

PRESIDENTIAL ADDRESS

Innocence and Guilt, Comedy and Adventure: Business History as a Human Activity

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A time-worn aphorism holds that for those who feel, history produces tears; for those who think, it evokes laughter. For more than two generations, most of us studying the history of business activities apparently prefer to laugh. We value most those works marked by an analytical thrust and objective distance. Consequently, a sense of irony rather than tragedy dominates our perceptions. Our protagonists are no longer either heroes or villains. Few of us care about labeling the figures of the Gilded Age as "Robber Barons" or "Industrial Statesmen." Eschewing simplistic labels also undoubtedly helped make this group more congenial, bound together by good humor and fellowship as well as by common interests.

Nevertheless, most of us are aware that a strong anti-business bias still lies deep in the public consciousness and within ourselves. It may be a true form of cultural lag, imbedded in all our psyches, nurtured by the homilies common to most established religious and ethical doctrines, impervious to rationality and with no real function, like an appendix noticeable only when it becomes infected and threatens to erupt. Usually it is innocuous; occasionally it takes peculiar forms. Several years ago, when a respected colleague learned of my intention to introduce a business history course, he suggested that the appropriate title would be "The History of Piracy and Banditti." The history department had approved it for very practical reasons. We needed enrollments. Students were choosing majors that were more practical, or at least more in demand. Like the businessmen some of us scorned in lectures, we

were responding to market forces and acting out of base--or is it basic?--self-interest. Clearly, however, at times neither the manager nor the academic likes to admit it.

That residue of bias nonetheless sharpened my own reaction when our majordomo and general factotum, Jeremy Atack, called to inform me of my ascension to this high office. Disbelief quickly gave way to an irrepressible fit of giggles, unseemly at my age. Explaining it adequately requires an excursion into autobiography. As our esteemed, gentle, yet tough Nestor, Hal Williamson, observed at last year's gathering, the alternatives are discussions of the state of the art, which after a banquet can be at least as deadly as would a discourse on my sub-specialty. In any case, someone scooped me a few years ago with a perceptive essay on the "Business of Agriculture."

A couple of the reasons for feeling a bit foolish are obvious. First, a slim record of publication; and as one enters life's seventh decade clinging to illusions about future promise is harder. All that remains is gracious acceptance of the deference shown decrepitude; it is a corollary of the axiom that the privileges of seniority make more sense with each passing year.

Second, a meager record of service in this organization. The meetings came at an inconvenient time, and my location in Wisconsin for so long multiplied the hazards of travel in mid-March. So after almost twenty years as a member, my first BHC meeting was in the Twin Cities four years ago. Not only was it great fun, it included the thrill of meeting for the first, and alas the last time, a great scholar whose work had been an inspiration for years, Henrietta Larson. Less thrilling was Paul Uselding's grave injunction that a paper from me at the next meeting would be essential for proper standing in the order. Spineless conformity forced assent. The paper was duly delivered. A few months later Jeremy asked me to run for vice-president. This unsuspecting innocent assumed that some inner cabal simply needed a sacrificial lamb and went along with the gag. Who could know it was for real? It was deference carried to extremes. To be sure, as Glenn Porter now knows, there was a catch; while waiting in the wings, the President-elect organizes the next program, a rare opportunity to raise a crop of new enemies.

The real reason for my sense of irony, if not comedy, runs far deeper; it was closer to the discomfort of the lower class protagonist in *Room at the Top* when he first lunched at the Conservative Club. The anomaly of a person with my background presiding over, however briefly and symbolically, an outfit whose members could regard people in business, their organizations and institutions, dispassionately, and as worthy of serious consideration as those in any other human endeavor, seemed a bit hilarious. For my family had compensated for disastrous incompetence as entrepreneurs by developing an unusually fierce anti-business bias. It was second nature for us to assume

that any successful enterprise--or even one that merely survived--was by definition blameworthy. We were certain, we knew it in our bones, that the proverbial rich man was guilty of something terrible and did not deserve to get through the eye of the needle. This bias was strongest during my childhood in the 1930s, though there was little sense that we were then being swept along by prevailing currents of popular thought.

