Introduction: A View from Latin America

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ÉDITORIAL

INTRODUCTION:
A VIEW FROM LATIN AMERICA

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The selection of essays in this special issue is aimed at reflecting on Latin American business history trends and its evolution at the beginning of the 21st century. Only a limited number of articles could be incorporated, which meant that the guest editors had to keep out contributions of several renowned scholars. Only a few of the twenty one nations that make up Latin America were included (Mexico, Colombia, Brazil, Argentina and Peru). We decided to choose, when possible, papers from young academics, and to organize the usual debate of this journal among more seasoned historians, who have played a significant role in the institutionalization of the discipline during the last twenty years\(^1\). The aim of this introduction is to offer a general view on the development of Latin American business history and to present the articles and the aforementioned debate.

The development of business history in Latin America

Business history is a fairly new academic field in Latin America, but it has experienced a fast development since the second half of the 1980s\(^2\). In tracing its evolution, two stages can be

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\(^1\) One of the contributors to the debate, the Brazilian economic historian Tamás Szmrecsányi, passed away in February 2009. He was one of the pioneers of economic and business history in Brazil. In addition to his abundant and rigorous research output over the last four decades, his key role in promoting the institutionalization of the discipline should be highlighted. He was one of the founders and for several periods president of the Asociacion Brasileira de Pesquisadores en Historia Económica (ABPHE) established in 1993 and very active in BPHE’s journal (Historia Económica & Historia de Empresas). Tamás’s contribution to the debate in the present issue, written in October 2008, is perhaps one of his latest writings. This issue is dedicated to his memory.

\(^2\) Different contributions on Latin American business history from a historiographical perspective have been published during the last ten years, which inspired in large part this introduction. Some examples include: María Inés Barbero (2003; 2008), María Inés Barbero and Raúl Jacob (2008); Carlos Dávila (1996, 2003, 2007, 2008); Rory Miller (1999); Tamás Szmrecsanyi and Steven Topik (2004).
identified. The first took place between the end of the 1950s and the middle of the 1980s. In this period business history was not still recognized as a specific field in historical studies, but many contributions on economic and social history, from Latin American and foreign scholars, offered rich evidence and reflections on business and entrepreneurs as historical subjects. Most of the research was carried out by American and European academics, influenced by the debates over modernization, imperialism and dependence. Their main contributions were on the history of foreign business in Latin American countries and on the role of native and foreign entrepreneurs in the Latin American industrialization process. The first sector and case studies were published during the 1960s, focusing on agriculture, mining, transportation, industry and finance. Latin American scholars were generally interested in the study of local elites, but most of their research took place in a context of heated ideological and political controversies between Latin American structuralism, dependency theory and Marxism. Anyway, issues revolving around the existence and the role of an industrial bourgeoisie capable of leading a process of economic, social and political modernization led to a wave of historical research which in the seventies, but mostly in the eighties, explored the origins, characteristics, and courses of action of Latin American businessmen and entrepreneurs. Several topics were studied, among them the emergence of family-based diversified business groups, the formation of regional elites and the role of immigration in Latin American entrepreneurship.

The radical atmosphere which predominated in universities and other academic institutions during the 1960s and the 1970s hindered the expansion of business history. Entrepreneurs and firms were not perceived as a legitimate subject for research by most scholars; it was not uncommon to approach them as the “main enemy”; members of a retardant bourgeoisie – others called it a “lumpen-bourgeoisie”. They were hardly seen as economic actors with a role to play in the quest for economic growth and development. In consequence, the majority of those historical studies offered a very critical image of local businessmen, who were considered to have a merely commercial and distinctively speculative ethos. Investment diversification was not perceived by the authors as a common practice in late developing countries; innovation seemed to be exclusive of the realm of European and American entrepreneurs and firms; and family-based business groups were analyzed from a perspective which emphasized the accumulation and concentration of capital as well as the construction of sociopolitical networks without wondering about the economic logic behind the diversification of investments. These points of view were increasingly questioned from the late 1980s, even though they are still popular in some academic quarters.

