

PRESIDENTIAL ADDRESS

THE BUSINESS HISTORY CONFERENCE AND
BUSINESS HISTORY: SOME REFLECTIONS

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Professor Shepherd Clough in his presidential address to the Economic History Association in 1970 noted that it had become traditional for a speaker on such an occasion either to present a review of his own current research activity or to deliver homilies and exhortations to the listeners urging them to undertake a study of topics the speaker considered important but was much too busy to undertake himself. Since the Business History Conference as a formal organization is too new to have an established tradition for occasions such as this, I do not feel under any obligation to follow a similar pattern. Rather I propose to review some of the highlights of the evolution of business history in the U.S. with special reference to the Business History Conference as seen from the vantage point of a location in an Economics Department of a Big Ten University. In other words, my remarks will be somewhat autobiographical, but hopefully -- to borrow a phrase from Herbert Heaton -- they will not have too much of the flavor of geriatric dotage.

The Business History Conference is in many respects an example of an organization whose time had come or in terms of Gestalt psychology -- an institution that emerged in response to a felt want or need. The intensity of this need or want should not, of course, be exaggerated. Yet in 1954 when the first meeting of the Conference was held there were no arrangements for any regular meetings of individuals interested in the field. The reasons for this state of affairs are to be found in the developments in business history over the preceding three decades.

As most members of this audience know, the Business History Conference was not the first organization in the United States devoted to the study and promotion of business history. That distinction belongs to the Business History Society, Inc. which received its charter from the Commonwealth of Massachusetts in September, 1925. According to the charter the primary purpose of the Society was, "to encourage and aid the study of the evolution of business in all periods of all countries." Membership in the organization at the outset was made up of a most distinguished group of American and Canadian businessmen most of whom were personal friends of Dean Wallace Donham and very much interested in the Harvard Business School.¹ Included in the group were Charles F. Adams, Allan Forbes, Ralph Budd, Henry Dennison,

Elbert H. Gary, Charles M. Schwab, Myron C. Taylor, Walter S. Gifford, Jesse I. Straus, Sir Henry Thornton, and two academicians, Edwin F. Gay and Arthur H. Cole. With the exception of Professors Gay and Cole none of the foregoing was involved in research and writing although in 1926 the Society did extend its membership to include Associates, most of whom were drawn from the academic community.

The Business History Society made a number of significant contributions to the field of business history during the first decade of its operations. The gifts of books, papers, and documents its members donated to the Baker Library formed the nucleus of that institution's unequalled collection of business records and materials on the history of business. Between 1928 and 1932 the Society sponsored the Journal of Economic and Business History, which during that period published 117 articles and, despite the unfortunate disagreement between Professors Gay and Gras, "achieved a brilliance and authority still to be envied by publications that survived its lamentably short existence."² During the early 1930s the Society also scheduled some joint sessions with the American Economic Association and the American Historical Association. And finally in 1931, in cooperation with the Harvard Business School, the Society helped to underwrite the publication of the first volume in what was to become the distinguished "Harvard Studies In Business History."

By 1935 control of the Society had largely shifted to the Business History Department at the Harvard Business School, where under the leadership of Professor N. S. B. Gras it became increasingly identified as a Harvard University institution. Its members did, however, continue to collect business books, reports, and documents for the Baker Library and to contribute to the publication of subsequent volumes of the "Harvard Studies In Business History."

By the mid-1930s Professor Gras' concept of the nature of business history had undergone a considerable modification relative to the broad definition -- implied at least -- in the charter of the Society. It was marked -- in the words of one contemporary observer, "...by a steady drift away from viewing American business history in a broad context of national economic change and economic growth, in favor of a diminishing focus on chronicling the administration of the firm." In other words, according to Professor Gras' definition, the subject matter of business history was to be "the history of business administration in action."³ At the same time Professor Gras had also developed quite definite ideas about who should be writing business histories. In a brochure published in 1947 under the title, "Are You Writing A Business History?" he stated that while retired executives, free-lancers, journalists, economic historians, and social historians all had something to contribute, the ideal historian was of course the business historian. Unfortunately, he continued, the business historian cannot ordinarily be found -- he must be created out of something else. In this process of orientation it is better to start with one who is either a general historian or not a historian at all. The economic or social historian has too much to unlearn. The general historian at least has the historical point of view."⁴

