



Investigaciones de Historia Económica - Economic History Research

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Introducción

Special issue. Quantitative analysis and new trends on the economic history of Latin America

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In recent years, a growing number of studies have analyzed the economic history of Latin America. The studies on the region have focused on a variety of topics, such as, for example, the impact of institutions on inequality, the development of early credit markets, the evolution of living standards, among many topics.

In *Investigaciones de Historia Económica-Economic History Research (IHE-HER)*, a large number of articles published in the last years have contributed to our understanding of the economic history of Latin America. Considering the increasing academic interest on the region, the Editorial Committee of IHE-EHR took the decision of dedicating a special issue of the journal to the economic history of Latin America. In this special issue, the journal publishes five articles that rely on primary and/or secondary sources to analyze the economic history of the region. The topics are diverse, showing the large scope of the discipline. In particular, the articles analyze the regional economic inequality in Latin America, the role of chaplaincies (*capellanías*) in Mexico in the 18th century, the cost of living and living standards in Argentina in the 19th century, educational inequalities in Argentina in the 20th century, and the determinants of the profitability of Chilean business groups in the 20th century.

In “La desigualdad económica regional en América Latina (1895-2010)”, Marc Badia-Miró, Julio Martínez-Galarraga, Esteban Nicolini, Daniel Tirado and Henry Willebald analyze the regional economic inequalities in nine Latin American countries (Argentina, Bolivia, Brazil, Chile, Colombia, Mexico, Peru, Uruguay and Venezuela) between 1895 and 2010, relying on data on GDP and population for 182 regions in the nine countries. This article is the first study of regional economic inequality in the region over such a long period. In particular, the article estimates an index to determine the evolution of between and within inequality, estimates the variation coefficient of Williamson to determine within inequality, conducts a β -convergence analysis to determine the overall regional convergence in Latin America and analyzes whether there was a curve of Williamson for Latin America.

The evidence indicates that within inequality (inequality between regions of the same country) was very high in the late 19th century. Within inequality increased in most countries in the first half of the 20th century. The greater role of the State in the 1950s, 1960s and 1970s was accompanied by a decline in regional inequality. From the 1980s, however, regional inequality increased in most countries. Meanwhile, inequality between countries declined until 1970, remained relatively constant in the 1980s, and declined in the two last decades. An

analysis of the β -convergence shows that there was a slow process of convergence in Latin America as whole. On average, regions with lower GDP per-capita grew more rapidly. According to the study, however, the convergence process was slower than in other continents. Finally, an econometric estimation shows that regional inequality is a polynomial function of GDP per-capita. According to the estimates, the relationship between regional inequality and GDP per-capita has an N-form. In a first stage, at relatively low levels of GDP per-capita there was a positive relation between inequality and economic growth. Once GDP per-capita reached medium levels, regional inequality declined with the growth of the economy. After reaching higher levels of PBI per-capita, regional inequality was once again positively correlated with economic growth.

Overall, regional inequality was lower in 2010 than in the late 19th century. According to the study, the opening of the economies and State intervention had significant effects on regional inequality. When the economies opened to foreign markets and maintained limited government intervention, the region experienced a decline in the inequality between countries. During periods of greater government intervention, the decline in regional inequality can be explained by a reduction in inequality within each country.

A second topic in this special issue refers to the case of chaplaincies (*capellanías*). In “Estrategias de inversión de los mercaderes de México: la fundación de capellanías a fines del siglo XVIII”, Guillermina del Valle analyzes the use of chaplaincies by merchants of Mexico City in 1769-99. The author recollects primary information about the foundation of chaplaincies in Mexico and the loans they granted, focusing on 23 merchants. Guillermina del Valle shows that chaplaincies were employed by merchants as an strategy of social reproduction and funding of their business networks. Chaplaincies allowed important merchants to promote the ecclesiastical careers of relatives, which contributed to the prestige of the family. Reputation and prestige were important partly for political decisions: reputation contributed to secure or solidify power within the *Tribunal del Consulado*, the main institution in the commercial sector. In addition, chaplaincies allowed merchants to lend money an interest. Chaplaincies also allowed some merchants to access to credit lines and improve their position in the commercial sector. Relying on a network analysis, the study shows that merchants used chaplaincies to fund businesses of their closest networks.

This study is important for several reasons. On one hand, it shows how the decisions of economic agents respond to institutions. In a society where prestige was important for access-

ing or securing power, chaplaincies constituted a mechanism to construct prestige, a profitable asset. The article also contributes to financial economies for two main reasons. First, in the presence of restrictions to financial transactions (as produced by anti-usury laws), economic agents rely on alternative mechanisms that allow channeling of funds. Although the chaplaincies' main purpose could have been to build the reputation of the family, chaplaincies were also a mechanism to obtain legally a financial return at a time when charging interests was considered usurious. Second, the article shows that markets rely on mechanisms to deal with information asymmetries. In theory, due to information costs, owners of funds may lend to their relatives, friends or business associated. Consistently, the study shows that merchants channeled funds from chaplaincies to people from their personal networks. In the 18th century, it is reasonable to expect that economic agents relied on informal mechanisms to reduce information costs.

