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Mexico City and Rio de Janeiro, 1888-1910”

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Steven Topik*

Economic Domination by the Capital: Mexico City and Rio de Janeiro, 1888-1910

One of the distinguishing elements of Latin American development has been the primacy of capital cities. The dominance of the primate city has been attributed to a variety of reasons: Iberian tradition, the desire to Europeanize (“modernize”), and the existence of economies of agglomeration. The size of capital cities has also been attributed to particularly negative factors, and urbanization is often explained as “essentially the spatial manifestation of external and internal dependency or colonialism”.¹ Whatever the causes of Latin America’s overgrown capitals, it is clear that they have had important consequences for development.

The object of this essay is to compare the primacy of Mexico City and Rio de Janeiro in the transition period from colonial cities to industrialized megalopoli (1880-1910). As the capitals of Latin America’s two largest countries, they constitute important cases worthy of attention in and of themselves. Moreover, they provide a substantial contrast: Mexico City, in the country’s interior, is one of only two Latin American capitals that grew out of an indigenous, pre-Colombian tradition; Rio, a port city, is the product of European colonization and an African slave-based economy. Mexico City is the heir of a Spanish colonial tradition that emphasized the importance of urban life, while colonial Brazil was dominated to a much greater extent by the plantation “Casa Grande”. By the end of the nineteenth century, Mexico was undergoing political centralization under Porfirio Diaz while republican Brazil was decentralizing. On the other hand, both capitals had much in common as well. They were both embedded in nations that were underdeveloped, rural, and dominated by oligarchies while experiencing substantial foreign investment and export-led growth.

The era of export-led growth is a contradictory one for urban studies. On the one hand it is seen as the one period in which the importance of the primate city diminished. Thus, Harley Browning has observed that:

...the export economy was contrary to the development of high primacy. The process of extraction (of minerals or agricultural products) had an essentially “enclave” characteristic and required a minimum of articulation with the economy as a whole.²

Other authors argue that with the resurgence of the export economies in the last part of the nineteenth century the primate city became increasingly important as a result of “the

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¹Richard Schaedel, Jorge E. Hardoy, and Nora Scott Kinzer, eds., *Urbanization in the Americas from its Beginnings to the Present* (The Hague, 1978), p. 5. Also see: Paulo Singer, “Campo y ciudad en el contexto histórico latinoamericano”, in Luis Unikel and Andrés Nechochea, eds., *Desarrollo urbano y regional en América Latina* (Mexico City, 1975), and Alejandro B. Rofman, “Influencia del proceso histórico en la dependencia externa y en la estructuración de las redes regionales y urbanas actuales”, in Unikel and Nechochea, eds., *Desarrollo urbano*.

²H.L. Browning, “Variación de la primacía de América Latina durante el siglo XX”, in Unikel and Nechochea, eds., *Desarrollo urbano*, p. 156. This view has been endorsed by historians such as Tulio Halperin-Donghi, who discusses the decline of cities after independence in *Historia contemporánea de América Latina* (Madrid, 1969). Richard Morse noted in *Las ciudades latinoamericanas*, 2 vols. (Mexico City, 1972), vol. 2, p. 34, that: “el supuesto de una primacía centrípeta... encaja difícilmente en el caso de América Latina del siglo XIX”.

establishment of national sovereignty”.³ The essential difference between these two viewpoints is that one stresses the economic impact of the export sector and the other the political impact. At first glance Mexico City and Rio seem to illustrate opposing views. Mexico City, according to Claude Bataillon, was the beneficiary of “Porfirian [political] centralism” which allocated it the bulk of public expenditures.⁴ Rio, at the same time, was facing an economic challenge to its supremacy from the center of São Paulo’s coffee lands.

This essay will first measure the extent and nature of the demographic and economic primacy of the two capitals and then it will discuss the causes of their primacy.

Demographic trends

The area around Mexico City has been the urban center of Mexico since the days of Teotihuacán. Tenochtitlán was a city of between 100,000 and 500,000 people, with far-flung commercial and political influence and controlling areas with dense populations and high levels of civilization. In contrast, there was no indigenous urban center on the present-day site of Rio de Janeiro. Brazil’s sparse, neolithic, semi-sedentary populations had no urban tradition. Mexico City was built upon the ashes of Tenochtitlán; it quickly became the largest city in the Americas and one of the largest in the Spanish world. As the center of the vast Viceroyalty of New Spain with authority over the Caribbean, Central America, the Philippines, and the Southwest and West of the present-day United States, it concentrated considerable political, religious, and military power. As the only site of the Consulado until late in the eighteenth century, it enjoyed monopoly rents on international commerce. Already in the seventeenth century its population approached 100,000 and its opulence was legendary. By 1803 it had about 137,000 inhabitants.⁵

Although Portugal had an urban tradition at least as great as Spain’s, its colonizing experience differed, relying on the “feitoria” (trading post) and the plantation. The Portuguese did not found a city in Brazil until thirty years after the discovery, and did not found an administrative capital until twenty years after that. The capital was Salvador, Bahia, not Rio, which was founded in 1565. By 1600 Rio had only some 4,000 people and a century later its population numbered under 12,000. Rio’s importance only grew with the discovery of gold in the 1690s in the neighboring interior province. The ensuing gold rush reoriented the colony’s economy from the Northeast to the Center. A political confirmation of that economic fact came in 1763 with Rio’s elevation to Brazil’s capital. Nonetheless, in 1800 Rio’s population was only one-third that of Mexico City’s and one-half that of Brazil’s largest city, Salvador (see table 1).

