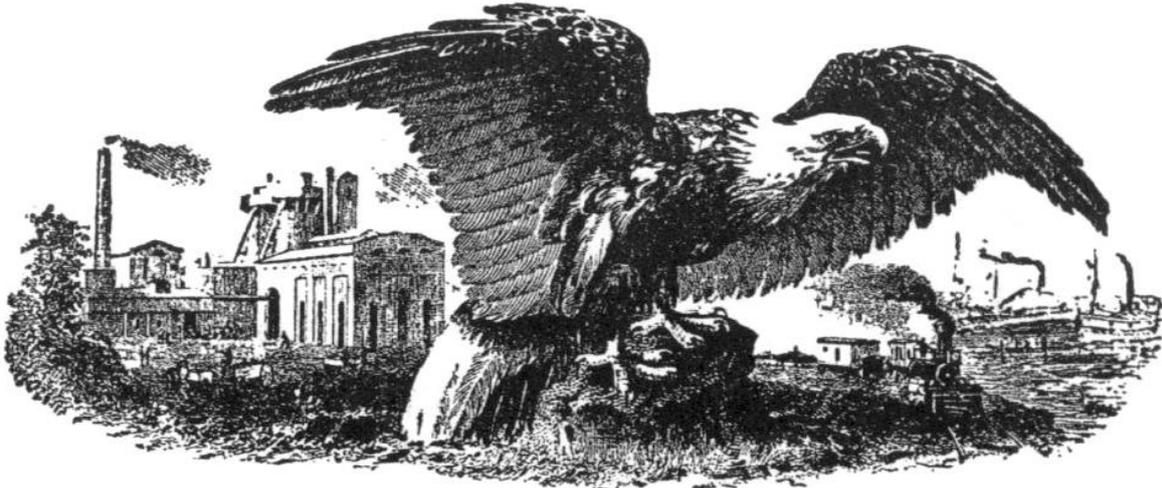


AN ACTOR OF CHANGE: THE ENTREPRENEUR OF FRITZ REDLICH

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ABSTRACT

Fritz L. Redlich (1892–1978), completed his degree in economics in Berlin in 1914 when the historical school still dominated the field in the person of Gustav Schmoller. His PhD research was already dedicated to a business history study: the German tar industry, while his attempt at obtaining a teaching qualification based on a research on the historical and economic significance of advertisement. Redlich himself withdrew his dissertation after the Nazis seized power in 1933 and three years later left Germany for the United States. He taught in several universities and also served in the public administration, all the while writing on the American Steel and banking industries, supported and sponsored by Frank Taussig. A major breakthrough in his career was the call to participate in the work of Harvard's *Research Center in Entrepreneurial History*. There, in continuous confrontation with Schumpeter, Cole and many other researchers in matters of entrepreneurship, Redlich developed an interesting epistemological foundation for the newly-born business history. He distinguished between research on the actor and on the action. Entrepreneurs could be studied as an ideal type, in theory, as a real type, in analytical empirical research, and as simple businessman in case-studies and biographical reconstructions. The action of entrepreneurs could be researched in regard to the goals and meaning of their enterprises, to the economy as a whole and to the community at large. Entrepreneurs could interact with all of the three aforementioned spheres of action, influencing not only the profitability of their ventures but also the development of an economy or the well-being of a community. As such, researching entrepreneurship only from the theoretical point of view would be limitative for Redlich. Business history should also attempt to 'verstehen', becoming part of the social sciences. The paper will analyse the methodological works of Fritz Redlich and his participation to the lively debate on the scientific statute of business history along with A. D. Chandler, but also his researches on aristocratic entrepreneurship, a topic on which he coordinated an international research effort, and his historiographic recounts on the emergence and diffusion of business history in Germany and in the United States.

A scholar steeped in two cultures

“To this author it is an alluring idea that the significance of history may lie in the historical process as such, in that eternal flowering, maturing, decaying, and dying of human institutions. Thus mankind remains always young; it must always struggle with new difficulties and new problems, and death and destruction have meaning because they serve a valuable end. As a result of this constant building, destroying, and rebuilding of human civilizations, sub specie aeternitatis, the almost inexhaustible cultural possibilities, of which the human race has been made capable by its creator, may come into flower and bear fruit during thousands of years of human history”¹.

Fritz Redlich (1892–1978)², German scholar who migrated to the United States in 1936, experienced a life full of contrasts and an ungrateful academic career. His intellectual achievements, though, cannot be understood without recollecting the circumstances of his life. As he himself admitted, looking back at his studies and researches, the dramatic necessity to adjust to the American culture and fit in into an academic ambiance drenched by a methodology alien to the Berlin historicism he was brought up into made him the scholar he was. The reverse also was true. After long struggles, Redlich became one of the most enthusiastic and committed researchers at the Center in Entrepreneurial History of Harvard University, influencing its methodology, determining many international research projects and leaving a lasting impression on young scholars of the calibre of Alfred Chandler Jr. Through Redlich’s contribution the Harvard Center became unique in studying the entrepreneur as a pivotal point in economic development and Chandler himself extensively thanked the German scholar “for dragooning me into his campaign against empiricism in the writing of business history and his invaluable assistance in developing useful concepts”³. Edgar Salin⁴ would instead underline how the transition of American economic history from mere descriptivism toward conceptualisation and theorization was also due to Redlich who had introduced it to German theory and methodology, in particular that of Arthur Spiethoff⁵. The road toward this achievement, though, was difficult and at times tinged with tragedy.

Erik S. Reinert, who personally came to know Fritz Redlich during his stay in Harvard, defines him as “a last member of an otherwise extinct economic species of German *grossbürgerliche* - high bourgeoisie - pre-war

¹ Redlich, Fritz (1944), *Essays in American Economic History: Eric Bollmann and Studies in Banking*, E. G. Stechert and Company, New York: 199.

² For synthetical recollections of Redlich’s life and career, see: Herrmann, Walther (1962), ‘Fritz Leonhard Redlich’, *Zeitschrift für Unternehmensgeschichte*, 7, 2-3, 51–54; Herrmann, Walther (1979), ‘Fritz Redlich’, *Zeitschrift für Unternehmensgeschichte*, 24, 1, 1-9: 1. A complete bibliography of Redlich’s work up to 1964 is to be found in: Redlich, Fritz *Der Unternehmer*, Vandenhoeck & Ruprecht, Göttingen, 385-389. Another partial bibliography is in: Stourzh, Gerald (1965), ‘Bibliographie der deutschsprachigen Emigration in den Vereinigten Staaten, 1933-1963.: Geschichte und Politische Wissenschaft Teil II und Nachtrag’, *Jahrbuch für Amerikastudien*, 11, 260-317: 294-298.

³ Chandler, Alfred D. (1962), *Strategy and Structure*, MIT Press, Cambridge, vii.

⁴ Salin E. (1964), ‘Nachwort’, in Redlich, Fritz *Der Unternehmer*, Vandenhoeck & Ruprecht, Göttingen, 381-384: 381.

⁵ Redlich translated the work of Spiethoff into English for the first time in a series of articles: Spiethoff, Arthur (1952), ‘The “Historical” Character of Economic Theories’, *The Journal of Economic History*, 12, 2, 131-139; Spiethoff, Arthur (1953), ‘Pure Theory and Gestalt Theory: Ideal Types and Real Types’ in Lane, Frederic C., and Riemersma, Jelle C. (eds.), *Enterprise and Secular Change: Readings in Economic History*, Allen and Unwin, London, 431-463; Redlich, Fritz (1970), ‘Arthur Spiethoff on Economic Styles’, *The Journal of Economic History*, 30, 3, 640-652.

academic tradition as Schumpeter represented”⁶. Redlich himself confirmed Reinert’s portrayal in the brief description preceding his short curriculum for the thesis he wrote to obtain the *Doktor* title in 1914⁷ and in his autobiographical essay ‘A life for research’ written in 1914⁸. “I - affirmed Redlich when a newly declared *Doktor* - Fritz Leonhard Redlich, Evangelical Christian, was born the 7th April 1892 in Berlin, son of the international merchant Moritz Silvius Redlich and his wife Emma, born Mühsam”. In the short intellectual autobiography written fifty years later, the education in a family of the haute bourgeoisie is reiterated while the identity of the parents vanishes. The reasons are sadly apparent. The death of both parents held a measure of tragedy for Redlich. Little is known about Moritz and Emma Redlich except their Jewish origin⁹. While the father died in 1920 leaving the son with the obligation to pursue the family business for a decade, a decision he deeply regretted, the mother died in consequence of deportation at the beginning of 1943¹⁰, when Fritz Redlich had already fled to the United States. The silence that from then on Redlich dedicated to his family of origin, not only towards colleagues but also friends, probably derived from the antisemitism diffused in American universities¹¹, but also from the typical reaction of survivors of the Holocaust: guilt and suppression¹². How much the experience of persecution influenced the bumpy career road of Fritz Redlich cannot be underestimated. Despite the various imaginative recounts to be found in Redlich’s obituaries and biographical sketches¹³, there is no doubt that Redlich had to live Germany in 1936

⁶ Reinert, Erik S. (2003), 'Steeped in Two Mind-Sets: Schumpeter in the Context of the Two Canons of Economics', in Jürgen Backhaus (ed.) *Joseph Alois Schumpeter: Entrepreneurship, Style and Vision*, Kluwer, Boston, 261-292: 285.

⁷ Redlich, Fritz L. (1914), *Die volkswirtschaftliche Bedeutung der deutschen Teerfarbenindustrie*, Friedrich-Wilhelms Universität, Berlin, 103.

⁸ Redlich, Fritz (1964), 'Ein Leben für die Forschung', in Id. *Der Unternehmer*, Vandenhoeck & Ruprecht, Göttingen, 11-42.

⁹ The Mühsam family was particularly well known for the battle fought in favour of the integration of Jewish citizens in Prussia after the Seven Years War, hence the family name attributed by Frederick the Great. After 1933 the family was persecuted, and many members killed in the Holocaust. See: Hamann, Christoph (2005), *Die Mühsams: Geschichte einer Familie*, Hentrich und Hentrich Verlag, Berlin.

¹⁰ Sources are divided over the death of Emma Mühsam Redlich. She is alternatively believed to have died in Auschwitz in March 1943 or having committed suicide to avoid deportation to the camp of Theresienstadt the 14th February 1943.

¹¹ See: Karabel, Jerome (2006), *Chosen: The Hidden History of Admission and Exclusion at Harvard, Yale, and Princeton*, Houghton Mifflin, Boston; Pollock, Eunice G. (2011), *Antisemitism on the Campus: Past & Present*, Academic Studies Press, Boston.

¹² Redlich never addresses his sentiments in respect to the Holocaust, but admits of having felt the guilt of the survivor after WWI, when he returned home and many others didn't (Redlich, Fritz (1964), 'Ein Leben für die Forschung', in Id. *Der Unternehmer*, Vandenhoeck & Ruprecht, Göttingen, 11-42: 12).

¹³ Reinert affirms: “Schumpeter and Redlich were both equally atypical as German scholars in exile. None of them had been persecuted by the Nazi regime; they could both probably have continued their work in Germany or Austria undisturbed” (Reinert, Erik S. (2003), 'Steeped in Two Mind-Sets: Schumpeter in the Context of the Two Canons of Economics', in Jürgen Backhaus (ed.) *Joseph Alois Schumpeter: Entrepreneurship, Style and Vision*, Kluwer, Boston, 261-292: 284), while Hans Jaeger, in the volume edited by Hagemann and Krohn on German academic emigration after 1933, states that the reason to live Germany was the “disgust with the system” (Jaeger, Hans (1999), “Redlich Fritz Leonhard”, in Hagemann, Harald and Krohn, Claus-Dieter (eds.) *Bibliographisches Handbuch der deutschsprachigen wirtschaftswissenschaftlichen Emigration nach 1933*, vol. 2, Saur, Munich, 553-555: 553).

for fear of deportation and also that his Jewish origin did not help in finding an academic position in the United States. Graver consequences on the personal level can only be imagined.

While avoiding references to racial discrimination, Redlich extensively related in later years the influence of his family's background on his intellectual growth and on his career. Being born in Berlin, at the end of the 19th century in a rich middle-class family, he said: "opened my life to many opportunities but also set some limits"¹⁴. The cultural environment was undoubtedly varied and cosmopolitan. Redlich himself referred to the circle of Ignaz Jastrow, the only professor at the university of Berlin who made a lasting impression on him and became a life-long friend. Jastrow's seminar was often held at home and was open to enrolled students as to simple listeners. Jastrow, in fact, actively lobbied for women to be allowed to study at Berlin university - which was allowed only in 1908 - and one active participant of his circle became the first female professor of economics to be appointed in a German *Handelshochschule*¹⁵. Ignaz Jastrow was also determinant in the establishment of Berlin's business school, a feat that Redlich would highly praise in later years¹⁶. Among the few other names of personal friends, quoted by Redlich in his biographical sketch, are Wilhelm Gehlhoff¹⁷, student of Jastrow's seminar and later professor of economics at the T. H. Braunschweig, and Albano Milani, technical consultant in Italy's industry, known during the latter's stay in Berlin for study¹⁸. Both cases confirm how Redlich, while still in Germany, moved in cosmopolitan Jewish circles that extended across borders¹⁹. While among friends and family Jewish origin was common, though, so was integration in local contexts, including conversion to Catholicism or Protestantism, as in the case of the Redlichs.

Fritz Redlich indubitably appreciated the environment in which he grew up, but also suffered its limits. "The born historian - he lamented in his memoir - was transformed by his father into a chemist"²⁰. Redlich, indeed, after completing his *Gymnasium*, had to attend chemistry classes for four semesters in Munich and

¹⁴ Redlich, Fritz (1964), 'Ein Leben für die Forschung', in Id. *Der Unternehmer*, Vandenhoeck & Ruprecht, Göttingen, 11-42: 11.

¹⁵ Bentinck van Schoonheten, Anna (2016), *Karl Abraham: Life and Work, a Biography*, Karnac Books, London, 21-22.

¹⁶ Redlich, Fritz (1957), 'Academic Education for Business: Its Development and the Contribution of Ignaz Jastrow (1856-1937) in Commemoration of the Hundredth Anniversary of Jastrow's Birth', *The Business History Review*, 31, 1, 35-91

¹⁷ See: Jesse, Wilhelm (1956), 'Wilhelm Gehlhoff', *Abhandlungen der Braunschweigischen Wissenschaftlichen Gesellschaft*, 8, 182; Karafyllis, Nicole Christine (2016), *Willy Moog (1888-1935): Ein Philosophenleben*, Verlag Herder GmbH, Freiburg/München, 199-200.