Apparently because of the limited number of qualified business historians, Professor Gras became convinced that there should be no

major changes in the position of the Business History Society vis-a-vis the Harvard Business School. Writing in 1950, for example, he stated "we might play with the idea of divorcing the Society from Harvard, give it an independent status and even make it national in its coverage." This idea, he opined, was impractical for "on the whole one must conclude that the difficulties of our Society would simply be multiplied and magnified by any immediate national effort."⁵

He was even less enthusiastic over the idea that the Society might broaden its base by inviting representatives from other groups such as economists, economic and social historians, librarians, or younger businessmen to become members. "Perhaps it would be well," he warned, "to weigh the consequences of broadening the scope of business history . . . for instance, if economic historians write what is called business history, but which in reality is the economic history of business, then there will be repeated the time-honored neglect of administration and the businessman. This means just one thing, which is at once subtle and potent, namely, the conclusion that the businessman is in reality predatory and parasitic, that he does not administer or produce, though he does take a profit."⁶

Presumably it was this fear of the possible consequences of association with other disciplines that accounts for the fact that there were no further attempts to arrange joint meetings of the Business History Society with other groups or to sponsor meetings open to anyone interested in the field. It is true that the American Historical Association and the Economic History Association occasionally included sessions on business history at their annual meetings. But at the time the Economic History Association was organized in 1939, the founders explicitly stated that as a matter of policy the new organization was not to disturb or encroach on the activities of existing associations, including the Business History Society.⁷

Professor Gras' reluctance in 1950 to change the structure of the Business History Society or to disturb its relationship with the Harvard Business School is readily understandable. The field had come a long way since the date of the founding of the Society in 1925, as indicated by the 4,000 entries in Henrietta Larson's Guide to Business History published in 1948.⁸ Professor Gras' guidance and his ideas were reflected in almost all the business history which appeared during the 1930s and 1940s. He had been highly successful in persuading businesses to make their records available to historians and to lend support to the publications of the studies based on these materials. His stage analysis and emphasis upon the historical importance of studying the management structure of business firms had provided a useful conceptual framework for the authors of the dozen or so "Harvard Studies in Business History" that had been published during these years. His policy did, however, tend to alienate those interested in the field who were not closely associated with the Harvard Business School, particularly anyone with a background in economic history. The policy also helped to create the impression that while the work in business history at the School was not only primarily concerned with a historical study of management, but was also designed with the idea of defending American business against the attacks of New Deal critics.

Meanwhile, outside the Cambridge area, a growing number of individuals, either ignorant of or indifferent to the fact that they lacked the proper qualifications, had begun writing about business and businessmen. It was members of this group who accepted an invitation from the Northwestern University Committee on Business History to attend a "Saturday Seminar on Business History," which met on February 27, 1954. With the possible exception of Ralph Hidy, then at New York University, none of the group would have qualified according to Professor Gras, as business historians. In terms of their academic background, nine of the sixteen who attended the gathering were products of history departments, while the remaining seven were trained as economists. Ralph Hidy and Richard Overton may have considered themselves business historians, but I suspect that most members of the group, like me, thought of themselves as economic historians whose research interests happened to be in the field of business history.

The program for the "seminar" has a somewhat familiar ring. The topic of the morning session, for example, was "The Teaching of Business History," but as Donald Kemmerer, who chaired the meeting recalled, "It turned out that one man's business history is another man's economic history and still another's business management course." The result was that most of the morning was spent trying to identify the subject. The topic for the afternoon session was on "The Writing of Business History." As might be expected, given the differences among the members of the group on the nature of business history, there was an equal divergence of opinion on how it should be written. One issue that generated a particularly lively discussion involved the question of the extent to which authors should attempt to evaluate the performance of their respective business concerns or businessmen. Less controversial subjects that came up for discussion included the question of how business firms could be persuaded to make their records available to scholars and what arrangements should be made between companies and writers to safeguard the scholarly integrity of the latter. Another topic that aroused considerable interest concerned the best ways to handle an enormous mass of materials, such as the voluminous records that Dick Overton was using to prepare the history of the Burlington Railroad or the extensive archives that the Northwestern Mutual Life Insurance Company had made available to Mike Smalley and me. After an appropriate period of recreation and respite and dinner we were both entertained and enlightened by Joe Franz's comments on the field of business history and his involvement in it.⁹

This first gathering was so successful that we were happy to accept an invitation from Albert Steigerwalt to hold a second meeting at the University of Michigan in November of the same year. After a one-year interval, our third meeting was held at the University of Indiana in 1956 and our fourth, two years later, at the University of Illinois. Thereafter the group that had in the interim taken on the title Business History Conference has met every year since.