The nineteenth century marked a key transition in the relationship of each capital to its nation and to the other capital. As we have seen, until 1800 Mexico City clearly dominated Mexico just as its population dwarfed Rio’s and Mexico’s population overshadowed Brazil’s. Mexico City continued to dominate in Mexico. Indeed, its ratio to the second largest city continued to grow; by 1910 it was four times as large as Guadalajara. This was not so much a consequence of the dynamic growth of Mexico’s capital as a sign of the stagnation of Mexico’s secondary cities. Mexico City’s share of a slowly growing national population remained stable at about 2.7 percent throughout the nineteenth century. Rio and Brazil, on the other hand, experienced much more energetic growth in the nineteenth century. With the arrival of the Portuguese court and approximately 20,000 courtiers in 1808, which made Rio the capital of the Portuguese empire for thirteen years, Rio’s population ballooned. The rise of thriving coffee lands in Rio’s hinterland continued the accelerated growth. By the 1820s Rio was Brazil’s largest city; by 1872 it surpassed

³Singer, “Campo y ciudad”, p. 33.

⁴Claude Bataillon, *La ciudad y el campo en el México central* (Mexico City, 1972), pp. 52,53.

⁵J. Eric S. Thompson, ed., *Thomas Gage’s Travels in the New World* (Norman, 1958), pp. 64, 67-71; Alexander von Humboldt, *Political Essay on the Kingdom of New Spain*, 4 vols. (London, 1822-1823), vol. 1, pp. 212-223.



Table 1: Measures of Primacy

Year	Brazil's Population (in millions)	Mexico's Population (in millions)	Brazil Mexico	Rio's Population (in millions)	Mexico City's Population (in millions)	Rio M.C.
1800	2.3	5.2	.44	43	137 ^b	.31
1850	8.0	7.5	1.07	181	185 ^c	.98
1872	10.1	8.8	1.15	275	200	1.37
1895	15.7	12.6	1.13	599	339	1.54
1900	17.3	13.6	1.27	691	344	2.00
1910	23.1	15.2	1.53	905	471	1.92

Year	Rios as % of Brazil	Ratio to second largest	M.C. as % of Mexico	Tatio to second largest
1800	1.9	.86 ^a	2.6	2.00
1850	2.3	1.21	2.5	2.98
1872	2.7	2.13	2.3	2.67
1895	3.8	3.22	2.7	3.85
1900	4.0	2.88	2.5	3.40
1910	3.9	2.41	3.1	3.92

^aThe ratio here is second largest to largest since Salvador was the largest city in Brazil.

^bThis estimate is for the year 1803.

^cThis estimate is for the year 1856; it seems reasonable because there were estimates in 1846 of about 200,000.

Sources: Richard E. Boyer and Keith A. Davies, *Urbanization in 19th-Century Latin America: Statics and Sources* (Los Angeles, 1973), pp. 19, 23, 25, 28, 33, 41, 47; Ward J. Barret and Stuart B. Schwartz, "Comparación entre dos economías azucareras coloniales: Morelos, México y Bahía, Brasil", in Enrique Florescano, ed., *Haciendas, latifundios y plantaciones en América Latina* (México City, 1975), p. 558; Brasil, Directoria Geral da Estatística, *Anuário estatístico, 1939/1940* (Rio, 1940), pp. 1293, 1294, 1297, 1298.

Mexico City just as Brazil's population passed Mexico's. Rio grew twice as fast as the relatively rapidly expanding national population and the end of the century saw this once secondary city now triple the size of its nearest rival, São Paulo.

The urban systems of Mexico and Brazil had similarities. In both countries at the turn of the nineteenth century the national capital dominated a system in which only around ten percent of the country's population lived in cities of over 20,000 inhabitants. Consequently, while Mexico City held only three percent of the national population and Rio four percent (compared to Buenos Aires, Habana, and Montevideo, which all held over a fifth of their countries' citizenry), Mexico City housed over a quarter of Mexico's urban population Rio a third of Brazil's.⁶

These similarities, however, should not mask the important differences that existed. While Mexico City had retained its primacy since the pre-Columbian era and continues to hold it to this day, Brazil's primate city shifted with regional economic fortunes. When Northeastern sugar yielded to Minas gold and Paraíba Valley coffee, Rio unseated Salvador. Later São Paulo challenged Rio as coffee moved south and industry burgeoned, surpassing it in 1970. Mexico's largest cities were mostly in the areas where the pre-Columbian populations had been concentrated, in the interior. None of the ten largest cities in Mexico in 1910 were ports, and only one of the 25 largest was a port (Veracruz). Brazil's urban population, in contrast, was concentrated along the coast, reflecting the country's export orientation. In 1910 all of Brazil's largest ten cities were ports except São Paulo, which stood at the railhead connecting the plateau to the port of Santos.⁷ The nature of primacy was also different. Although the size ratio of the capital city to the second largest city was similar in Mexico and Brazil, the ratio of the largest to the second, third, and fourth largest urban centers was not. Mexico loomed much larger over its next three rivals than did Rio. Or, put another way, Brazil had larger secondary cities, while Mexico had a much greater small-town and village population.⁸

The population of Rio grew six times faster than Mexico City's between 1800 and 1910, and twice as fast between 1850 and 1910, because of foreign immigrants and, probably, better health conditions. In 1850 almost half of Rio's inhabitants were foreign born, many of them African slaves. (Slaves constituted close to half of Rio's population.) After the abolition of slavery in 1889 Rio continued to enjoy the single largest concentration of foreign born residents in Brazil. Between 1890 and 1910 it was second only to the state of São Paulo in the number of European immigrants it received. They represented one-third of the capital's inhabitants in 1890 and still one quarter in 1920. Although Mexico City also succeeded in attracting the largest share of European immigrants to Mexico, they composed only one percent of its residents, reflecting Mexico's overall failure to attract foreigners.⁹ Both Mexico City and Rio drew a large number of national migrants, as well; they constituted about half of Mexico City's population in 1900 and 1910. Similarly, Rio received more migrants between 1872 and 1920 than any state in the country. These migrants, mostly from neighboring states (as was the case with Mexico City), contributed about one-quarter of Rio's residents in 1890.¹⁰

⁶Calculated from Thomas W. Merrick and Douglas H. Graham, *População e desenvolvimento econômico no Brasil*, trans. by Waltensir Dutra (Rio, 1979), p. 232; Directoria Geral de Estatística (hereafter, DGE), *Anuário estatístico, 1939/1940* (Rio, 1940), pp. 1293, 1294; and Secretaría de Economía, Dirección General de Estadística, *Estadísticas sociales del Porfiriato, 1977-1910* (Mexico City, 1956), p. 12.

