Immigration and entrepreneurship are two central themes in the history of the United States. The topics are closely interrelated, since the U.S. developed a strong culture of entrepreneurship as it became the quintessential immigration country in the nineteenth century. While entrepreneurship is still a key component of American culture and its value is essentially undisputed, the way in which immigration is viewed has changed considerably. In the course of the twentieth century, especially during the interwar period, immigration policies became more restrictive. However, the nexus between immigration and economic growth created by immigrant businesspeople is still strong. Immigration has long been recognized as a rich source of entrepreneurship. Empirical studies confirm that self-employment exerts a strong appeal for immigrants, as other avenues of social integration and advancement are often barred or more difficult to access. While the experience of navigating between cultures can be uncomfortable and challenging, it can also be “an asset that sparks creativity and inspiration” and creates “new possibilities for entrepreneurship.”

In the United States, immigrants have always been overrepresented among the self-employed. Although small and often unstable businesses prevail in immigrant communities, such businesses can act as springboards to the higher echelons of the business world. In 2005, companies founded by immigrants between 1995 and 2005 generated $52 billion in revenue and created 450,000 jobs.

Since the late nineteenth century, immigration has often been seen as a burden on the receiving country and a threat to its social stability. In-depth historical analysis of immigrant entrepreneurship and its relation to elite formation might correct this gloomy picture and raise awareness that immigration can become a source of economic strength that helps create additional wealth—not only by supplying cheap labor to the lower end of the market but also by providing fresh talent for strategic business leadership. Immigrant businesspeople commonly bring with them a diverse array of skills and a prodigious work ethic. In the language of economics, they can be seen as imported labor.
human capital that is crucial for innovation and economic development. Immigrants themselves can profit from the characteristics of ethnic networks such as trust, mutual assistance and credit, and continued relations with their home country that might involve particular commercial opportunities such as trade or the transfer of knowledge and other resources.

Immigrant entrepreneurship was one of the decisive factors in the United States’ rise as an economic superpower since the late nineteenth century. While protectionism played a key role in U.S. foreign trade policy, the country’s relative openness to the influx of immigrants attracted talent from around the world, including minorities who fled discrimination elsewhere. The lack of petrified social divisions, caste-like systems, and feudal structures, as well as the high regard for businesspeople and a superior opportunity structure must be added to the comparative advantages of the United States that set off a self-reinforcing, beneficial circle of wealth creation and immigration: “No other country refreshes itself in quite the same way by continuous waves of immigration.”

I. The Current State of Research

Entrepreneurship is a sine qua non of economic development. Economists have long neglected the study of entrepreneurship “exactly because of the bias to the assumption that profitable activities automatically take place.” By suggesting that the market mechanism simply prompts rational economic actors to react to opportunities, neo-liberal economics has trivialized entrepreneurship. Yet it is clear that there is no automatic supply of entrepreneurs and that it takes more than opportunity structures to motivate people to set up businesses. Since the 1980s, entrepreneurship has attracted growing interest in management studies and economic sociology.

However, the question of which cultural and social factors nurture entrepreneurship remains open, and a detailed study of successful immigrant entrepreneurs in the United States will add significantly to the debate.

Immigrants’ contributions to building the U.S. economy are rarely fully acknowledged because they are seen only as Americans, at least if they are successful. In that case every one of these “heroes” is claimed as part of the triumphant ascent of American capitalism and lauded as the epitome of “genuine American genius.” The common assumption is that American business elites were and are native born.

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8 Quoted in Richard S. Tedlow, Giants of Enterprise: Seven Business Innovators and the Empires They Built (New York, 2001), 9.
For example, studies on the composition of the American business elite stress that it was “disproportionally derived from Protestant, Anglo-Saxon, native-born, well-to-do families.” This thesis of a relatively homogeneous, socially exclusive group is misleading and must be revised. Clearly, excluding immigrants from the overall picture by equating “native-born” with “non-immigrant” is an erroneous, circular argument. The overestimation of the Anglo-Saxon contribution is another outdated viewpoint that needs to be replaced by an investigation that lives up to the diversity of the American experience.