¹⁸ Albano Milani hosted Fritz Redlich on many occasions, both in his house in Florence and in his villa in the Tuscan countryside. Albano Milani is known to historiography for being the father of Don Milani. See: Fusi, Francesco (2017), 'Albano Milani Comparetti: un notevole a Montespertoli tra guerra e Liberazione', in Milani Comparetti Valeria, *Don Milani e suo padre. Carezzarsi con le parole. Testimonianze inedite dagli archivi di famiglia*, Edizioni Conoscenza, Roma, 151-199.

¹⁹ Redlich would praise his cosmopolitan views, gained through his travels in the 1920's in respect to other German emigres who had firstly experienced another culture when obliged to move to the United States. See: Redlich, Fritz (1964), 'Ein Leben für die Forschung', in Id. *Der Unternehmer*, Vandenhoeck & Ruprecht, Göttingen, 11-42: 32.

²⁰ Redlich, Fritz (1964), 'Ein Leben für die Forschung', in Id. *Der Unternehmer*, Vandenhoeck & Ruprecht, Göttingen, 11-42: 11-12.

Berlin and finally pass the *Verbandsexamen* as a professional chemist in the technical superior school of Charlottenburg before being allowed to choose a university course closer to his liking. Notwithstanding this sacrifice, Redlich still had to compromise. While his heartfelt wish was to become an art historian, his father side-tracked him towards economics (*Nationalökonomie*). He completed his courses in just two years²¹ but was far from being satisfied with the teaching received. “Between 1912 and 1914 - he remembered in later years - economics in Berlin was in the process of withering (...) and the younger historical school was at the beginning of decay”²². Redlich’s judgement was in some cases even harsh: Adolf Wagner was geriatric, Heinrich Herkner lacked the capability to teach, Ladislaus von Bortkiewicz was boring to death, Friedrich von Gottl-Ottlilienfeld was unpleasant when crossed and later completely blinded by Nazism, the historical school in its entirety was blocked in a dead-end isolationism and “the names of mighty contemporaries like Marshall, Edgeworth, Walras and Pareto were unheard of”²³. Nonetheless Redlich admitted that, even if they hadn’t made an economist out of him, his studies had allowed him to become a competent economic historian, capable of processing huge amounts of data and synthesize them into conceptual frameworks. In Berlin Redlich also learned to be sceptical of the teachings of the Austrian school, “who believed to be truth what was simply a model”²⁴. This, in time, would be the incitement to research and study “the personal element in the economy”: entrepreneurship²⁵, perhaps the most important teaching of all for the young student. All in all, Redlich could only conclude the evaluation of his education by hoping that Edgar Salin, as an historian of economic thought, would care to describe him as “a late member of the youngest historical school”²⁶.

Beside family and studies there was a third element that Redlich considered fundamental in his formation: the generation he was born into. By describing this influence, Redlich accepted in some degree the generational theory of cultural transformation²⁷ that had been formulated in multiple versions at the end

²¹ So Redlich himself described his studies, presenting his thesis to obtain the *Doktor* title: “Seither studiere ich an der hiesigen Universität Staatswissenschaften. Nationalökonomische und statistische Vorlesungen hörte ich bei den Herren Professoren Bernhard, v. Bortkiewicz, Eberstadt, Herkner, Jastrow, v. Schmoller, Sering, Skalweit, Wagner, Zoepfl; juristische bei den Herren Professoren Anschütz, Bornhak, Eltzbacher (Handelshochschule), v. Gierke, Köbner, Wolff; historische bei den Herren Professoren Breysig, Hintze, Lenz; und philosophische bei den Herren Professoren Lasson Riehl und Simmel. Außerdem habe ich nationalökonomische, statistische, historische und philosophische Übungen mitgemacht bei den Herren Professoren Herkner, Jastrow, Skalweit, v. Bortkiewicz, Hintze, Riehl. Die Promotionsprüfung bestand ich am 25. Juni 1914” (Redlich, Fritz L. (1914), *Die volkswirtschaftliche Bedeutung der deutschen Teerfarbenindustrie*, Friedrich-Wilhelms Universität, Berlin, 103).

²² Redlich, Fritz (1964), ‘Ein Leben für die Forschung’, in Id. *Der Unternehmer*, Vandenhoeck & Ruprecht, Göttingen, 11-42: 12.

²³ Redlich, Fritz (1964), ‘Ein Leben für die Forschung’, in Id. *Der Unternehmer*, Vandenhoeck & Ruprecht, Göttingen, 11-42: 12-13.

²⁴ Redlich, Fritz (1964), ‘Ein Leben für die Forschung’, in Id. *Der Unternehmer*, Vandenhoeck & Ruprecht, Göttingen, 11-42: 13.

²⁵ Ibid.

²⁶ Ibid.

²⁷ Ziegler, Herbert F. (1989), *Nazi Germany's New Aristocracy: The SS Leadership, 1925-1939*, Princeton University Press, Princeton, 67-70.

of the 1920s and in the 1930s²⁸. In the last of his essays, published in 1976²⁹, he would come back to the concept of generations as one that he had researched and studied for over forty years and that had informed much of his work from the 1930s onward. In his biographical writing, Redlich identified himself with the generation of 1912 that “was the last to grow up in an undestroyed Europe and the one to receive its mark by the influence of Impressionism”³⁰. Impressionism, in Redlich’s meaning, was not a simple pictorial style, but a style related to all aspects of life³¹. In fact, during The Wilhelmine Period “the debate concerning it escalated from art to ideology”³² becoming the discriminating criteria among an older generation, still tied to neoclassicism, and the younger one to which Redlich adhered. Impressionism - *Reizbarkeit* in German - identified in the subjective, immediate and pre-conceptualised perception the way an entire generation experienced life. “From Impressionism - admitted Redlich - comes my bias for aristocracy” a later topic of intense studies, “from Impressionism comes my preferred word: ‘interesting’ that I abused to the point of being mocked about it”³³. From Impressionism also came a philosophical background that identified in the personal factor, a *primum movens* of the historical process. As resumed by Redlich himself: “Many Impressionist elements might be found in my work”³⁴.

Impressionism meant, for Redlich, being impressed by the natural environment in which he grew up: a typical trait of German national identity. “Long hikes in the forest in all seasons, in woods and along lakes, - he poeticised - half or entire nights spent alone in harmony with the nature of the homeland cannot be separated from my intellectual development”³⁵. The identification with the German nation went so far that Redlich was prepared “to defend the inherited cultural patrimony and the ravines of the Reich”³⁶ with his life. He volunteered to participate in WWI and after his return to Berlin, at the end of 1918, also participated in the fights against the revolutionaries, until the radicalisation of the reaction in the Kapp-Putsch made him retreat from any active involvement. He later joined the *Volkspartei* and became a

²⁸ Redlich quotes Wechsler, Eduard (1930), *Die Generation als Jugendreihe und ihr Kampf um die Denkform: mit neun Figuren im Text und vielen Tabellen*, Quelle & Meyer, Leipzig (Redlich, Fritz (1964), ‘Ein Leben für die Forschung’, in Id. *Der Unternehmer*, Vandenhoeck & Ruprecht, Göttingen, 11-42: 11), but the most influential formulation of the theory is to be found in: Mannheim, Karl (1928), *Das Problem der Generationen*, *Kölner Vierteljahreshefte für Soziologie* 7, 157-185 and 309-330.

²⁹ Redlich, Fritz (1976), ‘Generations: A Critique and Reconstruction’, *Revue Belge d'Histoire Contemporaine*, VII, 1-2, 243-71

³⁰ Redlich, Fritz (1964), ‘Ein Leben für die Forschung’, in Id. *Der Unternehmer*, Vandenhoeck & Ruprecht, Göttingen, 11-42: 11.

³¹ Hamann, Richard (1907), *Der Impressionismus in Leben und Kunst*, M. Dumont-Schaubergschen Buchhandlung, Köln.

³² Kern, Josef (1989), *Impressionismus im Wilhelminischen Deutschland: Studien zur Kunst- und Kulturgeschichte des Kaiserreichs*, Königshausen & Neumann, Würzburg, 2.

³³ Redlich, Fritz (1964), ‘Ein Leben für die Forschung’, in Id. *Der Unternehmer*, Vandenhoeck & Ruprecht, Göttingen, 11-42: 11.

³⁴ Redlich, Fritz (1964), ‘Ein Leben für die Forschung’, in Id. *Der Unternehmer*, Vandenhoeck & Ruprecht, Göttingen, 11-42: 12.

³⁵ Redlich, Fritz (1964), ‘Ein Leben für die Forschung’, in Id. *Der Unternehmer*, Vandenhoeck & Ruprecht, Göttingen, 11-42: 14.

³⁶ Redlich, Fritz (1964), ‘Ein Leben für die Forschung’, in Id. *Der Unternehmer*, Vandenhoeck & Ruprecht, Göttingen, 11-42: 15.

member of the *Reichsklub*³⁷. Again, it was “knowledge and representativeness of the German culture” what Redlich appreciated in Gustav Stresemann, whom he met at various times and appreciated as a politician and passionate speaker³⁸.

As apparent from his own recount, Redlich did not regret his involvement in nationalist movements, even if his background and education saved him from extremism³⁹, what he deeply regretted of the interwar years was abandoning the academic career, to be pursued by obtaining a teaching qualification, and stepping, instead, into the family business: “a crime against the spirit and a mistake that I could never amend my life long”⁴⁰. Ironically, in 1927, after a decade of dedicated work, he decided anyway to exit from the family firm, just one year after having become a partner. After 45 years of existence the Berlin import-export firm Hugo Fürst & Co., trading internationally in chemical products and synthetical drugs, ceased so to exist and its former partners Arthur Becker and Felix Freund began a new venture in which Redlich was substituted by another merchant in chemicals Dr. Fritz Taussig. Redlich’s decision proved wise, the new venture was soon to be liquidated because of the great depression.

While managing as a director the German cooperative of fur farmers⁴¹, Redlich had the time and tranquillity needed to follow the ambition to get a teaching qualification. His first attempt, a ground-breaking work on drugs, their production, trade and markets⁴², stemming from his working experience in his father’s business, was rejected for the opposition of one member of the faculty, even if it was immediately published and even praised by reviewers. The faculty, though, did not dismiss Redlich’s request of qualification entirely and asked him to present another essay. To this end, Redlich wrote down a history of

³⁷ Notwithstanding that the *Volkspartei* had a clear-cut position in regard to the *Judenfrage*, the party accepted among its rank the Jews who had proved their German nationalist sentiments in particular in the revolutionary days. See: Hambrock Matthias (2003), *Die Etablierung der Aussenseiter: der Verband nationaldeutscher Juden 1921-1935*, Böhlau Verlag, Köln Weimar, 338-342.

³⁸ Redlich, Fritz (1964), ‘Ein Leben für die Forschung’, in Id. *Der Unternehmer*, Vandenhoeck & Ruprecht, Göttingen, 11-42: 15-16.

³⁹ Jürgen Kocka summarizes the position of Redlich as follows: “The scientific and historical education in the tradition of the haute bourgeoisie prevented political submission and perversion, but it was not enough to ignite an effective political opposition” (Kocka, Jürgen (1979), ‘Zum Tod von Fritz Redlich’, *Geschichte und Gesellschaft: Zeitschrift für historische Sozialwissenschaft*, 5, 1, 167-171: 168). Kocka’s conclusion might be disputed though on hand of Redlich’s work on the opposition to Nazism through comical and satirical writing: Redlich, Fritz (1963), ‘Der „Flüsterwitz“. Seine publizistische Aussage in soziologischer und zeitgeschichtlicher Sicht’, *Publizistik*, 8,2, 79–101. On this writing of Redlich, see: Merziger, Patrick (2010), *Nationalsozialistische Satire und „Deutscher Humor“ Politische Bedeutung und Öffentlichkeit populärer Unterhaltung 1931–1945*, Steiner Verlag, Stuttgart: 11-13.

⁴⁰ Redlich, Fritz (1964), ‘Ein Leben für die Forschung’, in Id. *Der Unternehmer*, Vandenhoeck & Ruprecht, Göttingen, 11-42: 16.

⁴¹ On the experience of setting up and management of a cooperative in the farming sector and the abolition of trade while maintainig ist functions, Redlich published essays in the major journals of economics of ist time: Redlich, Fritz (1932), ‘Wandlungen in der Absatzorganisation’, *Jahrbücher für Nationalökonomie und Statistik*, 82 (137), 2, 231-240; Redlich, Fritz (1932), ‘Der Handel in der Absatzorganisation’, *Zeitschrift für die gesamte Staatswissenschaft* 93, 3, 412-426.

⁴² Redlich, Fritz (1929), *Rauschgifte und Suchten. Weltwirtschaftliche und soziologische Betrachtungen zu einem medizinischen Thema*, Verlag Kurt Schröder, Bonn.

advertising⁴³, but as soon as it was completed⁴⁴ German universities were subject to political control and had to expel Jewish members of the faculties - *Gleichstellung*. Redlich so renounced to present and discuss his thesis. The fate of universities was shared also by the *Deutsche Landwirtschafts-Gesellschaft* of which Redlich's fur cooperative was a derivation. "In the end - wrote Redlich - I made the sad experience of witnessing the *Gleichstellung* in the DLG. I will not easily forget the brown-clothed rascals that firstly invaded the office and then overcame the whole organisation"⁴⁵.

A short while after, Redlich left Germany to steep in a completely different culture. The 26th March 1936 he landed in New York, with 54 dollars in his pockets and no academic title to recommend him⁴⁶. While reassured by Frank W. Taussig⁴⁷ and Joseph Schumpeter⁴⁸ on his research program, he could obtain no support from foundations. His chosen field of study, entrepreneurship, was considered third class, while his use of secondary sources was condemned. At this point, Redlich experienced in full the consequences of emigrating from one culture to another. "A literary genre, hostile to entrepreneurs, called muckraking, dating back to the beginning of the 20th century, still enjoyed wide success. The social sciences, as were practiced at the time, were not interested in the personal element in the process of economic development. This held true in particular for the economic science built on the equilibrium model of Marshall that, to its end, considered research on entrepreneurs an abomination⁴⁹. Quantification, the base of all reasoning, was not possible when living men would be included into theory. (...) On the other side,

⁴³ For a recent assessment of the topic see: Swett, Pamela E. (2013), *Selling under the Swastika: Advertising and Commercial Culture in Nazi Germany*, Stanford University Press, Stanford.

