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methodological reflections on the evolution of Business History in Latin America, from the vantage point of his forty-year research experience on British business in Peru between 1850 and 1934.

In "Trends" we include a greeting sent by the current president of the European Business History Association (EBHA), Harm Schröter, who invites the Latin American business history research community to organize joint events with its European counterparts. Then, we include a new section on members of the national academic community by sketching a profile of one of the GHE newest members, Xavier Duran. To close this Newsletter, we mention some academic events that will occur in Latin America during the last quarter of 2012.

**Business History in Colombia**

“*I am a historian, period*”

*Interview to Frank Safford, Emeritus professor, Northwestern University.*

*By: Ana Milena Fayad, GHE, doctoral student Colegio de México.*

Frank Safford is emeritus professor at Northwestern University, where he has taught for 45 years. He has served there as head of the Department of History, Associate Dean of Social Sciences, as well as founder and director of the undergraduate program in International Studies. Professor Safford did his undergraduate studies at Harvard College from 1953 to 1957, when he graduated Magna Cum Laude. In 1959, he received an M.A. in American History from Columbia University, in 1965, he received a Ph.D. in Latin American History from the same university after writing a thesis on Central Colombia between 1820 and 1870

He made the first of his visits to Colombia in 1961, followed by another twenty visits over fifty years. For three months in 2011 (March 15 to June 15) he was a visiting professor at the Universidad de los Andes School of Management, assigned to the History, Business and Entrepreneurship Research Group (GHE, for its initials in Spanish), with which he actively collaborated. He taught part of one of its undergraduate courses (Colombian Business History), lectured in other GHE courses and provided insightful counsel to the group’s members.

The list of his publications in a half-century of research is extensive and varied. Among those related to Colombia, in addition to his doctoral thesis, “*Commerce and Enterprise in Central Colombia, 1820-1870*”, are the 1965 article, “*Foreign and National Enterprise in Nineteenth Century Colombia*”; the books, *The Ideal of the Practical: Colombia’s Struggle to Form a Technical Elite* (1976), published in Spanish in 1989, and *Colombia: Fragmented Land, Divided Society* with Marco Palacios (2002). They also include a 2002 work on cultural values, structures and public policies in Colombian development, published by Universidad de los Andes Corona Chair series, and the book chapters, “*El problema de los transportes en Colombia*” [The problem of transport in Colombia] (2010) and “*Pautas en la vida empresarial de Colombia en el siglo XIX*” [Patterns in Colombian business life in the nineteenth century] (2011) .

Professor Safford is one of the most important Colombianist historians of the second half of the twentieth century, although he shies away from having his historical studies categorized. He does not consider himself a Colombianist, or a specialist in Latin America, or either an economic historian or a business historian, because, as he says: “I am a historian, period.” At the same time he acknowledges that most of his academic life has been devoted to studying various Latin American countries, including Colombia.

Safford’s stay in Colombia in 2011 had an intense academic agenda, both inside and outside Universidad de los Andes. He lectured at various conferences, not only in the School of Management, but also in the Department of History and the Alberto Lleras Camargo School of Government. Amid all this activity, he managed to devote long hours to consultation and delving into archives. Despite his busy schedule and with the cordiality that never leaves him, he agreed to a breakfast interview that became a pleasant chat about his work and his experiences in Colombia.
With the good humor that characterized the interview, Professor Safford began by recalling how many of his works have been the result of chance. It was by accident, he said, that he wrote his 1960s doctoral thesis on business history in the Bogota savanna and also by chance that he wrote a book on technical and scientific education: The Ideal of the Practical. Insisting that does not want to be pigeonholed, he said he also has also researched the political, economic and social development of Latin America. Emphatically, and conclusively, he said, "I do whatever I want".

This statement clearly reflects his approach as a historian. When asked about his methodology he answers earnestly that first you have to get into the details: "I respond to what I find in the archives. The file materials connect me with questions, ideas of what is interesting to do." Therefore, he does not employ assistants in his archival research; he seeks, finds, transcribes and analyses documents himself. Consistent with this approach, he visits Colombia every chance he gets, and every conference or academic event invitation becomes an opportunity to do archival work.

