

BUSINESS

HISTORY

REVIEW



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**R E V I E W**

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# Contents

Editors' Note • 285

## ARTICLES

*William P. Kennedy and P. J. R. Delargy*, Shorting the Future? Capital Markets and the Launch of the British Electrical Industry, 1882–1892 • 287

*Simon Ville and David Tolmie Merrett*, Investing in a Wealthy Resource-Based Colonial Economy: International Business in Australia before World War I • 321

*Teresa da Silva Lopes, Andrea Lluch, and Gaspar Martins Pereira*, The Changing and Flexible Nature of Imitation and Adulteration: The Case of the Global Wine Industry, 1850–1914 • 347

*Pierre-Yves Donzé*, The Advantage of Being Swiss: Nestlé and Political Risk in Asia during the Early Cold War, 1945–1970 • 373

*Anna Spadavecchia*, Building Industrial Districts: Do Subsidies Help? Evidence from Postwar Italy • 399

## ANNOUNCEMENTS • 425

## BOOK REVIEWS

*Kenneth Amaeshi, Adun Okupe, and Uwafiokun Idemudia*, editors, *Africapitalism: Rethinking the Role of Business in Africa*. Reviewed by Chambi Chachage • 464

*Binyamin Appelbaum*, *The Economists' Hour: False Prophets, Free Markets, and the Fracture of Society*. Reviewed by William R. Childs • 448

*Alejandro E. Cáceres*, *Londres en Caracas y la Haya en Maracaibo: Retos empresariales de Royal Dutch Shell en la industria petrolera venezolana entre 1943–1958* [London in Caracas and The Hague in Maracaibo: Business challenges of Royal Dutch Shell in the Venezuelan oil industry, 1943–1958]. Reviewed by Marcelo Bucheli • 472

*David Farber*, *Crack: Rock Cocaine, Street Capitalism and the Decade of Greed*; and *Thomas Grisaffi*, *Coca Yes, Cocaine No: How Bolivia's Coca Growers Reshaped Democracy*. *Reviewed by* Xavier Duran • 475

*Lawrence B. Glickman*, *Free Enterprise: An American History*.  
*Reviewed by* Peter Eisenstadt • 445

*Andrew Lambert*, *Seapower States: Maritime Culture, Continental Empires and the Conflict That Made the Modern World*. *Reviewed by*  
Nicholas J. White • 429

*Eugene McCarragher*, *The Enchantments of Mammon: How Capitalism Became the Religion of Modernity*. *Reviewed by*  
Stefan Schwarzkopf • 439

*William A. Pettigrew and David Veevers, editors*, *The Corporation as a Protagonist in Global History, c. 1550–1750*. *Reviewed by*  
Corey Tazzara • 432

*Thomas Philippon*, *The Great Reversal: How America Gave Up on Free Markets*. *Reviewed by* Marc Levinson • 453

*Sarah L. Quinn*, *American Bonds: How Credit Markets Shaped a Nation*.  
*Reviewed by* Jamieson Gordon Myles • 451

*Anne Reinhardt*, *Navigating Semi-Colonialism: Shipping, Sovereignty, and Nation-Building in China, 1860–1937*. *Reviewed by*  
Lane J. Harris • 461

*Priya Satia*, *Empire of Guns: The Violent Making of the Industrial Revolution*. *Reviewed by* Lindsay Schakenbach Regele • 436

*Joshua Specht*, *Red Meat Republic: A Hoof-to-Table History of How Beef Changed America*. *Reviewed by* Michael S. Kideckel • 456

*Graham D. Taylor*, *Imperial Standard: Imperial Oil, Exxon, and the Canadian Oil Industry from 1880*. *Reviewed by* Tyler Priest • 470

*Chinmay Tumbe*, *India Moving: A History of Migration*. *Reviewed by*  
Shashank Shah • 458

*Daniel Vaca*, *Evangelicals Incorporated: Books and the Business of Religion in America*. *Reviewed by* Peter J. Wosh • 442

*Olivier van Beemen*, *Heineken in Africa: A Multinational Unleashed*.  
*Reviewed by* Louis T. Wells • 467

*JoAnne Yates and Craig N. Murphy*, *Engineering Rules: Global Standard Setting since 1880*. *Reviewed by* David Hochfelder • 434

proposed pipeline from Alberta to Montreal, dividing the Canadian market between an oil-importing East and oil-exporting West, to the benefit of multinational and American oil interests.

