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and monopoly profits: the Barranquilla
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ARTICLE

Market Failure, Information Asymmetries, and Monopoly Profits: The Barranquilla Railway and Pier Company in Colombia, 1888–1933

Andrew Primmer

This article presents a business history of the Barranquilla Railway and Pier Company (BRPC) and its impact on Colombia's Caribbean region. It explores the company's operations, profitability, shareholders, infrastructure development, and competition with other coastal railways for insights into the role of foreign capital in regional growth. The BRPC's railway and port infrastructure connected the coastal city of Barranquilla with the Colombian interior, allowing the city to supplant Cartagena as the country's principal international port. Statistical analysis reveals the railway's remarkable profitability, which attracted transnational investors, who consolidated majority control. The company's ability to leverage engineering expertise and capital underscored its strategic significance, yet its interests centered on protecting its transport monopoly. The railway's lack of visibility in London and information asymmetries shaped investor perceptions. Extending the pier demonstrated BRPC's role in accommodating rising export volumes during Colombia's "*despegue cafetero*." However, the railway faced obsolescence, as the government opened the obstructing *Bocas de Ceniza* sandbank and pursued railway nationalization. The railway's redundancy, demographic shifts, and rise of Buenaventura underscore its eventual decline. This paper reveals the complex dynamics between foreign capital, infrastructure, and trade monopolies in shaping uneven development. It highlights the BRPC's overlooked yet fundamental role in Colombia's export economy and Barranquilla's ascendancy.

Keywords: Railway; Latin America; foreign direct investment; capital markets

Introduction

Recent scholarship has highlighted the rich nature of the historiography of railways in Latin America, which has explored the role of railways in an array of the most important economies

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in the region but has also called for more comparative and regional approaches.¹ Such regional approaches are becoming increasingly prominent within the field of business history and have precedents stretching back much further.² As Dávila has highlighted, the richness of the literature on Latin American business history is obscured from English language audiences as the vast majority has been hitherto published in Spanish language contributions.³ Indeed, in the past decade, important contributions were made to advancing a comparative perspective on national experiences in this language.⁴ English language scholarship is similarly rich on national perspectives but skewed toward countries that received the most significant investments of foreign capital during the first period of globalization.⁵ For Colombia, a large and historically important country that largely missed out on the flood of British capital during this period, the literature has—in keeping with Dávila’s broader observation—been until recently dominated by Spanish language studies.⁶ This article contributes to the emerging trend of English language contributions to the literature by presenting a microbusiness history of the Barranquilla Railway and Pier Company (BRPC), analyzing its impact on the growth of the city of Barranquilla in the Colombian Caribbean and its influence on the economic development of both the Caribbean region and Colombia as a whole. By adopting a micro-perspective and delving into the individual business history of the BRPC, this study contributes to the broader understanding of regional dynamics, comparative approaches, and the role of railways in supporting the export sector in Colombia, especially in the context of limited English language studies.

Within the literature on British overseas investment in the railway sector, one prominent conceptual framework is the idea of “railway imperialism,” which Robinson argued turned ostensibly independent countries “into an economic satellite as easily as a self-governing colony.”⁷ However, within a Latin American context the exploration of this pattern within English language literature has tended to focus on the role of British railways in extractive industries like mining rather than the control of a strategic trade route via a railway monopoly for the profits these provided in of themselves.⁸ One ambit within which the literature on Latin American railways is particularly rich and impactful is in the realm of economic history, with some important studies having been published on the topic. These have not only influenced

1. García, “Reviewing Latin American Railway Historiography: New Trends and Research Avenues.”

2. Primmer, “Railway Nationalism”; Primmer, “British Overseas”; Kuntz Ficker, *Empresa Extranjera y Mercado Interno*.

3. Dávila, “Introduction,” 441.

4. Kuntz Ficker, *La expansión ferroviaria en América Latina*.

5. Lewis, *British Railways*; Miller, “The Making of the Grace Contract: British Bondholders and the Peruvian Government, 1885-1890”; Coatsworth, *Growth Against Development*; Summerhill, “Market Intervention”; Summerhill, *Order Against Progress*; Summerhill, “The Development of Infrastructure”; Summerhill, “Market Intervention”; Garner, *British Lions*.

6. Pérez Ángel, *Nos dejó el tren: la historia de los ferrocarriles Colombianos y los orígenes del subdesarrollo*; Ortega, *Ferrocarriles Colombianos: resumen histórico*; Ortega, *Ferrocarriles Colombianos: La última experiencia ferroviaria del país 1920-1930*; Ramírez, “Los ferrocarriles,” 2006; Ramírez, “Los ferrocarriles,” 2001; Arias de Greiff, *La mula de hierro*; Arias de Greiff and Dewhurst, *La Segunda mula de hierro*.

7. Robinson, “Conclusion: Railways and Informal Empire,” 184–185.

8. Blakemore, *From The Pacific to La Paz: The Antogagasta (Chili) and Bolivia Railway Company, 1888-1988*; Lewis, *British Railways*; Lewis, *Public Policy*; Greenhill, “Nitrate and Iodine”; Platt, “Economic Imperialism and the Businessman: Britain and Latin America before 1914.”

our understanding of railways in their Latin American context but also contributed to our understanding of their role in world economic integration. Moreover, contributions from prominent scholars of Latin American railways have directly influenced the study of railways in other areas of the periphery, such as sub-Saharan Africa, by way of coauthorship.⁹

Recent scholarship has called for business historians to embrace greater diversity and complexity, including marginalized regions within English language publications that dominate the field.¹⁰ Both Barranquilla and the BRPC have been addressed within the Colombian national business history literature but are largely absent within English language forums.¹¹ More broadly, the Caribbean region has been explored quite extensively by Posada and Bucheli within two seminal works, and the influence of regionalism is well developed in the wider literature.¹² The dominant macrofocus of railways in Colombia has—as recent scholarship has illustrated—perhaps underplayed their role in the individual regions they served.¹³ We have seen that geographical monopolies, exemplified well by the BRPC, created railways that were as financially rewarding as any in Latin America.¹⁴ Prior studies of the region have underplayed the influence of economic nationalism within the railway sector directed toward British companies and the government has been characterized as having “opposed nationalization” of these enterprises.¹⁵ Conversely this article illustrates that nationalization of British railways on the Caribbean coast played a central role in the policy of “railway nationalism,” which has been explored recently in regional studies within the Colombian context.¹⁶

General economic and business histories of the city of Barranquilla and the wider Caribbean region have acknowledged the role of the railway in Barranquilla’s growth but also attribute its conversion into Colombia’s principal port to its geographical location.¹⁷ This article argues that the construction and operation of the BRPC was decisive in supplanting

9. Coatsworth, *Growth Against Development*; Summerhill, “Market Intervention”; Bignon, Esteves, and Herranz-Loncán, “Big Push or Big Grab?”; Lewis, *British Railways*; Diaz, “Railway Investment”; Herranz-Loncán, “Transport Technology”; Herranz-Loncán, “El Impacto Directo”; Herranz-Loncán and Fourie, “For the Public Benefit?”

10. Lluch, “Embracing Complexity and Diversity in Business History: A Latin American Perspective.”

11. Ferro Bayona, Ibarra Consuegra, and Gómez Araujo, *Historia empresarial de Barranquilla (1880-1980)*; Zambrano Pérez, *El desarrollo del empresariado en Barranquilla, 1880-1945*; Meisel and Vilorio, “Barranquilla hanseática”; Correa R, “El ferrocarril de Bolívar.”

12. Posada, *Colombian Caribbean*; Bucheli, *Bananas and Business*; Bucheli, “Enforcing Business Contracts in South America: The United Fruit Company and Colombian Banana Planters in the Twentieth Century”; Bonet and Roca, “El legado colonial y el desarrollo regional en Colombia”; Applebaum, *Muddied Waters: Race Region and Local History in Colombia 1846-1948*; Múnera, *Region, Race, and Class in the Making of Colombia*.

13. Meisel-Roca, Ramírez-Giraldo, and Jaramillo-Echeverri, “Too Late”; Ramírez, “Los Ferrocarriles,” 2006; Ramírez, “Los Ferrocarriles,” 2001; Fischer, *El comienzo de la construcción de los ferrocarriles colombianos y los límites de la inversión extranjera*; Ortega, *Ferrocarriles colombianos: Resumen histórico*; Ortega, *Ferrocarriles colombianos: la última experiencia ferroviaria del país 1920-1930*; Arias de Greiff, *La mula de hierro*; Arias de Greiff and Dewhurst, *La segunda mula de hierro*; Primmer, “British Overseas”; Primmer, “Railway Nationalism.”

14. Primmer, “Capital.”

15. Bucheli, *Bananas and Business*, 92.

16. Primmer, “British Overseas”; Primmer, “Railway Nationalism.”

17. Zambrano Pérez, *El desarrollo del empresariado en Barranquilla, 1880-1945*; Ferro Bayona, Ibarra Consuegra, and Gómez Araujo, *Historia empresarial de Barranquilla (1880-1980)*; Bonet and Roca, “El legado Colonial y el desarrollo regional en Colombia.”

Cartagena's colonial-era status as principal port since foreign investment in the railway company's infrastructure gave Barranquilla the most modern port facilities in the Colombian Caribbean. Meisel and Vilorio demonstrate that foreign investment in river steamer transportation services on the Magdalena River was similarly important to the growth of the city.¹⁸ Duran et al. provide a similar microperspective on transport infrastructure examining the construction of the Cambao Wagon Road in the Colombian interior. Their study sheds light on the challenges faced in constructing cart-roads in the Andes, providing valuable insights into this lesser-explored aspect of the history of transport in Colombia and Latin America.¹⁹ Building on this foundation, this article contributes to the literature by examining the history of the BRPC in the understudied Colombian Caribbean region.

The BRPC, with its significant presence in the Caribbean, played a crucial role in the export sector of Colombia's interior. Investigating the BRPC's operations and its impact on international trade deepens the understanding of regional railways by answering the call for comparative approaches to examine their role in national market promotion.²⁰ More broadly, studying railway enterprise in peripheral regions contributes to creating an "alternative" business history for emerging markets which builds on existing foundations of the business history of British companies in the country.²¹ The BRPC provides a unique case study within a comparative framework, since the Caribbean region was characterized by distinct transportation and trade challenges. The general lack of focus on British railways in Colombia is conspicuous considering that in 1910 60% of the railway mileage in operation were under the control of companies incorporated in London.²² The lack of focus on British railways in Colombia has been significantly influenced by the views of Deas, the most influential historian on the relationship between the two countries, who dismissed them as having been too "few" and "short" to have had a major impact on the country's politics and economy, unlike their role in Colombia's regional peers.²³ In recent years, British railways in the interior have garnered attention, but there remains no analysis of the role of British companies in Colombia's Caribbean port cities, and this article thus fills a significant lacuna within the country's economic history.²⁴

A detailed analysis of the BRPC's strategies, profitability, and interactions with the state and local communities explores the specific dynamics and interconnections between British railways and the export sector in the Colombian Caribbean. Through developing these lines of enquiry this article demonstrates that despite being modest in terms of capital expenditure and length with respect to Colombia's peers, British railways were fundamental to Colombia's political and economic life. Moreover, the BRPC's operations and integration into the

18. "Meisel and Vilorio, 'Barranquilla hanseática.'"