His studies of Colombia began in 1961, when he came to the country for the first time to do the research for his doctoral thesis. Back then he found a very unique landscape for the discipline of history, very different from what has been started in recent years. "When I arrived there was no academic profession of historians; when I went to the archives there was almost nobody there ... It seems that at this time Jaime Jaramillo was starting to train some people to be professional historians at the National University ... Now it is completely different because there are many professional historians in Colombia, all over the country ... I would say that now the conversation about the history of Colombia is all here. There are a few specialists in the history of Colombia in the United States and England and a few in Canada. But there is a conversation about the history of Colombia, and that conversation is here".

In the early 60s, with his wife Joan, his tireless partner in adventure, he traveled almost the entire country by bus. "The reason for going by bus was to know the territory and know some of the people because the people traveling by bus were not the elite..." Although he was familiar with some theoretical analysis on Colombia, it was while traveling that he discovered what would be one of his main academic approaches to Colombian history: geography.

He considers geography a fundamental aspect. "I realized this from living in Colombia. The importance of geography impressed me. But I think that Americans do not focus much on geography because we had a geography that did not present as many obstacles as Colombia..." For Safford, simply, "You cannot write the history of Colombia without thinking immediately about the geographic factors".

Although geography is a constant element in his studies of Latin America, he acknowledges the peculiarities in the case of Colombia: "There is this difference in the case of Colombia. When one speaks of Peru or Ecuador, one finds two cultures: there was more or less an indigenous culture in the mountains and a European culture on the coast. You can say this of Ecuador and Peru. I think it is more complicated in Colombia because, as Luis Eduardo Nieto Arteta said, correctly in this case[^1], Colombia had a dispersion of the population in small mountain valleys. I think ... the scattered population in Colombia is a very important factor ... because each region had its own interests." For Safford, geography has made Colombia a country with multiple regional cultures, unlike other Latin American countries.

This statement led to a turn in the conversation to an analysis of the contemporary history of Colombia, with Safford reviewing the major developments in the country over the past 50 years, with inevitable mention of the violence. "Colombia has had several stages and some violence has always existed but it has changed from time to time." He offers the bus trip around the country as an example: "This was possible because there was not so much violence in that time, the buses did not travel at night for fear of gangs but they traveled during the day. I would say that in the 90s it was not possible to do this kind of bus ride." Despite that, it never occurred to him not to visit Colombia because of the violence; he said that he was never afraid, but he had to be careful and have limits, especially in the 90s.

Finally, I could not fail to ask his opinion about the present and the future of Colombia. His answer acknowledged that in politics there have been good things, but he mostly recalls what he considers big historical mistakes, which have led to significant consequences. "There is still no real participation of the population ... it is all a matter of a small cliques." On the other hand, he sees in Colombia great interest in improving technical education and enhancing
competitiveness. He believes that the country is content to export raw materials, as if returning to the export model of the nineteenth century. Very few people advocate education that promotes industrialization and increased manufacturing output. He noted that this return to the export economy is a phenomenon that is happening throughout Latin America and it is a challenge for the region.

Talking with Frank Safford and sharing some of his time in Colombia was a constructive and rewarding experience. After much travel and study of the country and its people, he said, "I am not in love with Colombia, but it has become an interesting friendship." He is adventurous, passionate, intelligent and funny; in a word, Professor Stafford is charming.

(1) It is interesting to note that although Safford gives credit to Nieto Artera at this point, at another point in the interview said that as a result of his doctoral thesis, he could conclude that Nieto had erred in some approaches made regarding the relationship between the traditional political parties and economic development in the nineteenth century.

"Sons of the machine: Case study of social change in the workplace" Charles Savage Jr., George F. Lombard MIT Press series on organization studies No. 7, Londres, 1986, XII-299 págs., 8 tablas
José Ernesto Ramírez, independent researcher.