A second, different stage in Latin American business history started in the mid-1980s. The interest on entrepreneurs and firms as historical subjects increased considerably, and since the 1990s the discipline became a specific field of research in some Latin American countries, such as Mexico, Colombia, Brazil and Argentina1. At the same time, Latin American scholars began to network with American and European business historians and some of them started to show an interest in the theoretical and methodological evolution of the discipline which had been practically ignored up to that moment.

Multiple reasons explain this shift. Firstly, it was part of a maturing process of historical studies in which there was a trend of increasing levels of specialization. The expansion of business history also expressed changes in historiographical orientations, which began in the second half of the 1970s, by questioning grand interpretative models and structuralist

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1 Also in Peru and Uruguay business history is recognized as a specific field of research, but the discipline has not yet reached the same level of development as in those first four countries.
approaches. Social and economic changes that affected all Latin American countries since the beginning of the 1980s also contributed to the arousal of interest in business history. The crisis of the import substitution model, the advancement towards pro-market reforms and the gradual retreat of the state in the 1990s gave a new role to the private enterprise from which historical studies multiplied. All of this took place at a time when academic life became more professional and in a context of retreat of the most radicalized ideologies. This produced a more favorable atmosphere for research, as it contributed to reduce mutual distrust between scholars and businessmen.

Research and publications increased in number and quality; chairs were created and seminars were taught in MBAs and other graduate programs; conferences and workshops were organized, in which scholars from different countries gathered and shared their expertise and their experiences; specialized journals and bulletins started to be published and collective projects and networks were organized. Although the access to private and public company files is still difficult, there have been improvements in the last twenty years. Some business archives were organized – in part thanks to the initiative of business historians – and new sources were explored, such as notary registers, death duties and taxes, family records, chamber of commerce archives and periodical publications.

The growth of business history varied between the different nations. Progress depended on various factors, particularly the existence of previously established traditions of research, the availability of resources, the institutional settings and the presence of historians willing to lead research groups and to cultivate the discipline. Mexico is the country with the strongest development since the 1980s, due to the virtuous combination of a good supply of human and material resources, its proximity to the U.S. and to the driving motivation of some historians who have organized research groups, supervised doctoral theses, and promoted the publication of collective works⁴. In the case of Brazil, business history has been fostered on the one hand by the development of economic history and on the other by an important tradition of entrepreneurial sociological studies which began in the 1940s and vigorously continues up to the present⁵. Colombia is a paradoxical case. By the mid-1990s, business history was taught in several universities but could not be identified as a field of academic endeavor, as the corpus of critical research was not enough. However, largely thanks to the dissemination of business history teaching and to the initiative of some scholars⁶, there have been visible signs in the last ten years. Worthy of mentioning is the publication of a collective book of readings containing nearly forty historical studies aimed at supporting teaching activities. In Argentina business history was consolidated as a specialization as of the late eighties and since then it has shown a very fast rate of growth. The return of democracy in 1983 fostered the appearance of groups of research in public universities and more recently some private universities have given rise to the formation of business history areas⁷. There are not business history chairs, but seminars are taught in MBA and doctoral programs.

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⁴ Carlos Marichal, in El Colegio de Mexico (Mexico D.F.), and Mario Cerutti, at the Universidad Autónoma de Monterrey, lead the two most important research groups.
⁵ In Campinas University, Tamás Szmrecsányi and other economic historians were pioneers in the development of business history.
⁶ Enríque Ogliastri, Manuel Rodríguez and Carlos Dávila were the pioneers at the Universidad de los Andes, where they organized the first courses in the 1970s.
⁷ Some of the scholars who launched Argentine business history were Jorge Schvarzer, María Inés Barbero, Raúl García Heras, Andrés Regalsky and Jorge Gilbert.
Together with the development of a “local” business history in Latin America, foreign academics went on with their research in this region. They brought about not only new empirical evidence but also conceptual tools for the analysis of the specificity of firms, of sectors (mostly mining, transportation and agribusiness export firms) and of businessmen in these countries. Latin American scholars began to adopt the business history perspective more and more, and business historians have contributed to renew the conceptual framework and to study the operation of foreign firms in Latin America⁸.

Beyond national differences, it is possible to identify common trends in Latin American business history during the last twenty years.