19. "Duran, Páez, and Torres, 'The Arrival of Wagons to the Andes: Construction of the Cambao Wagon Road in 1880s Colombia.'"

20. Santamaría García, "Reviewing Latin American Railway Historiography: New Trends and Research Avenues."

21. Austin, Dávila, and Jones, "Alternative Business History"; Dávila, *Negocios y empresas británicas en Colombia, 1820-1940*.

22. "Report on the Railways of Colombia" 1910, vol. XCVI, Cd. 4968.

23. Deas, "Weapons of the Weak?" 176.

24. Primmer, "British Overseas."

export sector of Colombia's interior exemplify the challenges and opportunities faced by railways in harmonizing regional and national economic objectives. The BRPC's contributions are particularly noteworthy as they played a pivotal role in supporting the extensive economic growth of the 1920s, known as *el despegue cafetero* (coffee fueled take-off).²⁵ The national literature has focused on the state led expansion project of the 1920s and 1930s, which shadowed this rapid economic growth, as well as the period following this, but this article illustrates with respect to infrastructure the seeds of this growth date back much further.²⁶ This article illustrates that success was tied to advances made in integrating the economy of the Colombian interior with the world economy with more modest but equally important infrastructure works such as the BRPC's port infrastructure. Moreover, it illustrates that this integration was—similarly to other countries in the region—dependent on the migration of British capital and technology through the conduit of the organizational mechanism of the “free-standing company,” which the BRPC exemplifies.²⁷ Consequently, this microbusiness study effectively acts as a lens for the reader to explore Colombia's integration into the world economy, as well as the indispensable role transnational capitalism and the intricate web of economic and political interests in the early twentieth century Colombian Caribbean played in this process.

Origins of the British Company

The Barranquilla Railway was initially constructed to overcome the challenges posed by the *Bocas de Ceniza*, a shifting and unstable sandbar within the Magdalena River delta that hindered access to the port of Barranquilla for ocean going vessels from the Caribbean.²⁸ Barranquilla itself acted as a river port for produce from the interior of Colombia utilizing the Magdalena River as a fluvial transportation route since the city is located on the mouth of the river. This geographical obstacle created a strong monopoly for the railway, as alternative transportation routes to Barranquilla were impractical (see [Figure 1](#)).

The concession for the Barranquilla Railway was initially granted in 1865 to W.J. Kelly, a British individual. However, the contract was violated and subsequently transferred to General Ramón Santodomingo and Ramón Jimeno, both influential figures, the latter referred to as “a member of the legislature, and one of the warmest partisans of the government.”²⁹ Alongside the German immigrant minority and their connections in Bremen, these individuals completed the railway.³⁰ Ramón Santodomingo, a radical liberal and a signatory of the 1863 Rionegro constitution, was the great uncle of Julio Mario Santo Domingo, a prominent Colombian billionaire. The award of the Barranquilla Railway concession marked the Santo Domingo family's first step toward the economic status which brought them into Colombia's modern superrich elite. The railway's construction brought

25. Bejarano Ávila, “*El despegue cafetero* (1900–1928).”

26. Meisel-Roca et al., “Too Late”; Ramírez, “Los Ferrocarriles,” 2001.

27. Wilkins, “The Free-Standing.”

28. Posada, *Colombian Caribbean*, 163.

29. “Daniel O’Leary’s despatch No. 12,” November 24, 1865, TNA, FO135/88.

30. Horna, *Transport Modernization*, 144.



Figure 1. Map showing the BRPC and the *Bocas de Ceniza* sandbank it was built to avoid.

Source: Posada, *The Colombian Caribbean*, 118.

about a revolutionary change in Barranquilla, propelling it to prominence as the leading port for international trade.³¹ The strategic location of the railway made it “very profitable almost from the outset,” attracting wealthy shareholders who rapidly gained majority control of the enterprise.³² Subsequent sections will delve into how these shareholders’ interests led the company to prioritize protecting its monopoly rather than expanding its operations.

Notably, the Cuban-American civil engineer Francisco Javier Cisneros played a significant role in the development of the railway. Cisneros was a key figure in nineteenth century infrastructure development in Colombia and played a crucial role in establishing several railway networks. During Rafael Nuñez’s first administration (1880–1882), Cisneros proposed an extension of the railway from Puerto Salgar (see Figure 1) to Punta de Nizperal, where better anchoring conditions for ships existed. Initially facing local opposition, Cisneros circumvented the obstacles by arranging for an associate to purchase the concession and subsequently transfer it to him.³³ Gradually, he transferred his ownership to joint-stock companies in England, seeking to leverage British influence based on his “long experience in witnessing intrigues and nationalistic reaction against his enterprises,” resulting in the incorporation of the BRPC in 1888.³⁴ Between 1888 and 1889, Cisneros oversaw the construction of an extension of the railway to Puerto Colombia, where more favorable conditions for ocean-going vessels prevailed. The British engineer John B. Dougherty constructed a modern iron pier using British equipment and materials. When the pier was inaugurated on July 15, 1893, it became the world’s third largest, representing a remarkable achievement for Colombia considering its historical challenges with infrastructure projects.³⁵

31. Juan Santiago Correa R, “El ferrocarril de Bolívar y la consolidación del puerto de Barranquilla (1865-1941),” *Revista de Economía Institucional* 14 (2012): 241–266.

32. Horna, *Transport Modernization*, 144.

33. Horna, 145.

34. Horna, 146.

35. Illegible to President Reyes, November 2, 1907, AGN, Ferrocarriles, vol. 320, f. 89; Horna, *Transport Modernization*, 146.

Profitability and Shareholder Returns and Expansion Constraints

The BRPC experienced a period of remarkable profitability throughout its operational history, as evidenced by Table 1. Its consistently high net receipts and low debt burden established the

Table 1. The Barranquilla Railway Company accounts F/Y 1889/90–1929/30

F/Y	Gross receipts	Working expenses	Net receipts	Total capital	Interest on debentures	Return	Return on share capital
1889/90	£26,351	£19,043	£7,308	£300,000	£6,000	2.44%	0.65%
1890/91	£28,501	£19,625	£8,876	£300,000	£6,000	2.96%	1.44%
1891/92	£25,539	£17,799	£7,740	£300,000	£6,000	2.58%	0.87%
1892/93	£29,219	£20,643	£8,576	£300,000	£6,000	2.85%	1.28%
1893/94	£29,996	£17,193	£12,803	£300,000	£6,000	4.27%	3.40%
1894/95	£21,216	£13,837	£7,379	£300,000	£6,000	2.56%	0.69%
1895/96	£46,680	£20,929	£25,751	£300,000	£6,000	8.58%	9.88%
1896/97	£43,550	£15,580	£27,970	£300,000	£6,000	9.32%	10.99%
1897/98	£47,213	£18,705	£28,508	£300,000	£6,000	9.50%	11.25%
1898/99	£38,740	£16,122	£22,618	£300,000	£6,000	7.54%	8.31%
1899/00	£16,430	£10,517	£5,913	£300,000	£6,000	1.98%	−0.04%
1900/01	£20,798	£8,453	£12,345	£300,000	£6,000	4.11%	3.17%
1901/02	£25,909	£9,904	£16,005	£300,000	£6,000	5.34%	5.00%
1902/03	£29,308	£12,186	£17,122	£300,000	£6,000	5.71%	5.56%
1903/04	£54,742	£37,620	£29,084	£300,000	£6,000	9.69%	11.54%
1904/05	£48,287	£30,415	£17,872	£300,000	£6,000	5.96%	5.94%
1905/06	£44,371	£26,885	£17,486	£300,000	£6,000	5.83%	5.74%
1906/07	£36,852	£24,960	£11,892	£300,000	£6,000	3.96%	2.95%
1907/08	£43,947	£23,819	£20,128	£300,000	£6,000	6.71%	7.06%
1908/09	£42,724	£22,769	£19,955	£300,000	£6,000	6.65%	6.98%
1909/10	£45,922	£23,526	£22,396	£300,000	£6,000	7.47%	8.20%
1910/11	£53,793	£27,174	£26,619	£300,000	£6,000	8.87%	10.31%
1911/12	£55,551	£27,992	£27,559	£300,000	£6,000	9.19%	10.78%
1912/13	£71,017	£32,292	£38,725	£350,000	£6,000	11.06%	13.09%
1913/14	£70,581	£35,238	£35,343	£350,000	£6,000	10.10%	11.74%
1914/15	£57,123	£31,076	£26,047	£350,000	£6,000	7.44%	8.02%
1915/16	£73,823	£34,207	£39,616	£350,000	£6,000	11.32%	13.45%
1916/17	£74,012	£37,746	£36,266	£350,000	£6,000	10.36%	12.11%
1917/18	£60,183	£39,565	£20,618	£350,000	£6,000	5.89%	5.85%
1918/19	£73,534	£47,011	£26,523	£350,000	£6,000	7.58%	8.21%
1919/20	£129,385	£82,368	£47,017	£350,000	£6,000	13.43%	16.41%
1920/21	£153,864	£105,942	£47,922	£400,000	£6,000	11.98%	13.97%
1921/22	£138,176	£101,395	£36,781	£450,000	£10,000	8.17%	8.93%
1922/23	£151,151	£100,309	£50,842	£450,000	£10,000	11.30%	13.61%
1923/24	£167,686	£107,487	£60,199	£450,000	£10,000	13.38%	16.73%
1924/25	£184,069	£119,137	£64,932	£397,461	£6,687	16.34%	19.42%
1925/26	£241,789	£155,566	£86,223	£419,550	£1,564	20.55%	21.16%
1926/27	£303,889	£180,219	£123,670	£400,000	£0	30.92%	30.92%
1927/28	£334,689	£179,616	£155,073	£480,000	£0	32.31%	32.31%
1928/29	£363,386	£231,770	£131,616	£500,000	£0	26.32%	26.32%
1929/30	£234,937	£166,815	£68,122	£750,000	£0	9.08%	9.08%

Sources: Guildhall Library, Stock Exchange Reports, 241, 323, 324, 361, 398, 441, 487, 539, 688, 737, 787, 830, 879, 928, 974, 1021, 1067, 1115–1116, 1167, 1217–1218, 1267, 1318–1319, 1369–13670, 1420–1421, 1469, 1512, 1557, 1602, 1647, 1693, 1738, 1782, 1830, 1879, 1929, 2030, 2081.

