

## Entrepreneurship and Transformation of the Rhine Economy

**Veranstalter:** Organising Committee Network RHIN(e)

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The 7th Transnational Rhine Conference revolved around the role of entrepreneurship within the economic development of the Rhine region. This meeting, which was held at the Heinrich Heine University in Düsseldorf, formed the continuation of a series of conferences since 2009, discussing the relevant aspects of long-term development of the Rhine economy.

The central aim of the conference was to explore how actions and thinking of entrepreneurs during the 19th and 20th century played a role in the Rhine region becoming Europe's industrial centre. Moreover, the conference elaborated on how pre-industrial institutions have shaped the possibilities for entrepreneurial activity along the Rhine. The conference consisted of five sessions, each elaborating on a certain aspect of entrepreneurship within the Rhine region: innovative port barons in Rotterdam, entrepreneurship as a resource for the Rhine, the river as a resource for the chemical industry, Amsterdam's industrious hinterland, and institutions proto-industrialization in the Rhineland. During these sessions international scholars presented their papers, of which the implications were enriched by fruitful discussions and critical reflections.

In the first session, the focus was on exploring the ways in which chemical companies used the Rhine as a resource. FREDERIC STEINFELD (Frankfurt am Main) illustrated how the Rhine was essential for Bayer's strategy in the late 19th and early 20th century to target consumers worldwide instead of just serving consumers in the local region.

The purpose of CARLA THIELS' (Frankfurt am Main) paper was to explain how BASF could grow so large. For this explanation she highlighted two periods in the history of BASF, the late 19th century and the postwar

period, as a means to illustrate the role of the Rhine in the development. She pointed out that the expansion of the Rhine in the 19th century was important for initiating full-intensive production at BASF.

In his paper, CHRISTIAN MARX (Trier) focused on the reasons for site selection and business policy at Akzo and Bayer between the 1960s and 1980s. Marx remarked that state aid played an important role in the decisions on site selection. Commentator Ernst Homberg noted how completely different Akzo and Bayer actually were concerning site selection: Akzo had several internationally located sites, while Bayer remained mostly based in the region.

Consequently, the keynote of the conference was presented by DAN WADHWANI (Sacramento), who elaborated on the meaning and purpose of entrepreneurial history. He stressed that history plays an important role in shaping entrepreneurship. Moreover, history allows the researcher to understand the details of the mechanisms through which an entrepreneur acts. A benefit of such a perspective is that it can differentiate between intended and unintended processes of change and thereby can elucidate the meaning of agency in shaping history. Wadhvani concluded that the purpose of entrepreneurial history should be to produce theories on how entrepreneurial processes can drive economic change.

The second session centered on two entrepreneurs within the history of the Rhine economy, Anton Kröller and Carl Duisberg. The paper on Kröller by ARIËTTE DEKKER (Amsterdam) focused on Kröller as entrepreneur and on the creative (and sometimes morally doubtful) ways he was able to achieve such a strong position in the German transit port of Rotterdam. She questioned whether one should perceive Kröller as an entrepreneur because, although his company was highly successful for some time, he made a number of bad investments and directed his investors' capital to personal projects. Moreover, his methods were not very decent to say the least, and often included the control of certain markets through the formation of cartels. Due to the absence of WERNER PLUMPE (Frankfurt) at the conference, subsequently

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EVA ROELEVINK (Bochum / Mainz) elaborated on Plumpe's paper and commented on the session. The paper discussed the Schumpeterian idea of the important role of the entrepreneur in the process of change. In this context, it referred to Duisberg as a leading figure of Bayer. In her comments on both papers, Roelevink raised an interesting point by questioning whether the explanation for the success periods of both men concerns high entrepreneurial capabilities or just luck.