One of the main changes with respect to the previous stage has been an advancement in the study of company histories vis-à-vis the tradition of entrepreneurs’ histories, all of which offer valuable empirical evidence to help in the elaboration of works with a potential for synthesis that need to overcome the hypothetical deductive interpretations which predominated until the late 1980s. Other important transformations include the growing professionalism of scholars and of de-politicized debates, even if some of the anti-business prejudices of the 1960s and the 1970s still survive.

Another very important advancement has been the publication of historiographical surveys, which not only inform about the growing research output, but also provide more opportunities to reflect upon the development of business history in each country from a comparative perspective and to identify areas in need of research. Comparably, there is evidence of a greater interest in the theoretical works, although it is still limited. Latin American business history still tends to be very descriptive, with a relatively little analytical aptitude. Among those historians with a greater inquisitiveness for theoretical debate and conceptual frameworks, eclecticism is predominant, partly because some Latin American characteristics (e.g., the majority are small and medium size firms; the key role of family based business groups) do not easily fit into theoretical models that were developed having the large business corporation as the sole reference.

In consequence, many of these historians who use concepts derived from economic theory, sociological theory, anthropological theory and management theory, discuss the pertinence of the Chandlerian paradigm and incorporate elements from alternative organizational proposals. As for contents, classical topics continue to be studied – such as immigration and entrepreneurship, foreign investments, family firms, business groups, or case studies in agriculture, mining, industry, transportation and finance –. At the same time, little by little, research is approaching new areas and subjects, among them: internationalization of Latin American firms (multilatinas), state owned firms, business failures, the role of lawyers as consultants, mass media, real estate, retailing, insurance companies, social responsibility of firms, relationships between enterprise and gender or cultural dimensions of the enterprise. Comparative studies also show progress, albeit slow, among enterprises and countries.

Drawing upon these research outputs and publications, it is possible to identify some characteristic traits in Latin American entrepreneurship and firms in the long run: the

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⁸ Within the topics investigated by non-Latin American academics, the history of American, British and European companies operating in Latin American countries has been still predominant since the mid-eighties. While in the period previous to 1985 research was done almost exclusively by American and British historians, in the last twenty years there has been significant contributions by academics from continental Europe, especially from Germany, France and more recently from Spain.
predominance of family firms, the presence of diversified business groups as of the last decades of the 19th century (and still one of the main forms assumed by Latin American large companies), the relevance of the links between businessmen and the State, the key role of state-owned enterprises for most of the twentieth century, the importance of immigration in the consolidation of entrepreneurship and the decisive influence of foreign firms in some economic sectors.

A really significant contribution of business history to the study of entrepreneurs and firms is its dynamic vision, which allows for a perception of the changes that gradually took place in the organization and management of enterprises as well as in the formation, action and performance of businessmen. Beyond some structural traits it is very interesting to analyze the transformations that took place in the last two decades.

It is evident that all through the period of import substitution (from the 1930s to the 1980s) the average Latin American company was not very efficient, operated in protected markets and obtained considerable subsidies from the State. Since the eighties various changes can be observed in reaction to the liberalization of economies, globalization and, more generally to the change of the role of the State – from being the leader of the development process towards a private sector-led process, in which business and entrepreneurs play an important yet not unique role. On the one hand, a considerable number of firms could not survive the economic crisis of the 1980s and the 1990s and did not respond positively to the changes of the rules of the game. On the other hand, there was a process of transformation of companies in the quest for higher levels of competitiveness, as well as the birth and development of global Latin American firms. At the same time, privatization processes meant the retreat or the disappearance of public enterprises, whereas globalization implied a big step forward of transnational companies in the 1990s.

Yet the recent achievements in Latin American business history do not mean that it is attaining the same levels of the discipline as in developed countries. We still have an ample and ambitious agenda of pending issues, and Latin American business history has not a strong presence in international journals, although some improvements have been made during the last years.

But in spite of these limits, the historical experience of Latin American business can offer new and rich evidence for the analysis of the characteristics and the performance of enterprises in late developed (or undeveloped) countries and in contexts of high institutional uncertainty and macroeconomic instability.

