
THE HISTORIANS

Fritz Redlich (1892-1978)

Hermann Kellenbenz

University of Erlangen - Nuremberg

Fritz Redlich died in a nursing home in Newton Center, a suburb of Boston, at the end of a long illness and at the age of 86 on the 21st October 1978. This was the conclusion of a life of lengthy and self-denying service to scholarship which was marked by exemplary dedication and crowned with success. Fritz Leonhard Redlich was born on the 7th April 1892 in Berlin, and he grew up in a well-to-do middle class family. His father, Moritz Sylvius Redlich, was originally from Breslau and had become director of the wholesale pharmaceutical and drug company Hugo Fürst & Co. His mother was from the Mühsam family and his grand-mother was a Gottschalk, and anyone familiar with these family names and their backgrounds will understand why it was that Fritz Redlich was later forced to emigrate.¹ Such family links were significant for a part of Berlin society before World War One; anyone who had the opportunity of conversing with Fritz Redlich and heard the characteristic switch from American to his native Berlin dialect in order to tell a joke in his typically high pitched voice, the wit and irony of his story reinforced by his clear grey eyes, rather pointed nose and masterful brow, would have recognised at once in him a fine representative of that culture which had flourished in the period of toleration in Prussia.

As might be expected, Redlich received the best education available. After attending the *Mommseingymnasium* at Charlottenburg, it was taken for granted

¹ I should like to express my thanks for their generous assistance to Frau Anne-Marie Labes, Fritz Redlich's sister who lived at Neuglobsow until her death in 1981, and to Frau Evelyn Lacina of whom Fritz Redlich grew extremely fond during the period that she studied for her doctoral dissertation on German emigrants to America.

that he would continue to the University². His father wished him to study chemistry, and he began his studies at the Technical High School and passed his qualifying exams before he obtained his father's permission to study political economy. He then went to Munich, where he was greatly influenced by the teaching of Heinrich Wölfflin and the political economist Lujo Brentano, but his real training was in Berlin. In a later biographical sketch, Redlich gave a perceptive and witty account of political economy teaching in Berlin between 1912 and 1914. Adolf Wagner was by then too old to teach the young Redlich, while he himself was too young to follow the seminars of Schmoller, and although he graduated with Heinrich Herkner he was never deeply influenced by him. Rather than the political economists, it was the historian Otto Hinze, the constitutional lawyer Gerhard Anschütz and Ignaz Jastrow, first rector of the Berlin Commercial High School, who were to have the most lasting impact on the ideas of the young Redlich.

Despite his differences from the later German historical school of political economy, Redlich saw himself in the tradition of Schmoller's approach to political economy which Edgar Salin described as 'the latest historical school of political economists'. As a result, he was trained not so much as a political economist but rather as an economic historian as it taught him to 'study material forces and master them intellectually'. Redlich himself acknowledged this, and the most important guidance in his own development came from the works of Max Weber, Ernst Troeltsch and Werner Sombart. He was to hear Troeltsch's lectures in Berlin after the war.

In June 1914, at the age of 22, Redlich took his doctoral examinations with a dissertation on 'A study of the economic importance of the German coal-tar industry'. The essay was published that same year in the *Staats- und Sozialwissenschaftlichen Forschungen* edited by Gustav Schmoller and Max Sering.³ The essay clearly shows the influence of the pre-First World War historical school. Based on company reports and published accounts, it is particularly notable for the clear and factual style in which it was presented. The main emphasis is laid on a description of the German coal-tar industry "in the period of "German hegemony", that is after the discovery of alizarin by Gräbe and Liebermann in 1868 which had enabled Germany to undercut British and French competition and to take the lead in this field of the organic chemistry by applying Kekulé's theories for reconstructing benzene molecules, showing how the marketing techniques of the German businessman enabled

² The following is based both on conversations with Redlich and also on information from the autobiographical sketch 'Ein Leben für die Forschung' in FRITZ REDLICH, *Der Unternehmer* (Göttingen, Vandenhoeck und Ruprecht, 1964, pp. 11-42).

³ FRITZ REDLICH, *Die volkswirtschaftliche Bedeutung der deutschen Teerfarbenindustrie* (= *Staats- und sozialwissenschaftliche Forschungen*, hrsg. v. Gustav Schmoller und Max Sering, Heft 180), München/Leipzig, Duncker und Humblot, 1914, VIII + 101 pp. Concerning the publication of Redlich cf. "Der Unternehmer", pp. 385-389.

this primacy to be maintained throughout the world. In his summary, the wider economic significance of the German coal-tar industry is stressed, in particular its contribution to the struggle against a variety of diseases: 'In this manner the coal-tar industry, which is achievement of the German economy and of German enterprise of which we should be proud, has performed a cultural mission of world-wide importance'⁴.

The intellectual background which lay behind these early compositions is now very distant from us. This must be recognised if we are to understand why it was that Fritz Redlich at once signed on as a volunteer when war broke out. But the four years of war and the crisis which followed it interrupted his promising early scientific beginnings, and the circumstances of the times made it impossible for Redlich to follow his academic interests further. He returned home in 1918 as a lieutenant in the reserve, and joined his father's firm. He later saw this as a mistake which could never be corrected, since it cost him the most important years of a scholarly career. One can only guess how difficult this period was, and during the years of high inflation the firm withdrew from business, so destroying most of the family's fortune. Later his father attempted to go into mink farming, but this collapsed with the fall of the Stockholm mink market in 1934. When in 1927 Fritz left the firm, he was given the opportunity of organising a Marketing Association for the German Agricultural Association designed to value pelts produced by German furriers and breeders, of which he became managing director in 1932. In the spring of 1930, however, he decided to take up again his earlier academic studies. The theme he selected arose directly from his own commercial and industrial experience, but his plans were upset by the opposition of a "powerful" member of the Faculty in Berlin, whose name however Redlich did not disclose.⁵ But, as Redlich shows in his biography, all the chapters of his study were published, with the exception of one which was accepted for Schmoller's *Jahrbuch* but then never appeared after the change of regime in 1933. As can be seen from the bibliography of Redlich's works he published a variety of essays on narcotics between 1928 and 1931, including one published in Bonn in 1929 under the title 'Drugs and addiction: economic and sociological observations on a medical problem'.

As his first attempt to embark on a university career had come to nothing Redlich began working on a second doctoral thesis on the advice of those professors who had not agreed with the judgement of the person referred to above. His topic this time was 'advertising as a historical and economic phenomenon'. While working on this he also published a number of essays on commerce and trade, and on aspects of fur-farming prompted

⁴ REDLICH, *Die volkswirtschaftliche Bedeutung der deutschen Teerfarbenindustrie*, p. 87.

⁵ FRITZ REDLICH, *Reklame, Begriff - Geschichte - Theorie*, Stuttgart, Ferdinand Enke, 1935, VIII + 272 pp.

by his own experiences as Director of the Association of Pelt Assessors referred to earlier. This body, which formed part of the German Agricultural Association, enabled Redlich to earn a living until 1936. His second doctoral thesis was completed by 1933, but after Hitler's seizure of power Redlich allowed his application to Berlin University to lapse. He then published a number of essays on the history of advertising until 1935, when his doctorate was published in Stuttgart under the title: 'Advertising — concept, theory and history'.⁶

Redlich wrote the introduction to the book in Berlin in the autumn of 1934. Its comprehensive bibliography shows the breadth of research on which it was based, and in addition to the more generally known literature he also used a 'wide range of more peripheral sources'. He emphasized in particular the value of a number of 'hour-long conversations with persons who had played a major role in the development of advertising'. But Redlich's book was not exploring new territory since the topic had first been broached in 1857 by Karl Knies in a study on the telegraph as a means of communication, and in the 1890s the field had attracted much wider scientific interest. In 1910 Victor Mataja published a classic study which by 1924 had reached its fourth edition, while in 1929 Rudolf Seyffert published a 'General Guide to Advertising' and in the same year the best study of advertising in the Anglo-Saxon world, Frank Presbrey's 'History and Development of Advertising', also appeared. In his own book, Redlich's aim was to show that advertising was an economic phenomenon of 'major importance', while pointing out that 'certain forms of advertising are not successful, and at the same time other methods can constitute unfair competition, and even fraud. Of this the author is well aware, but the mere fact that it may be misused does not detract from the great economic importance of advertising'. This was a clear statement from a man who even in those years had no fear of speaking his mind.

