

ABSTRACTS OF 2001 CONFERENCE PAPERS
(in order of appearance in the program)

Naomi Lamoreaux, *University of California, Los Angeles*, **Daniel Raff**, *University of Pennsylvania*, and **Peter Temin**, *Massachusetts Institute of Technology* “Beyond Markets and Hierarchies: Toward a New Synthesis of American Business History”

Building on the essays collected in our three NBER conference volumes, this paper begins a new synthesis of American business history. It posits that addressing problems of asymmetric information is an important element of firm and institutional design and effectiveness. It places central emphasis on the notion of the endogenous adaptation of coordination mechanisms in the context of evolving but specific operating conditions and opportunities. This adaptation naturally gives rise both to change and to heterogeneity at any moment in time. The text develops these themes in a narrative, divided into periods, that historicizes the dominant Chandlerian interpretation of business history by showing that the M-form managerial corporation emerged as the dominant coordination mechanism only in the middle part of the history in question. The narrative also focuses scholarly attention on what should be the paramount question: what is it about the United States economy that has allowed businesses so flexibly to exploit different coordination mechanisms, both cross-sectionally and over time?

Thomas McCraw, *Harvard Business School* “Joseph A. Schumpeter, Creative Destruction, and Entrepreneurship”

In Joseph Schumpeter’s first book, published when he was twenty-five, he wrote, “We want to understand and not to fight; to learn, not criticize; to analyze and draw out from every principle what is right, not simply to approve or reproach.” This paper reviews Schumpeter’s work as a whole, noting his encouragement of multiple approaches—economic, mathematical, statistical, sociological, and historical—to the study of capitalism and entrepreneurship. In 1911 Schumpeter lamented that arguments over methodological problems were often pointless: “People can have various opinions on the value of general discussions of questions of method [but] discussions of them are a sign of unfruitfulness concerning concrete achievements.” Reviewing a 1914 collection of essays by a French sociologist, Schumpeter reported that the author exhibited “that almost childish

small-mindedness that holds only its own way of working possible . . . and considers it the first task to annihilate all others in holy rage.” Many years later, toward the end of his distinguished career, Schumpeter reiterated the need for multiple approaches and emphasized history in particular. As this paper demonstrates, the relevance of his work to ours is higher now than ever before.

Mary Yeager, *University of California, Los Angeles* “A History of Their Own: Mavericks and Mavens of Business History”

The dominant historiographical tradition has tried to forget business historians Miriam Beard and Henrietta Larson, but this paper remembers them. The paper treats three evolving and interconnected strands of business and women’s history that have been dissected and distinguished instead of generationally linked. The first strand focuses on the relationship of individual business people and groups to economic and organizational changes in the larger society and culture; the second emphasizes the interaction of business and culture; the third considers the incorporation of others, especially women and minorities, into the history of business. The paper argues that gender operated in subtle, occasionally covert, and sometimes unavoidable ways to link men and women in a series of intellectual and social networks that made them at once collaborators and competitors in shaping the boundaries of business history. In Miriam Beard’s case, business was a family affair, recognized by her mother, historian Mary Beard, as an important ingredient of women’s independence, and revered by her father, Charles Beard, as the mainstay of civilization. For Henrietta Larson, business history was an extension of an agricultural economy, a way to understand how businesses worked, and an opportunity to leave her home in Minnesota for the world of academe. Once at Harvard, Henrietta crafted a close relationship with N. S. B. Gras, which both helped and hurt her opportunities for advancement. The families of business and economic historians followed fathers Gras and Edwin Gay and forgot both Miriam and Henrietta. In so doing, they tore the fragile threads that connected culture to business history.

Lucy Newton, *University of Reading* “Government, Banks, and Industry in Interwar Britain”

The interwar period was an era of tremendous economic, political, and social change. Depression was a key feature of much of the interwar period, and it profoundly affected Britain at all levels. According

to Leslie Hannah, it provoked “a further reevaluation of . . . political, social and economic beliefs and of the economic institutions they sustained.” Disillusionment with Britain’s traditional principles of competition, laissez-faire, and limited state guidance resulted in rising support for an increase in state intervention in the nation’s economy. This paper examines the opinions and reactions of bankers in this changing environment. From the bankers’ perspective, change involved concentration in their business, depression in trade and industry, increasing state intervention in economic affairs, and mounting public and political scrutiny of their actions. On the whole, bankers reacted conservatively and defensively to these developments and criticisms. Despite their denials of party bias, this group of professionals remained conservative in nature and Conservative in political attachment in the midst of an era of upheaval.

Marc D. Weidenmier, *Claremont McKenna College*, and **Kerry Odell**, *Scripps College* “Real Shock, Monetary Aftershock: The 1906 San Francisco Earthquake and the Panic of 1907”

The Panic of 1907 is an important episode in American financial history because it led, in part, to the creation of the Federal Reserve. Although much has been written about the crisis, little has been said about its underlying causes. This study identifies the San Francisco earthquake and the subsequent conflagration as the proximate causes of the panic. London fire houses insured San Francisco during this period. The payment of claims by British insurance companies following the quake and fire produced a large capital outflow in the fall of 1906, forcing the Bank of England to nearly double interest rates and discriminate against U.S. trade bills. These actions pushed the United States into a recession and made markets vulnerable to shocks that otherwise would have been transitory in nature. World financial markets crashed in October 1907 with the collapse of the Knickerbocker Trust Company in New York.

