

Review

Reviewed Work(s): The European Cable Companies in South America before the First World War by Jorma Ahvenainen

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Despite rich empirical data and a sharp analytical focus on the practice of business, the study would have been stronger had Köll engaged more with contemporary business theory. Although few of the best monographs and articles on Chinese business of the past twenty-five years have used economic and business theory, doing so can sharpen the story we tell by allowing us to make more sophisticated connections between practices and events that are not self-evident from the simple exposition of the story.

This shortcoming aside, Köll has produced a landmark study. With great skill she has told the story of the organization and management of the Dasheng group, an important modern enterprise, showing the complexities an earlier generation of managers and entrepreneurs faced in adapting Western corporate structures to a Chinese reality, where personal networks of family and associates played a key role. A remarkable feature of Dasheng was the creation of an institution to control the enterprise that was modern in its practice yet based on a past business form, adapted to the new world of an incorporated entity. It was the vital role of the institutionalization of control structures that distinguishes Dasheng as distinctly modern and differentiates Köll's analysis from the "narrow" cultural approach that explains patterns of Chinese enterprise organization as a product of a "Chinese spirit" different from elsewhere, manifest in networks of personal ties. Networks are important, but she adds, "we need to pay more attention to hierarchical and institutional aspects of the firm, based on analyses of company records, in order to fully explain the institutional, financial and managerial structures of modern enterprises" (p. 283). This Köll does well.

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Jorma Ahvenainen. *The European Cable Companies in South America before the First World War*. Helsinki, Finland: Academia Scientiarum Fennica, 2004. 427 pp. ISBN 951-41-0947-3, €35.00.

After the wars of independence in the first half of the nineteenth century, Latin American countries embarked on a process of insertion into the world economy, opening their doors to foreign investment and specializing in the exportation of raw materials. In free markets and in an alignment with the British imperial economic system, Latin American elites saw a road for economic prosperity and political

stability. Between the 1880s and 1914, Latin America became more integrated into the global economy than in any other period of its history, only comparable to globalization in the 1990s.

Latin America's insertion into the global economy in the late nineteenth and early twentieth centuries has been studied widely. Most of the classic works of social and economic history written between the 1960s and 1980s studied the consequences of globalization in molding Latin American societies. In fact, for many scholars, the political, social, and economic history of Latin America cannot be understood in isolation from the consequences that resulted from the creation of an international labor division and from the arrival of foreign capital. This view was particularly important among dependency scholars, who argued that the continent's poverty and political instability were the product of its unequal insertion in the global capitalist economy. Most of these studies focused on social and political aspects of export production (such as rubber in Brazil, nitrates in Chile, or guano in Peru) but neglected the role of the communication systems that permitted a coordinated flow of goods to international markets. Without access to the newly invented telegraph systems, international trade and foreign investment in the region would have occurred at a much slower pace; some sectors might not have developed at all, and many regions would have remained isolated from global markets.

Jorma Ahvenainen makes a contribution to the literature by filling this gap in his study of the European cable companies in South America between 1862 and 1914. Ahvenainen studies the crucial period in which Latin America consolidated itself as exporter of raw materials and witnessed the arrival of the first foreign investors. The submarine cable system demonstrates a pattern similar to the one found in other economic sectors in which foreign participation has dominated: it began under the control of the British, who later saw their power challenged by the French and Germans, who, in turn, were eventually replaced by the Americans. The first two chapters, covering the 1870s and 1880s, document the unsuccessful attempts by some small French, Spanish, and South American firms to attain concessions to build the cable network. These interests, however, could not compete with the powerful Telegraph Construction Company of London, which got most of the important concessions. This company's power, however, did not remain unchallenged. Chapters 3 to 8 (covering 1880 to 1900) show the fierce competition between the Telegraph Construction Company and a number of new firms that built new lines to the main export regions of Chile, Peru, and Brazil. Ahvenainen's detailed study shows the difficulties these companies faced in terms of civil wars, political intrigue, and lack of

adequate transportation systems within the countries. He also describes the unethical and cutthroat means by which different companies competed against each other at a time when little legislation regulated global business activities.

As long as international trade with Germany, France, and the United States grew, the governments of those countries showed increasing interest in building their own cable lines to South America. Instead of confronting the British companies, newcomers chose diplomacy and lobbied local governments not to renew the British concessions once they expired. The British firms did not have the Foreign Office's support and gradually saw the German and French firms taking over.

Ahvenainen's book has much wider implications than the author acknowledges. The book is written in isolation from Latin American historiography on economic development and foreign investment. The rich body of primary sources contrasts with the short bibliography, in which no work on Latin American economic and business history is cited. The author does not discuss the contributions of his book to our understanding of the development of business in Latin America, the insertion of Latin America into the world economy, the risks and opportunities of globalization for this continent, or the role of a good communications system for the creation of nation-states. A brief discussion of these aspects in the introduction and conclusion would have made this book more accessible to a wider audience. Those who wish to study the points I mention above, or any other aspect of the insertion of Latin America in the world economy, will find the information of this book as useful material for further research.

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Ben Ross Schneider. *Business Politics and the State in Twentieth-Century Latin America*. New York: Cambridge University Press, 2004. xix + 312 pp. ISBN 0-521-83651-4, \$70.00 (cloth); 0-521-54500-5, \$26.99 (paper).

This volume is a valuable addition to the extensive and disparate bibliography on business associations, state-business relations, collective action, corporatism, and civil society. One of its major achievements is that it will help to redirect research on these topics. The book encompasses a wide field of scholarly work hitherto undertaken in a variety of disciplines: political science, economics, sociology of organizations, and economic and business history. In terms of business