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## DEBATES

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### *Twenty Years After: Some Reflections on Having Written a Business History*

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The text of *The History of Unilever*\* was completed in 1952. The preparation of complicated appendices and statistical material held up publication until 1954. It has been suggested that after these twenty years it may be helpful to others concerned with business history and its development to have some reflections on the genesis of the Unilever study. In addition, it has occurred to me that in this decade of self-styled 'new' economic history and 'counter-factualism' it may be appropriate for an historian to turn the spotlight on his own activities. This note will therefore also consider some alternative ways in which my own study might have been conceived and executed.

Business history did not begin in the post-war years, but it came more prominently into public view. As I explained in my preface to *Unilever*, my own study owed its origins to the then Regius Professor of History at Cambridge (Professor [now Sir] George Clark). Sir George Clark is not himself a business historian, but he had taken a close interest in the possibilities of the subject and it was he who urged me to consider a plunge into a period and a subject to which at first sight I felt resistant. In the end I came to agree with him that there seemed to be a possibility here of obtaining a unique view of the evolution of a business operating on a world scale. After discussions in which all the problems of historian and business were carefully considered, I accepted an invitation to undertake the task.

For reasons which will become clear in the course of this article it is

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\* CH. WILSON, *History of Unilever*, 1954, 2 vols.

worth while emphasising again (as I emphasised in the original preface to the book) that the object of both sides to the agreement to publish was 'a comprehensive and critical study founded on a full and free investigation of all the material which the author might consider relevant'. And I also added that my own interest was to enquire into the ways in which the operations of a business closely connected with a vast demand for products in common use, and the expansion and innovation inherent in its situation, might illuminate the processes of economic and social change. This seemed to me especially important at a time when the whole problem of economic growth was beginning to occupy the attentions of many economists, while economic historians seemed in a perhaps excessive degree to be still pre-occupied with problems of social justice and the maldistribution of wealth. This was an inheritance, and in some senses a noble one, from the Unwin and Tawney school of history. But it had done much to inhibit the study of the production of wealth.

The idea of the Unilever history was conceived independently of developments in business history and its study which were happening contemporaneously in the United States. Here the pioneer work of N.S.B. Gras at Harvard, and the very existence of the Harvard Business School, had helped to focus attention on the possibilities of this type of study which had a natural attraction for a society uniquely indebted to the growth of business enterprise. Already in the post-war years, therefore, a number of historians other than Gras were concerning themselves in a more than abstract sense with business history and any student of it must record a debt of gratitude to historians like Harold Williamson, Ralph Hidy, Thomas Cochran, William Miller, Leland Jenks and a number of others who have faced the practical problems of constructing business histories. For it is old but true that it is one thing to speculate and philosophise; it is quite another thing to do.

Amongst those who did both was a scholar to whom business studies owe an incalculable debt. These were the years, or perhaps one should say the salad days, of Professor Arthur Cole's Centre for Entrepreneurial Research at Harvard University and its Journal, *Exploration in Entrepreneurial History*. Unfortunately I did not make personal contact with Arthur Cole or his team until the Unilever history was virtually complete. This omission was to some extent remedied in a paper called 'The Entrepreneur in the Industrial Revolution in Britain' which I delivered on Professor Cole's invitation to his conference at Harvard in 1954.

That paper demonstrated a not unfamiliar historical phenomenon; a similar interest emerging at the same time in two separate and unconnected enquiries. To someone like myself, brought up in the Cambridge school of Sir John Clapham based on quantitative investigation of major national industries, it was particularly instructive to be faced with the types of business

growth which owed almost everything to the perception by entrepreneurs of market possibilities which themselves sprang from processes of social change. They owed relatively little, at any rate in their early stages, to spectacular innovations of technology or indeed to the impact of spectacular capital investment.

Professor Cole himself had drawn attention to the nature of the entrepreneurial function as 'the utilisation by one productive factor of the other productive factors for the creation of economic goods'. In the Harvard paper I tried to show how this concept (in my phrase 'a sense of market opportunity combined with the capacity needed to exploit it') could be used to help to interpret the progress of industrialisation in Britain. Professor Cole, in drawing attention to the entrepreneur as the central figure in the economic process, was saying in a generalised way what an eighteenth century writer had meant when he said 'the tradesman stands always at the head of the manufacturer' and what a later German historian wrote in the 1880s: 'Every commercial capitalist, whether he understands the technical side of his business or not, is always a trader. It is trade which decides what commodities shall be produced, where they shall be produced and how they shall be produced'.