BRPC as a successful enterprise in the Colombian railway industry. However, a deeper examination of the company's financials and shareholder experiences reveals a nuanced understanding of its profitability and expansion prospects.

Table 1 demonstrates that the BRPC achieved impressive rates of return on both its overall capitalization and share capital. The rate of return on all capital invested reached an impressive 30.92% by F/Y 1926/27, surpassing figures reported by all but the very most profitable British railways in Latin America.³⁶ This highlights the BRPC as an exceptionally profitable venture within its regional context. However, to gain a comprehensive view of shareholder returns, it is crucial to consider the impact of bonus share issuances.

Figure 2 depicts a substantial increase in the BRPC's share capital, soaring from £200,000 to £750,000 between F/Y 1911/12 and F/Y 1929/30. This growth can be attributed entirely to the issuance of bonus shares to existing shareholders. On October 17, 1913, a resolution for 5,000 £10 shares was passed increasing share capital from £200,000 to £250,000 by way of a bonus issuance to existing shareholders. This was followed by an announcement on November 30, 1920, in the annual report for a similar bonus issuance of £50,000. In this case, the company intended to offer new shares as well convert existing ones into 300,000 £1 shares to make them easier for existing investors to dispose of in the market. The rationale was that the directors did not think it prudent to distribute accumulated profits as dividends. By increasing the share capital via this mechanism shareholders could withdraw their profits by selling their additional bonus shares. A further resolution was passed on November 16, 1925, to expand the capital by a further £200,000 to £500,000, again by capitalizing accumulated profits to bring nominal value in line with its perceived market value because of the Colombian government's intention to nationalize the enterprise. These shares were issued in tranches over the following years. One final bonus issuance of £250,000 was announced on October 18, 1929, under the same terms as prior ones. This process was intended to overcome information asymmetries which were inhibiting the market valuation of the company's modest share capital attaining parity with what the directors perceived as the fair value of the enterprise.

Because of these bonus issuances whilst the basic rate of return on share capital remained relatively stable, long-term shareholders experienced a significantly higher effective return. To gain a more representative view of shareholder experiences, Figure 3 focuses on the effective dividends enjoyed by those investors who purchased their holdings at certain points, illustrating how earlier speculative investment during the formative stage by investors was leveraged into higher overall returns. Furthermore, the BRPC paid consistent nominal dividend payments throughout the first three decades of the twentieth century. With only two instances of dividend payment deviations, these fluctuations reflect the uncertainties faced during that period. By F/Y 1929/30, shareholders who acquired shares before 1912/13 enjoyed an effective dividend income ranging from 16% to 20%, comparable to only the very most profitable Latin American railway enterprise.

The statistical data presented here offer crucial insights into the financial performance of the BRPC, highlighting its remarkable profitability compared to other railways in the region,

36. For direct analogues see exploration of returns in Uruguay and Brazil: Diaz, "Railway Investment"; Summerhill, "Market Intervention."

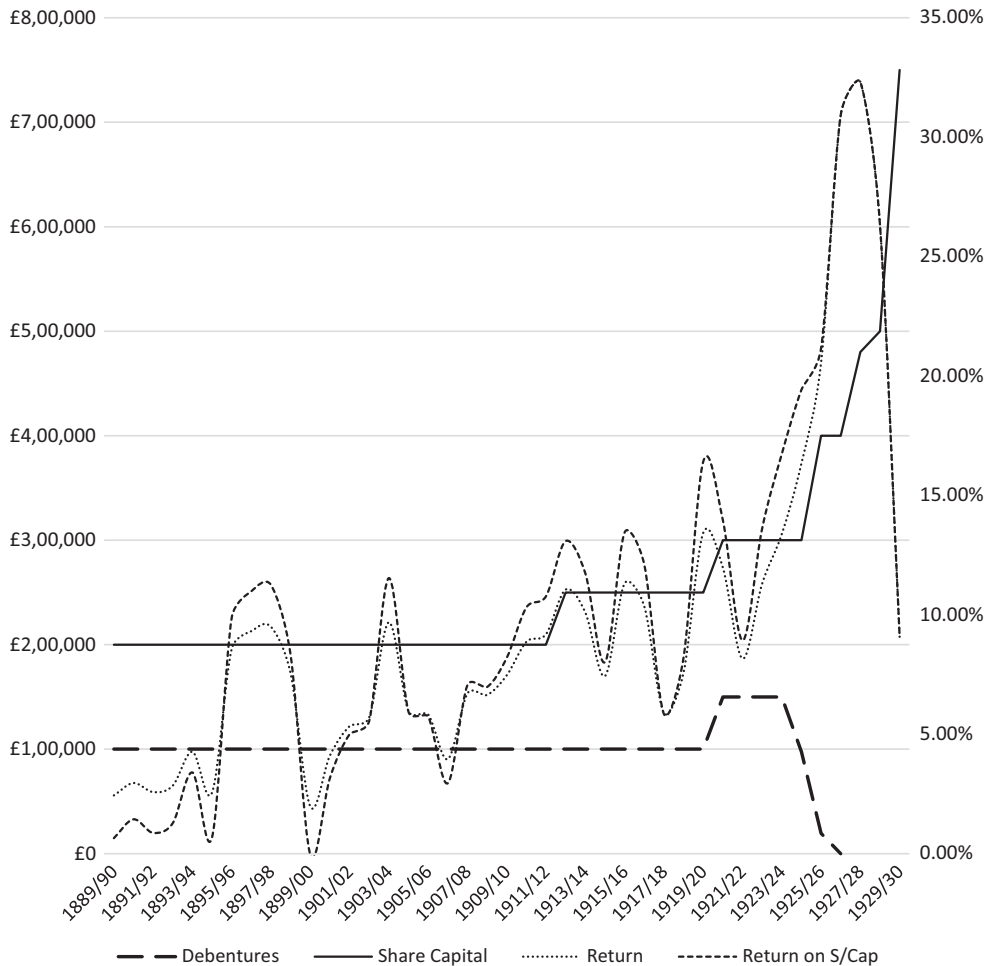


Figure 2. Return on capital and share capital and capital structure: F/Y 1889/90–F/Y 1929/30.

Sources: Guildhall Library, Stock Exchange Reports, 879, 928, 974, 1021, 1067, 1115–1116, 1167, 1217–1218, 1267, 1318–1319, 1369–13670, 1420–1421, 1469, 1512, 1557, 1602, 1647, 1693, 1738, 1782, 1830, 1879, 1929, 2030, 2081.

specifically within Colombia.³⁷ The substantial increase in share capital, along with steady dividend payments, showcases the BRPC's ability to generate substantial returns for shareholders. These data suggest that the company's profitability may have contributed to the Colombian Caribbean region's dynamic economic growth and development, notwithstanding that high returns alone do not guarantee a strong economic impact in of itself. Nonetheless, the BRPC's financial success positions it as a standout player among other successful Latin American railway enterprises.³⁸ Moreover, the case study illustrates that the profitability of

37. Primmer, "British Overseas."

38. Summerhill, "Market Intervention"; Diaz, "Railway Investment"; Lewis, *British Railways*.

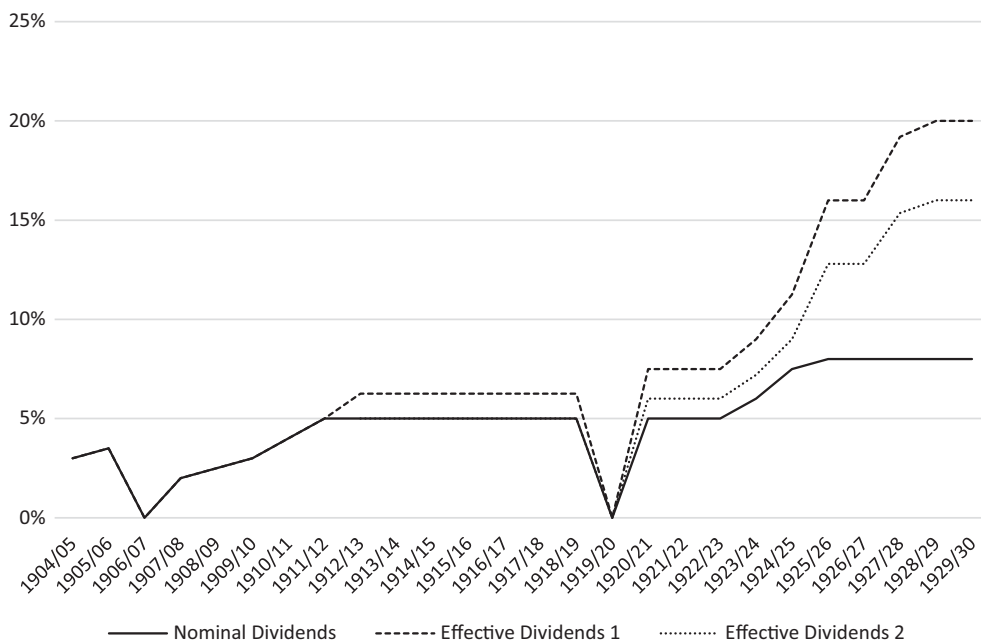


Figure 3. BRPC nominal dividends, effective dividends for shares held before 1912/13 (1) and effective dividends for shares acquired between F/Y 1912/13 and F/Y 1920/21 (2): F/Y 1904/05–F/Y 1929/30.

Sources: Guildhall Library, Stock Exchange Reports, 879, 928, 974, 1021, 1067, 1115–1116, 1167, 1217–1218, 1267, 1318–1319, 1369–1370, 1420–1421, 1469, 1512, 1557, 1602, 1647, 1693, 1738, 1782, 1830, 1879, 1929, 2030, 2081.

railways in Colombia, as demonstrated by Meisel, Ramírez, and Jaramillo for the period 1920–1950 was not limited to that timeframe. In fact, the BRPC's experience suggests that this pattern of profitability extends back much further, dating back to the 1890s. This finding aligns with the results of more recent studies on the subject.³⁹ The robust increase in share capital and the steady dividend payments reflect investor confidence in the profitability of railway projects, not only in Colombia but also in the broader Latin American context. The high effective dividend income experienced by long-term shareholders further emphasizes the lucrative nature of these investments and their contribution to wealth accumulation during a period characterized by rapid export-led economic growth. Overall, the BRPC's exceptional financial performance solidifies its position as a key player in Colombia's railway sector and underscores its significant role in shaping the economic landscape.

