

Business History Review

A U T U M N 1 9 9 0



Cover: Early Rock 'n' Roll

Shown on the cover is a 1950s "record hop" with Cleveland disk jockey Alan Freed presiding. This photograph, in company with the head shots running down the back cover, illustrate the changes in the recording industry's interaction with rhythm and blues, at first performed primarily by relatively unknown black musicians like "Guitar Slim" for mostly black audiences, then transformed to the "whiter" sound of rock 'n' roll, recorded by teen idols such as Jimmy Clanton for a national audience. In this process, the willingness of small, independent record companies to promote the new music challenged the position of the major companies and broadened the definition of the American "mainstream." For the story of one independent record company, see pp. 411-450.

(Photograph credits: Alan Freed: Steve Petruszyn; Guitar Slim: Specialty Records; Huey "Piano" Smith: Ace Records; Jimmy Clanton: James J. Kriegsmann.)

© 1990 by The President and Fellows of Harvard
College.

All rights reserved.

ISSN 0007-6805

Second-class postage paid at Boston, MA.

Business History Review

Published Quarterly by the Harvard Business School
Volume 64 Number 3 Autumn 1990

EDITOR · Steven W. Tolliday, *Harvard University*
ASSOCIATE EDITOR · Patricia Denault, *Harvard University*
BUSINESS MANAGER · Lisa Patten, *Harvard University*

EDITORIAL ADVISORY BOARD

Louis P. Cain, *Loyola University of Chicago*
Alfred D. Chandler, Jr., *Harvard University*
Tony Freyer, *University of Alabama*
Mark Fruin, *INSEAD*
Thomas P. Hughes, *University of Pennsylvania*
David J. Jeremy, *Manchester Polytechnic*
William Lazonick, *Barnard College*
Maurice Lévy-Leboyer, *Université Paris X, Nanterre*
Thomas K. McCraw, *Harvard University*
John J. McCusker, *University of Maryland, College Park*
John P. McKay, *University of Illinois, Urbana-Champaign*
H. V. Nelles, *York University*
Daniel Nelson, *University of Akron*
Hans Pohl, *Universität Bonn*
Glenn Porter, *Hagley Museum and Library*
Susan Socolow, *Emory University*
Richard S. Tedlow, *Harvard University*
Paul Uselding, *University of Northern Iowa*
Richard H. K. Vietor, *Harvard University*
Mira Wilkins, *Florida International University*

The *Business History Review* is published in the spring, summer, autumn, and winter by the Harvard Business School and is printed at the Office of the University Publisher.

- Manuscripts, books for review, and all editorial correspondence should be sent to

Business History Review
Baker Library 5A
Harvard Business School
Boston, MA 02163
Telephone: 617-495-6154
Fax: 617-495-6001

- Queries regarding advertising and subscriptions, as well as all changes of address, should be sent to the business manager, Lisa Patten, at the same address.
- Correspondence regarding rights and permissions should be addressed to

Audrey Barrett
Permissions Editor
Publishing Division
Harvard Business School
Boston, MA 02163

- *Annual Subscription Rates*

	<u>1990</u>	<u>1991</u>
Individuals	\$25.00	\$25.00
Institutions	\$40.00	\$50.00
Students (with valid ID)	\$15.00	\$16.00
All subscriptions outside the U.S. and Canada	\$40.00	\$50.00

- Back issues of volumes 57-62 (1983-88) are available from our office for \$10.00 per issue or \$40 per volume. Orders must be prepaid.
- *Business History Review* articles are listed in *Business Methods Index*, the *Book Review Index*, the *Journal of Economic Literature*, *Historical Abstracts*, *America—History and Life*, and the AHA's *Recently Published Articles*.
- Notice of failure to receive issues must reach this office no later than six months after the date of mailing. Postmaster: Send address changes to *Business History Review*, Baker Library 5A, Harvard Business School, Boston, MA 02163.

CONTENTS

SERVICE INDUSTRIES

Introduction • *ix*

ARTICLES

Catherine E. Kerr Incorporating the Star: The Intersection of Business and Aesthetic Strategies in Early American Film • 383

Donald J. Mabry The Rise and Fall of Ace Records: A Case Study in the Independent Record Business • 411

Richard B. Kielbowicz Postal Subsidies for the Press and the Business of Mass Culture, 1880–1920 • 451

Kenneth Lipartito What Have Lawyers Done for American Business? The Case of Baker & Botts of Houston • 489

EDITOR'S CORNER • 527

BOOK REVIEWS

Gerold Ambrosius and *William H. Hubbard*, *A Social and Economic History of Twentieth-Century Europe*. Reviewed by Anthony L. Cardoza • 563

Alice H. Amsden, *Asia's Next Giant: South Korea and Late Industrialization*. Reviewed by Helen Shapiro • 580

Paul R. Baker, *Stanny: The Gilded Life of Stanford White*. Reviewed by Mark I. Gelfand • 535

Gian Luigi Basini and *Giancarlo Forestieri*, *Banche Locali e Sviluppo Dell'Economia: Parma e la Cassa di Risparmio*. Reviewed by Francesco L. Galassi • 577