The book was composed of four chapters, and the short first chapter deals with the concept of advertising, by which Redlich understood those measures 'normally described as advertising and which embrace the action taken by manufacturers, merchants and their organisation, and also on occasion corresponding action by political organizations, designed to ensure the sale of either goods or services'. The main argument of the book is defined in the second and third chapters, entitled 'A prolegomenon to the history of advertising' and 'The theory of advertising'. They are worth considering in some detail, since Redlich drew heavily on personal experience and these chapters contain a number of statements which reflect directly his later work on entrepreneurs — in this case in the context of the roles of the advertising entrepreneurs in France, Britain, the USA and Germany. In describing the role

⁶ *Ibid.*, p. 59 f.

of the entrepreneur in the development of advertising he wished to demonstrate two things in particular: firstly, the amount which had been contributed by individuals — 'we wish to show concretely how much was due to the will-power of those involved, to describe the characteristics of those who played a leading role in the field, and hence by means of their background and character try to explain the origins of this will-power and the energy it generated'. At the same time, he was also concerned to show that those entrepreneurs who had determined the development of advertising were not charlatans as had often been claimed but human beings.

By the term entrepreneur Redlich, like Schumpeter, meant men capable of putting forward 'new enterprises', especially new commercial enterprises. 'Gazing at the field of advertising I see before me men who followed new paths, men who were pioneers, and men who were quick to follow their lead'. Once the entrepreneurs and their innovating initiatives had been described, he then turned to consider von Gottle's theory of entrepreneurship which argued that in certain circumstances the owner or director of an enterprise need not play any further role in the functioning of that enterprise, as Schumpeter had claimed, but could leave it all to his agent.⁷ Also relevant in the light of his later work is the comparative approach adopted by Redlich which stretched widely across boundaries of language. He studied the major pioneers in the field in France, Britain, the USA and in Germany, examining each not just as individuals but also in relation to the rôle of advertising in the specific economies in which each was operating. Before doing so, however, he made a number of important observations: 'It would have been possible, of course, to have begun directly with the entrepreneurs without any reference to that branch of the economy in which they operated, and to have arranged them, for, example, by age groups. The concept of age-groups comes from Eduard Wechsler, and to my mind has not been properly taken up and explored.⁸ By age-groups Wechsler understood 'a collective group composed of contemporaries born at about the same time who are bound together by their birth-date, and who contribute to the cultural history of their nation by acting as bearers of innovation. As an intellectual group they are governed by specific characteristics of imagination and thought'. Redlich, however, continued to say that age-groups were 'not only the bearers of innovation in intellectual history but in culture generally, and therefore also in economic life since this forms part of culture in general'. This was an idea which had been put

⁷ *Ibid.*, p. 123.

⁸ *Ibid.*, p. 123. Redlich returns again (on p. 160 ff) to the problem of the so-called 'groups of coevals' amongst the entrepreneurs in the German advertising industry, and identifies one group in the generation born in the 1820s (which included Hartzig, Litfass and Hoff), another in the 1860s and 1880s (Linger 1861, Growald 1867, Rose-lius 1874, Weidenmuller 1881), with at least one more intermediary group which included Aust (*Ibid.*, p. 170).

forward earlier by Dilthey and the Heidelberg School. Redlich went on to say: 'We should then employ the concept of age groups when attempting to understand changes in economic attitudes and organisation. In many studies such factors are omitted, but had they begun by studying the entrepreneur in relation to his age-group then they would have discovered something which still remains hidden, that is the number of common characteristics shared by entrepreneurs operating in widely different fields of advertising yet all belonging to the same age-group, all having grown up in similar times whose intellectual and cultural forces have formed them'.⁹

One characteristic of the creative entrepreneurs in advertising was their openness and versatility, and in this they provided a contrast to the entrepreneurs of the XIXth century, who were 'tough, narrow-minded and exclusively bound up in their own affairs but advertising means looking further afield and therefore demanded individuals who would take an interest in the outside world in all its forms and feel at home in it'. For Redlich this was an exciting challenge to compare the advertising entrepreneurs with the great pioneers of manufacturing and international trade. In doing so he hinted at the importance of national characteristics. 'The great American advertising entrepreneurs, John Wanamaker, Marshall Field, Rowell, Ayer and Hopkins had all been confirmed puritans, while the German leaders like Lingner, Roselius and others were artistic and essentially contemplative men'.¹⁰ The differences could be explained to some extent, Redlich claimed, by the fact that they belonged to different age-groups, but they were also the result of external circumstances. While the recent expansion of advertising in America had been guided largely by principles of psychology, in Germany it was based on those of art.

In the third chapter of the book Redlich advanced a theory of advertising which he appropriately defined as 'a marketing technique suited to mass production'. His purpose was primarily to analyse the specific national significance of advertising, and in this respect he saw advertising as a determining factor in the evolution of business enterprises and pointed out the ways in which advertising influenced the range, scope, organisation, ethos and product of individual corporations. He also stressed the changes which advertising brought about in the economy as a whole which was most evident in the changes in types of proprietary product, in shifts of commercial power and in the social impact of advertising. The fourth and final chapter was a contribution to the statistical history of advertising.

After 1919 Redlich came into contact through his friend Wilhelm Gehloff, the political economist from Brunswick, with the meetings of the small

⁹ *Ibid.*, p. 123 f.

¹⁰ Cf. FRITZ REDLICH, *History of American Business Leaders. A Series of Studies*, Vol. I, Theory, Iron and Steel, Iron Ore Mining, Ann Arbor, Michigan, 1940, p. V.

and exclusive group of the 'Staatswissenschaftlichen Vereinigung', membership of which was only open to those deemed capable of furthering the knowledge of those already members. In this way Redlich was to meet, among others, Friedrich von Gottl-Ottlilienfeld and Constantin von Dietze. Gottl mentioned one evening that a Berlin banker (probably Christian Fischer of Reichscredit-und-Kontroll-Gesellschaft)¹¹ had offered a prize for the best history of German entrepreneurs. From then on the whole concept of the entrepreneur was to have a decisive influence on Redlich's future as a scholar. As he had finished the thesis on advertising, in which he had touched on the problem of entrepreneurship from a personal perspective, he now set out to write a general history of German entrepreneurs. He first began to work on the theoretical treatment of entrepreneurship in writings up to the time of Joseph Schumpeter, but had not yet revealed the 'confusion' which arose from Schumpeter's own formulations. He was also engaged in exploring Eduard Wechsler's theory of generation groups, but found that this did not carry him very far. He did get as far as writing a general introduction to the study he had envisaged, however, as well as a chapter dealing with the entrepreneurs who had dominated the German iron and steel, locomotive building and lignite mining industries.

In the meantime, however, fate was dealing out rougher blows to Redlich's family. In 1934 his father's milk farm went bankrupt, in the following year one of his sisters emigrated with her husband, who was a pastor, to Copenhagen where he took up a post in the German congregation there. In the same year his parents left Berlin and went to spend their retirement at their country home at Neuglobsow, where they remained until the War. His father died in 1942, and his mother a year later by her own hand when the Gestapo came to arrest her.