The Conference has been something of a traveling circus, having enjoyed the hospitality of individuals and institutions in an area

bounded on the north by London, Ontario, on the west by Lincoln, Nebraska, on the south by Dallas-Fort Worth, and the east by Oberlin, Ohio. We were delighted to be invited by the Eleutherian Mills-Hagley Foundation to hold our first meeting on the Atlantic seaboard in Wilmington, Delaware.

The major attraction of the Conference from the beginning, I think, has been the opportunity for its members to meet and compare notes and to discuss problems of mutual interest. The meetings over the years have continued to attract individuals from different disciplines who because of their varied backgrounds and training have tended to differ in respect to their research objectives, collection of data, and methodology. I am sure that I am not the only member of the Conference who gained a much greater understanding and appreciation of what various disciplinary approaches can contribute to the field as a result of these contacts. On the whole, the gatherings have been remarkably free from controversies of a doctrinaire nature. It is true that we spent considerable amount of time at our first few meetings attempting to identify the field and to establish its essential characteristics. But we soon came to the conclusion that it was much more instructive and enlightening to consider topics of a substantive nature.

The programs have not followed a rigid pattern, varying according to the policies and interests of different program chairmen. One tradition, however, has been adhered to quite faithfully. This has been to invite businessmen to participate in the Conference -- certainly to the pleasure and edification in most instances to our members and I have good reason to believe, also to the businessmen who have taken part. Certainly an impressive group of businessmen have accepted our invitations. By way of a few brief examples, our meeting at the Wisconsin Historical Society in Madison in 1958 was highlighted by a paper on the public regulation of utilities by Samuel Insull, Jr. For the meeting at Purdue in 1961 Robert Eckols assembled an impressive array of business executives and government officials to participate in a program on the topic, "Management Decisions Under Government Regulation," including Nelson Lee Smith, Vice-president of American Airlines, Lawrence Alley, Executive Secretary of the Interstate Oil & Natural Gas Compact Convention, and Arthur Kline, Commissioner Federal Power Commission, Washington, D.C. And at our meeting at Texas Christian University last year, Mr. Stanley Marcus, head of Neiman-Marcus, gave us a firsthand account of his career as a business entrepreneur.

How much of a contribution the Business History Conference has made to the field of business history beyond holding regular meetings open to anyone interested in the subject is difficult to say. The practice, started in the mid-1960s, of devoting a session to reports on recent Ph.D. theses has provided a number of new members in the profession with their first opportunity to report publicly on the results of their research. The papers delivered at the meetings have ranged over a wide variety of topics, including biographies of individual businessmen or businesses, studies of industry and its structure,

labor management relations, business and government regulations, and the social responsibility of business. The papers of seven conferences have been published in a monograph series while a high proportion of the rest were accepted by the editors of various learned journals including the Business History Review. To which I might add that I am sure the senior members of the Conference like to think at least that they have been able at times to lend encouragement and sage advice to younger participants.

But whatever the impact of the Business History Conference, the field of business history was immeasurably strengthened over the years following 1950 by the shift away from the provincialism of Professor Gras by the members of the Business History Department at the Harvard Business School. It is possible that Ralph Hidy, who succeeded Professor Gras as the Straus Professor of Business History at the school, may have been brainwashed by his association with the Conference that began with that group's first meeting. Be that as it may, it was Professor Hidy who took the initiative in sponsoring two meetings held at the Business School, one in 1958 and the second in 1961, for the purpose of considering how to get away from the "company history syndrome" that had become so closely identified with the work at the Harvard Business School. That this effort was successful is indicated by Arthur Johnson's report that the consensus reached by the participants at these meetings, was that "business history has a standing as a discipline separate from economic history, is more comprehensive than company history and its distinctive and essential feature is its emphasis on the businessman and his decisions."¹⁰ And as Louis Galambos has noted,

while these gatherings did not launch business history on a new course, they did help everyone in the field recognize what were the central problems. It was important that business historians consider these difficulties, for other branches of economic history and theory were beginning to explore from new points of view the subject matter which once had been the sole property of business history.¹¹

