

HARVARD UNIVERSITY  
RESEARCH CENTER IN ENTREPRENEURIAL HISTORY

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Harvard Univ  
Entrepreneurial history  
Cambridge 38, Massachusetts  
22 Holyoke House

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Dr. Joseph H. Willits  
The Rockefeller Foundation  
49 West 49th Street  
New York 20, New York

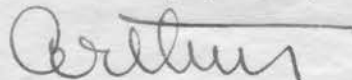
Dear Joe:

I enclose an application on behalf of the Center for a grant to expand its area of investigation, while keeping the same name. For administrative reasons, the request runs in terms of Harvard, but I have every hope that interests of neighboring institutions will also be served.

This application has been examined by both Professors Gerschenkron and Sawyer and goes to you with their warm endorsement. Again, Professor Smithies approves of this document. I have also submitted it to Provost Buck and I believe that you will hear from him.

For many reasons, including hope for continued, useful development of economic history, I hope that this petition meets with your approval and that of your Trustees.

Sincerely yours,



Arthur H. Cole

AHC/m

March 14, 1952

Memorandum to the Rockefeller Foundation:

Since the days of Professor Edwin F. Gay, Harvard University has given continuing and outstanding attention to training and research in economic history. Most of the men and women now teaching in that field at American colleges and universities, and most of those doing research in it, have had the benefit of instruction and inspiration from Professors Gay, Usher, Gras, Merk, and others. At present, the university has a noteworthy group of scholars identified with this area: Professors Gerschenkron and Sawyer in economics, Merk and Handlin in history, Navin and Larson at the Business School, and the younger men associated with the Research Center in Entrepreneurial History.

The procedures and aspirations of individuals working in the area have undergone change since Professor Gay began to teach here nearly fifty years ago. Not improperly for his era, Mr. Gay was interested primarily in the accumulation of facts and more facts - as witness the wide-ranging topics of doctoral dissertations prepared under his guidance. We still have manifold dark regions in the area, but the younger men in the discipline are beginning to look upon historical data as material to be used (for example, as contributing to an enlightened judgment of contemporary economic problems) rather than a final product. Even as in medicine or geology, historical information (relative to personal experiences or to changes in the earth's crust) is taken into account in analyzing contemporary problems, so perhaps an historical approach may contribute significantly to the diagnosis of current economic difficulties. In brief, economic historians of the younger generation find themselves working in intellectual companionship with economic theorists, sociologists, and many other students of the social sciences. They may succeed in securing a greater attention to the time dimension, to the historical context, than hitherto has been given to it by their associates in these latter sciences.

This recently blown intellectual congruence of economic historians with the whole body of social scientists constitutes a novel opportunity for development in these disciplines. Some of the former venture to believe that, given the chance, they can crack the persistent concern of economists with static analysis - a concern that dates back to Ricardo. Others think

that, again given the chance, they can bring about the insertion of the time dimension into sociology, social psychology, and other social sciences. Still others dare to hope that a sense of time can be introduced into the determination of public economic policies by governmental agencies. To all the progress in the field of economic history over recent decades - and, not without significance, the success of the Research Center in Entrepreneurial History - seems to hold promise of creative action by a group that has the best available leadership and that has sufficient geographical concentration to benefit from intimate association.

The fraternity of economic (and business) historians at Harvard, including such affiliates as Professors Duesenberry and Jenks, has a common belief in the desirability of maintaining the Research Center in Entrepreneurial History, and of expanding research in the whole field of economic and business history through it. They see no need for a new and different institution, but rather they would continue operations by means of the existing organization, with the understanding that the Research Center would take a broad interpretation of its "terms of reference." It is also to be understood that, if the Center were to be placed upon a long-term basis, its advisory personnel would be expanded to include individuals from Harvard units that are not now represented on its board of senior associates. Also the Center contemplates that, as heretofore, research personnel may well be drawn from neighboring institutions, such as Professor Leland H. Jenks of Wellesley, who has been a senior member of the Center since its inception.

## I

As the Research Center in Entrepreneurial History nears the end of its fourth year, it submits the following summation of its characteristics and objectives as the basis for requesting a substantial grant which will enable it to plan its activities upon a relatively long-term basis and to make its operations more constructive.

