



Contents lists available at ScienceDirect

Technological Forecasting & Social Change



Schumpeter's entrepreneurs in the 20th century: The Tucker automobile

Luís Beato Nunes

School of Economics and Management of the University of Minho, Portugal

ARTICLE INFO

Article history:

Received 26 November 2014

Received in revised form 6 February 2015

Accepted 25 February 2015

Available online xxxx

Keywords:

Schumpeter

Entrepreneurship

Destructive creative process

Tucker

Economic innovation

Automakers

ABSTRACT

The purpose of this paper is to analyze Schumpeter's concept of *entrepreneurship* applied to the example of Preston Tucker, the American automobile designer who conceived the Tucker 48, which was briefly produced in Chicago in the late 1940s.

Despite this paper addresses the first attempts of economics to comprehend and explain the role of the entrepreneur, it will focus primarily on the theoretical approaches on *entrepreneurship* and *economic innovation* developed by Joseph Schumpeter in the beginning of the 20th century.

Moreover, the paper will analyze a particular example of such *entrepreneurship* by understanding how innovative industrial concepts and ideas may lead to a *destructive creative process*, which ultimately may result in new industries and businesses.

Finally, taking Tucker's example as a benchmark the paper explores Schumpeter's theories regarding the role of the *entrepreneur* in disturbing the monotonous flows of the markets.

© 2015 Elsevier Inc. All rights reserved.

1. Introduction

As some authors emphasize (Swedberg, 2000) entrepreneurship has not been a matter of study only in Economics, since other fields such as Sociology and Psychology have also given this phenomenon the necessary academic attention. Despite the relevance of such issue for Economics, besides Cantillon (2011),¹ intended to be a set of guidelines and a manual of good governance practices and pieces of advice to the French monarch, the essay was also the precursor of the ideas that subsequent economists were to explore, the singular role of the entrepreneur in economic theory were almost completely neglected by the Economic Theory throughout the entire 19th and the first quarter of the 20th century. In his essay, the French philosopher explained that the “entrepreneurs” were the people who were aware of certain market mismatches between demand and supply able to generate opportunities for buying cheaply and selling at a higher price, adding that such “entrepreneurs”, by taking advantage of such arbitrage situations would bring equilibrium to a competitive market (Hébert, 1985).

Such definition does not depict entrepreneurship as a mere act of speculation, since Cantillon's describes the “entrepreneurs” as the people who attempt to comprehend the trends and market mismatches so they may make (risky) decisions in order to profit.

As mentioned previously, and some authors emphasize (Hébert and Link, 1989), Cantillon's depiction of the entrepreneur's role in socio-economic interactivity had only considerable attention in the beginning of the 20th century as many economists, particularly Joseph Schumpeter (1934),² Knight (1921) and, later, Israel Kirzner (1973) explored Cantillon's approach to the entrepreneurship phenomenon, resulting in three different ramifications of the 18th century original definition of the “entrepreneur” and each with its unique contributions and comprehensive deviations.

Hence, together with the theoretical debate and the increasing attention of Economics towards the entrepreneurship phenomenon, such matter became also more relevant for Economic Modelling, which had before attempted to describe the firm behavior, but limited by the assumptions in neoclassical economics, particularly the ones related to perfect competition

E-mail address: luis.beato.nunes@gmail.com.

¹ Cantillon, Richard; *Essai sur la nature du commerce en général*; François modernisé par Stéphane Couvreur, Institut Coppet, Paris, 2011 (available at: www.institutcoppet.org).

² The original work, *Theorie der wirtschaftlichen Entwicklung*, was published in German in 1911.

and static market equilibrium, which reduced socio-economic interactions to mechanical processes.

Nonetheless, despite the great advances in Economic Modelling and Computational Economics³ in order to fully depict the output of the prolific theoretical debate around the entrepreneurship phenomenon, it is not the purpose of this paper to address and analyze such important developments, since its main concern is to comprehend the *Schumpeterian* entrepreneur and emphasize how the automaker Preston Tucker clearly fits such portrait.

In fact, at the end of the 1940s this American entrepreneur disturbed the monotonous flows of the automobile industry in the U.S.A. (which was, at the time, responsible for more than two thirds of the World's automobile production) by suggesting innovative mechanisms to be introduced in automobiles and by actually manufacturing a revolutionary product among the different suppliers at the time.

