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Agents, brokerage and Argentinian railways 1880–1905

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ABSTRACT

This article examines the role of agents and how their brokerage activities influenced the composition, shape and size of Baring's business networks in Argentinian railways during 1880–1905. Baring was heavily involved in Argentine sovereign and railway financing and relied on trusted agents, who acted as important conduits of information, to manage their business empire. We explore 2700 pieces of correspondence in the form of letters and telegrams to illustrate Baring's network over time. Studying the case of Argentinian railways, the correspondences reveal the longevity of Baring's network and agents' brokerage roles over time in response to changing local and global economic currents. Through this rich qualitative data and network analysis, we contribute to understanding agent's brokerage and network change over time. By highlighting the role of invisible actors in the form of agents, the article contributes to understanding infrastructure finance, financial globalisation and more generally, the global history of capitalism.

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1. Introduction

The period from 1880 to 1913 is characterised as a time of rising international integration in goods and financial markets (Bordo & Meissner, 2011; Mauro et al., 2006). During this time, London was the financial capital of the world investing an average of 5% of GDP overseas during 1873–1913. In terms of geographies, Argentina was among the top-five destinations of British capital, whereas in terms of portfolios of activity, sovereigns and railways were the two most important avenues of investment, comprising a combined share of 65% of British investment (Esteves, 2011; Fishlow, 1985; Goetzmann & Ukhov, 2006; Stone, 1999). Railways were argued as 'historically the most powerful single initiator of take-offs' having 'three major impacts on economic growth during the take-off period'. This was to lower transport costs and bring new areas and products into the market, develop a major new export sector and promote the development of the modern coal, iron and engineering industries (Channon, 2001; Jacks et al., 2010; B. R. Mitchell, 1964; Mokyr & Strotz, 1998).

Capital-poor countries like Argentina, desirous of building railway networks faced shallow domestic capital markets, and hence relied exclusively on foreign financing for building

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those mega infrastructures of those times. Moreover, the characteristic nature of railway projects (eg capital intensity, asset-specificity, high upfront investment, enormous sunk costs and long break-even times) resulted in multiple information asymmetries and therefore made the role of underwriters pivotal in developing markets for railway securities (Helm, 2010; Kasper, 2015; Sawant, 2010). Underwriters played a multi-pronged role in railway financing. They were involved in the distribution of those securities, participated in activities related to the pricing and selling of new securities, advised and acted as ‘matchmakers’ between borrowers, investors and third parties like the government (Flores, 2010). In the case of Argentina, the merchant banking firm Baring Brothers had historically been involved in the country’s finances having first floated a loan of £1 million on behalf of the province of Rio de la Plata in 1824. Over time, Baring became more heavily involved, promoting investments with a face value close to £20,000,000 between 1885 and just before the crisis of 1890, an exponential increase relative to the past and an enormous proportionate rise in their total investment activity (Ferns, 1992). In addition to sovereign financing, large commitments for railway construction was an important factor behind the heavy borrowing by Argentina (Duncan, 1937, p. 580). Figure 1 illustrates this period of rapid railway construction in Argentina as exhibited by the substantial increase in railway mileage. Baring acted as both placers of Argentine sovereign and railway debt and also had substantial investments in the growing network of Argentinian railways (see Figure 1).

It is important to note that underwriters like Baring could not have built their vast business empire without the help of agents, who acted as important conduits of information, and performed multi-faceted roles such as market makers and credit rating agencies (see Figure 2). Ideally, agents were critical in the transfer of information, allowing for informed decisions on the deployment of resources across large areas. Principals expected agents to transfer relevant information that might be used to make broader investment decisions and to understand patterns and trends in local markets (Aldous, 2017; Neal & Quinn, 2001). It is important to note that while the content of all correspondences cannot be systematically verified and

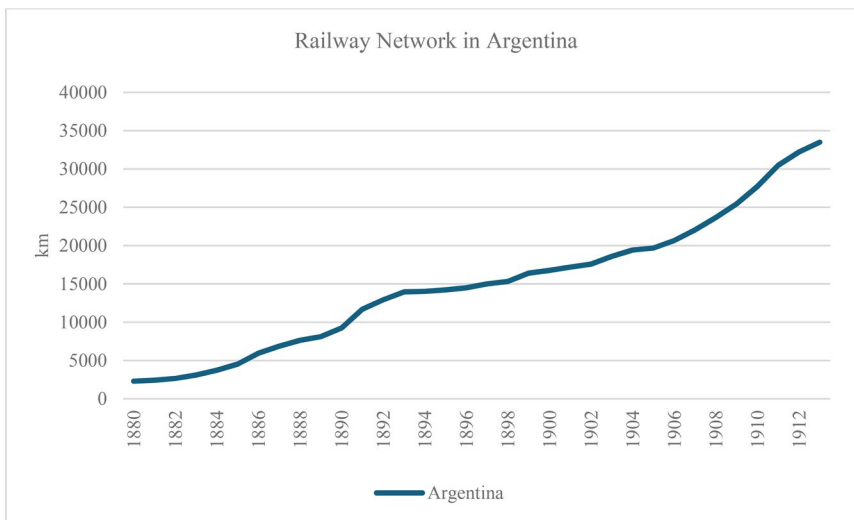


Figure 1. Length of railway networks. *Note:* Length of railway network in km. *Source:* B. Mitchell (1998).

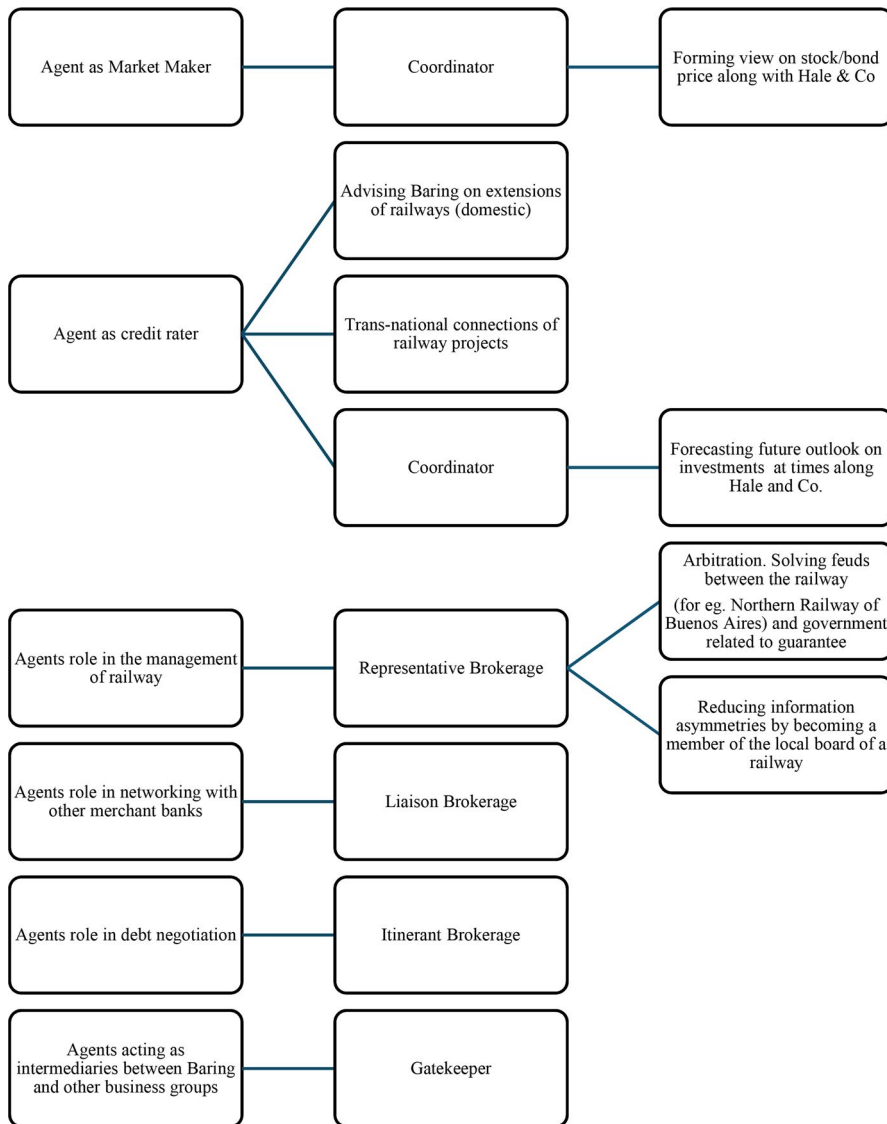


Figure 2. Agent's sphere of activities.

Note: Author's own illustration based on a reading of the correspondences.

some may be false or rumours, we have cross-checked a sample with those that Baring directly received and they largely corroborate.¹

More importantly, agents performed brokerage activities and were crucial in building and consolidating principals' business at a regional and global scale through bridging structural holes and connecting disconnected or isolated individuals or groups (Stovel & Shaw, 2012). In the case of Baring, their agents across markets, including Argentina, performed tasks such as transmitting relevant information on individuals, commodities and political climates. They represented Baring's interests, the interests of customers in negotiations and more broadly, sought to build and strengthen the network of the firm in a given location. Correspondence between Baring and their agents illustrates rich details of agents' brokerage

activities performed between Baring and key economic stakeholders in Argentina; the Argentinian government, merchant banks and eminent members belonging to the business and commercial circles. The key brokerage roles and corresponding activities are exhibited in [Figure 2](#).

Within this important context, the article explores two research questions. First, how did Baring's business network evolve over time? We explore this question through analysing correspondence between Baring and their agents from 1880 to 1905. Analysing agent correspondence is important in understanding how agents employ their privileged access to information to influence the flow of capital in a network. This paper also employs network visualisations and interaction measures to document the changing size, shape and composition of the network over distinct phases in the late nineteenth century. Moreover, this is important as observing longitudinal social networks acknowledges networks as dynamic and provides an understanding on how networks develop and change. Second, how did brokerage change over time and what role did the environment play in influencing brokerage? This is important as the article covers brokerage from 1880 to 1905, which includes the Baring crisis of 1890. For this, we employ a typology of brokerage role underpinned by literature on the function of brokers (agents) to fully elucidate the complexity of overseas agency for merchant banks during periods of change and uncertainty. In that regard, the article provides a lens on how the political and economic environment influences the structure and focus of brokerage activities.

Brokerage is defined as 'the process by which an actor serves as an intermediary between two otherwise unconnected actors' (Becker & Bodin, 2022; Stovel & Shaw, 2012). We explore brokerage roles through specific activities performed by Baring's agents (see [Figure 2](#)), building on Gould and Fernandez (1989) typology that first articulated these roles as: coordinator, itinerant broker, gatekeeper, representative and liaison. The coordinator role is one which the broker occupies as part of the same network, facilitating the movement of resources between actors within one network (information, monetary capital, goods, etc.). The itinerant broker is one who is outside the network of their principals yet acts as an important conduit, providing consulting services from an external vantage point. The gatekeeper provides access to and from the principals, critical in overseas networks and markets where information would usually need to travel through an agent. Similarly, the representative acts in the name of the principal in outside networks/markets, making decisions and acting with their authority when a quick decision is needed. Finally, the liaison broker is one who links disparate actors and networks who would otherwise have no connection by making introductions or facilitating meetings.