⁴⁴ Redlich, Fritz (1935), *Reklame. Begriff, Geschichte, Theorie*, Ferdinand Enke, Stuttgart. Part of the research would be published in English as: Redlich, Fritz (1936), 'German advertising and its regulation during the last three Years', *Harvard Business Review*, 15, 1, 95–104. Redlich would come back to the question of advertisement thirty years later, analysing the case of the US: Redlich, Fritz (1965), 'Die Entwicklung der amerikanischen Reklame, im Lichte zeitgenössischer Selbstzeugnisse', *Jahrbuch der Absatz- und Verbrauchsforschung*, 11, 4, 281-314. For a recent evaluation of Redlich's work on the issue, see: Schug, Alexander (2010), "*Deutsche Kultur" und Werbung : Studien zur Geschichte der Wirtschaftswerbung von 1918 bis 1945*, Humboldt-Universität Berlin, Berlin, 2010

⁴⁵ Redlich, Fritz (1964), 'Ein Leben für die Forschung', in Id. *Der Unternehmer*, Vandenhoeck & Ruprecht, Göttingen, 11-42: 16-17.

⁴⁶ Redlich, Fritz (1964), 'Ein Leben für die Forschung', in Id. *Der Unternehmer*, Vandenhoeck & Ruprecht, Göttingen, 11-42: 20.

⁴⁷ As a form of help, Taussig accepted a paper of Redlich in his *Quarterly Journal of Economics*: Redlich, Fritz (1936), 'Payments between Nations in the Eighteenth and Early Nineteenth Centuries', *Quarterly Journal of Economics*, 50, 694-705.

⁴⁸ As Taussig, also Schumpeter helped the young colleague by favouring a publication: Redlich, Fritz (1936), 'German advertising and its regulation during the last three Years', *Harvard Business Review*, 15, 1, 95–104.

⁴⁹ The view held by Redlich on Marshall's theory was shared by most economic and business historians of the time. For example George Heberton Evans, in 1942, writing about 'A theory of entrepreneurship' in *The Journal of Economic History*, quoted Marshall affirming: "And though an inventor, or an organizer, or a financier of genius may seem to have modified the economic structure of a people almost at a stroke; yet that part of his influence, which has not been merely superficial and transitory, is found on inquiry to have done little more than bring to a head a broad constructive movement which had long been in preparation" - Marshall, Alfred (1927), *Principles of Economics*, 8th edition, London, xiii. See: Evans George H. (1942), 'A Theory of Entrepreneurship', *The Journal of Economic History*, 2, 1, 142-146: 143. An almost opposite interpretation of Marshall and his method are to be found, more recently, in Giacomo Becattini's work. See: Joan Trullén, (2010), "Giacomo Becattini and the Marshall's method. A Schumpeterian approach", *IERMB Working Paper in economics*, 1003, Institut d'Estudis Regionals i Metropolitans de Barcelona.

American history writing, since Comte, Buckle and Spencer, was fundamentally positivistic and deterministic and had no use for the individual factor in the economy”⁵⁰. Redlich’s education, his cultural heritage and the related research interests made him an outcast in American academia as much as his Jewish background or his status as enemy alien.

Redlich had so to find himself an alternative source of income while waiting for his immigration papers and the much-desired American citizenship. He obtained acceptance, help and a teaching position thanks to two religious minorities, Quakers and Baptists. For five years he held a position in the Economics Department at Mercer University⁵¹, “a valuable experience, albeit not a happy one”⁵². Redlich began to integrate into American society but felt isolated in what he perceived as a scarcely stimulating intellectual environment. After gaining the citizenship, in 1942, Redlich immediately resigned his position and moved to Cambridge, at the same time enrolling for employment in the public administration to fill in the posts vacant for the war. In 1943 he was finally employed as an economic analyst at the Federal Public Housing Authority in Boston, where he devised a statistical model to calculate rent levels in public housing, and later directed, from June 1948 to April 1950, the research and statistics office of the public housing program for the Massachusetts State Housing Board⁵³. At this point came the call of Arthur H. Cole to collaborate at the Research Center in Entrepreneurial History at Harvard University where Redlich worked as researcher from 1952 until his retirement.

The fifteen years preceding the appointment at Harvard were not unfruitful. Aside from completing many publications and conducting many researches in the spare time and during holidays, this time was spent in a profound effort of assimilation of the American culture. There is no doubt that Redlich, from his arrival in the United States, never intended to ever go back to Europe. In fact, he never visited Germany again. How difficult it was for an already mature man and researcher to adjust to a complete different environment is apparent from Redlich’s own recount of these years. But, as he himself admitted, it was this confrontation with a complete different language, a new mentality and an alien philosophy that made him the historian he was at the time of his appointment.

Among the things learnt was the awareness of the parochiality of a European society still based on national states. “In the struggle and confrontation with Americanism - assessed Redlich - I finally became a

⁵⁰ Redlich, Fritz (1964), ‘Ein Leben für die Forschung’, in Id. *Der Unternehmer*, Vandenhoeck & Ruprecht, Göttingen, 11-42: 21-22.

⁵¹ Carpenter, Kenneth E. and Chandler, Alfred D. Jr. (1979), ‘Fritz Redlich: Scholar and Friend’, *The Journal of Economic History*, 39, 4, 1003-1007.

⁵² Redlich, Fritz (1964), ‘Ein Leben für die Forschung’, in Id. *Der Unternehmer*, Vandenhoeck & Ruprecht, Göttingen, 11-42: 24.

⁵³ Out of this working experience stemmed two papers: Redlich, Fritz (1947), ‘Rental Analysis in Wartime’, *Journal of Political Economy*, 55, 3, 245-253; Bryan, Joseph G., Redlich, Fritz and Wadsworth, George P. (1949), *Report of a Method for Determining Relative Housing Demand*, Massachusetts Institute of Technology. Department of Mathematics. Statistics Group, Boston.

European”⁵⁴. The nationalism that had fuelled Redlich’s participation to WWI and to the repression of Berlin’s revolution all but vanished and he came to see the common traits among Europeans as more relevant than the differences. At the same time, Redlich was able to pinpoint the fundament upon which the difference in culture between America and Germany lied, the reason for all the difficulties in his integration. Romanticism had still had the greatest influence on the education of Redlich’s generation, while in the US 18th century rationalism was still the philosophy of reference: “hence the inability to understand each other”⁵⁵. These were the two cultures that informed Redlich’s life, causing many distresses, also from the scientific point of view. While Redlich never accepted the positivistic and empirical fundament of American social sciences, being confronted with such studies cured him of the historicism learnt in Berlin, inviting him - or better: constraining him - to build a bridge between historical writing and theoretical abstraction. “I came to America believing in the epistemology of Rickert and Windelband with its focus on the uniqueness of the object of human and cultural sciences. Today I consider it completely wrong. I can see common ground between natural and human sciences and many connections between their methodologies”⁵⁶. Being a scholar steeped into two cultures was so the origin of Redlich’s own methodology, a blend of German historicism and American pragmatism: “my solution is to retrieve the formulation of the question from the social science theories, while looking for answers with the traditional historical method”⁵⁷. The social sciences would so be the origin of the conceptualization in the historian’s work, while research, done with the methods of historicism, would provide material for the theorizations of social scientists, leading to a continuing evolution and change of the object of research and of theoretical constructions: “most of what is believed to be and represented as general and immutable is in reality subjected to the historical process”⁵⁸. “With these goals in mind - concluded Redlich - I became, almost without being aware of it, an analytical economic and social historian”⁵⁹.

⁵⁴ Redlich, Fritz (1964), ‘Ein Leben für die Forschung’, in Id. *Der Unternehmer*, Vandenhoeck & Ruprecht, Göttingen, 11-42: 32.

⁵⁵ Redlich, Fritz (1964), ‘Ein Leben für die Forschung’, in Id. *Der Unternehmer*, Vandenhoeck & Ruprecht, Göttingen, 11-42: 33.

⁵⁶ Redlich, Fritz (1964), ‘Ein Leben für die Forschung’, in Id. *Der Unternehmer*, Vandenhoeck & Ruprecht, Göttingen, 11-42: 34.

⁵⁷ Redlich, Fritz (1964), ‘Ein Leben für die Forschung’, in Id. *Der Unternehmer*, Vandenhoeck & Ruprecht, Göttingen, 11-42: 38.

⁵⁸ Redlich, Fritz (1964), ‘Ein Leben für die Forschung’, in Id. *Der Unternehmer*, Vandenhoeck & Ruprecht, Göttingen, 11-42: 34.

⁵⁹ Redlich, Fritz (1964), ‘Ein Leben für die Forschung’, in Id. *Der Unternehmer*, Vandenhoeck & Ruprecht, Göttingen, 11-42: 39.

A fruitful *Methodenstreit* in American business history (1936-1952)

“Of course men make history: who else could do so? But in entering the stage of history they have been formed by the institutional set-up of their time, which in turn has been created by men who in their turn had been shaped by the institutional set-up in which they grew”⁶⁰.

As stated, while Redlich’s theoretical reference scheme was developed during the long research years in American libraries, the interest in entrepreneurialism dated back to his German days.

Redlich himself would not have considered his first works on the German coal-tar dye industry⁶¹ and the market of drugs⁶² as business history studies, as they might well be classified today. In this he remained a disciple of the German historical tradition: “It is for me a question of *Weltanschauung* and so axiomatic that man should have a minimum of power of choice among alternatives. I believe in the role of Droysen’s ‘X’ in the history of mankind”⁶³. In economics this meant looking for the entrepreneur or those business leaders who, as Schumpeter’s innovators, changed the pace of economic development⁶⁴. The spark to this kind of research came from Ignaz Jastrow who favoured Redlich’s participation to the *Staatswissenschaftliche Vereinigung*, active in Berlin in the interwar years. This circle of academics held its meetings, attended by around twenty scholars, every second Tuesday, to discuss relevant issues related to economics, politics and law. During the attendance of Redlich, between 1919 and 1935, the *Vereinigung* was presided by Johannes Feig, law professor, Ladislaus von Bortkiewicz, statistics professor, and finally Friedrich von Gottl-Ottlilienfeld, who taught economics⁶⁵. After the meetings, attendants would continue the discussions in a café on the Kurfürstendamm. During one such occasion, after midnight, Redlich heard von Gottl-Ottlilienfeld speak about an award offered by a Berlin banker to the best history of German entrepreneurship. “Then and there, if I may say so, I received my call”⁶⁶ would later relate Redlich. The aim of the prize was naïve and in effect it was not awarded: the topic was enormous and impossible to research in just one-year time. Nonetheless: “all bystanders agreed that the subject was worth pursuing and it hit me: this would be a great endeavour”⁶⁷.

⁶⁰ Redlich, Fritz (1944), *Essays in American Economic History: Eric Bollmann and Studies in Banking*, E. G. Stechert and Company, New York: 197.

⁶¹ Redlich, Fritz L. (1914), *Die volkswirtschaftliche Bedeutung der deutschen Teerfarbenindustrie*, Friedrich-Wilhelms Universität, Berlin.

⁶² Redlich, Fritz (1929), *Rauschgifte und Suchten. Weltwirtschaftliche und soziologische Betrachtungen zu einem medizinischen Thema*, Verlag Kurt Schröder, Bonn.

⁶³ Ibid.

⁶⁴ Redlich, Fritz (1951), *The molding of American banking; men and ideas*, Hafner, New York, 1.

⁶⁵ Redlich, Fritz (1964), ‘Ein Leben für die Forschung’, in Id. *Der Unternehmer*, Vandenhoeck & Ruprecht, Göttingen, 11-42: 17-18.

⁶⁶ Redlich, Fritz (1964), ‘Ein Leben für die Forschung’, in Id. *Der Unternehmer*, Vandenhoeck & Ruprecht, Göttingen, 11-42: 18

⁶⁷ Ibid.

While doing research for his book on the history of advertisement⁶⁸, Redlich already started looking for data to represent the phenomenon of economic development from an individual point of view. He also studied the concept of entrepreneur, its definition and history, in search for a theoretical framework for his research. He obviously referred to Schumpeter's theory, toward which he would later be more critical, but also pursued the possibility of integrating Wechsler's generational theory into the picture. The manuscript of the first chapters of this work on German entrepreneurship were brought to America in Redlich's suitcase and served as a presentation to Schumpeter and Taussig. The pioneer work, though, would remain unpublished for almost a decade⁶⁹. As apparent from the publications scattered in the years 1936-1952, the main attention, during this period of research, was rather dedicated to American entrepreneurship and its role in the economic development of the United States.

Redlich's main reference point at this time could not be a scientific association of economists. As he immediately grasped: "When I arrived in America I thought to be an economist. I soon discovered that given my education and my disposition, according to American standards, I wasn't an economist who could aspire to any recognition. Where I studied economics, - in Berlin - the field was taught with the methodology of American institutionalism, a research program of German origin that today has no future. The distance was unbridgeable"⁷⁰. "Given these circumstances - continued Redlich - it was fortunate that in 1940 the economic historians who were scattered all over the country decided to join into the American Economic History Association. Here at last was an organisation in which I fitted in and followingly I became one of its first members"⁷¹. The Committee on Research in Economic History that dominated the field for two decades, determining its strategic decisions, agreed that among the fields of research would be the history of American entrepreneurship and of American banking⁷². Following this lead, between 1940 and 1951, Redlich published a series of volumes on American Business Leaders, the first dedicated to the iron

⁶⁸ Redlich, Fritz (1935), *Reklame. Begriff, Geschichte, Theorie*, Ferdinand Enke, Stuttgart.

⁶⁹ Redlich, Fritz (1944), 'The leaders of the German Steam-Engine Industry during the First 100 Years', *Journal of Economic History*, 4, 2, 121-148; Redlich, Fritz (1950), 'Research on German Entrepreneurship', *Explorations in Entrepreneurial History*, 2, 2, 100-102; Redlich, Fritz (1951), 'A Second Note on Research on German Entrepreneurship', *Explorations in Entrepreneurial History*, 4, 1, 38-43; Redlich, Fritz (1952), 'The Beginnings and Development of German Business History', *Bulletin of the Business Historical Society* [Supplement], 26, 3, 1-82.

⁷⁰ Redlich, Fritz (1964), 'Ein Leben für die Forschung', in Id. *Der Unternehmer*, Vandenhoeck & Ruprecht, Göttingen, 11-42: 30-31.

⁷¹ Redlich, Fritz (1964), 'Ein Leben für die Forschung', in Id. *Der Unternehmer*, Vandenhoeck & Ruprecht, Göttingen, 11-42: 31.

⁷² This Committee sprang out of the joint effort of the Social Science Division of the Rockefeller Foundation and scholars from several American universities, among them both Edwin Gay and Arthur Cole. Not incidentally one of the four areas of research pointed out as in need of financing and support was the "history of representative enterprises". Later the committee would be determinant in the setting up of the Research Center in entrepreneurial history at Harvard. See: Crandall, Ruth (1960), *The Research Center in Entrepreneurial History at Harvard University, 1948-1958: A Historical Sketch*, Cambridge, 1. For a report on the early activities of the Committee see: Cole Arthur H. (1944), 'A Report on Research in Economic History', *The Journal of Economic History*, 4, 1, 49-72.

and steel business, the following two to banking⁷³. While painstakingly researched - the volume on the steel industry quoted over six hundred entrepreneurs - Redlich's work did not succumb to the lure of descriptivism. A solid theoretical background and conceptual framework gave value to so much empirical research.