2. Entrepreneurship and economic theory

Undeniably linked to Cantillon's perception of the entrepreneur's role, Schumpeter, Knight and Kirzner developed very distinctive and sophisticated approaches to the entrepreneurship phenomenon originally referred by the 18th century French philosopher.

With his book *Theory of Economic Development* (1934), Schumpeter sustained that development is a dynamic process that involves the disturbing of the economic *status quo*, attributing to the entrepreneur the responsibility for disturbing that steady state. Entrepreneurship was an activity of utmost importance for Schumpeter, since it guaranteed that the economy grew through innovative steps and, thus, the role of the entrepreneur was to promote such innovative steps and fundamental disturbances to the market predictability (Reisman, 2004).

Furthermore, and particularly important in Schumpeter's *Theory of Economic Development*, the figure of the entrepreneur and its role was more relevant during periods of steady economic growth, or even absence of growth, since it was through the innovative changes and “new combinations” introduced by the entrepreneur that the economic system moved forward, temporarily rewarding the innovative abilities of the entrepreneur.

Schumpeter considered the economic system as a closed circular flow, being in a state of equilibrium through a monotonous replication of interactions between buyers and sellers. However, changes could occur to this stationary equilibrium through a *creative destructive* process involving the figure of the entrepreneur, who would be responsible to disturb the *status quo* and, thus, lead the dynamic process of development. In other words, Schumpeter considered development a disturbance of the circular flow and attributed to the entrepreneur the fundamental role as innovator, by introducing innovations in the form of new products, markets or methods of production (Hébert and Link, 2006).

³ See for example Baumol (1968), Baumol (1990), Nelson and Winter (1982), Tesfatsion (1985, 2002), Cook and Tesfatsion (2006), among many other important and more recent references regarding the introduction of the figure of the entrepreneur in economic modelling as well as the developments in computational economics.

On the other hand, Knight (1921) was not so distant from the “entrepreneur” depicted in Cantillon's essay. Knight clearly separated the concept of *risk* from the one of *uncertainty*, as he stressed the fact that risk existed when outcomes were uncertain but could be predicted with some probability and, thus, insurable, whereas uncertainty arose when the probability of outcomes could not be estimated. Therefore, for Frank Knight true uncertainty occurred when the future was not only unknown, but also unknowable with unclassifiable instances and a non-existent distribution of outcomes and it was such uncertainty that gave rise to the “pure profit”, which in turn was the entrepreneurship's *leitmotiv* (Hébert and Link, 2006).

Hence, Knight explored Cantillon's ideas concerning the entrepreneur's role in a dynamic market economy, where the uncertainty about the success of an enterprise is the central feature in the decision between being an employee and becoming self-employed (Parker, 1996).

Thus, while the *Schumpeterian* entrepreneur was the dynamic innovator, disturbing the continuous flow of the markets, the *Knightian* entrepreneur assumed the business hazard as he was the residual uncertainty-bearer (Martin, 1979).

Later, Kirzner (1973, 1997) developed different concepts such as “spontaneous learning”, “alertness” and “entrepreneurial discovery”. According to this author entrepreneurial discovery plays a role as gradually pushing back the boundaries of *sheer* ignorance, by increasing mutual awareness among market participants and thus, in turn, driving prices, output and input quantities and qualities toward the values consistent with equilibrium, where prevails a scenario of perfect information or absence of *sheer* ignorance (Kirzner, 1997). Therefore, contrary to the *Schumpeterian* approach, the dynamic competitive process of entrepreneurial discovery developed by Kirzner tends systematically towards equilibrium.

2.1. Schumpeter's entrepreneur

As it was mentioned previously, for Schumpeter entrepreneurship is the expression of the human impulse to be creative (Khalil, 2007) and the role of the entrepreneur in the growth economy is to destroy the *status quo* in order to create a new cycle and a new flow, only this to be changed again. For Schumpeter economic growth was not generated by capital accumulation, but by new business ideas and persistent innovations (Landström, 2005).