Becker and Bodin (2022) extend this work by examining brokerage role diversity and the extent to which brokers occupy one or multiple roles. We build on this work by applying the Gould and Fernandez (1989) typology to Baring's agents in Argentina, as well as examining the instances in which these agents exemplified brokerage role diversity. [Figure 2](#) demonstrates the core activities of all three brokers (to varying degrees). This includes agent as market maker (for example, providing information and opinion on stock and bond prices), agent as credit rater (for example, by advising on future investment prospects, making decisions on local investments, ie railway projects), agent as relationship manager (for example, by arbitration between the railway companies and government and liaising with the railway companies), agent as network builder (for example, with other merchant banks, government officials, local businessmen) and finally, agent as

negotiator (for example, in the debt restructuring that followed the crisis in 1890). As demonstrated in the model, these activities link to Gould and Fernandez (1989) typology described above: coordinator, itinerant broker, gatekeeper, representative and liaison. The following sections will address how each agent took on multiple brokerage roles to varying degrees (role diversity), using the agent correspondence and network visualisations to illuminate these.

In terms of the role of brokers in historical perspective, we build on Vedoveli (2018) exploration of the roots of the Baring Crisis. We also add to the growing literature on agents and intermediaries, such as López-Morell and O’Kean (2008) examination of Rothchild’s agents in Spain, Aldous (2017) work on intermediaries and transaction costs and Buchnea’s (2014, 2020) exploration into the role of network intermediaries in the form of agents shaping firm performance and growth. The cases of Baring’s agents discussed in the article provide an illustrative example of the use and varying effectiveness of agents in markets abroad, particular in the face of internal and external pressures.

The paper uses a less-known resource, the rich correspondence of Baring’s three agents, Nicholas Bouwer, Arthur Bowden Smith and Essex Edgeworth Reade stationed in Argentina from 1880 to 1907. We employ a social network analysis to explore and illustrate the composition and size of agents’ ties and overall networks and how these contributed in building Baring’s vast investment interests in Argentina. In addition to the correspondence exchanged between Baring and their agents, we have also explored various issues of the Stock Exchange Yearbook which details securities listed on the London Stock Exchange. The Stock Exchange Yearbook is used to corroborate the references to various investments made in the correspondences. A reading of the correspondences reveals two key results. First, network illustrations exhibit the longevity of the network. This is shown through agents’ sustained interaction with key government and financial players across the period covered in the study. Second, a temporal perspective illustrates how agents were influenced by the political and economic environment and as a response, played a variety of different brokerage roles across time. For example, Essex Reade’s involvement in debt restructuring negotiations in the aftermath of the Baring Crisis of 1890, shaped the connections he sustained through his tenure. More importantly, in tandem with the context, the skill and experience of the agent in the brokerage activities illustrates how individual actors shape and influence network performance and decision-making. For instance, while Nicholas Bouwer’s brokerage activities prior to the crisis of 1890 exhibit a vast and dense network, the network shrinks at the time of Essex Reade with interactions across a few, repeated players, both of which are tied to the brokerage roles necessitated by context and the character and experience of the agent.

The article makes two important contributions. First, it highlights the role of invisible actors in the form of agents, in providing information flows and influencing investment strategies to build Baring’s business empire. In this vein, the article contributes to understanding the functioning of capital markets, financial globalisation and more generally, the global history of capitalism. Second, the study illustrates a comparative case study of brokerage over time as a dynamic process, which is shaped by and in turn shapes the network. Since networks are dynamic, examining how networks and network actors change over time can unlock important insights. Further to this, the emphasis on following the evolution of brokerage roles within the context of a singular firm’s network is essential to understanding how networks change over time and how environments influence this change.

The paper is structured as follows. [Section 2](#) discusses the literature review on network and brokerage theory. [Section 3](#) outlines the data sources and methodology. [Section 4](#) discusses agent correspondences. [Section 5](#) elucidates Baring's network over time through the network diagrams. Lastly, [Section 6](#) concludes.

2. Merchant and merchant bank networks and brokers

Merchant and merchant bank networks have been an important topic in the history of the eighteenth and nineteenth century global economy. Networks, such as that of the Baring firm, proved highly influential in shaping markets and determining the flow of goods and capital. Research on historical networks has made significant contributions to our understanding how networks facilitate the flow of various forms of capital across borders (Forestier, 2010; S. Haggerty, 2012; Papadopoulou, 2023) and long distances while aiming to decrease transaction costs through complex webs of trust and obligation (Aldous, 2017; Manera et al., 2022). Research has also explored the overall power and influence of such networks as gatekeepers to certain ports, communities, and regions (Glotzer, 2023). Recent work by Lorandini and Odella (2023) examine the social dimension of credit networks in a specific location and the impact of such networks on local communities. Less is written about intermediation within and between networks, particular in the form of agents or brokers. Studies from Aldous (2017) and Buchnea (2020) have analysed closely the role of individuals in shaping local networks and the information that travelled from those networks back to focal (or principal) firms. Indeed, Connell (2003) emphasises the role of specific relationships and fostering a competent and reputable network of agents as a distinct competitive advantage. While not distinctly a study on network brokers, Bonin's (2022) study of the trading house Olivier in China, demonstrates the importance of individual firms in gaining access and growing networks in foreign markets.

Historical network studies have also emphasised the importance of viewing networks as dynamic and measuring their change over time (Buchnea, 2014; Buckles, 2023; J. Haggerty & Haggerty, 2011). These studies and others have also incorporated social network analysis techniques brought from disciplines to visualise merchant and merchant bank networks, bring together disparate qualitative sources to reconstruct an important perspective on wider transnational networks (championed by J. Haggerty & Haggerty, 2010). These studies have demonstrated how business and economic historians have proficiently adapted social science and economic sociology-based theories and methods into their work thus, demonstrating the dual integrity to be achieved by this sort of cross-fertilisation (Maclean et al., 2016). In addressing the first research question, this study aims to explore the changing Argentinian network of the Baring and their brokers, closely examining the significant role of the agent (or broker) in the wider network. This question and the second research question are more broadly informed by the wider social science literature on networks and brokers discussed below.

2.1. Network and brokerage theory

Understanding complex cross-border relationships through the lens of networks and brokerage roles allows one to delve deeply into the complexities of relationships and communities and the tangible and intangible goods that flow between. A network is 'any collection

of actors ($N > 2$) that pursue repeated, enduring exchange relations with one another and, at the same time, lack a legitimate organisational authority to arbitrate and resolve disputes that may arise from the exchange' (Podolny & Page, 1998). From this definition, there are two key features of network forms of organisation that are significant for our purposes: enduring relationships (embeddedness) and informal governance mechanism and social norms (reciprocity or expectation/obligation) present in the network that shape network and actor behaviour (social influence) (M. Granovetter, 1985; Powell, 1990).

Our study highlights both the network and key network bridges (agents/brokers) that carry out activities that shape networks over time. Importantly, we aim to explore how the network changed over time, shaped by both the context and agent (broker) activities. The literature on how and why networks are formed is well-established. Networks are often formed based on trust; this becomes a founding principle to many of the relations within networks. This is the trust that actors will behave in a particular way (expectation) and the social norms that require actors to behave in a way that fulfils the expectation (obligation). Perhaps more eloquently, Fukuyama (1996) argues, 'trust is the expectation that arises within a community of regular, honest, and cooperative behaviour, based on commonly shared norms, on the part of other members of the community...but while contract and self-interest are important sources of association, the most effective organisations are based on communities of shared ethical values'. The extent to which trust is formed based on expectation and obligation is largely determined by social environment and thus, social networks are often contextually dependent and culturally bound. In many studies, trust emerges as an intrinsic part of close social networks, with reciprocal relations embedding relationships further, unassisted by formal arrangements (Uzzi, 1997). While trust is present in social networks, it does not, from a rational perspective, make network actors inherently trustworthy; thus, embedding oneself within networks can create vulnerability.

Coleman (1988) argues that the presence of social capital in a network in the form of 'extensive trustworthiness' and 'extensive trust' allows for friction-less actions and decisions, making such networks more productive. While it is well-established that networks and principal-agent relationships are imperfect, in certain contexts these remain the only viable mechanism through which firms access markets (Carlos, 1992; Hancock, 2005). In the case of global agents, the distance and slower communication made trust an essential part of the network. The principal firm had to trust that an agent would act in their best interest. This is true to the extent that there is perhaps a greater level of agreement and freedom for members to act; however, embeddedness that comes with trust and network maturation can have negative impacts if actors' decisions and actions are allowed without question. Moreover, examining key actors within a network can offer illuminating perspectives on how actors shape networks and influence network performance and decision-making. Since networks are dynamic, examining how networks and network actors change over time can unlock important insights. Our study suggests that both the external context as well as internal activities of the brokers served to shape Baring's Argentinian network adding to the networks literature by emphasising a need to explore networks in the long run. While studies on the overarching impact of networks and their composition are useful, we also determine to explore more fully the complexities of brokerage in terms of its dynamism over time and how it shapes or is shaped by the context.

The focus on brokerage is an important part of network analysis, the concept of 'bridges' and 'structural holes' gaining momentum with the work of Burt (1995) (also related to M. S.

Granovetter (1973). This perspective focuses on individual actors and their position within or between networks (structural capital), where they become key gatekeepers or brokers of capital. Early studies on structural holes (or brokers/intermediaries/agents) suggest that such positions can be advantageous for privileged access to information, thus creating actors that can have significant influence over the flows of capital in a network. As defined above, Gould and Fernandez (1989) detail the varied roles such bridges undertake. Hamilton et al. (2020) and Becker and Bodin (2022) have made great strides to further extend this work by focusing on the degree of broker involvement (or *broker exclusivity*) and the extent to which brokers occupy multiple roles (or *broker diversity*). While the benefits accrued by agents and their associated firms are well-established, studies have often sought to problematise such roles. Since brokering is the social influence that people exert over other relationships, such influence can be both positive and negative (Halevy et al., 2019).

Stovel et al. (2011) argue that maintaining brokerage ties are difficult due to the very nature of the network position; 'having a foot in two worlds' can lead to certain vulnerabilities. This research also isolates aspects of network structure that make such relationships difficult, arguing 'inherent tensions associated with the relational structure of brokerage, combined with the opportunity for brokers to extract excess gains from information asymmetries, will tend to erode confidence in the broker' (Stovel et al., 2011). Actors are dependent on brokers and therefore the demands placed upon them navigating between the 'two worlds' can be high. Such tensions are visible in the roles of Baring's agents in Argentina and often fundamental in the motivations for changing agents. Gulati and Srivastava (2014) also detail the concept of constrained agency to explain how network structures can prohibit the freedom of agents, thus combining important perspectives on both network and agency research. Kwon et al. (2020) suggest that emergent longitudinal perspectives on network brokerage is adding to our understanding on brokerage dynamics. Such perspectives on agents and networks have appeared in the business history literature and demonstrate how these theoretical conceptions can be better understood through a historical lens (Aldous, 2017; Buchnea, 2020). Moreover, in their examination of Rothschilds' agents in Spain, López-Morell and O'Kean (2008), suggest that the firm's agents were both entrepreneurial in nature due to their unique position in the network and heterogeneous in role because of the variety of tasks and contexts in which they were engaged. This study will add to this by examining, composition and character of the Baring's agent's networks over a critical period for the Baring firm; thus, addressing the second research question on how brokerage changed over time for this firm and what was the overarching role of context in shaping this change.