The last fourth of *Imperial Standard* loses focus. Imperial's archived records are only available through 1978, and Taylor's effort to bring the story beyond that point is frustratingly disorganized. His "epilogue" section, labeled "Since 1980," is confusing because the previous chapter narrates Imperial's oil sands and Arctic ventures well into the twenty-first century, and the three chapters that make up the epilogue address developments prior to 1980. The first introduces background on the history of the international oil economy going back to the 1920s. The next offers a more global perspective on the history of Jersey Standard–Exxon, again starting in the 1920s. The third addresses the environmental impacts and issues that attended Canadian oil development, largely from the Leduc discovery forward through the challenge of global climate change, which seriously threatens Imperial's commitment to oil sands development.

The information in the epilogue chapters would have furnished more clarity and context had it been integrated into the main body of the book. Overall, however, *Imperial Standard* still succeeds in analyzing the unbreakable ties that have bound Imperial and Exxon together over time.

*Tyler Priest is associate professor of history at the University of Iowa and a widely published scholar of energy and environmental history. He is the author of The Offshore Imperative: Shell Oil's Search for Petroleum in the Postwar United States (2007) and coauthor of the forthcoming book Deep-water Horizons: The Epic Struggles over Offshore Oil in the United States. He also coedited "Oil in American History," a special issue of the Journal of American History (2012).*

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Londres en Caracas y la Haya en Maracaibo: Retos empresariales de Royal Dutch Shell en la industria petrolera venezolana entre 1943–1958 [London in Caracas and The Hague in Maracaibo: Business challenges of Royal Dutch Shell in the Venezuelan oil industry, 1943–1958]. *By Alejandro E. Cáceres.* Caracas: Fundación Bancaribe para la Ciencia y la Cultura, 2019. 130 pp. Figures, bibliography, references, tables. Paper. ISBN: 978-980-7125-25-3.

doi:10.1017/S000768052000032X

Reviewed by Marcelo Bucheli

Since the early 2000s the scholarly field of Latin American business history has witnessed an impressive growth. A number of new scholars

have made important contributions to our understanding of the relationship between private firms and societies through studies that challenge commonly held views or that offer novel research approaches. The book *Londres en Caracas y la Haya en Maracaibo* by Alejandro Cáceres, who teaches business history at the Universidad Católica Andrés Bello and corporate strategy at the Instituto de Estudios Superiores en Administración (IESA) (both in Caracas, Venezuela), is an important addition to this growing field. Moreover, at a time in which Venezuela (home of the world's largest proven oil reserves) is going through unprecedented economic crisis, a historical understanding of the oil industry is welcome and necessary. The book addresses the operations of Royal Dutch Shell in Venezuela between 1943 and 1958 aiming to understand the evolving strategic decisions and related organizational structures in the context of a changing political and economic environment in Venezuela and beyond. In this way, the book contributes to the field by going beyond the political and economic aspects of the operations of the foreign multinationals in Venezuela (something for which a large body of literature exists). The author achieves this by conducting archival research in the Shell archives in The Hague and several interviews with former high-ranking employees.

From his archival research, Cáceres makes the following contributions. First, he challenges the dominant view of the arrival of foreign multinationals to Venezuela in the early twentieth century as part of a concerted plan to integrate that country in global circuits of imperialist exploitation. From his reading of primary sources, Cáceres shows how no one (neither government nor foreign corporations) had much faith in the Venezuelan oil potential before the main discoveries of oil in 1922. The corporations were looking to operate in the country's modest asphalt sources while the dictatorship of Juan Vicente Gómez was more interested in developing agriculture and reinforcing the power of the state. As the author puts it, Venezuela and the oil multinationals "stumbled into oil" when looking for other types of businesses (p. 32). Once oil was discovered, its rents would allow Gómez to consolidate his project of national unification—something for which he saw the operations of the multinationals as a useful tool. And, second, Cáceres shows how the firm responded to changes in the industry and in Venezuela by implementing important managerial changes that led to increased levels in efficiency and a wider participation of Venezuelan citizens in the decision-making process of the subsidiary.

