1952

Review of “Men in Business,” By William Miller

John R. Stockham

Follow this and additional works at: http://openscholarship.wustl.edu/law_lawreview

Part of the Law Commons

Recommended Citation

Available at: http://openscholarship.wustl.edu/law_lawreview/vol1952/iss4/10

This Book Review is brought to you for free and open access by the Law School at Washington University Open Scholarship. It has been accepted for inclusion in Washington University Law Review by an authorized administrator of Washington University Open Scholarship. For more information, please contact digital@wumail.wustl.edu.
less than 70 pages all aspects of income taxes (except corporate income taxes, which, unfortunately, have been taken out and placed in a special section on business taxes.) It might have been better to devote more space to a few crucial taxes and issues and thus be able to treat them more thoroughly and deal only briefly with some of the others. This would, of course, have altered the basic structure of this text.

The book is well organized. In fact, it tends to be over-organized. The author has tried to outline each chapter carefully into sections, which in turn are outlined into subsections, etc. This extremely obvious organization and its constant cataloguing at times leaves one with the impression of reading a detailed table of contents rather than a carefully argued analysis. This impression is accentuated by the limited amount of space which the author can devote to any one particular point. Except for these shortcomings, the book is a useful attempt to bring together for the student various aspects of the problems of taxation, provided he is reminded of the fact that the analysis presented is often no more than suggestive of the problems involved rather than an exhaustive analysis. Taxation and the American Economy should make useful reading to the student of economics in pointing out to him some of the legal problems involved, and to the student of the law by showing some of the economic problems and implications of taxation. However, both should be aware of the limitations inherent in a book such as this.

Henry H. Schloss†


A major mystery in the development of our country is the precise role that the entrepreneur has played. Admittedly, the entrepreneur has contributed substantially to our amazing record of productivity. Undoubtedly, many of our laws have been tailored to encourage competitive entrepreneurship, and contrariwise, many laws have been enacted to permit monopolistic entrepreneurship. Lively debates can easily be had on both the past and the present functions of entrepreneurship in our society. The assumption of economic risk and the management of business is greatly misunderstood, even by those, including lawyers, who are daily concerned with problems of management.

The history of entrepreneurship has been sadly neglected, and we know pitifully little about the actual operation and effect of business activities upon the development of society. Preconceived notions tend to dominate our thinking when we attempt to evaluate the role of the entrepreneur. This largely results from our ignorance of what has actually happened. Then too, we have had a tendency to categorize all entrepreneurs according to the personalities and conduct of specific men. These specific men frequently achieve reputations of legendary proportions. Consequently, many people have fabulous ideas as to what characterizes the entrepreneur. He

†Instructor in the Department of Economics, Washington University.
may be a reckless, bold, exploiter who unscrupulously pursues his objectives. He may be a coldly, objective person who carefully calculates each step necessary to accomplish his end. He may be a dolt who has had some lucky breaks and is carried along by the momentum of an organization or of the contemporary economy. He may be a gregarious, but shrewd, individual who works through others, manipulating them, toward his goals. He may be an able, industrious technician who moulds an organization which effectively performs its economic functions. He may be an inspirational leader who organizes an organization of people who cooperate together to accomplish mutually desirable ends. Yes, he may possess individually, all, part, or none of these characteristics. It is, of course, impossible to understand much about business and businessmen by isolating supposed personality characteristics. The performance of individual entrepreneurs is meaningless to us unless we have some knowledge of how they function in relation to the social forces in which they operate. As said by William Miller in his introduction to *Men in Business*: 'To write of individual entrepreneurs, . . . and not at the same time of the actual societies that moulded them and which they simultaneously helped to shape, is to treat unimaginatively of imaginary men.'

*Men In Business* is a collection of eleven essays in the history of entrepreneurship. The first essay, "The Entrepreneur and the Social Order," by John E. Sawyer, is an illuminating analysis and comparison of the function and attitudes of businessmen in France and the United States. The implications of this essay are particularly significant in considering proposals for "educating" others into our way of doing things. David S. Landes' "Bankers and Pashas" is an intriguing story of international finance in Egypt in the 1860's. This essay is based on a series of recently discovered business letters which graphically record the financial intricacies and motives of the men involved. The third essay, "A New Way to Pay Old Debts," by Hugh G. J. Aitken, relates the affairs of William Hamilton Meritt in creating a basis for the economic development of pre-industrial Canada.