The “Immigrant Entrepreneurship” project will contribute to the ongoing effort to globalize American history or, more precisely, to situate the American past in a transnational framework. By analyzing the role of immigrant entrepreneurs in the formation—and continual reformation—of the American business elite from the early eighteenth century to the present day, the project will shed light on how a nation whose people claim a multitude of national and ethnic backgrounds grew together. In contrast to many immigration studies, which often confine themselves to the first generation of foreign-born citizens, this project deliberately includes the second generation, because in many cases social mobility and economic success only take place once the initial difficulties of settling in have been overcome.

The native-born children of foreign-born immigrants find themselves in a unique position. They have much higher chances of integrating themselves into the culture of the new country and making use of the economic opportunities it offers. At the same time, the cultural heritage of the country of origin is not yet lost. In a way, some of them might have “the best of two worlds.” There are, however, less optimistic interpretations with regard to Asian and Latin-American immigration in recent decades that stress the perils of lasting exploitation in the lower segments of the labor market. These studies show how important it is to include immigrants of the second generation, who often have no realistic option of returning to their parents’ country of origin.

Most current studies on immigrant entrepreneurs focus on very small businesses that rely on self-employment and (often unpaid) family labor. This kind of firm is typical in statistical terms because, as far as we know, it represents the majority of first-generation immigrant businesses especially. But it is only one part of the story and excludes the children of immigrants who leave behind the ugly world of sweatshops, subcontracting, and other precarious ventures. By contrast,


10 Hirschman, “Immigration,” 597.

this project will deal mainly with successful businesspeople in order to explore the chances of upward mobility and the full economic benefits of immigrant entrepreneurship. To be sure, for every success story, there are many less happy stories and cases of “downward assimilation” into the lower strata of society. Although small, stagnant, or failing businesses are part of history, and in statistical terms even dominate it, these endeavors leave few traces. It is a long-standing, intractable problem of business history that it is therefore often limited to dealing with successful companies. This study will not differ in this regard, but the difficulties, problems, and failures of immigrant business ventures will not be ignored. Wherever material becomes available, it will be included in the analysis even though the main focus will have to be on successful entrepreneurship.

There is a wealth of literature on recent Asian and Latin-American immigrant entrepreneurship in the United States. Although these studies have focused on recent decades and non-European ethnic groups, who have made up the great majority of immigrants to the United States since the second half of the twentieth century, comparison across different centuries and ethnic groups can be an important asset for understanding the relationship between immigration and entrepreneurship. Moreover, this literature has developed general concepts of immigrant entrepreneurship that can be useful for the GHI project. In sharp contrast to sociological and ethnological studies, neither immigration history nor business history has dedicated much systematic research to immigrant entrepreneurship until now. There is, however, considerable research on diaspora networks in business history. Although immigrant and diaspora businesspeople share many common characteristics, the former group tends to stay in the destination country permanently, in many cases to integrate itself into the new society and assimilate over the course of two to three generations. Diaspora businesspeople fill economic gaps as permanent outsiders and remain distinct groups trying to preserve their distinct identity. By contrast, successful, increasingly wealthy immigrants try to integrate and move into the established bourgeoisie of their new countries. There can, of course, be overlap between diaspora and immigrant business families, and boundaries might be blurred in individual cases. Alejandro Portes has discovered “transnational entrepreneurs” among Colombians and Dominicans in the United States whose success derives from close ties to their home countries. These businesspeople constantly move back and forth and live in various places virtually simultaneously.

13 Ina Baghdiantz McCabe, Gelina Harlaftis and Ioanna Pepelasis Minoglou, Diaspora Entrepreneurial Networks: Four Centuries of History (New York, 2005).
14 Stéphane Dufoix, Diasporas (Berkeley, 2007).
One important immigrant group in the past came from German-speaking lands; however, research on the German-American business community is practically non-existent. There are a number of short biographical sketches in the collections by Charles Haller and Gerard Wilk.16 The lives of a handful of prominent entrepreneurs like the Warburg family have met with scholarly attention.17 There is also a body of commemorative literature produced by families and companies themselves or by German-American organizations. Finally, several journalistic articles examine individuals. However, most of these accounts are only anecdotal and of limited scholarly value.