On the 26th March 1936 Redlich left Germany and on the 1st April landed at New York with a temporary visitor's visa. By way of Canada he succeeded in financing his emigration to the USA. Years of deprivation and hardship followed, which forced Redlich to lead a very ascetic life, but it soon seemed probable that Harvard University might offer him the opportunity to restart his academic career. Frank W. Taussig made it possible for him to publish in English for the first time with an essay in the *Quarterly Journal of Economics* on international financial transactions in the XVIIIth and XIXth centuries.¹² Taussig and Schumpeter, who had moved from Bonn to Harvard in 1928, encouraged Redlich to continue the studies he had begun in Ber-

¹¹ FRITZ REDLICH, *Payments between Nations in the Eighteenth and Early Nineteenth Centuries*, in: *The Quarterly Journal of Economics* 64, 1936.

¹² FRITZ REDLICH, *History of American Business Leaders, A Series of Studies*, Vol. I, *Theory, Iron and Steel, Iron Ore Mining*, Ann Arbor, Michigan, Edwards Brothers, 1940, VIII + 185 pp.

lin, and in particular to turn his attention to the history of entrepreneurs in America. Schumpeter saw in this an opportunity to demonstrate the validity of his own economic theories through a specific study of American entrepreneurship. It was far from easy at this time to follow through this line of inquiry and study the impact of individuals on the process of economic development, firstly because of the widespread hostility towards entrepreneurs evident in American public opinion of the day, secondly because economic thought was dominated by Marshall's concepts of equilibrium, and thirdly because American historiography was still overshadowed by the positivist legacy of Comte, Buckle and Spencer. Since, in addition, Redlich would be called on to communicate in English, it was far from easy for him to find an opening as a lecturer in one of the many American universities. Eventually however, destiny led Redlich to Mercer University at Macon in Georgia, a Baptist foundation, and he was to remain there until 1942. These years must have been amongst the most trying of his life, both on account of the climate and the intellectual atmosphere which was a stark contrast to the lively milieu he had frequented in Berlin in the years before 1933.

It was at Macon that Redlich completed his first major American study in 1940, and it was published in the same year in a rather modest reprint series. The title was 'History of American Business Leaders. A Series of Studies'.¹³ The study focussed on the 'creative entrepreneurs' who had featured in the development of the American iron and steel industry from the XVIIth century through to the generation of the 1870s. A short final chapter also examined the 'creative entrepreneurs' at work in the American iron-ore mining industry. The first two chapters, which made up one third of the whole book, discussed the role of the 'creative entrepreneur' in the evolution of the British iron industry and the German iron and steel industries. In his theoretical formulations, Redlich described an arc running from Jean Baptiste Say to Schumpeter, and it was on the latter's theory of the 'creative entrepreneur' as the bearer of economic growth and progress that he based his own ideas. He argued strongly against Marx's misconstruing of the role of the entrepreneur, claiming that Marx, like Adam Smith, had seen the entrepreneur simply as a provider of capital, and gave his own support to the emphasis which Thorstein Veblen had laid on the daemonic quality of entrepreneurship. Veblen, like Redlich, acknowledged that there was one aspect of this daemonic quality whereby the entrepreneur's struggle for profit and power might lead to the destruction of his enterprise and delay the introduction of important changes. Like Paul Tillich, with whom he was fully in agreement, Redlich saw the daemonic as a combination of creativity and destruction, and he related this in particular to those conflicts which emerged between owner and

¹³ FRITZ REDLICH, *Essays in American Economic History. Eric Bollmann and Studies in Banking*. G.E. Slechert & Co., New York 1944, V + 199 pp.

management control. For Redlich the nub of the issue lay in the 'irrationality' which motivated creative entrepreneurship. It was at this point that he introduced his own ideas. What he wanted to do was to counter arguments such as those put forward in Josephson's 'Robber Barons' with a history of the creative contribution of American business leaders. He listed the five criteria which Schumpeter had put forward to define the entrepreneur as the creator of new enterprises. For Redlich the crucial question was who was responsible for effecting these decisions within individual business organisations, and in doing so he argued that the entrepreneur must be seen within the social context in which he operated. Hitherto economic historians had treated economic growth simply as a mass phenomenon and had taken no interest in its individualistic and biographical aspects. What Redlich set out to do was to explore the impact of the individual in the history of the development of the American economy, looking first at the vertical cross-sections that made up the economic and concentrating on the iron and steel industries, the textile industries, the oil industry, banking, transport and so forth. From this initial analysis he drew a general synopsis which led him on to attempt a typology of different types of entrepreneur working within a given national economy, and a comparison of those types which typified a particular national economy as a whole. Finally he attempted to draw comparisons between the entrepreneurs who had typified their age and their contemporaries in other walks of political, cultural and social life. This led him back to the theory of generations, and here again he used his earlier German studies as a starting point, just as he had done when embarking on the study of the American entrepreneur. Working through from the writings of Ranke and Ottokar Lorenz, he argued that it was only in the work of Wilhelm Dilthey and Eduard Wechsler that it became possible to identify a theory of generations which was based on history rather than genealogy or biology. It was Wechsler who had introduced the concept of the *Generation als Jugendreihe* which Redlich translated as a 'group of coevals' — that is, a group of individuals within a nation who were born within a certain period, who thus share the same or similar experiences in childhood and youth, and therefore develop similar attitudes towards the future. By the time they reach their mid-thirties some of their ambitions have been realized, and they are then pushed into the background by a new emerging generation. The change-over from one to another constitutes the working out of an antithesis in the Hegelian sense, and plays a vital role enabling a variety of solutions to be brought to bear on identical problems. Finally, Redlich addressed the problem of the time required for one generation to supplant its predecessor, and argued that until the XVIIth century three generation shifts occurred within a century, but since the distance separating them had increasingly narrowed so that six to eight and even more generation shifts could occur within a single century. There was the further problem that age-groups, or groups of coevals, might overlap one

another — depending on their talents and social backgrounds, those born on the border line between two generations might choose to join either the younger or the older.

Mentré and Wechsler had used the concept of generations to explain the development of the political and cultural history of France. Wechsler also published other studies in Germany on the problem, Pinder applied the concept to the history of art, Kummer to literary history, Schlesinger used it to explain the shift in American politics from radicalism to conservatism. Redlich was eager to be the first to apply the concept of generations in the study of economic history, and he took the firm stance that not only do men make history, but it is the entrepreneur who makes economic history — not just as an individual, but because of his roots within a particular group within society which shared common historical experiences and attitudes. Turning to the American example, Redlich saw the process epitomised in the first great generation of American entrepreneurs Carnegie, Morgan, Hill, and Rockefeller, all of whom belonged to the same coeval group and were the founders of Big Business and the monopolist organisation of American industry. Using to their full the rich endowment of skills provided by his German Grammar School education, Redlich ended his chapter on theory with a quotation from Plato's *Republic*:

'History is an endless procession of torch-bearers who hand on the flame of progress from one generation to the next'.

This was a dedication to the achievements of western civilization and the concept of progress, and the book was specifically dedicated to the memory of Ignaz Jastrow 'teacher and friend' who had died in 1937. Redlich made use of his earlier work in Berlin both in the introduction and in the chapter on entrepreneurs in the German iron and steel industries from Chief Forester Rhedanz and Graf Rheden down to Thyssen, Kirdorf and Henckel-Donnersmarck. The book was in a sense both a farewell and a new beginning.

It was followed by a long pause. The war was one cause for distraction. In 1943 Redlich obtained American citizenship which enabled him to leave the south and move to Boston, Massachusetts, to take up a post as 'economic analyst' for housing policy which provided him with a living. Although Redlich knew little about the job at the start, he made such rapid progress that in 1948 he was invited to take part in the planning of a public housing system for the state of Massachusetts. In the meantime he was also pressing on with his research project and whatever free time he had was devoted to this. In 1944 he had published four preliminary studies as the second part of his book on American Business Leaders, which again appeared modestly in a reprint series.¹⁴ This included an important chapter on Justus Erich Bollmann from

¹⁴ FRITZ REDLICH, *The Molding of American Banking, Men and Ideas*, Part I, 1781-1840, New York, Hafner, Publishing Comp. 1947, VIII + 334 pp.

