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Fritz Redlich, 1892–1978: The Man and the Scholar

By CHARLES GASTON ARCAND JR.*

ABSTRACT. *Fritz Redlich* (1892–1978) played a leading role in the development of the analytic approach in *history* and in establishing the new *institutional history* that combines *entrepreneurial* and *business history* and *sociology*. A member, in *economics*, of the *German historical school*, he spent 16 years in the chemical industry before the triumph of Nazism forced him to emigrate from Germany in 1936. After teaching at various colleges until 1942, he spent the rest of his life doing research in the *libraries of Harvard University*, producing several notable works in *economic history*, including a classical study of American *banking*, and pioneering in entrepreneurial history.

I

WHEN FRITZ REDLICH, a long-time member of the circle of contributors to this scientific journal, died in 1978, his passing escaped notice in its pages, no doubt because the editor sought vainly to obtain a critical assessment of his scholarly contributions. That lack has now been remedied by the publication in the *Journal of Economic History* of a memorial by Kenneth E. Carpenter and Alfred D. Chandler Jr. (1). For the assessment I shall rely on their judgment, informed, as it is, by lifetimes of scholarship as well as by close friendship with Dr. Redlich. For the appreciation of Dr. Redlich as a man I shall rely on my personal knowledge. For I became acquainted with him through the pages of this *Journal*, where I encountered his studies of creative entrepreneurship (2) at a time when I was engaged in the study of industrial innovation (3). The acquaintance flowered into friendship, which was responsible for many visits to the Harvard Square apartment that was his home. The last was on his 86th birthday, April 7, 1978; he died the following October 21st in a nursing home in Newton Center.

For those who, like me, work in fields other than economic history, let me sketch briefly Dr. Redlich's position and stature as a scholar.

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(On this my information is second hand; I am not familiar with his 40-odd publications in the German language.) Dr. Redlich, in economics, was a member of the German historical school (4). This was the school which developed its theory by the systematic collection of historical materials, their analysis and by the philosophical analysis of the results. The emphasis on analysis was what distinguished him as an economic historian. He commented on "the epistemology and methodology of history" in a letter to me dated January 21, 1973:

You will see that I emphasize the "understanding" as opposed to the "comprehending" approach. You will also see in the material my emphasis on the analysis of historical material on the basis of adequate theory and on the possibility and desirability of generalization from historical material.

His emphasis on "understanding" reflects the influence of the German philosopher and historian Wilhelm Dilthey (1833-1911). In the humanities as opposed to the natural sciences, Dilthey taught, the task of the scholar was not that of understanding man in the sense of finding causal explanations of his essential nature and his behavior, but of understanding the way in which man experiences himself (5). Dilthey, according to Carpenter and Chandler, was one of the great German scholars of the early 20th century with whom Redlich had had a close relationship both personally and intellectually (6).

It was through this interest that Fritz Redlich became, Dr. Chandler has noted, "one of the prime movers in the new institutional history that combined entrepreneurial, business history, and sociology" (7). As John Higham, a historian of American historical scholarship, has defined it, this approach is interdisciplinary:

Deriving partly from studies in entrepreneurial and business history and partly from contemporary American sociology, this kind of history is less concerned with motives and more with structure and process. It shows men managing and being managed through rational systems of control and communication (8).

II

BY THE TIME Dr. Redlich sought a position in the German university system (1935), the Nazis were in control. He emigrated to the United States a year later and visited Cambridge, Mass. Joseph Schumpeter, whom he had known in Germany, and Frank W. Taussig of the Harvard economics department, encouraged him to turn from the study of German entrepreneurship to that of the American. Dur-

ing periods of teaching in various parts of the country and periods of research financed modestly by Professor Taussig, the New School for Social Research (where Alvin Johnson was rescuing emigré German scholars) and the Social Science Research Council, he produced his *History of American Business Leaders*, Volume I, in 1940. He was not satisfied with this work, which is one of my favorites; he refused to cite it in his last major work, on *Historical Generations* (9). But it presents in the first chapter, "The Theory of the Entrepreneur," the ideas that were to distinguish his later writings. Moving to Cambridge in 1942 to have access to the Harvard libraries, he obtained a post as economic analyst with the Federal Public Housing Authority, later moving to the Massachusetts State Housing Board as director of research and statistics.

This enabled him to publish, in 1947 and 1951, the two volumes of *The Molding of American Banking: Men and Ideas*, covering the period 1781–1910 (10). A knowledgeable critic commented recently that it remains "the best single source for anyone interested in the whole of 19th century American banking" (11).

In 1952 Arthur H. Cole obtained for Dr. Redlich an appointment as Senior Associate in the Research Center in Entrepreneurial History at Harvard, and Carpenter and Chandler report that at the center "he was clearly the major intellectual force. His was its most creative mind" (12). Despite the extraordinary promise, and indeed, performance of the center, it came to an end—it could not be financed. Thereafter Dr. Redlich carried on research and writing at the Kress Library of Business and Economics at Harvard and at the Baker Library of the Harvard Business School (13). His *vita* in the latter's archives lists 147 publications.

In the academic world Dr. Redlich served only briefly as a teacher; from the beginning to the end he was a research scholar. He took his Ph.D. in economics at the University of Berlin on the eve of the First World War, then served as a junior officer in the German Army. After the war, until 1930, he worked in his father's chemical business. Then he began an effort to return to academia through a monumental study of advertising, published in 1935. Its historical section launched him on the study of entrepreneurship.

III

MY FRIENDSHIP with Dr. Redlich began, as I mentioned, when I encountered his seminal papers on creative entrepreneurship while study-

ing innovation. I discovered he was still alive and active by checking the Boston telephone directory. Visits followed.