Arturo Grunstein, *Universidad Autónoma Metropolitana* “‘Incomunicados’: The Revolutionary State vs. Telephone Multinationals in Cardenista Mexico”

Historians have devoted significant attention to the interaction between American and European corporations and the Mexican revolutionary elite as played against the backdrop of ongoing state-building and popular upheaval during the early twentieth century. Most historians consider that the revolution’s radical nationalist agenda reached its apex during the presidency of Lázaro Cárdenas (1934–

1940), as evidenced by the oil expropriation of 1938. British historian Alan Knight has recently dismissed this traditional interpretation, however. Instead, he suggests that “more than ever oil was a special case” and that, otherwise, moderation and pragmatism, rather than doctrinaire nationalism, characterized the Cárdenas government’s foreign investment policies. This argument is based on insufficient consideration of developments in other sectors. To answer the question, “What were the factors influencing the Cárdenas government’s divergent policies toward foreign investments and corporations operating in different industries?” this paper looks at the (scarcely studied) telephone industry. Between 1935 and 1940, the government waged a series of intense, frontal combats against the telephone companies over issues such as tariffs, taxes, service, interconnection, and labor relations. The evidence drawn from the telephone industry weakens Knight’s revisionist position: oil was less exceptional than he believes.

Patrick Hyder Patterson, *University of Michigan* “Advertising Western Tastes and Marketing Capitalist Values in Socialist Yugoslavia: Service Industries in the Service of a Globalized Consumer Culture”

This paper explores the development of an activist cadre of advertising and marketing specialists in socialist Yugoslavia. From meager beginnings following the abandonment of central planning in the 1950s, these service industries steadily grew in influence, making Yugoslavia unlike other socialist states. The paper examines advertising and marketing as both examples and key instruments of the globalization of capitalist economic relations. Because of their potent effect on the country’s broader culture, these service industries were important engines of social change. They brought a new way of doing business to Yugoslavia and, in so doing, generated new attitudes concerning the proper relationship between consumers and producers in a socialist society, new needs and desires among consumers themselves, new expectations about the ability of socialist economic policy to consistently satisfy those needs, and new modes of thinking about the nature of “business” itself in a society where the institution had become, to some degree, an alien concept.

Jonathan Schrag, *Harvard University* “The Administration and Business of Electricity in Mexico from 1920 to 1960: Strategies of the Mexican Light and Power Company”

As part of the author’s ongoing dissertation work, which addresses the evolution of an industrial relations system in Mexico’s electrical

power industry from 1890 to 1960, this paper offers a historical analysis of the financial and business strategies of electrical utility companies in Mexico from 1930 to 1960. Relying on previously unconsulted documents from the Mexican Light and Power Company, the Comision Federal de Electricidad, and the Comision de Tarifas de Electricidad y Gas, the paper examines both interfirm competition and the arrangement of fixed assets by each firm to maximize potential profitability.

Christopher Kobrak, *ESCP-EAP European School of Management* "The Political Dynamics of Managerial Innovation: Schering AG and German Corporate Governance between the Wars"

Alfred Chandler and Harold James proposed conflicting interpretations of the evolution of German business between the two world wars and of Germany's corporate governance during the Third Reich. In Chandler's view, major corporate changes emanated from internal initiatives; according to James, those innovations were forced on business by public or government pressures. In support of James's analysis, this paper argues that many of the most significant changes in German corporate governance and in the organization of German industry during the whole interwar period, but especially in the 1930s, were initiated by the state and political pressures, not by management. Using Schering AG, one of Germany's largest companies before World War II, as an example, the paper traces how National Socialist bullying and changes in corporate law influenced companies' organizational adaptation and adherence to government social priorities during the Third Reich.

Michael C. Schneider, *Hannah Arendt Institute* "From Economic Crisis to War Economy: The Saxon Machine-Building Industry between 1928 and 1945"

Comparing the entrepreneurial targets and strategies of five machine-building enterprises located in Chemnitz, the "Saxon Manchester," during the Nazi period, this paper asks whether the economic aims of the five firms matched those of the regime and, if not, what strategies the firms applied to pursue their tasks. The firms chosen as examples produced a broad range of products, from armament-related machine tools, to capital goods like textile machines, to business machines. The most eminent of the example firms is the Wanderer-Werke AG (a producer mainly of business machines and machine tools), which is at the center of the study. Because of the excellent quality of sources on this company, it is possible to pursue in detail

the question whether the relative profitability of the different production sectors had any influence on the decisions of the management about where to concentrate their activities.

Philippe Mioche, *Université de Provence* “François de Wendel and the Jews during the Second World War”

French business leaders have been accused of being favorable to collaboration with the Nazis during the German occupation of France. But this was not the case for all. François de Wendel (1874–1949) was a major French businessman of the interwar period. He was president of the Comité des Forges from 1918 until 1940 and was also a member of the senate. During the era of the Popular Front, he evoked the “Jewish International” even though he esteemed Jewish Socialist leader Léon Blum. De Wendel disapproved of anti-Semitism for reasons of political efficiency; he was hostile to the Vichy regime and to the Nazis. He did not hesitate to condemn anti-Semitic oppression, and he helped some of its victims. But he also benefited from “aryanization.” After the war, de Wendel returned to anti-Semitism. His story shows that the realities of collaboration and anti-Semitism during the Occupation were more complex than systematic approaches have suggested.

Jeffrey M. Hornstein, *University of Maryland* “I’d Rather Deal with a Woman: Rosie the Realtor, Suzy Soldsine, and the ‘Feminization’ of the Service Sector, 1940–1970”

Before the Second World War, the composition of the real estate labor force and the character of the work itself differed markedly from those of the aggregate labor force, particularly for women. Only 15 percent of women realtors in 1930 had never been married, versus 54 percent in the overall female labor force. Women in real estate also received equal pay for equal work. As in many other sectors of the economy, the mobilization for war drew many women into the real estate field to fill the gaps left by men drafted into military service. While men’s participation in the field grew by about 20 percent between 1940 and 1950, women’s participation increased by 97 percent. This change reflected the major shift in the postwar decade of women into the financial, insurance, and real estate sector (FIRE): women constituted 33.6 percent of FIRE workers in 1940 and 44.3 percent in 1950, the largest structural shift by gender of the postwar decade. Women who remained in the manufacturing labor force after the war reverted to occupations that were feminized before the war.