Schumpeter argued that entrepreneurial rewards⁴ are obtained from the temporary monopoly scenario that arises as the entrepreneur successfully develops his business through “new combinations” of ideas and resources (Schumpeter, 1934). Additionally, as some other authors emphasize (Montanye, 2006), as well Schumpeter himself, innovating, improving existing goods and services, creating or expanding markets, and improving production processes and organizational structures were some of the leading characteristics of the entrepreneur.

It must also be said that after World War II, the U.S.A., as well as most Western Economies, benefited from a significant economic growth period, which according to Schumpeter's approach to entrepreneurship was not adequate for the successful appearance and establishment of new entrepreneurs,

⁴ Instead of “profits” as defined by Knight (1921):.

since the economy was not at its steady level and, thus, the existing market flows had the necessary conditions to prosper and crystallize.

Despite his later disbelief in the economic importance of the entrepreneur as some authors suggest (Ebner, 2006), the Schumpeterian entrepreneur was also a source of crises, given his role in the equilibrium disturbance through the *destructive creative process* carried out by his innovations.

Finally, this paper stresses the peculiar characteristics of Preston Tucker as a persistent and innovative automaker, able to disturb the economic *status quo* during a particular disadvantageous economic cycle, as the late 1940s and 1950s.

3. The automobile industry in the United States in the 1940s

Despite the early proliferation of independent automakers in the early 20th century in the U.S. the subsequent business concentration and particularly the market deep crisis during the late 1920s and the entire 1930s led to the subsistence of very few major automobile companies in the late 1930s. Among such automakers were General Motors Corporation, Ford Motor Company, Chrysler Corporation, Hudson Motor Car Company, Nash-Kelvinator Corporation, Packard Motor Car Company, Studebaker Corporation, and Crosley Motors.

However, the industry market share was far from fragmented, since the first three companies, popular known as the *Big Three*, enjoyed significant advantages over the smaller independent automakers, especially due to their financial strength, *know-how* advantages, mass production techniques and solid marketing strategies. Indeed, the U.S. automakers' universe was far from a competitive environment, since the two former companies together with Chrysler Corporation accounted for more than 90% of total sales in the U.S. market (Flink, 1988).

With World War II the industry scenario was particularly affected, since priorities were significantly different and automakers were evidently demanded to contribute to the war effort and from 1941 through 1945, the U.S. auto industry produced 20% of the country's total output of war material manufactured to fight in the conflict and in the late 1940s the U.S. automobile production accounted for more than two thirds of the world's total automobile production (Maxcy, 1981).

After the World War II the automobile market was again ready to function and with the return home of hundreds of thousands of American soldiers after a *Dantesque* experience abroad the three automakers⁵ of Detroit resumed production to offer the new 1946 models. However, the new products were very similar versions of 1942 models, perhaps with a better grille or rear end treatment (Lawrence, 1971).

However, as it was mentioned previously, any innovative automaker, such as Preston Tucker, would face increasing difficulties to succeed, given the disadvantage of the economic cycle, according to Schumpeter's approach to the entrepreneurship phenomenon.

Finally, despite the lack of solid and conclusive proof of any agreement among the automakers' oligopoly it seemed that the Detroit cluster was confident on the market's resignation to a continuous lack of significant differences and innovations in the automobiles being produced since the mid 1930s.

3.1. An industry in urge of a Schumpeterian entrepreneur

As mentioned previously, the U.S. stock of automobiles was seriously aged and depleted as a result of suspended auto production during the war and, thus, of the 25 million registered vehicles in the U.S. in 1945, over half were more than 10 years old, not only due to the production suspension during the 1940s, but also during the steep sales decrease during the 1930s (Lawrence, 1971).

During wartime Tucker Aviation Corporation was responsible for developing and producing a gun turret used in aircraft and Navy ships, among other inventions with relevant application to the *war auto industry*. Indeed, by the 1940s Preston Thomas Tucker was not an unknown entrepreneur among the auto industry as he had held various jobs in and out of the industry. He had been an office boy at Cadillac and a sales manager for several automakers and he also worked with Harry A. Miller, the legendary builder of engines for Indianapolis 500 racecars.

Tucker was an inventor and entrepreneur in the Schumpeterian sense, as he genuinely created new tools or adapted existed ones in order to obtain differentiated products from the ones already supplying the market and particularly with higher standards. However, it was only after the war ended that Preston Tucker was able to focus on his task to build a new car, despite the already existing supply in market, particularly from the three big automakers of Detroit.

