

Business History Review

S P R I N G 1 9 8 9

ENTREPRENEURS IN BUSINESS HISTORY



Fayetteville, N.C.: Black Businesses in the 19th Century



Cover: The Market House, Fayetteville, North
Carolina

Near this Cumberland County market square, pictured here before the Civil War, Matthew Leary, a free mulatto, and his son Matthew, Jr., owned a successful saddlery business from 1848 to the 1880s. (Photograph from the North Carolina State Archives, reproduced from Thomas H. Clayton, Close to the Land: The Way We Lived in North Carolina, 1820-1870 [University of North Carolina Press, 1983], 60.) For an article examining black entrepreneurs in North Carolina, see pp. 61-87.

Back Cover: Nelson Rockefeller Visiting an IBEC
Corn Hybridization Project

Rockefeller is shown examining corn produced under the auspices of an International Basic Economy Corporation (IBEC) farming project in Venezuela, one of a number of businesses he initiated to advance Latin American development. (Photograph courtesy of the Rockefeller Archive Center, North Tarrytown, N.Y.) For an article focusing in depth on Rockefeller's activities in Brazil, see pp. 88-121.

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Entrepreneurs in Business History

The focus of this issue is on recent work highlighting various aspects of entrepreneurship in business history. The scope of the articles is wide, from colonial America to modern Brazil, from the self-made small businesses of former slaves to the business empires of the Rockefellers and the Guggenheims. Although the authors employ diverse approaches, they share a common interest in trying to identify the significance of entrepreneurs within the wider context of economic and institutional structures.

The study of entrepreneurship has had a checkered recent history. In the 1950s, Harvard's Research Center in Entrepreneurial History sought to develop a conceptual model of entrepreneurship as a way of reorganizing and revitalizing economic history. Subsequently, however, entrepreneurship retreated from center stage. One stream of historians moved toward quantitative theoretical models derived from neoclassical economic theory, while another current developed the so-called organizational synthesis with a primary emphasis on organizational innovation rather than entrepreneurship itself as the driving force of business change.

The first article in this issue, by Harold Livesay, attempts to rekindle some of these debates. In the late 1970s, in articles published in the *Business History Review* and elsewhere, Livesay staked out a position on the importance of entrepreneurial individuals rather than organizational structures at a time when the scholarly trend was strongly in the other direction. More than a decade later he returns to the theme, arguing that the organizational synthesis leaves many recent business phenomena "unexplained and inexplicable" and that in particular it fails to deal with the persistent centrality of creative individuals. Business history in recent years, he alleges, has "acted like a neutron bomb, wiping out the people and leaving the buildings intact." Livesay's provocative and suggestive essay provides a fruitful stepping-off point for new perspectives on the role of entrepreneurs.

The two articles that follow explore the early history of black entrepreneurs in the United States, a theme that has been the subject of important previous work in this journal. (See the articles by David O. Whitten in the Summer 1971 *Business History Review*, by Juliet E. K. Walker in Autumn 1986, and by Alexa Benson Henderson in Summer 1987.) Loren Schweningen provides an overview of black business in the South before 1880, as blacks emerged from slavery free but often materially little better off than as slaves. Schweningen's study

illustrates the remarkable determination and persistence of individuals in overcoming problems of economics and racial oppression, but also goes beyond case studies by using quantitative evidence, derived primarily from census data, to compare and contrast different regional, ethnic, and rural-urban patterns and how they changed over time. Schwenger locates the roots of black entrepreneurship in the “internal slave economy” and in the patterns of emergence of free blacks in different regions in the antebellum period, and he identifies a shift in the balance of advantage for black entrepreneurs from the Lower South to the Upper South under the impact of war and reconstruction.

Robert Kenzer’s detailed regional study of black entrepreneurs in North Carolina complements this work through its focus on 126 individual black businesses. Against a background of continuous problems of entry and failure, Kenzer identifies the importance of the geographical distribution of the black population, the leading role of mulattos who gained their freedom before the Civil War, and the hitherto little-recognized importance of connections between county politics and office and black economic advancement.

In striking contrast to the history of these black entrepreneurs are the giant entrepreneurial empires of the Rockefeller and the Guggenheim families, which form the subject of the next two articles. Elizabeth Cobbs focuses on Nelson Rockefeller’s use of his inherited wealth and power in an ambitious attempt to link entrepreneurship and diplomacy to nurture a new middle class and an “enlightened capitalism” in post-Second World War Brazil. Following the intellectual development models of his day, he pioneered new financial institutions for development that he hoped would generate wealth and liberal institutions and at the same time demonstrate a model of the responsible business leader. But the implementation of this liberal developmental project proved problematic, and even insofar as it was effective, it seemed to be less closely linked to democracy or widespread prosperity than Rockefeller expected.

Thomas O’Brien’s study of the Guggenheims in Chile has links to the debates on the multinational enterprise featured in the Autumn 1988 *Business History Review*. He stresses the need to incorporate entrepreneurship and organizational structure as well as factors such as technological advantage and business-government relations in theories of the multinational enterprise. The Guggenheims used their technical expertise in mining and smelting and their financial power to shift the center of their business successively from Mexican silver to Chilean copper to Chilean nitrates, in each case simultaneously

revitalizing previously moribund industries and exploiting political advantages. This required at times wrenching decisions that caused deep splits within the family and stretched to the full the organizational capacity of the entrepreneurial family.

The final article in this issue presents a broad historiographical survey of entrepreneurship in the colonial era of U.S. history, an area that is now receiving sustained attention from business historians. Edwin Perkins stresses the pervasiveness of entrepreneurial attitudes and aspirations across nearly all occupational groups in this period and rejects the notion of colonial America as a “communal” or precapitalist society. Instead he insists on the need to relocate the widespread dissemination of market values in the pre-revolutionary years. His article points toward numerous opportunities for business historians to shed light on current lively debates in kindred fields of economic and political history.

—S.T.

CONTRIBUTORS

Elizabeth A. Cobbs received her Ph.D. in U.S. history at Stanford University in 1988. Her dissertation, “‘Good Works at a Profit’: Private Development and United States–Brazil Relations, 1945–1960,” was recently awarded the Allan Nevins Prize by the Organization of American Historians. She is an assistant professor at the University of San Diego and is presently engaged in pursuing new research on postwar U.S. business in Latin America while revising her dissertation for publication.

Robert C. Kenzer is assistant professor of history at Brigham Young University. He is the author of *Kinship and Neighborhood in a Southern Community: Orange County, North Carolina, 1849–1881* (1987). He is currently writing a book on black economic success in North Carolina from 1865 to 1915.

Harold C. Livesay is Clifford A. Taylor Professor in Liberal Arts at Texas A&M University. In addition to his scholarly work in history, he has during the last ten years worked in programs of research on and education of small business and independent inventors, with particular focus on strategies of technology commercialization.

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Edwin J. Perkins is professor of history at the University of Southern California, and he also serves as general editor of a book series on American economic and business history for Twayne Publishers. He is the author of *Financing Anglo-American Trade: The House of Brown, 1800–1880* (1975), and he has recently completed a revised edition of *The Economy of Colonial America* (1988). His current research and writing focus on the history of U.S. financial service from colonial times to 1815 and a career biography of stockbroker Charles Merrill.

Loren Schweninger is professor of history at the University of North Carolina, Greensboro. The recipient of a Senior Fellowship from the National Endowment for the Humanities, he is the author or editor of two books and a number of articles. His most recent study, *Black Property Owners in the South, 1790–1915*, will be published in 1990 by the University of Illinois Press.