II. The Relevance of German-American Business Biography

The “Immigrant Entrepreneurship” project will focus on German immigrants as one significant and often overlooked group. The year 1720 was chosen as the starting point because immigration reached a new dimension around that time. Germans in particular were beginning to arrive in hitherto unprecedented numbers, even though these numbers were still modest compared with the nineteenth century. The project will begin in the eighteenth century and cover all of the nineteenth century, during which immigration to the United States reached peak levels, as well as the twentieth century, which saw several fundamental changes in immigration patterns and business careers. It will bring the story of German-American immigrant entrepreneurship right up to the present and address current debates on immigration. The German-American case is particularly suited to this kind of study as it exemplifies the history of immigrant entrepreneurship in America in an especially rich way. There are four main reasons for the project’s focus on the German-American case:

1. Germans were one of the main sources of immigration to the United States. Today, some forty-three million U.S. citizens claim German heritage, which is about fifteen percent of the total population. For much of the nineteenth century, Germans were the largest group of immigrants.

2. German immigration to America never dried up, even if it declined markedly in both absolute and relative terms over the course of the twentieth century. Economic crises, political upheavals, and the persecution of minorities and political dissenters during the Nazi period were strong push factors. The continuing attractiveness of “the American dream,” the multitude of economic opportunities


for immigrants, the country’s high level of wealth, and its appreciation of the entrepreneurially spirited all acted as powerful pull factors—and they still do, since Germans still form the largest immigration group from the European Union.

3. German immigrants and their descendants played a disproportionately large role in building the American business community. This impact reached its pinnacle in the late nineteenth century and remained significant thereafter. In 1870, for instance, when New York was the financial hub of American industrialization, almost half of its wealthiest inhabitants were foreign-born. Among the 1,571 richest New Yorkers, only 56 percent were natives, while 44 percent were foreign-born. Among the latter group, Germans predominated. They represented almost one-quarter (23 percent) of the city’s wealthiest citizens.¹⁸

The fact that German Americans made ample use of the myriad opportunities in the United States and brought many crucial assets with them from Europe can also be assessed by looking at individual company histories. The common origin of well-known large companies like Heinz, Levi Strauss, Anheuser-Busch, Miller, Pabst, Pfizer, Warburg, Steinway, and Merck, to name but a few, is easy to recognize. In many other cases, the German origin was disguised through the anglicization of firm and family names. For instance, Blumenthal became Bloomingdale. Moreover, the names of German entrepreneurs were not necessary reflected in brand or company names. Thus, J.P. Morgan originated as Drexel, Morgan & Co. To take another example, the German immigrant Wilhelm Böing founded a lumber mill and eventually became a timber magnate. His son, William Edward Boeing, founded the Pacific Aero Products Company, which became the Boeing Airplane Company and today is the world’s leading aerospace company. Moving from hard to soft power, everyone knows the global influence of the American culture industry, especially the dream factories of Hollywood. But it is little known that Universal Studios was founded by Carl Laemmle,
who was born in the village of Laupheim in southwestern Germany. More recently, German immigrants have come to the United States to take advantage of educational opportunities and unique economic clusters like Silicon Valley. A good example is Andy Bechtolsheim, a co-founder of Sun Microsystems and early investor in Google, who came to the United States to study at Carnegie Mellon and Stanford and went on to play an important role in the development of Silicon Valley.

4. In the rich literature on German immigration to the United States, entrepreneurs are often missing completely or only mentioned in passing. They seem to be the “forgotten siblings” of all the farmers, craftsmen, and eminent scholars. For some reason, they seem not to have been deemed worthy of historical attention even though they did much to turn the United States into the world’s strongest economy. German businesspeople entered the country, and a considerable number of immigrants became businesspeople after doing so. The emerging industrial economy offered many opportunities and the country developed an almost infectious infatuation with entrepreneurship so that immigrants were literally drawn into the world of business. Andrew Godley compared Jewish immigrants in London and New York between 1880 and 1914 and found that Jewish immigrants with similar backgrounds displayed a much higher propensity to become businesspeople in New York. Not only was the demand for new entrepreneurs larger in New York than in London, but American society’s value system also encouraged entrepreneurship more than Europe’s did. The Horatio Alger myth of rags-to-riches had enormous appeal, which also reached German immigrants as they tried to adopt the cultural values of their host nation. In the present discourse on immigration, there is little awareness of this very successful group. The Germans are “among the least visible of American ethnic groups,” which is a sign of successful integration and assimilation but also mirrors the legacy of the two World Wars, which accelerated the dissociation of German Americans from their country of origin.