The Foundation will be familiar with the fact that in its organization and scope this Center has not been set up as a centralized monolithic structure with a single, concrete, realizable program. It has conceived of its particular inquiries as open-ended affairs, not likely to be terminated by specific results. It has not attempted to lay down an orthodoxy of interpretation, to which conformity is required of its associates. It has encouraged a variety of approaches



(biographical, statistical, analytical, descriptive) to varied sorts of materials (documentary, journalistic, monographic) delimited in various ways (by countries, industries, regions, communities, firms, and chronological periods). In every case it has sought for topics of inquiry which have intrinsic merit and interest for the practitioners of the various social disciplines as well as for businessmen, apart from their relevance to the interests of the Center. In terms of personnel, the Center has brought together persons who were interested in doing something in particular which seemed appropriate for the Center to sponsor. It has not tried extensively to employ individuals to do something that it desired to have done.

The Center, then, has been a highly decentralized, flexible, democratic structure, administered to a large extent by the identical processes by which it promotes mutual understanding and inter-stimulation among its associates. Its participants share wholeheartedly in recognition of and in approval of these general characteristics of the Center. The latter are regarded as its positive assets, contributory, if not indispensable, to effectiveness of the institution as a medium of higher education and the advancement of knowledge.

These very characteristics render it difficult to present as precise a definition of content as might a more centralized program. We are concerned, of course, as one writer has expressed it, with "the scientific examination of businessmen in their social milieu - or, to look at the theme the other way, of social beings in a business milieu." More formally, it would be proper to say that the Center addresses itself to the study of changes and continuities in the functional relationships between entrepreneurs and the economic system, and between entrepreneurs and the structure and value-systems of the societies in which they operate. But statements of this sort, being inclusive, are not very informative. We can be a bit more concrete by saying that the Center has found a half-dozen related and not necessarily exclusive foci for its thinking, inquiry, and program-planning:

1. From the start we have been concerned with the relation of entrepreneurs to economic change, especially by way of innovation in the Schumpeterian sense. While this interest directs attention to concrete innovations and the ways in which men have brought them into being, it also raises the question as to other functions performed by entrepreneurs for their firms and the economic system as a whole.

2. At the same time we have been interested in how men come to be entrepreneurs, whether those of the innovating

variety or otherwise. What are the social origins of men who become business leaders? What are the conditions of entry or recruitment for potential entrepreneurs? Are there typical career patterns?

3. How do businessmen and other social groups conceive of the entrepreneurial functions? How is it socially valued and by whom?

4. More concretely, we have become interested in international differences in all of these respects, between the United States at different times, and such countries as France, Brazil, India, etc. This focus involves us in matters of substantial importance in connection with Point Four programs. But, quite apart from the latter, we conceive of the comparative approach as a valid and useful scientific technique.

In this respect the work of the Entrepreneurial Center touches on the line of research pursued by Professor Gerschenkron who investigates long-term economic development from the point of view of the levels of relative backwardness of the individual areas under study. While he has to deal with many comprehensive problems, one of them is precisely the question as to how entrepreneurial behavior varies in accordance with the relative economic backwardness of the environment, within which the entrepreneur operates. These studies, whether or not they directly impinge upon the entrepreneurial problem, bear closely upon the current problem of development of backward areas and U. S. aid to such areas. The project calls for a considerable number of detail studies, some of which will require research to be carried out in Western European countries, particularly England, Belgium, and France. As is always the case with a new field, some of the research of necessity will have to be on a pre-doctoral level.

Professor Sawyer is likewise interested in international comparisons. It is hoped that before long he will assume guidance of graduate student research and here develop a number of interesting studies exploring the influence of social structure and basic cultural traditions on differential economic development. Having formulated certain observations on the French scene, he is particularly interested in examining American economic development with European comparisons to the fore, giving considerable attention to the varying responses of entrepreneurs and of the other major "economic actors" -- workers, investors, consumers, etc. -- to the different opportunities and demands of economic development. He is also interested in exploring the effect of relative rates of growth on the character of the economy.

5. This leads to such more sociological questions as what sort of businessman is probable in given types of social structure? How has the rise of entrepreneurial activity affected social structures? How under given social conditions do individuals reconcile the exercise of their business functions with the fulfillment of other expectations, political, domestic, etc., which arise for them in their societies?

It will be noted that these foci of interest do not constitute exactly a program of research. Indeed, nearly all of the particular projects which have been undertaken, encouraged, or contemplated by the Center, involve more than one of these foci, if not all of them.