⁷DGE, *Anuário estatístico, 1939/40*, pp. 1296-1298; Ian Scott, *Urban and Spatial Development in Mexico* (Baltimore, 1982), pp. 36, 43.

⁸Calculated from DGE, *Anuário, 1939/1940*; Scott, *Urban and Spatial Development*, p. 43; and Richard E. Boyer and Keith A. Davies, *Urbanization in 19th-century Latin America: Statistics and Sources* (Los Angeles, 1973), pp. 33-48.

⁹Brasil, DGE, *Recenseamento de 1920* (Rio, 1922), vol. 1, pp. 427-429; Merrick and Graham, *População e desenvolvimento*, pp. 126; Annibal Villela and Wilson Suzigan, *Política de governo e crescimento da economia brasileira, 1889-1945* (Rio, 1973), pp. 264, 278; Secretaría de Economía, *Estadísticas Sociales del Porfiriato*, pp. 28, 34, shows that in 1910 Brazil held eleven times as many immigrants as all of Mexico; in fact, Rio alone had almost twice as many foreign residents as Mexico.

¹⁰Secretaría de Economía, *Estadísticas sociales*, p. 175; Brazil, DGE, *Sinopse do recenseamento do Brasil, 1890* (Rio, 1895), pp. 164-168.



In neither case was the capital's numerical superiority over secondary cities caused by a particularly high natural growth rate. Both capitals were infamous as breeding grounds of disease, especially until Mexico City drained its lakes at the turn of the century and Rio undertook its yellow fever campaign in 1904. Mexico City had one of the country's lowest birth rates and highest death rates during the Porfiriato and only three states had lower life expectancy than the federal district.¹¹ Though data on Rio's national health standing are somewhat contradictory, it is clear that yellow fever and tuberculosis were serious problems. Nonetheless, it appears that life expectancy in Rio was about 50 percent greater than in Mexico's capital.¹²

Economic Dominance

Population figures demonstrate that Rio was the larger and more dynamic of the two, but that Mexico City enjoyed greater national primacy. Both towered over their urban rivals, but did their demographic superiority reflect economic dominance? While population data provide an idea of the capital's relative national importance, they do not suffice to give a full picture. After all, in the twentieth century rapid population growth has been associated as much with poverty as with prosperity. Therefore, this section of the essay will examine the role of both cities as centers of commerce, finance, and production.

The area around the Valley lakes had been a commercial center since the era of Teotihuacán and the market at Tlatelolco greatly impressed Bernal Diaz and his fellow conquistadores. The area's dense population, sophisticated agriculture, and far-reaching political suzerainty, rather than an unusually great natural resource endowment, created its commercial importance.¹³

Mexico City continued the area's tradition of commercial importance after the conquest. The Spanish mercantilist system concentrated international trade in the capital of the Viceroyalty, and only with the Bourbon Reforms of the eighteenth century did its iron grip on foreign commerce relax somewhat.¹⁴ Mexico City was also a distribution center for domestic production because it was home to a large percentage of the country's rich and money-earning population. But while it was by far Mexico's largest market and many of its wealthier residents owned haciendas, mines, distilleries, ranches, and obrajes in other districts, relatively few domestically produced goods were re-exported from Mexico City to other regions. Furthermore, the rough topography led to a considerable amount of local self-sufficiency.¹⁵ With independence, Mexico City's role in international and internal commerce declined. Imports fell off as the country's ability to pay for them with the export of precious metals diminished. Moreover, the influx of British merchants, the dismantling of the Spanish mercantilist system, and the exodus of Spanish commercial capital undercut the capital's commercial advantages. The centrifugal force of foreign

¹¹Secretaría de Economía, *Estadísticas sociales*, p. 175, shows that 23 states had higher mortality rates. According to United Kingdom, Council Office, Accounts and Papers, Diplomatic and Consular Reports, 1905, No. 3640, *Trade* (London, 1906), Mexico City's mortality rate was three times that of major European cities and over twice New York's. Part of the problem was murder. According to the *Mexico Herald*, 31 January 1896, in 1894 there were 436 murders in the capital, which on a per capita basis was ten times Italy's murder rate. For a discussion of Mexico City's health conditions see Moisés González Navarro, *Población y sociedad en México (1900-1970)*, 2 vols. (Mexico City, 1974), vol. 2, p. 143.

¹²Gilberto Freyre, *Order and Progress: Brazil from Monarchy to Republic*, trans. Rod W. Horton (New York, 1970), pp. 342-348. Nancy Stepan, *Beginnings of Brazilian Science* (New York, 1981), discusses the great strides that were made in disease prevention during the Republic; and see also Merrick and Graham, *População e desenvolvimento*, p. 63; DGE, *Anuário estatístico, 1939/1940*, p. 1306.

¹³Bernal Diaz del Castillo, *The Conquest of New Spain*, trans. J. M. Cohen (Baltimore, 1963), p. 232. Bernal Diaz discussed the natural resources (p. 423): "We decided to go... when we realized that there were no gold or mines or cotton in the towns around Mexico, only a lot of maize and the maguery plantations". See also Ross Hassig, *Trade, Tribute and Transportation: The Sixteenth-Century Political Economy of the Valley of Mexico* (Norman, 1985).