In the FIRE industries, there was not only a significant increase in women on the whole, but there was also a tendency for women to enter formerly male occupations, such as real estate brokerage. From the perspective of 1930 or even 1940, real estate women were anomalous in almost every way. But from the perspective of 1970, they look quite typical. Rosie the Riveter was a far more ephemeral character than Rosie the Realtor.

Katina Manko, *University of Delaware* “Servicing Gender: Avon Products, Inc., Tupperware, and Mary Kay Cosmetics”

In the twenty-five years following the end of World War II, the direct-selling industry entered a significant period of both structural and ideological reorganization. The gender makeup of the direct-selling labor force shifted as women came to account for more than 80 percent of direct-sales agents (up from fewer than 15 percent in the prewar period). The transfer coincided with the development of new sales management methods, most notably the home-party selling plan and multilevel marketing. Newly formed Tupperware Home Parties (1951) and Mary Kay Cosmetics (1963)—only two of thousands of direct-sales companies launched in the postwar period—recruited only women and built their reputations on the character and style of their sales forces, which by the postwar era had become so strong and exerted such powerful cultural personalities that direct selling itself became a feminized industry. This paper argues that the feminization of direct selling, reflected by the domination of women in the labor force, included the bureaucratic development and exploitation of women’s social networks for profit and the creation of an alternative management style marked by motivation and emotional control. Finally, the paper also briefly examines the role of the Direct Selling Association in developing a code of ethics that attempted to stave off criticism from the consumer movement in the 1960s by linking representatives’ status to paternalistic protection.

Gelina Harlaftis, *University of Piraeus*, and **John Theotokas**, *University of the Aegean* “Global Services of European Tramp-Shipping Companies in the Twentieth Century: The British and Greek Cases”

In the last century, European bulk-shipping companies carried more than two-thirds of the world’s sea trade. In an attempt to trace common patterns and unravel corporate and competitive strategies in the development of these companies, this paper compares the two leading global bulk-shipping operators of the twentieth century, the Brit-

ish and the Greeks. To understand shipping and the structural changes that occurred in the period under examination, it is vital to consider the dimension of the sea-transport services and the coexistence of two separate markets: liner companies and bulk (tramp-shipment) companies. The multinational liner-shipment companies followed the pattern of international business and the transition from personal capitalism to managerial capitalism. A large portion of the bulk-shipment companies did not. Despite their global sea-transport services, they remained family or personal companies with a distinct business culture, relying on trust and closed entrepreneurial circles in their home-port cities as the core of their businesses. With this foundation, they were able to surpass their national boundaries and establish multinational networks.

William D. Wray, *University of British Columbia* "Global Webs of Japanese Shipping"

At the loci where Japanese shipping companies and their supporting alliances met foreign institutions that were functionally global in their business operations, Japanese shipping shed some of its national characteristics and became part of a global infrastructure. Those meeting places, which I have termed "nodes," are a principal concern of this paper. Methodologically, the paper draws on the literature of commercial diplomacy and, perhaps more importantly, on that of organizational debates concerning the nature of company structure. If it was the foreign agent who acted as a node between separate resource sets of different nationalities, it was often the employee of the Japanese company abroad who formed the link to that agent. Thus the company employee became the transmitter of information and knowledge back to the head office. Insofar as company representatives also undertook substantial market research abroad, they interpreted, not just transmitted, the information that came through these nodes.

Michaela Barnard and David J. Starkey, *University of Hull* "Local Providers of International Shipping Services: The Wilson Line of Hull, 1891–1939"

The Wilson Line of Hull was one of Britain's leading liner companies from the 1870s to 1916. It was a family firm that exhibited many of the characteristics of that genre, notably difficulties in raising sufficient capital to sustain its rapid early growth. To remain independent despite this funding problem, the Wilsons pursued two main strategies. First, they sought to defend their position in northern Eu-

ropean trade by exploiting agency networks to enhance their bargaining position in negotiations with competitors. Second, through merger, competition, and acquisition, the Wilsons endeavored to consolidate their power within Hull. This strategy, bounded by company structure and dynastic ambition, had a significant impact on the pattern of trade in northern Europe and the North Atlantic and a strong influence on the development of Hull's maritime interests. With the Wilson Line of Hull as its focus, this paper considers the relationships among company structure, business strategy, and the provision of international shipping services.

Gordon Boyce, *Victoria University of Wellington* "A Model of Liner-Shipping Networks: Dynamic Links between Vessel Operators, Overseas Agents"

Beginning with a stylized overview of the interorganizational links that typically bound liner-shipping networks before 1914, this paper concentrates on the ties between ship operators and their overseas agents and presents a dynamic model to explain the varieties of outcome. In contrast to the variables that Oliver Williamson suggests affect institutional arrangements (transaction-specific investment, the frequency of exchange, the degree of prevailing uncertainty, and the number of bargainers), this model identifies reputation, resources, and information as the crucial factors. In the prevailing social and cultural context before 1914, individual or corporate reputation signaled trust to prospective partners; the resources at the command of a bargaining party determined the range of deals they could forge with others in order to assemble the assets needed to develop a regular liner service. Finally, the nature of the information available determined the range of potential "productive opportunities." Thus, network links were based on bonds of trust that served to facilitate knowledge-based transactions supported by sets of complementary resources mobilized through interfirm cooperation. Correspondence collected from numerous British shipping firms and their Canadian and American agents reveals the existence of an international, occupation-specific culture that supported communications and contracting activities.