The method of Redlich's research can be best understood by taking into account the Appendix to the volume that Redlich dedicated in 1944 to the 18th century German physician, adventurer and entrepreneur Eric Bollmann⁷⁴. The appendix had been written under suggestion of Arthur H. Cole, at the time already involved in creation of a research center on entrepreneurial history, to clarify the very different method that Redlich applied to economic and business history in respect to American researchers.

Under the influence of the German historical tradition, Redlich bluntly stated that the opinions expressed in his work "originated under the lasting influence of the teachings of Rickert, Sombart, Theodor Litt, and especially under that of Ernst Troeltsch's admirable course on Philosophy of History offered at the University of Berlin after the first World War"⁷⁵. Therefore, Redlich considered the historical process not predetermined but open, even if not linear. He would rather affirm that, according to the works of Leo Frobenius⁷⁶ and Alfred Weber⁷⁷, the path of history was a circular one. While the study of the recurrence of phenomena was the task of the sociologist of history, the historian, instead, breached the subject by considering every event unique. Redlich also stated that he believed in multi-causal explanations of historical events, rejecting mono-causal determinism. While the latter approach could have heuristic value, its oversimplification, appealing to simple minds, might distort the historical reconstruction into a myth, politically exploitable. Nonetheless the first approach also had its drawbacks. Even if the historian attempted an explanation by describing multiple factors of causation, she/he inevitably would have to choose among a much greater number of events than the human mind could encompass, giving in, through this selection process, to value judgements. Another peril was the influence of the scientific method on the mind of the historical researcher. Causation had not the same significance in nature and society: "in nature

⁷³ Redlich, Fritz (1940), *History of American Business Leaders, Vol. I: Theory—Iron and Steel, Iron Ore Mining*, Edwards Brothers, Ann Arbor; Redlich, Fritz (1947), *History of American Business Leaders: The molding of American banking; men and ideas. pt. 1. 1781-1840*, Edwards Brothers, Ann Arbor. Redlich, Fritz (1951), *History of American Business Leaders: The molding of American banking; men and ideas. pt. 2. 1840-1910*, Edwards Brothers, Ann Arbor: the last two volumes were then published together as: Redlich, Fritz (1951), *The molding of American banking; men and ideas*, Hafner, New York. For a recent appraisal of these works, their diffusion and their influence, see: Friedman, Walter A. (2010), 'Leadership and History', in Nohria, Nitin and Khurana, Rakesh, *Handbook of Leadership Theory and Practice*, Harvard Business Press, Boston: 292-296.

⁷⁴ Redlich, Fritz (1944), *Essays in American Economic History: Eric Bollmann and Studies in Banking*, E. G. Stechert and Company, New York: 191.

⁷⁵ Redlich, Fritz (1944), *Essays in American Economic History: Eric Bollmann and Studies in Banking*, E. G. Stechert and Company, New York: 191.

⁷⁶ Frobenius, Leo (1921), *Paideuma. Umriss einer Kultur- und Seelenlehre*, C. H. Beck'sche Verlagsbuchhandlung, München

⁷⁷ Weber, Alfred (1935), *Kulturgeschichte als Kulturosoziologie*, A. W. Sijthoff, Leiden.

and science the cause-effect relationship is irreversible; ceteris paribus, a certain cause can have only one effect. Irreversibility of cause and effect, however, is not a characteristic feature of social causation. On the contrary, in the social world as opposed to nature, cause and effect look in both directions, and consequently these terms should be replaced in social research by that of interaction”⁷⁸. When reverse causation comes into play and everything is connected through circular chains of causes and effects, Redlich affirmed that: “the traditional linear way of presenting social and historical research may be misleading”, while a “circular presentation” would be more useful⁷⁹. By circular Redlich meant dialectical. History could and should be understood as a dialectical process between men’s will, construing new institutions and shaping the future environment of men’s action, and the environment they lived in, determined by past generations, “and so forward and backward ad infinitum”⁸⁰. The “true problem in history” so became “the explanation of actions of free men in a determined universe” through “the category of interaction rather than that of cause and effect”⁸¹.

What particularly thrilled Redlich about this methodological approach was the potential it held in regard to “that problem nearest the author’s heart, namely, the problem of the personal element in historical development”. “Since history is the work of men, - concluded Redlich - understandable as the work of men, and since there is no social causation except through the agency of the human mind, history which omits the human element and disregards the men who were its agents cannot result (...) in a correct picture of the historical process”⁸². How such epistemological foundations translated into an in-depth research, Redlich tried to demonstrate with his analysis of American business leaders, a “denial of determinism in history and development”⁸³. To the history of the concept of business leader and to the methodology of his study, Redlich dedicated the first chapter of the first volume⁸⁴ and the introduction of the second. Here we find a first clear-cut definition of the entrepreneur as “the man who (alone or in conjunction with others) shapes and reshapes his enterprise, establishes its relations with other enterprises and fits it into the market and the national economy; as the man who directs it and determines its spirit and its strategy by

⁷⁸ Redlich, Fritz (1944), *Essays in American Economic History: Eric Bollmann and Studies in Banking*, E. G. Stechert and Company, New York: 194.

⁷⁹ In this context, Redlich cites Theodore Litt as the first to have given expression to this notion (Redlich, Fritz (1944), *Essays in American Economic History: Eric Bollmann and Studies in Banking*, E. G. Stechert and Company, New York: 195). See: von Litt, Theodor (1919), *Individuum und Gemeinschaft; Grundfragen der sozialen Theorie und Ethik*, B.G. Teubner, Leipzig : 1919.

⁸⁰ Redlich, Fritz (1944), *Essays in American Economic History: Eric Bollmann and Studies in Banking*, E. G. Stechert and Company, New York: 197.

⁸¹ Redlich, Fritz (1944), *Essays in American Economic History: Eric Bollmann and Studies in Banking*, E. G. Stechert and Company, New York: 197.

⁸² Redlich, Fritz (1944), *Essays in American Economic History: Eric Bollmann and Studies in Banking*, E. G. Stechert and Company, New York: 196.

⁸³ Redlich, Fritz (1951), *The molding of American banking; men and ideas*, Hafner, New York, viii.

⁸⁴ This part of the work of Redlich was later republished as: Redlich, Fritz (1949), ‘The Business Leader in Theory and Reality’, *The American Journal of Economics and Sociology*, 8, 3, 223-237.

making the major decisions”⁸⁵. Obviously not all of these entrepreneurs would influence the economy or the development of history. Business leaders were so defined as those entrepreneurs “who determined the course of economic history”. Alternative formulation named them ‘creative entrepreneurs’, ‘innovators’ or simply ‘entrepreneurs’ as in Schumpeter. While this definition could be satisfying in regard to entrepreneurs in the iron and steel industry of the 18th and 19th century, the analysis of the banking sector obliged Redlich to rethink the definition and broaden it. “Banking has been so much under the influence of state governments and, in certain periods, under that of the national government, and, on the other hand, was so intensively intertwined with social life as a whole, that no history of the personal element in banking could be complete without including all the men who have influenced the development of banking, regardless of whether or not they were business leaders”⁸⁶. In fact, the volume encompassed also statesmen, politicians, government officials and thinkers, “originators of ideas” every time they had an active influence on the development of the banking sector⁸⁷. Not always, or rarely, were the ideas or innovations implemented by men of action such as business leaders or statesmen new. Ideas - Redlich cited Walter Rathenau⁸⁸ and Frank Albert Fetter - “appear and reappear like the pieces of colored glass in a Kaleidoscope”, “what actually makes the great business leader and statesman is the instinct for choosing the idea suited to the day or the ability to effect a new combination of ideas, a combination in which an older thought can suddenly become a propelling one”⁸⁹. All of this, then, happened within society, so that: “men shape the development of society and, in turn, are moulded by that society” in a continuous circular process of determination. Generations had a great importance in understanding this development process. The same generational cohort confronted the institutional setting left by the older generation. The business leaders and politicians of that cohort changed that same setting, introducing new ideas and so creating the institutional set-up for the subsequent generation, “and so on ad infinitum”⁹⁰. ‘Understanding’ this complex process meant for Redlich firstly “seeing with the eyes and speaking in the language of the contemporaries of an event”, secondly “putting an event in its right place, in its true perspective, and giving it the right weight”⁹¹.

⁸⁵ Redlich, Fritz (1951), *The molding of American banking; men and ideas*, Hafner, New York, 1.

⁸⁶ Redlich, Fritz (1951), *The molding of American banking; men and ideas*, Hafner, New York, 1.

⁸⁷ Part of Redlich’s research on banking in the United States was followingly published on journals: Redlich, Fritz (1944), ‘Bank Money in the United States during the First Half of the Nineteenth Century’, *Southern Economic Journal*, 10, 3, 212-221; Redlich, Fritz (1947), ‘William Jones’ Resignation from the Presidency of the Second Bank of the United States’, *The Pennsylvania Magazine of History and Biography*, 71, 3, 223-241.

⁸⁸ Redlich also published an essay on Rathenau and war economy: Redlich, Fritz (1944), ‘German Economic Planning for War and Peace’, *The Review of Politics*, 6, 3, 315-335.

⁸⁹ Redlich, Fritz (1951), *The molding of American banking; men and ideas*, Hafner, New York, 2.

⁹⁰ Redlich, Fritz (1951), *The molding of American banking; men and ideas*, Hafner, New York, 2.

⁹¹ Redlich, Fritz (1951), *The molding of American banking; men and ideas*, Hafner, New York, 3.

How much Redlich's approach differed from the current American one to business history narrative⁹², the author himself underlined in an essay published in 1949 on the *Vierteljahrschrift für Sozial- und Wirtschaftsgeschichte*⁹³. The article related to the German readers the academic struggle that in the 1940's involved the best students of the Harvard Business School's first dean, Edwin Francis Gay⁹⁴. Gay, who had studied in Berlin under Gustav Schmoller, had brought back to the United States the interest in business history, launching it as a discipline. When Redlich came in contact with Harvard Business School, though, the great depression had reduced financial sources⁹⁵ and a *Methodenstreit* had erupted that mimicked old German disputes. Redlich correctly identified the two resulting strands of American business history research. The first practiced business history in a narrow sense as the study of the business administration in its three functions⁹⁶: the formulation of policies (deciding on objectives, making plans for attaining them and choosing between alternatives in the operation of the business unit); control (seeing that the policies adopted were disseminated and followed); and management (directing day-by-day operations)⁹⁷. Studying business history in this fashion, as the analysis of a process or the functioning of an organism, had been established by Norman Gras⁹⁸, who had been called by Gay to be the first professor of Business History at Harvard University, and practiced by his school. Publications were hosted in two dedicated journals: the *Harvard Studies in Business History* and the *Bulletin of the Business Historical Society*. While in the eyes of Redlich Gras merited high praise as the founder of the discipline of business history in America, he nonetheless had an intellectual debt toward the German tradition of business history as represented by Richard Ehrenberg⁹⁹. Gras himself freely admitted to Redlich his intellectual debt to the German tradition of business history in several private interviews¹⁰⁰. Redlich had no doubt that the research field opened by Gras was deserving the attention of historians and that it had been successfully cultivated by his disciples. He himself had collaborated prolifically with the *Bulletin of the Business Historical Society*¹⁰¹ and was

⁹² For a recent survey of the history of business history studies in the US, see: Jones, Geoffrey and Wadhvani, Rohit Daniel (2006), *Entrepreneurship and Business History: Renewing the Research Agenda*, Hbs Working Paper Series

⁹³ Redlich Fritz (1949), 'American Business History', *Vierteljahrschrift für Sozial- und Wirtschaftsgeschichte*, 38, 3, 247-259.

⁹⁴ Fredona, Robert and Reinert Sophus A. (2017), 'The Harvard Research Center in Entrepreneurial History and the Daimonic Entrepreneur', *History of Political Economy*, 49, 2, 267-314: 267-268.

⁹⁵ Lack of funds was a main cause for the closing up of the short-lived Journal of Economic and Business History, directed by Edwin Gay and Norman Glas.

⁹⁶ Redlich Fritz (1949), 'American Business History', *Vierteljahrschrift für Sozial- und Wirtschaftsgeschichte*, 38, 3, 247-259: 248.

⁹⁷ Redlich is quoting: Larson Henrietta M. (1948), *Guide to Business History: Materials for the Study of American Business History and Suggestions for Their Use*, Harvard University Press, Cambridge, 6.

⁹⁸ 'Norman Scott Brien Gras 1884-1956' (1956), *The Business History Review*, 30, 4, 357-360. See also: Fredona, Robert and Reinert Sophus A. (2017), 'The Harvard Research Center in Entrepreneurial History and the Daimonic Entrepreneur', *History of Political Economy*, 49, 2, 267-314: 267-268

⁹⁹ Fritz Redlich wrote the biographical entries on "Carl Brinkmann", "Richard Ehrenberg" and "Norman S. B. Gras" for the *International Encyclopedia of the Social Sciences*, New York, 1930-35.

¹⁰⁰ Redlich Fritz (1949), 'American Business History', *Vierteljahrschrift für Sozial- und Wirtschaftsgeschichte*, 38, 3, 247-259: 249.

¹⁰¹ Fritz Redlich extensively contributed to the Bulletin of the Business Historical Society, starting with 1942. See: Redlich, Fritz (1942), 'Some Remarks on the Business of a New York Ship Chandler in the 1810's', *Bulletin of the*

personally acquainted with Gras. In 1942 Arthur C. Cole even identified him with Gras' methodological approach¹⁰². The main critic that Redlich expressed in regard to this kind of research concerned the existence of a potentially more fruitful approach to the same documentary sources. Redlich, according to his method of analysis, identified such approach in the analysis of enterprises in their interaction with other economic actors and in their interconnection with the national and international economy. "In principle - he wrote - the enterprise in itself is devoid of sense. Only in relation, in competition and in alliance, with other enterprises, in the connection with consumers and suppliers, only in the functional positioning in the national and international economy, only in respect to the community at large the enterprise acquires its sense"¹⁰³.