4. "The man and his dream"⁶

Contrary to the *Big Three*, Preston Tucker realized that there was an opportunity to provide the market with an innovative product as the automobile industry was concerned. His experience with racecars, his impulse for a futuristic style⁷ and his different and innovative ideas of how an automobile should be urged him to attempt building the *car of the future*.

Despite Tucker's known preferences for style and speed, his idea of a new car offered also innovative safety features like a padded dashboard, a pop-out windshield and a frame built to the inside perimeter of the body panels, plus the Tucker's unusual center headlight was designed to illuminate the road as the car was steered. Besides, disc brakes and fuel injection were to be standard equipment, but they would not survive into production. Indeed, Tucker's idea for a new automobile brand could not be précised to a mere passion for speed and a pretentious combination of powerful motors and style on wheels, since the new product invented by Tucker outperformed in almost all categories (except the price) the existing products, whether in speed, safety or available accessories.⁸

⁶ Reference to the film produced by George Lucas and directed by Francis Ford Coppola in 1988- *Tucker: The Man and His Dream*. As a matter of fact not only Coppola's father, Carmine Coppola, was one of the various Tucker Corporation stockholders, but also both George Lucas and Francis Ford Coppola own original Tuckers 48. George Lucas owns the 1009 model and Coppola the 1014 and 1037 models.

⁷ For which he had the relevant contribution of George Lawson and especially Alexander S. Tremulis, responsible for the March 1947 design of the "Tucker Torpedo".

⁸ In fact, according to the US Department of Commerce and Census, the Tucker 48 would have a higher sales price when compared to the automobiles produced by the other companies, particularly the *Big Three*.

⁵ The *Big Three*- General Motors Corporation, Ford Motor Company and Chrysler Corporation.

Also known as *Tucker Torpedo* for marketing purposes,⁹ the *Tucker Sedan* 1948, or simply *Tucker 48* was to initiate its production in Chicago, in the largest manufacturer plant in the U.S. at the time where B-29 bombers had been built during wartime.

However, before Tucker was able to fulfill his dream of manufacturing the *car of the future* he had to overcome several difficulties.¹⁰ There were supply problems, like steel shortages,¹¹ but the main obstacle was perhaps the fraud accusations as Tucker caught the eye of the Securities and Exchange Commission (SEC) for selling dealer franchises for a car not yet in production and the difficulties to acquire the necessary facilities for mass production of an automobile.

4.1. The innovative design that captivated the market

Alexander S. Tremulis, of the Chicago design firm *Tammen & Denison*, was the chief stylist at the Tucker Corporation from 1947 to 1949, replacing George Lawson, who left the Tucker Corporation in 1946. Tremulis played an important role in making Preston Tucker's dream into automotive reality, particularly with his *Tucker Torpedo*¹² design, which rapidly captivated the market's attention to the new automobile brand in March 1947. Although the original design was based on Lawson's previous work it incorporated various Tremulis changes and adaptations.

The nationwide publicity to a new innovative and stylish automobile had a great impact on the amount of capital gathered by the *Tucker Corporation* in order to proceed with the project of manufacturing the *car of the future*. In fact, motivated by the spectacular market's response to the possibility of acquiring the automobile that Preston Tucker was still developing, the entrepreneur gathered nearly 25 million dollars in order to fulfill his dream at last.

4.2. Some specification of the Tucker 48

Against that stylistically drab background, the Tucker 48 prototype, the *Tin Goose*,¹³ visually distinctive with its offset rear windows and its signature center headlight, was the stuff of dreams when it was introduced to the public on July 17, 1947 after a well nationwide marketing campaign, as Preston Tucker advertised the new automobile without the actual prototype being ready for a public demonstration.

Such aggressive marketing strategy, perhaps necessary to convince the various potential investors to finance the mass production of Tucker's automobile brought upon the entrepreneur several and serious accusations of fraud, which eventually

severely damaged the public image of the *Tucker Corporation* and delayed the mass production project of the entrepreneur.