3. Sources and method

To demonstrate the potential of analysing social networks over an extended period and the critical role agents played in bridging actors in this network and facilitating the continuation of investment activity, this study employs the Argentine correspondence network of Baring Bros and correspondence records of their key agents, Nicholas Bouwer, Arthur Bowden-Smith and Edward Essex Reade. Network data for the Baring Bros. correspondence network was collected for three distinct periods (1880–1885, 1886–1890, 1891–1895). The duration of five years was chosen due to the speed of communication (letters could take 30 days to travel from Europe to South America) and the varying tenure of the agents explored. Alongside the relational data, the letters of agents were read and transcribed in detail. This data was

collected from the Baring Archive's Latin American business correspondence collection (HC4), where the business correspondence of the Baring firm is catalogued by location (in the case of Argentina, Buenos Aires is the focus, archive collection HC4.1.1–4.1.223). This collection is accessible publicly to researchers in a digital archive and available for use and publication with permissions (permission obtained from the archivist). This collection was also selected because it has been fully digitised and is accessible online (other collections are only available in print from the physical archive location within the ING Bank, London).

A total of 2706 pieces were analysed which formed part of the correspondence records across the three agents. Almost 20% of these correspondences are exclusively focused on railways. Overall, the correspondences are comprised of letters and telegrams. This is divided as follows. Nicholas Bouwer was stationed in Argentina from 1876 to 1890 and wrote 1016 letters and sent 30 telegrams to Baring. Arthur Bowden Smith was stationed between 1890 and 1892 and wrote 121 letters and 5 telegrams. Lastly, Essex Reade was an agent from 1892 to 1905 and wrote 939 letters and 595 telegrams.

The data collection and analysis process for the network visualisations followed by the author is detailed in [Figure 3](#), a research process detailed by Buchnea and Elsahn (2022). Data on correspondence sent to Baring Bros. related to the Argentine business was collected, actors included were senders and receivers of letters. The network was constructed to show two perspectives, the correspondence network of the Baring and the communication network of the respective agents on the ground in Argentina.

The data on relationships was further cross-referenced with qualitative data contained in the collection notes (HC4) and in the digitised archive to establish the type of connection. For the agents, the correspondence was read to pull out key relationships and contact, as well as qualitative material on agent's actions and the character of these relationships. The data was input into a table and each actor was given a unique ID (ie Baring = 1000). Baring, their agents and other firms ID remained the same for the duration of the period, even when the business was inherited by the next generation as long as the name was retained due to the reputational assets accrued by family name in this period. Also tracked was the number of instances where contacts are mentioned as part of agent's regular interactions to identify the contacts with which there was more frequent engagement.

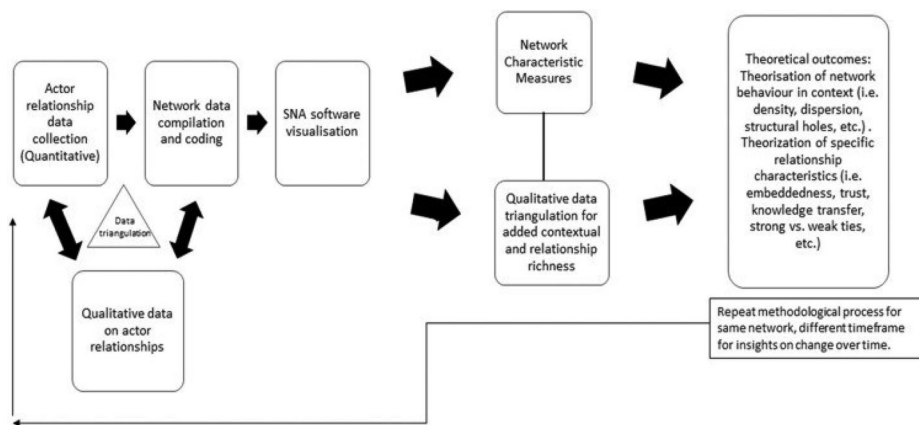


Figure 3. Historical social network analysis methodological process model.
Source: Buchnea and Elsahn (2022).

The network data was imported into Gephi and then visualised for each of the five-year segments, the visualisations were screen-grabbed and are displayed below (Figures 7–10). This process was repeated for each five-year segment, although some graphs were adjusted to reflect the tenure of the agents. The periods were divided based on a temporal bracketing approach where each period denoted a specific change or shift in context and relationships (Decker, 2022). Some of these include two agents and others are occupied by only one (ie in the case of Bouwer or Essex Reade). Network attributes such as network density and average degree were consulted but given the shape of the network in each segment, a visual comparison was also possible. In order to provide further significance to the ties, the ties with whom there was frequent interaction were denoted by a thick red line. Where significant internal and external changes occurred, further qualitative material was consulted from the digitised collections to provide further relational and contextual analysis. Complementing the network visualisation, an in-depth reading of the sources (correspondence of the agents) was used to fully grasp the role of each agent and their interactions with the Baring firm and the contacts in Argentina. Triangulating both the network visualisation and the more detailed qualitative material on each agent allowed us to form a comprehensive analysis of the role of each agent in the broader context of Baring's investment activities in Argentina.

4. Baring and agents

Merchant banking firms of the nineteenth century exemplify firms of the time with the most significant global reach. In this regard, Baring was established in 1762 and inherited by the sons in the family well into the twentieth century, globally traded in cotton, specie, textiles, sugar and other commodities and financed merchant firms, railways, mining and many other ventures (Chapman, 2004; Hidy, 1941). Given their role in both trade and finance and often their extensive investing activities, with the help of agents, Baring pursued business across multiple continents and stationed agents in multiple port cities and hinterlands across Europe, North America and South America. Agents helped build Baring's business networks in these locations making connections with diverse markets, industries and a mix of ex-patriot and locally established firms (see collections of the Baring Archive, ING).

Argentina was chosen as the location of focus in this study because of the similarities it possessed to other Latin American locations (Baring had a well-established network in Mexico by the time they were present in Buenos Aires), duration of presence in this particular market and the economic stringency that occurred over their tenure there, in particular the Baring Crisis of 1890. Amongst other factors, the crisis came as a result of the networks Baring had pursued in the country with the Argentine government, the lending activity that occurred within these networks and information asymmetries (Flores, 2011; Vedoveli, 2018).

4.1. Nicholas Bouwer

Nicholas Bouwer, protégée of the Borski family of Amsterdam entered the firm of Baring Bros in about 1863. It was at the request and recommendation of William Borski the younger, that Thomas Baring (1799–1873) took the young Nicholas into the house. Nicholas Bouwer was appointed agent of Baring, initially for three years, at an annual salary of £1500 in

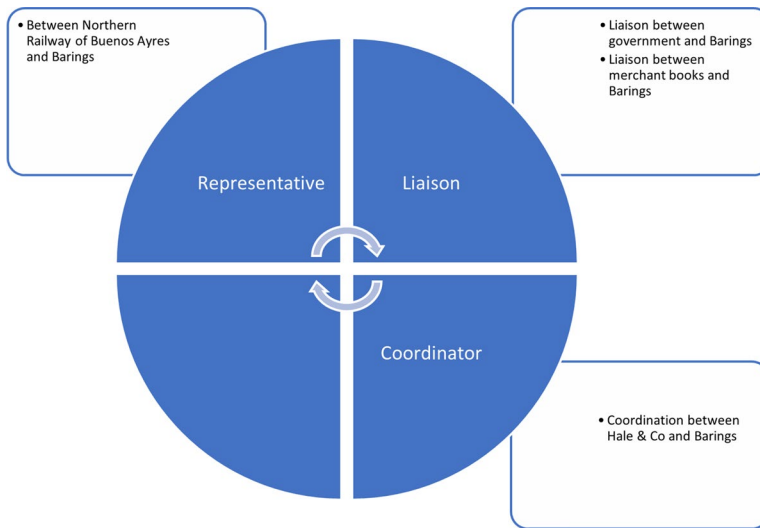


Figure 4. Brokerage by Bouwer.

Note: Author's own illustration based on a reading of the correspondences.

November 1876.² Bouwer was made responsible for overseeing Baring's main interests in Argentina mainly the Buenos Aires Drainage and Waterworks, the Bank of the Province of Buenos Aires, which had a large open credit from Baring, and who were responsible for the transmission to London of the interest on the loans of 1871³ and 1873 and the Western Railroad Co (HC4.1.65.48–49) which had a credit of £100,000 with Baring. Besides these, Bouwer reported on suitable commercial interests, especially railways.

It would be instructive to illustrate the brokerage role of Nicholas Bouwer in temporal brackets from 1880 to 85 and then 1885–1890 (Figure 4). This will reveal how brokerage evolved over time and how the economic context gave rise to certain brokerage roles over others.

4.1.1. 1880–1885: a period of consolidation

Bouwer performed a wide variety of roles during his time as an agent in Argentina. Using the typology by Gould and Fernandez (1989) to categorise brokerage, during the early 1880s Bouwer's role primarily comprises as a (1) *Representative* brokering between Baring and the Northern Railway of Buenos Aires; (2) a *Liaison* between the Argentinian government and Baring and between Baring and other merchant banks; and (3) a *Coordinator*, brokering within the group comprising of Bouwer, the Anglo-Argentine firm of SB Hale and Baring. Each of these are looked at in turn.