Redlich's was not the only critical voice against the achievements of Gras' school of business historians. After decades in which an inordinate number of monographies on individual firms had been written, the time had come for more general and synthetizing works¹⁰⁴. As Gustav Schmoller had done in his time, though, Gras and his followers still thought that not enough material had been gathered to tackle more comprehensive questions. A step forward had been announced, by Gras himself, but only towards the sectorial analysis of New England textile machine industry. Redlich saw no future in the extension of Gras' method from individual firms to industrial sectors. In his view, business history should have become comparative to bear fruit. Researches should have compared, across firms and in the same time-span, the organisation, the business policy and all other characters identified by Gras. The field of research of business history could so be narrowed down to individual topics - facilitating also the use of incomplete series of business documents - allowing the extrapolation of a useful periodisation. Loosening the, till then, indissoluble bond between business history research and the availability of almost intact business archives would also had favoured the scholarly independence of scholars, reducing the influence of firms on the

Business Historical Society, 16, 5, 92-98; Redlich, Fritz (1943), 'The Business Activities of Eric Bollmann: An International Business Promoter 1797-1821: Part I', *Bulletin of the Business Historical Society*, 17, 5, 81-91; Redlich, Fritz (1943), 'The Business Activities of Eric Bollmann: Part II: The International Promoter', *Bulletin of the Business Historical Society*, 17, 6, 103-112; Redlich, Fritz (1946), "'Translating" Economic Policy into Business Policy: An Illustration from the Resumption of Specie Payments in 1879', *Bulletin of the Business Historical Society*, 20, 6, 190-195; Redlich, Fritz (1947), 'William Jones and His Unsuccessful Steamboat Venture of 1819', *Bulletin of the Business Historical Society*, 10, 21, 125-36; Redlich, Fritz (1948), 'Jacques Lafitte and the Beginnings of Investment Banking in France', *Bulletin of the Business Historical Society*, 22, 4-6, 137-61; Redlich, Fritz (1952), 'The Beginnings and Development of German Business History', *Bulletin of the Business Historical Society* [Supplement], 26, 3, 1-82; Redlich, Fritz (1953), 'A German Eighteenth-Century Iron Works during its First Hundred Years: Notes Contributing to the Unwritten History of European Aristocratic Business Leadership', *Bulletin of the Business Historical Society*, 27, 2, 69-96.

¹⁰² Cole, Arthur H. (1942), 'Entrepreneurship as an Area of Research', *The Journal of Economic History*, 2, 1, 118-126: 123.

¹⁰³ Redlich Fritz (1949), 'American Business History', *Vierteljahrschrift für Sozial- und Wirtschaftsgeschichte*, 38, 3, 247-259: 250.

¹⁰⁴ 'Norman Scott Brien Gras 1884-1956' (1956), *The Business History Review*, 30, 4, 357-360. See also: Fredona, Robert and Reinert Sophus A. (2017), 'The Harvard Research Center in Entrepreneurial History and the Daimonic Entrepreneur', *History of Political Economy*, 49, 2, 267-314: 273-277.

writing of their history¹⁰⁵. “Business historians would not see this as a problem - commented Redlich - or would take it too lightly, because they adhere to a positivistic school and define themselves as pragmatists. Being positivists, they overestimate information *per se* and ignore that a complete and correct general view is much more valuable”¹⁰⁶. This was the main methodological point of dispute between the approach of the American business history school and that championed by Redlich. A pity, admitted Redlich, that there was no point in debating over such philosophical foundations of the social sciences because no definite proof existed in favour of one or the other methodology. „Where the pragmatic historian ends, there the ‚understanding‘ historian begins. Their aims are mutually excluding”¹⁰⁷. Nonetheless the outcome of the German *Methodenstreit* over a positivistic or an ‘understanding’ history left little doubts in Redlich’s mind, at that time, as to the result of the newly sparked *Methodenstreit* in America’s business history¹⁰⁸.

Nearer to the methodology of Redlich was the research done by the newly founded *Research Center in Entrepreneurial History at Harvard*, directed by Arthur C. Cole, another student of Gay, and whose publication of reference was the journal *Explorations in Entrepreneurial History*¹⁰⁹. At the Research Center, the object of study was not so much the firm as its functions, defined as entrepreneurial. The person or the persons who accomplished those tasks were called entrepreneurs and their history entrepreneurial history. The general framework of analysis was economic development and the pivotal role of the entrepreneur in igniting it¹¹⁰. “The historical interest, though, was wider than the mere entrepreneur and encompassed questions as the recruiting of elites in the economy; the role of the entrepreneur in the firm, in the national economy and in society; the incentives and sanctions that influenced entrepreneurs; and the entrepreneurs’ intellectual world”. Redlich could not have been any more enthusiastic: “the adherents to this group of research are anything like positivists. They want to break new ground, they want to analyse, they want to ‘understand’ and to create synthetical and encompassing representations. They want to use

¹⁰⁵ On this point, see also: Fredona, Robert and Reinert Sophus A. (2017), ‘The Harvard Research Center in Entrepreneurial History and the Daimonic Entrepreneur’, *History of Political Economy*, 49, 2, 267-314: 283.

¹⁰⁶ Redlich Fritz (1949), ‘American Business History’, *Vierteljahrschrift für Sozial- und Wirtschaftsgeschichte*, 38, 3, 247-259: 254.

¹⁰⁷ Redlich Fritz (1949), ‘American Business History’, *Vierteljahrschrift für Sozial- und Wirtschaftsgeschichte*, 38, 3, 247-259: 255.

¹⁰⁸ Redlich Fritz (1949), ‘American Business History’, *Vierteljahrschrift für Sozial- und Wirtschaftsgeschichte*, 38, 3, 247-259: 258.

¹⁰⁹ The journal had no intention of becoming an official and recognised scientific journal but was more a collection of the works of the Research Center’s associates and the result of its meetings. It circulated only in 50 copies and was mimeographed. The booklets were physically put together by the two young researchers Aitken and Wohl. See: Crandall, Ruth (1960), *The Research Center in Entrepreneurial History at Harvard University, 1948–1958: A Historical Sketch*, Cambridge, 23-24.

¹¹⁰ Redlich Fritz (1949), ‘American Business History’, *Vierteljahrschrift für Sozial- und Wirtschaftsgeschichte*, 38, 3, 247-259: 256. See: The main formulation of the methodological foundations of the new Research Center can be found in: Cole Arthur H. (1946), ‘An Approach to the Study of Entrepreneurship: A Tribute to Edwin F. Gay’, *The Journal of Economic History*, 6, S1, 1-15.

theory and contribute to theory. They see business history as a mere part of a greater whole that cannot be grasped by doing business history in a narrower way"¹¹¹.

Already in the first years of existence of the Research Center, so, before being called as a researcher in 1952, Redlich actively collaborated to its initiatives. In fact, Redlich had been shortlisted for a fellowship even before Arthur Cole obtained the funds to begin the operations of the Center¹¹². Beside contributing to the first publications of the Center, Redlich also animated its first meetings, debating, for example, with Schumpeter on public employees as entrepreneurs, on innovation effectively pursued by the state and on social and political resistance to innovation¹¹³. His major contribution to the first activities of the Center regarded a correct definition of entrepreneur, based on an attentive historical study of its origin and past and present significance¹¹⁴. In doing so, Redlich criticised the position of Schumpeter, underlining how his blurry definition of entrepreneur had already caused his fruitful approach to be largely without followers in Germany: a case of 'nemesis of creativity' as defined by Toynbee¹¹⁵. While in empirical research a term as 'business leader' could cover the whole range of activities of the entrepreneur, Redlich underlined the necessity to distinguish between entrepreneur and creative entrepreneur in theorizing, because adopting Schumpeter's definition of entrepreneur as innovator left the mere organising entrepreneur without a denomination, impeding any meaningful advancement in research. To underpin his argument, Redlich conducted a thorough research on the historical evolution of the two different concepts. While the entrepreneur as the organiser of the means of production, as capitalist and as risk bearer had found its definition and term - entrepreneur or undertaker -starting with the writings of Richard Cantillon in the 18th century, the creative entrepreneur derived from an older and different tradition of thought, connected to the term 'projector' as used by Thomas Sprat and Daniel Defoe¹¹⁶. Interestingly, Redlich found already in the writings of Malachy Postlethwayt and Jeremy Bentham dedicated to the projector the connection between the theory of interest and the theory of entrepreneurship¹¹⁷ and many characteristics of the later Schumpeterian entrepreneur¹¹⁸.

¹¹¹ Ibid.

¹¹² Crandall, Ruth (1960), *The Research Center in Entrepreneurial History at Harvard University, 1948–1958: A Historical Sketch*, Cambridge, 12.

¹¹³ Fredona, Robert and Reinert Sophus A. (2017), 'The Harvard Research Center in Entrepreneurial History and the Daimonic Entrepreneur', *History of Political Economy*, 49, 2, 267-314: 282.

¹¹⁴ Redlich, Fritz (1949), 'The Origin of the Concepts of "Entrepreneur" and "Creative Entrepreneur"', *Explorations in Entrepreneurial History*, 1, 2, 1-7; also translated as Redlich, Fritz (1964), "'Unternehmer" und "schöpferischer Unternehmer": Ursprung und Begriffe', in Id. *Der Unternehmer*, Vandenhoeck & Ruprecht, Göttingen, 225-232.

¹¹⁵ Redlich Fritz (1949), 'American Business History', *Vierteljahrschrift für Sozial- und Wirtschaftsgeschichte*, 38, 3, 247-259: 256-257.

¹¹⁶ Redlich, Fritz (1964), "'Unternehmer" und "schöpferischer Unternehmer": Ursprung und Begriffe', in Id. *Der Unternehmer*, Vandenhoeck & Ruprecht, Göttingen, 225-232

¹¹⁷ Postlethwayt, Malachy (1751), *Universal Dictionary of Trade and Commerce*, vol. I, 196.

¹¹⁸ Bentham, Jeremy (1796), *Defence of Usury; also, a Letter to Adam Smith, LL. D. on the Discouragement of Inventive Industry*, Philadelphia, 134-146.

The difficulties, though, in adhering to Schumpeter's theory were not limited to terminological issues. The discussions held at the Research Center in Entrepreneurial History in the first years had also proved the impossibility to distinguish, inside businesses, innovative activities from routine or subjective from objective innovations: a fact admitted by Schumpeter himself. This made the use in empirical research of Schumpeter's definition of entrepreneur or of Redlich's creative entrepreneur impossible, reducing these definitions to mere ideal-types with no corresponding real-types. The worst consequence of this confusion was that the studies conducted in the Center could find no real appreciation outside for lack of clarity in concept and terminology¹¹⁹. Redlich hoped that this would be just a 'childhood disease' and he certainly put much effort, when called to the Center, to clarify all these issues and establish a methodology and a conceptual framework that could give more credibility to business history studies. He then actively operated to export the resulting business history abroad and specifically in Germany.

Redlich at the Research Center in Entrepreneurial History: contributions and influence (1952-1978)

"What the businessman has experienced in the last few decades is the nemesis of creativity. Another act of creation is necessary if he is to have a new lease of life, that is to say, if he wants to be permitted to contribute what he actually has to offer"¹²⁰.

Critical appraisals of Redlich's intellectual achievements all agree that the years spent at the Center in Entrepreneurial History were the most productive for the German scholar. There, Redlich completed many researches he already had started or already had devised. He also found access to an intellectual stimulating environment and to young researchers who could profit from his knowledge and advise. Ruth Crandall, relating the history of the Center's activities, remembered him so: "Dr. Redlich had taken an active interest in the Center from its beginnings. Arriving in this country in 1936 as a self-exiled scholar from Germany, he had managed to write rather extensively in the field of economic history from 1940 on. During this time his work came to the attention of Prof. Cole who invited him to be one of the regular attendants of the Center meetings"¹²¹.

As a matter of fact, the Research Center was organised in the fashion of a German 'circle' and Redlich couldn't but appreciate it. Meetings were held on Fridays at 6.30 p.m at the Harvard Faculty Club, followed

¹¹⁹ Redlich Fritz (1949), 'American Business History', *Vierteljahrschrift für Sozial- und Wirtschaftsgeschichte*, 38, 3, 247-259: 256-257. The same concerns expressed by Redlich were reiterated by Henrietta Larson: the entrepreneur represented in the Research Center's works was a mythical figure, unrealistic and shadowy (Larson, Henrietta M. (1947), 'Business History: Retrospect and Prospect', *Bulletin of the Business History Society*, 21, 6, 173-199: 188).

¹²⁰ Redlich, Fritz (1953), 'The Business Leader as a 'Daimonic' Figure II', *The American Journal of Economics and Sociology*, 12, 3, 289-299: 299.

¹²¹ Crandall, Ruth (1960), *The Research Center in Entrepreneurial History at Harvard University, 1948-1958: A Historical Sketch*, Cambridge, 40.

by a cocktail in the library of the Club¹²². Regular invitees were 64¹²³, attendees were more or less twenty or twenty-five, usually scholars of Harvard, the M.I.T. or visiting professors and researchers. These would be presented in the form of a speech, accompanied or not by sketchy memoranda, and then discussed. How fruitful such an approach to research could be, especially in a new field of study that needed methodological and terminological refining, can be proved by the flourishing of publications that resulted from such gatherings¹²⁴.

First activities of the Research Center were dedicated to address the long list of interrogations that Arthur C. Cole had hurled at fellow scholars in his address at the second annual meeting of the economic history in 1942. There and then Cole had kick-started the field of entrepreneurial research by boldly asking: “What is meant by the terms ‘entrepreneur’ and ‘entrepreneurship?’ If there were once such elements as the ‘entrepreneur’ and ‘entrepreneurship’ in the American economic system, what has happened to them as a result of the rise of the corporation, of large-scale enterprise, or of high income taxation? What functions have, in the past, been essential in entrepreneurship and what changes, if any, have come in these functions over time? What activities may be considered merely incidental to entrepreneurship? What method or methods may best be invoked for ascertaining the facts relative to the experience over time of American entrepreneurial activities?”¹²⁵ To find the answers an interdisciplinary approach was needed that involved fields as business administration, economics and sociology. Business administration should have been able to tell something about the persisting economic contribution of entrepreneurship; about the forces external to firms that influenced the business and social conduct of entrepreneurs; if the entrepreneur was presently performing his role better or worse than in the past; and finally, what could be learned from entrepreneurial history that could contribute to an imaginative rationale of a free enterprise. Economists, instead, had to answer on the role of the entrepreneur in the economy and specifically in phenomena like technological change and business cycles. Sociologists should have investigated the origin of American entrepreneurs as a social group, eventual generational differences, their capacity to assume leadership roles inside the firm or the society, their mentality and attitudes and if there were differences in respect to other countries. A main topic, according to Cole, was represented by the role of entrepreneurs in

¹²² Crandall, Ruth (1960), *The Research Center in Entrepreneurial History at Harvard University, 1948–1958: A Historical Sketch*, Cambridge, 12.

¹²³ Crandall, Ruth (1960), *The Research Center in Entrepreneurial History at Harvard University, 1948–1958: A Historical Sketch*, Cambridge, 26-30.