Anyway, after the prototype *Tin Goose*, only 51 more Tucker 48 automobiles were eventually built at the Chicago's plant, each with the following main characteristics:

Dimensions		Powertrain	
Wheelbase	325 cm	Engine	H-6 (horizontally opposed), OHV, 335 c.i.; 4.50 × 3.50 in bore × stroke, 7.0:1 compression ratio, 166 bhp, 372 lb/ft torque
Length	556 cm		
Width	201 cm		
Height	152 cm	Transmission	Cord 810/810; Tucker Y-1 (Modified Cord 810/812); TuckerMatic (R-1, R-1-2, R-3 versions)
Weight	1900 kg		

Source: The *Tucker Automobile Club of America (TACA)*—www.tuckerclub.org

Additionally, it should be said that the Tucker 48 had a projected price of \$2450,¹⁴ had an acceleration of 100 hm/h in 10 s and achieved a maximum speed of 193 km/h. Needless to say that such characteristics had no match among the models being produced not only in Detroit, but all around the world.

The Tucker could hold six adults and travel in comfort at highway speeds. The 50 production cars, actually hand-built prototypes, were equipped with modified Franklin helicopter engines, mounted at the rear. Moreover, most Tuckers had transmissions taken from used Cord automobiles that Tucker bought specifically for the purpose. He then rebuilt the used transmissions, known as pre-selectors because they were operated by selecting a gear before engaging it and then put into play with a floor pedal, but such innovation was not ready for production cars.

4.3. The industry reaction and the end of the dream

The persistent fraud accusations concerning the aggressive marketing campaign led by Tucker to sell his innovative automobile motivated a series of investigations by the Security and Exchange Commission (SEC) and consequent bad publicity of the *Tucker Corporation*, which was on the verge of initiating its business in Chicago.

Later, Tucker offered a variety of accessories for his automobiles directly to the public, such as radios, seat covers and luggage sets, which led to subsequent charges of fraud and further investigations by the Security and Exchange Commission (SEC) and the Justice Department. Unfortunately for the *Tucker Corporation* as well as for its stockholders, so many controversies at such a critical point of the new enterprise were severely damaged and unable to complete the initial project of mass produce the famous *car of the future*.

In his 1948's open letter,¹⁵ Preston Tucker stressed the impressive achievements of his partners and engineers, who he believed were beginning a new era in the motoring industry, but he also severely accused the agents of the government¹⁶ for persistent and unjustified harassment of the *Tucker Corporation*

⁹ Notice that *Tucker Torpedo* was never the commercial brand of Tucker's new car. The name *Tucker Torpedo* was only used for publicity, since it was much faster and safer than the regular cars produced by the *big three* car corporations in Detroit.

¹⁰ Read Preston Tucker's 1948 open letter to *The Automobile Industry*. The full version of this letter is available in Appendix A.2 of this paper.

¹¹ Which also affected the other automakers, like General Motors, Ford and Chrysler.

¹² See Appendix A.1 for the brochure designed by Tremulis and published nationwide advertising the *Tucker Torpedo*.

¹³ Presently exposed at the *Swigart Antique Auto Museum*, Huntingdon, Pennsylvania.

¹⁴ According to the U.S. Department of Commerce and the U.S. Census the average car price in 1950 was nearly \$1510 and the average family income was approximately \$3300.

¹⁵ See Appendix A.2.

¹⁶ Tucker was clearly referring to Michigan's senator Homer S. Ferguson.

and its interests, particularly the various sorts of obstructions to use the Chicago's plant to install the Tucker 48 mass production line.

However, despite the continuous efforts to initiate a “new era in motoring”, the entrepreneur was faced with a powerful *status quo*, which delayed for nearly 30 years the introduction of new ideas in the automobile industry.

Thus, together with the prototype *Tin Goose* only 51 more cars were made before the company crumbled on March 3, 1949, due to negative publicity initiated by the news media, a Securities and Exchange Commission (SEC) investigation and a heavily publicized stock fraud trial. Speculation exists that the *Big Three* automakers and Michigan senator Homer S. Ferguson¹⁷ also had a role in the Tucker Corporation's demise as later Preston Tucker mentioned in a letter published in several American newspaper (read the full version of the letter is available in the Appendix A.2).

In the end the charges forced the promising enterprise to cease production and the 1872 employees of the *Tucker Corporation* were consequently laid off and, hence, the Chicago plant remained closed and production never started again, though Preston Tucker and his partners were never found guilty of fraud.

