



ENTREPRENEUR

CAPITAL

versus

CAPITAL

ENTREPRENEUR

24–25 October 2022

International scientific conference

National Technical Museum

Two aspects of one relationship in Central Europe in the 19th and 20th century



Dear colleagues, it is our pleasure to invite you to an international scientific conference on

Entrepreneur versus Capital – Capital versus Entrepreneur. Two aspects of one relationship in Central Europe of the 19th and 20th century.



The conference will take place on 24–25 October 2022 in the National Technical Museum in Prague.

National Technical Museum – Institute of Economic and Social History of the Faculty of Arts of the Charles University

A successful enterprise is based on an effective combination of production factors among which capital plays an irreplaceable role. Without some start-up capital, creation of a successful enterprise has been and is in effect unfeasible. Since the time of the first Industrial Revolution, the accelerating technological modernisation of production (of material goods, services, and even spiritual services) has been creating an ever-greater pressure on more regular and higher capital backing. Strong competition in the market necessitated a transition from occasional modernisation to a permanent one, which was in turn reflected in a need for continuous financial investment into industrial and other enterprises. This is more or less still the case for any kind of enterprise, but for large-scale enterprises since the end of the nineteenth century to this day it is utterly crucial. Only a smaller part of companies has been capable of meeting their capital requirements by self-financing. Most companies since the end of the nineteenth century had to establish an ongoing relationship with financial institutions which provided them with capital in the form of an emission of shares or other securities but above all in the form of loans or credit, either short-term operating credit or long-term investment loans. In fact, investment loans, their availability and price, are a measure of economic maturity and modernisation potential of any national economy. On the other hand, the involvement of financial institutions – be it local ones in the form of cooperatives or savings companies, private credit institutions, or banks on a transregional level – in the enterprise of companies, that is, the supply of capital, never came without strings attached. In the case of large-scale enterprises, this involvement usually took a form transcending a purely business relation expressed by financial remuneration, that is, the payment of interest. In the second half of the nineteenth century, commercial banks often entered existing companies, organised their transformation into joint stock companies, were involved in their boards, and frequently exercised a so-called 'founding activity', that is, actively participated in industrialisation and development of the service sector by founding new companies.

The primary aim of the abovementioned activities of banks was to ensure returns from the capital invested. This interest then naturally evolved and transcended the natural level of care for securities in the form of traditional collaterals such as real-estate (a mortgage loan) or liquid assets (a Lombard loan). Ultimately, this process could – as was the case in interwar Czechoslovakia or the Czech Republic in the 1990s – turn the top banking structures into something of a 'state in a state'. The relationship between an enterprise, entrepreneur, and a financial institution was taking on a new quality. It was becoming more dynamic, whereby this process was affected by various factors including economic cycles, current prospects of the development of the market in a particular sector, or by the economic, social, and political situation. In many states, banking capital acquired so much economic, political, and other kinds of power that one can speak of 'bank-loan capitalism' significantly influencing and even forming the economic policy of the state.

An enterprise and a bank, or an entrepreneur and a banker are thus logical pairs. In the sphere of large-scale enterprise, one without the other could hardly exercise their economic and social function, which for enterprises that use loans and credit is the production and distribution of goods, while for financial institutions, it amounts to the provision of capital for companies and organisation of the market. On the other hand, an enterprise and a bank are also two

counterpoints. While the enterprise aims at the lowest possible degree of dependence (or even independence) on financial institutions and tries to negotiate the lowest possible price of banking services, the goal of a financial institution is to accumulate capital for further activities in the capital and financial markets and to secure the invested capital via economic, political, or other guarantees as well as by increasing its reserves. Any dramatic disbalance in favour of one or the other party leads to serious economic and social disfunction. The mutual relationship between enterprises and banks can range between close collaboration to competition and struggle for power that can evolve into a confrontation between an individual company and a particular bank but even a stand-off between the banking and industrial sectors on a macroeconomic scale, that is, into a struggle for economic orientation of a state.

The aim of this conference is to contribute to our understanding of relations between large, smaller, or even quite small enterprises and companies and financial institutions and vice versa in Central Europe from the nineteenth century to this day. From the perspective of the enterprises, we are interested not only in how they secured their capital but also in analyses and a greater understanding of particular aspects of their financing, related managerial work, issues that arose in this process, and their impact on the development of those enterprises. From the perspective of the financial institutions of all types and sizes, we are interested in their short-term and long-term entrepreneurial strategies oriented at acquisition of credit, provision of loans, and creation of concerns and other clusters of companies. The relationship 'entrepreneur versus capital – capital versus entrepreneur' finds its symptomatic expression also in the formation of social networks oriented at entrepreneurs, which importantly boost a sense of collaborative cohesion. From this point of view, we are also interested in personalities of the actors, their social and cultural capital, and in the results of their work.

Registration with the name of your contribution and a brief summary (max. 1,000 characters) should be sent by 15th April 2022 to barbora.stolleova@ff.cuni.cz. Conference presentations should be 15–20 minutes long. Conference languages: Czech, English, and German. Selected contributions will be published in a collective monograph that should appear in 2023.

We are looking forward to welcoming you!

Expert guarantors:

PhDr. Miloš Hořejš, Ph.D. (National Technical Museum)

Prof. PhDr. Eduard Kubů, CSc. (Institute of Economic and Social History, Faculty of Arts of the Charles University)

PhDr. Barbora Štolleová, Ph.D. (Institute of Economic and Social History, Faculty of Arts of the Charles University)