¹²⁴ Not only did the Research Center include most of the material produced for these meetings into its Explorations in Entrepreneurial history, but also published many volumes, collective or monographic, to present the results of the researches financed with its funds. See: Crandall, Ruth (1960), *The Research Center in Entrepreneurial History at Harvard University, 1948–1958: A Historical Sketch*, Cambridge, 59-60.

¹²⁵ Cole, Arthur H. (Dec., 1942), ‘Entrepreneurship as an Area of Research’, *The Journal of Economic History*, 2, Supplement: The Tasks of Economic History, 118-126: 118-119.

the process of economic and institutional change, a topic that could be analysed only taking into account non-economic variables as institutions and law¹²⁶.

Thomas Cochran, professor of economic history at N.Y.U. and then at the University of Pennsylvania, in response to the provocations of Cole wrote a memorandum titled 'An approach to dynamic theory in entrepreneurship'¹²⁷. Cochran stated to be interested in the entrepreneur as in someone who wielded power not only in the economic but also in the political and social sphere. In consequence, entrepreneurship could be studied as a system of power or in relation to change. "The first approach - he wrote - is concerned with how men secure entrepreneurial positions and with what motive, aims, and abilities they seek to exercise control over their social environment"¹²⁸. "To consider entrepreneurship as a factor of economic change, - instead - it is necessary to analyse the operative factors: first, to define entrepreneurship and note certain differing types of entrepreneurs; secondly, to examine the wide range of possible motivation and setting for entrepreneurial decisions; and thirdly, to note some historical developments in the structure of business that have progressively altered the prevailing types of motivation and setting"¹²⁹. Cochran took so upon himself the task of salvaging the "the lost nucleus of (...) cultural history" that was business thinking¹³⁰, an essential part of the history of the United States that had been neglected in favour of studies on political or religious thought. To do so, he studied "the intellectual nature of business men's activities" and "the psychology of the business leader as a special social type"¹³¹. Methodologically, Cochran, in advance of the investigation, intended to set up categories or questions taken from relevant theory: "a systematic theoretical approach for the analysis of such historical material"¹³².

As Cole himself admitted, at that time scholars - economists, historians or sociologists - wouldn't have answered to any of the questions posed without disputes and disagreements. It would need almost a decade of discussions to get together a research program sound enough to obtain enough funding to open the Research Center. It would need another decade of meetings, conferences and publications supported by the Research Center to generate a widely accepted conceptual framework of entrepreneurial research, a canon that would then be adopted all over the world. Recalling these first attempts at theorization and categorization in the newly born field of business history is indispensable to understand Redlich's writings of the time. In fact, all of Redlich's rich Harvard production is to be understood in a continuous dialogue

¹²⁶ Crandall, Ruth (1960), *The Research Center in Entrepreneurial History at Harvard University, 1948–1958: A Historical Sketch*, Cambridge, 15-16.

¹²⁷ Crandall, Ruth (1960), *The Research Center in Entrepreneurial History at Harvard University, 1948–1958: A Historical Sketch*, Cambridge, 16-17.

¹²⁸ Ibid.

¹²⁹ Ibid.

¹³⁰ Cochran, Thomas C. (1947), 'A Plan for the Study of Business Thinking', *Political Science Quarterly*, 62, 1, 82-90: 83.

¹³¹ Cochran, Thomas C. (1947), 'A Plan for the Study of Business Thinking', *Political Science Quarterly*, 62, 1, 82-90: 82.

¹³² Cochran, Thomas C. (1947), 'A Plan for the Study of Business Thinking', *Political Science Quarterly*, 62, 1, 82-90: 85.

with all other scholars gravitating around the Research Center. In the first years these would be mainly the senior researchers: along with Arthur H. Cole and Thomas C. Cochran, also Leland H. Jenks and Joseph A. Schumpeter¹³³.

On May 13th, 1949 Fritz Redlich held a speech at the Research Center's meeting on 'The "Daimonic" entrepreneur'¹³⁴. He followingly published his analysis as an essay in the first collective volume of the Research Center: 'Change and the Entrepreneur. Postulates and Patterns for Entrepreneurial History'¹³⁵. Redlich's contribution was an answer to Cole's and Cochran's suggestions, showing how the framework of reference for entrepreneurial studies could be fruitfully applied to reread the economic development of the United States in the second half of the 19th century.

By baptising his creative entrepreneur as daimonic, in Paul Tillich's sense¹³⁶, Redlich synthesized much of his thought on the role of innovative entrepreneurs and their influence on the economy and the society. He reconciled in the one adjective 'daimonic' the Janus-like duality of entrepreneurial innovation, identifying at the same time in such entrepreneurs the actors of change - positive and negative - in the capitalistic process. In his own words: "These are but a few examples of the cost of capitalistic 'progress'; it proceeds over roads strewn with corpses and wreckage, shocking evidences of what is called here daimonic destructiveness. Up to now, in order to make use of Schumpeter's analysis, we have adopted the term capitalistic 'process'. But the bearers of this process are, of course, 'creative entrepreneurs' who in this context must be characterized properly as 'creative-destructive' or daimonic"¹³⁷.

Daimonic entrepreneurs, though, were not a ubiquitous presence in the history of mankind, but were closely linked to the emergence of capitalism, in Sombart's definition, and to the diffusion of the Industrial Revolution. In the US, the existence of daimonic entrepreneurs had for the first time captured the attention of a wider public in the period of the so-called Robber Barons, a generational cohort doomed to introduce a drastic change into the American economy, creating wealth and unleashing at the same time a fearful

¹³³ While Schumpeter was rarely to be found and Cole had to dedicate time to his institutional role, both Cochran and Jenks were regularly present at meetings and always available to discussion in the premises of the Harvard Faculty Club. Crandall, Ruth (1960), *The Research Center in Entrepreneurial History at Harvard University, 1948–1958: A Historical Sketch*, Cambridge, 13 and 23.

¹³⁴ Crandall, Ruth (1960), *The Research Center in Entrepreneurial History at Harvard University, 1948–1958: A Historical Sketch*, Cambridge, 23.

¹³⁵ Redlich, Fritz (1949), 'The 'Daimonic' Entrepreneur', in Research center in entrepreneurial history, *Change and the Entrepreneur. Postulates and Patterns for Entrepreneurial History*, Harvard University Press, Cambridge, 30-60. Later: Redlich, Fritz (1953), 'The Business Leader as a 'Daimonic' Figure', *The American Journal of Economics and Sociology*, 12, 2, 163-178; Redlich, Fritz (1953), 'The Business Leader as a 'Daimonic' Figure II', *The American Journal of Economics and Sociology*, 12, 3, 289-299. Also translated as: Redlich, Fritz (1964), 'Der Unternehmer als ,dämonische' Figur', in Id. *Der Unternehmer*, Vandenhoeck & Ruprecht, Göttingen, 45-73. On the genesis of the volume that summarised the first year of activity of the Research Center, see: Crandall, Ruth (1960), *The Research Center in Entrepreneurial History at Harvard University, 1948–1958: A Historical Sketch*, Cambridge, 26.

¹³⁶ Tillich, Paul (1926), *Das Dämonische. Ein Beitrag zur Sinndeutung der Geschichte*, Mohr, Tübingen.

¹³⁷ Redlich, Fritz (1953), 'The Business Leader as a 'Daimonic' Figure', *The American Journal of Economics and Sociology*, 12, 2, 163-178: 165.

destructive power. While destructiveness was implicit in the technological and organizational changes introduced by the Robber Barons into their businesses, the might of this destructiveness had been affected in no minor measure by their beliefs, especially by the waning of the influence of the Church and the contemporary spreading of liberalism. While technology demanded that perfect competition would be abandoned, the intervention of the state as a regulator in the new imperfect competition markets was considered an anathema by the new unscrupulous business leaders, leading to a level of destructiveness that could, instead, have been lessened. "That group of coevals - concluded Redlich - could not see how government could have any important function in economic life, unless business called on it, and its members could never understand that their own irresponsible and destructive actions called it onto the scene" ¹³⁸.

The realm of the daimonic did not just encompass entrepreneurial activities but included also ideas, behaviour patterns and their crystallisation into institutions. "Each institution - wrote Redlich - is, of course, daimonic in the sense of Tillich and its destruction will originate automatically from inner disharmonies and contradictions. Therefore when a given period is characterized by the rise of an institution, the significance of the next will be its decline and downfall"¹³⁹. The same held for behavioural patterns that, in a specific institutional set-up were helpful for businessmen, but became detrimental when the environment changed. Redlich described this phenomenon - with Toynbee - as the 'nemesis of creativity': "once certain behavior patterns have led to success it is almost impossible for those originally benefited thereby to abandon them until it is too late" ¹⁴⁰. In the case of the Robber Barons one such character trait had been their irresponsibility and unaccountability toward the nation and toward society, rooted in their laissez faire belief but also influenced, toward the end of the 19th century, by social Darwinism. Businessmen had developed a "double standard of ethics on the basis of a warped judgment regarding the place of business in social life" ¹⁴¹ and they had come to look at business and ethics as completely separate realms, with negative consequences not only for the people in general but even for the entrepreneurs. "Today, just as before, - concluded Redlich - thoughtless irresponsibility is going on damaging not only our national economy and country, but in the last analysis, the businessman himself, leading as it does to self-destruction" ¹⁴². Daimonic destructiveness had so become daimonic self-destructiveness.

¹³⁸ Redlich, Fritz (1953), 'The Business Leader as a 'Daimonic' Figure', *The American Journal of Economics and Sociology*, 12, 2, 163-178: 168.

¹³⁹ Redlich, Fritz (1944), *Essays in American Economic History: Eric Bollmann and Studies in Banking*, E. G. Stechert and Company, New York: 193.

¹⁴⁰ Redlich, Fritz (1953), 'The Business Leader as a 'Daimonic' Figure', *The American Journal of Economics and Sociology*, 12, 2, 163-178: 170.

¹⁴¹ Redlich, Fritz (1953), 'The Business Leader as a 'Daimonic' Figure', *The American Journal of Economics and Sociology*, 12, 2, 163-178: 175.

¹⁴² Redlich, Fritz (1953), 'The Business Leader as a 'Daimonic' Figure', *The American Journal of Economics and Sociology*, 12, 2, 163-178: 173.

The origin of such ominous malady was the detachment of the ideas and ideals of entrepreneurs from the leading thought of their time. When liberalism had been abandoned in practice, the persistence of the belief that by pursuing self-interest the wealth of the nation would naturally follow caused more damage than good. Irresponsibility had so become “the scourge of American entrepreneurship”¹⁴³. “A tremendous job could be done in this respect by the graduate schools of business administration, - pleaded Redlich - but they have not even seen their obligation. Instead of educating business leaders by removing blinkers from young businessmen's eyes so that the latter are able to understand their time, they drill technicians. Thus they contribute to that "idolization of an ephemeral technique"¹⁴⁴ which had been characterized as dangerous”¹⁴⁵.

While this first aspect of the daimonism of entrepreneurs derived from their errors and weaknesses, another, much more powerful was a consequence of their very success and efficiency. “Schumpeter in his book *Capitalism, Socialism and Democracy*, - recalled Redlich - has pointed to the fact and in most respects this author agrees with his analysis. But he wishes to put a different emphasis on various phenomena, necessary in this context, since Schumpeter looks at capitalism, while this author studies its standard bearer”¹⁴⁶. One consequence of the success of innovative businessmen was the accumulation of power in their hands, which in turn caused social unrest and the disruption of the loyalty of the people to the established system. Governments first and later various forms of professional and economic associations, as trade unions, farmers organizations and corporations, strived for power, giving rise to powerful groups defending their own special interests. What had once been a free society governed by a healthy competition had become a society dominated by the competition of power aggregations, wiping out the stimuli that had led to efficiency and economic development in the first place. A classic case of daimonic self-destruction: the transformation of competition driven firms into large-scale enterprise - a success story seen from the point of view of entrepreneurs - had caused the concentration of power into the hands of interest groups, eroding the power conquered by entrepreneurs, and the vanishing of the incentives to efficiency that were implicit in a competitive environment, weakening the economic growth process¹⁴⁷. The self-destruction even went further: the administratively flexible enterprise governed by an independent or quasi-independent business leader had become a gigantic bureaucratic structure where the leadership

¹⁴³ Redlich, Fritz (1953), ‘The Business Leader as a ‘Daimonic’ Figure II’, *The American Journal of Economics and Sociology*, 12, 3, 289-299: 291.

¹⁴⁴ This is another expression developed by Arnold Toynbee. For a critical evaluation of Toynbee’s magnum opus ‘A Study of History’ see: Geyl, P. (1948), ‘Toynbee's System of Civilizations. A Study of History by Arnold Toynbee’, *Journal of the History of Ideas*, 9, 1, 93-124.

¹⁴⁵ Redlich, Fritz (1953), ‘The Business Leader as a ‘Daimonic’ Figure’, *The American Journal of Economics and Sociology*, 12, 2, 163-178: 177.

¹⁴⁶ Redlich, Fritz (1953), ‘The Business Leader as a ‘Daimonic’ Figure II’, *The American Journal of Economics and Sociology*, 12, 3, 289-299: 289.

¹⁴⁷ Redlich, Fritz (1953), ‘The Business Leader as a ‘Daimonic’ Figure II’, *The American Journal of Economics and Sociology*, 12, 3, 289-299: 291-292.

wasn't in the hands of the entrepreneur any more, at least not completely, and the process of innovation could be severely hampered by the lack of motivation of managers and collaborators. "The business leader - summarised Redlich - by his creative achievements has built organizations which are too big to be run without the assistance of innumerable employees. But his adjuvants, the auxiliary employee-entrepreneurs, are not vitally interested in the organizations that are run by businessmen. If the enterprise in which they work were organized as a government enterprise, (assuming clean and efficient government), they would hold the same position as before, carry it just as before, be perhaps a little worse paid, but a little more secure than before, and would do the job with the same psychological inhibitions as before"¹⁴⁸. As an extreme consequence, the innovative activity of US business leaders had created the conditions for their businesses to be efficiently run by the state through state officials.

Notwithstanding all this daimonic destruction and self-destruction, innovation would not cease, as predicted by Schumpeter. Redlich firmly believed that innovations would go on as ever and that only the actor would have to change: from creative entrepreneur, owner of his own business, to, perhaps, state official or middle manager. "What is now needed - concluded Redlich - is a creative achievement of first magnitude, but one of a character entirely different from the business leaders' creative achievements of the past: the type 'businessma' must be reshaped so as to fit into a coming economic order (style) which will be as different from that prevailing in the nineteenth century as it should be (...). But in order to make room for that achievement the leading businessmen must reorient their thinking. They had better forget Adam Smith, John Stuart Mill, invisible hand, and natural law, and look at the world without out-of date theorizing"¹⁴⁹. Here again business schools had an important task to fulfil.