The BRPC demonstrated profitability, but its expansion potential was hampered by geographical constraints and cost considerations. The company's only feasible route for expansion was upstream along the Magdalena River, requiring the construction of tracks to connect with interior river ports, such as Puerto Wilches, which was over 500 km away, or Puerto Berrio and La Dorada, even more distant. Despite the potential benefits to the national

39. Meisel-Roca, Ramírez-Giraldo, and Jaramillo-Echeverri, "Too Late"; Primmer, "British Overseas"; Primmer, "Railway Nationalism."

economy, including resolving navigability issues and establishing faster connections with the interior, the freight volumes that could be redirected from river steamers to justify the substantial capital investment were deemed insufficient, especially without a government guarantee. Moreover, the ambiguity surrounding the future nationalization of the railway likely further discouraged the BRPC from investing in the extension of the line between Barranquilla and the interior. Given that the BRPC already handled the majority of downstream freight to Barranquilla, there was little incentive for costly and risky expansion projects, particularly in light of the uncertainty regarding the company's long-term control over the railway. Moreover, the company faced challenges in tapping into lucrative markets in the Andean region due to its geographical position on the Caribbean coast, which placed competing railway companies like the Antioquia Railway at an advantage in any potential expansion of operation along the banks of the Magdalena River.

This lack of economic incentive stymied concurrent foreign investment in the Caribbean region, since the railway ultimately served the economic interests of the interior and Barranquilla individually, rather than the region more broadly, as was the case for example, with the Santa Marta Railway Company which served the interests of United Fruit and its banana producing region.⁴⁰ In this regard, the failure of the American Colombian Corporation serves as a case in point. This American company sought to establish a cattle ranching business in the Lands of Loba: an extensive swath of land in the interior of the Caribbean region between the Magdalena and Cauca Rivers. The company's plans for shipping their intended cattle to the American market are "unclear," but they would certainly have been much improved had the BRPC expanded its operations along the river, thus serving the area the company sought to exploit.⁴¹ Indeed, whether the commodity was coffee, copper or grain, examples of highly successful export enterprise during the period in question were invariably tightly entwined with railway infrastructure development.⁴² With cattle, we have the specific example of Uruguay, where the meat industry was highly dependent on the railway infrastructure constructed in the country.⁴³

Despite being indispensable to success of railway infrastructure development in Latin America, profit guarantees for foreign railway companies were uncommon in the Colombian context.⁴⁴ Their application was limited to the Great Northern Railway of Colombia and Colombian National Railway Companies in the regions of Santander and Cundinamarca respectively. In the case of the former, the system was unsuccessful leaving an uncompleted railway and bankrupt British free-standing company its wake.⁴⁵ In the case of the latter, the system enabled the completion of a railway linking the capital Bogotá with the Magdalena River but resulted in significant opposition to the financing

40. Brungardt, "The United Fruit Company in Colombia"; Bucheli, *Bananas and Business*.

41. Van Ausdal, "The Nature of Failure."

42. Lewis, *British Railways*; Blakemore, *From The Pacific to La Paz: The Antofagasta (Chili) and Bolivia Railway Company, 1888-1988*; Lewis, *Public Policy*.

43. Travieso, "Railroads and Regional Economies in Uruguay, c. 1910"; Travieso, "Soils, Scale, or Elites? Biological Innovation in Uruguayan Cattle Farming, 1880–1913."

44. Miller, *Britain and Latin America*, 133; Lewis, *Public Policy*, 35–38; Lewis, *British Railways*, 97–123; Summerhill, "Market Intervention"; Kuntz Ficker, *La expansión ferroviaria en América Latina*.

45. Primmer, "Railway Nationalism."

mechanism.⁴⁶ The result was that by the end of Rafael Reyes's Quinquenio (1904–1909), the wider implementation of the system was effectively dead in the water, and support for further railway expansion through the conduit of British free-standing companies was unviable. Had the profit guarantee system been more successful in Colombia, the BRPC may well have been afforded institutional support in expanding its operations along the banks of the Magdalena River into the interior. Chang provides a theoretical basis for understanding how state intervention can overcome economic constraints and promote development. Strategic state policies, such as providing incentives, subsidies, or direct investments, can help overcome market failures and encourage economic growth. In the case of the BRPC, the lack of state support and incentives limited the company's expansion along the Magdalena River. This would have benefited Colombia's economy significantly by reducing the reliance on seasonal river navigation, illustrating the deleterious influence of a significant market failure on Colombia's long-term economic development.⁴⁷ Such profitability and strategic management made the railway an attractive investment for long-term shareholders, but it was ultimately not in the interests of said investors to protect anything other than their existing monopoly, unless they were provided economic incentives to do otherwise by a state actor.

Perception in the London Capital Market and Cost of raising Capital

The perception of the BRPC in the London capital market offers valuable insights into its standing as an investment vehicle. One of the key metrics available to analyze its standing in London is its corporate debentures. In the literature on the interaction between Latin America and the London capital market, the perception of risk is presented as a key determinant of capital allocation. This perception is influenced by a country's prior mismanagement of sovereign debt, which tends to permeate into the private sector.⁴⁸ Similarly, investors were wary of "higher risk premia," which were associated with lower capital flows to the private sector, and territories in Britain's formal empire enjoyed lower costs of capital due to the "empire effect": a perception of lower risk investments in these territories, attributed to favorable institutional protections of property rights.⁴⁹ Considering these conceptual frameworks we can establish that from a broad perspective a higher yield on corporate debentures (representing a higher effective cost of capital) is proportionally representative of the perception of risk in any given private sector investment by the wider capital market.

Figure 4 presents the yields of the BRPC's £100,000 of corporate debentures over roughly the first two decades of its operations. These are presented in tandem with similar debentures issued by railways of a similar nature to the BRPC in the region, which linked major port cities with productive hinterlands. These are the Antofagasta (Chile) and Bolivia Railway Company

46. Primmer, "British Overseas."

47. Chang, *Globalisation, Economic Development & the Role of the State*.

48. Esteves and Tovar Jalles, "Like Father Like Sons?"

49. Ferguson and Schularick, "The Empire Effect."

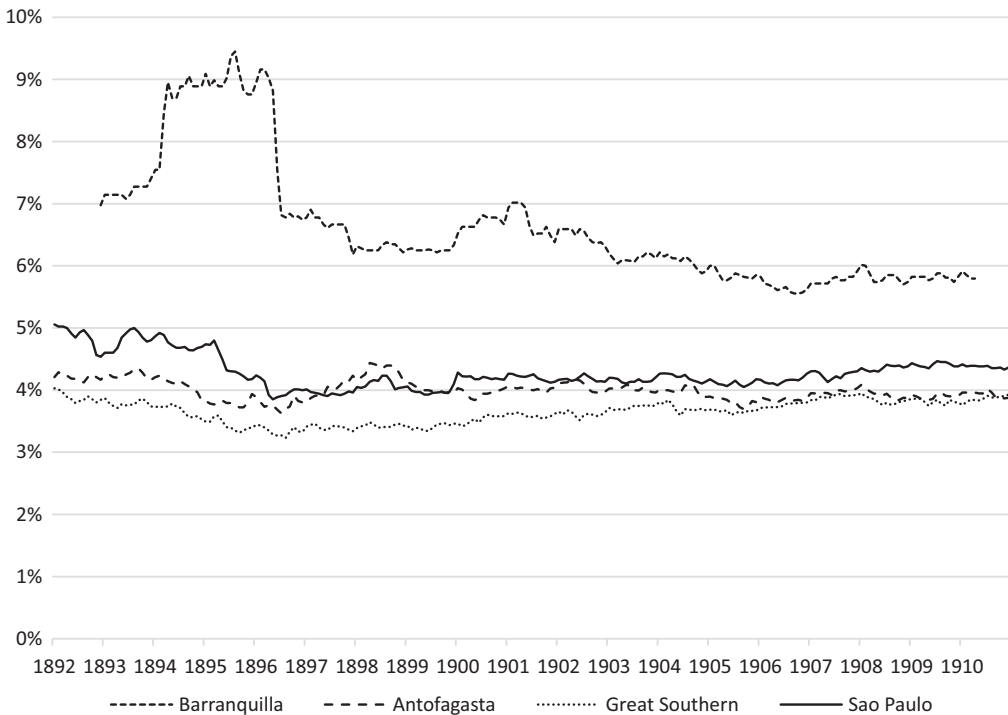


Figure 4. Corporate debenture yields 1892–1910.

Sources: *Investor Monthly Manual*, 1892–1910.

(copper), the Buenos Aires Great Southern Railway in Argentina (agricultural commodities), and the Sao Paulo Railway Company in Brazil (coffee). Another rationale for their inclusion is that they have each been prominent in studies of British railways operating in these respective countries and were similarly important to the national economies.⁵⁰ What is immediately evident is that the cost of raising capital in London (which the yield in effect exemplifies) is significantly higher for the BRPC than is the case for the other three, notwithstanding that save the SPRC which was said to have “[held] a nation to ransom,” the BRPC was a great deal more profitable than the aforementioned companies.⁵¹ Moreover, there is no particular relationship between the company’s financial fortunes (Figure 2) and the yields of its debentures, since the railway was profitable between 1894 and 1896, when yield rose to approximately 9%. Effective interest at this scale (any prospective bond issuances would need to be discounted) made raising further debentures for expansion unmanageable—at least without a government guarantee which some of these peers benefitted from—and even the levels of c. 6% from 1903 to 1910 made servicing interest of further debentures for expansion challenging. Thus, the lack of

50. Lewis, *Public Policy*; Lewis, *British Railways*; Platt, “Economic Imperialism and the Businessman: Britain and Latin America before 1914”; Blakemore, *From The Pacific to La Paz: The Antofagasta (Chili) and Bolivia Railway Company, 1888–1888*.