5. Conclusion

Forty-seven of the 52 Tucker automobiles produced in 1948 are still known and in existence today and if some are of private ownership, others are proudly exposed in museums, particularly in the U.S., including the 1947 prototype *Tin Goose*.

Such proud expositions reflect not only the ambition of Preston Tucker to produce the *car of the future*, but also his efforts to deliberately disturb the monotonous automobile industry of the late 1940s. The Tucker 48 was a product clearly ahead of its time, idealized by a distinctive *Schumpeterian* entrepreneur, manufactured by very competent engineers and designed by talented and famous artists.

If Preston Tucker dream had been realized an entire industry would have been transformed in few years. However, as perhaps Schumpeter recognized on his later works, the crisis deployed by the entrepreneur's “new combinations” may result in persistent and hostile responses of the dominant flows, which may delay, captivate or eliminate the entrepreneurship phenomenon.

It is undeniable that many of the features planned for the Tucker 48 have become standard equipment on modern cars, which emphasizes the greatness of such enterprise decades ago. Disc brakes and fuel injection are commonplace. Even cornering headlights have found their way onto production cars five decades later. The passenger crash compartment, an area where front seat passengers with quick reactions could throw themselves to the floor to survive an impending accident was another important safety innovation in the Tucker 48, not to mention the obvious engine improvements.

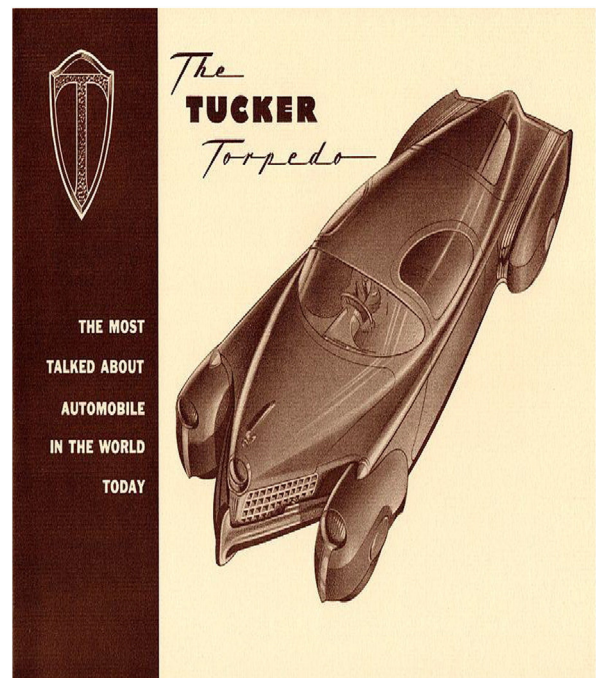
Nonetheless, Tucker's phenomenon of *Schumpeterian* entrepreneurship stresses the fact that new enterprises

success relies not only on the advantages of the “new combinations” and on the innovation's impact on the market, but also on the capability of the *status quo* equilibrium to alleviate the entrepreneur's disturbance via support of a series of crystallized and frightened interests by a possible change in the monotonous flow of economic activities.

Finally, as emphasized throughout the paper, the vigorous economic cycle of the late 1940s and 1950s was also not favorable for Tucker's success, thus confirming Schumpeter's theories concerning the adequate period of the cycle for the eventual success of entrepreneurs.

Appendix A

A.1. Tremulis' design of the Tucker Torpedo brochure, published in March 1947



A.2. The full version of the letter published by Preston Thomas Tucker in the public media on the 15th of June of 1948¹⁸

An Open Letter to The Automobile Industry In The Interests Of The American Motorist By Preston Tucker President, Tucker Corp.

Gentlemen,

As you know, we are building a completely new motorcar—the rear engine Tucker. Being new-comers in the field we have had to

¹⁷ Allegedly the senator's wife was a Chrysler's stockholder, but there is no solid proof that Homer S. Ferguson deliberately jeopardized Tucker's business, despite the suspicious “coincidences” Tucker mentioned in his 1948 open letter.

¹⁸ Available also at: www.tuckerclub.org.

start from scratch and work harder and faster than most of you. For example, instead of the 20 months you usually take to produce a new model of conventional design, my engineers have taken less than 10 to perfect a car which I firmly believe opens a new era in motoring.