¹⁴Alejandra Moreno Toscano, "México", in Morse, *Las ciudades latinoamericanas*, vol. 2, p. 177; Eric Van Young, *Hacienda and Market in Eighteenth-Century Mexico: The Rural Economy of the Guadalajara Region, 1675-1820* (Berkeley, 1981), p. 143, 144.

¹⁵Doris M. Ladd, *The Mexican Nobility at Independence, 1780-1826* (Austin, 1976), pp. 4, 25; Batallion, *La ciudad y el campo*, p. 119.

invasions, civil wars, and the rise of local caudillos and bandits further reduced Mexico City's commercial hold.

The political re-centralization and economic resurgence of the Porfiriato seems to have restored some of the capital's earlier commercial prominence. The "Pax Porfiriano" strengthened ties abroad as well as expanding the internal money economy. The railroad to Veracruz greatly lowered the cost of imports, facilitating Mexico City's position as an international emporium. The railroad system insured Mexico City's continued supremacy by placing it at the hub of lines running from North to South and East to West. Most of the country's most prosperous areas were now tied to the capital by rail; rate discounts on long-distance shipping allowed it to be competitive in markets all over the country.¹⁶ Nonetheless, the centralizing commercial effect of the railroad has probably been exaggerated. The lines connecting Mexico City to the United States ultimately reduced Veracruz's commercial importance as goods entered through Tampico or by land through northern Mexico. It had been Mexico City's control over Veracruz's commerce that had allowed the capital to dominate the international trade. Now new centers arose in the North that were fairly independent of the capital. This was particularly true of Monterrey.¹⁷ Thus the railroad did not provide Mexico City with great advantages in the country's richest export areas, the North and Yucatán. Mexico City's hinterland, outside of Morelos, was among the country's poorest regions.

This is not to say that Mexico City lost its place as commercial leader. Given its demographic superiority and the concentration of income, there is little reason to wonder at its continued place as the country's largest market. Using tax revenues as a proxy for income, Mexico City's per capita earnings were four times those of the richest state. And a larger percentage of the capital's population was employed: almost half compared to a national average of 38 percent. The size of the market was somewhat diminished, however, by the fact that wages were not particularly good. Matías Romero estimated in 1892 that wages in twelve states were better than the Federal District's 35 cents a day. Still, government statistics show that about one-fourth of Mexico's commercial sales during the Porfiriato took place in the Federal District.¹⁸

Guanabara Bay, unlike the Valley of Mexico, had enjoyed little indigenous trade prior to Rio's founding. Its location was dictated exclusively by Portuguese needs, most importantly its commercial and defensive advantages as a port, and not by indigenous tradition. Rio was consequently always more dependent on international trade than was Mexico City. Because of its dependence on the external link, Rio's commercial role grew rather slowly. Since the Portuguese, unlike the Spanish, established no monopoly port, international commerce was dispersed. But Salvador clearly predominated until the eighteenth century. The shift from the Northeastern sugar economy to mining in Minas Gerais, and the transfer of the capital to Rio, allowed the latter to overtake Salvador as the leading international entrepôt by the end of the eighteenth century. Still, by the close of the colonial period the new capital was responsible for only about one-third of foreign trade. In some years Salvador, Recife, and even Maranhão were more active than Rio.¹⁹ Rio's role in colonial internal commerce is difficult to gauge because of the lack of information. Given the large slave and natural economies, it would seem that only a

¹⁶Bataillon, *La ciudad y el campo*, p. 54; John H. Coatsworth, *Growth Against Development: The Economic Impact of Railroads in Porfirian Mexico* (Dekalb, 1981), p. 126.

¹⁷Alexander M. Saragoza, "The Formation of a Mexican Elite: The Industrialization of Monterrey, Nuevo Leon, 1880-1920" (Ph.D. dissertation, University of California, San Diego, 1987), pp. 27, 58, 83. In 1909, according to the Secretaría de Hacienda, *Memoria, 1909*, p. xv, about one-fifth of Mexico's imports by weight entered by rail.

¹⁸Secretaría de Fomento, Colonización y Industria, *Cuadro sinóptico y estadístico de la República Mexicana, Año de 1900* (Mexico City, 1901), pp. 72, 73; J.B. Taylor, *Coffee Growing in Mexico* (Mexico City, 1893), pp. 16, 17; El Colegio de México, Seminario de historia moderna de México, *Estadísticas económicas del porfiriato. Fuerza de trabajo y actividad económica por sectores* (Mexico City, 1960), pp. 38, 170, 171; Ermilo Coello Salazar, "El comercio interior", in Daniel Cosío Villegas, ed., *Historia moderna de México. El Porfiriato: La vida económica* (Mexico City, 1965), vol. 7, part 2, p. 738.

¹⁹Jose Jobson de A. Arruda, *O Brasil no comércio colonial* (São Paulo, 1980), pp. 137-154.

relatively small proportion of the population was engaged in the money economy. The ports and the mining areas were the centers of consumption. But the distance that separated the major ports deterred the growth of a national market, and the mining areas, which initially were supplied by the Northeast and the South as well as Guanabara Bay, soon began to supply many of their own needs. Thus it is doubtful that Rio was extremely important as a redistribution center for domestic production.