51. Platt, “Economic Imperialism and the Businessman: Britain and Latin America before 1914,” 300.

institutional support, perception of risk, high cost of raising additional capital combined with the monopoly profits the enterprise had tapped into made expansion a very unattractive proposition for existing shareholders or directors of the company. The case of the BRPC clearly illustrates the cluster of market failures at work within the Colombian railway sector's relationship with international capital markets. Within the Colombian context, successful companies were essentially barred from economically rational expansion without state intervention. As a result of challenging experiences with the profit guarantee mechanism in the interior (hindered by nepotism and rent-seeking), a system of state incentives that had proved successful in regional peers was not forthcoming.⁵²

Another factor to consider in ascertaining the perception of the capital market of an investment was its general visibility within the contemporary financial press. In an article published in October 1897, the *Financial Times* reported on the BRPC's annual general meeting, highlighting the company's challenging journey marked by "many vicissitudes."⁵³ General visibility within the financial press was nevertheless limited. As a case in point, articles published in the *Financial Times* between the aforementioned article and 1927 when "big improvements in earnings" were reported, were limited to six instances, in the years 1898, 1899, 1901, 1908, 1913, and 1926, respectively.⁵⁴ The coverage of only significant challenges or great achievements suggests investors faced significant information asymmetries. Lack of visibility was also likely influenced by the low nominal level of investment in the enterprise of £300,000, which was dwarfed by capital invested in peers, such as the hitherto analyzed BAGS, ACBRC, and SPRC. It seems highly likely that information asymmetry as well as its highly inflated borrowing costs was also influenced heavily by Colombia's general perception within the London capital market as "a misgoverned state, in a perpetual state of revolution" as well as the "grave of all capital which anyone was foolish enough to invest in."⁵⁵ Indeed, the fall of the yield on the debentures coincides with Colombia resuming payment of its sovereign debt in 1896 after decades of noncompliance with the capital market and extended negotiations between the corporation of foreign bondholders and the Colombian government, whose conduct was described by bondholders as "disgraceful."⁵⁶

Shareholders

The BRPC's shareholding structure was dominated by large shareholders. Figure 5 provides evidence that small shareholders were effectively nonexistent. Elsewhere in the Colombian railway sector, small shareholders (nominal interests of under £200) largely consisted of what could be considered as middle-class capitalists: small business owners or

52. Primmer, "British Overseas"; Primmer, "Railway Nationalism"; Kuntz Ficker, *La Expansión Ferroviaria En América Latina*; Lewis, *British Railways*; Summerhill, "Market Intervention."

53. "Barranquilla Railway and Pier First Dividend on Ordinary Capital," *Financial Times*, October 28, 1897.

54. "Barranquilla Rly," *Financial Times*, November 2, 1927.

55. Francis Loraine Petre, *The Republic of Colombia, an Account of Its People, Its Institutions and Its Resources* (London: Edward Stanford, 1906), 2.

56. "The External Debt of Colombia," *The Times*, January 16, 1891.

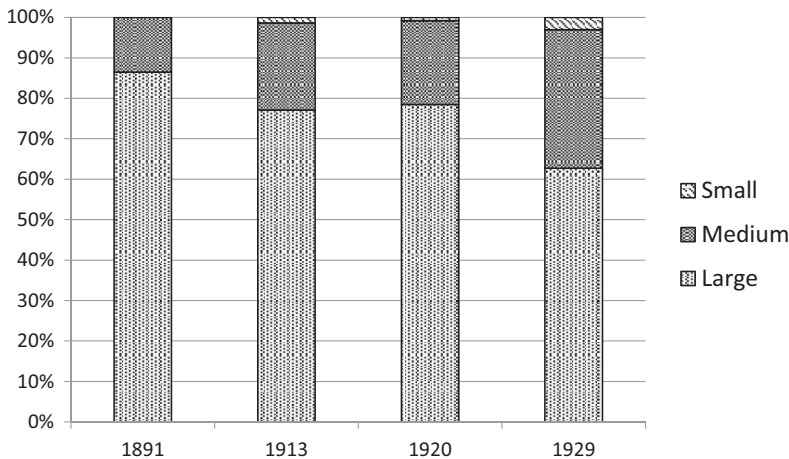


Figure 5. BRPC shareholders by size.

Sources: Shareholder Registers 1891, 1913, 1920, 1929, Companies House, Company No. 26163 (Barranquilla Investments Ltd).⁵⁸

tradespeople.⁵⁷ In 1891, there was not a single shareholder with a holding under £200, and by 1929, this number had risen to only 3%. Large shareholders with investments greater than £2000 decreased from 87% in 1891 to just under 63% in 1929. Meanwhile, medium-sized shareholders holding between £201 and £2000 increased from 13% in 1891, to 34% in 1929. The lack of visibility for shareholders in London is logically congruent with the patterns we see. The railway was profitable, but information for would be investors in London was sparse, the enterprise was perceived as high risk, and ordinary investors faced significant information asymmetries as opposed to those with political and economic connections within the host economy or those in contact with administrative staff on the ground. In these conditions, it is unsurprising that the shareholding would be dominated by individuals with great social, political, and economic power.

Figure 6, which presents an analysis of the proportion of share capital held by significant shareholders, illustrates that Javier Cisneros held a significant stake in the BRPC from the beginning, representing 56% in 1891. At that time, five families, including the Cisneros family, controlled over 80% of the share capital. By 1913, this had decreased to approximately 40%, with an additional four families acquiring large interests representing about 18%. It is particularly informative to see that Cisneros not only preserved his stake in the company but also passed it on to his children, who retained their interest in the enterprise for over three decades following his death. This contrasts starkly with his involvement with the Antioquia railway. This project was thwarted by what has been termed the “Punchard McTaggart & Lowther affair” of the early 1890s, which was caused in large part by Colombian liberal intellectual Santiago Pérez Triana, who after acting as the British engineering firm’s local

57. See various corresponding sections on shareholders, in: Primmer, “Capital.”

58. Shareholder groups are defined in the following terms: small shareholders £1–£200, medium shareholders £201–£2,000, large shareholders >£2,000.

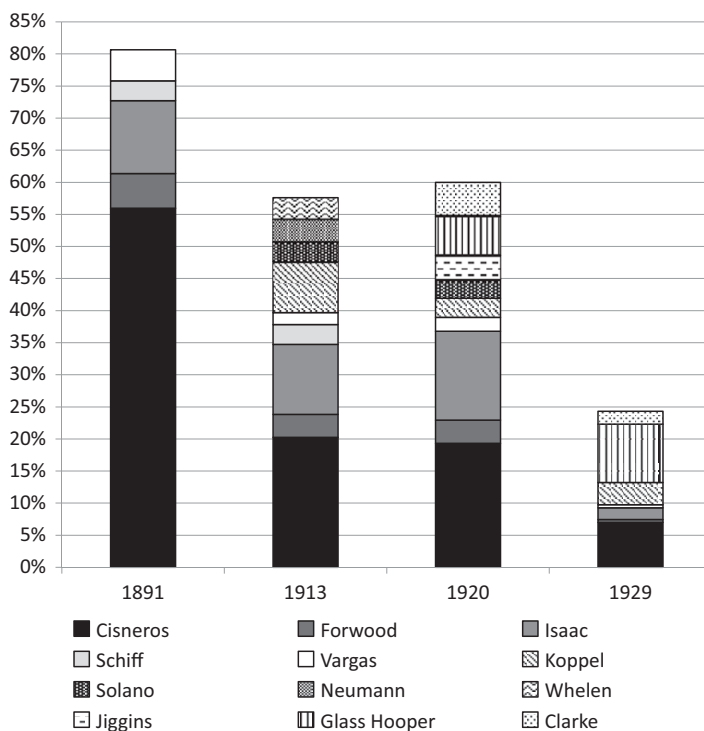


Figure 6. BRPC major shareholders by percentage of share capital.

Sources: Shareholder Registers 1891, 1913, 1920, 1929, Companies House, Company No. 26163 (Barranquilla Investments Ltd).

agent was accused of embezzlement and forced to flee Colombia for London.⁵⁹ As a result of the scandal, the Antioquia railway was unable to float capital in London to finance its completion stymying the project for several decades.⁶⁰ Pérez Triana has been shown to have played an influential role in the failure of another British railway company in the department of Santander, as well as having sat on the board of directors of a rival enterprise in Cundinamarca from his position in exile in London.⁶¹ He would later be appointed Colombian ambassador in London under the government of Carlos Eugenio Restrepo which further solidified his influence on British-Colombian commercial relations.

Consequently, nine families controlled 58% of the company. These families differed from the types of investors seen in the interior of the country.⁶² They were characterized by significant wealth, connections to international finance and commerce, and transnational economic and financial interests, which meant their interests could transcend national

59. Rausch, *Santiago Pérez Triana (1858-1916): Colombian Man of Letters and Crusader for Hemispheric Unity*, 32–38.

60. Primmer, “Capital,” 55–61; Pérez Ángel, *Nos dejó el tren: la historia de los ferrocarriles colombianos y los orígenes del subdesarrollo*, 51.

61. Primmer, “Railway Nationalism.”

62. Primmer, “Capital.”

boundaries. One such investor was Bendix Koppel, who owned 8% of the company and had familial ties to the Warburg banking family, with interests worldwide. Another example was the Isaac family, established in both London and Bogotá, whose shareholding reached almost 14% of the enterprise by 1920. London stockbrokers Alfred and Ernest Schiff held 3% of the company. The Schiff family wielded influence in both London and New York and left estates totalling £1,647,000 upon their deaths.

Family firms and business groups have been prevailing topics in Latin American business history, reflecting their prominence in the region's economic development. These groups have been shown as particularly prominent in countries such as Argentina and Mexico by prominent scholars such as Barbero and Marichal.⁶³ Scholarship on such groupings in less prominent countries in the region is less developed, and with respect to Colombia the most recent focus has been firms operating in the postwar period.⁶⁴ The concentration of BRPC shares among a small number of well-connected families exemplifies this pattern and illustrates that connected groups of economic actors were just as prevalent within foreign direct investment in late nineteenth and early twentieth century Colombia as was the case in its more influential peers. However, although these shareholders held the hallmarks of "gentlemanly capitalists," who Cain and Hopkins argued were drivers of British imperial expansion, there is no evidence that their investments in the railway were part of a wider explicit investment group as was the case for other railways in the region.⁶⁵ By their nature, such investment groups commonly concealed the scale of their operations and obscured their true economic power.⁶⁶ There is no evidence of the prominent shareholders controlling diversified enterprises across sectors and regions in a strategic manner but rather used the railway company as a standalone remunerative investment. In addition to investment groups, elsewhere in the region mining or tropical export interests became vertically integrated within the corporate structure of railway companies, of which there is similarly no evidence.⁶⁷ Their interests centered on the transport monopoly itself rather than combining it with interconnected strategic interests. Consequently, the BRPC fits the Wilkins's conceptual framework of standalone companies operating in a single economic niche.⁶⁸

The interests of these shareholders were enabled by new technologies, such as the telegraph and steamship, and, despite likely never setting foot in Colombia, these individuals developed an economic interest that threatened the sovereignty of the entire country, at least, according to the national local elite. Furthermore, this investment was facilitated by the development of what can be termed an increasingly global political economy, which prioritized the interests of international trade and finance as a result of the benefits these could accrue for individual societies within the periphery of the world economy. These ideas were embodied by Latin

63. Barbero, "Business History in Latin America: A Historiographical Perspective"; "Historia y anatomía de siete grandes empresas mexicanas. Un estudio introductorio."

64. Rodríguez-Satizabal, "Only One Way to Raise Capital? Colombian Business Groups and the Dawn of Internal Markets."

65. Barbero, "Business Groups in Argentina"; Cain and Hopkins, "Gentlemanly Capitalism."

66. Chapman, "Investment Groups."

67. Blakemore, *From The Pacific to La Paz: The Antogagasta (Chili) and Bolivia Railway Company, 1888-1988*; Bucheli, *Bananas and Business*.