The interest in the entrepreneur was not without its risks. Even the nineteenth century historians had produced their heroic industrial figures. The British observer of Victorian industrial society, Samuel Smiles, had thrown up a hundred miniature biographies of great men of business who owed their rise in the world and subsequent fame to their entrepreneurial capacity. Such biographical studies had run the risk of turning into uncritical essays in admiration. The Harvard investigations stood little risk of degenerating in this way. For one thing, while the United States might on the one hand be the classic home of big business, they were on the other the home of radical suspicions of business which became too big and threatened political and social democracy through monopolistic power. This instinct was deeply rooted in American social scientists and the Harvard Centre throughout its life (which was limited in turn to a specific period of years) was from the beginning concerned with the construction of a critical, sociological and statistical framework of concepts, including the relevant enquiries of sociologists like Talcott Parsons and economists like J. K. Galbraith, which effectively checked any tendencies towards undue adulation of business capitalists or their work.

It only remains to add, for the record, that the investigation of Unilever meant the investigation of an Anglo-Dutch controlled group of more than five hundred companies spread all over the world. Majority and minority interests were held in nearly another hundred businesses. The total manufacture and trade of these businesses by 1939 stood at over six hundred million pounds and was spread over four main groups of products: detergents, mar-

garine and edible fats, food products and oil milling. The common basis of the greater part of the output was its common raw material base of oils and fats. The story was one which combined vast and real expansion with a steady process of concentration. It is necessary (again, for reasons explained later in this note) to record that this was the first time a business history on anything like this scale had been attempted outside the United States of America and the Netherlands. Professor Gerretson had already written his unique history of *Royal Dutch* and Professor Hidy was at work on his history of *Standard Oil*. Unilever therefore deserve the credit for allowing and encouraging a pioneer study which, if it did nothing more, stimulated other industries (like Courtaulds and I.C.I.) to think of following suit and indeed doing so.

One other aspect of this episode is worth noticing. American historians have made a number of enquiries about the legal basis of the contract between author and company upon which the Unilever history was based. Was there (I was frequently asked) an elaborate legal contract to bind both sides to their duties and obligations? The answer was that there was no legal contract whatever except a gentleman's agreement in the shape of an exchange of letters. The company undertook to provide the historian with what he needed, in so far as it could, and to give him freedom to write what he chose on the understanding that his objective was a fair and just historical survey of their business, as impartial as possible. The historian undertook to do this to the best of his ability and was thereby assured that his work would be published. The company honoured its obligations and the author did his best to honour his.

Some American historians were surprised by the informality of this arrangement. Did not such a loose arrangement risk leaving the historian stranded? The answer to this, as to so many questions about procedure, is that each individual case may be different and require a different approach. But all the situations in which a business historians may find himself manifest one common feature; they all demand mutual confidence between the historian and the authorities in the business whose history he is writing. Without confidence his troubles could be endless and the end of his story dismal. Where confidence has been generated a complicated legal contract may not only be a work of supererogation; it may positively generate differences of interpretation which would not have arisen but for the consistent propensity of lawyers to see their duty as guarding their clients against imaginary future risks as well as actual ones. Certainly if no basis for mutual confidence exists, a legal contract will not bring it into existence. On the other hand, the historian is entitled to an absolute assurance given in good faith that his work, probably lasting over several years, will not be wasted by a final refusal to publish unless there is some good and valid reason for not publishing. The best safeguard of this is the appointment of one or more

independent historians of standing to act as umpire, and this is what happened in the case of the Unilever history.