4.1.1.1. Representative brokerage. During the early 1880s, Bouwer's letters to Baring reveal instances of his role as a *representative* broker. In 1881, the Northern Railway of Buenos Aires had claims in the form of unpaid guarantee against the provincial government of Buenos Aires. The Secretary of the company Wilson Theobald lodged a protest with the General Purposes Committee of the London Stock Exchange arguing that Baring had been authorised to receive applications for a loan of £2,049,200 in bonds for the Province of Buenos Aires. The Secretary argued that it was their duty to

inform the committee that the Northern Railway of Buenos Aires has a claim amounting to £10,105 against the government of the province under their guarantee for 1878 and 1879. In addition to this, the Secretary wrote that the company has unsettled claims of £4000 related to damage to the railway and stoppage of traffic.⁴

In April 1882, Bouwer played his role as a representative broker by negotiating with both the provincial government and the management of the Northern Railway of Buenos Aires to settle the issue. Bouwer met with several Argentinian government officials and convinced them to come to a settlement with the company. For instance, Bouwer met with Argentine statesman Jose Evaristo Uriburu on December 29, 1881 and discussed the case with him. He later wrote to Baring that 'the upshot of my interview with Mr. Uriburu was that he would look into the matter and see if any claim of the Northern Railway against the government existed.'⁵

Bouwer met with Minister Uriburu to discuss the matter and informed Baring that politician Dr. Lucio Lopez had been appointed by the government to investigate the claims of the Northern Railway. Furthermore, Bouwer's letter of 16 April 1882 mentions that Lopez hinted to him that it 'would be well for all concerned to come to a compromise.'⁶ On the other hand, Bouwer also met with the Manager of the Northern Railway of Buenos Aires and mentioned that while the company suffers from poor management,⁷ 'it would be in the company's best interest if some compromise would be arrived at.'⁸

Bouwer conveyed this to Baring and expressed that this issue implicates them and can be potentially detrimental to their reputation, Baring wrote to CS Hayne, Chairman of the Northern Railroad of Buenos Aires on 11 May 1882 that

If the Northern Railway of Buenos Ayres will withdraw their opposition to a stock exchange quotation being granted to the new Buenos Ayres loan, we will agree to use our very best endeavours and good offices to ensure an early settlement of their pending claim on the Buenos Ayres government for amounts due to their amounting to \$16939 stating to the govt that the company only consent to this course at our particular request...and in order not to act in a spirit of hostility to them, and that we agree on their behalf that no unnecessary delay shall take place in making a fair and equitable settlement of the company's claims.⁹

Baring further assured the company that in case the claims are not settled within six months, if the government and the company cannot agree, Baring is willing to have the questions in dispute settled by them or by some arbitrator in this country who should be satisfactory to all the parties involved.¹⁰ Eventually, the provincial government paid the amount due.¹¹ Wilson Theobald wrote to Baring thanking him for 'his influence' in settling the claim and hoped that 'the same influence' would be used to bring a settlement of all outstanding claims.¹² The dispute with the Northern Railway of Buenos Aires shows how influence travels through the network both from Baring and their agent, Bouwer. The extent to which the influence was directed solely by Bouwer would change over his tenure.

The dispute of the Northern Railway of Buenos Aires and consequent interactions with government officials and commercial circles, gave Bouwer an opportunity to build his social capital and networks. This further strengthened his position to perform his role as a liaison between government and Baring, and between Baring and other merchant banks.

4.1.1.2. Liaison between Argentinian government and Baring. Nicholas Bouwer played the crucial role of a liaison between Baring and the Argentinian government by

connecting separate areas of the network socially, economically, or politically by having access to valued information and resources (Stovel et al., 2011). His interactions with government officials enabled him to gather valuable information on different infrastructure projects and facilitated his role as a market maker¹³ and as a credit rating agency.¹⁴ As a market maker, Bower gave critical information to Baring on the appropriate issue price and timing of railway securities to be listed on the London stock exchange.¹⁵ Bower also functioned as a credit rating agency, sharing his opinion on the domestic extensions of railways in Argentina,¹⁶ transnational connections with Chile¹⁷ and forecasting the future outlook of different industries, particularly railways.¹⁸ Such was the case of railway development in the Argentinian province of Bahia Blanca. For instance, in 1883 Bower sketched an optimistic outlook of the province informing Baring of its projections to be a promising seaport in a few years and that railway construction in Bahia Blanca will be strategically important as it will connect Bahia Blanca to Talcatuana, the most important port in Chile.¹⁹

Bower's role as a liaison between Baring and the government, was complemented with his role as a liaison between Baring and local and foreign merchant houses. In this vein, Bower bridged structural holes by making connections with established merchant houses engaged in international trade, the placement of Argentine Government bonds and in business related to foreign direct investments (Marichal, 2011). Correspondences mention Bower establishing relationships with eminent Argentinian business firms such as Portalis et Cie., Mallman & Cia., and Bemberg, Heimendahl & Cia., Ernest Tornquist & Cia and Eduardo Madero.²⁰ This was critical for Baring to stay abreast about their competitors and design their own market strategy. A case in point is Bower's correspondence with Baring in April 1883, where he urged Baring to consider investing in Tornquist's railway business proposition. He writes

Tornquist will make a concession to construct the line asking the government for a 6% guarantee and while in Europe, Mr. Tornquist will endeavor to make arrangements for the proper launching of the company. He in the first place will place the business before you and I would seriously recommend that you take into earnest consideration as I consider it a business that will give you very good results.²¹

In this regard, perhaps Bower's most important role was a *coordinator*, establishing the relationship between Baring and the Anglo-Argentine firm of Hale & Co. Only six months after his arrival in Buenos Aires, Bower married the daughter of one of the partners of Hale & Co. By 1883, Bower had an interesting turn in his career. Bower was overdrawn by £3800 with Baring and appealed to Baring to help him financially. Baring were unmoved by his appeal and decided to take the extreme step to close their agency in Argentina. Bower appealed to his father-in-law to settle his debt to Baring. On the strength of having his debt cleared to Baring, Bower proposed to Baring that they keep him as the agent in Buenos Aires, but allow him while attending to their business to engage in business on his own account with a guarantee provided by Hale & Co.²² Consequently, Bower joined the firm of Hale & Co. In this regard, CH Sanford, a partner in the House of Hale and Co. wrote to Baring

Mr. Bower would be given an interest in our business and would specially take charge of your business and the correspondence as formerly....a fixed sum of £500 per annum will be paid to us for attending to these credits and for general supervision of your business in the River Plate Countries.²³

Interestingly, Baring agreed to this proposal, offering to place an open credit from £25 to £30 million at the disposal of Hale & Co. and utilising their services as Baring recognised correspondents in Argentina.²⁴ More importantly, Baring agreed to the above proposal despite it involving conflicts of interest (Ferns, 1992). There can be two possible explanations to this. First, establishing connections with firms having specialist local business knowledge could further reduce information asymmetries, and consolidate Baring's market position. Aldous (2017) suggests the existence of agents serves to improve the flow of information, though much of this would be subject to the skill and resourcefulness of the agent in relaying such information. Second, it was a win-win situation both for Baring and Bouwer. While it gave Bouwer an opportunity to act as a *tertius gaudens*, or an entrepreneur who adds value by brokering connections between others based on his information advantages, it would be beneficial for Baring in terms of reducing information asymmetries and bringing more business (Burt, 2007; Sørensen, 1996). Here is observed the influence of Bouwer on Baring in the decision-making and structure of their network in Argentina.

Another instance of Bouwer's 'entrepreneurial' nature is reflected in a letter addressed to Baring where Bouwer describes his meeting with General Roca (Argentinian President 1880–1886). In February 1884, Bouwer writes that the President showed his inclination to 'sever' the connection with French merchant houses and expressed his desire for Baring to undertake the business of foreign loans.²⁵ In subsequent correspondence with Baring, Bouwer emphasised that Baring should consolidate their market position by stepping into the space left by French merchant houses. Furthermore, he advocated that the house of Hale and Co. should be allowed to act as 'intermediaries to eliminate any difficulties' as 'an established house might be of use to harmonise conditions, which otherwise might prove substantial obstacles' for the agreement to be realised.²⁶ Two key implications can be drawn from this. First, this exhibits Bouwer's control benefits or his ability to use informational advantages to determine which actors are included in a brokered exchange (Rider, 2009). Second, and more importantly, it exhibits Gulati and Srivastava's (2014) framework of constrained agency where agents 'fortify' or seek to legitimise and consolidate structural positions that they already occupy, in the case of Bouwer, both with Baring and the Anglo-Argentine firm of SB Hale.

Bouwer further fortified his position by taking a number of important positions such as local director of the Southern Railway in 1882,²⁷ local board member of the Central Argentine Railway Company in 1884²⁸ and entertaining a prospective proposal to become a local board member of the East Argentine Railway in 1885.²⁹

4.1.2. 1885–1890: a period of rapid economic activity

The period from 1885 to 1890 witnessed an influx of foreign funds estimated at 710 million pesos (£140 million). Roughly half of this was raised by new issues on the London Stock Exchange. This boom was stimulated by the land boom associated with the opening of the south. Grain production increased and coupled with the promise of new fertile lands, encouraged the promotion of railway extensions and land improvements which could only be financed by foreign capital (Ford, 1956). During this period, Nicholas Bouwer continued with two important roles that he performed in the previous five years namely (1) a *Liaison* between the Argentinian government and Baring and between Baring and other merchant banks; (2) deep and extensive role as a *Coordinator*, brokering within the group comprising of

Bouwer, the Anglo-Argentine firm of SB Hale and Baring. Relative to the previous five years, the period from 1885 to 1890, witnessed intense competition from other merchant banks and Baring participated in various syndicates investing in different infrastructure projects particularly railways.³⁰ Overall, this highlights the importance of understanding the antecedents of brokerage that as the economic environment becomes more complex, individuals and organisations rely more on brokers to access external knowledge to overcome technical and cognitive limitations (Kwon et al., 2020). Each of these brokerage roles are discussed as follows.

4.1.2.1. Liaison between Argentinian government and Baring. Bouwer continued with his role as a liaison between the Argentinian government and Baring. Correspondences reveal that the Argentinian government approached Baring for help when their commitments did not match their budgetary resources.³¹ An instance of this is discussed in Bouwer's correspondence with Baring where he apprises Baring of meeting Dr. Pacheco on his nomination as the Minister of Finance in 1885. Bouwer wrote that Dr. Pacheco informed him that the government had ventured to construct railways and other public works, financing them through government revenue, with the expectation that external financing would be sought to complete the project. However, with external financing not realised (either completely or witnessing some time inconsistency), the government found itself in difficulty and expressed hope that Baring would be disposed to assist the government and lend it their support in the negotiations with French syndicates. Bouwer assured Dr. Pacheco that Baring were at all times ready to assist the government provided that they held the guarantees which they might deem necessary.³² Baring initially were against providing help due to the poor state of the market,³³ Bouwer continued to insist Baring to help the government and Baring eventually provided assistance informing Bouwer that they 'have shipped by first steamer £200,000 in four fortnightly instalments of £50,000.'³⁴

Despite this being a particular incident where raising financing encountered difficulties, the period from 1885 to 1890 witnessed a large influx of foreign capital. In this regard, Bouwer's role as a liaison between the Argentinian government and Baring acted as an important mechanism to utilise the skills and expertise in financing complementary investments such as railways. In August 1886, Bouwer informed Baring that Hale & Co. have negotiated with the government of Cordoba a loan for \$300,000 in 6% bonds. He painted a rosy picture of the economic development of the province witnessed through extensive land development in the form of colonies and railway construction.³⁵ A large number of correspondences from the period exhibit Bouwer informing Baring of a large number of infrastructure development proposals discussed in the congress specifically related to the construction of canals,³⁶ ports³⁷ and railway extensions.³⁸ The substantial volume of investment that was directed towards railway projects is partly explained by the economic environment which witnessed an increased momentum in railway building and partly due to the agent's euphoria for various public works projects discussed in the Argentinian Congress and encouraging Baring to invest.³⁹