Unity for purposes of inquiry is maintained in terms of the broad assumption that entrepreneurs everywhere perform certain minimum common tasks, however differently the latter may be carried out; and that the stability of those tasks as well as differences in the ways in which they are performed are to be understood more fully by examination of the two-way interplay between businessmen and their social systems. Thus actual business tasks as actually performed by individuals or groups of them are the constant reference point from which all inquiries start and to which they return.

Doubtless these foci of interest as well as the special characteristics of the Center are to be adequately understood only in the light of trends in the study of economic history which have been tending to make it a discipline independent of its parents, history and economics, and, on the other hand, have been bringing it closer to standpoints emerging in such social sciences as social psychology, sociology, and anthropology. From the start the Center has had a markedly inter-disciplinary character, manifested not only by the participation of men trained in several different disciplines, but by a marked convergence of all participants upon ranges of considerations largely neglected in each specialty. In fact, the scientific study of businessmen as agents in social development has been nobody's business; no one in particular has perfected the techniques, methods, and concepts essential for handling it. On the other hand, in trying to develop such tools, the Center, as a by-product, has turned up some new ways of looking at problems of the several social science disciplines. It is not our task to make major contributions to the special fields of economics, sociology, etc. But in diverse ways our work has been highly congenial to some of those who are trying to do so.

Thus, the open-end character of our inquiries has made



the Center hospitable to a number of interests not directly concerned with the entrepreneur and his tasks. What it has brought to light as to social factors involved in differences in entrepreneurial performance in such countries as the United States, France, and Brazil, has aligned its work with the increasing interest of younger economists in what may be termed "differential economic development." Actually most of what the Center has attempted or has in mind to do could be comprehended under such a broader caption. We do not conceive of the entrepreneur per se as being the unique cause of such differences. But we do not take the entrepreneur for granted. And when we ask why he has had, or has certain characteristics, we tend to ask much the same range of questions that are asked by persons trying to account for a number of other differentiating factors - quality of labor force, quality of investment trends, public policy, consumption standards and habits, etc.

## II

These last considerations form the intellectual basis for the proposal suggested earlier, i.e., that the Center should be maintained and should serve as the vehicle for a continued, somewhat broadened set of inquiries in the area of economic history. Those who desire to launch or promote research into the process of economic development, the changing patterns of consumption, and the like, intend to utilize the same sort of techniques or concepts that have proven advantageous to the Center in its investigations of entrepreneurial life:

Freedom from official dogmas, or, conversely, the promotion of free inquiry;

Consideration of those non-economic elements which the economist has generally pushed aside in his "caeteris paribus," but which cannot be so neglected when the time dimension is introduced into the picture;

Close relations with the recent and current thought in sociology, anthropology, and other social sciences; and

An underlying urgency derived from the belief that we are relating our researches to contemporary problems, not indulging in what Professor Taussig used to call "Gedankenspielerei."

With the broad interests which Professor Cole possesses by reason of his relations to the Committee on Research in

Economic History, and with the strong reservations which Professor Gerschenkron has relative to anything approaching a dictated, monolithic program of inquiry, there appears to be adequate protection of scholars who wish to develop their own avenues of investigation, aided undoubtedly by the association with other forward-looking students of economic change but surely not controlled by them. Perhaps in later years, some new and different focus of interest will develop in the group, and then it may seem appropriate to seek a new label for the unit. At present the objectives of the Foundation would appear to be served by retention of the Research Center in Entrepreneurial History as the operating body.

a. Its experience and operating techniques can be utilized;

b. Professor Gerschenkron, already a senior associate at the Center, may be looked to for increasing voice in the management of its affairs -- as befits the chief representative of economic history in the Economics Department;

c. Younger men in the area can be gradually brought into places of responsibility;

d. Representatives from other Harvard units can be added to its advisory board;

e. New themes of research can be embraced while older ones -- those relative to entrepreneurial history -- need not be abandoned; and thus the whole discipline of economic history will be stimulated.

### III

Certain projects of inquiry - some now in train and some ready for launching - may be mentioned. In the former category are the following, of course chiefly related to the area of entrepreneurship:

Dr. Stein has still six or nine months' work ahead in bringing to a close his investigation of the characteristics of Brazilian businessmen as manifested in the experience of that country over the past half-century. This is a task which is being carried out in co-operation with the Institute for Brazilian Research at Vanderbilt University and the Escola de Sociologia e Politica at Sao Paulo, and which is being supported by a grant from the Carnegie Corporation of New York.



