a rich array of tables and graphs, which are less plentiful in many other chapters.

The chapter on cacao (by Mary Ann Mahony) also puts a great deal of emphasis on demand. Cacao was transformed by a Swiss chocolate-maker's invention of milk chocolate in 1876, reminding us that technical change can sometimes work to the advantage of Latin American commodity producers. Sadly, this was not the case with guano and nitrates (analyzed jointly by Rory Miller and Robert Greenhill), as demand for these substances was eclipsed by the rise of inorganic fertilizers. Incidentally, both authors acknowledge the role of the commodity lottery when they refer to the "accident of geography" that placed the main deposits of natural nitrogenous fertilizers on the west coast of South America.

The final chapter, on coca and cocaine, by Paul Gootenberg will attract a great deal of attention by virtue of its content—and deservedly so. For the first fifty years (1860–1910), coca and cocaine were treated just like any other commodity. Indeed, a Corsican entrepreneur (Angelo Mariani) achieved huge success with his Vin Mariani, in which coca is an ingredient, long before the Coca-Cola company made coca (in)famous. By the beginning of the twentieth century, the German firm Merck was producing a quarter of the world's cocaine. And cocaine survived as a legal commodity long after U.S. prohibition as a result of Japanese and Dutch colonial production in Asia. Not until 1950 did the prohibition on cocaine as a dangerous drug start to become generalized.

There is much merit in this book and, indeed, in a commodity-chain approach to the study of the varied primary products emanating from Latin America and the Caribbean. It is well put together by the editors, and the translations of chapters written originally in a different language are of a high standard. It is also timely, as globalization and the rise of Chinese demand are driving many Latin American countries back to concentration on commodity exports. Yet it is striking that the book does not address many of the concerns that were raised during an earlier time, when Latin America was so dependent on primary products. The Prebisch-Singer Hypothesis (PSH), which posits a secular, long-run decline in the terms of trade of primary product exports in relation to manufactured imports, is not mentioned, despite the fact that this was the rationale for moving away from dependence on commodity exports after the Second World War. One suspects that the editors are not sympathetic to this hypothesis; yet with the wealth of material at their disposal in this book, one might have expected some consideration not only of the PSH, but also of the other arguments that have been advanced to explain the reasons for the shift by Latin America from its dependence on commodities.

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