After independence, Rio's importance in international and domestic trade grew just as Mexico City's declined. The florescence of the Paraíba Valley coffee economy, connected to Rio by the railroad in the 1860s, coupled with the stagnation of mining, sugar, and Amazonic products, led the capital to a clear position of pre-eminence by mid-century. During the last 45 years of the Empire (1843-1888), the Court (Rio) serviced over half of all foreign trade.²⁰ At the same time, the domestic market benefited from export-led growth, an expanding population, and the relative decline of the slave population (from 25 percent of Brazil's population in 1823 to 5 percent in 1887). Mircea Buescu estimates that non-exports, which contributed only 25 percent of GDP in 1600 and 43 percent in 1700, rose to 71 percent by 1850 and 80 percent in 1900. The growth of Rio's role as a market and redistribution center mirrored the internal economy's dynamism. In the 1870s the Federal District was responsible for one-quarter to one-third of all inter-provincial trade.²¹

Under the Republic, Brazil's capital lost some of its commercial prominence just as Mexico City probably did during the Porfiriato. Although Rio continued to be by far the leading importer of foreign goods, receiving 40 percent of Brazil's imports, it lost its lead in exports and total foreign trade to the Paulista port of Santos. Rio lagged behind in second place, still with almost one-quarter of Brazil's international commerce in the 1908-1912 period.²² The migration of coffee production south undermined Rio's commercial status. Just as in Mexico City, the railroad, which had initially reinforced the Federal District's commercial advantages by bringing the Paraíba Valley under its influence, later diverted exports to Santos as the railroad snaked into western São Paulo state.

The same dynamic was evident in internal commerce, though again data are sparse. Rio continued to be by far the country's principal market. Prices were high there (some foreign residents complained that prices were higher than in Paris) so profits were good. The prices could be high because the Federal District was by far the country's richest area. If we again use tax receipts as a proxy for income, we find the Federal District's per capita income seven times greater than that in the states of São Paulo, Minas Gerais, or Rio Grande do Sul. In 1910 the capital's per capita tax revenue was triple that of São Paulo city. Of course income was concentrated in a few hands, as in Mexico City. However, data from the 1920 census imply that Rio's workers did relatively better than those of Mexico City. For example, artisan wages were the second highest in the country and wages in Rio's food factories were third best.²³ Thus Rio's market was broader than Mexico City's because of its larger population, and deeper because of the greater and more wide-spread purchasing power. The importance of Rio as a national market is reflected in data on coastal trade. The Federal District received three-fourths of all potatoes shipped in the country, almost half of the lard, rice, and butter, and one-quarter of the manioc and sugar.²⁴ Of course much of this was trans-shipped or sent by rail to the capital's hinterland. As in the case of

²⁰Eulália Maria Lahmeyer Lobo, *História do Rio de Janeiro (Do capital comercial ao capital industrial e financeiro)*, 2 vols. (Rio, 1978), vol. 1, pp. 266-268.

²¹DGE, *Recenseamento de 1920*, vol. 1, pp. 427-429; Mircea Buescu, *Brasil, disparidades de renda no passado* (Rio, 1979), p. 16; Anonymous, *Synthese do comércio marítimo geral do Brasil de 1873-1874* (np, nd), pp. 24,25,53.

²²DGE, *Anuário estatístico, 1908-1912*, 3 vols. (Rio, 1917), vol. 2, pp. 22, 102.

²³J.P. Wileman, ed., *The Brazilian Yearbook, 1909* (New York, 1909), p. 1418; DGE, *Recenseamento de 1920*, vol. 2, part 2, pp. xii-xvii.

²⁴Ministério de Agricultura, Indústria, Comércio, Superintendencia do Abastecimento, *Movimento de cabotagem de diversos generos alimentícios e de primeira necessidade no Brasil e no anno de 1919* (Rio, 1920), *passim*.

Mexico City, Rio was located in the country's population center; but unlike Mexico City's, Rio's hinterland continued to be a fairly prosperous exporting area.

Finance

The Aztecs had accumulated great wealth in Tenochtitlán through tribute, plunder, and trade, but capital and finance came only with the Spanish and commercial capitalism. The colony's wealth, in turn, was concentrated in the seat of the Viceroyalty in the hands of the *almaceneros*, miners, landlords, and the Church. They were responsible for financing much of the larger-scale economic activity of the country. After independence, Mexico City found much of its wealth dissipated: the Church withdrew funds, wealthy Spaniards fled, and forced government loans were spent on warfare. Moreover, the political unrest in the countryside and economic stagnation discouraged investment. Probably only with the Porfiriato did Mexico City begin to regain its former financial eminence and eventually surpass it. The only truly national banks were founded in the capital. As a result, the banks of the capital produced all of the country's banknotes in 1885 and still almost two-thirds of the national total in 1910. Coins were also concentrated in the capital so that the Monetary Commission in 1903 found almost one-third of the country's coins there. The presence of Mexico's largest banks and a major share of money in the Federal District naturally translated into financial hegemony. By one estimate, 92 percent of all credit was extended in the Federal District in 1890 and 74 percent still by 1911, after state banks had been established.²⁵

The capital's financial position sprang from its commercial dominance, the presence of the country's wealthiest national investors, a rich foreign community, and the infusion of state funds. Mexico City's commercial role dictated the residence of wholesale merchants and the establishment of a credit system. The presence of wealthy rentiers, miners, and landowners because of the capital's cultural advantages, and because it was the center of political and economic decision-making, meant that capital was potentially available for finance. Even more important was the presence of foreign investors, who were the prime movers behind the country's major banks.