Mr. William Miller has assembled data upon the social origins, education, and careers of representative leading businessmen of 1950, which need now to be analyzed and then to be correlated with similar data relating to their peers of 1870-80 and 1900-10. No such body of material has ever before been assembled.

Mr. Sigmund O. Diamond is studying the changing bases of public appraisal of businessmen through an examination of the comments and criticisms of editorial writers and other censors at the time of the businessmen's deaths. He has selected a group of conspicuous business leaders whose lives span a century and a half. (After Professor Habbakuk of Oxford heard of this project, he suggested the desirability of setting up a comparable investigation pertaining to leading British businessmen.)

Two manuscripts now at the press must be seen through to publication. Both have been aided by the Center, although the authors are now located elsewhere. One is by Professor T. C. Cochran, now at Pennsylvania, who has tried to catch the thinking of representative American railroad executives in the 1840-90 period, at least their thinking upon business problems and upon their role in society. The other is by Professor H. C. Passer, now at Princeton, who has explored the rise of the electrical manufacturing industry in this country particularly in terms of the men who created that new area of manufacture.

If funds were available, additional lines of research could be inaugurated.

A case study in business ethics has already been mapped out and could be launched immediately. Here we would attempt to present an analysis of a typical ethical problem in business in terms of modern sociological concepts. And we would hope that this case study would serve as a model for similar inquiries by other scholars relative to other problems that have confronted businessmen in the past. It would also have relevance for an examination of "businessmen's responsibilities" under present-day conditions.

Professor Jenks desires to devote time to a survey and study of recent sociological writing both here and abroad, and especially the latest work of Professor Parsons, to ascertain their significance for and possible contribution to research in economic history.

Professor Cole wishes to explore the origin and extension of the "seniority principle" as a factor in the selection of

businessmen for top executive positions. This practice, together with bureaucratization in large corporations, appears to constitute a major threat to the dynamic quality that has characterized the larger portion of American entrepreneurship over many decades.

Professor Gerschenkron's research which at present centers upon an essay of about 300 pages on the Industrial Development of Europe has been mentioned above. Professor Sawyer would like to examine American economic history comparatively, giving particular attention to the influence of social and cultural factors and accelerated rates of growth, as also previously noted.

Professor Passer would welcome an opportunity to return to Cambridge to trace the changes in the American electrical manufacturing industry over the past fifty years, i.e., from the point where his current manuscript ends the story.

A project could be set up under the direction of Dr. Aitken, which would attempt to measure the speed in the adoption of innovations in several countries, e.g., cash registers or linotype machines. At present we have no measure of the receptivity to new ideas or new apparatus in the United States as compared with other countries. Yet the flexibility of societies - as Professor Slichter has pointed out - is an important factor in the determination of economic growth.

Professor Handlin is interested in exploring the contribution of businessmen of German origin to the progress of the American economy.


If personnel could be secured, the Center would launch a study of the evolution of the building industry in the United States. No equally important section of economic activity has been so greatly ignored.

#### IV

The opportunities for fruitful investigations of economic change - investigations that would bring to bear the resources of all the social sciences - are manifold. Also competent personnel is available at Harvard or could be readily attracted to it. Economic history is undergoing a revision and revitalization that excites the zest of imaginative scholars. The limiting factors are available funds, and the time-period over which funds could be utilized. The latter is important for the planning of research.

In view of the promise of the present conjuncture -- men and ideas -- I venture to ask on behalf of the economic historians at Harvard a grant to cover a five-year period and one that will make available \$45,000 a year. I should like to ask that funds remaining unspent in a given year shall be carried over to succeeding years; that the fiscal years begin on July 1st; and that permission be granted to utilize, if and as needed, a sum of about 20 per cent of the grants made available upon aid to doctoral candidates who have passed their preliminary examinations, who are devoting themselves to the study of economic history, and are either working on projects such as those outlined in the foregoing with regard to the work of Professors Gerschenkron and Sawyer, or are engaged in work on some other problems within the field. ||

On behalf of the Research Center,

A handwritten signature in cursive script, reading "Arthur H. Cole". The signature is written in dark ink and is positioned above the printed name and title.

Arthur H. Cole  
Executive Director