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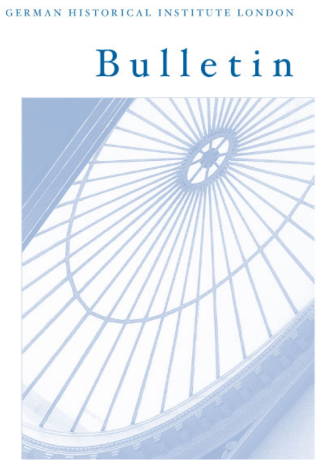

CHRISTOF DEJUNG, *Die Fäden des globalen Marktes: Eine Sozial- und Kulturgeschichte des Welthandels am Beispiel der Handelsfirma Gebrüder Volkart 1851–1999*, Industrielle Welt, 85 (Cologne: Böhlau Verlag, 2013), 516 pp. ISBN 978 3 412 20986 5. €59.90

Theories of the firm, in particular those relating to the significance of information and transaction costs, have been used effectively to sustain the view that merchant enterprises can successfully draw on their role as intermediaries to achieve continuing success and to manage the transition to global concerns. It is only recently, however, that attention has been focused on the operation and development of merchant enterprises in India during the nineteenth century and the emphasis, perhaps inevitably, has largely been on the role of British merchant houses. Within this context, Dejung's rigorous study of *Gebrüder Volkart*, based in Winterthur, is to be doubly welcomed. The merchant house of Volkart Bros. was founded in both Winterthur and Bombay by the brothers Salomon and Johann Georg Volkart in 1851. By the end of the nineteenth century it had already become one of the largest companies in South Asia and it remained a family owned concern which continued to be controlled by partners who were drawn from the Volkart and Reinhart merchant families of Winterthur. Dejung's study is important for two reasons. First, it extends our collective understanding of the key mechanisms that underpinned the success of individual merchant enterprises in India and the Far East in the period from the mid nineteenth century until the end of the twentieth century at a time of increased globalization and the rise of multinational firms. Secondly, by focusing on the history of a Swiss-owned firm which operated on a continent which was very much an integral part of the British Empire until the India Independence Act of 1947, the wider significance of socio-cultural factors in determining the success or failure of merchant houses can be analysed in a more nuanced and effective manner than would otherwise have been the case.

Three main themes inform the author's overall approach to the history of Volkart Bros. as a paradigmatic case study: the significance of personal interaction and networks for the expansion of world trade; the dependency of European merchant houses operating in India on efficient local networks based on production and trade; and the central importance of trust and social capital in structuring long-term social relations within the firm. In the pre-colonial era, India and Southern Asia constituted one of the most developed economic areas in the world and cooperation between European trading houses and non-European merchants was only possible on the basis of a similar understanding of the underlying principles of business operations where honesty and reliability were essential prerequisites, while trust was easier to establish and consolidate in a family firm, irrespective of the nationality of its owners, where decision-making was based on shared economic interests and culturally structured attitudes.

The two founders of Volkart Bros. already had considerable experience and knowledge of the Indian market and its importance as a supplier of cotton and other raw materials. If the expansion of the railway network in the 1860s was followed by the establishment of a number of hinterland agencies, the company remained dependent to a large degree on Indian merchants and 'guarantee brokers' (shroffs). Mutual confidence and trust underpinned these business relationships and encouraged the Swiss merchant house to rely on individual Indian firms for decades. At the same time, the firm had to operate within the framework of British law and achieve a significant degree of integration within an Imperial culture structured around clubs, parties, social gatherings, and tiger hunts. The firm's ability to achieve these twin objectives, according to Dejung, rested on its hybrid mix as a family firm and managerial enterprise. It never faced any direct succession problems which might have jeopardized the retention of its traditional family model; it developed and retained a patriarchal structure until the 1960s; and placed considerable emphasis on the creation of a sense of solidarity and a spirit of service as the firm's 'guiding ideal'. Moreover, it is argued that this was not just rhetoric as there was a real commitment to maintain close contact with all employees within the framework of what was regarded by its owners as a 'company family'.

In covering the history of Volkart Bros. from its foundation in 1851 to the end of the twentieth century the author is required to cover a great deal of ground, primarily as a result of the extension of its business operations to other Asian countries, in particular, to China and Japan in the 1920s, and its strategy of product diversification, which led to its entry into the Brazilian coffee trade in 1942. However, the business model which had proved to be effective within an Indian context, particularly at a time when political stability and legal security were provided by the British colonial government, proved to be far less successful elsewhere. The difficulties which the firm encountered in entering the Chinese market, the losses which it suffered for a long time in Japan with the Nichizui Trading Company, and the short-lived success of its Brazilian operation raises wider issues about the relevance of the 'company family' model with its specific value system and network embeddedness to different trading environments beyond the borders of India. Indeed, the portrayal of a merchant house whose success was predicated on a sense of solidarity within its workforce, irrespective of their ethnic origins or status, might well merit a more critical appraisal. Within the company there was an extended hierarchy of posts; Indian employees were prevented from acting as purchasers of raw materials or salesmen; and a 'conservative' remuneration policy meant that purchasing agents were still poorly paid in the period after the First World War. The company generated a very extensive archive, but the real views of the firm's employees were seldom, if ever, recorded and there is an implicit danger in relying too much on the stated expectations of its owners.

However, these points should not detract from an excellent study. It offers a detailed analysis of a specialized trading firm which came to occupy a central position in the international trade in raw materials. Apart from the two world wars, the nationality of its owners was less important than its capital strength and its long-term success can be attributed, at least in part, to the extent to which it was both culturally and socially embedded. Its extensive networks in India with agents, brokers, and shroffs continued to provide an effective operational framework which reflected a wider commitment to 'honourable merchant values'. To this extent Dejung has produced a major study of a Swiss-owned merchant house which complements recent research in this field and enhances our understanding of a range of key issues which influenced the relative success or failure of companies operating on an international stage.

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People's Garden? A History of Crime and Policing in Birkenhead Park (2013); '"Divided loyalties?" In-migration, Ethnicity and Identity: The Integration of German Merchants in Nineteenth-Century Liverpool', *Business History*, 2/54 (2012), 117–53; and, as editor, *Commerce and Culture: Nineteenth-Century Business Elites* (2011).