The arrival, or refinement (for that is a more correct description), of methods of economic analysis which can be applied to business situations has produced several suggestions in recent years for business history presentation on different lines from those adopted in the Unilever history. Such a revised approach would, according to the supporters of such methods, enable changes to be measured by quantitative indicators. Of these the most appropriate are those which are currently in use. This will enable the historian to present 'a type of counter-factual measurement appraisal'. (K. A. TUCKER, *Business History: Some Proposals for Aims and Methodology*, «Business History», January 1972). The advantages are said to be that the merits and faults of undertaking a range of alternative decision can be set out explicitly. Business historians can join the counter-factual questioners, discarding their traditional techniques for those currently in use in business performance evaluation. The attempt by one historian to cover all aspects and periods of the firm will be given up. Each section will be taken over by a specialist. '...Business histories (according to Mr. Tucker) would benefit from delineating carefully the public relations and descriptive material from the more rigorous but less integrated sections of analysis, the latter being published in academic journals or even separate chapters or volumes'.

Let me say at once that the serious historian will never question any opportunity to achieve greater precision in his search for truth. There is, therefore, nothing in principle in such proposals with which any reasonable person can disagree. There are, however, weighty reasons why they should be examined with great care before it is assumed (a) that it is practicable to use them in the cases where Mr. Tucker thinks they should have been used, and (b) that the traditional methods were as contemptible as Mr. Tucker appears to think they were.

Let us first look at the model from which Mr. Tucker appears to be arguing and from he appears to draw his inferences as to desirable methods for future business history. The model is the business of Milne and Choyce examined in Mr. Tucker's unpublished M. Com. Thesis, Auckland 1967. This was apparently published under the title, *Milne and Choyce: a one hundred year business history 1867-1967*, in 1968. But alas! Mr. Tucker's belief in the need for precision does not extend to informing us where it was published and all my attempts to find it in the Cambridge libraries have yielded no result. His article merely tells us that this small drapery business in Auckland, New Zealand is now a sizeable firm, with branches in other cities and suburbs. But apart from a reference to a mortgage of £28,000 in 1909, debentures for £22,000 in 1914 and a mortgage in 1929-30 of £60,000, he gives the reader absolutely no indication whatever of the nature or size of his model. His tables consist entirely of percentages demonstrating ratios,

gearings and returns, or equations and indicators to measure data efficiency on the basis of symbols for whose use we have no examples. The searcher after knowledge who complains that this is a poor introduction to an essay in precision history is not merely quibbling. He is merely bowling back at Mr. Tucker the point which he himself makes in his article that the historian cannot operate independently of the quantity and quality of his data. It should surely be evident to anyone concerned with quantitative history that the difference between the approach necessary for writing the history of a small and compact retail store which operated in a relatively small community and, at any rate until recently, counted its capital in £ thousands, and that appropriate to a world business which sprawled over scores of countries and counted its affairs in £ millions is not merely one of degree but of kind.

Mr. Tucker evidently has no use for historians whose aim is to provide some illumination of the business scene for non-analysts. Narrative is to be clipped off, written down as merely a public relations exercise and consigned to the dustbin of the general public. He appears to assume that the non-analytical and inexpert reader will gain nothing from statistics while the experts who know it all will be able to dispense with anything other than the new analytical techniques. People and even things, will be of no concern to them.

'In retrospect' (Mr. Tucker's phrase), he dismisses my attempt to combine narrative and analysis in the Unilever history as 'an unwise and almost impossible task'. It made rigorous analysis 'excessively limited'. Worst of all 'there is a danger of accepting at face value events reported from source material biased towards what contemporary spokesman thought was happening or had occurred'. (I should add that Professor Coleman, the historian of Courtaulds, is treated with equal severity. His declaration that his history was analytical but objective, «warts and all», provokes Mr. Tucker to further criticism. Professor Coleman's methods of measurement are apparently too imprecise for him to be able to know a wart when he sees one. In discussing Professor Coleman's treatment of the conflict between the economist's methods and those of the historian, Mr. Tucker remarks somewhat mysteriously that Professor Coleman has described his own approach as 'electric'. Only a search through Professor Coleman's prose revealed that what he actually said was 'eclectic').

Not to prolong the argument intolerably, I believe that this kind of approach to the problems of business history, especially business on a large scale, is wholly impracticable. The scale of the operations, the cost of financing the research, writing and publishing of a large scale business history, the patchiness, the imperfection and in places total absence of reliable data are only a few of the considerations which render Mr. Tucker's reflections fruitless. I do not believe that his own objectives, which largely reflect the specific

character and size of the business he himself investigated, could be used by the historian of businesses of a quite different type, and if they could they would produce singularly unilluminating results.