68. Wilkins, "The Free-Standing."

American leaders like Reyes (Colombia) and Díaz (Mexico).⁶⁹ Other shareholders, such as the British-South African banker and mining magnate Sir Sigmund Neumann, London banker John Leman Whelen, and the Jiggins, Clark, and Glass Hooper families, better fit the concept of “gentlemanly capitalists.”⁷⁰ Most of them resided in Britain, particularly the metropolitan area or Southeast England, aligning with Cain and Hopkin’s classification that identifies this social class as the driving force behind British imperialism. Shareholders with a presence in Colombia maintained strong links to the City of London, while some shareholders, such as Koppel and Cisneros, straddled the divide between the national and transnational capitalist class, living their lives across borders.

The shareholding records raise questions regarding the impact of transnational or gentlemanly capitalists on the national Colombian economy. Did these developments benefit or harm Colombia? The consolidation of control by a small group of immensely wealthy shareholders with international interests and influence, who held a monopoly over international trade in the interior, raises concerns about national sovereignty, as highlighted by contemporary political discourse which viewed such railways as a “grave threat” to national sovereignty and integrity.⁷¹ But constructing a pier with the necessary infrastructure to meet the needs of the interior would have been challenging, if not impossible, without foreign involvement due to a lack of technical knowledge persisting into the 1920s.⁷² The loss of sovereignty was counterbalanced by access to international capital and engineering expertise, which enabled Colombia to construct transportation infrastructure that serviced its export trade and ensured international competitiveness in the coffee export trade. The BRPC underscores a significant issue for economic development in peripheral areas. Left to its own devices, capital gravitates toward where it will be most remunerative, which does not necessarily correlate with the needs of host societies. While the infrastructure employed by the BRPC was of high quality, it primarily served to protect the railway’s monopoly. Expanding the railway along the banks of the Magdalena River all the way into the interior would have benefitted Colombia’s economy greatly, since it would have ameliorated challenges posed by seasonal water levels for fluvial transportation. Nonetheless, any such investment would have been costly and been in competition with fluvial transportation for freight traffic.

Civil War, Contractual Dispute, and Pier Expansion

The BRPC emerged relatively unscathed from the guerrilla warfare of the “war of a thousand days” civil war (1899–1902), with significantly less physical damage compared to other Colombian railways.⁷³ As stated in the company’s 1903 report, “during the long period of

69. For Mexico see: Garner, *British Lions*; Coatsworth, *Growth Against Development*.

70. Cain and Hopkins, “Gentlemanly Capitalism.”

71. “Grave Peligro para la integridad de la Nación – necesidad de nacionalizar los ferrocarriles de la Nación,” *El Republicano*, August 11, 1911.

72. Ramírez, “Los ferrocarriles,” 2006, 48.

73. For a comprehensive appraisal of the political and economic dimensions and consequences of the war see: Bergquist, *Coffee and Conflict*.

the revolution not the slightest damage was sustained by the company's property."⁷⁴ However, the impact of the conflict was felt through a decline in international trade, leading to reduced revenues and profits.⁷⁵ Additionally, the inflation of the Colombian peso posed challenges. The BRPC attributed its ability to face these difficulties to the competence of the local general manager, C.P. Yeatman.⁷⁶ Although the company's infrastructure remained intact, the civil war disrupted the production and transportation of coffee and other export goods from the interior. This resulted in a significant backlog of goods flowing out of the interior in the fiscal year 1903/04, doubling both the tonnage carried and the company's profits.⁷⁷

After the war, the BRPC faced a critical issue regarding the government's contractual right to nationalize the railway, leading to a prolonged legal dispute. But the issue of "*nacionalización*" was not simply a contractual formality but rather a deeply controversial political issue which fomented much hostility to the foreign interests of the railway illustrated succinctly by an excerpt from the national *El Republicano* newspaper from August 1911:

Separatism started to germinate in Panama under the shadow of the [American] railway company. ... [which] became the lynchpin of the succession movement ... Nationalising the railways of the Atlantic Coast, is strategically speaking, turning the key in the lock of security of the nation. ... The very security and integrity of the nation depends on this.⁷⁸

The original concession contract, established by ley 49 de 1884, included a clause that allowed for repurchase by the Colombian government twenty years after the railway reached Puerto Belillo (later known as Puerto Colombia).⁷⁹ However, the BRPC and the national government disagreed on when this twenty-year period began. The government argued that the clause came into effect in June 1907, twenty years after the railway extension was completed.⁸⁰ On the other hand, the BRPC contended that the twenty-year period should start from the date when "the pier [extension] was opened to public traffic... [on] the 15 June 1893," which would set the end date as 15 June 1913.⁸¹ This disagreement stemmed from different interpretations of the original contract, which stated:

After twenty years (20) from the date when the railway shall have been extended as far as Puerto-Belillo [Puerto Colombia] and open for traffic, the government may redeem the whole

74. "Barranquilla Railway and Pier Company Report of 1903," Guildhall Library, Stock Exchange Reports, Box 787, f. 1.

75. "Barranquilla Railway and Pier Company Report of 1901," Guildhall Library, Stock Exchange Reports, Box 688, f. 1.

76. "Barranquilla Railway and Pier Company Report of 1902," Guildhall Library, Stock Exchange Reports, Box 737, f. 1.

77. "Barranquilla Railway and Pier Company Report of 1904," Guildhall Library, Stock Exchange Reports, Box 830, f. 1.

78. "Grave peligro para la integridad de la nación – necesidad de nacionalizar los ferrocarriles de la Nación," *El Republicano*, August 11, 1911.

79. Illegible to Reyes, November 2, 1907, AGN, Ferrocarriles, vol. 320, ff. 88–91.

80. Illegible (Barranquilla Railway and Pier Company) to Grey (Foreign Secretary), February 15, 1908, TNA, FO371/436, f. 310.

81. AGN, Ferrocarriles, vol. 320, f. 91.

railway with its annexes and accessories for the sum at which the railway and accessories may be valued for their material value by experts appointed by the government.⁸²

The lack of specificity regarding the pier within the clause caused a debate over whether “railway” encompassed the entire enterprise, including the pier, or solely referred to the terrestrial track. Eventually, Colombian courts ruled in favor of the BRPC, setting the first opportunity for repurchase as of June 15, 1913.⁸³ Two additional opportunities for repurchase were scheduled at ten-year intervals, with the 1923 option offering a 20% discount and the 1933 option, including a 40% discount.⁸⁴ Despite the court ruling, it remained uncertain whether the national government would exercise their right of repurchase of the railway. This ambiguity hindered modernization efforts and discouraged investment and expansion into the interior. The enactment of the 1912 Proyecto de Ley Sobre Ferrocarriles established a legislative framework for the “*nacionalización*” of all coastal railways, further adding to the prevailing uncertainty for the BRPC.⁸⁵ At the 1913 annual shareholders’ meeting, the company secretary remarked:

For two or three years past, and until the contract with the executive was signed (only a few weeks ago), they had been living, so to speak, from hand to mouth, fearing to order rolling stock in advance of actual requirements lest it might be left on their hands in the event of the government’s exercising its right of purchase, and they had been quite unable to take in hand such important works as the extension of the pier.⁸⁶

When the first opportunity arrived on June 15, 1913, Colombia’s unfavorable financial situation made exercising the right of repurchase unfeasible. Both parties also considered the “*nacionalización*” of the enterprise undesirable at that time. Expanding the pier’s capacity was crucial for the growing export economy.⁸⁷ Waiting another decade ensured that the pier extension could be completed with foreign capital and engineering expertise, and the second opportunity for repurchase in 1923 included a 20% discount.⁸⁸ By forgoing this repurchase opportunity, the BRPC secured another decade of operations and a semblance of stability. The pier had been a bottleneck for international trade, and immediate expansion was necessary to accommodate the increasing demands of Barranquilla. Colombia’s export potential was limited by its rudimentary transportation system, and as the primary gateway for exchange with the global economy, the pier at Puerto Colombia played an indispensable role. The uncertainty

82. Illegible (Barranquilla Railway and Pier Company) to Grey (Foreign Secretary), February 15, 1908, TNA, FO371/436, f. 310.1

83. Illegible (Barranquilla Railway and Pier Company) to Grey (Foreign Secretary), February 15, 1908, TNA, FO371/436, f. 310.

84. Illegible (Barranquilla Railway and Pier Company) to Grey (Foreign Secretary), February 15, 1908, TNA, FO371/436, f. 310.

85. “Proyecto de Ley ‘Sobre Ferrocarriles’”, October 30, 1911, AGN, Congreso Legislativo, vol. 1579, ff. 39–55.

86. “Barranquilla Railway and Pier Company Limited”, *The Times*, November 1, 1913.

87. “Proyecto de Contrato entre el Gobierno de Colombia y The Barranquilla Railway & Pier Company, Limited”, AGN, Ferrocarriles, vol. 321, ff. 258–60; Illegible (Barranquilla Railway and Pier Company) to Grey (Foreign Secretary), February 15, 1908, TNA, FO371/436, f. 310.

88. Illegible (Barranquilla Railway and Pier Company) to Grey (Foreign Secretary), February 15, 1908, TNA, FO371/436, f. 310.

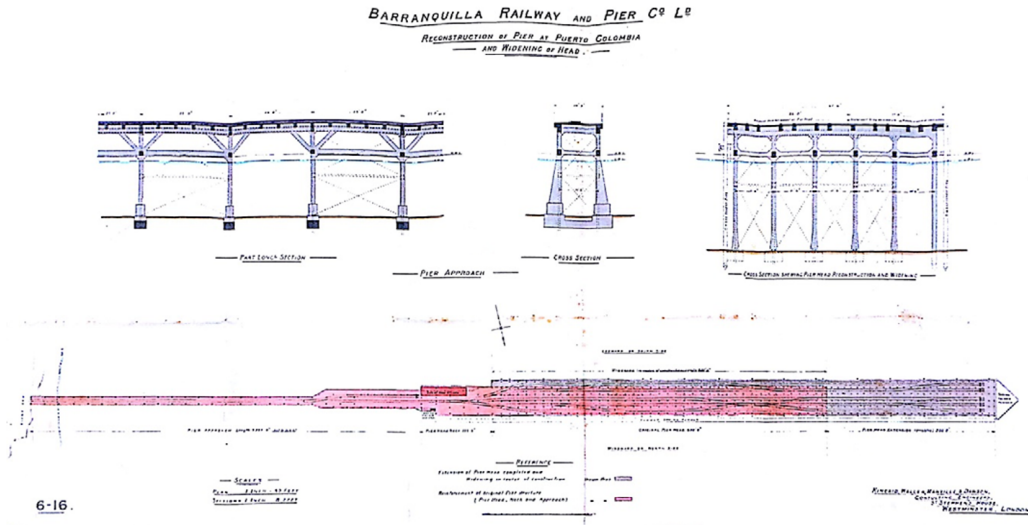


Figure 7. Plans for expansion of the BRPC pier, 1916.