Lower Saxony who had become famous through his efforts to secure the release of Lafayette, the French Revolutionary, and who had been in America between 1796 and 1805 during which time he and his brother Ludwig had established an export-import business in Philadelphia and married the daughter of John Nixon, President of the Bank of North America. After being bankrupted in 1803, Bollmann took part in Aaron Burr's fantastic settlement projects, much to the displeasure of Jefferson, and then between 1810 and 1812 became famous for two widely-read publications on currency problems and banking. He then attended the Vienna peace conference, became an ardent publicist for the steam-engine and finished as an economic adviser to the Austrian government. After a short stay in London he eventually died at 52 years of age in Kingston, Jamaica, while travelling to the United States. Bollmann was an adventurer with often brilliant ideas, but a man who lacked the tenacity to follow them through successfully, seemingly always in flight from himself.

Redlich's other studies at this time all bore on the wide-ranging project he had selected. These included an examination of the influence of mercantilist thought on the early American banking system, in which Redlich developed the argument that while bankers were eminently practical men their business behaviour was influenced not only by their own empirical experience but also more generally by ideas as well, in this case the general theories of mercantilism. Redlich was concerned not with those banks which had been modelled on the Bank of England but rather with those of the interior, where unlike the coastal regions there was no banking or commercial class and where the organisation of commercial activity lay rather in the hands of small retailers, craftsmen and farmers. In these areas, banking was geared primarily towards private mortgage loans, and Redlich's arguments followed closely the theories of banking put forward by Sir James Steuart.

A third study was devoted to the concept of 'free banking', which again developed the argument that economic, political and social institutions were not the product of external forces alone, but were deeply influenced by a complex inter-action of intellectual forces which were expressed generally through public opinion but took their specific and dynamic form in the actions of individuals. Redlich saw the complex inter-actions between general cultural values and specific individual culturally motivated actions in terms of the theory of "Gestalt psychology," arguing that such an approach made it possible to detect the nature of the links running between external pressures, cultural values and individual actions at a given time and place and to reconstruct the complex and inter-reacting totality of a situation. The concept of 'free banking', that is the unhindered right to issue bank-notes, was first fully discussed by Sir James Steuart in the 1760s and was most developed in the banking system of Scotland. In North America in the 1830s there was a current of opinion that held that free banking might provide a solution to existing financial problems, and this view was clearly expressed in President Jackson's struggle

with the second Bank of the United States. The study concentrates on the plans put forward by the New Yorker John MacVicar (one of the first teachers of political economy in America) to devise a bank-note backed by special state guarantees. The idea was drawn from Ricardo, and similar proposals were made by Joshua Forman, Elcazar Lord, and Samuel Young and were later incorporated into the New York Free Banking Act of 1838. This accorded freedom to the banks, with the stipulation that bank-notes could only be issued against concrete securities that were independent of the bank itself. Enthusiasm for free banking spread outside the state, and was warmly supported in the state of Michigan, in particular, which introduced similar legislation in 1837. In another essay Redlich examined the slogan put forward during the Civil War by Jay Cooke who claimed that 'A National Debt is a National Blessing', tracing the ideas that it expressed back to Thomas Paine and Alexander Hamilton.

In an appendix to these essays, Redlich discussed the historical and philosophical ideas which lay behind them. He argued that history was essentially an open-ended, not a 'predetermined', process and following Leo Frobenius and Alfred Weber, claimed that history was a cyclical rather than a linear process. The fascination of history lay in the fact that events occurred once and for all, so that the sequence of events was determined not by any single driving force but rather by a whole complex of inter-acting forces which were themselves the products of previous events. This led him to argue forcibly against those theories of cause and effect that had been adopted from the natural sciences, pointing out that what is peculiar to the field of social activity is the social process itself, the process of association, which means that every event is both cause and effect at once. The effect or consequence of one event itself acts on the original causal factor, thereby changing its causal force and leading to changed consequences which then react retrospectively back on the changed causal factor introducing further modification, and so on.' Since social and economic historical phenomena can then only be understood as parts of a complex totality, any attempt to study them in isolation as is done in the natural sciences is then mistaken and erroneous. Here the influence of Theodor Litt on Redlich's views can be clearly seen, and he was concerned above all to emphasise the importance of individual actions in history. To understand history, therefore, we must study those men who at a particular moment played a leading role, as well as those who followed that lead and those who opposed it. But such an interpretation, Redlich insisted, is not to claim that history is made by great men, but is rather an attempt to explore the freedom of man in a universe that is largely predetermined since the individual acts in a context made up of inherited institutions and inherited ideas. Historically the freedom of the individual lies in the possibility of choosing between a set of alternative lines of action, and so the true problem for the historian is not that of identifying cause and effect but rather that of reconstructing the

particular interaction of different forces and pressures within the totality of a given situation. As a result Redlich totally dismissed the Marxist theory of a material base determining an ideological superstructure, and it was characteristic that as a Berliner he should have cited against Marx the work of Friedrich Meinecke, who put forward the claim that it was ideas that provided the creative driving force in historical progress. For Redlich, the whole meaning of history was to be found 'in the historical process itself, which is made up of the continual blooming, maturing, ageing and decay of human institutions. Through this process mankind remains eternally youthful, since it is always at grips with new problems and new obstacles, yet it is this very process which gives meaning to death and destruction'.

In 1947 Redlich published, again in a modest reprint series, the first of two proposed volumes on the history of the American banking system, which covered the period 1781-1840.¹⁵ The preparation of the book had been made possible by support received from the American Social Science Research Council, but this only permitted him to cover a quarter of the sources available in the Harvard University Library required for the full study, and the expenses for the remainder of the research were met from his own pocket. Redlich felt some bitterness over this, and it led him to criticise the general policies governing the awarding of grants: 'Only small analytical projects can be undertaken by the average American student, while larger synthetical ones, if started at all, are liable to break down for lack of funds before completion, thus entailing a concomitant loss of capital previously invested'.¹⁶ But it was a happy chance that at this time Redlich began to be assisted by Arthur H. Colc, then Librarian to the Harvard Business School, who was in the process of establishing a 'Research Center in Entrepreneurial History'. He and his secretary and assistant Ruth Crandall greatly facilitated Redlich's research, and he began working in the fine library at Soldiers Field on the other bank of the Charles River and in the Widener Library in Old Harvard.

One of the great difficulties with which Redlich always found himself struggling was the legacy of his old German historiographical training. And in the study on which he was then working can clearly be seen his efforts to avoid the rather narrow interpretations typical of traditional German historiography and to find bridges between history and sociological theory, to put empirical data against a broader conceptual background and to set conclusions against a broader theoretical framework. As Redlich himself once put it, his concern was 'not to go digging for buried treasure, but rather to attempt some intellectual mountaineering'.¹⁷ However, his empirical train-

¹⁵ *Ibid.*, p. VII.

¹⁶ FRITZ REDLICH, *Der Unternehmer, Wirtschafts- und sozialgeschichtliche Studien*, Göttingen 1964, p. 40.