**An overview of this issue**

It is in this context that the seven articles included in this special issue are to be considered. They refer to five countries: one Central American – Mexico – and four South American nations (Argentina, Brazil, Colombia and Peru). Four of the articles relates to two of the largest economies of the region – two on Mexico, one on Brazil; the other is a comparison between Mexico, Brazil and the United States. These two countries, together with Argentina and Colombia, are those where the study of business history is more developed. Chile and Venezuela, both important economies of the region, are not represented, pointing out to the early stage of development of the field in these countries, which is a common situation in Central America and the Caribbean.
The eight authors (the article on Argentina is co-authored) are all Latin American, pointing to changes in a field where foreign scholars have played a key role. Interestingly, most of them earned a doctorate abroad – three in French universities (Mexican Leticia Gamboa and Mariano Torres; Brazilian Armando Dalla Costa), two in the United States (Colombian Marcelo Bucheli and Mexican Aldo Musacchio); one in England (Felipe Portocarrero); two of the authors (Argentine Andrea Lluch and Norma Lanciotti) did it in their own country. Five of the eight authors belong to a new generation of business historians, whilst three reflect the growing presence of women in academia and research, in a traditionally male and chauvinist region.

Regarding the time period covered in their articles, a shift of attention towards the 20th century is to be highlighted: five of the studies cover it, whereas the remaining two (both on Mexico) deal with the second half of the 19th century. The time span is narrower in the case of the essays on Colombia (the 1930s) and the comparative Brazil-Mexico piece (circa 1910) than in the rest of the articles that spread to cover six to seven decades.

The topics reflect well the variety and richness of the historical approaches that have characterized the study of business in the region, in particular since the mid-eighties. As a matter of fact, the dynamic of the relationships between multinationals and the host country is the subject of the articles on Argentina (American and European multinationals in the manufacturing/selling and public utilities sectors) and Colombia (a Canadian oil corporation), whereas the role of immigrants, notably two specific regional-based groups of Frenchmen who venture into Mexico, is the center of attention of the two studies on that country. The remaining articles combine topics that have a long-standing tradition within Latin American historiography, as well as others oriented by new research interests. In fact, the one on Peru approaches a topic of perennial interest in Latin America: the local bourgeoisie, tracing the origins and evolution of the economic elite for most of the last century in that country. The other works are rather novel in their subjects of study. One is an analysis of a specialized issue on comparative financial history and corporate governance between Brazil, Mexico and the United States around 1910. It explores the presence of bankers in the corporate networks of the two countries under different institutional conditions. The other one’s novelty lies in the fact that it deals with a large Brazilian mining company’s long term strategy for becoming a multinational. Since its creation in the midst of Second World War it was aimed at the export market and today its a global player in the nickel industry.

As this overview shows, there are various units of analysis at work in these studies, combining individual firms (in Colombia and Brazil), a family business (of Alsatian origin in Mexico), a local economic elite (in Peru), a network of immigrants entrepreneurs (the Barcelonnettes in Mexico) and a large sample of firms examined for different analytical purposes (in the articles on Argentina and in the comparative study of Brazil, Mexico and the United States).

From the standpoint of economic sectors covered in this dossier, the two company studies are located in the mining (a complex of iron, nickel, copper and aluminum) and oil industries respectively, in line with a common trend in the Latin American business historiography. Yet, taken as a whole, the articles that comprise this special issue of the journal do not deal with manufacturing sectors that have been important for the region’s industrialization, nor agribusiness. However, it should be said that both the studies on the Barcelonnettes’ activities in Mexico and the Peruvian economic elite illustrate their interest in a portfolio of diversified economic activities, which includes commerce, finance and manufacturing (textiles).

In terms of methodology, the research does not rely exclusively on case studies: other methods of analysis are also used, leaving room for generalization. That is the case of the
Argentine articles and the comparative analysis of board corporate linkages in Brazil, Mexico and the United States. On another level, the changing historical patterns of wealth and its structure and reproduction among (Peru’s) economic elite members allow for an examination of hypothesis on power and elites across national centers of power in Latin American countries.