A third topic on this special issue of *IHE-EHR* refers to living costs and living standards. In "El nivel de vida en un país naciente y diverso. Salarios, precios de alimentos y cobertura de una canasta de subsistencia en las 14 provincias de Argentina, 1875", Julio Djenderedjian analyzes the living standards in Argentina in 1875. In the last years, several studies have analyzed living costs and living standards in several countries. For Latin America, there are some studies on this issue. However, only a few studies have analyzed the living standards for different cities and provinces within the same country.

The study is based on a report of the *Comisario General de Inmigración*, which includes information on prices and wages for 17 cities in Argentina in 1875. This source allows the author to analyze the living costs and living standards for several provinces. This is a contribution to the literature: most studies on the issue for the region have only focused on the countries' capital cities. The information on prices refers to several foodstuffs, such as meats, bread, flour, rice, among others. Using the available information, and relying on a standard method in the literature, the author constructs basic food baskets that allowed families to cover their basic requirements of calories. The report also includes information on laborers' wages. With those wages and the cost of a food basket, the article determines whether laborers could cover the basic nutrition needs of their families and how the living standards compared to other countries. The study shows that laborers in Argentina could cover the nutrition needs of their families. Living standards were relatively high in comparison to several cities in Europe. There were, however, significant differences in living standards within Argentina, which had an effect on workers' migration flows.

A fourth topic on this special issue refers to education inequalities in Argentina in the 20th century. In "*Riche comme un argentin: desigualdad educativa en la Argentina de la Belle Époque*", Joaquín Ladeuix and Pablo Schiaffino analyze the inequalities in educational levels in Argentina between 1883 and 1914. This is an interesting period from the economic point of view due to the rapid economic expansion of the country.

Using censal information for 1883, 1884, 1895 and 1914, the study shows that during this period inequality in human capital was important. In particular, there were important differences in literacy rates between the city and the countryside. According to the article, immigration partly explains the differ-

ences in human capital within Argentina. European immigrants had on average higher literacy rates than the native population, so the cities and provinces with greater presence of European immigrants had on average better educational levels. Most European immigrants lived in the Pampas, which would explain the differences in literacy rates within the country.

The place of residence of immigrants was probably not the outcome of a random process; it can be actually explained by institutional and economic factors. The authors argue that the differences in human capital were partly caused by the colonial legacy. For several years, economists and historians have argued that the colonial legacy had institutional long-term effects on the economies of the region. According to the authors, the population distribution of Argentina in the 20th century (and so educational inequalities) was partly influenced by the colonial legacy. On the other hand, in the 19th century the economic expansion (which was not accompanied by large flows of domestic migration) was accompanied by the moving of the economic center from the North to the Pampa Húmeda. As immigrants chose to live in the economic expanding areas, one can also understand the differences in literacy rates within Argentina as the result of economic expansion.

A final topic in this special issue of *IHE-EHR* refers to the factors behind the profitability of business groups. In "La rentabilidad financiera de los grupos económicos chilenos en el largo plazo (1938-1968)", Andrés Aguirre-Briones analyzes the determinants of the profitability of important business groups in Chile in the 20th century during the period of import substitution and during the government of Augusto Pinochet. To do so, the study relies on primary and secondary sources.

The information shows that on average the profitability of business groups declined between 1938 and 1970, and increased rapidly between 1978 and 1988. The growth of profits was significant during the military regime. In particular, on average, ROE increased from 5.4% in 1978 to 32.8% in 1988. The study shows that the growth of ROE was partly caused by the evolution of macroeconomic policies and external conditions. During the difficult years of the period of import substitution, profit rates were relatively low. With the saturation of the domestic market from the mid-1950s, Chilean firms faced serious difficulties to expand sales and be profitable. On the contrary, in the 1980s, fiscal and monetary stability and the opening of the Chilean economy to international markets had a positive impact on the profitability of business groups.

These results are not surprising. Several studies (mostly macroeconomic studies) have shown that the policies of import substitution in Latin America in the 1960s and 1970s generated market distortions and limited economic growth, especially in small economies. On the contrary, the opening of the economies to international competition and fiscal and monetary stability have promoted investment and economic growth. This study of Chile contributes the literature, because it provides microeconomic and firm data that complement the findings of macroeconomic studies.

In summary, focusing on a variety of topics, the five articles of this special issue of *IHE-EHR* make important contributions to the economic history of Latin America. Using primary and/or secondary sources, the articles reflect the growing interest on the study of the economic history of the region in a variety of topics.