¹⁷ REDLICH, *The Molding of American Banking*, p. 121.

ing opened the way to a vast range of factual knowledge which had often been ignored by American colleagues, with the result that many of his conclusions proved highly controversial. His opposition to historical determinism in any form remained unshakeable, as did his insistence on the crucial role played by the individual and ideas in economic history development — even though this never led him to the extreme of claiming that men make their own history as they wish. The ideas first put forward in the short volume published in 1940 were again repeated here. Whereas Schumpeter was content to talk simply of the 'entrepreneur' to describe those individuals who played a crucial role in the process of economic development, Redlich preferred to use the terms 'creative entrepreneur' or 'innovator'. Although his earlier works had been concerned mainly with individuals, his field of research had now become considerably broader and since state intervention had played an important part in the development of American banking he now began to turn his attention also to public figures and to those thinkers whose ideas had influenced the evolution of banking institutions. In a sense Redlich was following the German historical tradition, of which Friedrich Meinecke was the most recent representative, in concentrating on those particular constellations of ideas which gave decisive stimulus to new economic progress through the creative actions of the individual leaders of economic life. But Redlich was also convinced that the achievements of the individual could only help explain one aspect of economic development, whereas another aspect was more purely social and more directly influenced by social circumstances. Redlich was less concerned with specific aspects of economic change, or with the consequences arising from particular changes, than with understanding the process as a whole; his book on the history of American banking was less concerned to present new data than to offer an overall interpretation of the economic process itself. Again in the German tradition, 'understanding' or 'Verstehen' meant two things to Redlich: firstly it meant seeing events through the eyes and words of contemporaries, comprehending their views, the overt and covert assumptions which lay behind them, their ideas and their ideals; it also meant seizing on the significance of a distant and forgotten event and relating it to that whole process of development that reaches down to the present.

In his study of American banking, Redlich argued that the history of banking in America was dominated by mercantilist thought from the land banks of the 1680s through to the war of 1812, the effects of which were still felt until the 1840s. This argument drew heavily on the banking theories which had been put forward by Sir James Steuart who had distinguished between money banks and land banks, since the latter had issued notes on the security of land whereas the securities of the former lay in commercial credits. Redlich emphasised that the American banks of the 1780s and 1790s, and in particular the Bank of North America founded in 1789, were money banks whose activities were centred around issue of bank-notes. They were

modelled on the Bank of England, and only part of their capital was invested in government stock. Their loan operations were short, middle and long term, and acting as banks of deposit they also performed credit transfers. The partners of these early banks were all men of substance engaged individually in commercial operations, and the administrative management of the banks was delegated to committees which often included the bank employees.

Although at the outset the Bank of North America in Philadelphia, the Massachusetts Bank and the Bank of New York all enjoyed regional monopolies, as the system expanded a situation arose in which one bank tended to become dependent on another. Redlich's own interest in the history of entrepreneurship is then taken up again in the second chapter which deals with the founders of the banks and those involved in their activities and in the diagram which he constructed of the reciprocal interests linking the different individual institutions.

In the later period from 1815-1840, the banks continued to develop along much the same lines, but they began to extend their range of techniques for handling credit. The great advance came with the creation of a Central Banking system, effected through the establishment of the Second Bank of the United States, the Suffolk Bank System, the New York Safety Bank System and Free Banking. But only Free Banking provided a solution to the crisis. In a section entitled 'Banking Philosophy', Redlich points to the unhealthy characteristics of this second phase and the tendency towards inflation which damaged those on fixed incomes but benefited the active entrepreneur who created new buying power for investment capital. Redlich devoted particular attention to Nicholas Biddle, an early champion of a Central Banking system and an 'early example of a typical nineteenth-century business executive managing a large scale enterprise as the head of an autonomous administration'.¹⁸ Redlich was astonished that despite Biddle's wide-ranging interests and activities he had never previously been studied by American historians.¹⁹

It was characteristic that Redlich should have chosen to study the struggle between the banks and Jackson's destruction of a Central Banking system from the perspective of intellectual history. For Redlich, Jackson represented the radical wing of the contemporary agrarian interests opposed to the expansion of the capitalist economy, and who in the 'bank war' were striving for a final victory in a lost cause. But the Free Banking system won the day²⁰ and the pioneers in the interior and on the frontier hoped that this would mean easier credit. Attention should also be drawn to the comparison made by Redlich between the Plantation banks of the South and the Land Banks

¹⁸ *Ibid.*, p. 270, note 1.

¹⁹ Redlich took up the subject from the essay published in his 1944 collection (cf. p. 131 ff.).

²⁰ FRITZ REDLICH, *The Molding of American Banking*, Part II, 1951.

of rural Prussia emphasising the contrast between the typically American complex structure of the former with their discount operations and the traditional style of the rural German banks.

Redlich wrote the Foreword to the study at Massachusetts State College, in Fort Devens. But this was only a temporary staging post, like the job we have already mentioned which he held from 1948 in the Massachusetts State housing planning department. After the elections of 1950 which brought in a new administration he moved again, and in the following year he published the second volume of his history of American banking. In this second volume more than ten years had been invested by Redlich. He was happy to have completed a project "which he would not have had the courage to tackle single-handed had he known in advance its magnitude and difficulties". The central theme is the process "by which American banking became what it was prior to the creation of the Federal Reserve System". The guiding idea was here, too, the concept of Schumpeter that men were the carriers of economic development. His method was a combination of what he had studied in Europa and meanwhile learned in America: traditional methods which were supplemented by tools which had been shaped in recent decades by business historians and the exponents of "Geistesgeschichte". Redlich divides the whole phase into three periods, beginning with what he calls the third period. It begins after the crisis of 1837 with the depression of the 1840s when the growth of the deposit business and the struggle for liquidity became the key notes of banking. In the fourth period which goes from the Civil war until 1882 the National Banking system and the Clearing House Certificate stood in the centre of Redlich's interest. Then the fifth period follows as the largest part with the competition of National State Banking and the Loan & Trust Companies, further the new interest for central banking, the main exponents of which belonged to a younger group of coevals than those of the currency reform, now the influence line coming from Canada and Germany. Finally a large chapter on Investment Banking. Here Redlich, with his European background, strikingly shows how modern European investment bankers emerged after the Vienna Congress as a mixture of "English loan contractors" and "Dutch or Frankfurt loan negotiators". In the United States the way for private bankers to enter investment banking was opened in the 1820's and early 1830's when their forerunners, New York and Philadelphia brokers, conquered the field. For Redlich Nicholas Biddle was "the first full-fledged investment banker" and America's earliest great railroad financier. It is not the intention of this article to follow the details up to the shift from the passive to active investment banking and high financial capitalism with the representatives around J.P. Morgan, Jacob Schiff, George F. Baker and others. According to Redlich their creative achievements were rooted in their "organizational ability and in their capacity of vision." Theirs was the era of buccaneering by businessmen. Without those qualities they would not have

succeeded in bringing order into the chaos caused by reckless competition of large-scale enterprises. "They were intellectually and morally superior to those with whom they dealt and with whom often enough they fought *à l'outrance*; they were no buccaneers, but from our point of view their standard of ethics remained low because of their failure to recognize national and social responsibility" (reprint of 1968 p. 382). Starting from this judgment the reader will highly appreciate Redlich's fine appendix-article on George Simmons Coe at New York, one of the "forgotten men who deserve the careful attention of economists and historians". Coe made his career as a selfmade man and became a President of the American Exchange Bank in 1860. He was the man who devised the Clearing House Loan Certificate, one of the persons who determined the country's financial policy during the first years of the Civil War and a leader of the American Banking Community in the 1860's, 1870's and 1880's, a man who was convinced that the New York bankers were "custodians of a public trust". Rooted in the thinking of the eighteenth century he "was immune to a typically nineteenth century idea which proved most alluring to American business men: he had no use for Herbert Spencer's absorption of Darwinism into the fields of sociology. For him business did not become a fight for the survival of the fittest as it did for his contemporary colleagues" (p. 435). Thus, Redlich saw Coe's importance for American economic history in the fact "that he was far ahead of his time as the exponent of voluntary cooperation between businessmen for business as well as economic ends" (*ibid.*).

Redlich wrote the preface to this second volume in Belmont, north-west of Boston, where he had found a home which was to be his modest residence for about a quarter of a century.