Moreover, it is important to highlight that in the articles based on case studies, there is a growing trend to depart from the conventional historical descriptive approach, toward analytically focused historical descriptions; the latter are aimed at illustrating and understanding general patterns and processes of business and entrepreneurial dynamics. For example, the systematic analysis of finances of the subsidiary of a Canadian multinational that is carried out in one of the essays allows to shed light on disparate allegations on the effect of domestic (Colombian) government oil policies; the role of networking as an asset for entrepreneurial activities is examined with reference to a specific network of entrepreneurs of French (Barcelonnette) origin in Mexico; and the evolution of internationalization corporate strategies under changing local and global environmental conditions is analyzed through a large (Brazilian) multinational. Likewise, the process of acculturation with the differences among immigrant family members is illustrated by looking at an immigrant (Alsatian) entrepreneurial family in Mexico.

Interest in issues like these show a growing concern among business historians in Latin America to incorporate theory in their research, in particular in the case of the new generation of scholars that are the modal group among the authors contributing to this special issue of *Entreprises et Histoire*. This opens paths of dialogue with business historians and specialists from other regions, as it is explicitly stated in some of the essays. An example is Mexican Musacchio’s work, whose paper on Mexico, Brazil and the United States is to be read in relation to the American business historians concerned with issues that belong to neo-institutionalism (property rights, corporate governance, capital market, shareholders’ rights, ownership concentration, etc.) under conditions of institutional instability; another is provided by Brazilian Dalla Costa’s study, which opens an exchange of ideas with authors dealing with the theory of internationalization of business and the nature of transnational firms. Bucheli’s contribution is located within the historiography of foreign direct investment in the oil sector in Colombia and the historiography of Canadian capital in Latin America, starting from the discussion of key terms used in the literature (e.g., “host country”, “home country”, “third country”, “vertical integration”). By departing from conventional approaches centered upon capital flow and stock statistics, Argentinean Lluch and Lanciotti seek to contribute to wider debates over the strategies and role of foreign direct investment and business-home country state relations. At the same time, Peruvian Portocarrero contributes a revisionist view on old debates on the Peruvian oligarchy, supported by a bulk of information that was absent in previous exchanges among authors.

In terms of sources, the scenario for the future is promising if the seven articles that make up this dossier are taken as a sample. In fact, running against conventional complaints about the limitations of information to engage in business history research, the authors display great creativity in compiling historical evidence drawing upon a variety of sources. Most of the essays have their proper distinctive strength in terms of primary sources. In this manner, in reconstructing the property structure of the major fortunes in Peru, Portocarrero draws upon inheritance files confirming it is a fiscal source of utmost importance for the study of the economic elite in Peru. It contains a bulk of information (wills, deeds of purchase and sales of property, deeds of association or incorporation, balance sheets of companies) usually dispersed among several public archives. As he points out, they “were used to estimate the size and nature
of the estate amassed in life, as well as the main philanthropic initiatives taken by the deceased…”. They allow to “i) to reconstruct a collective portrait of the wealth amassed by the members of the economic elite; ii) to identify the sectors of the economy where they invested their capital; and iii) to establish the various charities and philanthropic activities they carried out”. After searching among 32 000 inheritance files, he identifies 800 elite members which became the target of his study.

Seeking the business activities of French immigrant entrepreneurs in Mexico since the 1840s, Leticia Gamboa has delved for several years into a variety of written sources. The General Archives of the National Bank of Mexico and the General Archives of the Nation, in particular the General Archives of the Treasury of Mexico, as well as the Historical Archives of the Notary Public of the Federal District (Mexico) and the Center for Diplomatic Archives of Nantes (France) were her home to gather the varied information on the business and the network of immigrants of the Vallée de Barcelonnette (the barcelos, valéians, ubayens or bas-alpins known in Mexico as the Barcelonnettes). This, as well as abundant secondary sources, allowed her to build the carefully knitted narrative of the activities of two generations of Barcelonnettes in clothing department stores, textiles and other manufacturing and banking across Mexico.