Meanwhile the Harvard Business Review under the editorship of Henrietta Larson and her successors was undergoing a similar revision in respect to the subject matter of the articles accepted for publication -- a metamorphosis welcomed by everyone with any interest in the field. The net result of these developments was to remove the barriers that had so long separated groups of scholars with interests in the same subject -- barriers that were largely the result of the unfortunate disagreement between Professors Gras and Gay in 1931.¹²

No review of the evolution of business history over the past several decades would be complete without mention of the part played by Arthur Cole and the Harvard Research Center for Entrepreneurial History. The story of the center that operated over the years from 1948 to 1958 is too well known to need any extensive elaboration here. I would like to recall, however, Dr. Cole's long-time interest in business history, especially as it was related to economic and entrepreneurial history. The nature and extent of this interest was outlined in a paper he gave

at the economic history meeting in 1944 entitled, "Business History and Economic History" (designed in part I suspect to placate Professor Gras), in which he made the following three points: One was to state emphatically that economic history profited richly from all scholarly research in the younger field of business history. The second was to challenge the implications -- sometimes voiced -- that economic historians were antagonistic or felt superior to business data and business. The third was to indicate certain areas which he felt were of common interest to scholars in both fields, with particular reference to the question of how the study of business phenomena might be related to the history of entrepreneurship.¹³

A year later Dr. Cole expanded on the possible relationships between the study of business and entrepreneurs in his presidential address to the Economic History Association.¹⁴ In it he set a pattern for the interdisciplinary orientation of the group of senior participants in the Research Center which included Leland Jenks from sociology, Thomas Cochran and Fritz Redlich, trained initially as historians, and John Sawyer, a product of the Harvard Economics Department.

The diverse backgrounds of the participants were in large part responsible for the variety of approaches to entrepreneurial history that emerged from the Center during the early years of its operation -- approaches that ranged from viewing the entrepreneur as an independent innovator, a la Schumpeter, or as someone responsible for integrating the operations of a firm or business without necessarily being an innovator, to the assumption that sociological concepts of role and sanction provide the key explanation to what entrepreneurs do and why they do it.

As James Soltow has pointed out, these various concepts served scholars associated with the Center with useful springboards for research in a number of specific areas with subjects ranging from an analysis of how entrepreneurs were affected by the social order in France, to studies of innovations in electricity and life insurance, the social origin and careers of nineteenth and twentieth-century American business leaders, and the role of entrepreneurs in underdeveloped countries. The books and articles sponsored or stimulated by the Center represent important contributions to historical scholarship; some having established themselves among the classics in the field.¹⁵ At the same time they completely verified Arthur Cole's original assumption that there was a close relationship between business, businessmen, and entrepreneurs. Indeed, except for the very few publications of the Center dealing with entrepreneurs outside Western Europe and the United States, the subjects of the great majority of these studies were businessmen and business institutions. The general effect as far as business historians were concerned was to add a new dimension to their work by demonstrating the value of an interdisciplinary approach to their research. Nor could any conscientious scholar working in the field afford to ignore the roles that entrepreneurs, however defined, have played at all levels in business and economic activity from the individual firm to the entire economy.

These diverse approaches had the effect of broadening the concept of the entrepreneur well beyond the heroic figure set forth by Schumpeter

and his classic model. They also served to reveal so many variables with so many different functional relationships that it proved impossible to develop an acceptable general theory of entrepreneurship. In econometric growth models, for example, the entrepreneur, if not subsumed under technology, typically ends up as the X function. As Professor Ailliam Baumol has noted, however,

There is one residual and rather curious role left to the entrepreneur in the neo-classical model. He is the indivisible and non-replicable input that accounts for the U-shaped cost curve of a firm whose production function is linear and homogenous. How the mighty have fallen!¹⁶

This failure to develop a theory that can be used to analyze more precisely the key role that entrepreneurs have played in economic growth and development has, I know, been a great disappointment to Dr. Cole. I only hope that he will take pride in the contributions that he and his associates at the Center have made to the field of business and economic history and will take comfort from the fact that to develop such a general theory may well be inherently impossible.

