

The Teaching of Business History at Harvard

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The course in business history, entitled "Business in its Historical Environment," is a second-year elective in the M.B.A. program. (There is also a doctoral seminar in the development of business institutions internationally which is cross-listed in the university catalog and meets the requirements for a course in "economic history" for the Ph.D. in economics in the Faculty of Arts and Sciences. Enrollment in this seminar typically consists of about one-half Ph.D. candidates, one-fourth M.B.A. candidates (who are eligible upon approval of the professor), and one-fourth D.B.A. candidates.

In this paper I shall concern myself entirely with the M.B.A. elective course, which is most comparable with the courses in business history now being given in various departments and professional schools of colleges and universities in the United States.

The course reflects the approach to business history of Alfred D. Chandler, Straus Professor of Business History, Harvard Graduate School of Business, as it has developed since his landmark book, *Strategy and Structure*, was published in the mid-1960s. The course regularly enrolls some 90 to 100 students, which probably reflects as much the popularity of Chandler's reputation in the field of organization development (especially since the publication of his Pulitzer-prize-winning book, *The Visible Hand*, in 1977) as it does the students' own views of the importance of business history. Reading matter for the course consists mainly of "cases" written over the last 10 to 15 years by members of the faculty or their research assistants, plus some major articles from historical journals. A special effort is made to adapt the Harvard Business School's famous case method of teaching to the course, so far as the inherent nature of historical subjects will permit. Students come to the course after a year's intensive indoctrination in active classroom participation, in argumentation of alternative courses of action, and in modern methods of business management, all of which place a heavy responsibility upon the instructor.

The course has as its main purpose the elucidation of the historical development of the modern, large-scale, diversified

industrial enterprise and the management techniques that, in large part, have made possible organization on such a grand scale. The course begins with a discussion of "American values," as reflected in large part in the writings of Benjamin Franklin and certain other American founders. It proceeds with a discussion of the political developments, 1781-1800, that facilitated the emergence of a unified national economy or, at least, a polity in which such a unified economic society could become a reality in time.

The second phase of the course covers the specialized developments of commerce, the "mercantile" era in which much of the early infrastructure of American business was laid. The career of John Jacob Astor is examined from the viewpoint of the contrast between his methods and those of the modern era, with emphasis upon what improvements in communication and transportation have had to do with the vast changes. The emergence of New York Port and the flowering of interregional trade between the East and the Old Northwest, via the Erie Canal, are covered; and after that, the evolution of modern credit and banking practices through the crisis of the Second Bank of the United States.

Next, the early origins of manufacturing by the factory system, and the impact upon the American labor force, are considered, with emphasis upon Samuel Slater and the exploitation of early textile technology. Then, under the heading of "the coming of the modern business economy," the emergence of the modern infrastructure -- railroads, railroad consolidation, the classic entrepreneur, finance capitalism as typified by Morgan, and, finally, the necessitous invention of modern management structures first on the railroads -- are covered. The "revolution in production and distribution" come next, during which the histories of such prototype enterprises as Macy's, Standard Oil, and DuPont, are considered. A comprehensive introduction to the success and failure of numerous enterprises' efforts at forward and backward integration, with conclusions as to the functional reasons for the ultimate emergence of the large-scale, diversified firm, is featured, as well as a brief introduction to the rise and fall of the early concept of scientific management ("Taylorism").

Government as regulator of the enterprise is then featured, beginning with a consideration of the most recent efforts to comprehend the provenance of federal regulation of railroads. Antitrust policy is then considered, both from the standpoint of its origins, and its actual impact upon the size and structure of American industry, with special illustrations drawn from the inner management history of the DuPont "powder trust" case. This section ends with a much too brief look at the federal government's resumption of direct responsibility for the money supply in the evolution of a central banking mechanism, that is, the Federal Reserve System.

The next phase of the course emphasizes the protracted and very heavy influence that the Great Depression has had on public

policy in respect to the responsibility of government, not only for the evolution of a socially responsible structure of industry, but also for the maintenance of high employment and a stable economy. As part of this, we discuss the revolution in labor union philosophy under the CIO and John L. Lewis, the coming of the Employment Act of 1946, and a pragmatic look back at the successes and failures of regulation during the past 50 years, with emphasis on the New Deal and subsequent deals. Next comes a description of the evolution, within this environment, of large, increasingly diversified and multinational enterprises; then a review of the merger movement of the late 1960s, the conglomerates, and finally the developments of the 1970s.

A study of students' characteristics and motivations in enrolling for this course might be revealing. It is of obvious value to those who are interested in business journalism, public relations, or regulatory practice on an administrative or judicial basis. I have evidence that some students enroll for the course because they like history, and looking back on the rich and varied, that is, nonspecialized, content of their undergraduate courses, are a little homesick -- I won't say bored. Far fewer than half of the students in the M.B.A. program at Harvard, I believe, have the cash-register mentality that is generally attributed to them. This may be why the visual materials (movies and slide shows) that we use in limited degree, and which do more to create a mood than case discussion ever can, seem to have been particularly successful in this course. Speaking personally, I can say that I have been impressed by how much more we could do if we had the time. The material, and the interest of the students, both seem inexhaustible.

**Summary of Discussions on Reshaping
the Record: Women in Business History**