As apparent, with his analysis of the daimonic entrepreneur Redlich gave answer to many of the questions posed by the founders of the Research Center in the memoranda that were circulated to prepare its research program. He interpreted the economic development of the United States in terms of a specific actor of change: the creative entrepreneur. He included in his analysis not just economic but also cultural and social factors. He underlined the importance of the social origin and the education of entrepreneurs in orienting history and even suggested the potential role of university curricula in educating future cohorts of American business leaders. From this first speech up to his retirement, Redlich's work was perfectly intertwined with the activities of the Research Center. He had found the perfect institution in which to complete and further his studies. A summa of this symbiosis is the article 'A Program for Entrepreneurial

¹⁴⁸ Redlich, Fritz (1953), 'The Business Leader as a 'Daimonic' Figure II', *The American Journal of Economics and Sociology*, 12, 3, 289-299: 295.

¹⁴⁹ Redlich, Fritz (1953), 'The Business Leader as a 'Daimonic' Figure II', *The American Journal of Economics and Sociology*, 12, 3, 289-299: 299.

Research' that Redlich published in 1957 on the *Weltwirtschaftliches Archiv*¹⁵⁰ to introduce entrepreneurial history in Germany. He did so by canonising the methodological approach that had been developed in the years of activity of the Research Center and also presenting in a coherent framework of analysis all works that had been financed, supported and published by the Center. The resulting picture, clarifying the different approaches of the recent American production of business and entrepreneurial studies and their peculiarities, represents the apex of Redlich's reflections on the framework of analysis for business history studies.

"Entrepreneurial research, - stated Redlich - as carried on in the Research Center, defines the entrepreneur as the decision-maker in enterprise, a definition which has become crystalized after two hundred years of economic theorizing and is now accepted as a starting point by the majority of present-day scholar"¹⁵¹.

While there was little dispute, at last, on this point, Redlich underlined how the analysis of the entrepreneurs' decisions could be done looking at their actions or alternatively at the entrepreneurs themselves. Such analysis could concern three different levels of abstraction: the ideal type entrepreneur who was the subject of theoretical reflection, the real type enterpriser who was the subject of analytical economic history studies and the historical businessman, subject of descriptive historiography¹⁵².

Entrepreneurs' actions could be studied inside the firm, at national level or in the society at large.

For Redlich, the firm as the locus of entrepreneurial action could be analysed as an action system, as done by Gras' school, but also as a complex of meaning or as a complex of significance. By considering the firm a complex of meaning, where meaning, in Weber's sense, comprehended the subjective evaluation of actors on a certain fact or circumstance, the analysis should have included the entrepreneurs' goals and values. By considering the firm a complex of significance, instead, where significance, in Dilthey's sense, meant that a fact acquired meaning only in relation to its context, the analysis should have included the interaction of entrepreneurs with all other factors and actors also across time.

Entrepreneurial activities, though, could also take place at the national economy level or in the community. In both cases these activities could affect or be meant to affect just the entrepreneur's business, the general wealth, the societal construction or some combination of the three. In effect, all studies concerning the entrepreneur and its relation to economic growth, to capital accumulation or to some kind of social and cultural change, all fitted in this field of research. "Needless to say, - Redlich admitted - Schumpeter's

¹⁵⁰ Redlich Fritz (1957), 'A Program for Entrepreneurial Research', *Weltwirtschaftliches Archiv*, 78, 47-66: also translated as: Redlich, Fritz (1964), 'Ein Programm für Unternehmerforschung', in Id. *Der Unternehmer*, Vandenhoeck & Ruprecht, Göttingen, 132-152.

¹⁵¹ Redlich Fritz (1957), 'A Program for Entrepreneurial Research', *Weltwirtschaftliches Archiv*, 78, 47-66: 47.

¹⁵² Redlich wrote an essay specifically on autobiographies as a source for entrepreneurial history. See: Redlich, Fritz (1975), 'Autobiographies as Sources for Social History: A Research Program', *Vierteljahrschrift für Sozial- und Wirtschaftsgeschichte*, 62, 3, 380-390.

problem of the entrepreneur (enterpriser) and economic development is a most important topic under the head with which we are dealing here”¹⁵³.

Extending the analysis to re-actions, this kind of analysis would also include the studies on ‘sanctions’ completed by a research group at the Center under the supervision of Leland Jenks and Thomas Cochran¹⁵⁴. Redlich himself had written a review article on the issue¹⁵⁵. “Leland H. Jenks and Thomas C. Cochran - remembered Redlich - have suggested that the actions and motivations of modern businessmen be studied through the examination of ‘sanctions’, the latter defining ‘social sanction’ as ‘a label for certain types of opinion or attitudes’ involving judgments on what is worthy of praise and blame and of social penalties and rewards”¹⁵⁶. Redlich suggested to use this analytical tool to compare two cultures of the same period or the same culture in two different historical moments “for explaining otherwise inexplicable differences in the rate of capitalistic development”¹⁵⁷. Given the infancy of this kind of analyses, though, Redlich believed that considerable theoretical deliberation and many empirical studies would still have been needed before such comparisons could “be forged into a tool that can be widely used for research in entrepreneurship”¹⁵⁸. In fact, it was David S. Landes¹⁵⁹, former researcher of the Center, who went down this road, by applying this methodology to the case of French development¹⁶⁰.

The environment, made of material, institutional and human factors, was, for Redlich another field of enquiry for entrepreneurial studies, be they dedicated to entrepreneurs or to their actions. Such researches, though, had no sense if completed by simply looking for causal relationships. *Verstehen* as a methodology of enquiry had here its most important use. “In order to be fruitful - affirmed Redlich - empirical research in this field must operate with a concept of interaction rather than with that of cause and effect. Otherwise the scholar would be in danger of arriving either at an out-moded environmentalism à la Taine or at an extreme idealism of the pre-Marxian brand. In either event the results would be untenable and miss the best insight which entrepreneurial research has to offer”¹⁶¹. Redlich, as seen, was

¹⁵³ Redlich Fritz (1957), ‘A Program for Entrepreneurial Research’, *Weltwirtschaftliches Archiv*, 78, 47-66: 53.

¹⁵⁴ See: Cochran, Thomas C. (1949), ‘Role and Sanction in American Entrepreneurial History’, in Research center in entrepreneurial history, *Change and the Entrepreneur. Postulates and Patterns for Entrepreneurial History*, Harvard University Press, Cambridge, 153-.

¹⁵⁵ Redlich Fritz (1957), ‘Sanctions and Freedom of Enterprise’, *The Journal of Economic History*, 11, 3, Part 1, 266-272.

¹⁵⁶ Redlich Fritz (1957), ‘Sanctions and Freedom of Enterprise’, *The Journal of Economic History*, 11, 3, Part 1, 266-272: 266.

¹⁵⁷ Ibid.

¹⁵⁸ Ibid.

¹⁵⁹ Landes, David (1949), ‘French Entrepreneurship and Industrial Growth in the Nineteenth Century’, *Journal of Economic History*, 9, 45-61; Landes, David (1953), ‘Social Attitudes, Entrepreneurship, and Economic Development: A Comment’, *Explorations in Entrepreneurial History*, 6, 245-72.

¹⁶⁰ Jones, Geoffrey and Wadhvani, Rohit Daniel (2006), *Entrepreneurship and Business History: Renewing the Research Agenda*, Hbs Working Paper Series, 8-9.

¹⁶¹ Redlich Fritz (1957), ‘A Program for Entrepreneurial Research’, *Weltwirtschaftliches Archiv*, 78, 47-66: 53.

interested in the personal factor in history - perfectly represented in the entrepreneur - and had no sympathy left for any kind of determinism, be it material or ideal.

Changing the unit of analysis from the action to the actor, Redlich identified other four fields of research available to an entrepreneurial historian. The first was the already mentioned study of the entrepreneurial thinking pursued by Thomas Cochran. In 1953 the cited generic research plan, written down by Cochran in 1947, had become a complete study of the 'business mind' in the railroad sector in the second half of the 19th century¹⁶². Notwithstanding the high level of that research, it remained unique, leaving the field still largely unexplored. The same held for what people at large, in various time and places, had thought about entrepreneurs. Here again, only one study, stemming out of the activities of the Research Center, Sigmund Diamond's 'The Reputation of the American Businessman'¹⁶³ stand alone in a virgin area of potential fruitful research¹⁶⁴. The topic of businessmen education and careers, instead, had been extensively analysed by Frank William Taussig and his school. Redlich himself had studied the history of business schools, in Germany and the US, comparing their evolution and the meaning that the resulting differences had had on local development¹⁶⁵.

All what had been learnt by the preceding researches, if still patchy and insufficient for synthetical works, could be used to infer entrepreneurial typologies. Entrepreneurial types could also be defined on the base of differences in entrepreneurial actions or in the social origin, behaviours and psychology of entrepreneurs. What specifically held the interest of Redlich, during most of his years at the Research Center, was the sociological typisation that had been firstly attempted by Werner Sombart. "But as yet we do not know - Redlich had to admit - whether the social origin of enterprisers had any influence on their 'actions'. After devoting much time to this subject under the auspices of the Center, I am inclined to assume such an influence for the past, but not for the present. Sombart saw the merchant, the craftsman, and the aristocrat in their capacity as enterprisers whenever they entered business on a larger scale; but one can and must add to these categories the peasant, the laborer, and perhaps for medieval and early modern times the Catholic cleric also. Study of entrepreneurial types of this character is somewhat advanced, but far from complete"¹⁶⁶. Despite the apparently dismal conclusions about his own research on social typologies, it had been through these studies that Redlich had obtained success and recognition inside the Research Center and even abroad. In fact, it was thanks to a project he had presented on aristocratic entrepreneurship that Redlich had obtained a position as researcher at the Center in June 1952.

¹⁶² Cochran, Thomas C. (1953), *Railroad Leaders, 1845 - 1890: the Business Mind in Action*, Harvard University Press, Cambridge.

¹⁶³ Diamond, Sigmund (1955), *The Reputation of the American Businessman*, Harvard University Press, Cambridge.

¹⁶⁴ Redlich Fritz (1957), 'A Program for Entrepreneurial Research', *Weltwirtschaftliches Archiv*, 78, 47-66: 58.

¹⁶⁵ Redlich, Fritz (1957), 'Academic Education for Business: Its Development and the Contribution of Ignaz Jastrow (1856-1937) in Commemoration of the Hundredth Anniversary of Jastrow's Birth', *The Business History Review*, 31, 1, 35-91

¹⁶⁶ Redlich Fritz (1957), 'A Program for Entrepreneurial Research', *Weltwirtschaftliches Archiv*, 78, 47-66: 60.

The project itself went on for one and a half year under his supervision. Among the young researchers involved were Goran Ohlin, a PhD candidate in economics at Harvard, who spent the summer of 1952 researching the topic of Swedish aristocratic entrepreneurship, Hermann Kellenbenz who worked on German aristocratic entrepreneurship and David S. Landes, who was entrusted to analyse the French case. The results of the research were presented by Redlich himself in December 1953 in a Center's meeting, and then published in a monographic issue of *Explorations in Entrepreneurial History*¹⁶⁷. Other works related to this international research were published in subsequent issues of the journal¹⁶⁸. How much these results were stunning - granting Redlich's permanence in the Center after the end of the project - can be understood by looking at the list of successful and unsuccessful projects of the Research Center compiled by Ruth Crandall after its closure¹⁶⁹. Redlich's had far more participants than any other project and was successfully followed by several publications.

A by-product of the studies on aristocratic entrepreneurship was the interest of Redlich in military entrepreneurs in Germany in the period ranging from 1350 to 1800¹⁷⁰. This research occupied him for ten years, between 1954 and the publication of 'De Praeda militari. Looting and booty 1500-1815', as a supplement to the *Vierteljahrschrift f. Sozial- und Wirtschaftsgeschichte*. This work definitively established his scholarly reputation in Germany as a social and economic historian¹⁷¹.

Redlich's closed his recount of the field of entrepreneurial history in the *Weltwirtschaftliches Archiv*, and it couldn't be otherwise, with a call for a third approach to entrepreneurial studies that would unite the analyses of entrepreneurial actions and of entrepreneurs in one synthetical approach¹⁷². "It is not easy to

¹⁶⁷ Redlich, Fritz (1953), 'European Aristocracy and economic development', *Explorations in Entrepreneurial History*, 6, 2, 78-91; Habakkuk, John H. (1953), 'Economic Functions of Landowners in the Seventeenth and Eighteenth Centuries,' *Explorations in Entrepreneurial History*, 6, 2, 92-101; Kellenbenz Hermann (1953), 'German Aristocratic Entrepreneurship: Economic Activities of the Holstein Nobility in the Sixteenth and Seventeenth Centuries', *Explorations in Entrepreneurial History*, 6, 2, 103-14; Richard Konetzke (1953), 'Entrepreneurial Activities of Spanish and Portuguese Noblemen in Medieval Times', *Explorations in Entrepreneurial History*, 6, 2, 115-120; Aitken, Hugh G. J. (1953), 'Armando Saporì on the Economic Function of the Nobility in Italy', *Explorations in Entrepreneurial History*, 6, 2, 121-30.

¹⁶⁸ Ohlin, Goran (1954), 'Entrepreneurial Activities of the Swedish Aristocracy', *Explorations in Entrepreneurial History*, 6, 3, 147-162; Nicolson, Miklos Szucs (1954), 'Count Istvan Szechenyi (1792-1860): His Role in the Economic Development of the Danube Basin', *Explorations in Entrepreneurial History*, 6, 3, 163-80; Bamford, Paul W. (1957), 'Entrepreneurship in 17th Century and 18th Century France: Some General Conditions and a Case Study', *Explorations in Entrepreneurial History*, 9, 204-213; Rosovsky, Henry (1953), 'The Serf Entrepreneur in Russia', *Explorations in Entrepreneurial History*, 6, 207-229. (1953), Redlich, Fritz (1953), 'Notes on a case of aristocratic entrepreneurship in eighteenth century Poland', *Explorations in Entrepreneurial History*, 8, 3, 161-167.

¹⁶⁹ Crandall, Ruth (1960), *The Research Center in Entrepreneurial History at Harvard University, 1948-1958: A Historical Sketch*, Cambridge

¹⁷⁰ Redlich, Fritz (1954), 'Der Marketender', *Vierteljahrschrift für Sozial- und Wirtschaftsgeschichte*, 41, 3, 227-252; Redlich, Fritz (1956), 'The military Enterpriser. A neglected area of research', *Explorations in Entrepreneurial History*, 8, 4, 252-256; Redlich, Fritz (1956), *De Praeda militari. Looting and booty 1500-1815*, Vierteljahrschrift f. Sozial- und Wirtschaftsgeschichte. Beihefte n.39, Steiner Wiesbaden; Redlich, Fritz (1957), 'Military Entrepreneurship and the credit system in the 16th and 17th centuries', *Kyklos*, 10, 186-193.