In the 1960s the American anthropologist Charles H. Savage, Jr. led a research project on cultural change associated with industrialization in the Andean countries, with at least three published case studies. The most important result of his fieldwork in Colombia is the book that is the subject of this review. Almost a decade and a half after his death in 1972, MIT published his study on social life in factories located in the area of Medellin, Colombia’s second largest city. The publication was made possible thanks to the interest in these materials of Professor George F. Lombard (1911-2005) a prominent academic at Harvard Business School and a member of the committee for the dissertation (DBA) that Savage completed in 1962. Lombard was an expert in industrial and organizational sociology with deep field research in Hawthorne, GM and Bell plants. In 2007 the Harvard Business School compiled the body of work, documents from which can be accessed at http://oasis.lib.harvard.edu/oasis/deliver/BAK 00036. Part of this collection are boxes 24 to 26 with material, graphics and stories compiled between 1980 and 1985 relating to research that Charles H. Savage conducted in Colombia.

The 1960s were significant in terms of the emergence of management ideologies in Colombia. A significant number of schools of management began in those years, and large companies opened specialized departments called "industrial relations", that arid field of knowledge that seeks to theorize and research the coexistence of men and machines. There are two reasons why Sons of the Machine can be considered a basic work in the literature on the organization of work in the Colombian cultural perspective: its discursive objectivity and neutrality, and its optimal construction based on the participatory research method. To point out these two features is to say that the merit of the book is that it is a collection of recollections of a labor scene in transition, exhaustive as the product of his twelve years of field work (1960-1972), and objective as a benchmark that is not classifiable as either as favoring workers or employers. Savage's work is devoid of the usual chauvinism exhibited by epigones of the theories and practices of Antioquian ("paisa") management. He also makes clear that, to approach an understanding of the sociology of work, a good researcher must establish his/her own experience in the "nitty-gritty", a richer experience that has led to the multilateral approach. Multilateralism not only refers to the diversity of positions or responsibilities in the administrative or manufacturing realms (per Taylor), but also to the intersubjective overview of the location, form and context of work.

The author's interest in the organization of work in Colombia dates back to the early sixties, when he wrote his DBA thesis at Harvard, under the title, Factory in the Andes, Social Organization in a Developing Economy. It built on the work of Everett Hagen, professor of economics at MIT, who studied the Antioquian cultural values and its role in the development of this region of Colombia, by examining the influence of three typical manufacturing firms in Antioquian industrialization and the modernization process involved. These companies are Corona, Locería Colombia and Everfit, located in two communities (Santuario and Caldas) in Medellin’s area of influence, as well as in Antioquia’s capital city
itself. The work used pseudonyms to refer to the companies and their directors (La Nueva, La Blanca and El Dandy), identifying the basic products of the three firms, namely ceramics, pottery and men’s clothing, respectively. The author examines patterns of leadership and community organization of production, which stresses the idea of "destiny", paternalism and the religiousness that characterize the cultural makeup of Antioquia.

The posthumous editor grouped the Savage case studies in three sections, to which he added, by way of conclusion, a fourth section dedicated to placing the research in a theoretical context, which certainly is a version of functionalism over change, for contexts of industrialization. The first part consists of four chapters and deals with the researcher’s experience in the Corona factory in Santuario (pp. 21-94), where "Don" Joseph, the owner of "La Nueva" dealt favorably with the implications for the general interest of the incorporation of electricity into production methods. This involved changes in work and payment systems that, in the way they were implemented, respected the existing basic social organization.

This method focused on a committee of "pater familias" who managed to redistribute production systems while respecting the traditional status of the "Don", who reached understandings with employers through arrangements made in the main square of Santuario. Savage shows how this was a smart move, not forced, one that allowed for the gradual addition of new staff and the new technology required, without colliding with the values of "destiny" or affecting the arrangements made between employers and the "pater familias" in the Santuario’s main square. The second part focuses on Savage’s time at Locería Corona in Colombia, during the period when the "Doctors" assumed management of "La Blanca", a unique manufacturing facility that had made pottery since its founding early in the century, and where the family was headed by principal owner of the pottery firm. "Don" Pablito, servant of "Don" Eduardo, had been the first manager of the factory, and his son had continued this "destiny", so that, on Savage’s arrival, a nephew -- "Don" Antonio -- was in charge of quality control, and "Don" Chico, the first person hired by "Don" Eduardo, was still working. Savage describes the fabric of the paternal relationships between "Don" Eduardo and his three sons, and the "Dons", the fathers of families working in the factory and who assumed this lifestyle as their "destiny."