There were two major exceptions to our blanket indictment of businessmen. One was a great-uncle, who had arrived at a Minnesota logging camp fresh from the Polish Pale before the turn of the century. With an atypical appearance, in terms of prevailing stereotypes (he was over six feet tall, blond, and blue-eyed), he had no trouble getting a job swinging an axe. Some presumably ethnic traits showed up soon; according to family tradition, he invested most of his first month's pay in a horse, the next month's in a second horse, and quickly made more as a horse trader than as a logger. The next season, he was behind a wagon, peddling all sorts of gimcracks and notions across much of northwestern Minnesota. He soon had accumulated enough capital to open the largest department store north of the Twin Cities. On the other hand, those of you acquainted with that part of the state know that it was still retailing on a scale considerably below that of Dayton's. After World War I, he rescued my recently orphaned mother, her five younger brothers and a sister from the terrors of life in an Eastern European hamlet, bringing them to the Midwest just before the quotas went into effect. In 1936, all seven siblings, then grown, out on their own, and avid supporters of the New Deal, were appalled by their benefactor's vigorous campaigning against FDR. For them, it was a terrible fall from grace, verifying that the moral fiber of even the most generous soul would sooner or later be destroyed by business success.

This tycoon was for me a legendary figure; not so the family's second entrepreneur, another great-uncle, who to me always epitomized middle-class respectability and virtue. For more than forty years he owned a barbershop at the same Brooklyn location. It had four chairs; he worked ten hours a day at the first, employed two men for most of the forty years at the next two chairs. Labor turnover was confined to the last chair. Since my father had failed miserably in business at least seven times in four states over a decade (they tend to blur together), when the time came for me to get a job, this uncle invariably came to mind in filling applications--for civilian work with the U.S. Army in World War II, for the Post Office later, and for other government appointments, all requiring security clearance and a reference, preferably someone in business, who could attest to my character. It is a conclusive measure of my innocence that uncle's name went down with no hesitation on my part. I attached no stigma or significance to the fact, well known throughout the neighborhood where we all had settled, that my kindly petit bourgeois uncle also had been a staunch, unswerving member of the

Communist Party from his youth in Russia until the day he died some twenty years ago. On the other hand, it has been a source of perverse comfort, a reinforcement of faith in the system (the innocence remains) to recall that I always got the job, even during the worst days of the McCarthy era.

So it was from intimate family knowledge of risks and penalties, as well as rewards in small enterprises, about which we still know relatively little in historical terms, that I learned about entrepreneurship. Reinforcing this understanding was a succession of jobs in those notoriously hazardous firms, neighborhood luncheonettes and restaurants. My understanding of large-scale firms came mostly from reading in Gustavus Myers, Matthew Josephson, the young John Dos Passos, and other cultural heroes of the neighborhood. To be sure, there was a brief wartime stint at a Staten Island shipyard, departing after two months of doing virtually nothing for ten hours a day (learning about cost-plus contracts the hard way, for the highest wages we could then imagine). Transferring my labor to Mergenthaler Linotype Company undoubtedly helped win the war. Neither experience in punching a clock altered the bias that was mine since weaning, although it was largely devoid of ideological content. Business and its history was by the early fifties simply a distasteful subject to an aspiring aesthete, my new fancy, and the subject did not grow much more attractive after returning to college and being drawn to economic history.

In graduate school, there was almost immediate pressure to find an acceptable dissertation topic, or Paul Gates, my beloved mentor, would find one for me. He had a list of subjects for students without initiative; the most exciting one that comes to mind was the history of tile drainage in Northern Indiana. Panic ensued. Desperately combing through my undergraduate notes from Hans Rosenberg's courses, where one learned that you could literally get drunk on ideas about economic and social history, gave me some clues. The result was a proposal to study American grain exports to Europe. In all candor, the possibility of getting some time abroad made that subject more attractive than studying land grabbers or farmers. As a child, a summer on a relative's farm in eastern Nebraska, on which the family clearly saw no real improvement in living standards over the *stell*, was enough of a lesson in farming, though one that has required much unlearning since then. The proposal got me off the hook. If it also exposed a global conspiracy against American farmers and workers, so much the better. My remarkable mentor, who sought no disciples and gave much encouragement to deviants like me, would not mind, either. I was becoming a business historian, of sorts, in spite of myself.

That is when my real troubles, and real adventures, began. My certainties about guilt began receding in the course of grappling with the arcane and spotty literature on commodity markets, which pointed to changes in business

methods as essential to any working hypothesis. Steady probing into state and federal documents, and into bulky trade journals, kept forcing old prejudices aside. Meanwhile, having risen above principle to accept a fellowship funded by a wealthy Cornell alumnus, there was no problem for me in accepting support from SSRC for an academic year in the United Kingdom.