In this same year, we have completed a nationwide dealer organization, acquired the largest most modern automotive plant in tile world, and cleared the decks for mass production. These things have been done—and well done—in spite of persistent and unfair opposition from within the automobile industry.

Please don't misunderstand me. Many of you have gone out of your way to be friendly to the Tucker Corporation. It's true, some of you have not shared our conviction that a rear-engine car is the car of the future, but you have been willing to let the American motorist judge that for himself, in the firm belief that what's best for the motorist is best for you in the long run.

But there is another group—a very powerful group—which for two years has carried on a carefully organized campaign to prevent the motoring public from ever getting their hands on the wheel of a Tucker. These people have tried to introduce spies into our plant.

They have endeavored to bribe and corrupt loyal Tucker employees. Such curiosity about what goes on in the Tucker plant should be highly flattering, I suppose. But they haven't stopped there.

They even have their spokesmen in high places in Washington. As a direct result of their influence, Tucker dealers all over the country—men of character and standing in their communities—have been harassed and grilled by agents of the government and Congressional Investigating Committees.

My associates and myself and the Tucker Corporation have been investigated and investigated, time and again. Millions of dollars of the taxpayers money have been squandered in an utterly fruitless effort to kill the Tucker, to bar us from needed raw materials, to keep us so busy defending ourselves and our efforts that the motoring public would tire of waiting for a completely new rear-engine car. But they haven't been able to stop us.

You know, perhaps, that our bid on a government owned steel plant in Cleveland was recently refused. Let me tell you the inside story of that; Sealed bids were called for, in accordance with law. Only two were submitted, one by the steel company operating the plant, the other by the Tucker Corporation. The bids were opened nearly five months ago. The Tucker Corporation's bid was high. If Tucker's bid had been accepted, it could have given taxpayers as much as four million dollars more for the plant than the steel company offered.

This plant would provide ample raw materials for volume production of the Tucker and would serve numerous small businesses now starving for steel.

You would think our high bid for the plant would have been accepted long ago. For five months political pressure, ruthless and barefaced, has forced delay after delay. We're still waiting. We don't know who is responsible for this. But who do you suppose is getting the raw material from this plant we want for Tucker and small business? None other than some well known—and unfriendly—automotive manufacturers.

Most of the political pressure and investigations we have had to face these last two years can be traced back to one influential individual who is out to "get Tucker." If he acts from honest conviction in his efforts to prolong the motorcar, then I hope he will have the courage to tell the public just that.

But personally we believe he has more obvious motives. Evidence in Tucker files, for example shows the controlling interest in a large sales agency of an automotive corporate subsidiary is in his wife's name. And when he gave an elaborate party at a Washington hotel a few months ago, who do you suppose paid the bill? None other than an official of an automobile manufacturer—a manufacturer distinctly unfriendly to the Tucker Corporation. Is all this, too, just coincidence?

Now once more we are being investigated. Just at the time we are getting into production on a car that has won the hearts of the million motorists who have seen it, just when the job of making automobiles demands all our time and energy, my associates and I are asked to take time out again and again ever since we had the temerity to suggest America is eager for a completely new car.

What would you think in our place? Would you say it was just coincidence—or would you think it was planned that way?

You wonder, perhaps, why I have made these statements in an open letter. Here's why: As President of Tucker Corporation, I'm responsible to 1,872 Tucker dealers and distributors and nearly 50,000 Tucker stockholders. These people have put \$25,000,000 into the Tucker Corporation. And I am going to protect their interests.

In addition, we have promised American motorists a completely new rear-engine motorcar, and hundreds of thousands have written us that they are ready and waiting to buy it. Every day letters come to us from people who know that in fighting to put the rear-engine Tucker on the road we are, at the same time, fighting for their right as motorists to get the finest engineering American ingenuity can produce.

We are going to justify the support these motorists so generously have given us. We are going to give them the car they want at a price they can afford, and without paying tribute to the Black Market. How this will be done will be announced today.

But in the meantime, I want to register the fact that we have just begun to fight. We have been patient so far, but our patience is wearing thin. We can give names, dates and places to prove our charges of unfair competition, and if necessary we will do it. When the day comes that anyone can bend our country's laws and lawmakers to serve selfish, competitive ends, that day democratic government dies. And we're just optimistic enough to believe that once the facts are on the table, American public opinion will walk in with a big stick.