The Taylorist management introduced by the "Doctors" backfired, bumping up against the previous feelings of team productivity and paternalism, with the logical result of hostility and creation of a social vacuum, in which the identity of the "Dons" was lost. Underestimating the "pater familias" -- which, due to the experience and traditional relationship of the "Dons" with the employers, occupied the most important positions in the implementation of production -- generated conflict that opposed the "Doctors" and Social Committee, with which they tried to replace the previous social fabric and the workers most rooted in the ritual practices. The solution came from the reorientation of management practice, favored by the intervention of new workers in the study, called "camajanes" to develop basically new forms of informal leadership, which Savage refers to as a catalyst.

The third part (pp. 151-208) presents as a time of conflict the one experienced in the "El Dandy" clothing factory in an urban environment permeated by peasant migration, Catholic Action and its counterpart of extreme leftist unionism, and various forms of social maladjustment. The conflict in "El Dandy" was between two utopias: first, the business utopia of a manager who insisted on individual economic incentives combined with the "evangelization" of its employees through newsletters, which mixed social ideals of peace from papal encyclicals with the hopes of creating a fair and efficient industrial society, in which "the best of the modern could be combined with the best of the past." On the other hand was the anti-utopia of workers -- especially men -- who through a hundred-day strike wanted to show the way to end the "exploitation", which not only upset the manager's dream but led to the company's failure. In the two chapters of part four, the editor analyzes the conditions of "structural change" in the context of factory production in Latin America. One of the most important contributions of the work is highlighted here to emphasize that knowledge of cultural tradition and respect for the social organization of production linked to it are required for the theoretical development of labor management and application perspectives.

The perspective of studies about the industrial world in the Andean countries has not been sufficiently continuous and assimilated. Not only useful for Colombia but for countries without industrializing sociocultural development, it
provides an explanation of the contradictory and complex organizational modernization based on comparison with the conditions of economies inspired by structures of the Anglo-Saxon type. Pointing in this direction is the valuable book by Savage and Lombard, which relies on an ethnographic methodology, full of detail and a rich narrative in the social anthropology tradition. Published a quarter of a century ago, it is a pity that this valuable work is virtually unknown in Colombia and Latin America. It is still not too late for a translation into Spanish.

Business History in Latin America


Rory Miller, Reader in International Business History, University of Liverpool Management School.

This new book of mine that the Banco Central de Reserva and the Instituto de Estudios Peruanos have published in Lima, Empresas británicas, economía y política en el Perú, 1850-1934, is a collection of twelve papers that I wrote at various points, for the most part in English, between 1973 and 2006. When I asked the editor of the series what he wanted by way of an introduction to the collection, he suggested that I should take an autobiographical approach, explaining the context in which the papers were initially written. While, in some ways, this felt like writing my own obituary, it did have the benefit of forcing me to consider some of the issues involved in research on the history of foreign business in Peru over a career of some forty years.

Some of the comments that I make in the introduction to the book relate to the difficulties of finding relevant archives, and the many cases where this was a source of frustration in my research. A particular problem in the Peruvian case is the relative unavailability of the archives of British merchant houses operating in the country, compared with the wealth of similar material available to historians working in Chile. This presents some serious difficulties, since many of Peru’s agro-pastoral exports after the Pacific War (1879 – 1883) went to the British market, and thus British houses like Duncan Fox and Graham Rowe, both of whose archives have disappeared, continued to be important intermediaries.

A second issue in writing the introduction was the need to reflect on the way in which theoretical approaches to business history have changed. When I first began research in 1970, the principal theoretical debates related to the question of British business imperialism in Latin America, and a little later to that of dependency (these can be summarised as questions of ‘power’ and ‘impact’). Business history, let alone Latin American business history, was not a recognised and identifiable field of research. Although there had been two internationally recognised journals in existence for quite a long time, one in the United States and one in the United Kingdom, professional associations for business historians did not really exist. The subject appeared little more than a descriptive and narrative branch of economic history. The most influential work published in the second half of the twentieth century, Alfred Chandler's Strategy and Structure (1962), took a long time to reach the mainstream and to become known to business historians, especially outside the United States: according to Web of Science it had received only six citations in articles, mainly in management journals, by 1970. On Latin America there was just one major book-length study that could be defined as business history, David Joslin’s A Century of Banking in Latin America (1963). The field of ‘international business’ also hardly existed. The word ‘multinationals’ had only been in common usage for a decade. Raymond Vernon’s idea of the ‘obsolescing bargain’ model, which would certainly have been relevant in analysing issues of power in the case of foreign-owned companies in Peru, did not appear until the publication of Sovereignty at Bay in 1971.