Rolv Petter Amdam, *Norwegian School of Management* "Business Schools between Academia and the Service Industry: Changes in European Business Education in the Twentieth Century"

Modern comparative studies on business education tend to highlight the strong global influence of American management education since

World War II. This paper questions, however, the idea of a linear development of European business schools toward a global homogeneous standard based on the American model. The paper focuses on three aspects of business education: first, the tension between national institutions of education on the one hand and, on the other, international role models and international institutions that have contributed to homogenization; second, the conflict between practice and academia that is embedded in business schools; third, the distinction between structure and content in education. One of the conclusions of the paper is that there has been a process of Europeanization in business education since the 1970s.

Stanley L. Engerman, *University of Rochester*, and **Kenneth L. Sokoloff**, *University of California, Los Angeles* "Schooling Institutions and Paths of Development in the Americas, 1800–1945"

The importance of institutions in economic growth has come to be more fully appreciated in recent years, and schools are widely acknowledged as among the most fundamental of such institutions. Levels of schooling and literacy have been related theoretically as well as empirically to labor productivity, technological change, and rates of commercial and political participation. Yet, despite the recognition that the substantial differences in the prevalence of schooling and literacy across countries may have been important contributors to disparities in their patterns of economic growth, we lack a basic understanding of how these differences first emerged and evolved over time. This paper explores the experience in the Americas after colonization by the Europeans. Although many societies arising out of European colonization were sufficiently prosperous to have the material resources to support the establishment of institutions of primary education, only a relatively small number made such investments on a scale sufficient to serve the general population before the twentieth century. We systematically examine relevant evidence and find that, although investment in schooling is strongly and positively correlated with per capita income over time and across countries, much variation remains to be accounted for. The extent of inequality in political power, as reflected in the proportion of the population who can vote, seems to be associated with lower literacy and schooling rates.

Birgitte Holten, *University of Copenhagen* "From Coffee Trade to World Market"

During the late nineteenth century, the introduction of modern means of communication played a crucial role in the establishment

of modern trade structures in the Atlantic. The telegraph and the regular steam liners connecting Europe and the United States with the tropical coffee-producing regions fostered methods of trade that were new and creative—but shortly overtaken by the still faster development of technology. Parting from an analysis of the shipping of coffee from the port of Rio de Janeiro, this paper studies commercial relations and methods in the Brazilian coffee export trade. The impact of new technologies on the coffee trade is specially considered, and the resulting transformation of trade relations is outlined. A periodization of the methods of trade is proposed and special focus is placed on transportation in an attempt to contribute a dynamic view on the transition from sail to steam toward the end of the nineteenth century.

Steven Topik, *University of California, Irvine* “How Mrs. Olson Got Her Full-Bodied Coffee: The Industrialization of the Coffee Service Sector in the United States, 1860–1950”

Mrs. Olson was part of coffee’s history of evolving market and corporate institutions, growing state power, changing tastes, and, of course, advertising. From a very simple commodity chain that involved delivering green beans to the Mrs. Olsons of the world, coffee became surprisingly complicated. Wholesale and retail grocers were the innovators in reshaping the trade. Starting out as simple middlemen, they increasingly became industrialists. The coffee sector underwent a revolution in both production and distribution. The kitchen became industrialized, brand names arose and spread, large firms eventually dominated the market, roasters and wholesalers organized, and the government created oversight institutions that had significant consequences for gendered roles in coffee preparation. Mrs. Olson’s role changed; she went from being the most important actor in preparing coffee to being only secondary, from producer to consumer.

Julie A. Charlip, *Whitman College* “Family as Foundation: The Social Organization of Nicaragua’s Coffee Economy”

This paper examines the ways the family served as the basic building block of the coffee economy and of society in Carazo, Nicaragua, during the coffee boom from 1880 to 1930. Wives and children were crucial to the organization of a work force for small and medium-sized farms. Simultaneously, their labor on larger farms served as a means of repayment for debts incurred in maintaining their own

smaller farms, many of which were coffee producers. At the wealthier end of the scale, intermarriage among elite families guaranteed a social, economic, and political network that was carefully maintained. Within this complex structure, the coffee economy provided new opportunities for women. But, as for the lower classes in general, the new opportunities were limited by the patriarchal structure in which they were embedded.

Michael French, *University of Glasgow* "The National Negro Business League and African American Business Strategies, 1900–1920"

For Juliet Walker, the period from 1900 to 1930 was "the golden age of black business," with a pronounced expansion of and greater diversity in business ownership, entrepreneurial achievements, and wealth among African American men and women in the United States. Walker highlights the achievements of black business in the face of obstacles presented by racism, limited resources, and constraints on black incomes and consumption. Similarly, Robert E. Weems emphasizes the successes of black business during the "Great Migration" to the cities of the South and North. Associations, societies, and clubs were an important feature, too, in the late nineteenth and early twentieth centuries. In this context the establishment of the National Negro Business League (NNBL) in 1900 was a significant step, which both Walker and Weems highlight. The key figure in the NNBL was its president, Booker T. Washington, whose speech to the annual convention was a major event. The intention of the NNBL was to bring together black businessmen and businesswomen in order to exchange information and gain "inspiration." This paper considers the scale of the League in terms of the number of branches and their location. The reports of national organizers are used to assess the actual effectiveness of local branches and the problems of maintaining effective organizations at the local level. The paper examines the branches' role as business networks and the function of the annual convention as a means of publicizing business achievements. The increasing calls for new approaches, leading to the eventual broadening of the League's activities in the 1920s, are assessed. The paper argues that the obstacles to the League's generating its own capital and investment led to an increasing emphasis on the importance of persuading black consumers to patronize black-owned enterprises.