The difficult and pioneering work he had undertaken now bore fruit and its merits were quickly recognised. In the same year Redlich at last found a permanent academic position as a Senior Research Associate of the Research Centre in Entrepreneurial History which had been founded by Arthur H. Cole, the Librarian of the Harvard Business School, initially with the support of Schumpeter and with the aim of giving a new impetus to the study of entrepreneurship in America.²¹ The old-world Holyoke House situated near Harvard Square, half-way between the Baker Library on the far bank of the Charles River and the Widener Library, now became Redlich's place of work. It became a regular meeting place for scholars like Arthur H. Cole, Leland H. Jenks, Thomas C. Cochran, W.T. Easterbrook, Frederic C. Lane, Ralph D. Hidy and later Alfred D. Chandler, to name only a few, and a venue for

²¹ See: RUTH CRANDALL, *The Research Center in Entrepreneurial History at Harvard University 1948-1958*, Cambridge/Mass. 1960, pp. 39 ff., and THOMAS C. COCHRAN, HUGH G.J. AITKEN and FRITZ L. REDLICH, *The Research Center in Retrospect*, in: *Explorations in Entrepreneurial History X*, 1958, p. 105 f.

regular seminars, the papers from which were published in 'Explorations in Entrepreneurial History' which had originally been founded by Hugh G.J. Aitken and Richard D. Wohl, and was later edited by the former.²² Redlich became an active member of the group.²³ Among the many projects launched at the centre was one concerned with the 'aristocratic entrepreneurs'; a number of essays on the theme were published, and in December 1953 the entire issue was given over to it. Redlich wrote an introduction to the issue, in which he discussed the role of the European nobility in economic growth,²⁴ and this formed the basis for his later study on looting, booty and the role of military entrepreneurs.²⁵

Once established at Harvard, Redlich returned with renewed gusto to the themes of European, and particularly German, entrepreneurial history. His own concept of entrepreneurship began to become more distinct from that of Schumpeter by virtue of the wealth of empirical data on which it was based. After his study of aristocratic entrepreneurship he turned his attention successively to the princely, the courtly and the 'demonic' entrepreneur. "Empirical and historical evidence shows that the modern capitalist economy is not the creation of businessmen alone, but every layer of European society from the princes to the bond-serfs have made their own contributions to its development".²⁶

It would burden unduly the framework of this appraisal to discuss in detail all the essays published in English and German by Redlich, and I will therefore limit myself to drawing attention to only a few, such as the 'Programme for Entrepreneurial History' published in 1957 in the *Weltwirtschaftliches Archiv*.²⁷ What is particularly interesting in all these studies is the fact that he repeatedly restated the closeness of the ties which he felt with both traditional American 'social science methods' and with the legacy of Sombart, Dilthey and Max Weber, defending thereby the focus on the action of the individual in history "that the classical economists of yesterday did not see and the mathematical theorists of today disregard". As a system of interaction, entrepreneurship can be interpreted in the light of the theories of both Max Weber and Wilhelm Dilthey, and it can also be approached from a theoretical and a

²² See: An Index to Explorations in Entrepreneurial History, Vol. I-VI, Harvard University Research Center in Entrepreneurial History 1954, p. 6.

²³ FRITZ REDLICH, *Der Unternehmer, Verzeichnis der Schriften*, p. 387 f. See also: CRANDALL, *The Research Center in Entrepreneurial History*, p. 39 f.

²⁴ FRITZ REDLICH, *De Præda Militari: looting and booty 1500-1715*, in: *Vierteljahrsschrift für Sozial- und Wirtschaftsgeschichte*, Beiheft 39, Wiesbaden 1956, X + 59 pp.

²⁵ Id., *The German Military Enterpriser and his work force*, 2 vols., *ibid.* n° 47 and 48, Wiesbaden 1964 and 1965, XV+532 and VIII+322 pp.

²⁶ Id., *Der Unternehmer*, p. 41.

²⁷ Id., *A Programme for Entrepreneurial Research*, *Weltwirtschaftliches Archiv* 78, 1957, pp. 47-64.

historical perspective, from that of the business corporation or from that of the entrepreneur himself. Redlich took the entrepreneur as his starting point, and he approached him from three different angles, in terms first of entrepreneurship in the context of political economy and society, secondly of entrepreneurial thought and action, public opinion and the origins, career and types of individual entrepreneurs, and thirdly the synthesis of these different features.²⁸

In another essay published in the *Weltwirtschaftliches Archiv* Redlich examined the typology of entrepreneurship.²⁹ He argued that the range of entrepreneurial types is not theoretically finite, but will depend on the range of questions posed. There are, however, four groups that can initially be established, 'namely the historical, behavioural, and sociological types, to which may be added the entrepreneur when seen in relation to his business or cultural activities'.³⁰ To the historical group belong the 'early capitalists', the 'free enterprise' entrepreneurs of the XIXth century and the corporation bureaucrats of the XXth century. The behavioural type is typified by Schumpeter's creative entrepreneur and his 'uncreative brother'. The sociological type covers merchant, aristocratic, peasant and artisan entrepreneurs, while the final category includes both independent and delegated entrepreneurs. The types begin to change very rapidly the more closely we come to late capitalism, and so to the present. Redlich provided a critical survey of the different arguments that had been put forward on this theme in the essay on 'Entrepreneurs and Business History' in the 10th volume of the *Handwörterbuch der Sozialwissenschaften*.³¹

In addition to his reputation at Harvard, interest in Redlich's work now began to grow in West Germany as well. On his 70th birthday Wilhelm Truc's journal *Tradition* dedicated an issue to a Festschrift for Redlich, and two years later his major essays were published in Germany under the title *Der Unternehmer*.³² As an introduction to the volume, Redlich wrote a short account of his academic career which sparkled with Berliner wit. Edgar Salin, who edited the collection, added a postscript in which he also drew a portrait of the author: 'In America Redlich became a University academic and proved to be an excellent representative of a generation which is no longer to be found in Europe. A man of great modesty, whose personal appearance is always as flawless as his scholarship, he studies people and things with great care, following even the smallest of details with total precision and always ready to

²⁸ *Ibid.*, p. 64.

²⁹ FRITZ REDLICH, *Entrepreneurial Typology*, in: *Weltwirtschaftliches Archiv* 82, 1959, pp. 150-166.

³⁰ *Ibid.*, p. 166.

³¹ FRITZ REDLICH, *Unternehmungs- und Unternehmensgeschichte*, in: *Handwörterbuch der Sozialwissenschaften* 10, 1959.

³² FRITZ REDLICH, *Der Unternehmer, Wirtschafts- und sozialgeschichtliche Studien*, Göttingen 1964, 397 pp.

respond to the achievements of others with the greatest of generosity. If one wanted to draw up a list of those who, after being driven out of their own country during the years of Germany's disgrace, subsequently continued to represent the German scholarly tradition and to contribute actively to the progress of their adopted country, then the name of Fritz Redlich must hold a place of the highest prominence'.³³

In 1958 Redlich was promoted to Emeritus professor, but this was not the only reason why his activities at Harvard were interrupted, for at the same time the Research Centre (which had been funded mainly by the Rockefeller Foundation) was forced to cease operating and a similar fate also befell the 'Explorations in Entrepreneurial History'. Since there was no other institution where the work begun by Cole's East Coast Group' and his collaborator Miss Crandall could be carried on, it had to be wound up. Cochran, Aitken and Redlich wrote a survey of the research that had been completed and this closed with the hope that some opportunity would arise for resuming the work somewhere in the future.³⁴ Thanks to the efforts of Hugh Aitken who was prepared to act besides his teaching at the University of California at Riverside a new series of the 'Explorations in Entrepreneurial History' was launched in 1963. In the first issue, dedicated to Arthur H. Cole, Redlich reviewed David McClelland's new book *The Achieving Society*.³⁵ While he emphasised what he saw to be the positive aspects of the study, in particular arguing that by linking the striving for success with some form of 'inner motivation' McClelland had provided another weapon in the struggle against determinism in historical interpretation, he was also quick to see the weakness of the ideal type of 'a homo perficus'³⁶ set up by McClelland and to reveal that this was very much a mirror image of the traditional 'homo oeconomicus'. But his main criticism was that McClelland made no attempt to integrate isolated aspects of motivation into a more general explanation of motivation as a whole or to bridge the gap between historical theory and empirical fact.