While good economic reasons dictated that Mexico City would be Mexico's financial center, political considerations were also important. The state encouraged the establishment of banks in the capital so that they could extend credit to the Treasury. Government bonds attracted a large share of finance capital once Diaz convinced investors that they would be repaid with interest. Nine-tenths of the bonds were floated in the Federal District. By 1908-09 treasury deposits equaled one-half of the cash-on-hand of all of the country's banks, and over one-half of their reserves. Over 90 percent of these funds were deposited in the Federal District.²⁶ If the state's expenditures and deposits in Mexico City had been financed solely through taxes collected there, then the government's role would have been simply to channel funds from one sector of the capital to another, i.e., from the consumer to the banks. But in fact much of the treasury's outlays were funded by revenues captured in the provinces and deposited in the capital. Analysis of the 1908-09 budget reveals that approximately 45 percent of the federal budget was spent in the Federal District. The absolute amount was almost one-third more than the taxes paid in to the Treasury by the Federal District; in other words, in that one year the state brought into the capital almost ten million pesos.²⁷ Thus to an important extent, Mexico City's financial supremacy was at the expense of the rest of the country.

²⁵Colegio de México, *Estadísticas económicas*, pp. 179, 187, 188, 196; Ministerio de Hacienda y Crédito Público, *Memoria*, 1906, pp. 325, 326.

²⁶Secretaría de Hacienda y Crédito Público, *Cuenta del erario federal formada por la tesorería general de la federación correspondiente al año económico de 1908-1909* (Mexico City, 1910), *passim*; Secretaría de Hacienda, *Memoria*, 1909, pp. 159-160.

²⁷James W. Wilkie, *The Mexican Revolution: Federal Expenditures and Social Change since 1910* (Berkeley, 1970), p. 246, noted that "[since] there is apparently no historical record of the federal entities in which gross federal expenditures have been spent, it is not possible to link total federal expenditures directly to regional analysis". That is true for all regions of the country

Rio de Janeiro was also a major financial market during the colonial era, but it did not occupy Mexico City's central position. Much of Brazil's credit was extended in Salvador, Recife, Maranhão, and later Minas Gerais by local or foreign capitalists. Only with the arrival of Portugal's king in 1808 and the establishment of the first Banco do Brasil did Rio clearly assert its leadership. In finances, as in commerce, independence spurred Rio's growth and Mexico City's decline. By the end of the Empire, Rio held about two-thirds of Brazil's bank assets and housed its only stock market. The Court's banks, exporters, and factors were responsible for financing much of Brazil's coffee and sugar production as well as its international imports. As with Mexico City, the Brazilian capital's financiers provided almost 90 percent of the federal government's internal loans.²⁸

The Republican Revolution in 1889 at first enhanced the capital's financial position. Liberal currency issue policies and public loans to banks allowed those same institutions to emit 95 percent of a flood of banknotes, purchase numerous banks in other provinces, and invest in many other sectors. But by 1891 the momentum of the expansion ceased and many newly-formed institutions failed. São Paulo gradually eroded Rio's financial supremacy. By one estimate the capital held about 30 percent of Brazil's bank deposits in 1912 (though this number is somewhat suspect because data for 1921 show Rio back at almost half of all national deposits).²⁹ In either case, Brazil's Federal District continued to be the financial center just as in the case of Mexico, though each experienced a decline in influence after an initial surge during the export boom.

Rio owed its financial prominence to the same factors as Mexico City: its commercial leadership, the residence of the country's wealthiest people, the presence of foreign interests, and state aid. Although European-owned banks were extremely powerful, contributing about half of Brazil's banking activity up to World War I, their role was not as important as in Mexico City. Many of the largest banks of Brazil's capital had no significant foreign participation.³⁰ The national state also contributed greatly to Rio's financial prominence. The arrival of King Dom João in 1808, and the assets of the government and his court, no doubt increased Rio's liquid wealth. The eight-fold expansion of the government's revenues during the nineteenth century also brought funds to Rio. This is because the great majority of Treasury deposits were made in Rio banks, while government bonds attracted funds from throughout the country and public spending brought a large net infusion of money. Though Mexico City received less than half of federal spending, Rio received in some years three-quarters of the national total while contributing only 40 percent of revenues. In absolute terms this meant that Rio received far more from Brazil's central government than did Mexico City from Díaz' regime; Brazil's per capita government revenues were 50 percent greater than Mexico's and its population 20 to 50 percent greater, depending on the year.³¹ It is surprising that Rio was the beneficiary of much greater federal government largesse even under the Republic, since the founders of the new regime attempted to diminish the capital's influence by

except the Federal District. Most funds are discretely enumerated for the capital in Secretaría de Hacienda, *Cuenta del erario federal, 1908-1909*. I have assumed that the administrative outlays for the secretariat's higher officials were disposed of in Mexico City, but have not included many material purchases and military salaries that were doubtless issued in the capital.

²⁸*Almanack Laemmert, 1890*, passim; see also Joseph Sweigart, "Financing and Marketing Brazilian Export Agriculture: The Coffee Factors of Rio de Janeiro, 1850-1888" (Ph.D. dissertation, University of Texas, Austin, 1980).

²⁹DGE, *Anuário estatístico, 1939/1940*, p. 1356. In 1912, according to the DGE, *Anuário estatístico, 1908/1912*, p. Iviii, the Federal District's per capita bank deposits were 7.5 times the national average, five times the highest state and almost six times São Paulo's per capita deposits.

³⁰In 1912, according to the DGE, *Anuário estatístico, 1908/1912*, vol. 2, p. lvi, foreign banks held 35 percent of all deposits, discounted 37 percent of all notes, and issued 56 percent of all loans. On the largest national banks see: Steven Topik, "State Enterprise in a Liberal Regime: The Banco do Brasil, 1905-1930", *Journal of Interamerican Studies and World Affairs*, 22 (1980), pp. 401-421.