¹⁷¹ Jaeger, Hans (1979), Fritz Leonhard Redlich 1892-1978, *Business History Review*, 53, 2, 155-160: 158.

¹⁷² Redlich Fritz (1957), 'A Program for Entrepreneurial Research', *Weltwirtschaftliches Archiv*, 78, 47-66: 62.

describe the specific value of the ultimate synthesis in our field, - he concluded - since it rests on the application of the methodological category of interaction. Everyone would probably agree that interaction rather than cause and effect is decisive in social and historical life. Consequently interaction, developed into a methodological schema, should guide our treatment of pertinent subjects. But we are so accustomed to the cause- and-effect presentation, and the "circular" presentation (corresponding to and called for by that interaction which determines social and historical reality) is so difficult, that we still wait for the genius who will show us how to do what we know should be done" ¹⁷³.

Reception and conclusions

"Now Chandler and Redlich have explicitly recognized that the large firm may also be the result of the development of new techniques of policy formulation and administration. The result has been the growth of multi-product, multi-function firms of ever-increasing size and complexity"¹⁷⁴

The *Research Center in Entrepreneurial History* stopped its activities in 1958. The reason was lack of funding, not lack of success. The field of entrepreneurial studies, even if usually named business history, was gaining ground and the innovative researches done at Harvard became standard reference for historians all over the world. A proof lies in the rough data on the subscribers of the *Explorations in Entrepreneurial History* collected by Ruth Crandall. When it was first mimeographed the journal was sent to 50 people, associates of the Research Center and professors or researchers who had participated to its initiatives. The journal was not charged to receivers but sent at the expense of the Center, so that to minimize cost subscriptions were rarely allowed. Nonetheless, when the 8th volume was published subscribers had jumped to a total 430 of which 170 were foreign individuals or institutions. Two issues later, the number of subscribers had swelled up to 600¹⁷⁵. After the closure of the journal, requests for the microform of the entire collection gained popularity. Copies were sold in every part of the world, to university libraries and governmental institutions from South Africa to Puerto Rico, from the University of Glasgow to the UN Economic Commission for Asia. Redlich was no stranger to this success, having worked at the journal from its beginning, contributing pieces in almost every issue¹⁷⁶ but also reading, selecting and

¹⁷³ Redlich Fritz (1957), 'A Program for Entrepreneurial Research', *Weltwirtschaftliches Archiv*, 78, 47-66: 63.

¹⁷⁴ Aitken, Hugh G. J., Cole, Arthur H., Hidy, Muriel E., Hidy, Ralph W. Hutchins, John G. B., Jenks, Leland H., Johnson, Arthur M., Williamson, Harold F., Chandler, Alfred D. Jr. and Redlich, Fritz (1961), 'Recent Developments in American Business Administration and Their Conceptualization: A Discussion of the Chandler-Redlich Article', *The Business History Review*, 35, 3, 429-444: 436.

¹⁷⁵ Crandall, Ruth (1960), *The Research Center in Entrepreneurial History at Harvard University, 1948-1958: A Historical Sketch*, Cambridge, 53.

¹⁷⁶ Redlich, Fritz (1949), 'The Origin of the Concepts of "Entrepreneur" and "Creative Entrepreneur"', *Explorations in Entrepreneurial History*, 1, 2, 1-7; Redlich, Fritz (1950), 'Research on German entrepreneurship', *Explorations in Entrepreneurial History*, 2, 2, 100-102; Redlich, Fritz (1950), 'Entrepreneurship in the house of Baring, 1815-1860', *Explorations in Entrepreneurial History*, 2, 3, 165-169; Redlich, Fritz (1951), 'Jewish Enterprise and Prussian coinage in the eighteenth century', *Explorations in Entrepreneurial History*, 3, 3, 161-181; Redlich, Fritz (1952), 'A second Note on

editing the articles of other authors from the moment of their reception. Later he would also become member of the advisory board of the Business History Review.

Redlich was not only instrumental in the quality and diffusion of American journals dedicated to business history, but also actively worked to spread the canon of entrepreneurial history specifically in Germany¹⁷⁷. The essays in the *Vierteljahrschrift für Sozial- und Wirtschaftsgeschichte* and in the *Weltwirtschaftliches Archiv*, have already been mentioned. When the latter was published, entrepreneurial history enjoyed a renewed academic interest. Redlich was asked to write the entries on ‚Unternehmer‘ and ‚Unternehmungs- und Unternehmergechichte‘ in the 1959 edition of the *Hanwörterbuch der Sozialwissenschaften*¹⁷⁸. He also collaborated with the journal, founded in 1956, *Tradition, Zeitschrift für Firmengeschichte und Unternehmerbiographie* (Tradition, Journal of Company History and Entrepreneurial Biography)¹⁷⁹, contributing to the establishment of the German tradition of business history¹⁸⁰. Among the authors of the journal was Hermann Kellenbenz, one of the young scholars who had obtained a grant from the Research Center and had worked with Redlich on the project on aristocratic entrepreneurship. Many others, though, had visited Harvard after the closing of the Center, but had anyway enjoyed the hospitality of Redlich, retired but regularly working at the Kress and Baker libraries¹⁸¹, and many a precious advice or critic.

research on German entrepreneurship’, *Explorations in Entrepreneurial History*, 4, 1, 38-43; Redlich, Fritz (1952), ‘The Role of theory in the study of business history’, *Explorations in Entrepreneurial History*, 4, 3, 135-144; Redlich, Fritz (1952), ‘The Construction of a new theory of profit : a criticism’, *Explorations in Entrepreneurial History*, 4, 4, 205-210; Redlich, Fritz (1953), ‘A new Concept of entrepreneurship’, *Explorations in Entrepreneurial History*, 5, 1, 75-77; Redlich, Fritz (1954), ‘European Aristocracy and economic development’, *Explorations in Entrepreneurial History*, 6, 2, 78-91; Redlich, Fritz (1956), ‘The military Enterpriser. A neglected area of research’, *Explorations in Entrepreneurial History*, 8, 4, 252-256; Redlich, Fritz (1956), ‘Notes on a case of aristocratic entrepreneurship in eighteenth century Poland’, *Explorations in Entrepreneurial History*, 8, 3, 161-167; Redlich, Fritz (1957/8), ‘Towards a better theory of Risk’, *Explorations in Entrepreneurial History*, 10, 1, 33-39; Cochran, Thomas C.; Aitken, Hugh G. J. and Redlich, Fritz, L. (1958), ‘The Research Centre in Retrospect’, *Explorations in Entrepreneurial History*, 10, 3-4, 105-06; Redlich, Fritz (1968), ‘Potentialities and Pitfalls in Economic History’, *Explorations in Entrepreneurial History*, Second Series, 6, 93-108.

¹⁷⁷ Redlich, Fritz (1952), ‘The Beginnings and Development of German Business History’ [Supplement], *Bulletin of the Business Historical Society*, 26, 3, 1-82.

¹⁷⁸ Redlich, Fritz (1959), ‚Unternehmer‘, in *Handwörterbuch der Sozialwissenschaften*, 10, Stuttgart-Tübingen-Göttingen; Redlich, Fritz (1959), ‚Unternehmungs- und Unternehmergechichte‘, in *Handwörterbuch der Sozialwissenschaften*, 10, Stuttgart-Tübingen-Göttingen.

¹⁷⁹ Redlich, Fritz (1958), ‚Der deutsche fürstliche Unternehmer, eine typische Erscheinung Des 16. Jahrhunderts‘, *Tradition: Zeitschrift für Firmengeschichte und Unternehmerbiographie*, 3, 1, 17-32; Redlich, Fritz (1958), ‚Der deutsche fürstliche Unternehmer, eine typische Erscheinung Des 16. Jahrhunderts: (Schluß)‘, *Tradition: Zeitschrift für Firmengeschichte und Unternehmerbiographie*, 3, 2, 98-112; Redlich, Fritz (1959), *Anfänge und Entwicklung der Firmengeschichte und Unternehmerbiographie*. (Erstes Beiheft der Tradition-Zeitschrift für Firmengeschichte und Unternehmerbiographie.), August Lutzeyer, Baden-Baden.

¹⁸⁰ The journal dedicated a number respectively to Redlich’s 70th and 80th birthday, always praising him as the father of modern business history in Germany: *Tradition: Zeitschrift für Firmengeschichte und Unternehmerbiographie*, 2/3, 1962; *Tradition: Zeitschrift für Firmengeschichte und Unternehmerbiographie*, 3./4., 1972. Redlich also received honorary doctorates from the Universities of Erlangen (1960) and Berlin (1967).” See: Jaeger, Hans (1979), Fritz Leonhard Redlich 1892–1978, *Business History Review*, 53, 2, 155-160: 158.

¹⁸¹ Redlich worked regularly at Baker Library, and advised the curator of the Kress Collection on the acquisition of German books. See: Jaeger, Hans (1979), Fritz Leonhard Redlich 1892–1978, *Business History Review*, 53, 2, 155-160: 158.

Redlich so became “a sort of ‘liaison officer’ for two generations of visiting German historians, generously offering them invaluable practical services and discussing their projects with them in his modest home or in a quiet corner of the Kress Library”¹⁸².

A study still all to be made is that of the reception of Redlich’s thought on both sides of the Atlantic. Such a study would have to reconstruct all the silent work that Redlich dedicated to manifold journals and the counselling of entire generations of scholars passing through Harvard from the 1950s to the 1970s. Many of them paid tribute to Redlich in their writings¹⁸³, many more imbibed their researches with his methodology, the conceptual sharpness, the constant striving to ‘understand’ and to see the whole emerging out of the actions of legions of individuals. “He probably did not realize - testified Alfred Chandler - how influential he was in helping to make analytical history take hold. (...) One of the prime movers in the new institutional history that combined entrepreneurial, business history, and sociology surely was Fritz Redlich”¹⁸⁴.

Chandler was, among many, the most spectacular case of the quiet but determinant influence that Redlich could have on future scholars. Chandler himself recollected:

“It was in the stacks at Baker Library where I was trying to find information on the shadowy figure, James F. D. Lanier, a major but little known investment banker of the 1850's with whom Henry Poor, the subject of my dissertation, was closely associated. Fritz immediately produced a mass of information culled from the most obscure sources and even pointed me to Lanier's autobiography which, because of an odd title, had been miscatalogued. As the dissertation moved on, Fritz continued to share his knowledge and to discuss the implications of my limited, though to me exciting, findings. Always he pushed me to address the larger questions of the role of business and businessmen in the world in which Poor lived and wrote about. These discussions in turn led to even more lengthy ones on the role of the entrepreneur in enterprises such as the railroads and the large producing and distributing firms that were operated through extended managerial hierarchies. Our question was, what relevance did existing entrepreneurial theory, which assumed that decisions were made by individuals, have to businesses where decisions were made by teams or groups of managers?”¹⁸⁵.

Chandler’s PhD work would be published under the auspices of the Research Center, while Redlich organised the publication of a joint article, based on the topic of their discussions, in the *Weltwirtschaftliches Archiv*¹⁸⁶. The article was considered seminal and was immediately republished on the

¹⁸² Jaeger, Hans (1979), Fritz Leonhard Redlich 1892–1978, *Business History Review*, 53, 2, 155-160: 158.

¹⁸³ Wohl R. Richard (1954), ‘The Significance of Business History’, *The Business History Review*, 28, 2, 128-140.

¹⁸⁴ Carpenter Kenneth E. and Chandler, Alfred D. Jr. (1979), ‘Fritz Redlich: Scholar and Friend’, *The Journal of Economic History*, 39, 4, 1003-1007: 1005.

¹⁸⁵ Carpenter Kenneth E. and Chandler, Alfred D. Jr. (1979), ‘Fritz Redlich: Scholar and Friend’, *The Journal of Economic History*, 39, 4, 1003-1007: 1004.

¹⁸⁶ Chandler, Alfred D. Jr. and Redlich Fritz, (1961), ‘Recent Developments in American Business Administration and Their Conceptualization’, *Weltwirtschaftliches Archiv*, 86, 103-130.

*Business History Review*¹⁸⁷. The editor of the Review, considering the importance of the theses presented in the essay, also invited comments by the most important American business historians of the time¹⁸⁸.

Looking for the vanishing entrepreneur in American businesses, Chandler and Redlich had constructed the analytical tool of the one-product/one-function, one-product/multiple functions and multiple products/multiple functions firms: ideal-types through which all the history of American business could be reread according to the changes in its internal structure and the related strategies.

“The genius” who would show to American business historians how to do what they knew should be done¹⁸⁹ for some decades to come experienced so his baptism of fire with no minor help from Fritz Redlich. Despite a quite dismal evaluation of his achievements on occasion of his 80th birthday¹⁹⁰ Redlich had surely no reason to complain in regard to the reception of his thought. His career had been full of disappointments and his life full of hardships, but his commitment to scientific enquiry and his capacity to orient the research of others towards a true ‘understanding’ of history had left their mark on many future scholars. As much as he defined his creative entrepreneur as an actor of change, he himself had been an actor of change in the American tradition of economic studies, establishing business history as an analytical field of research and paving the way for the new institutional history.

¹⁸⁷ Chandler, Alfred D., Jr. and Redlich, Fritz (1961), ‘Recent Developments in American Business Administration and Conceptualization’, *The Business History Review*, 35, 1–27

¹⁸⁸; Chandler, Alfred D. Jr. and Redlich Fritz, (1961), ‘Recent Developments in American Business Administration and Their Conceptualization’, *Weltwirtschaftliches Archiv*, 86, 103-130; Aitken, Hugh G. J., Cole, Arthur H., Hidy, Muriel E., Hidy, Ralph W. Hutchins, John G. B., Jenks, Leland H., Johnson, Arthur M., Williamson, Harold F., Chandler, Alfred D. Jr. and Redlich, Fritz (1961), ‘Recent Developments in American Business Administration and Their Conceptualization: A Discussion of the Chandler-Redlich Article’, *The Business History Review*, 35, 3, 429-444.

¹⁸⁹ Redlich Fritz (1957), ‘A Program for Entrepreneurial Research’, *Weltwirtschaftliches Archiv*, 78, 47-66: 63.

¹⁹⁰ Redlich, Fritz (1973), ‘Work Left Undone’, *Harvard Library Bulletin*, XXI, 6, 159.



Fritz Redlich (1892-1978) Photo: S. v. Weiher¹⁹¹

¹⁹¹ Herrmann, Walther (1979), ‚Fritz Redlich‘, Zeitschrift für Unternehmensgeschichte, 24, 1, 1-9: I.