Nor do I think Mr. Tucker is justified in suggesting that historians who use non-analytical types of evidence are to be written off as the dupes of either the evidence by which they are confronted, or the people whose opinions they examine. Both Professor Coleman and I were, I consider, justified in claiming that our respective accounts of the businesses we have investigated represented objectivity of judgement insofar as this can humanly be achieved. Absolute certainty is unattainable because of the gaps in the evidence, so far as statistical data are concerned. For all other kinds of history absolute objectivity must remain the permanent but unattainable ambition. The same is true of W. J. Reader's *History of Imperial Chemical Industries* (vol. I, 1971, Oxford) where the dominant theme is international business diplomacy and quintessentially dependent on narrative method.

Looking back on the account given of the Unilever development twenty years ago, I have identified one major theme and only one where I should, as a result of prolonged thinking in the interval since, perhaps wish to muse at rather more length on what happened, as compared with what might have happened. In terms of the new methods I suspect it would prove difficult and perhaps impossible to obtain or analyse the requisite data so as to present a convincing counter-factual picture. But the matter I refer to is one of major importance; the scores of decisions to merge with or acquire other businesses in countries other than the United Kingdom. Here the counter-factual method seems to me to have two types of value. It can either probe the consequences of an alternative decision which was close enough to reality to be worth examining as a possible real-life alternative, or it can compare or contrast a situation which was remote from actuality but may, simply by contrast, throw valuable light on the nature of reality itself. In the latter category one might place a situation which would have occurred had total profit maximisation been the object of the owners of a business of the mergers who represented its corporate entity. This could then be compared with a real situation (e. g. Lever's operations in the Belgian Congo) in which the entrepreneur neither could, nor would, treat yield on capital as his sole or major yardstick of success. In general, however, the situations with which I am concerned fall into the first category, i. e. situations in which the entrepreneur took an *actual* decision to which there *may* have been alternatives.

Let me put it this way; from the eighteen-nineties, William Lever, now established in the United Kingdom, was beginning already to build up a large export business in soap. By 1900 this trade was facing a new problem. Lever dealt with it in a speech in 1902:

«The question of erecting works in another country is dependant upon the tariff or duty. The amount of duties we pay on soap imported into Holland and Belgium is

considerable and it only requires that these shall rise to such a point that we could afford to pay a separate staff of managers with a separate plant to make the soap to enable us to see our way to erect works in those countries. When the duty exceeds the cost of separate managers and separate plant, then it will be an economy to erect works in the country so that our customers can be more cheaply supplied from them ».

On another occasion he put the question the other way round:

« Suppose the World was free trade and soap could be imported with merely the question of freight... there would be no need to manufacture soap in Germany and no need for the establishment of associated companies ».

[Wilson *History of Unilever*, vol. 1, p. 99 and *passim* Ch. VIII]

In these two passages Lever was dealing with a basic problem the answer to which was to shape the whole future structure not only of his own company but of many others. This export of capital for direct investment in other countries was likewise a provocation to political opinion which raised a great storm from Liberal and Labour politicians and from writers like J. A. Hobson round about the turn of the century.

Lever identified its main necessity and motive as the tariff or duty, and erected upon this basis a vast multi-national *congeries* of multi-national companies. Taking the compelling presentation of his logic and the supporting evidence from similar policies followed by other entrepreneurs, I was persuaded that the course he took in constructing a world business was probably the only one open to him in the circumstances. I still believe that this is in all probability correct, but it would be extremely interesting to see whether a counter-factual analysis could present the alternative situation in which the consequences of continuing an *export* trade instead of erecting companies in local markets to replace it could be examined. It would be an exercise of extraordinary complexity and difficulty demanding evidence from outside the records of the business as well as from within them.

If results could be obtained, however, they might help to isolate the other motivating impulse behind the multi-nationalisation of Lever's and other companies which he did not specifically mention in either of the two companies referred to but which other evidence clearly identifies as vital, *viz.*, the importance of local taste and sentiment. The general problem is of enormous importance and the identification of businesses or products which seem inevitably to swing towards a multi-national solution in international trade (as against those which continue to rely on export) will continue to be of the greatest importance to any understanding of the structure of international trade and industry. It will for example be interesting to see how far the continuing integration of the E.E.C. really results in drastic rationalisation of production in a small number of producing centres. How powerful an engine *is* the tariff? Or will decision be guided by other political, social or idiosyncratic factors? And was this this really faced in the past?