³¹R. de Zayas Enríquez, *Les Etats-Unis Mexicains, Leur resources naturelles. Leur Progrès. Leur Situation Actuelle* (Mexico City, 1899), pp. 128-132. Also see: Steven Topik, *The Political Economy of the Brazilian State, 1889-1920* (Austin, 1987).

mandating a move of the capital in the 1891 Constitution while at the same time Mexican federal politicians were bent on centralizing authority in the Federal District.³²

Production

Tenochtitlán was a center of crafts. The Spaniards commented on the city's extensive network of workshops staffed by highly skilled artisans. Under the Spaniards, Mexico City continued to have industrial importance, but not commensurate with its population or its commercial and financial roles. Puebla became the main textile producer for the national market, while village handicrafts continued to supply most of the needs of the rural population. Independence undercut all Mexican manufacturing because the economy in general stumbled while a flood of low-priced British imports out-competed Mexican products. When national industry began to become significant in the last decades of the nineteenth century, Mexico City did not dominate it.

Certainly the Federal District had manufacturing between 1890 and 1910, but it was often in small factories and workshops employing rather outmoded techniques to produce foodstuff and clothing. Production was an outgrowth of the city's commercial and political importance and not the reverse. Fernando Rosenzweig has observed that "...the concentration of population favored growth [in Mexico City] [while] in Orizaba and Monterrey the progress of industry stimulated urbanization".³³ In most important consumer industries, such as textiles and aguardiente, Mexico City lagged well behind such competitors as Puebla and Veracruz. In the dynamic modern industries represented by iron and steel production, dynamite, and glass, Monterrey far outstripped the capital. Even in electricity production, where the capital's political advantages should have brought supremacy, Mexico City accounted for only four percent of national output in 1910, while Puebla's electrical generating capacity was eleven times greater. At the end of the Porfiriato, Mexico City held about one-fifth of the nation's industrial capital, one-tenth of its industrial work force, and about an eighth of national industrial production.³⁴

Rio began with a far smaller productive plant than Mexico City but came to surpass the latter in the nineteenth century. There was neither much of a pre-Colombian artisan tradition, nor much manufacturing under Portuguese colonialism. Given the sparse indigenous and European populations, the underdevelopment of Brazil's internal markets, the facility of foreign imports, and Portuguese prohibitions, this is not surprising. Though the coffee boom inspired the growth of the money economy in the nineteenth century, manufacturing became widespread only after mid-century. The Paraguayan War sparked demand for domestically-produced goods, but in 1872 Rio still employed under six percent of the national manufacturing work force. The 1880s and early 1890s saw an additional spurt in productive capacity. By 1893 the capital housed upwards of 300 factories and workshops.³⁵

Rio clearly was Brazil's manufacturing center in the years between 1889 and 1910. In 1907 it contributed 30 percent of national production (more than twice Mexico City's share); this was almost double the output of the Federal District's nearest rival, São Paulo. Most of Brazil's largest and most sophisticated factories located in Rio because of its great market, its communications links to a rich hinterland for raw materials and consumers,

³²Rio's *Jornal do Comércio* of 12 June 1894, p. 1, reported that an expeditionary corp was already plotting the site of the new capital in the planalto. The realization of the plan would have to wait sixty years, however, demonstrating the political and economic might of Rio's dominance.

³³Fernando Rosenzweig, "La Industria", in Cosío Villegas, ed., *HMM, El Porfiriato, Vida Económica*, vol. 7, part 1, pp. 399.

³⁴*Ibid.*, p. 392; Colegio de México, *Estadísticas económicas*, pp. 112, 113, 122, 144; Zayas Enríquez, *Les Etats-Unis Mexicains*, pp. 187, 188; Bataillon, *Ciudad y campo*, pp. 56, 58. Bataillon notes (p. 55) that electric power ended the Federal District's power disadvantage, citing data that in 1911, 80 percent of the country's electrical capacity was in the center. In fact, however, most of it was in Puebla, and Mexico City continued to lag behind in terms of worker productivity because of less mechanization.

³⁵DGE, *Anuário estatístico, 1939/1940*, p. 1302; DGE, *Recenseamento, 1920*, vol. 1, pp. 1296-1298; *Rio News*, March 28, 1893, p. 1; Humberto Bastos, *Pensamento industrial no Brasil* (São Paulo, 1952), p. 136.

and the presence of a large, relatively skilled work force. (In 1890 half of Rio's adults were literate compared to the national average of fifteen percent.) Moreover, unlike Mexico City, Rio enjoyed by far the greatest electrical capacity in the country because of the proximity of hydroelectric sources. Consequently Rio claimed most of the largest, most productive, and best mechanized factories in Brazil.³⁶

Symbolic Importance

In addition to their industrial, financial, and commercial roles and their demographic weight, the two capitals occupied particularly important positions because of their symbolic importance. Just as Catherine II had sought to make planned cities "centers of civilization" to westernize Russia and Emperor Franz Joseph designed Vienna's Ringstrasse to demonstrate the culture and power of the imperial capital, Diaz and the Republican presidents of Brazil set out at the turn of the century to transform their capitals into national showcases to impress foreign investors and instill pride in the national elite. Rio had been a colonial city with narrow, dirty streets, few public places, unhealthy living conditions, and outmoded public services. Mexico City, while blessed with more plazas and parks, also suffered from woefully inadequate sanitary conditions and antiquated public facilities. The Mexican and Brazilian federal governments invested large shares of their budgets in draining lakes and swamps, providing sanitation for the affluent core of the city, and attracted foreign capital to bring electric lighting, gas, trams, and telephones. The federal treasuries invested substantial sums in erecting monumental public buildings and large boulevards. Rio's Avenida Central and Mexico's Paseo de la Reforma both consciously imitated the Champs Elysées. The capitals represented the summation of national progress and dreams.³⁷

Conclusion

Mexico City and Rio de Janeiro manifested many of the characteristics common to Latin American primate cities. Both clearly dominated their underdeveloped national urban systems and many aspects of their national economies. In both cases the boom in exports, beginning in the 1850s in Brazil and the 1880s in Mexico, led initially to greater primacy as the capitals' commercial and financial roles were reinforced. The export surges were more significant than industry in enhancing primacy; manufacturing was more the result of export-led urbanization than the cause of the cities' expansion. Eventually, externally oriented growth decreased in some ways the primacy of both capitals as secondary cities flourished. In Mexico City, the decline came in its commercial and financial functions; Rio fell off relatively in all economic areas and in population.