The other eight essays are drawn from the American scene. Robert K. Lamb's essay on the development of the textile industry in New England suggests a much closer relationship between entrepreneurial decision-making and the creation of our earlier legal doctrines than many of us have supposed. For instance:

By studying the processes of decision-making as they developed in their time and space dimensions within the local 'model' of Fall River, their regional 'model' of Boston, and the 'model' of the American nation-state in 1789, we can understand the changing character of the problems confronting their decision-makers. We see their decisions as dependent upon the point in time when each arrived upon the scene, and upon whether he was located in a local, regional, or national community setting. For example, interlocking models of such communities show the pattern of decision-making as it is woven between local and regional, or regional

1. p. 1
and national centers: new structure is formed when state incorporation laws initiated in Boston permit the transformation of family firms in Fall River into corporations; new function is developed when the national protective tariff after 1816 encourages the Boston overseas merchant to become an industrial entrepreneur; change is achieved when Hamilton and his friends tie local and regional business groups together around the United States Treasury and the first Bank of the United States.  

John Stevens, with his interests in steamboating and real estate, provides the subject matter for Dorothy Gregg's contribution to the book. Here again, the impact of the law upon business development, and vice versa, is demonstrated. "Stevens looked upon law as a necessary adjunct of business, and for him as for contemporary entrepreneurs, natural law was the law of the commercial world. Trained in it, he was skilled in the art of turning legal and constitutional concepts to serve his changing business interest."  

At one point, Robert Fulton wrote to Stevens, "In this business my dear Sir let us meet and investigate like friends, more good is to be done by reason than by law." Yet, Fulton and Stevens engaged in bitter, prolonged litigation of constitutional proportions.

Richard Wohl develops the metamorphosis of Henry Noble Day from minister-educator to a promoter in railroads and real estate. Day surrounded his promotions with the conviction that the Kingdom of God was to be established on earth by activities such as his. With admirable energy and considerable pious twaddle, he persuaded others to join him in creating a bubble which broke. Irene D. Neu and Frances W. Gregory contribute an essay on the social origins of the American Industrial Elite in the 1870's. Frank Julian Sprague, the "Father of Electric Traction," is the subject of Harold C. Passer's essay. Douglas North presents a study of capital accumulation in life insurance between the Civil War and the Investigation of 1905.

Henry Varnum Poor had keen insight into the nature of "big business." He saw the necessity for efficient, responsible management in the operation of an enterprise. Poor was literally a century ahead of the times. Today's business literature demonstrates that we are now trying to solve some of the questions that Poor so ably raised in his work with early railroad development. Alfred D. Chandler's article about Poor is illuminating as to many current trends in business and management.

The final essay in the book is one by the editor, William Miller, entitled, "The Business Elite in Business Bureaucracies." This essay is based on a study of 185 men who were either president or board chairman of some of America's largest corporations in the decade of 1901-1910. Mr. Miller frankly discusses the role of lawyers in the functioning of these large corporations. Indeed, twenty-three of the men studied were themselves lawyers. The bureaucratic aspects of big corporations have produced much controversy, as those who have read William H. Whyte's recent series of articles in *Fortune* well know. The control and management of large organizations has neces-

2. p. 115  
3. p. 126  
4. p. 141
sarily required the use of specialists. The lawyer has served not only as a specialist in the technical aspects of the law; he has performed other functions. Miller puts it this way: "... Trained in advocacy and persuasion as well as in the law, they [knowledgeable lawyers] were among the first professional lobbyists and public relations men as well as the first formally certified business experts. The new importance by the turn of the century reflects the growth of bureaucratic managements typically in need of help in navigating legal and political labyrinths and in conciliating public groups often made hostile by the results." Many readers will vigorously disagree with some phases of Mr. Miller's article; yet the facts he presents will force them to reconsider their thinking as to what goes into the making of an entrepreneur.

Lawyers who want to know more about how our economic system has developed (and what alert lawyer doesn't), will find *Men In Business* a rewarding book to read.

John R. Stockham †

---

5. p. 288
† Member, St. Louis and Missouri Bars.