III. General Objectives and Research Questions

“Immigrant Entrepreneurship” is a biographical project that will make a contribution to various academic disciplines including business history, immigration history, economic history, and management
studies. It will trace the lives, careers, and business ventures of eminent German-American businesspeople of the last three centuries.

The first objective of “Immigrant Entrepreneurship” is to collect and secure biographical data and information on company histories that is scattered or all but forgotten. A wide range of published and unpublished material will be consulted: obituaries, local histories, memoirs, newspapers, trade journals, histories of individual companies and branches, specialized biographical dictionaries, biographies, commemorative publications of German-American organizations, business and wealth rankings, databases, websites and U.S. census material published by the North Atlantic Population Project, trade directories, and local directories. The contributors will also use company records, family records, autobiographical material, records of German-American organizations, tax registers, census entries, credit reports, and interviews.

The project’s second objective is to make this material accessible to researchers and the wider public free of charge. Therefore, the biographical articles will not only be published in a printed volume, but the GHI project team will use their experience with online platforms for historical research to create a website that will make all articles and primary sources freely accessible to scholars and the public. The third objective is to lay the groundwork for future scholarship in a variety of relevant disciplines. The pool of information will be a convenient starting point for future dissertations and research initiatives in the field. The fourth objective is to reintegrate the history of immigration and the history of German-Americans into the larger narrative of U.S. history. Finally, there are a number of specific research questions that will structure all biographical entries as well as the general essays at the beginning of each planned volume:

*Reasons for migration:* What motivated future entrepreneurs to migrate to the United States? Were their reasons different from the general push or pull factors in operation for other groups of immigrants from Germany? Was there a certain predisposition for entrepreneurship as a result of selective immigration? Did these businesspeople plan permanent immigration or did they start as sojourners hoping to return after some years?

*Social origins:* What were the social backgrounds of these businesspeople? At what point in their careers did they become self-employed
and when did they rise to the upper ranks of the middle class? Were they self-made, and, if so, were they self-made in Germany or in the United States? Was upward social mobility easier outside the older commercial centers along the East Coast and in new industries, as Jocelyn Ghent and Frederic Jaher have suggested? Or did established structures provide the best breeding ground for immigrant entrepreneurship?

**Entrepreneurial sources:** What were the personal sources of entrepreneurship? What were the starting positions? How and when did German-American entrepreneurs discover business opportunities? What was the impact of counteracting forces like nativism, anti-German sentiments, boycotts, and anti-Semitism in the United States?

**Regional identities:** How important were ties to certain regions in the home country or in the destination country? Did regions of origin matter in the sense that Bavarians and Silesians had their own distinct networks? Did American regions of dense German settlement provide a new identity that helped business development? Or was the minority status in other parts of the country more of a stimulus to entrepreneurial energies? What part did the various internal divides within the United States (East Coast versus West Coast, North versus South, coastal versus inland areas) play?

**Religion:** What was the significance of certain confessions, such as Protestant versus Catholic or Jewish denominations? Did businesspeople display a preference for a particular American church such as the Presbyterian, for example? Did they adhere to German communities like the Lutherans or did they integrate into the American mainstream?

**Comparative advantages:** Did the immigrants’ German background generate comparative advantages in terms of craftsmanship, technical education, or cultural predisposition? What kind of transfer of skills, capital, or knowledge took place from Germany to the United States? What were the mechanisms, vehicles, and consequences of this transfer? Did immigrants concentrate on particular areas of entrepreneurship in which the German economy was strong, such as craft-related or science-based industries? Were there sector-specific biases in the nature of their entrepreneurial activities? Did immigrants play a significant role in the international transfer of knowledge and skills, such as the adoption of foreign technologies? Or did they simply seize the opportunities they found in the United States and acquire the skills they needed there? Was there a subgroup of “transnational entrepreneurs” whose success

hinged on maintaining close connections to Germany?