Thomas A. Becnel, *The Barrow Family and the Baratavia and Lafourche Canal: The Transportation Revolution in Louisiana, 1829–1925*. Reviewed by David O. Whitten • 530

Barbara J. Blaszak, *George Jacob Holyoake (1817–1906) and the Development of the British Cooperative Movement*. Reviewed by Clive Behagg • 564

Michael Cassity, *Defending a Way of Life: An American Community in the Nineteenth Century*. Reviewed by Paul G. Faler • 531

Clifford E. Clark, Jr., ed., *Minnesota in a Century of Change: The State and Its People since 1900*. *Reviewed by* George D. Green • 533

David Cooper and *Trevor Hopper*, eds., *Debating Coal Closures: Economic Calculation in the Coal Dispute, 1984–5*. *Reviewed by* Kathy O'Donnell • 569

François M. Crouzet, ed., *Le Négoce International XIII^e–XX^e Siècle*. *Reviewed by* Ian Blanchard • 574

R. P. T. Davenport-Hines, ed., *Business in the Age of Depression and War*. *Reviewed by* Steven W. Tolliday • 572

R. P. T. Davenport-Hines, ed., *Capital, Entrepreneurs and Profits*. *Reviewed by* Steven W. Tolliday • 572

René De La Pedraja, *Energy Politics in Colombia*. *Reviewed by* Stephen J. Randall • 558

Alton F. Doody and *Ron Bingaman*, *Reinventing the Wheels: Ford's Spectacular Comeback*. *Reviewed by* Elizabeth Bortolaia Silva • 545

Ian M. Drummond and *Norman Hillmer*, *Negotiating Freer Trade: The United Kingdom, the United States, Canada, and the Trade Agreements of 1938*. *Reviewed by* Barbara Austin • 552

Ben Fine, *The Coal Question: Political Economy and Industrial Change from the Nineteenth Century to the Present Day*. *Reviewed by* Michael Dintenfuss • 566

David R. Goldfield, *Black, White, and Southern: Race Relations and Southern Culture, 1940 to the Present*. *Reviewed by* Numan V. Bartley • 539

Manuel Gottlieb, *Comparative Economic Systems: Preindustrial and Modern Case Studies*. *Reviewed by* Rondo Cameron • 560

Leigh Hancher and *Michael Moran*, eds., *Capitalism, Culture, and Economic Regulation*. *Reviewed by* Jim Tomlinson • 561

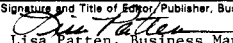
Dale W. Jorgenson, *Frank M. Gollop*, and *Barbara M. Fraumeni*, *Productivity and U.S. Economic Growth*. *Reviewed by* Adam B. Jaffe • 549

Arcadius Kahan (Roger Weiss, ed.), *Russian Economic History: The Nineteenth Century*. *Reviewed by* John P. McKay • 579

Peter Kuckusk and *Hartmut Roder*, eds., *Von der Dampfbarkasse zum Containerschiff: Werften und Schiffbau in Bremen und der Unterweserregion*. *Reviewed by* Sidney Pollard • 576

- Neil J. Mitchell*, *The Generous Corporation: A Political Analysis of Economic Power*. *Reviewed by* Larry Zacharias • 546
- Edward T. Morman*, ed., *Efficiency, Scientific Management, and Hospital Standardization: An Anthology of Sources*. *Reviewed by* Joel D. Howell • 538
- Brian Oakley* and *Kenneth Owen*, *Alvey: Britain's Strategic Computing Initiative*. *Reviewed by* Martin Campbell-Kelly • 570
- Jeffrey Orenstein*, *United States Railroad Policy: Uncle Sam at the Throttle*. *Reviewed by* Stephen Salsbury • 540
- Leon Joseph Rosenberg*, *Dillard's: The First Fifty Years*. *Reviewed by* Michael Miller • 542
- James M. Skinner*, *France and Panama: The Unknown Years, 1894-1908*. *Reviewed by* Michael L. Conniff • 557
- Alan Stone*, *Wrong Number: The Breakup of AT&T*. *Reviewed by* Theodore P. Kovaleff • 543
- John Train*, *The New Money Masters: Winning Investment Strategies of Soros, Lynch, Steinhardt, Rogers, Neff, Wanger, Michaelis, Carret*. *Reviewed by* Robert Sobel • 550
- Raymond Vernon*, ed., *The Promise of Privatization: A Challenge for U.S. Policy*. *Reviewed by* Martin Chick • 555
- Alan Ware*, *Between Profit and State: Intermediate Organizations in Britain and the United States*. *Reviewed by* Brian Gratton • 554
- Steven C. Wheatley*, *The Politics of Philanthropy: Abraham Flexner and Medical Education*. *Reviewed by* James H. Madison • 536

U.S. Postal Service
STATEMENT OF OWNERSHIP, MANAGEMENT AND CIRCULATION
Required by 39 U.S.C. 3685