The euphoric mood was translated into Baring participating in different investment projects with their partners Hale & Co. and various syndicates. More importantly, Bouwer's role as a coordinator between Hale & Co. and Baring deepened and became more extensive.⁴⁰

Together Hale & Co. and Bouwer brought more business to Baring both locally within Argentina and globally in other regional economies such as Uruguay.⁴¹

4.1.2.2. Coordinator. Bouwer played a role as a *coordinator* between Baring and Hale & Co. also involved informing Baring of potential investment opportunities especially in terms of participation in syndicates to finance different infrastructure projects. Such was the case of the Western Railway of Santa Fe. In 1886, Hale & Co. negotiated with Baring on a procedure for granting them commercial credits claiming that they had a sound reserve of capital (£1 billion) and no 'mortgages, liabilities, or obligations of any sort either directly or indirectly.'⁴² Baring agreed to this arrangement and thereafter entered into multiple partnerships with them. Such as the case of being involved in a syndicate formed to finance £750,000 of the 5% Western Railway Bonds of Santa Fe.⁴³ These were eventually issued in London at a price of 91.⁴⁴ Prior to this, Hale & Co. were also involved in financing railways (Ferrocarril Provincial de Buenos Aires in 1885.⁴⁵

The general euphoric character of this period was translated in Baring becoming 'part of the action' in the race to capture a greater share of the Argentinian market (Ford, 1956). Bouwer endeavoured to bridge further structural holes by introducing people with sound commercial and legal background to Baring.⁴⁶ Moreover, this was further supported by becoming the board member of the Belgrano (Buenos Aires) Gas company.⁴⁷ Board membership on various railways gave agents further access to information and an opportunity to build or strengthen networks which helped reduce information asymmetries. This is beneficial when agents are able to transmit complete and uncompromised information to principal firms, untainted by external sentiments or personal ambitions.

However, the euphoric mood which clouded much of the information being transmitted at this time came at a cost. While Argentina's inordinate borrowing for railways and other public works stimulated the economy in the short run, it also created long-term financing challenges. In this regard, Baring's investment in the Buenos Aires Waterworks and Drainage Company Limited issued in London in January 1889, proved to be a disaster. The concession for construction was acquired by Messrs Hale & Co., to complete the engineering work necessary to render the system adequate for the needs of the city, and to operate the whole as a private enterprise within the terms of Argentine law generally and laws specific to the enterprise in question (Ford, 1956).

However, by 1889, economic conditions had changed. Rising fiscal deficits led to Argentina divesting some infrastructure investments and halting its borrowing to finance new railway projects. This measure was unable to restore fiscal discipline and the country began issuing additional debt through state banks (Mitchener & Weidenmier, 2008). The Argentinian economy worsened towards 1890 with 40% of the borrowing going towards debt servicing and 60% of the imports going towards the purchase of consumption goods. As long as foreign funds continued to flow, debt servicing and import consumption could be met. However, once the flow of borrowings ceased, debt service charges and import payments were to be met with export proceeds alone. Expenses on import consumption and debt servicing was much larger than exports and the balance of payments adjustment involved either a fall in imports, suspension of debt-service charges or a combination of the two (Ford, 1956).

Argentina defaulted on nearly £48 million of debt in 1890, constituting 60% of the world's defaulted debt in the 1890s. Amidst the crisis, Baring Brothers, responsible for underwriting most of Argentina's foreign debt issues, could not escape the country's problems. Specifically,

Baring was unable to sell the Buenos Aires Water Supply and Drainage debt and notified the Bank of England of its financial problems in 1890. The Argentine government and the House of Baring failed to reach an agreement resulting in Nathan Rothschild to forming a committee of leading financiers to structure the country's debt obligations (Mitchener & Weidenmier, 2008).

4.2. Arthur Bowden Smith

In November 1890, Arthur Bowden Smith, who was a confidential clerk at Baring, was sent out to Buenos Aires with power of attorney to effect the immediate transfer to Baring of properties belonging to Hale & Co.⁴⁸ as security against their uncovered credits with Baring. Unsure about himself when he first arrived in Buenos Aires⁴⁹ (perhaps because of his inability to converse in Spanish), he gradually gained confidence to perform his brokerage roles. By this time, under economic stringency in Argentina coupled with Baring facing insolvency issues in the aftermath of the crisis, the relationship with Hale & Co. had strained.⁵⁰

During his short time as an agent, Arthur Bowden Smith primarily continued the role undertaken by his predecessor Nicholas Bower, that of a (1) *Coordinator* between Baring and Hale & Co, although under less favourable conditions and as a (2) *Liaison* between the government and Baring (Figure 5). In the aftermath of the crisis, Baring sent Bowden Smith with the objective to get Hale & Co to transfer the properties to Baring so that Baring could dispose of it as they saw fit. Correspondences between Bowden Smith and Baring illustrate the difficulties in getting those transfers and Bowden Smith facing huge mistrust from Hale & Co. In a letter dated April 1891 Bowden Smith wrote to Baring

Finding that I cannot get much out of Hale's by talking, I have taken to writing them letters and hope to get on better that way when I want to know anything. My position with them and especially with Bower is a little unpleasant, as they thought I should return soon after the mortgages were signed.⁵¹

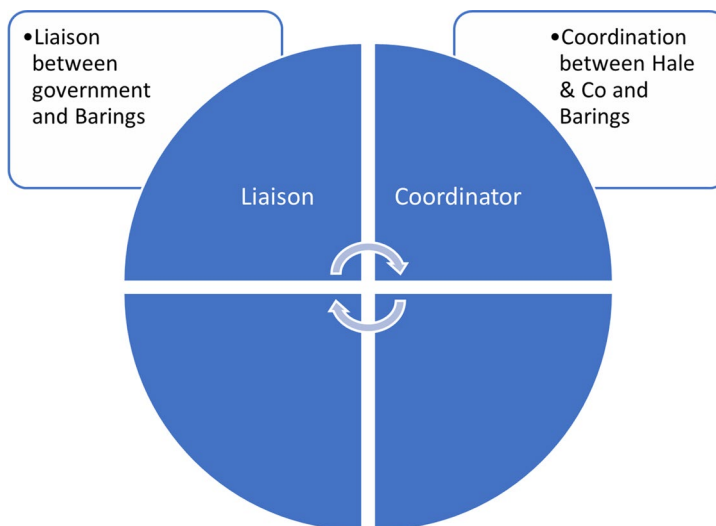


Figure 5. Brokerage by Arthur Bowden Smith.

Note: Author's own illustration based on a reading of the correspondences.

Eventually, Bowden Smith suggested Baring take the management altogether out of the hands of Messrs Hale and in the case of their investments in the Curamalan Land Company, put it in the hands of estancia agents to be managed on a gold basis.⁵² In July 1891, Bowden Smith was superseded in the agency by Essex Edgeworth William Douglas Reade (1855–1908) but remained to assist the latter until November 1892.

4.3. Essex Edgeworth Reade

Essex Edgeworth Reade was, at least from 1886 to 1889, a director of the El Salvador Railway Construction Co Ltd, London.⁵³ He was appointed Baring's agent in 1891, arriving in Buenos Aires on 1 July 1891, and took over the agency from Arthur Bowden Smith.⁵⁴ He remained Baring's agent for 14 years and was replaced by Windham Baring in 1905.

In contrast to his predecessor Arthur Bowden Smith, who primarily played a role as a *coordinator* between Hale & Co and Baring, Reade performed more extensive roles in the aftermath of the Baring crisis such as an (1) *Itinerant* working to secure the debt servicing deal for Baring; (2) *Liaison* between government and Baring; and (3) *Coordinator* between Hale & Co. and Baring for the settlement of their properties (see [Figure 6](#)).

During his tenure, Reade reported to Baring on the Buenos Aires Drainage and Waterworks, Curamalan Estate, the ways and means of servicing external debts of the Republic and City of Buenos Aires, and most importantly, railways in Argentina and Uruguay such as the Western Railway of Santa Fe, Western Railway of Uruguay, Anglo Argentine Tramways and the Argentine 4% Railway Guarantee bonds.⁵⁵ Given the scope of the paper, brokerage with the Western Railway of Santa Fe would be discussed in detail. Similar to Nicholas Bouwer, it would be instructive to analyse his activities in two temporal brackets.

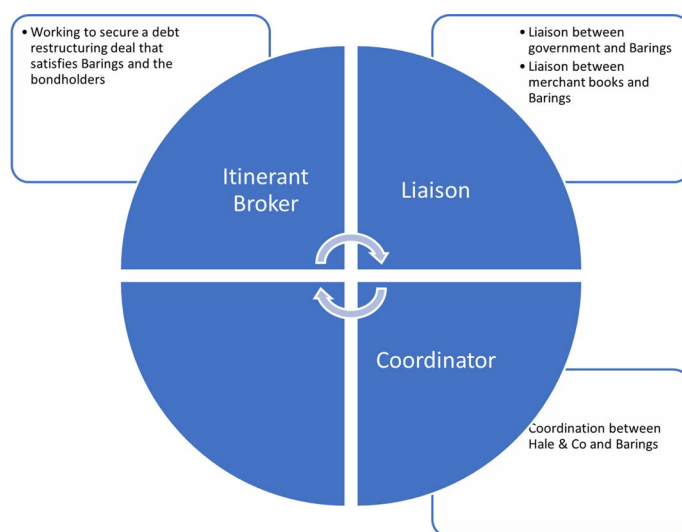


Figure 6. Brokerage by Reade.

Note: Author's own illustration based on a reading of the correspondences.

4.3.1. 1891–1895: a period of debt restructuring

Essex Reade was a trust-worthy, astute and experienced agent whose primary aim during 1891–1895 was securing the best debt settlement scheme. A large proportion of Reade's correspondences with Baring relate to dealing with the Western Railway of Santa Fe, the Western Railway of Buenos Aires and the Central Argentine Railway. The railway was granted a concession in 1881 by the southern Argentinian province of Santa Fe (Stock Exchange Yearbook, 1892, p. 324). Three issues of the bonds of this company were issued by Baring at the London Stock Exchange. The province of Santa Fe guaranteed for a period of 20 years from the opening of each section, 7% per annum on \$10,000 per mile, with amounts advanced under this guarantee to be repaid out of net earnings in excess of the guarantee (Stock Exchange Yearbook, 1892, p. 324). Payments on the bonds were met till April 1891 but in July 1891, the company defaulted.