Actually a paucity of operational theoretical models appears to have been almost endemic to the field of business history. Coming into the field as I did with a background in economics, I can still recall how disappointed I was to discover that so little of the economic theory I had learned (and taught) could be applied to an analysis of business history. Somehow the aesthetically beautiful diagram of the individual firm's marginal and average cost curves and marginal and average revenue curves proved inadequate to explain the market behavior of the Winchester Repeating Arms Company.

The problems of applying what may be described as orthodox economic theory to the study of business history are all too familiar. They stem, as in the case of attempts to analyze the entrepreneur, largely from the fact that few economic models are designed (or possibly can be designed) to account for the many variables that are of major interest to the historian of business.

This is not to deny the usefulness of economic theory to business historians, even though the models thus far available may lack the precision of those used with such success by the econometric historians. Edith Penrose, for example, has developed a highly suggestive and realistic theory designed to explain the growth of the firm.¹⁷ Alfred Chandler's analysis of the changing strategy and structure of large business organizations makes an outstanding contribution to our understanding of this subject -- one that has set a pattern for all future studies of the role played by big business in the economic and social life of every industrialized or industrializing country.¹⁸ Hopefully these are but forerunners of other equally useful contributions.

There have been a number of occasions over the past years when it was helpful for a business historian to be a bit thick skinned. Perhaps it was an illusion, but at times it seemed that members of the group

got more than their share of barbs. No one present at the session on "The Corporation and the Historian" held at the Economic History Association meeting in Princeton in 1944 will forget Colston Warne's scornful reference to "kept historians" "who selected only such materials from business records that gave a favorable account of corporate enterprise."¹⁹ Actually, some of the severest criticisms have come from individuals friendly, not antagonistic, to the field. Thus Clarence Walton, then Associate Dean of the Columbia School of Business, took the occasion of the first Harvard conference to take business historians to task for: being too much under the influence of the Germanic school of historiography; for selecting success stories as their subject; for developing a "Boswellian complex" toward their subjects; and for failing to give more consideration to the role of labor and labor organizations in the evolution of business.²⁰ Among the most articulate and most quotable critics has without doubt been Herman Krooss who, on one occasion, described business history, "...as the most vexatious, exasperating and aggravating of all the historical disciplines, one that has never been as important as it should be."²¹ At another time he noted,

Both Disraeli and Walter Leaf are credited with having said that there are three things that drive men to madness: love, ambition and the study of currency problems. Regardless of the origin of the quotation, both men were happily innocent of the vast potentialities inherent in the teaching of business history.²²

Whatever the validity of these comments and criticisms, they did serve to keep business historians from becoming too complacent about their work.

None reviewing the evolution of business history over the past half-century can fail to be particularly impressed by the extent to which the field has developed over these years -- a development attested to by the publication of literally hundreds of books, monographs, and articles. It is a far cry from 1943, when Stanley Pargellis, head of the Newberry Library, could with considerable justification complain to a meeting of the Newcomen Society about the public's poor image of American business. This situation he blamed largely on a lack of objective accounts of American business, which in turn stemmed from the reluctance of businesses to make their records available to scholars.²³

This expanding mass of materials has provided us with a wealth of useful and illuminating case studies of how businessmen and businesses have operated in particular settings or historical time periods. Work at this level has led to a reexamination of a number of familiar topics, including: the Robber Baron, thesis that has long enlivened if not enlightened historical accounts of American business; the Horatio Alger tradition, which seems to have become firmly embedded in American folklore; and the persistent notion that American businessmen have always been dedicated to the principle of laissez-faire. It has also prompted scholars to examine the role

of accounting in American business to analyze developments in the area of business administration and to indicate the conditions that led to the emergence of big business. And as already noted it has laid the basis for the generation of more realistic hypotheses designed to explain business phenomena and to indicate the nature of the variables that must be accounted for in their formulation.