In the same field of immigrant entrepreneurship, the essay by Mariano Torres is focused on a family (also coming from France, now in the region of Alsace), who arrived in Mexico in 1858, and experienced a noticeable social mobility in the course of a generation. To examine the process of acculturation in Puebla among different members of the same family, in a period of social and political unrest and the stages of the social mobility they experienced, Torres based his research on the Municipal Archives, the Notary Public Archives of Puebla and Mexico City and, in a distinctive way, in the Maurer family’s archive. The latter includes the accounting books of the family’s estate and mill from 1867 to 1899, business and family correspondence letters (1867-1914), miscellaneous documents (agriculture property documents since 1536, machinery blueprints, and photographs). Torres’ article serves to illustrate the potential of family archives. Since family businesses are key players in Latin America, it should be noted that recent business history research in other Latin American countries also witnesses the key role that this type of source may play. It should be added that as in Gamboa’s work, Torres’article makes a thorough use of the ample secondary literature on French migration to Mexico.

The remaining four articles show the (often) unexploited possibilities of other sources. To begin with, the paper by Lluch and Lanciotti on foreign companies’ timing of entry and business activities in Argentina (1860-1950) is based upon a valuable database comprising 864 foreign firms, meticulously built by them for the 1862-1949 period. They draw upon a variety of business registers (the main source being the Monitor of Public Limited Companies), annual commercial guides of joint stock companies, country’s yearbooks, guides to American companies, American Chamber of Commerce membership, biographical dictionaries and annual reports of the governmental agency in charge of regulating corporations. The reader is invited to refer to the detailed sources and methodology appendix of their article. Secondly, the study by Mussachio makes good use of both the Brazilian and Mexican yearbooks for 1909, which include balance sheets of the listed firms, as well as basic data on equity and on the year the company was established. However, as Musacchio explains, in Mexico the information included in the yearbook was not complete in the case of manufacturing companies, a gap which leads the historian to draw on additional sources (such as banking publications) and other data bases included as secondary sources. The type of information gathered was in accordance with the analytical tools required for network analysis and simple multivariate
regression. Based on them for the study of bank interlocking directorates, he concludes that connections between banks and corporations were less important in Brazil than in Mexico and the United States.

Thirdly, in his paper on a giant Brazilian transnational (Vale do Rio Doce), Dalla Costa relies mostly on the company’s annual reports for the 1942-1991 period; the Mining Yearbook is another useful source (for the 1980s). Secondary, specialized sources are also consulted.

Finally, in his paper on the operations of the International Petroleum Company (IPC) in Colombia, Bucheli is the first to use primary sources that have never been consulted in studies of the Colombian industry, neither by national nor foreign scholars. He makes use of the Esso Canada archives which were recently donated by the Canadian company to a museum in Calgary (Canada). Bucheli mainly researched the minutes of its annual general meetings as well as its published financial records. These sources were complemented by reports from the governments of Canada, United Kingdom and Colombia, the American Petroleum Institute and a Canadian business newspaper (The Financial Post) and an unpublished manuscript on the history of IPC deposited at the Baker Library at Harvard Business School. Reliance on the company’s archives (Canadian, not American sources) and Canadian Financial Post enabled the author to approach IPC as a Canadian company, whose investment strategy and political actions were not merely an example of American capital penetration into Latin America, as it has been a common belief in the specialized literature. Canada was neither a sovereign state nor a British Empire Colony. “Therefore, assuming a linear process of decision making from 26 Broadway [Standard Oil parent company’s headquarters in New York] to Colombia without considering the interests by economic and political actors in different countries can lead to inaccurate results” (Bucheli).

The articles included in this issue are complemented by a debate section in which six distinguished senior economics and business historians answer a set of six questions formulated by the guest editors. They point out to the distinctive features of business history in Latin America, its main accomplishments, the specificities of the region’s firms, the influence of the institutional frameworks on firms’ strategies and performance, the changes in business systems and the pending issues in business history agenda in the region. The scholars contributing to the debate come from five countries (two in Europe, the remaining four in Latin America), as follows: Spain (Javier Vidal) and England (Rory Miller); Mexico (Carlos Marichal and Mario Cerutti), Brazil (Tamás Szmrecsányi), and Uruguay (Raúl Jacob).

In closing this introduction we want to express our gratitude to the editors of the journal for the opportunity to convey the readers, through this special issue, the current state of business history as an academic field in Latin America, offer them a selected sample of the discipline recent research in the region, and strengthen the links between European and Latin American scholars.

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