Source: Kincaid, Waller, Manville & Dawson Consulting Engineers, June 1916, AGN, Ferrocarriles, vol. 321, f. 405.

surrounding the BRPC's position inadvertently benefited the Cartagena Railway, its competitor as the alternative outlet for exports from the interior.

Figure 7 presents the engineers' plans for expanding the Puerto Colombia pier, including a 300-foot extension to the pierhead, increasing its length by 50%. The pierhead was also widened, expanding the surface area by 80% and adding an additional rail along its length. Furthermore, the wooden surface of the iron and steel pier would be replaced with reinforced concrete. With the additional 300 feet, the pier now extended 4,300 feet or 1.31 km into the sea.⁸⁹ Comparable to the exemplary examples of this technology worldwide, the pier's scale and quality were on par with the best in the world. The extension and widening of the pier were completed in February 1916, and the reconstruction using reinforced concrete commenced immediately, concluding in December 1923.⁹⁰ These changes were crucial for the subsequent development of the national economy, especially during the 1920s, which witnessed an unprecedented period of growth driven by coffee exports, known as *el despegue cafetero*.⁹¹ The lack of a pier extension would have impeded this economic growth until the "Pacific route" to Buenaventura reached the coffee-growing region of Caldas in 1930.⁹²

89. Correa states that before the expansion the pier was 4,000ft long. Plans of the extension state 300 ft was added to the end: Correa, "El ferrocarril de Bolívar," 257; Plan of Pierhead elaborated by Kincaid, Waller, Manville & Dawson Consulting Engineers, June 1916, AGN, Ferrocarriles, vol. 321, f. 405.

90. "Barranquilla Railway and Pier Company Limited, Report of the Directors, presented 28th November 1917", Guildhall Library, Box 1469, 3; "Barranquilla Railway and Pier Company Limited, Director's report for the year ending 30th June, 1924" Guildhall Library, Box 1782, 3.

91. Bejarano Ávila, "El despegue cafetero (1900–1928)."

92. Posada, *Colombian Caribbean*, 160.

Competition, Threats, and the Decline of the BRPC

Competition between Caribbean ports had been ongoing since the colonial period in Colombia. During colonial times, Barranquilla had been a minor port of little economic consequence, and Santa Marta and Cartagena dominated international trade. The railway transformed Barranquilla into Colombia's principal international port.⁹³ In an attempt to wrestle back control over international trade, a railway was hastily built between the port of Cartagena and the Magdalena River port of Calamar. This subsequently suffered "from the results of cheap construction" in the form of high maintenance costs and a "distinctly primitive" means of transferring goods to river steamers.⁹⁴ In December 1906, a "war of rates" between the BRPC and the Cartagena route occurred.⁹⁵ Each railway had created strategic alliances with a corresponding river steamer company. Their aim was that by lowering freight charges to nonremunerative levels, they could wrestle freight away from their competitor, and strengthen their monopoly. The Foreign Office commented that the results of this policy were "disastrous" for both sides.⁹⁶

Barranquilla was in a superior position to serve the export trade, because the infrastructure in place at Puerto Colombia was superior to that implemented at the terminus of the Cartagena railway, which the Foreign Office described as being not fit for purpose.⁹⁷ However, where the Cartagena railway lacked infrastructure, it made up for in strategic interests. In 1912, the Cartagena (Colombia) Railway Company merged with the Colombia Navigation Company (which ran a riverboat service on the Magdalena River), creating the Colombian Railways and Navigation Company.⁹⁸ This meant through-rates and an integrated service from La Dorada to the Caribbean could be offered, and even when the Barranquilla Railway was used as the transit point, the Colombian Railway and Navigations Company (holding company for the Cartagena railway) was often the company transporting the goods by river steamer from the interior to Barranquilla.⁹⁹ This led to the conglomerate becoming "the largest transport company in the Magdalena" on the basis of its riverboat operations.¹⁰⁰ This tactic seems to have been influenced by Shirley Jenks's—the figurehead of a competing investment group within the Colombian transportation sector—within his interests in river navigation, the Cartagena Railway, and the Colombian National Railway Company.¹⁰¹ Jenks's interweaved interests in railway and river navigation facilitated a better integrated service than offered by the BRPC.¹⁰²

93. Correa R, "El ferrocarril de Bolívar."

94. "Report on the Railways of Colombia," 1910, vol. XCVI, Cd. 4968, 16.

95. "The Barranquilla Railway and Pier Company Limited, Report of the directors, 25th October 1907" Guildhall Library, Box 974, 1.

96. "Report on the Railways of Colombia," 1910, vol. XCVI, Cd. 4968, 17.

97. "Report on the Railways of Colombia" 1910, vol. XCVI, Cd. 4968, 17.

98. "Articles of Association – Colombian Railways and Navigation Company Ltd." TNA, BT31/37496/88115; "The Cartagena Railway Amalgamation," *The Times*, October 22, 1912.

99. "Pineda Lopez & Cia," *El Tiempo*, May 2, 1911.

100. Posada, *Colombian Caribbean*, 171.

101. For further information on the Jenks investment group, see: Fischer, "Empresas de navegación," 1010–1011; Primmer, "British Overseas." "Ferrocarril de Santa Marta – La prorroga del contrato peligros de soberanía," *El Tiempo*, January 11, 1912.

102. "The Colombian Navigation Company Ltd.," *El Republicano*, August 22, 1911.

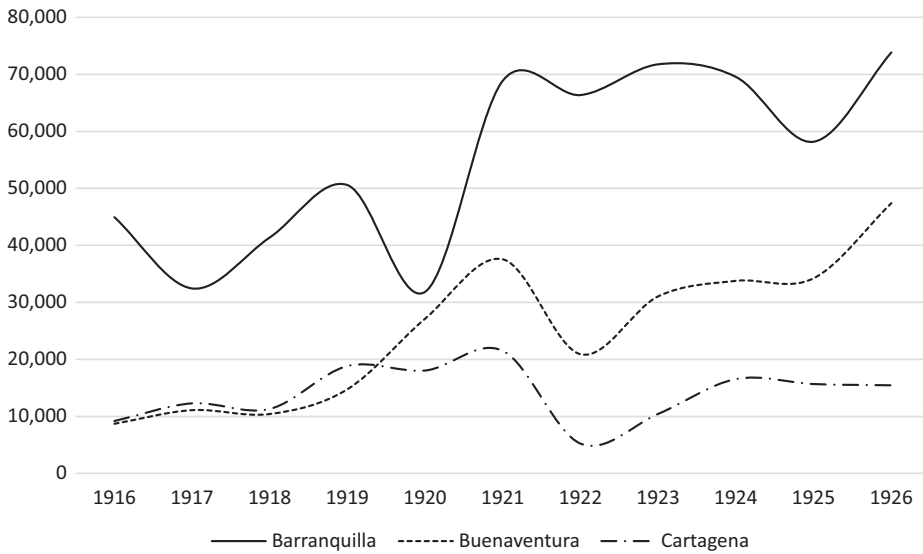


Figure 8. Colombian coffee exports by port, 1916–1926 (tons).

Source: Posada, *Colombian Caribbean*, 161.

As seen in Figure 8, during the late 1910s to early 1920s, Jenks's Cartagena route made some progress in increasing its share of Colombia's coffee exports. However, except for a brief occurrence in 1920, when Barranquilla's share dropped to around 150% of Cartagena's, Barranquilla remained the dominant export port in Colombia without significant challenges. On the other hand, the emergence of what Posada refers to as the "Pacific route" posed a serious threat to Barranquilla's position as an export hub as well as to the broader Caribbean region.¹⁰³ By 1926, Buenaventura was processing over 47,000 tons of coffee exports as opposed to approximately 74,000 tons flowing through Barranquilla. This shift was influenced by the opening of the Panama Canal in 1914, which allowed Buenaventura to serve both the Pacific and Atlantic trade routes. Additionally, the integration of Caldas's railway system with the Pacific Railway network played a role in this development. By 1927, a branch line connected to the main trunk of the Pacific railway reached Armenia, and, by 1930, it extended to Pereira, providing a direct outlet to the Pacific for the highly productive coffee-producing region in the interior.¹⁰⁴ Prior to the construction of the Pacific railway, coffee from this region was transported across the Andes using the Manizales-Mariquita ropeway of the Dorada Railway Company and then forwarded to Barranquilla from the river port of La Dorada.

Figure 9 illustrates the substantial impact on the railway's income resulting from the combined forces of the Pacific Railway, Buenaventura, and the world financial crisis of 1929. Over a span of two years, from F/Y 1928/29 to F/Y 1930/31, the annual income nearly halved, decreasing from £363,000 to £182,700. The situation for the BRPC became further

103. Posada, *Colombian Caribbean*, 160.

104. Hoffman, Theodore, "A History of Railway Concessions and Railway Development Policy in Colombia to 1943," 77, 82–84.

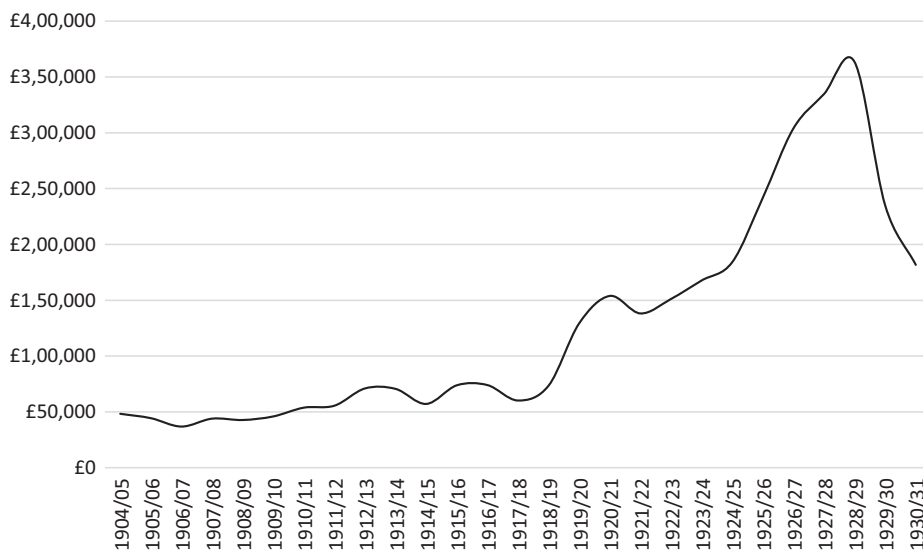


Figure 9. BRPC annual receipts F/Y 1904/05–F/Y 1930/31.

