

# Historical Perspectives on the Entrepreneur

**Robert F. Hebert**

*Russell Professor of Economics, Emeritus  
Auburn University, AL, USA  
rfhebert@cox.net*

**Albert N. Link**

*Professor of Economics  
University of North Carolina at Greensboro,  
Greensboro, NC, USA  
anlink@uncg.edu*

**fiwUU**

**the essence of knowledge**

Boston - Delft

# Contents

## 1 Introduction

## 2 The Prehistory of Entrepreneurship 7

2.1 Merchants and Adventurers 8

2.2 Early Forms of Business Organization 9

2.3 Property Rights and the Entrepreneurial Function 11

2.4 The Evolution of a Concept 12

2.5 Postscript 13

## 3 Early French Contributions 15

3.1 Entrepreneurs and Markets 16

3.2 Uncertainty and Risk 19

3.3 Capital and Entrepreneurship 20

3.4 A Harbinger of the Future 21

3.5 Francois Quesnay 23

3.6 Nicholas Baudeau 24

3.7 Anne-Robert Jacques Turgot 26

3.8 Jean-Baptiste Say 28

3.9 A.L.C. Destutt de Tracy and Henri Saint-Simon 32

3.10 Postscript 34

<b>4</b>	<b>The English School of Thought</b>	<b>37</b>
4.1	English Custom before Adam Smith	37
4.2	Prodigals, Projectors, and Adam Smith's Prudent Man	38
4.3	Jeremy Bentham: The Entrepreneur as Contractor	42
4.4	David Ricardo and the "Unfortunate Legacy"	46
4.5	The Decline of British Classical Economics	48
4.6	Postscript	50
<b>5</b>	<b>The German Tradition</b>	<b>51</b>
5.1	Postscript	56
<b>6</b>	<b>Early Neoclassical Perspectives</b>	<b>59</b>
6.1	The Neoclassical Era	59
6.2	The Austrian School	60
6.3	Leon Walras	64
6.4	Alfred Marshall and His Disciples	69
6.5	Postscript	75
<b>7</b>	<b>The View from America</b>	<b>77</b>
7.1	Amasa and Francis A. Walker	78
7.2	Frederick Hawley and John Bates Clark	81
7.3	Herbert Davenport and Frank Taussig	83
7.4	Frank Knight	88
7.5	Postscript	91
<b>8</b>	<b>Joseph Schumpeter</b>	<b>93</b>
8.1	The German Historical School	94
8.2	The Schumpeterian Perspective	96
8.3	Entrepreneurs and Innovation	97
8.4	Entrepreneurial Profits	101
8.5	Postscript	104

<b>9 Beyond Schumpeter</b>	<b>107</b>
9.1 Harvard Historical Studies	107
9.2 Shackle's Anti-Equilibrium Approach	109
9.3 Entrepreneurship and Human Capital	111
9.4 The Austrian Revival	115
9.5 Entrepreneurship and X-Inefficiency	121
9.6 Postscript	124
<b>10 The Entrepreneur and the Firm</b>	<b>125</b>
10.1 Transaction Costs and the Firm	126
10.2 Entrepreneurs and Output-Price Uncertainty	128
10.3 Is the Firm the Entrepreneur?	131
10.4 Postscript	134
<b>11 Conclusion</b>	<b>135</b>
11.1 Risk, Uncertainty, and Organization	139
11.2 Past as Prologue	141
<b>References</b>	<b>143</b>