As an Emeritus professor Redlich did not by any means prove inactive. He acted as a member of the editorial committee of the *Business History Review*, helped to enlarge the Kress Library, and was continually participating in conferences. In 1968 an excellent but modest reprint edition appeared of his history of American banking published in the series of "important studies and source books relating to the growth of the American economic system."

³³ *Ibid.*, p. 382.

³⁴ R. CRANDALL, *The Research Center in Entrepreneurial History*, p. 64 f.

³⁵ FRITZ REDLICH, *Economic Development, Entrepreneurship and Psychologism: A Social Scientist's Critique of McClelland's Achieving Society*, in: *Explorations in Entrepreneurial History*, Second Series, Vol. 1, Nr. 1, Fall 1963, pp. 10-35.

³⁶ The term 'perficus' is Redlich's and represents a *lapsus linguae*. Such a derivative from *perficere* does not exist but nonetheless let us accept it as a typically witty Redlich neologism.

which was edited by William N. Parker.³⁷ Not only did this now appear in a single volume with an index of subjects and names, but it was prefaced by a new introduction in which Redlich discussed the literature that had appeared since the original publication and subjecting both his own and later work to a rigorously critical survey. However, James P. Boughman, argued that despite these apparent modifications, Redlich's position remained essentially unchanged, leaving his study: "...the most insightful and consistently stimulating analysis of American banking history to the establishment of the Federal Reserve System bar none".³⁸ In 1971 Redlich published another collection of earlier essays with Harper Torchbooks under the telling title '*Steeped in Two Cultures*'.³⁹ In the brief introduction to the edition Redlich retraced his intellectual career from the time of his early contact with Taussig and Schumpeter at Harvard in 1936, revealing what was in essence the journey of an American scholar whose roots lay deep in European and German cultures. During the thirty years in America Redlich's interest had stretched to increasingly wide areas of economic and social science, and he himself had increasingly come to stress the importance of the theoretical bases on which research was conducted. His struggle against positivistic theories of history never let up, any more than his insistence that the ultimate object of historical research was '*Verstehen*'. And this led him to believe that he had achieved a harmonious fusion of the European and the American approaches to scholarship. At the centre of his historical vision was the problem of man in history, much in the way that the same problem had been posed by Wilhelm Dilthey whose scholarly career had been drawing to its close just at the moment when the young Redlich first embarked on his own studies. Redlich also referred to Kurt Wiedenfeld, the editor of the two volume study on '*The German economy and its leaders*' which had been published in the 1920s. Had Redlich remained in Germany he would have followed in Wiedenfeld's footsteps. The third reference is to Schumpeter and to their disagreement over the '*innovative*' character of the entrepreneur, a problem which was to occupy Redlich for many years until he finally succeeded in reaching, with the assistance of Alfred D. Chandler, a definition which satisfied him and which formed the basis of a joint publication in 1961.⁴⁰ They claimed that the entrepreneur was essentially a theoretical concept, and that it was the theoretical counterpart of the manager, both of which could be described correctly by the same adject-

³⁷ FRITZ REDLICH, *The Molding of American Banking, Men and Ideas*, New York and London, Johnson Reprint Corporation, 1968.

³⁸ J.P. BOUGHMAN, in: *Business History Review* XLIII, 1969, p. 97 f.

³⁹ *Steeped in Two Cultures. A Selection of Essays*, written by Fritz Redlich, Harper & Row, New York, and Evanston, 1971 (Harper Torchbooks), XVIII + 430 pp.

⁴⁰ ALFRED D. CHANDLER JR. and FRITZ REDLICH, *Recent Developments in American Business Administration and their Conceptualisation*, in: *Weltwirtschaftliches Archiv* LXXXVI, 1961 and *Business History Review* XXXV, 1961.

tive: "entrepreneurial". In the XXth century the practical counterpart to the theoretical entrepreneur is generally a team that holds collective responsibility for the strategic decisions of an enterprise, although such a team may also receive other help and stimulus from lesser employees. In discussing XXth century business enterprises, Redlich drew particular attention to the way that decision-making takes place at a number of levels in the corporate hierarchy. Alongside the strategic decisions relating to overall planning and objectives which are made only from time to time, there are also the ongoing tactical decisions which nevertheless directly affect the day to day supply of resources and labour for the business, and this led Redlich to distinguish between middle management and true management.⁴¹

Despite the importance that Redlich attached to establishing a theoretical methodology, he was drawn less to economic theories than to the sociological theories of Max Weber, Werner Sombart and Ernst Troeltsch which put him somewhat out on his own, with the partial exception of Talcott Parsons. He acknowledged regretfully that he was unable to make further progress with the concept of the generation in history, since it was too late for him as a 'new-comer' to acquire a sufficiently detailed knowledge of the cultural background of his adopted homeland to carry this research through: although he did not say so himself, the result was that his study of American business leaders remained something of a body without a head. After the fruitful years at the Research Center (between 1952 and 1958), Redlich began in the 1960s to compile biographies of individual entrepreneurs. He contributed to a collection edited by Wolfram Fischer with a general survey essay on 'Early Industrial Entrepreneurs and their problems from their own testimonies'.⁴² His most important publication in this period was the work on military entrepreneurs to which we have already referred,⁴³ but there was no inclusion of these studies in the collected edition.

The space available prevents us discussing in detail all the essays which appeared in the collected edition, but they fall roughly into four groups. The first two are composed mainly of short pieces written when Redlich first came to America and relate to specific features of entrepreneurship. The third group derives from his work at the Research Center and includes the debate with Schumpeter on "Innovation in Business", an essay on the concept of innova-

⁴¹ See also the debate to which the editors of the *Business History Review* invited a number of specialists in entrepreneurial history to contribute.

⁴² FRITZ REDLICH, *Frühindustrielle Unternehmer und ihre Probleme im Lichte ihrer Selbstzeugnisse*, in: WOLFRAM FISCHER (ed.) *Wirtschafts- und Sozialgeschichtliche Probleme der frühen Industrialisierung* (Einzelveröffentlichungen der Historischen Kommission zu Berlin, Bd. 1), Berlin 1968, pp. 339-412.

⁴³ ID., "Quantitative" and "Qualitative" Research in Economics: Meaning and History of the Terms, in: *Explorations in Entrepreneurial History IX*, Nr. 4, 1956, pp. 239-240, and id., *Steeped in two Cultures*, pp. 307-311.

tion in the work of Francis Bacon and his followers, and an essay on freedom and constraint in entrepreneurship dedicated to the memory of Ignaz Jastrow. Particularly important is the fourth and final part which is devoted to problems of epistemology and methodology. The first essay in this group is a defence of the qualitative method in the face of the overwhelming expansion of quantitative approaches. Redlich argued that it was in the work of Alfred Marshall that the first attempt could be found to translate the qualitative precepts of classical deductive theory into quantitative terms, allowing the increased introduction of statistical data. Taking up this conclusion Wesley C. Mitchell, strongly influenced by Jevons, argued that the difference between the two traditions lay in the respective roles assigned to statistics and that they were complementary in character. This was how economics had become, in Milton Friedman's phrase, a disguised branch of mathematics. But Redlich argued that there was need for fresh discussion, because it was essential that economists should be made aware that there was always an unquantifiable element in all economic processes, and that this could only be analysed once its *sui generis* nature had been acknowledged, and this in turn meant using a method founded on the criteria of understanding and comprehension. By this term, which renders the German concept of *Verstehen*, Redlich wished to emphasize the importance of 'aims, values, symbolisms, the inner meaning of the events taking place in society, the influence of the unforeseen and unforeseeable on social development, together with all other factors that are open neither to measurement nor to quantification'. Qualitative research had been driven to adopt so defensive a position, he concluded that it was essential to establish a clearer definition of the range of problems it was addressing.⁴⁴