1A. Title of Publication BUSINESS HISTORY REVIEW		1B. PUBLICATION NO. 0 0 0 7 6 8 0 5		2. Date of Filing 10/1/90
3. Frequency of Issue Quarterly		3A. No. of Issues Published Annually 4	3B. Annual Subscription Price \$40.00 for 1990 year	
4. Complete Mailing Address of Known Office of Publication (Street, City, County, State and ZIP+4 Code) (Not printers) Business History Review, Baker Library 5A, Harvard Business School, Soldiers Field Rd., Boston, MA 02163				
5. Complete Mailing Address of the Headquarters of General Business Offices of the Publisher (Not printer) same				
6. Full Names and Complete Mailing Address of Publisher, Editor, and Managing Editor (This item MUST NOT be blank) Publisher (Name and Complete Mailing Address) The President and Fellows of Harvard College, Cambridge, MA 02138 Editor (Name and Complete Mailing Address) Steven W. Tolliday, BHR, Baker Library 5A, Harvard Business School, Soldiers Field Rd., Boston, MA 02163 Managing Editor (Name and Complete Mailing Address) (Associate Editor) Patricia Denault, BHR, Baker Library 5A, Harvard Business School, Soldiers Field Rd., Boston, MA 02163				
7. Owner (If owned by a corporation, its name and address must be stated and also immediately thereunder the names and addresses of stockholders owning 1 percent or more of total amount of stock. If not owned by a corporation, the names and addresses of the individual owners must be given. If owned by a partnership or other unincorporated firm, its name and address, as well as that of each individual must be given. If the publication is published by a nonprofit organization, its name and address must be stated.) (Item must be completed.)				
Full Name		Complete Mailing Address		
President and Fellows of Harvard College		Massachusetts Hall Harvard University Cambridge, MA 02138		
8. Known Bondholders, Mortgagees, and Other Security Holders Owning or Holding 1 Percent or More of Total Amount of Bonds, Mortgages or Other Securities (If there are none, so state)				
Full Name		Complete Mailing Address		
None				
9. For Completion by Nonprofit Organizations Authorized to Mail at Special Rates (DMM Section 423.12 only) The purpose, function, and nonprofit status of this organization and the exempt status for Federal income tax purposes (Check one)				
<input checked="" type="checkbox"/> (1) Has Not Changed During Preceding 12 Months		<input type="checkbox"/> (2) Has Changed During Preceding 12 Months		(If changed, publisher must submit explanation of change with this statement.)
10. Extent and Nature of Circulation (See instructions on reverse side)		Average No. Copies Each Issue During Preceding 12 Months	Actual No. Copies of Single Issue Published Nearest to Filing Date	
A. Total No. Copies (Net Press Run)		2,175	2,200	
B. Paid and/or Requested Circulation		0	0	
1. Sales through dealers and carriers, street vendors and counter sales				
2. Mail Subscription (Paid and/or requested)		1,671.5	1,639	
C. Total Paid and/or Requested Circulation (Sum of 10B1 and 10B2)		1,671.5	1,639	
D. Free Distribution by Mail, Carrier or Other Means (Samples, Complimentary, and Other Free Copies)		322.25	320	
E. Total Distribution (Sum of C and D)		1,993.75	1,959	
F. Copies Not Distributed		181.25	241	
1. Office use, left over, unaccounted, spoiled after printing				
2. Return from News Agents		0	0	
G. TOTAL (Sum of E, F) and 2—should equal net press run shown in A)		2,175	2,200	
11. I certify that the statements made by me above are correct and complete		Signature and Title of Editor, Publisher, Business Manager, or Owner  Lisa Patten, Business Manager		

CONTRIBUTORS

Catherine E. Kerr is a doctoral candidate in history and a Mellon Fellow at the Humanities Center at the Johns Hopkins University. She is at work on a dissertation on early film criticism as a particular site for cross-disciplinary debates on character motivation, individual agency, and personhood in American culture, 1900–1920.

Richard B. Kielbowicz, an associate professor of communications at the University of Washington, received his Ph.D. in mass communication from the University of Minnesota in 1984. He has written *News in the Mail: The Press, Post Office, and Public Information, 1700–1860s* (1989), as well as several articles on postal history and policy. He is currently studying the origins of the parcel post and the telegraph's effects on journalism.

Kenneth Lipartito is associate professor of history at the University of Houston. He is the author of *The Bell System and Regional Business: The Telephone in the South, 1877–1920* (1989) and, with Joseph Pratt, of the forthcoming *Baker & Botts in the Development of Modern Houston* (1991). Currently he is at work on a study of the telecommunications industries of the United States, Japan, and Western Europe entitled “Origins of the Information Age: Telecommunications in Industrial Society, 1890–1990.” For 1991–92 he will be the Newcomen Fellow in Business History at the Harvard Business School.

Donald J. Mabry, professor of history at Mississippi State University, received his Ph.D. from Syracuse University, where he studied both Latin American and U.S. social history. In addition to numerous articles, he is the author of *Mexico's Acción Nacional* (1973), *The Mexican University and the State* (1982), and with Robert J. Shafer, *Neighbors—Mexico and the United States* (1981), and the editor of *The Latin American Narcotics Trade and U.S. National Security* (1989). His current research and writing focus on the illicit drug business in the United States and Latin America.