Apart from this there are, of course, a hundred points at which one could wish for better evidence and for greater precision. No historian can ever be satisfied that his work is complete or unchallengeable. In business history, as in other kinds of history, every generation must re-write its own version of events.

The 'new' economic historians are perfectly right to bring their contribution forward. I have only two comments on their claims. First, they seem to me to pitch the extent of their novelty on the high side. It may be true that the quantitative methods of the past were inadequate; it would be surprising if they were not. It may be (though this is not my own sphere of knowledge) that American economic history in particular deserves the charges of facile generalisation and uncritical repetition of obvious error which the critics now bring against it. I do not believe this is true of a sizeable proportion of the English economic history written in the last fifty years. The late J. H. Clapham seems to me to have made a remarkable contribution to the development of quantification as an historical tool in his great monumental studies of the development of the industrial economies of Britain, France and Germany. Similar claims could be made for the great French and German historians too. Clapham likewise formulated (in the light of wisdom rooted in experience) the essential questions which the economic historian should ask. His famous article called 'Empty Boxes' exposed the limitations of economic theory as an historian's instrument. 'Economic History (he once wrote) is the most fundamental branch of history; not the most important. Foundations exist to carry better things'.

Nor is counter-factual thinking by the historian in the slightest degree novel. It is implicit in hundreds of statements by historians of every kind, including many who are very far from being 'new' or 'Cliometric', whenever they become critical of past decisions. Each historical criticism of the past carries, at least by implication, the rider that an alternative decision (and possibly a better one) could have been made.

The 'new' historians are therefore only building on the basis of their predecessors. If they deserve criticism it is not, in principle, for what they are doing, but for the apparent ignorance, on the part of some of them, of the nature of the history of the science which they themselves purport to practise. It is hardly reassuring to find historians who seem to be uninterested in their own history.

More broadly, however, one is disturbed by the lack of a feeling for the *wholeness* of history in the new practitioners. The proposition that the history of a business is now too complex a box of specialisms to deserve any fate other than to be dismembered in cold blood and the various limbs, nerves and organs distributed to a team of morbid anatomists is not only depressing; it is totally unnecessary. The fuss made about the inadequacies of the history written a decade or two ago is fictitious. It will always be possible to make

supplementary studies which bring to bear more exigent methods of an econometric or counter-factual kind on selected critical areas of businesses hitherto studied in a generalised way. Such studies should certainly be associated with future enquiries into other business histories. They should take their place as an integral part, though perhaps as appendices, of a general history. This is not to degrade them into mere subsidiary information, for clearly their findings, if important, must seriously influence the nature of the central narrative itself. The mainstream of history is always dependent on a score of tributary footnotes; but there remains an identifiable mainstream.

What is not acceptable is the principle of dismemberment. Businesses would be unlikely to open their archives, or provide the help without which their histories cannot be written, simply to facilitate the private ruminations of experts whose findings would be largely unintelligible to anyone except to themselves and a few members of their own profession. The historical reading public has likewise a right to expect that the field of knowledge represented by business history should continue to be available to it. Historians will be unwise, in my opinion, if they immerse themselves and their subject behind an impenetrable wall of technique designed to shut off the engine from the driver and the passengers. Let the 'new' history proceed by all means. But let the 'new' historians remember (as M. M. Postan reminded us in his inaugural lecture at Cambridge thirty years ago on 'History and the Social Sciences') that the increments of knowledge from the application of socially-scientific methods to history are necessarily small and uncertain. The new historians are entitled to their enthusiasm and its harvest, but their *euphoria* will in time give way to a better sense of proportion. If they are historians in their own right, they will in the end acknowledge their debt to their predecessors and see the need for their work to form part of the seamless web of history itself. For much of the history of business enterprise, and perhaps its most important aspect, depicts human effort and human response to social change. Some of its most profound implications are beyond analysis of quantification. They can only be described, and the business historian who forswears description cuts off his right hand.