In an essay written in 1968 he again took up the same theme, and contrasted *Weltanschauung* of the anti-positivist with the techniques of measurement, numbering and accounting employed by the positivist natural scientist. He sided openly with the former, which he described as a 'hermeneutic' and, in his own words, 'humanistic' form of interpretation since it could be traced back to the style of Biblical exegesis of the Renaissance and the Reformation period. Taken together, the two methods encompass the entire field of economic and social history, yet Redlich claimed that although both used theory they did so in quite different ways. For the humanist, theory provided a general conceptual framework within which a historical problem might be posed so that the theory becomes a sort of flashlight for throwing light into dark corners. Theoretical models were of two types — one could be applied directly to historical problems (e.g. urban economics), while in the second case the humanist historian would have to borrow theories from the social sciences

⁴⁴ *Id.*, *Potentialities and Pitfalls in Economic History*, in: *Explorations in Entrepreneurial History*, Sec. Series 6, Nr. 1, 1968, pp. 93-108, *id.*, *Steeped in two Cultures*, pp. 350-374. (The essay was first published in 1956).

which subsequently needed to be modified and adapted before being applied historically.

Redlich drew the question of the so-called New Economic History into this debate by referring to his own concept of 'coevals'. The main exponents of the new school belonged to the generation of the 1920s and 1930s, and most had backgrounds in economics rather than history. But if their method is analogous to the quantitative analytical school of economic history, then they shared a clear line of paternity with the international price history school of the 1930s. But as a group they were not homogeneous, Redlich pointed out,⁴⁵ either in terms of their 'newness' or their 'economics'. They clearly owed much to the methodology which set up historical models (along the lines of the Weberian 'Ideal Type') to reveal the nature of history. But Redlich completely rejected this style of 'what if' history.

The collection concluded with his *Kyklos* essay dating from 1958 which discusses the nature of comparative history.⁴⁶ Redlich set out from Herodotus, who had been the first to show the fundamental importance of comparison in historical analysis, and traced the tradition through to the XIXth century when the comparative method had made great advances in many branches of scholarship. But why, he asked, had the comparative method made such little progress in the field of historical studies since the Romantic period? The reason was partly that the compilations of data were as yet inadequate, while ever growing specialisation itself made comparison all the more difficult. But there were also deeper ideological reasons. While Central European historians concentrated largely on the individual in history in a way that precluded comparison, the Western European influence of the positivism of Comte and Spencer as well as the Hegelian variant of the Marxists had a similar effect, since these theories assumed that the laws of historical development were *a priori* understood and fixed, leaving little room for concern for a comparison of the patterns of development in different parts of the world. Spencer's concept of 'steps' encouraged comparative anthropological research, but in a totally historical fashion. There were methodological factors to be taken into account as well. Comparative history relies on the establishment of an analytical and thematic approach to history, whereas traditional methodology relied much more on a narrative approach which lent itself to comparison only with difficulty. Like philology and religious history, comparative history is essentially thematic, and this was one of the reasons that it was to emerge more quickly in economic and social history and only more slowly in political history. As early as 1817 the geographer Karl Ritter had outlined a programme for a compara-

⁴⁵ *Id.*, *Toward Comparative Historiography*, in: *Kyklos* XI, Fasz. 3, 1958, pp. 362-389; *Id.*, *Steeped in two Cultures*, pp. 312-338.

⁴⁶ *Id.*, *Work left undone*, in: *Harvard Library Bulletin*, vol. XXI, Nr. 1, Jan. 1973, pp. 5-19.

tive geography, and in the same way Redlich saw the great aim of comparative history to be synthesis. In this he followed a path similar to Comte, Marx and Spencer, yet Redlich argued that they had reached their syntheses through a sociology of history which involved generalizing about the most typical features of the historical process. This was not the path that the historian must take, however, since the historian should seek a middle way between exclusive concern for the individual and abstract sociological generalizations. Redlich also believed that a comparative approach was necessary in the study of specific topics (such as the Industrial Revolution), and in the preparation of monographs where it could help reveal major discoveries and throw much light on causal factors. In fact, for Redlich the most important tool of comparative history were the historical monographs which themselves embodied the archival researches carried out by previous generations. The archive exists simply to demonstrate whether the authors of these monographs had properly understood and interpreted the different facets of a historical fact or process on which the comparative historian may wish to draw.

The collected essays represented a compendium of Redlich's intellectual career. At the occasion of the dinner given for him by the Baker Library to celebrate his 80th birthday on 7th April 1972, Redlich took the opportunity to reminisce and his speech was entitled 'Work left undone'.⁴⁷ In this he made a rather melancholy summary of what he had set out to do and what, despite the 144 publications during his academic career, he had not been able to complete. He had set out with Hegel's dictum: 'Truth is the whole'. Yet his great object, a general theory of economics which would cover economic theory in their entirety, had eluded him. At the same time, his work as a translator meant that Redlich was a very important communicator of Arthur Spiethoffs development of 'Gestalt' theory and of the transformation of the Weberian Ideal Type into the Real Type. As we have already mentioned above, his research on the concept of generations in economics could not be pursued further since he had arrived too late in the USA to attain the requisite mastery of its cultural past.⁴⁸ Reluctantly Redlich had eventually discontinued his work on entrepreneurial history, and the same fate befell his project for studying entrepreneurial behaviour on a biographical basis — but in this case the decision was also influenced by the fact that it was quite impossible for one man to master the biographical and autobiographical material in every language concerning the individual entrepreneurs, quite apart from the particular problems posed by the typical 'ghosted' biography of the XXth century, especially in America, and the need for greater specialised

⁴⁷ ARTHUR SPIETHOFF, *Pure Theory and Economic Gestalt Theory: Ideal Types and Real Types*, in: FREDERIC C. LANE and JELLE C. RIEMERSMA, *Enterprise and Secular Change. Readings in Economic History*, Homewood/Ill. 1953, pp. 444 ff.

⁴⁸ Of course, he should have studied Ortega y Gasset and J. Mariás, too.

knowledge of psychiatry. The emergence of the New Economic History led Redlich to pay much greater attention to social history, and here he made an important contribution by pointing to the availability of a wide range of different types of autobiographical materials that were of particular relevance for the social historian of contemporary society. He himself became increasingly interested in the autobiographies of the German emigrants of the period 1920-1950.

The author of the present appraisal enjoyed frequent contact with Fritz Redlich from the time that he was a recipient of a Rockefeller Foundation grant in 1952/3. To commemorate Redlich's 80th birthday we were able to publish in Cologne an edition of his study of German inflation in the early XVIIth century.⁴⁹ In 1974 Fritz Redlich approached me with the request to let him know whether there was someone who might be prepared to work on the autobiographical records of emigrants which had been collected at Harvard. Frau Evelyn Lacina, who had recently graduated and had won a grant to carry out research at Cambridge (Mass.), with the assistance of Redlich began working on an evaluation of this and other material which proceeded until shortly before his death, and when her work is published in the near future it will be the final fruit of his own great labours and at the same time a monument to his own influence on a new generation on both sides of the Atlantic⁵⁰.

⁴⁹ FRITZ REDLICH, *Die deutsche Inflation des frühen 17. Jahrhunderts in der zeitgenössischen Literatur. Die Kipper und Wipper*, in: H. KELLENBENZ (ed.), *Forschungen zur internationalen Sozial- und Wirtschaftsgeschichte* 6, Köln-Wien 1972.

⁵⁰ EVELYN LACINA, *Emigration 1933-1945. Sozialhistorische Darstellung der deutschsprachigen Emigration und einige ihrer Asylländer aufgrund ausgewählter zeitgenössischer Selbstzeugnisse*, Diss. rer. pol., Erlangen-Nürnberg 1981.