Would I have done my early research differently now? Without doubt. I have argued elsewhere that the concentration on issues of power distorted Latin American business history for quite a while, especially with regard to the history of foreign firms and multinational companies. There have been several relevant theoretical advances in the years since I first began research. First, in the 1980s Stanley Chapman and Mira Wilkins developed the related concepts of ‘investment groups’ and ‘free-standing companies’ in relation to British foreign investment, and both used Latin America for key examples. Second, I ought to have paid much more attention to labour management in British firms, especially in the railway companies and oil industry. However, like business history, Latin American labour history was
also in an incipient stage when I began research in 1970: Hobart Spalding did not publish his influential textbook, Labor in Latin America, until 1977. Third, the concept of ‘commodity chains’, offering a holistic view of commodity trades, has been another important theoretical advance, which I used in a joint paper with Robert Greenhill on the fertiliser trades that is included in this book.

I hope that this book as a whole will go some way towards rectifying another problem which authors in the developed world writing on Latin American business history face: the managerial pressure to publish in English. Unfortunately this means that, in order to protect and advance our own careers, we are too often not in full dialogue with business historians in Latin America itself. For that reason, my sincere thanks are due to the Banco Central de Reserva del Perú for financing the translation of these papers, and the Instituto de Estudios Peruanos for editing and publishing them.

The book British Business, Economy and Politics in Peru, 1850-1934 brings together a set of articles on the history of Peru during the second half of the nineteenth century and the first third of the twentieth. Their common denominator is the analysis of the interaction between economics and politics, between the interests of foreign companies (in Peru dominated at that time by the presence of the British), and the national economic and political elite. It reviews classical themes of economic history, such as the "imperialism of free trade" or trade and the finances of guano and saltpeter, with innovative topics such as the history of business and corruption. Half of these texts have been translated especially for this edition, offering them for the first time in Spanish.

**Trends**

**Greetings to the business historians of Latin America from the “Old World”**

Harm G. Schröter,
University of Bergen, President of EBHA

Greetings and welcome! From my standpoint as the incumbent President of the EBHA ([European Business History Association](http://www.ebha.org)), I would like to give you a brief overview on European business history and its organisation and a personal suggestion about how to improve our common field of activity even more.

European business history established itself by branching out from economic history without severing its connections to the latter. It has its own field of research, specialists, methods, journals and so on. There are substantial variations in how business history is organized and pursued in Europe. In many cases business historians teach at the same time economic, and sometimes also social, history at their universities and other institutions of advanced learning. There are even a few centres for business history with a substantial number of personnel, for instance at the Universities of Glasgow, Reading or Uppsala, while other colleagues work at centres for economic and business history or in economics departments or business schools. In most cases European business historians are educated as economists or historians. Last but not least, there are a growing number of independent business historians who make their money by commissioned research and sometimes teaching. All over Europe persons, places, methods, and convictions compete and cooperate with each other. This has led to the desire for a broader exchange beyond the borders of a given state. The EBHA was created to meet this demand, counting today 220 members. It consequently organizes an annual conference, hosted each year in a different city. Our last one, this time a common one with the Business History Society of Japan, took place in Paris (August 30th – September 1st, 2012 - [http://ebha-bhsj-paris.sciencesconf.org](http://ebha-bhsj-paris.sciencesconf.org)). Its main topic was: “Business enterprises and the tensions between local and global.”

We European business historians now have nearly 20 years of experience of our super-national conferences, and they have yielded increasing results over time. Our annual congress acts as a forum for testing new methods, theses, and
research-results, for the exchange of information, for stimulation of new thoughts, and, last but not least, for cooperation. It provides a forum within which colleagues can get to know one another, and it seeks in particular to encourage young and female scholars. The success of EBHA is matched by other, mostly national, organizations of business historians outside Europe, for instance the Business History Conference of the United States of America or Business History Society of Japan. However, despite the fact that social and economic historians—and even historians of technology or accountancy—have long since organized regular conferences to bring together national and other associations to provide a global forum to exchange views and research findings, there is no corresponding market place for business historians. Our common positive experience in business history leads me to the following suggestion: should we not organize a worldwide forum, perhaps every four years, for scholarly exchange specifically on matters of our own specialty: business history?