References

- Baumol, William J., 1968. *Entrepreneurship in Economic Theory*. *Am. Econ. Rev.* 58 (2), 64–71.
- Baumol, William J., 1990. *Entrepreneurship: Productive, Unproductive and Destructive*. *J. Polit. Econ.* 98 (5), 893–921.
- Cantillon, Richard, 2011. *Essai sur la nature du commerce en général*; Français modernisé par Stéphane Couvreur. Institut Coppet, Paris (available at: www.institutcoppet.org).
- Cook, C., Tesfatsion, L., 2006. *Agent-Based Computational Laboratories for the Experimental Study of Complex Economic Systems*. Working Paper. Department of Economics, Iowa State University, Ames, IA (in progress).
- Ebner, A., 2006. Schumpeterian entrepreneurship revisited: historical specificity and the phases of capitalist development. *J. Hist. Econ. Thought* 28 (3), 315–332.
- Flink, James, 1988. *The Automobile Age*. The Massachusetts Institute of Technology Press, pp. 56–111.
- Hébert, Robert F., 1985. Was Richard Cantillon an Austrian economist? *J. Libertarian Stud.* VII (No. 2).
- Hébert, R.F., Link, A.N., 1989. In search of the meaning of entrepreneurship. *Small Bus. Econ.* 1, 39–49.
- Hébert, R.F., Link, A.N., 2006. The entrepreneur as innovator. *J. Technol. Transfer* 31, 589–597.

- Khalil, E.L., 2007. "Entrepreneurship and Economic Theory". In: Weber, W. (Ed.), *Handbook of Whiteheadian Process Thought*. Frankfurt, Verlag.
- Kirzner, Israel M., 1973. *Competition and Entrepreneurship*. The University of Chicago Press, Chicago.
- Kirzner, Israel M., 1997. Entrepreneurial discovery and the competitive market process: an Austrian approach. *J. Econ. Lit.* 35, 60–85.
- Knight, Frank H., 1921. *Risk Uncertainty and Profit*. Augustus M. Kelly Bookseller, New York (available at: https://mises.org/books/risk_uncertainty_profit_knight.pdf).
- Landström, H., 2005. *Pioneers in Entrepreneurship and Small Business Research*. International Studies in Entrepreneurship Series vol. 8. Springer.
- Lawrence, J. White, 1971. "The Automobile Industry since 1945". Harvard University Press.
- Martin, D.T., 1979. "Alternative Views of Mengerian entrepreneurship". *History of Political Economy* 11 (2), 271–285.
- Maxcy, George, 1981. *The Multinational Motor Industry*. Routledge Library Editions: International Business, New York, pp. 94–132.
- Montanye, J.A., 2006. *Entrepreneurship*. *Indep. Rev.* 10 (4), 549–571.
- Nelson, Richard R., Winter, Sidney G., 1982. *An Evolutionary Theory of Economic Change*. Belknap Press/Harvard University Press, Cambridge.
- Parker, S.C., 1996. A time series model of self-employment under uncertainty. *Economica* 63, 459–475.
- Reisman, D., 2004. *Schumpeter's Market: Enterprise and Evolution*. Edward Elgar, Cheltenham.
- Schumpeter, Joseph, 1934. *The Theory of Economic Development*. Harvard University Press, Cambridge, MA.
- Swedberg, R., 2000. *The Social Science view of entrepreneurship: Introduction and Practical Applications*. *Entrepreneurship- The Social Science View*. Oxford Management Readers, Oxford, pp. 7–44.
- Tesfatsion, Leigh S., 1985. *Fair Division with Uncertain Needs and Tastes*. Staff General Research Papers 11207. Iowa State University, Department of Economics.
- Tesfatsion, Leigh S., 2002. *Agent-Based Computational Economics: Growing Economies from the Bottom Up*. Staff General Research Papers 5075. Iowa State University, Department of Economics.
- The Tucker Automobile Club of America (TACA) www.tuckerclub.org. www.tucker-tribune.blogspot.com.

Luís Beato Nunes Student and researcher at the Economics and Business School the University of Minho (Braga, Portugal). Currently attending the Joint PhD. Program in Economics by the Faculty of Economics of the University of Coimbra and the School of Economics and Management of the University of Minho.