Perhaps the fact that we had both worked in the chemical industry created an unconscious bond between us. I do not know. Our conversations ranged from how he had heard Max Weber address a political meeting in his youth to how he had walked out of a lecture by Rudolf Steiner, the mystic and founder of the anthroposophical movement, whose complete works are being published in German in several hundred volumes.

Over the years my own interests broadened to include systems analysis, the Futurist movement and particularly mysticism and psychic research (14). Despite his early reaction to Rudolf Steiner, Fritz Redlich was tolerant of my new interests, though he did not share them. Indeed, at our last meeting, he commented on how Buddhism and other schools of Indian thought had had a strong influence upon him early in life. It seems that the English Fabian Socialist leader, Annie Besant, had been a distant relative of his. Annie Besant had been converted to Theosophy by the controversial medium Madame Helena P. Blavatsky (15). Dr. Redlich, it seems, had read and had been influenced by Annie Besant's translation of the *Brahmavidya*. He pronounced my new interests "most illuminating," a singular concession since my interests and direction were so different from his own. (In another person this could be set down as politeness; but Fritz Redlich was noted for the frank honesty of his criticisms.) Albeit, it is my considered thought, derived from an intellectual base in Redlich's work, that the future of Humanity can be best glimpsed in the writings of such mystical philosophers as Teilhard de Chardin and Sri Aurobindo (16).

Several of Dr. Redlich's friends at Harvard have regretted that he had never achieved a tenured position. This would have provided a better basis for his research; certainly he had to live in straitened circumstances. But research was his life and so he devoted his life to it. As he said in remarks at a gathering in his honor on his 80th birthday, citing the last words of Max Weber, a quotation from Hegel, "The truth is the whole" (17). Fritz Redlich had a passion for truth. His guiding principle was to follow the truth *wherever* the truth shall lead us. It must be ours, also.

1. *Loc cit.*, Vol. 39, No. 4 (December, 1979), pp. 1003-07. (Dr. Carpenter is Curator of the Kress Library of Business and Economics, Dr. Chandler is Isidor

Straus Professor of Business History, at the Harvard Graduate School of Business Administration.)

2. Fritz Redlich, "The Business Leader in Theory and Reality," *American Journal of Economics and Sociology*, Vol. 8, No. 3 (April, 1949); *ibid.*, "Innovation in Business," Vol. 10, No. 3 (April, 1951); *ibid.*, "The Business Leader as a 'Daimonic' Figure," *Am. J. Econ. Sociol.*, Part I, Vol. 12, No. 2 (January, 1953), and Part II, Vol. 12, No. 3 (April, 1953).

3. C. G. Arcand Jr., "Bureaucratic Innovation: The Failure of Rationality," *Chemical Technology*, 5 (December, 1975), pp. 710-14.

4. Fritz Redlich, "The Historical School of Economics," *Collier's Encyclopedia* (New York: P. F. Collier, 1961).

5. B. Delgaauw in *New Encyclopedia of Philosophy*, J. Grooten and G. J. Steenbergen, eds., Edmond van den Bossche, trans. (New York: Philosophical Library, 1972), p. 112.

6. *Op. cit.*, p. 1003. The others included Ignaz Jastrow, Otto Hintze, Werner Sombart, Max Weber and Ernst Troeltsch.

7. *Op. cit.*, p. 1005.

8. *Ibid.*, (quoted by Carpenter and Chandler).

9. Fritz Redlich, "Generations, a Critique and Reconstruction," *Revue Belge d'histoire contemporaine*, Vol. 7, Nos. 1-2 (1976).

Two years before some of his essays were reprinted in a collection: Fritz Redlich, *Steeped in Two Cultures* (New York: Harper & Row, 1971).

10. New York: Hafner, 1947, 1951.

11. Richard Sylla, "American Banking and Growth in the 19th Century: A Partial View of the Terrain," *Explorations in Entrepreneurial History*, 9 (Winter, 1971-72), pp. 201-22, cited by Carpenter and Chandler, p. 1006. In Germany, they note, Redlich's major work is considered *Der Unternehmer: Wirtschafts- und Sozialgeschichtliche Studien* (Göttingen: 1964).

12. *Loc. cit.*, p. 1004.

13. *Ibid.*

14. E.g., C. G. Arcand Jr., *Exoteric and Esoteric Futures or the Competition of Spiritual Hierarchies* (Schenectady: Arcanum Arcanorum, 1978), and *Will the Real Satan Please Stand Up: The Religious Wars of the Future* (*ibid.*, 1978).

15. H. P. Blavatsky, *The Secret Doctrine* (Los Angeles: Theosophical Press, 1947).

16. P. Teilhard de Chardin, *The Future of Man* (London: Collins, 1964); *ibid.*, *The Phenomena of Man* (New York: Harper & Row, 1959). Sri Aurobindo wrote many titles; his thought is summarized in C. Goswami, *Sri Aurobindo's Concept of the Superman* (Pondicherry: Sri Aurobindo Book Distribution Agency, 1976).

17. Fritz Redlich "Work Left Undone," *Harvard Library Bulletin*, Vol. 21, No. 1 (January, 1973). Two years before some of his essays were reprinted in a collection: Fritz Redlich, *Steeped in Two Cultures* (New York: Harper & Row, 1971).

Open Corporate Politics, a New Problem

THE CHIEF EXECUTIVE OFFICERS of major U.S. corporations, once reluctant to engage in outright political activity, are becoming increasingly involved in national politics, according to a study by the Conference Board.

The study—"Politics and the Corporate Executive"—is based on a detailed survey of 395 chief executive officers of major manufacturing, financial and utility firms. Author of the study is Dr. David G. Moore, senior research fellow at the Conference Board and head of the department of management, marketing and business law at the University of North Florida.