**Ethnic networks:** Did ethnic solidarity in the form of loans, cooperation, advice, information, extended families, and other networks contribute to success in the United States? How active were businesspeople in German clubs, associations, and cultural institutions? What was the role of immigrant communities and families for pooling resources? Did they affect hiring policies and labor relations? 22 Was the German ethnic enclave a kind of business incubator? 23 In other words, was ethnicity a business asset? What was the density of these networks? What were their internal mechanisms? If “social embeddedness” and ethnic solidarity played a large role, was it pre-existing or reactive solidarity? 24 Finally, did these potential sources of comparative advantage exist prior to immigration? Or did they only develop in response to the challenges of the immigration situation?

**Americanization:** Were the ties to Germany maintained or severed? Did German-American business elites develop multiple identities? When did noticeable changes occur? How did immigrants perceive themselves? Did they continue to speak German and adhere to

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German customs and habits? What part of their culture did they preserve, and did this play any role in their success in the market? How did the process of Americanization interact with general changes in the U.S. economy, politics, and society? Did the end of German mass immigration in 1893 reduce the viability and flexibility of the German-American community and accelerate the Americanization process well before World War I? How did German-American entrepreneurs position themselves in political terms? What role did they play in political parties, parliaments, councils, and lobbying organizations? Did their activities in the political sphere foster or hinder integration? How did the dynamic interaction between German and American cultures shape the role and self-definition of immigrant entrepreneurs?

**Business strategies:** What strategies did German Americans pursue? Did they concentrate on serving their communities in the United States or those in their home countries? Or did they adopt a broader strategy from the beginning? Did these firms use their own ethnic background for brand formation and advertising, or did they hide it and present themselves as Americans? Did these firms reap comparative advantages through niche strategies? When did the firms leave the ethnic market that primarily served co-ethnics?

**Typologies of entrepreneurs:** The project will, among other methodologies, use the taxonomy of Christian Bruyat and Pierre-André Julien, who proposed a sliding scale with four categories, namely reproduction (no innovation), imitation (little innovation), valorization (significant innovation), and entrepreneurial ventures (radical innovation, “creative destruction” in the Schumpeterian sense, as in the creation of completely new industries).

**Change over time:** Most of these questions require different answers in different epochs. It will be one of the project’s main concerns to trace the changes in the patterns and backgrounds of immigrant entrepreneurship over the course of almost 300 years of American
history as well as their relation to changes in the political, economic, and social parameters of immigration. More specifically, it remains to be seen whether there were significant differences between immigrant generations. First generation entrepreneurs may have been strongly influenced by their first-hand experiences with the German education system, culture, and work experience. This might have determined the nature of their entrepreneurship. The second generation, however, had a different, American starting point. Analysis must consider how such contextual differences gave rise to different patterns of acculturation and identity formation, ambition and achievement, experiences of discrimination, and inner-familial conflicts. In other words, how did entrepreneurial recruitment and activity change across the generational divide?

IV. Structure of the Project

The core of the project will consist of about 250 biographical essays, which will be assembled into five chronological volumes. The preliminary sequence of the volumes will follow major turning points in U.S. history in general and German-American immigration history in particular:

1. From the Colonial Economy to Early Industrialization, 1720–1840
2. The Emergence of an Industrial Nation, 1840–1893
3. From the End of the Gilded Age to the Progressive Era, 1893–1918
4. The Age of the World Wars, 1918–1945
5. From the Postwar Boom to Global Capitalism, 1945–Today

Each of these volumes will feature roughly fifty biographical essays on German-American immigrant entrepreneurs whose careers fell primarily in the given period. Additionally, each volume will include introductory and contextual essays that analyze the wider business and immigration themes of the period. Where applicable, these broader essays will delve into the specific sectors or industries, geographic clusters, small businesses, religions, or major events of American history that affected German Americans and their businesses, such as Prohibition and the Temperance Movement. The introductory essays will set the stage for the biographies. In turn, the biographies will recount the rise—and sometimes fall—of the migrants in addition to their specific business achievements and the broader contributions that they made to their respective commercial sectors.