The third session revolved around the function of entrepreneurship within the economic development of the Port of Rotterdam. The paper by HILDE SENNEMA (Rotterdam) and PAUL VAN DER LAAR (Rotterdam), presented by the latter at the conference, focused on Rotterdam's governance system between 1870 and 1970. Up until recently, the prevailing idea was that high investments in the port would create and facilitate a disproportionately large amount of employment for its citizens, legitimizing public investments. However, according to Sennema and Van der Laar, because the private rate of returns were actually quite low and investment costs were high, the view that the city's collective benefitted from the development of the port should be reconsidered. In fact, influential and powerful entrepreneurs pushed the city to invest public money into the project. With the subsequent public investment the government took the risk and the costs, while entrepreneurs ultimately reaped the rewards. Sennema and Van der Laar also remarked that the large port created a path dependency to continue with public investment. These insights therefore provide a new perspective on the relevant factors behind the decision to develop and expand the Port of Rotterdam.

A parallel research topic, the development of entrepreneurial activity concerning the oil industry in the Port of Rotterdam, was presented by MARTEN BOON (Trondheim). In his paper, Boon reflected on what he termed „Petropreneurs“, entrepreneurs within the oil industry, and the business opportunities in the Rotterdam oil port between the 1860s and 2000s. He identified three periods of entrepreneurial activity based on the structure of the oil market. First, „the merchant era“, with a fragmented market concerned

with small players when oil was still transported in barrels (1860-1890). Second, initiated by the innovation in bulk shipping, a period of vertical integration and concentration and the subsequent dominance of the major oil companies (1886-1970). Third, „the global period“, which stressed the importance of managing the decline of the oil market and which provided opportunities for intermediation, leading to the entrance of new global companies (1971-2000s). Boon concluded that both the first and third periods provided entrepreneurial opportunities. However, while both focused on trading, storage, and shipping, the third period deviated with respect to levels of know-how and access to capital. MICHAEL SCHNEIDER (Düsseldorf) commented on these papers, arguing that it would be interesting to research under what circumstances entrepreneurs would constrain or facilitate new processes.

Subsequently, RALF BANKEN (Frankfurt am Main) presented his new research project on the development of capitalism and the consequent increasing importance of the Rhine for trade between 1740 and 1806. The base of this development is the economic growth in West-German provinces from the 1740s onwards (the hinterland economy) and the growth of capitalistic practices and consumption in the 18th century in general. Furthermore, Banken focused his research on trade between the West-German provinces and Amsterdam, which functioned as the gateway to the international markets.

The fourth session focused on the relations between merchants in the German hinterland and the port of Amsterdam in the pre-industrial period. STEFAN GORISSEN (Bielefeld) discussed the development of sales strategies of merchants from the right-bank of the Rhine in the 17th and 18th century. His paper stressed the emergence of regionally operating merchants and the use of the Rhine for lowering transportation costs. Moreover, he argued that privileged merchants tried to monopolise the market to achieve profits.

In her paper, ANNE SOPHIE OVERKAMP (Bayreuth) elaborated on the history of the merchant-manufacturer Abraham Frowein concerning the activities to sell his products on the global market. She pointed out that the

Rhine played an important role in this development because it was Amsterdam that provided the gateway for global trade. Moreover, she expounded on the importance of the entrepreneur's network, elements of entrepreneurial skill, and the support of the local merchant community. Furthermore, this historical case also highlighted the use of price fixing arrangements to expand the business. JAN WILLEM VELUWENKAMP (Groningen) commented on these papers and argued that entrepreneurs expanded their market through seeking power and security. However, according to Veluwenkamp, real monopolies were rare. He concluded with the statement that it would be interesting to confront these notions with theory.

Session five revolved around the importance of institutions and their role in the proto-industrialisation and industrialisation in the Rhineland. In his paper, MARK SPAULDING (Wilmington) presented the evolution of the commercial regime of the Rhine and thus explored how institutions within the Rhine economy were shaped and changed between 1650 and 1850. He identified three periods with different forms of institutions along the Rhine within this time frame. The first period (until 1789) concerned a fragmented market, in which the lower Rhine's shippers organisation stands out in shaping the Rhine's institutions in the period of interest. The second period (1789-1815) can subsequently be described as one dominated by the process of the state. The third period (after 1815) can be defined by the rise of the regulatory state.