By then the need for evidence from business manuscripts and from interviews, where the real dirt must be hidden, waiting exposure, seemed critical. A previous search in Chicago, where Board of Trade officials flatly denied that they had any records, and grain merchants who failed to appreciate my objectives, had turned up little evidence of wrongdoing. In Britain my confusion, or naivety, was such that not until December, the cruelest month along the waterfronts there, did my search efforts in Liverpool begin, and end. In that port, the heart of the world wheat economy in the 19th century, several traders, or their sons, did their best to help me, as did Professor Hyde at the University, the curators at the Mersey Docks and Harbor Board, and at the Liverpool Chamber of Commerce. It was no use. Most firms had been housed, along with their records, in the same building as the Liverpool Corn Trade Association. It had been completely destroyed during the bombing raids of early 1941. There was still little evidence about the decision-making of merchants.

Only after returning to London did the first real break come. At Balfour, Williamson & Co. a young executive cheerfully welcomed me into his busy, crowded office, admitted that he had written a history of his firm's first fifty years and was then working on a second volume to mark an imminent centennial. He let me take home in batches his main source, the letterpress copybooks of the firm's founder and head, Stephen Williamson. In the age before xerox machines, it was literally thrilling to decipher and transcribe the faint, impatient scrawl in hundreds of letters, to watch over his shoulder, as it were, the behavior and concerns of a vigorous, forthright businessman during the roughly fifty years that he ran an expanding multinational trading firm heavily involved, among other things, in shipping cargoes of wheat from the Pacific Coast states. My first real conversion from a simplistic view of the business probably came with the discovery that he was also an outspoken pro-Silverite in the 1880's and 1890's. (Where should my Populist sympathies have taken me on that one?) It was also a revelation to read the responses of a man just as concerned with business morality as any latter-day muckraker, and just as aware of the rapid transformation of global trading wrought by the completion of reliable telegraphic and transoceanic cables as any latter-day technological determinist.

The shucking off of prejudices continued over the rest that sojourn. There was a long interview with the thoughtful, candid head of a firm more than a century old that was then merging with Continental Grain, yet willing

to share his memories and valuable insights into secular changes in the grain business. Equally impressive was a flour importer whose father had launched his firm in the 1870's and who gave me a tour of the London Corn Exchange, an elegant lunch, and an earful of fulminations against American oil firms and their conspiracy to take over the Middle East fields (it was the year of the Suez crisis). Here indeed was a lesson about divisions within the so-called business community. Finally, there were the benefits from the kind cooperation of the London Corn Trade Association employees who fetched all the materials they could find on membership, contracts, minute books, and so on. Meanwhile, Bill Ashworth and Jim Potter at the London School of Economics were gently nudging me toward more sophisticated levels of analysis, Charlotte Erickson was aiding, comforting, and teaching by example a fellow American and fellow Gates student, and my wife and I had become fast friends with the late Susan Fairlie, then a London School of Economics graduate student working on the Anglo-Russian grain trade, who generously shared her knowledge of sources, firms, trading methods, and general ideas about economic change with the enthusiasm of a co-conspirator. We still miss her enormously.

So the American innocent returned from Europe, like a character in an obscure Henry James novel, far wiser and thoroughly muddled. Back at Cornell, the dissertation-writing began, despite my gripes about the lack of primary materials on the traders who operated east of the Rockies. My mentor dismissed the whining. "What if they saved everything?" he once asked--a terrifying question in itself, but one that struck me as strange coming from a man who had scoured the endless Illinois Central collection and had raked through the holdings in every archive and county court house in Kansas and California at the very least.

A teaching stint the University of Delaware, the extrusion of a couple of articles, and either divine intervention or dumb luck, brought an offer from Wisconsin. The excitement that my new colleagues and exceptional students generated was expected, given the general reputation of that great department and university. But no one could have predicted that it was also becoming one of the nation's best places for doing economic and business history. There was an unparalleled climate of discovery, and colleagues who set daunting examples of scholarship. It was essential for me to find additional materials on the grain trade to fill out my project well enough to stay in that heady atmosphere.

At the State Historical Society, and in Milwaukee, were some important, virtually unused materials left by grain and flour traders of the mid-nineteenth century, which set me happily reading other people's mail again, adding bits and pieces to my mosaic about that business as it took shape in the Midwest during the era of the Civil War. One trader was shocked and

mortified, for example, when he had to "suspend" in the 1857 Panic, and later wondered about the morality as well as the efficacy of trading in the new futures markets. But he went through a second suspension in 1873 rather calmly and bowed with no qualms to his bankers' requirements that he protect his inventory through hedging, the sale of futures contracts on the Chicago Board of Trade. My appetite for the adventure of turning up such material for the first time, and recognizing its significance in an instant, was only whetted by these small discoveries.