Jason Chambers, *Ohio State University* "To Market to All: The Role of African American Sales and Marketing Experts in the Expansion of the Black Consumer Market"

Through an examination of the National Association of Market Developers, the primary organization of African American advertising, marketing, and public relations experts, its corporate marketing efforts, and the advertising efforts of companies in several industries, this paper examines the role that African American specialists in advertising, marketing, and public relations played in the evolution of the African American consumer market. This study addresses several topics: first, it analyzes the marketing efforts of companies that had a history of marketing products to African American consumers; second, it discusses the impact of the post–World War II attention to the black consumer on companies that had flourished when those consumers were ignored; third, it examines the effects of the increased corporate attention on African Americans. Exactly how blacks viewed the corporate recognition and the impact that it had on their continuing struggle for political and social rights forms a major part of this study.

Jonathan J. Bean, *Southern Illinois University* "The Business of Race: The Small Business Administration and the Origins of Affirmative Action, 1963–1965"

Between 1963 and 1965, the U.S. Small Business Administration (SBA) pioneered race-based affirmative action by promoting "disadvantaged" businesses, hiring minorities, and monitoring the employment practices of loan recipients. After 1965, the SBA continued to develop racial preferences in lending and government contracting. The confident idealism of the earlier period was lost, however, as the SBA navigated between black militancy and white resentment of "reverse discrimination." The agency's minority enterprise programs did not work well but have become politically inviolable. This essay, which examines a forgotten chapter in the history of affirmative action, is drawn from the author's forthcoming book, *Big Government and Affirmative Action: The Scandalous History of the Small Business Administration* (2001).

Jonathan Coopersmith, *Texas A&M University* "Fax Services: Providing Value and Convenience"

The introduction of a new technology is usually accompanied by an explosion of firms offering services. In facsimile, the late 1960s to the early 1990s were characterized by high rates of business failure, a large number of firms rapidly entering what they perceived as a promising market, a wide and evolving range of services, and the winnowing of the players. This paper considers three basic types of facsimile providers, which emerged in three distinct waves, closely correlated to the available technology and its diffusion. One was the small start-up, such as American Fax Service, which provided public fax services between major cities. The second was a long-distance circuit provider, such as MCI, which introduced fax as an additional service. The third was an existing business, such as a copying center or press release distributor, which added fax as another service.

Richard Coopey, *University of Wales, Aberystwyth* "Service from a Passing Technology: The ATM and the Failure of a Cashless Society"

The automated teller machine (ATM) is arguably one of the most prominent service technologies to emerge in the last fifty years, having spread throughout the world. In the process, it has utilized and advanced the development of a range of technologies both in data processing, storage, and transmission and in security and security systems (and their criminal counterparts). In addition, it has instigated a series of trends in international agreements and standardization, homogenizing global banking services. The ATM has had a profound social effect and has led to a redefinition of urban space and to a homogenization of aspects of global culture. This paper examines the effects of the ATM but also demonstrates the ways in which it serves as part of the evolving control regime—reshaping the labor process within the banking industry, for example. The paper considers the resistance and inertia within society that have contributed toward both the adoption of the ATM and its rejection. The ATM is clearly an ephemeral technology that will be superseded by other forms of electronic fund transfer (EFT) systems. The paper judges the historic pace of this change, questioning whether the ATM is an advance in service technology or a symbol of technological inertia within the global banking system and of cultural inertia within different societies.

W. Mark Fruin, *San Jose State University* “Evolving High-Tech Services in Silicon Valley: From Chips and Operating Systems to Full-Function Research and Development, Design, Production, Logistics, and Financial Services”

During the past quarter century, Silicon Valley has virtually reinvented itself and, in the process, corporate strategy. Every step and possible combination of steps in the value chain, once internalized in functionally organized and M-form firms, is now outsourced to global service provider firms and networks. The traditional competitive advantages of location, location, location and firm-specific, managerial hierarchies are seriously challenged as a result. Other advantages—spatial, relational, and strategic—of being in Silicon Valley remain. But management and strategy, as we have known them, are out of step with the disembodied virtual firms, global teams, and worldwide 24/7 activities that characterize Silicon Valley’s businesses. Even the Valley’s pioneering firms, chip makers like Fairchild and National Semiconductor and device manufacturers like Hewlett-Packard, are today more likely than not to be without their own fabricating and manufacturing plants for the latest generations of chips and gear. Instead, electronic design automation (EDA) firms, chip foundries, and contract service providers supply the Valley with a constant gush of memory, logic, and application-specific chips, designs, and semifinished and finished electronic goods.

Jennifer L. Frankl, *Williams College* “Reducing the Risks of Overseas Trade: Japanese Trading Companies in the United States, 1915–1941”

Trading companies reduce transaction costs that limit the ability of nations to obtain gains from trade. This paper seeks an explanation for differences in the organizational structure of foreign trade intermediation among nations. It constructs a model in which manufacturers choose between pursuing unintermediated transactions and using a trading company to provide matching services, transaction insurance, or both. It draws assumptions about insuring trading companies from archival evidence and rich secondary sources on Japanese trading companies. The model shows that, in a world of risk-averse firms, a manufacturing firm will use a trading company to insure its transactions when its risk premium is higher than that of the trading company by enough to cover a reputation premium. The model suggests that it was Japan’s underdeveloped capital markets, as well as language and cultural gaps between Japan and the rest of the world, that generated conditions that sustained an equilibrium

with trading companies that provided both matching services and transaction insurance. In addition, the model predicts that trading companies of large scale and scope will be the lowest-cost providers of credible transaction insurance.