MICHAEL KOPSIDIS (Halle) subsequently presented his paper on agricultural growth during proto-industrialisation and industrialisation between 1740 and 1860. Kopsidis focused specifically on the role of demand for fostering agricultural growth and provided several regressions, which were controlled for time and firm fixed effects that assessed this relation. He concluded that demand was an important factor in explaining the agricultural development and that reforms showed little impact. Furthermore, the analysis showed that increases in productivity were important for the realisation of growth. MAGNUS RESSEL (Frankfurt am Main) commented that the

magnitude of agricultural growth in the 18th century was even more impressive given the lack of machinery.

The general project discussion reflected on the purpose and significance of the Rhine conferences. The conference provided various perspectives of the role of entrepreneurship for the development of the Rhine economy and also adhered to a more theoretical debate on the benefits of history in researching entrepreneurship. BEN WUBS (Rotterdam) argued that big questions should be asked about the development and significance of the Rhine, such as the rise of capitalism in the Rhine region. Another interesting perspective by Wubs was the idea to explore the historical workings and development of other river systems to expand the knowledge and to enable a comparative view on the Rhine region. Furthermore, the participants were invited to the eighth Transnational Rhine Conference, which will be held in Rotterdam in 2018 or spring of 2019. In addition to this invitation, Wubs mentioned the book „The Rhine: A Transnational Economic History, comprising the papers from the first five conferences“ on the Rhine economy that was published in October 2017.

### Conference Overview:

*Panel 1: The River as a Resource - The Rhine as Locational Factor for the Chemical Industry*

Frederic Steinfeld (Frankfurt am Main): The Rhine's relevance for Bayer's strategic decisions in the 19th and early 20th century

Carla Thiel (Frankfurt am Main): The Rhine as BASF's gateway to the world

Christian Marx (Trier): Between Scheldt, Rhine and Elbe. International site selection and business policy at Akzo and Bayer from the 1960s to the 1980s

Comment: Ernst Homburg (Maastricht)

*Keynote:*

Dan Wadhvani (Sacramento): Reinventing Entrepreneurial History

*Panel 2: Entrepreneurship as a Resource - The Rhenish Case*

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Ariette Dekkers (Amsterdam): Anton Kröller, „first mover“ in the German transit port of Rotterdam

Werner Plumpe (Frankfurt): Carl Duisberg. A Rhenish entrepreneur?

Comment: Eva Roelevink (Bochum / Mainz)

*Panel 3: Innovative Port Barons*

Hilde Sennema (Rotterdam) / Paul van Laar (Rotterdam): Who runs the port city? Entrepreneurs as innovation intermediaries in the Rotterdam governance system, 1870-1970

Marten Boon (Trondheim): Terminals, tankers and traders – oil entrepreneurship in the Port of Rotterdam since the late 19th Century

Comment: Michael Schneider (Düsseldorf)

*Presentation of a Frankfurt Research Project*

Ralf Banken (Frankfurt am Main): The Capitalist Gateway: Trade between Western German Provinces and the Netherlands, 1740-1806

*Panel 4: The Bergisches Land - Amsterdam's Industrious Hinterland*

Stefan Gorissen (Bielefeld): The Rhine ports and the sales strategies of merchants from the right-bank in the 17th and 18th centuries

Anne Sophie Overkamp (Bayreuth): Elberfeld – Amsterdam – the world: How the merchant-manufacturer Abraham Frowein engaged in transatlantic trade

Comment: Jan Willem Veluwenkamp (Groningen)

*Panel 5: Economic transitions - institutions and (proto-) industrialization in the Rhineland*

Mark Spaulding (Wilmington): Who Makes the Rules? Entrepreneurs and the Evolution of the Commercial Regime of the Rhine, 1650-1850

Michael Kopsidis (Halle): Agricultural growth during proto-industrialization and industrialization: Sharecropping in Western Westphalia and the Lower Rhineland, c. 1740-1860

Comment: Magnus Ressel (Frankfurt am

Main)

*General Discussion and Project Discussion*

Tagungsbericht *Entrepreneurship and Transformation of the Rhine Economy*. 21.09.2017–23.09.2017, Düsseldorf, in: H-Soz-Kult 29.03.2018.