4.3.1.1. *Liaison*. Negotiating with the Western Railway of Santa Fe involved the payment of the guarantee by the provincial government authorities and obligations due on part of Carlos Casado, the majority shareholder in the railway, on account of the bondholders. Correspondences between Reade and Baring exhibit Reade exercising wisdom and good judgement during the negotiation process, being careful of the fine balance between letting the negotiations protract⁵⁶ and pressing the authorities to hasten the settlement.⁵⁷ This involved Reade's role as a *Liaison* between Baring and Casado and as a *Liaison* between Casado and provincial authorities when difficulties during the negotiation process arose. For instance in October 1891, Reade wrote to Baring

I am inclined to agree with Casado and Lopez whom I have also consulted that it is inexpedient for the railway company to press the govt of the province at the present moment. There is no doubt that the guarantee is capable of bearing a construction which is not in the interest of the company that it should bear.⁵⁸

Reade was very careful in crafting amicable relations with both the provincial and the central government, especially with the Minister of Finance, Dr. Romero. Romero had difficult relations with Messrs Morgan and conveyed through Reade that he hoped 'you (Baring) would act with him, where you were satisfied that his proposals were reasonable, and that you would not allow Messrs Morgan to inspire the policy of the bondholders towards the government.'⁵⁹ Reade's continued negotiations with Romero and the latter's trust in Baring⁶⁰ eventually led towards the national government's willingness to negotiate with the bondholders for a debt settlement scheme that included the guaranteed railways.⁶¹

Correspondences between Baring and Reade ensued back and forth with Baring pressing Reade to negotiate for a better deal since Baring could not 'recommend bondholders to accept less.'⁶² Reade's method of negotiation with Romero, the Argentinian Minister of Finance, was to request Romero to draft a proposal on the debt restructuring deal. He would then submit it to Baring in London, who would say yes or no (Ferns, 1992). As the negotiations proceeded, it became increasingly clear not to wrap all obligations under one parcel, but separate national loans, provincial loans, municipal loans and railway guarantees into separate packages, giving priority to the Argentinian national debt held abroad (Ferns, 1992). Reade pressed Baring that he felt 'convinced that he has now been brought up to the highest

offer he is likely to make.⁶³ Reade also played the role of a *Liaison* between Baring and Western Railway of Buenos Aires when the company was unable to pay dividends due to depressed economic conditions in the aftermath of the Baring crisis of 1890. Post-crisis, Baring was appointed as an agent for the service of this loan.⁶⁴

4.3.1.2. Itinerant. While on the one hand Reade played the role of a *Liaison* between the government and Baring, on the other hand, he was mindful to not be too demanding with the government and disrupt the negotiation process, since his primary objective was to secure the best deal for Baring and the bondholders. To achieve that, he played the agency role of an *itinerant* broker, emphasising in his meetings with Argentinian businessman Carlos Casado and the management of the Western Railway of Santa Fe that any arrangement with regards to the provincial guarantee should be 'without the prejudice to your rights against the company' and 'necessary to put bondholders on a better footing.'⁶⁵ Reade also set bondholder expectations in terms of when they might be repaid and the strategy to be adopted.⁶⁶ For instance, in a correspondence with Baring, Reade wrote

It is evident that nothing in the shape of money payments can be expected for a year or two to come. I will get what further security I can from Casado but unless the bondholders are prepared to work the line and be prepared to find further money for perhaps the next two years, it will be better to abstain from foreclosure. The prospects of the line seem fairly good.⁶⁷

While the above correspondence shows Reade advising against foreclosure, in a later correspondence he proposes to 'commence a suit to foreclose' as this will be used as a bargaining chip to bring 'Casado to the point of making a proposal.'⁶⁸ This exhibits that brokerage is a dynamic process which is constantly being influenced and shaped by the domestic and foreign environment or networks (Spiro et al., 2013).

Eventually, after protracted negotiations between Reade, Casado, Baring, other underwriters and the Argentinian government, a debt reconstruction scheme for the Western Railway of Santa Fe was proposed.⁶⁹ Negotiations resulted in restructuring the railway company on the lines of an English company. New debentures were issued with a reduced guarantee carrying a charge upon the whole undertaking.⁷⁰ Reade pressed Baring to settle the matter immediately as 'delay is dangerous.'⁷¹ Reade was successful in persuading Baring to sign the modified contract.⁷² Thereafter, Baring remained in close contact with Casado on the management of the railway to ensure its efficient operations.⁷³ Besides the Western Railway of Santa Fe, Baring were also involved in issuing 5% bonds of the Western Railway of Buenos Aires in 1888 with a capitalisation of £100,000.

4.3.1.3. Coordinator. Interestingly, in contrast to Bouwer, both Arthur Bowden Smith and Essex Reade had strained relationships with the Anglo Argentine firm of Messrs Hale & Co. In October 1891, Reade sent a telegram to Baring informing them that in reference to their telegram of 30 September 1891, Reade notified Hale & Co. that their authority to draw has been cancelled.⁷⁴ Reade diplomatically managed the situation assuring Hale & Co. that he hoped that the difficulty is of a temporary nature and would be soon removed.⁷⁵ However, mistrust between Baring and Messrs Hale & Co. grew as members of the firm of Messrs Hale & Co. worked with other underwriting firms such as J.P. Morgan in competition with Baring to secure the best debt restructuring deal,

especially one which includes railway guarantees.⁷⁶ Such was the case of Bouwer, member of the firm of Hale & Co. where in 1893, Reade wrote to Baring

He (Romero) said that Morgan alone seemed inclined to insist that this issue should go on even when there was nothing to be got by it, that he had some interviews with Bouwer with regard to railway guarantees and that he had (as I understand in representation of Morgan) taken the same line.⁷⁷

Another point of contention between Reade and Messrs Hale & Co. was that while Reade had a soft corner for the Argentinian Minister for Finance, Romero, Bouwer while representing the Central Argentine Railway Company was at 'loggerheads'⁷⁸ with Romero and both 'have got on quite impossible terms.'⁷⁹ Correspondences between Baring and Reade indicate that while Baring continued to push Reade to secure a deal that would secure bondholder interests, Reade wrote to Baring in May 1893 that 'I feel convinced that he (Romero) has now been brought up to the highest offer he is likely to make.'⁸⁰ Eventually, Reade informed Baring through telegram in September 1893 that Sanford along with Messrs Morgan will propose an immediate settlement of the railway guarantee and inquired Baring if they were willing to be a party to this negotiation.⁸¹ Eventually, a deal was reached on the payment of the railway guarantee.⁸² When the dust was settled, Reade continued to bridge structural holes by introducing business and commercial people desiring to build connections in London.⁸³ Correspondences reveal Reade bridging structural holes between Baring and Argentinian commercial and financial circles. For instance, in November 1894, he informed Baring that 'Mr. Tornquist in representation of a Belgian company are interested in the formation of a railway wagon company.'⁸⁴

5. The agents' networks

Correspondences between Baring and their agents are illustrated through network visualisations. The network visualisations demonstrate the various agents' networks over five-year increments. Coupled with an in-depth analysis of the agents' letters, the network visualisations provide a comprehensive overview of the agents position in Argentina, the composition of their ties and size of their networks. Through the correspondence, we are also able to highlight those connections which appear most frequently in the correspondence, indicating interactions with the respective agent. Based on the frequency of interactions, we designate all those links with a higher-than-average number of interactions in the network as *comparatively* strong ties (and illustrated in the network visualisations as a thick red line).

The number of interactions is driven by a number of factors: the tenure of the agent (shorter tenure may lead to fewer interactions), the intensive activity being undertaken by the agent through various brokerage roles, how embedded the agent is within Argentina before taking up the agency and finally, the skill of the agent in maintaining and growing the network in Argentina. For example, Bowden Smith had comparatively fewer interactions but undertook a shorter tenure as agent. That said, in a comparable period, it can be observed that both Bouwer and Essex Reade had a greater number of interactions with network actors on average. Much of this was also linked to the brokerage role/activities undertaken and the context in which the activities were being undertaken. For instance, Essex Reade had a slightly higher number of interactions for a similar duration than Bouwer. The activities, namely the debt restructuring negotiations, would have required more frequent interactions with government and railways companies than during Bouwer's tenure.

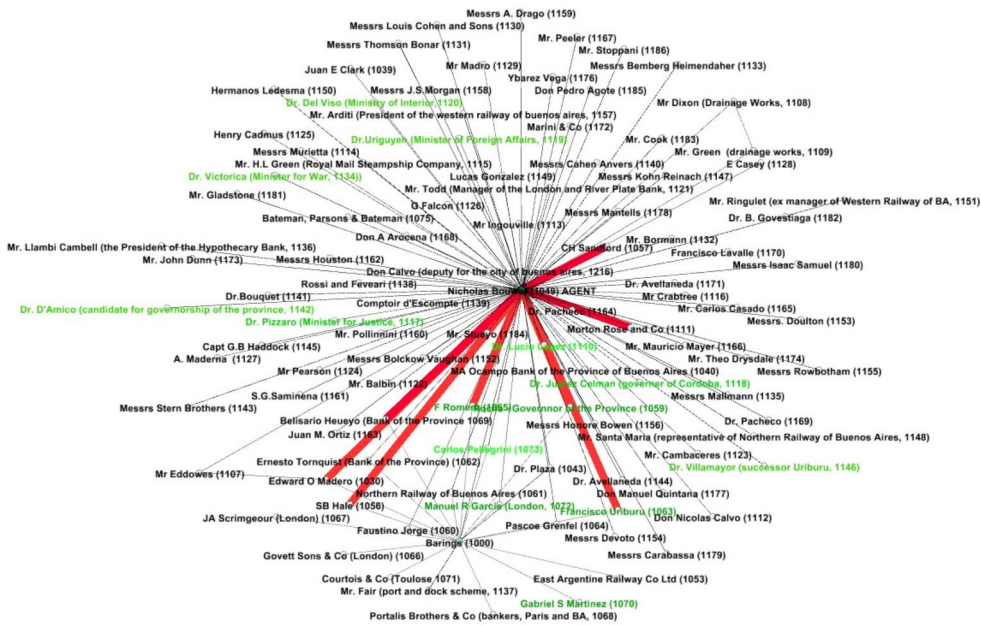


Figure 7. Network of Nicolas Bouwer 1881–1885.
 Note: Author’s own illustration based on a reading of the correspondences.

Nevertheless, the size of Nicolas Bouwer’s network and the ‘strong’ connections established (thick red lines) is clearly linked to his activity on the ground in Argentina and the multiple brokerage activities performed as an agent of Baring (Figure 7). Bouwer’s role as *Liaison* between the Baring and the Argentinian government is articulated in the large volume of links to political actors (green nodes), with interactions being most frequent with Don Francisco Urriburu (55 interactions), Dr Romero (13 interactions) and Dr. Rocha, the Argentinian president (36 interactions). Bouwer’s connections with government illustrate both the *representative* and *liaison* roles, which are confirmed in the correspondence through Bouwer’s discussions on Argentine bonds, attempts to solidify the firm’s reputation with respect to the government and the broker of negotiations between the Argentine government and Northern Railway of Buenos Aires. Interestingly, many of the connections that Bouwer had to political officials were also shared directly with the Baring firm, meaning that, if necessary, they had a conduit for corroborating the information they received from the agent or other actors regarding government negotiations.

Bouwer’s *liaison* role as it pertained to businessmen of Argentina and their dealings with the government are also exemplified here in his connections to key figures mentioned above, such as Tornquist (4 interactions), Bemberg Heimendahl (6 interactions), Messrs Morton Rose (11 interactions) and Madero (16 interactions). Although each interacted on a number of occasions with Bouwer, the more frequent of these signify instances of complicated negotiations with the Government. For example, Madero’s port scheme required complex contractual negotiations for which Bouwer was a key broker. Additionally, both Hueyo (10 interactions) and Sanford (16 interactions) communicated on numerous matters relating to loans, bond prices and railway projects.