Teresa da Silva Lopes, *University of Reading* "Governance Structures in the International Distribution of Alcoholic Beverages"

The alcoholic beverages industry provides an interesting insight into governance structures used by firms in international distribution of brands over time. Drawing on empirical research on the world's largest alcoholic beverages firms from the 1960s, this study compares the three main types of governance structures—the market, the hierarchy, and the alliance—and illustrates how alliances had an evolving and increasingly strategic role over time. This paper highlights the role of alliances in international distribution between direct competitors, a topic that has received little attention in either business history or international business literature. The studies that do exist take an essentially theoretical perspective. Drawing on concepts from transaction-cost economics and from economic theories of the multinational enterprise, this paper identifies several factors behind the long-term trend of creating alliances with competitors. These alliances are shown to have exercised a major impact on the long-term survival of the firms.

David Merrett, *University of Melbourne* "Australian Firms Abroad: Why So Few, Why Those, and Why Then?"

Drawing on the foreign direct investment (FDI) and the internationalization-process school literature, this paper theorizes about the creation of multinational firms from a small-commodity exporting economy located in the southwest Pacific before 1970. The paper argues that the character of the economy, the timing of the development of its industries relative to those overseas, and its trade policy settings all combined to reduce the likelihood that many Australian-based firms would become successful multinationals. Although many firms from the resources, services, and manufacturing sectors have been identified as having made foreign direct investments since the late nineteenth century, for most of these firms their overseas investments were marginal adjuncts to domestic business. Moreover, the overwhelming bulk of investment was concentrated in neighboring New Zealand and the islands of Melanesia.

Fredrik Sandgren, *Uppsala University* "Foot Soldiers of the Market Economy: Rural Retailers in Northern Sweden, 1870–1890"

The northern part of Sweden, Norrland, became integrated into the national and international economy as commercial forestry expanded in the 1850s. Because towns were relatively small and far apart, a growing rural population came to rely on rural retailers for the distribution of goods. The majority of the rural retail businesses were general stores. A hierarchy developed between a few large retailers, often combining retail and wholesale, and a mass of small businesses. Large retail businesses came increasingly to be organized as partnerships. The majority of the deliveries came from wholesalers in the larger towns in Norrland, but contacts with southern Sweden were common. The coming of the railway in the 1880s increased the importance of wholesalers in Norrland. The social composition of customers reflected the social composition of the population in the region, though there were differences in consumer behavior between social groups.

Laird Jones, *Lock Haven University* "Business History from Marketplace Rumor: Contemporary Accounts of the Rise and Fall of Allidina Visram's East African Retail Empire, 1893–1914"

In both published memoirs and popular reminiscences, Allidina Visram is remembered for having placed his firm on the cutting edge of turn-of-the-century East African commerce—reorganizing the firm's caravan operations to take full advantage of railway construction, pressing ahead into wholesale buying of new cash crops, and, of course, establishing one of the first, and certainly the largest, networks of retail shops in the interior. Commercial intelligence gathered by Visram's rivals, however, qualifies this view considerably. Contemporary business analysts cautioned that Visram's firm suffered from recurrent difficulties in personnel oversight, cash flow, and inventory control. Moreover, competitors noted that Visram's expansive retail strategy, though initially quite profitable, grew less so in once-key affiliates and that his subsequent efforts to diversify into plantation agriculture, transportation, processing, and real estate were also largely unsustainable. Thus, while many in the public considered Visram's firm a leader, and Visram's personal fortune extensive, behind the scenes his affairs were in increasingly serious difficulty.

Zephyr Frank, *Stanford University* "Measuring the Role of Services in the Brazilian Far West: Mato Grosso, 1870–1937"

Because Mato Grosso was more productive per capita than most states in Brazil, it had relatively high per capita income. High incomes, in turn, engendered demand for private and government services. Because of the small population and great size of the state, these services could not be provided cheaply or efficiently. Moreover, because the state itself was marred by an oligarchic-patrimonial institutional environment, the resources obtained by the state were spent neither wisely nor well; rather, they were diverted into rents for members of the political elite and payments for mercenaries responsible for subverting public order.

Helen Shapiro, *University of California, Santa Cruz* "Transnational Corporations and Competitive Strategy in Latin America"

Economists studying developing countries must bring an explicit theoretical and empirical analysis of the firm back into their work. This paper reviews the ways in which Michael Porter's work on the firm has been applied in the context of less-developed countries; it argues that, while this work has been important in convincing policymakers that macro reforms alone are insufficient, this approach often reduces national development to the microlevel of the firm and ignores the historical and institutional specificities of less-developed countries. In particular, this work focuses almost exclusively on nationally based firms, whereas industries in many less-developed countries are dominated by transnational corporations.

Bruce Kogut, *University of Pennsylvania* "The Digital Divide and the Global Labor Market: The Case of Indian Software Houses"

Historically, the movement of people has played a significant role in the diffusion of economic knowledge among countries. The great study of Europe by David Landes is essentially a history of the diffusion of British knowledge to the Continent. The traditional interpretation of the process of diffusion is that the movement of people was supplanted by the growth of the multinational corporation and by economic consultancies that spanned borders. The striking feature of the modern economy is that the individual is again playing a prominent role in the diffusion of knowledge. This role is especially clear in the software industry in the reverse brain flows from the United States to countries such as India. Unlike the early history of

such movements, this migratory flow is supported by informational technologies that can communicate ideas and exchange on a rapid basis. The interesting question is, "What are the limits of the exchange of ideas, and what is the meaning of a border, when communication speeds and capacity increase to permit almost instant transmission among sites located thousands of miles apart?" This paper argues that, despite important limitations, the Internet and information technology will have revolutionary effects on some developing countries.