A selection of materials will be assembled and published electronically on an extensive online platform. In addition to the essays, it will
include statistics and raw data on businesses and immigration, visual and media materials such as archival photos, video clips and audio recordings, interviews with contemporary entrepreneurs and business documents. This electronic resource will be a unique tool for teaching and research, and will make readily available—in a convenient, user-friendly and easily searchable format—invaluable materials that would otherwise effectively be lost. A multivolume print publication with abridged versions and/or extracts of the essays is also planned upon the project’s completion.

Each volume will be edited by a senior historian of the era in question, who will exercise editorial supervision over the biographical articles written by specialists in the field. The editors will coordinate the volumes and the overall project with the support of staff at the GHI. They will be in regular contact with the authors of the biographical and other research articles, provide advice and feedback, ensure quality, and write introductory essays. The volume editors are Mari-anne Wokeck (Indiana University, Purdue University Indianapolis), William J. Hausman (College of William & Mary), Giles R. Hoyt (Max Kade German-American Research and Resource Center, Indiana University, Purdue University Indianapolis), Jeffrey Fear (University of Redlands), and R. Daniel Wadhwani (University of the Pacific).

An Academic Advisory Board composed of leading American and European business and immigration historians has been established to advise the GHI project team, editors, and researchers. It will help refine the project as it develops and will be involved in determining the criteria for the composition of the biographical sample of entrepreneurs. The members of the board are Sven Beckert (Harvard University), Kathleen N. Conzen (University of Chicago), Richard Sylla (New York University), Joseph P. Ferrie (Northwestern University), Walter Friedman (Harvard Business School), Andrew Godley (University of Reading), Leslie Hannah (London School of Economics), Roger Horowitz (Hagley Library and Museum), Walter D. Kamphoefner (Texas A&M University), Tom Nicholas (Harvard Business School), Werner Plumpe (University of Frankfurt/Main), Frank Trommler (University of Pennsylvania), and Thomas Welskopp (University of Bielefeld).

At the German Historical Institute, Hartmut Berghoff and Uwe Spiekermann will direct the project and act as the general editors of the volumes and the online platform. A project team will manage the general flow of information between the editors and researchers,
ensure that deadlines are kept, coordinate workshops, organize panels and conferences, edit incoming contributions, and perform additional research as necessary. The project team is composed of Jessica Csoma, Kelly McCullough, Bryan Hart, and Insa Kummer.

The “Immigrant Entrepreneurship” project is supported by the Transatlantic Program of the Government of the Federal Republic of Germany through funds of the European Recovery Program (ERP) of the Federal Ministry of Economics and Technology. The internet platform is scheduled to go online in 2011 with the first contributions, which have already been commissioned. More details about the project can be found online at http://www.ghi-dc.org/entrepreneurship. For further questions, please contact the project coordinator, Jessica Csoma (csoma@ghi-dc.org).

Hartmut Berghoff has been Director of the German Historical Institute in Washington since April 2008. He is on leave from his position as director of the Institute of Economic and Social History at the University of Göttingen. His major publications include: Englische Unternehmer 1870-1914: Eine Kollektivbiographie führender Wirtschaftsbürger in Birmingham, Bristol und Manchester (Göttingen, 1991); Zwischen Kleinstadt und Weltmarkt. Höhner und die Harmonika 1857 bis 1961: Unternehmensgeschichte als Gesellschaftsgeschichte (Paderborn, 1997), Fritz K. Ein deutsches Leben im 20. Jahrhundert (co-authored with Cornelia Rauh-Kühne; Stuttgart, 2000) and Moderne Unternehmensgeschichte: Eine themen- und theorieorientierte Einführung (Paderborn, 2004). He is currently working on the history of consumption in Nazi Germany.

Uwe Spiekermann is Deputy Director of the German Historical Institute and Privatdozent at the University of Göttingen. His publications include: Basis der Konsumgesellschaft: Entstehung und Entwicklung des modernen Kleinhandels in Deutschland, 1850-1914 (Munich, 1999), Künstliche Kost: Die Genese der modernen Ernährung in der Wissens- und Konsumgesellschaft Deutschlands, 1880-2000 (forthcoming) as well as numerous articles on 19th- and 20th-century economic and social history, the history of consumption, retailing and nutrition, and the history of science.