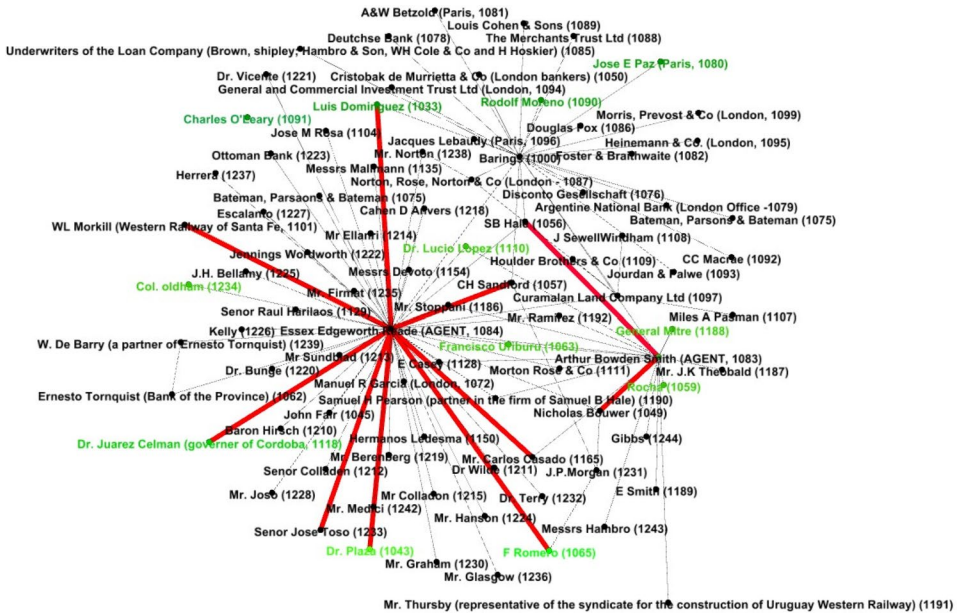


Figure 9. Brokerage by Reade 1891–1895.
 Note: Author’s own illustration based on a reading of the correspondences.

coordinator broker activities, Bowden Smith seems to fulfil these only minimally. This contrasts with Essex Reade’s network, the first years of which can be observed within the same visualisation (Figure 9).

Essex Reade’s network was extensive, owed largely to both his position in the Argentinian railway industry prior to joining Baring as an agent and the brokerage roles he undertook for the Baring firm. Essex Reade undertaking three key brokerage roles (*liaison*, *itinerant* and *coordinator*) is exemplified by the number of interactions observed in the network. The strong connections (thick red line) maintained include railway agents and shareholders, government officials and competitor firms. The roles of *Liaison* and *Itinerant* demonstrated through Essex Reade’s engagement in negotiations with many actors. He was conscious to build solid, amicable networks as he was charged with negotiating a debt settlement scheme. For example, Casado, a majority shareholder in the Western Santa Fe Railway, appears in this network as an actor with the most frequent interactions with Essex Reade’s (55 interactions according to the correspondence). In this respect, Essex Reade demonstrates his skill as *liaison* through his role as negotiator given the instances of continual exchange between Casado and himself, as well as key government figures such as Lopez (34 interactions) and Romero, the Minister of Finance (10 interactions). Also demonstrated is the *itinerant* broker role demonstrated between Casado and other parties, given the frequency of interactions between Casado, Lopez, Morkill (16 interactions – the agent to overlook the temporary deposits for Western Railway of Santa Fe in Rosario) and Romero.

Essex Reade also preserved the extant network of Baring in Argentina, exemplified by the number of repeat actors that appear in this and previous network visualisations, very much continuing the work of Bouwer. Alongside the correspondence, this network also reveals that while connections were maintained agent to agent, the individual actors and



Figure 10. Brokerage by Reade 1896–1898.

Note: Author's own illustration based on a reading of the correspondences.

agents had a distinct impact on the nature of these relationships through various brokerage roles and the frequency of strong ties observed in each network visualisation. Interestingly, Essex Reade maintains many connections independent of the Baring firm, but given his previous experience in Argentina, the complexity of his debt negotiation tasks and the diversity of his brokerage role, such a portfolio of connections is to be expected.

Interestingly, SB Hale remains a significant connection for the Baring's agent in this network phase, with interactions being the third most at 28. The coordination activity between Hale and Co. and Baring was necessary due to the prominent position of Hale but the relationship did not always function well, given Hale's link to competitor firms. This is an important feature of this network which would not be apparent without the deeper research into the correspondence.

The final network visualisation (1895–1900) shown in [Figure 10](#) illustrates a smaller network but one where Essex Reade is pursuing connections with highly embedded actors that have persisted over many years, in particular, CH Sanford, Carlos Pellegrini, Luis Dominguez, Jose M Rosa and Senor Jose Toso. The connections to Casado and Morkill reflect ongoing negotiations in relation to the Central Argentine railway and the Western Railway of Santa Fe. In these years, few new actors appeared suggesting that for Essex Reade and Baring, this was not a period of active network building but rather one of continued negotiation and debt restructuring activities.

6. Conclusions

This article examines the role of agents and how their brokerage activities influenced the composition, shape and size of Baring's networks in Argentinian railways during 1880–1905. Agents were central in building and consolidating Baring's business at a regional and global scale through bridging structural holes and connecting disconnected or isolated individuals (or groups). Agents played a crucial role in providing information to Baring about long-gestation projects such as railways and other public works in Argentina. This was not only key to building and expanding Baring's empire in Argentina but also for Argentina's continued access to global finance for key development projects. More importantly, and related to this,

a systematic reading of the correspondences reveals agents' playing an important role in the Argentinian government fulfilling their commitments towards key obligations such as the government guarantee for railways. This was important to maintaining their credibility and for continued access to global financial markets. The correspondence of the agents illuminates the various brokerage roles undertaken by these agents, illustrated in [Figure 2](#). This adds to our overall understanding of how brokerage can work for, and at times against, the principal firm. In the case of this study, agents possessed varying degrees of influence over the network and Baring, which in turn created vulnerability in the network depending on the embeddedness of the agent (Halevy et al., 2019; Uzzi, 1999).

The article provides three key findings related to the role of agents in Argentina. First, a social network analysis on the correspondences between Baring and their agents reveal the both the longevity and dynamism of the network, especially with respect to contacts maintained over time but also the way in which interactions in the network changed over time. In this, we address the first research question by demonstrating how the network changed over time, isolating points at which the agents inherited connections and points at which they formed new ones depending on the needs of the firm and the context at play. This adds to critical literature on the importance of looking at change over time in networks (Buchnea, 2014; Buckles, 2023), but also adds the critical element of examining brokers as agents of change.

Second, the network diagrams show the composition of agent's ties, the size of their network and the 'strong ties' identified within. Nicholas Bouwer's network (1880–1890) was dense and had multiple connections to Argentinian political actors. The large size of Bouwer's network reflects a period of rapid expansion in Argentina and a race among different merchant banking firms for obtaining concessions for the construction of various public works especially railways. In contrast, Arthur Bowden Smith's network is small due to his short tenure as an agent and his inexperience within Argentina. Lastly, Essex Reade's played a crucial role as an itinerant broker, serving the interests of both Baring and the bondholders, including railways as part of the debt restructuring arrangement in the aftermath of the Baring crisis of 1890. This is also evident in the network diagrams which exhibit large size and density during 1891–1895, but thereafter shrink to a few embedded players from 1896 to 1898.

Third, the article provides a temporal perspective and illustrates how agents were influenced by the economic environment and as a response, played a variety of different brokerage roles across 1880–1907, thereby addressing our second research question on brokerage over time. Building on the typology presented by Gould and Fernandez (1989), while all three agents worked as a *Liaison* between Baring and the government, and as a *Coordinator* between Baring and the Anglo-Argentine firm of Hale & Co., Nicholas Bouwer performed the role of a *Representative* broker between Baring and the Northern Railway of Buenos Aires. This involved Bouwer playing an important role in resolving the dispute between the firm and the Argentinian government and uphold the credibility of the government guarantee for railways. This was crucial to help sustain Baring's position in Argentina and for the reputation of Argentinian credit on global financial markets. In contrast to Bouwer, Reade performed the role of an *Itinerant* broker between Baring and the bondholders striving to secure the best debt restructuring deal which includes railways, in the aftermath of the crisis, one that would satisfy all concerned stakeholders This adds an important historical perspective to *brokerage role diversity* (Becker & Bodin, 2022) by examining the internal and external factors that shape the type of activities performed by the agents.

By studying the case of railways, we add an important historical perspective to the theoretical foundations on intermediation and brokerage explored by Burt (1995) and building on established work on intermediaries (such as Aldous, 2017) by providing a detailed analysis of specific brokers to highlight the dynamism of brokerage roles and both the positive and negative impacts on connected firms. Agents' brokerage role is particularly important for facilitating investment in infrastructure projects, typically characterised as highly capital-intensive and long gestational projects, and therefore involving multiple information asymmetries. Through this, we extend the growing literature in business history on global agents within trade and finance networks especially in infrastructure which shaped the pre-modern global economy by delving deeply into the individual agents' activities and adding a nuanced theoretical understanding to the multiplicity of brokering in the early global economy (Aldous, 2017; López-Morell & O'Kean, 2014; Vedoveli, 2018).

Overall, the article highlights the role of invisible actors behind large merchant banking firms in the nineteenth and twentieth centuries in the form of agents, in providing information flows and influencing investment strategies to build Baring's business empire. In this vein, the article contributes to understanding the functioning of capital markets, financial globalisation and more generally, the global history of capitalism.