Despite past progress, however, the field of business history remains wide open. Indeed, the list of research opportunities could be extended almost indefinitely. To name but a few, we know very little as yet about the evolution of the service industries that now make up the most important sector of the economy. Our knowledge is likewise limited in respect to conditions that have enabled small businesses to survive either in cooperation or in competition with large concerns. The whole field of international comparison of business remains relatively unexplored, especially in respect to the role that business has played in economic growth and development. We have recently been reminded again by no less an authority than Professor M. M. Poston that business historians should spend more time studying the causes of business failure.²⁴ Above all, there is the urgent need for a continuing intellectual division of labor and cooperation among scholars with widely varied backgrounds and talent if we are to develop an understanding of what is in its entirety a highly complex and many faceted subject.

In conclusion let me say that I see no reason why these types of opportunities and challenges that have made business history so attractive in the past should be any less appealing in the future. Hopefully, too, the Business History Conference will continue to function as a useful institution for the benefit of the members of the guild of business historians.

Footnotes

¹N. S. B. Gras, "Past, Present, and Future of the Business History Society," Bulletin of the Business History Society, Vol. XXIV, No. 1 (1950), pp. 1-2.

²R. Richard Wohl, "The Significance of Business History," Business History Review, Vol. XXVIII, No. 2 (1954), p. 129.

³R. Richard Wohl, "Significance," p. 30.

⁴N. S. B. Gras, Are You Writing a Business History? (Boston: Business Historical Society, 1947), pp. 8-10.

⁵N. S. B. Gras, "Past, Present and Future," p. 9.

⁶N. S. B. Gras, "Past, Present and Future," p. 10.

⁷Herbert Heaton, "Early History of the Economic History Association," Tasks of Economic History (December 1941), p. 68.

⁸Henrietta M. Larson, Guide to Business History (Cambridge, Mass.: Harvard University Press, 1948).

⁹For an account of the circumstances leading up to the first Business History Conference see Richard C. Overton, "Unfinished Business: A Challenge to Craftsmen," Proceedings of Business History Conference (Second Series, Vol. I, 1973), pp. 1-2.

¹⁰Arthur M. Johnson, "Conference on the History of American Business," Business History Review, Vol. XXXIII (1959), p. 204.

¹¹Louis Galambos, American Business History (Washington, D.C.: American Historical Association, 1967), pp. 19-20.

¹²Fritz Redlich, "Approaches to Business History," Business History Review, Vol. XXXV, No. 1 (1962), p. 62.

¹³Arthur H. Cole, "Business History and Economic History," Tasks of Economic History (December, 1945), p. 46.

¹⁴Arthur H. Cole, "An Approach to the Study of Entrepreneurship," Tasks of Economic History (December, 1946), pp. 1-15.

¹⁵James Soltow, "The Entrepreneur in Economic History," American Economic Review, Vol. LVII, No. 2 (May, 1968) p. 87.

¹⁶William J. Baumol, "Entrepreneurship in Economic Theory," American Economic Review, Vol. LVII, No. 2 (May, 1968), p. 66.

¹⁷Edith T. Penrose, The Theory of the Growth of the Firm (New York: John Wiley & Sons, Inc., 1959).

¹⁸Alfred D. Chandler, Strategy and Structure (Cambridge, Mass.: M.I.T. Press, 1962).

¹⁹Colston E. Warne, "The Corporation and the Historian," Tasks of Economic History (December, 1944), p. 42.

²⁰Clarence C. Walton, "Business History: Some Major Challenges," Business History Review, Vol. XXXVI, No. 1 (1962), pp. 33-34.

²¹Herman E. Krooss, "Economic History and the New Business History," Journal of Economic History, Vol. XVIII, No. 4 (December 1958), p. 480.

²²Herman E. Krooss, "Problems and Challenges in Teaching Business History in a School of Commerce," Bulletin of the Business History Society, Vol. XXIV, No. 3 (1949), p. 136.

²³Stanley Pargellis, "The Judgment of History on American Business," Princeton University Press (1943).

²⁴M. M. Poston, "A Homily on Business History," Source Materials for Business and Economic History, (Laurence J. Kipp, Ed., Cambridge, Mass.: Harvard University Press, 1967), p. 107.