My luck still held. A stroll into the New York Historical Society one summer day and a diffident question about ante-bellum mercantile collections--to fill the last big gap in my study--brought a surprising answer from the the young assistant director of the manuscripts room. There might be something of interest in a collection they had not processed and probably would not for years. Would I like to peek at it? Into the stacks we went, (something forbidden now) fetching out musty letterpress books going from the 1790s to 1850, and boxes filled with bundles of letters tied between little boards, which had not been opened in well over a century. It was a veritable gusher of untapped materials. Amid the inevitable dross was a flow of correspondence that told much about the grain business in the period. The firm was allied with a Philadelphia partnership that was the largest flour export firm in the nation from the Revolution to the 1820's; through the crisis years of the 1840's it was also one of the most important bulk grain shippers on the Atlantic seaboard.

Perhaps it is a mistake to get what you wish for. This trading firm was also one of the leading cotton exporters during the 1830's. My new friend, who watched me pour voraciously over material related to that line of business, then told me about another large, unprocessed collection that he thought had some connection to the cotton trade. It could not hurt just to look for a few minutes. That was all it took to realize that it was full of correspondence from some of the leading planters in the Natchez, Mississippi area, including Stephen Duncan, whom Paul Gates had called the richest cotton grower in the nation during the 1850s. At last, I had found a businessman who was unquestionably exploiting labor, as were all his friends and family in that part of nation, then the site of one of the heaviest concentrations of wealth outside New York. Paradoxically, this southern entrepreneur lived much of each year in the 1850s at his mansion, 12 Washington Square, New York City, and died there in 1867 rather than in his stately plantation home in Mississippi.

There was no turning back from that point, and the personas of two Stephens, Williamson and Duncan, both strong-willed and articulate, have, along with many other traders, absorbed my interest ever since. Several sweeps through Southern archives turned up many other batches of information by and about Duncan, described in one Dun and Bradstreet report as

wealthier and more trustworthy than all but one or two Wall Street bankers. New materials keep turning up, in the Huntington Library, at Chapel Hill, a banker's papers in the Guildhall Library in London, in the Mississippi State Archives Department in Jackson and at the Pennsylvania Historical Society, not to mention L.S.U.'s great collection. My cup was running over, my appetite for adventure becoming jaded. On a later visit my friend at the New York Historical Society offered me access to a third, even larger set of manuscripts from an investment banking firm I threw up my hands. There was at last more primary materials than I could handle.

But aside from the repugnance of a slave labor system there was still not that much blame to assign, not much more than belonged any human being facing a range of choices and chances at a given time and place. While there was much to condemn in the behavior and attitudes of the men I studied, such as Duncan's terse remark in 1850 that the "slave who runs away steals capital from his master," an undeniable point, there was also a grudging respect due them for their managerial abilities and willingness to confront reality.

A strange thing happened as I began grappling with the various paradoxes and searched for a promising analytical framework to make better sense out of the materials. My colleagues at Wisconsin derailed me temporarily into management service as department chair in a time of troubles. It was only a three-year sentence, but involved enough new experiences to make it seem a lot longer. It also gave some new insights into business, or at least into modern bureaucratic hierarchies. In less than six months, developments on campus drew me into the vortex of a labor-management dispute. Except that this time, unlike the period when it was my role to serve as shop steward, organizer, and picketer, my seat was on the side of the bosses, an administration confronting a strike by unionized TAs. It was downright surrealistic, because there no question in my mind that my class enemy was on the other side of the table, seeking power over the educational process, the faculty prerogative, and not to be surrendered lightly. I had become a member of the Establishment and would not budge.

Then and on all too many successive campus committees, it became clearer that decisions about tenure, fringe benefits, rights of employers and employees, all involved the commitment of resources over long periods of time and on a breath-taking scale. And in those terms, the decisions often mean the taking of enormous risks.

This sense of managerial obligation and commitment is familiar enough to those of us who have worked with modern bureaucratic archives, corporate or governmental, which are assuming increasing importance in our common mission. They are also a bit frightening for those like me who have worked

in handwritten materials, with its full record of communications within and between business units, and without having to rely on interviews, oral histories, monitored conversations, and other adjuncts to written records. One can only hope they will be as much fun, as much of an adventure as luck gave me.

Admittedly, the brief encounter with the management side of things also taught me at first hand what might well have eluded me, whether I sought understanding of the anomalies and uniqueness in the behavior of outliers or chose to focus on the patterns of regularity and consistency--the modes and means--of any given person or group, time or place. It adds up to a final, rather trite point. Whatever the level or period or cultural differences, whether in a giant corporation or in a corner candy store, personalities and individuals matter. It takes at least two *people* to make any transaction. It is that human dimension which makes history and especially business history so interesting and such a challenge.

PUBLIC WORKS AND PRIVATE ENTERPRISE