Alice Amsden, *Massachusetts Institute of Technology* "A Truer Globalism: National Ownership of Firms in 'The Rest'"

Globalization is sometimes measured by the rate of a country's outward direct foreign investment (DFI). By this criterion, globalization applies only to countries that are members of the Organization for Economic Cooperation and Development (OECD). A truer globalism would involve outward DFI by nationally owned firms from latecomer countries. But the incidence in latecomer countries of nationally owned private big businesses (discussion is restricted to the manufacturing sector) has been greater in China, India, Korea, and Taiwan than in Argentina, Brazil, and Mexico (other latecomers fall somewhere in between these extremes). The incidence of nationally owned manufacturing leaders differs among latecomers, depending on their prewar manufacturing experience and income distribution. The key is skill development. Generally, multinational companies from OECD countries do very little research and development in latecomer countries. Instead of investing in their own skills, Argentina, Brazil, and Mexico (as well as other latecomers that have a high incidence of DFI) depend on spillovers for their increases in productivity. Thus latecomers have divided into two groups: those that invest heavily in their own technological capabilities and those that depend on spillovers from foreign firms. The new global rules of the World Trade Organization tend to favor the spillover model and foreign ownership.

Catherine R. Schenk, *University of Glasgow* "Banks, Smugglers, and the Integration of Hong Kong and China, 1945–1955"

Financiers, merchants, and traders reacted creatively to the succession of crises that rocked Hong Kong and China between 1945 and 1955. The hyperinflation caused by the nationalist regime in China generated smuggling and black markets for notes and goods that be-

came important sources of conflict among China, Hong Kong, and Britain. In the early 1950s, the American and United Nations embargoes on trade with China and Hong Kong further distorted commercial relationships. Exchange controls in the rest of the world launched the free markets in gold and American currency in Hong Kong into global importance. This paper offers detailed new evidence on the responses of entrepreneurs to these events by examining illegal currency transactions and the smuggling of gold and strategic goods. These examples show how Chinese entrepreneurs were able to exploit the laissez-faire policy of the Hong Kong government, the unregulated and dynamic banking system, and the free exchange market to create opportunities that heightened both the regional and global role of Hong Kong in this period.

Choi Chi-cheung, *Hong Kong University of Science and Technology* "State, Merchants, and the Business Environment in a South China Treaty Port: Currency Reform and the 1934 Financial Crisis in Shantou (Swatau)"

In the 1920s, under pressure to abandon silver as a standard currency, local government in the Chaoshan district faced resistance from local merchants, who refused to standardize the confusing currencies. Until 1934, traditional local banks (Qianzhuan), remittance houses, and large trading firms in Shantou, under the protection of the local chamber of commerce and trading unions, issued their own paper notes and enjoyed the liberty of currency convertibility. Remittances sent from overseas and connections with banks and trade in Hong Kong and Southeast Asia nurtured small businesses (with small capital) in Swatau and enhanced the prosperity of these small financial institutions. But when the world economic crisis finally struck Swatau in 1934, the local government, with the introduction of the Central Banking System, successfully enforced the use of a national currency (*guo bi*) and took possession of the right to issue paper notes from these various agents. This triumph did not save the tumbling local economy, which was further hammered by decreasing remittances and diminishing trade with Hong Kong and Southeast Asia, as well as by the decline of the small financial institutions. The economy of Shantou, once the second most important treaty port on the southeastern coast of China, never recovered from the crisis. This paper analyzes the strengths and weakness of the structure of the trading environment in Swatau and discusses the competition between merchants and the state over the control of finance and responses to the world economic crisis of the late 1920s.

Gerben Bakker, *European University Institute* “The Social Savings of the Film Industry: Leading the Way toward Increasing Productivity Growth in Services, 1890–1940”

How much would society have to spend if all demand for entertainment had to be met by live entertainment? This paper estimates and compares the social savings generated by cinema technology in the United States, Britain, and France at the end of the 1930s. Preliminary findings suggest that social savings were highest in the United States—about \$4 billion in 1939. Moreover, about two million extra workers would have been needed. If consumers had kept expenditure constant, they would have had to reduce consumption, measured in spectator hours, by about 80 percent. Social savings in Britain and France were relatively small, probably because of the relative abundance of skilled live-entertainment workers. Some economists argue that an ever-increasing share of national income will be spent on services such as entertainment or health care because of minimal productivity growth. The difference in social savings and productivity between the United States and Europe suggests that no fundamental difference exists between these service industries and manufacturing industries in their response to market conditions. Moreover, the observation of minimal productivity growth may depend on (inadequate) output measurement and industry definition.

Peter Miskell, *Unilever History Project* “‘Bogart or Bacon?’: The British Response to the Appeal of American Films in an Age of State Protectionism, 1927–1948”

The decades from the end of World War I to the 1950s were the period of the cinema’s greatest appeal. Nowhere was this appeal stronger than in Britain, where cinema admissions were well in excess of thirty million per week by the mid-1940s. Yet in an age when cross-border trade in goods and services was so restricted in other areas, the film industry was able to thrive on an international level. Hollywood films and their stars achieved worldwide popularity, and Britain provided the largest export market for this form of American entertainment. This paper examines the responses of the British government to the popularity of American films. It will argue that the cinema was regarded as a service industry of special significance on a cultural and social as well as on an economic level. The cinema’s role in portraying and promoting national culture and traditions was a key factor in the government’s decision to provide protection for

the British film industry in the 1920s. By the 1940s the cinema's economic importance had come to the fore, and in 1947 Treasury officials decided that the country could no longer afford to import American films. In the dispute that ensued between the British government and the U.S. film industry, it was the government that backed down. Politicians had assumed that, if given the choice between Bogart and bacon, the public would be forced to opt for the latter. They did not. The cinema was not a trivial or meaningless entertainment that could easily be discarded, but a service industry that stood at the very heart of mid-twentieth-century British society.