Notes

1. Correspondences mention the agent meeting individuals from Argentinian government, financial or commercial circles. At times, these individuals also wrote directly to Baring and discussed their meeting with Baring's agent and the agenda of the meeting. At times, the information that the agent conveyed to Baring was later published in the local Argentinian newspapers. The correspondences also contain newspaper clippings of those letters. These were two ways of checking the veracity of the information.
2. Hope & Co to Baring, Amsterdam, 27 April 1863: TBA, HC8.8.
3. Letter from J Gerstenberg to Baring, London, 20 January 1871, TBA: HC4.1.46.3.
4. Letter from J Wilson Theobald to F Levien, London, 21 Mar 1882, TBA: HC4.1.78.5.
5. Letter from Nicholas Bouwer to Baring, Buenos Aires, 29 December 1882, TBA: HC4.1.65.645.
6. Letter from Nicholas Bouwer to Baring, Buenos Aires, 16 April 1882, TBA: HC4.1.65.673.
7. Letter from Nicholas Bouwer to Baring, Buenos Aires, 29 December 1882, TBA: HC4.1.65.645.
8. Letter from Nicholas Bouwer to Baring, Buenos Aires, 24 April 1882, TBA: HC4.1.65.674.
9. Letter from Baring to C S Hayne, London, 11 May 1882, TBA: HC4.1.78.8.
10. Letter from Baring to C S Hayne, London, 11 May 1882, TBA: HC4.1.78.8.
11. Letter from Baring to Baring to J Wilson Theobald, London, 24 July 1882, TBA: HC4.1.78.10.
12. Letter from J Wilson Theobald to Baring, London, 10 August 1882, TBA: HC4.1.78.12.
13. Letter from Nicholas Bouwer to Baring, Buenos Aires, 21 December 1881, TBA: HC4.1.65.644.
14. Letter from Nicholas Bouwer to Baring, Buenos Aires, 08 February 1881, TBA: HC4.1.65.641.
15. Letter from Nicholas Bouwer to Baring, Buenos Aires, 04 February 1885, TBA: HC4.1.65.969.
16. Letter from Nicholas Bouwer to Baring, Buenos Aires, 29 February 1884, TBA: HC4.1.65.866.
17. Letter from Nicholas Bouwer to Baring, Buenos Aires, 14 May 1883, TBA: HC4.1.65.805.
18. Letter from Nicholas Bouwer to Baring, Buenos Aires, 22 May 1883, TBA: HC4.1.65.806.
19. Letter from Nicholas Bouwer to Baring, Buenos Aires, 28 April 1883, TBA: HC4.1.65.800.
20. Letter from Nicholas Bouwer to Baring, Buenos Aires, 14 June 1884, TBA: HC4.1.65.925; Letter from Nicholas Bouwer to Baring, Buenos Aires, 10 June 1882, TBA: HC4.1.65.686; Letter from Nicholas Bouwer to Baring, Buenos Aires, 22 January 1887, TBA: HC4.1.65.1205.
21. Letter from Nicholas Bouwer to Baring, Buenos Aires, 28 April 1883, TBA: HC4.1.65.800.
22. Letter from Sanford to Baring, London, 06 October 1884, TBA: HC4.1.71.1.6.
23. Letter from Sanford to Baring, London, 06 October 1884, TBA: HC4.1.71.1.7.

24. Letter from Nicholas Bouwer to Baring, Buenos Aires, 03 April 1884, TBA: HC4.1.65.876.
25. Letter from Nicholas Bouwer to Baring, Buenos Aires, 14 February 1884, TBA: HC4.1.65.863.
26. Letter from Nicholas Bouwer to Baring, Buenos Aires, 14 February 1884, TBA: HC4.1.65.863.
27. Letter from Nicholas Bouwer to Baring, Buenos Aires, 23 February 1882, TBA: HC4.1.65.663.
28. Letter from Nicholas Bouwer to Baring, Buenos Aires, 07 November 1884, TBA: HC4.1.65.953.
29. Letter from Nicholas Bouwer to Baring, Buenos Aires, 12 June 1885, TBA: HC4.1.65.1010.
30. Letter from Nicholas Bouwer to Baring, Buenos Aires, 27 February 1886, TBA: HC4.1.65.1089; Letter from Nicholas Bouwer to Baring, Buenos Aires, 07 January 1888, TBA: HC4.1.65.1223.
31. Letter from Nicholas Bouwer to Baring, Buenos Aires, dated 16 March 1885, TBA: HC4.1.65.981.
32. Letter from Nicholas Bouwer to Baring, Buenos Aires, 16 March 1885, TBA: HC4.1.65.981, Other instances of Baring's financing government loans are Provincial loans for Buenos Aires (Letter from Samuel B Hale & Co to Baring, London, 27 March 1886, TBA: HC4.1.71.1.9) and National government loan of £200,000 in 1886 (Letter from Nicholas Bouwer on behalf of Samuel B Hale & Co to Baring, London, 05 June 1886, TBA: HC4.1.71.1.10).
33. Letter from Nicholas Bouwer to Baring, Buenos Aires, 28 April 1885, TBA: HC4.1.65.993.
34. Letter from Nicholas Bouwer to Baring, Buenos Aires, 28 April 1885, TBA: HC4.1.65.993.
35. Letter from Nicholas Bouwer to Baring, Buenos Aires, 31 August 1886, TBA: HC4.1.65.1160.
36. Letter from Nicholas Bouwer to Baring, Buenos Aires, 06 August 1886, TBA: HC4.1.65.1159.
37. Letter from Nicholas Bouwer to Baring, Buenos Aires, 02 October 1886, TBA: HC4.1.65.1167.
38. Letter from Nicholas Bouwer to Baring, Buenos Aires, 20 October 1886, TBA: HC4.1.65.1170; Letter from Nicholas Bouwer to Baring, Buenos Aires, 07 February 1887, TBA: HC4.1.65.1207.
39. Letter from Nicholas Bouwer to Baring, Buenos Aires, 07 March 1888, TBA: HC4.1.65.1226.
40. Letter from Nicholas Bouwer to Baring, Buenos Aires, 17 July 1886, TBA: HC4.1.65.1152.
41. Letter from Nicholas Bouwer on behalf of Samuel B Hale & Co to Baring, Buenos Aires, 31 December 1887, TBA: HC4.1.71.1.25.
42. Letter from Sanford to Baring, London, 02 September 1886, TBA: HC4.1.71.1.12.
43. Letter from Nicholas Bouwer to Baring, Buenos Aires, 27 February 1886, TBA: HC4.1.65.1089.
44. Letter from Nicholas Bouwer to Baring, Buenos Aires, 23 June 1886, TBA: HC4.1.65.1147.
45. Letter from Nicholas Bouwer to Baring, Buenos Aires, 16 November 1885, TBA: HC4.1.65.1071.
46. Letter from Samuel B Hale & Co to Baring, London, 15 December 1886, TBA: HC4.1.71.1.14.
47. Letter from Nicholas Bouwer to Baring, Buenos Aires, 16 May 1885, TBA: HC4.1.65.1001.
48. Letters from Samuel B Hale & Co to Baring, London 1879-99, TBA: HC 4.1.71.
49. Letter from Arthur Bowden Smith to Baring, Buenos Aires, 05 Nov 1890, TBA: HC4.1.117.1.
50. Baring was assisted by the Bank of England, and the protracted liquidation of the affairs of the 'old' firm had begun.
51. Letter from Arthur Bowden Smith to Baring, Buenos Aires, 15 April 1891, HC4.1.117.46.
52. Letter from Arthur Bowden Smith to Baring, Buenos Aires, 15 April 1891, TBA: HC4.1.117.45.
53. Letters and Telegrams from Essex Edgeworth Reade to Baring, Buenos Aires 1891-1905, TBA: HC 4.12.7-8.
54. Letters from Arthur Bowden Smith to Baring 1890-91, TBA: HC 4.1.117.
55. Letters and Telegrams from Essex Edgeworth Reade to Baring, Buenos Aires, 1891-1905. TBA: HC4/1/124.
56. Letter from Essex Edgeworth Reade to Baring, Buenos Aires, 18 February 1892, TBA: HC4.1.124.2.20.
57. Letter from Essex Edgeworth Reade to Baring with enclosures, Buenos Aires, 18 February 1892, TBA: HC4.1.124.2.2.
58. Letter from Essex Edgeworth Reade to Baring with enclosures, Buenos Aires, 05 October 1891, TBA: HC4.1.124.1.61.
59. Letter from Essex Edgeworth Reade to Baring, Buenos Aires, 08 February 1893, TBA: HC4.1.124.4.30.
60. Letter from Essex Edgeworth Reade to Hodgson, Buenos Aires, 23 February 1893, TBA: HC4.1.124.4.59.
61. Telegram from Essex Edgeworth Reade to Baring, Buenos Aires, 13 March 1893, TBA: HC4.1.124.4.75; Telegram from Essex Edgeworth Reade to Baring, Buenos Aires, 18 March 1893, TBA: HC4.1.124.5.18.

62. Memorandum from Baring to Essex Edgeworth Reade, Buenos Aires, 20 March 1893, TBA: HC4.1.124.5.19.
63. Telegram from Essex Edgeworth Reade to Baring, Buenos Aires, 06 May 1893, TBA: HC4.1.124.5.41.
64. Letter from Essex Edgeworth Reade to Baring, Buenos Aires, 16 February 1893, TBA: HC4.1.124.4.40.
65. Letter from Essex Edgeworth Reade to Baring, Buenos Aires, 22 December 1891, TBA: HC4.1.124.1.127.
66. Letter from Essex Edgeworth Reade to Baring, Buenos Aires, 04 February 1892, TBA: HC4.1.124.2.14.
67. Letter from Essex Edgeworth Reade to Baring, Buenos Aires, 22 December 1891, TBA: HC4.1.124.1.127.
68. Letter from Essex Edgeworth Reade to Baring, Buenos Aires, 06 July 1892, TBA: HC4.1.124.3.21.
69. Letter from Essex Edgeworth Reade to Baring, Buenos Aires, 05 July 1893, TBA: HC4.1.124.6.4.
70. Letter from Essex Edgeworth Reade to Baring, Buenos Aires, 31 October 1893, TBA: HC4.1.124.7.30; Telegram from Baring to Essex Edgeworth Reade to Baring, London, 08 January 1894, TBA: HC4.1.124.8.45.
71. Telegram from Essex Edgeworth Reade to Baring, Buenos Aires, 10 February 1894, TBA: HC4.1.124.8.61.
72. Letter from Essex Edgeworth Reade to Baring, Buenos Aires, 15 February 1894, TBA: HC4.1.124.8.73.
73. Letter from Essex Edgeworth Reade to Baring, Buenos Aires, 20 June 1894, TBA: HC4.1.124.10.14.
74. Telegram from Baring to Essex Edgeworth Reade, London, 02 October 1891, TBA: HC4.1.124.1.59.
75. Letter from Essex Edgeworth Reade to Samuel B Hale & Co, Buenos Aires, 02 October 1891, TBA: HC4.1.124.1.60.
76. Letter from Essex Edgeworth Reade to Baring, Buenos Aires, 12 April 1893, TBA: HC4.1.124.5.16.
77. Letter from Essex Edgeworth Reade to Baring, Buenos Aires, 08 February 1893, TBA: HC4.1.124.4.30.
78. Letter from Essex Edgeworth Reade to Baring, Buenos Aires, 16 February 1893, TBA: HC4.1.124.4.41.
79. See above.
80. See above.
81. Telegram from Essex Edgeworth Reade to Baring, Buenos Aires, 04 September 1893, TBA: HC4.1.124.6.53.
82. Letter from Essex Edgeworth Reade to Baring, Buenos Aires, 14 March 1893, TBA: HC4.1.124.4.55; Letter from Essex Edgeworth Reade to Baring, Buenos Aires, 22 February 1893, TBA: HC4.1.124.4.57.
83. Letter from Essex Edgeworth Reade to Baring, Buenos Aires, 14 October 1892–15 October 1892, TBA: HC4.1.124.3.74.
84. Letter from Essex Edgeworth Reade to Baring, Buenos Aires, 18 November 1894, TBA: HC4.1.124.11.34.

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