On the other hand, Mexico City and Rio de Janeiro differed in important ways. The timing of their primacy was quite distinct. Mexico's greater indigenous population, Spanish urban preference, and mercantilist system allowed the viceregal seat to far outshine Rio in the colonial era. Mexico's much discussed Iberian and indigenous urban traditions and Brazil's rural plantation orientation did not suffice, however, to maintain Mexico City's urban superiority after independence. The more peaceful process of nation-building in Brazil and the earlier vitality of its export economy propelled Rio into the lead in the

³⁶DGE, *Recenseamento, 1920*, vol. 2, part 2, pp. viii, lxxxvi; Villela and Suzigan, *Política do governo*, pp. 381-382, demonstrate that although by 1920 the entire state of São Paulo had greater total electrical capacity than the Federal District, in per capita terms the Federal District was substantially superior to São Paulo state. The capital enjoyed more than twice the electrical power of São Paulo city.

³⁷Dan Browser, *The Russian Urban Revolution, 1850-1900* (Berkeley, forthcoming), p. 69; Carl Schorske, *Fin-de-Siècle Vienna* (London, 1980); Jeffrey D. Needell, *A Tropical Belle Époque: Elite Culture and Society in Turn-of-the-Century Rio de Janeiro* (Cambridge, 1988). For Another contemporary Latin American example, see James Scobie, *Buenos Aires, from Plaza to Suburb, 1870-1910* (London, 1974).

nineteenth century. In the second half of the last century, Rio was clearly the more dynamic and economically important of the two capitals. Only after the turn of the century did the roles begin somewhat to reverse themselves, and even then Rio's relative decline owed more to the startling rise of São Paulo than to the rapid expansion of Mexico City.

The nature of the primacy of the Mexican and Brazilian capitals also differed somewhat. Demographically both capitals housed approximately the same proportion of the total national population and of the national urban population. But Mexico's secondary cities were significantly smaller than those of Brazil, allowing Mexico City to tower over its rivals to a greater extent than Rio. Mexico City's demographic pre-eminence was not reflected to the same degree in the economy. Rio was substantially more important as an industrial center and probably as a commercial center; only in finance did Mexico City have relative superiority.

We are thus presented with an apparent paradox: Mexico City enjoyed the greater primacy, but Rio was the larger and more economically active. Partially, of course, this was due to the relative smallness of Mexico's secondary cities. But the disjuncture between Mexico City's demographic and economic positions can also be explained, in my opinion, by the fact that Mexico City owed prominence more to its political role than did Rio. This seems counter-intuitive for a number of reasons. A popular school of Brazilian historiography has stressed the overweening presence of Brazil's "patrimonial state" throughout its history, while Mexican historiography stresses the weak, fragmented nature of the central government in the nineteenth century up to the Porfiriato. And even under the Díaz regime, *laissez faire* practices are thought to have predominated. Budgetary data in fact confirm the more active participation of the Brazilian state. Per capita spending was double Mexico's and a far greater share was spent on capital improvements. More germane, Rio received a greater share of the larger Brazilian budget than did Mexico City. This manifested itself in greater infrastructural investments, a higher level of social services, and twice as many government employees in Rio.³⁸

Although the state took a more active part in Rio, nonetheless, the city probably owed its prominence more to economic factors than did Mexico City. Had Rio not been the capital, it still probably would have been the principal port since it had a wonderful naturally protected harbor and was the closest port to the Paraíba Valley's coffee lands. Thus its commercial role was assured; from that it would have gained financial importance in any event. Industry would naturally have arrived because of the population concentration accompanying its commercial prominence. After all, the Brazilian state never did much to aid industry. Its most important contribution was to help maintain Rio's primacy after the Paraíba Valley declined in the 1890s by financing infrastructure and redistributing wealth into the Federal District. But it is doubtful that São Paulo could have overtaken Rio by 1910, even had the latter not been the national capital.

It is less likely that Mexico City would have been an important urban center had it not been the residence first of the Viceroy and then the President. It enjoyed good lands and a large sophisticated population, but no export products. It was also not a natural distribution center for exports and imports since it was far from the sea, distant from rivers, and surrounded by rugged terrain. The Spanish population, which held most of the wealth, came to Mexico City because it was the seat of government and church and was, therefore, granted monopoly commercial powers by the Spanish crown. After independence it continued to enjoy primacy because of the advantages it had secured in the colonial period. Its hinterland was not economically very important outside of small-scale

³⁸ Colegio de México, *Estadísticas económicas*, p. 43; DGE, *Recenseamento do Rio de Janeiro (Distrito Federal) realizado em 20 de Setembro de 1906* (Rio, 1907), pp. 388, 389. For more on the comparison see Steven Topik, "The Economic Role of the State in Liberal Regimes: Brazil and Mexico Compared, 1888-1910" in Joseph Love and Nils Jacobsen, eds., *Guiding the Invisible Hand: Economic Liberalism and the State in Latin American History* (Westport, Ct., 1988).



gold and silver mines overshadowed by those further north. Nor was Mexico City the country's manufacturing center. Thus, although the state's overt direct role in the 1890-1910 period was greater in Rio, Mexico City owed its primacy to a greater extent to historic state interventions and continued to reap the rewards during the Porfiriato. Mexico City's political advantages continued and indeed expanded after the Revolution centralized power even further while Rio's diminished to the extent that Brazil inaugurated a new capital in the interior in 1960.