After the 1922 discovery of oil Venezuela rapidly became a major actor in the global oil business. This meant that it also became an important place for the world's main oil multinationals. Between the 1920s and 1950s, oil production in Venezuela was controlled by affiliates of Royal

Dutch Shell and the Standard Oil Company of New Jersey. By 1950, Venezuela's operations represented 40 percent of Shell's global operations, so whatever happened in that country had important implications for this firm.

Cáceres shows a process by which Shell's Venezuelan operations in the early years resembled those the firm had in other countries, but gradually Venezuela became the pattern that other subsidiaries followed. In its early years, Shell operated through affiliates that made management complicated. The firm solved this problem by consolidating all operations under a vertically integrated Shell Venezuela firm. An office in Caracas (reporting to London) was in charge of dealing with political and administrative aspects, while another office in Maracaibo (reporting to The Hague), where most of the oil production took place, was in charge of technical issues around production. This mirrored the labor division between London and The Hague in Royal Dutch Shell's global operations.

By the 1950s, Venezuela was one of the best places for oil companies to invest not only because of its enormous oil wealth but also because of an institutional environment that was friendly toward foreign investors and had clear rules of the game. However, this did not mean the foreign multinationals faced no challenges. Efficiency problems in terms of managing the business had increased by then. In order to overcome them, Royal Dutch Shell decided to innovate in a way that not many firms were doing at that time: by hiring external consultants. Here Cáceres narrates the fascinating story of the intervention of the consulting firm McKinsey—of particular importance because what the McKinsey consultants advised Shell to do eventually became the model for other major subsidiaries of this firm worldwide. Thus, Cáceres posits, the Venezuelan operations were a micro-cosmos of what Royal Dutch Shell did around the world. Its vertically integrated structure in Venezuela resembled the firm's global structure, and managerial experiments in Venezuela could be replicated elsewhere. The McKinsey recommendations included such advanced management innovations as opening long-term planning departments, investing in information technology at levels rarely seen in the world at that time, and organizing the firm around functions. Although the recommendations met with initial resistance from the Maracaibo division, the results were spectacular in terms of improving efficiency.

One area in which the oil multinationals have been criticized repeatedly is their lack of concern for the population in oil-producing areas. Cáceres shows that Royal Dutch Shell was aware of this criticism and invested heavily in education and health. This was not just a public relations operation but crucial for the firm's long-term efficiency goals. The

technical education provided by the firm permitted it to shift decision-making positions from foreign workers to Venezuelans. Additionally, the firm invested in primary and secondary education and (interestingly) in agricultural technical education. This had an impact over the long term for Venezuelan society in terms of helping to create a new middle class.

With *Londres en Caracas y la Haya en Maracaibo*, Cáceres won the Rafael María Baralt Prize in 2019. This prestigious award from Venezuela's National History Academy—which recognizes studies on Venezuelan social, economic, and political history written by a junior scholar—shows Cáceres's great potential as a new voice in Latin American business history.

*Marcelo Bucheli is associate professor at the Gies College of Business, University of Illinois at Urbana-Champaign. He has written on the strategies of foreign multinational corporations in Latin America during the twentieth century, the political economy of the production and trade of commodities, and the integration of historical methods in management studies.*

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Crack: Rock Cocaine, Street Capitalism, and the Decade of Greed. *By David Farber*. Cambridge: Cambridge University Press, 2019. x + 214 pp. Photographs, illustrations, notes, index. Cloth, \$24.95. ISBN: 978-1-108-42527-8.

Coca Yes, Cocaine No: How Bolivia's Coca Growers Reshaped Democracy. *By Thomas Grisaffi*. Durham: Duke University Press, 2019. ix + 261 pp. Photographs, maps, references, notes, index. Cloth, \$99.95; paper \$26.95. ISBN: cloth, 978-1-4780-0171-3; paper, 978-1-4780-0297-0.

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Reviewed by Xavier Duran

Both of these books are written by authors who seek to denounce injustice. The two authors, David Farber and Thomas Grisaffi, address the suffering of hundreds of thousands of people connected in various ways to the illegal cocaine trade. Attempting to be fair, both authors face the challenges posed by the actions of many players in this industry; most actors are responsible both for their own fate and victims at the same time. Fairness is even harder to achieve as information about the industry is scarce and not necessarily reliable. For attempting to inform us about these tragic but important events in a balanced way,