Source: F/Y 1904–F/Y 1929/30: see Table 1, F/Y 1930/31: “Company Results” *The Times*, November 4, 1931.

complicated due to the national government’s persistent efforts to open the *Bocas de Ceniza* sandbank in the Magdalena River estuary, because, without this barrier, the railway would lose its very reason for existence. Adding to the challenge, the government aggressively pursued a nationalistic policy toward coastal railways, as outlined in the 1912 *Proyecto de Ley Sobre Ferrocarriles*.¹⁰⁵ By May 1932, the national government took additional steps by blocking BRPC remittances to London for taxes and administrative costs, signaling their intention to capitalize on the repurchase clause in 1933.¹⁰⁶ Consequently, on June 15, 1933, the railway was finally acquired by the national government for \$1,645,333.90 (£339,244), payable in instalments over ten years, including 6% annual interest.¹⁰⁷ The sale, regarded by the management as “a very fair and satisfactory settlement,” resulted in the capital being invested in commercial property in London, leading to the BRPC’s transformation into Barranquilla Investments.¹⁰⁸ In December 1936, a few years after the sale, the *Bocas de Ceniza* were officially declared open by the national government.¹⁰⁹ This declaration rendered the railway’s infrastructure ultimately redundant, and by 1940, the railway had been practically abandoned.¹¹⁰ Correa aptly summarized the irony of the railway’s final years, remarking on

105. “Proyecto de Ley “Sobre Ferrocarriles”, October 30, 1911, AGN, Congreso Legislativo, vol. 1579, ff. 39–55.

106. “Barranquilla Railway and Pier,” *The Times*, May 2, 1932.

107. “Barranquilla Railway and Pier Company,” *The Times*, December 22, 1933.

108. The company remains trading today as a holding company for a large commercial property portfolio in central London. A business which in recent years has been perhaps even more lucrative than the railway was in its heyday. “Barranquilla Investments,” *The Times*, January 29, 1957; “Company Meetings – Barranquilla Railway and Pier Company – Property taken over by government,” *The Times*, December 22, 1933.

109. Posada, *Colombian Caribbean*, 167.

110. Posada, 170.

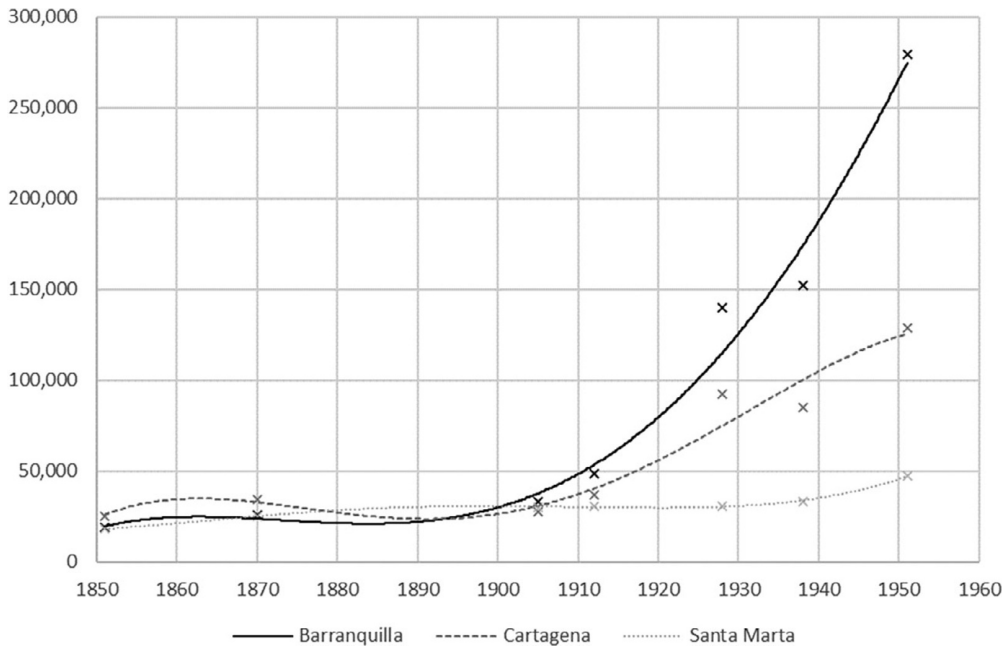


Figure 10. Population growth of caribbean ports.

Sources: 1850, 1870: Estados Unidos de Colombia, *Anuario estadístico de Colombia*, 1875, 30, 39; 1905: República de Colombia, *Estadística anual de la república de Colombia de 1905*, 41, 46; 1912: República de Colombia, *Censo general de la república de Colombia levantado el 5 de marzo de 1912*, 32, 33, 43; 1928: República de Colombia, *Anuario de estadística general de 1929*, 3. 1938: República de Colombia, *Anuario general de estadística 1938*, 6, 7, 11; 1951: República de Colombia, *Censo de población de 1951 Magdalena*, 7.

how “the government bought [a railway] which it very quickly made obsolete with the completion of [the *Bocas de Ceniza*] works.”¹¹¹

Demographic Impact

Competition between Barranquilla, Cartagena, and Santa Marta in Colombia’s coastal region resulted in profound demographic change. Figure 10 provides a visual representation of the stark contrasts in population trends. From the beginning of the twentieth century to 1950, Barranquilla experienced exponential growth, with its population rising from approximately 30,000 to nearly 300,000. In contrast, Cartagena and Santa Marta started at similar population levels but exhibited slower growth rates, reaching around 125,000 and 50,000 inhabitants, respectively. This divergence in population growth underscores the transformative power of economic dynamics and trade dominance in shaping the demographic landscape of Colombia’s coastal region. The BRPC made the route through Barranquilla significantly more

111. Correa R, “El ferrocarril de Bolívar,” 263.

efficient than alternatives as a result of the quality of the port infrastructure developed by the British company.

Barranquilla's exponential population growth during this period can be attributed to its emergence as Colombia's principal international port and the economic opportunities this offered. However, this growth was not solely a result of geographical advantage; it was propelled by the pivotal role played by the BRPC. Foreign investment in the railway system and port infrastructure transformed Barranquilla into a bustling trade hub, attracting migrants from various regions. It also became an industrial hub for the Colombian Caribbean region, with the growth of the beer industry in the city representing a particularly prominent example of this industrial growth. It was within this Barranquilla based beer industry that the Santodomingo family—who had first held the concession for the railway—grew into the country's richest family. The BRPC railway network connected Barranquilla to the interior regions by way of the Magalena River, facilitating the transportation of goods, particularly coffee, from the fertile agricultural areas of the distant interior of Colombia to the port for export. The pier facilities at Puerto Colombia played a crucial role in accommodating the increased trade flow and associated economic growth of the city. The company's investments in port infrastructure allowed for efficient loading and unloading of goods. This efficient transport system not only bolstered trade but also led to the urbanization, population and industrial growth of Barranquilla.

In contrast to Barranquilla's population boom, Cartagena and Santa Marta faced challenges in sustaining significant population growth and retaining their economic relevance. While Cartagena made efforts to regain control over international trade through railway construction and strategic alliances, these initiatives were unable to match the transformative impact of the BRPC in Barranquilla. Santa Marta, on the other hand, struggled to attract comparable international trade activities stemming from the interior of the country. The growth of its region was predicated on the development of the banana export sector, which had a greater impact on the growth of urban centers in the banana growing region itself, rather than the port which facilitated the trade.¹¹²

Conclusions

This article has explored the transformative role played by the BRPC in the rise of Barranquilla as Colombia's principal international port. By examining the historical context, profitability, shareholders, infrastructure development, redundancy and nationalization, competition with other ports, and demographic impact, this study sheds light on the factors that propelled Barranquilla's economic ascendancy and highlights the significance of transnational capital in shaping regional growth in the Colombian Caribbean. The article challenges the prevailing historiography and presents a nuanced understanding of the overlooked significance of British railways in shaping Colombia's political and economic landscape, providing a novel regional perspective on the Caribbean railway industry.

The BRPC's investments in the railway system and port infrastructure were pivotal in establishing Barranquilla as a bustling trade hub, connecting the city to the interior regions

112. Bucheli, *Bananas and Business*.

and facilitating the transportation of export commodities, particularly coffee. The efficient transport system and reliable infrastructure attracted internal migration and fostered urbanization, population growth, industrial development, and economic prosperity. This infrastructure worked in unison with other foreign investments in the river navigation sector, notably from German entrepreneurs.

Despite its remarkable profitability, the BRPC lacked visibility within the London capital market. Information asymmetries contributed to a shareholding structure dominated by a small group of influential investors with majority control over the enterprise. The nature of these shareholders illustrates the extent to which transnational capital controlled international trade infrastructure in strategic regional pinch-points during the first period of globalization.

However, the case of the BRPC also reveals a cluster of market failures that hindered the company's expansion and its potential to contribute more significantly to Colombia's economic development. High profitability, the trade route monopoly, high costs of raising capital, and a lack of institutional support combined to create an environment where a very successful company was inhibited from expanding its operations in a way that was much needed by its host country. The BRPC thus provides a concrete example of how the market, left to its own devices, does not necessarily lead to the optimum outcome, especially within peripheral regions dependent on distant markets for their capital requirements in infrastructure works. Colombia's experience serves as a cautionary tale for developing countries, highlighting the necessity of institutional incentives to direct capital where it is most needed within the national economy.

While Barranquilla flourished under the influence of the BRPC, competing ports such as Cartagena and Santa Marta struggled to sustain significant population growth and retain their economic relevance. Despite attempts to regain control over international trade through railway construction and strategic alliances, they were unable to match the transformative impact of the BRPC in Barranquilla. However, the opening of the Panama Canal in 1914 and the integration of railways facilitating access to the Pacific coast posed new challenges to Barranquilla's position. The completion of the *Bocas de Ceniza* works rendered the BRPC's railway infrastructure obsolete, and the national government's policies, inspired by a nationalistic perspective toward foreign railway companies, led to the eventual purchase and abandonment of the BRPC in favor of newer transportation routes.

In conclusion, the case of the BRPC offers valuable insights into the complex interplay of market failures, information asymmetries, and monopoly profits in shaping the development of transportation infrastructure and regional growth in the Colombian Caribbean. It highlights the potential and limitations of transnational capital in driving economic development and underscores the critical role of institutional support in directing capital toward the most pressing needs of host societies. As such, this microbusiness study has provided a unique lens through which to explore Colombia's integration into the world economy, its interaction with transnational capital and international capital markets, and the impact of these factors in the economic configuration of the Colombian Caribbean.

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