### Academic Community

#### Investigadores

Xavier Durán is assistant professor at Universidad de los Andes School of Management and winner of the 2011 Coleman Prize awarded by the Association of Business Historians (Great Britain) to the best business history doctoral thesis presented at a United Kingdom university or about the United Kingdom. He did his undergraduate and masters work in economics at the Universidad de los Andes, and holds a masters in innovation and technology management from the University of Sussex and a doctorate in economic history from the London School of Economics and Political Science. His postdoctoral studies were at the department of economics of Northwestern University. He joined the School of Management faculty in 2010.

His main interest is the technological development at the company level, and its relationship with institutions and institutional change. Professor Durán studies this subject employing the tools of microeconomics and a long-term historical perspective. His doctoral thesis explores whether it was necessary for the U.S. federal government to offer subsidies to entrepreneurs who built the first transcontinental railroad in order to promote private construction. The first transcontinental railroad was built and operated by two private companies, 1863-1869. The companies received federal grants to finance construction. The evidence indicates that the resulting railroad was profitable and, upon completion of construction, it was discovered that entrepreneurs engaged in corruption by illegally appropriating subsidies as construction profits.

In light of such research, the question about the need for subsidies to promote private investment is a natural one. The issue is important because the railroad was the largest public or private infrastructure structure of the nineteenth century in the U.S. and the corruption scandal was the most notable of the century. The conventional answer indicates that investors were not interested in investing in the project between 1864-5 and the railroad was too large for the domestic U.S. capital market. Thus, subsidies managed to induce entrepreneurs to invest. The results obtained during the research conducted by Duran indicate a different response and based on a novel source: business plans written by entrepreneurs promoting the railroad. In 1859 they discovered gold and silver in Nevada and Colorado. The business plans show that employers had an interest in building the railroad after 1859, they expected the returns to be positive, and construction was divided into two stages to take advantage of local traffic.

In addition, estimates were done of the expected private profitability of the railroad using business methods of the time and public sources. The estimate indicates that the business plans of businessmen were reasonable and we believe in them, approximately. Dividing the project into stages, it ceases to be so big and there are precedents for building railroads and canals of similar sizes that were funded in the international capital market. The subsidies awarded because the railroad was built during the Civil War and because the project involved a high political risk (not
technical or economical risk).

Xavier is currently researching the processes by which entrepreneurs decide to use new technologies and how the institutional context affects these business decisions. The conceptual problem is studied through several cases during the late nineteenth and early twentieth century. The study of the first U.S. transcontinental railroad was extended, detailing institutional aspects that allowed the project’s development. The entrance of Standard Oil of New Jersey into Colombia to exploit oil and its interaction with the Colombian and U.S. governments is studied within the context of U.S. imperialism in the first half of the twentieth century. The slow construction of wagon roads in Colombia is examined in light of the rapid development of this mode of transport in the American West, a region that was as geographically and institutionally challenging as Colombia during the nineteenth century.

**Events**

**V Colloquium of the Four-Nation Business Studies and Economic History Group** is being organized by the Universidad de los Andes School of Management and the Banco de la República (Cartagena). It will take place between October 11 and 12 October in Bogota, Colombia. Sessions are: economic groups in the development of Latin America, nineteenth and twentieth centuries; transport and communications in Latin America and Spain: a century and a half of business activity, and businesses and rural entrepreneurs in Latin America and Spain, nineteenth and twentieth centuries. For more information contact: Carlos Davila (cdavila@uniandes.edu.co) or Adolfo Meisel (ameisero@banrep.gov.co)

**III Latin American Economic History Congress and XXIII Economic History Work Days (Bariloche, Argentina) – October 23 to 27, 2012.** Organized by the Asociación Argentina de Historia Económica [Argentina Economic History Association] it is planned as an opportunity to debate recent research about Latin American economic history, as well as addressing global and comparative perspectives with other regions.