Louis P. Cain and Dennis Meritt, *Loyola University* "The Evolution of Zoological Parks and Aquariums, 1960–1990"

The modern zoo and aquarium industry evolved from within, a product of the environmental awakening and society's renewed dedication to preservation. Zoos and aquariums constructed new habitats designed to promote normal behavior. There has been a significant change in the way in which these institutions obtain animals. Before World War II, most exchanges involved purchase. Over the period in question, loan arrangements came to dominate, as indicated by the records of 22,500 animal trades, from 1900 on, that involved endangered species. Because of the emphasis on endangered species, most institutions have reduced the number of species they display and increased the number of specimens per species. This is documented through an examination of the annual animal inventories from seventeen institutions. The result, according to the financial information from eighteen institutions, has been a substantial increase in cost. Did the market signal that such a transformation was demanded, that the public was willing to pay? An analysis of information provided by the (North) American Zoo and Aquarium Association indicates that there was no significant change in demand over the period.

Karl James Moore and David Charles Lewis, *McGill University*
"Multinational Trade and Enterprise in Republican Rome"

In the first century BCE a single economic order prevailed from the Atlantic to the Euphrates. By that time the Romans had ensured the final victory of independent enterprise over the more vertically integrated Oriental model of business management. This victory, however, was only partial, for alongside the innumerable entrepreneurs and contractors trading under the Roman eagle from Iberia to India,

a few large family firms, partnerships, and semipublic corporations did exist. Some firms, moreover—especially the publican partnerships operated by the Roman *equites*, or knights—grew to enormous size, engaged in mass production, and even embodied an early form of limited liability. This paper outlines the evolution of Roman economic activities to the first century BCE. We see some of the management policies and issues of today reflected in that era.

Ann M. Carlos, *University of Colorado* “Marketing to Native Americans during the First Wave of Globalization”

The seventeenth and eighteenth centuries saw a dramatic increase in the volume of trade among Europe, Asia, Africa, and the Americas. These long-distance trades allowed Europeans to consume a whole new range of commodities. To date, research has focused on what Europeans had available to them and on the companies conducting those trades. There has been little examination of the process by which these goods came to be available. Using the account books and correspondence of the Hudson’s Bay Company, this paper examines marketing to Native Americans from 1700 to 1770 by looking at the role played by company managers, the London head office, and Native Americans in determining what range of goods would be sold in Hudson’s Bay posts. Native American consumers were active participants in determining the quality of the goods presented to them. London directors used the feedback from their managers and consumers to change the nature and quality of the goods sent. At the same time, London directors also sent out goods on trial to “see how the Indians liked them.” The goal was to find new goods that would attract more Indian traders and hence more furs to the posts. This paper also documents the impact of increasing competition from the French on the marketing strategies of the London directors.

Gunhild J. Ecklund, *Norwegian School of Management* “Between Politics and Markets: The Role of the Bank of Norway, 1945–1970, in International Perspective”

Between 1945 and 1970, the Bank of Norway gradually lost its independence to increasing political control. This paper outlines the research problems, hypotheses, and theoretical and methodological approach of a doctoral dissertation on the role of the Norwegian central bank during this period. In contrast to the conventional view, the paper argues that, by using moral suasion and closed-door negotiations rather than public confrontation, the bank continued to exert

substantial influence on policy formulation and implementation. Through an in-depth study of relations between the Bank of Norway and other key actors, including private financial institutions, political authorities, and central banks in other countries, the paper demonstrates how the bank formed a new role in interaction with its institutional environment. Although the Norwegian case resembles those of other countries in the first postwar decade, the development diverges in the 1960s, when the political authorities reinforced their control of the Bank of Norway as part of general extensions of credit market controls.

Alison C. Parkinson, *Oxford University* “‘Marry—Stitch—Die—or do Worse?’ Insuring Her Assets: Small-Business Venture and the Female Self-Employer in Early Victorian London”

The Marginal-Person Thesis proposes that it is often those individuals who find themselves marginalized within the occupational structure who turn to small-business proprietorship as an alternative to deprivation in the labor market. This theory has most commonly found expression in studies examining the role of religious minorities in the small-business marketplace. It is well documented, however, that women also often find themselves in a disadvantaged position in the paid-labor market. The late eighteenth and nineteenth centuries saw a narrowing of employment opportunities for women of the “middling sort.” This narrowing intensified with the rise of Victorian dogma that marriage and motherhood were the true vocations of women. For those women who were never married or who were deserted or widowed, self-employment through small-business proprietorship became an avenue to economic survival and identity. This paper presents evidence of a reaction to marginalization alternative to that of the “retreat into the home” conventionally attributed to Victorian women.

Serguei Cheikhetov, *University of California, Santa Cruz* “The Comparative Analysis of the System of Values of Russian and American Private Entrepreneurs in the 1920s”

A system of values is one of the main characteristics of every social group. A developed system of values is a sign of the independence of a social group and its isolation from the influence of other social strata. The system of values regulates the behavior of members of the group in different situations and determines their tastes, life styles, and moral qualities. This paper compares the system of values of Russian and American private entrepreneurs in the 1920s. The types of

behavior that may be significant for understanding a system of values are innumerable, but a few important examples, especially for an analysis of the values of private entrepreneurs, include attitudes toward wealth, labor, political power, family life, and entertainment. This paper explains that Russian and American societies, to a large extent, represent opposite examples of social development, that Russian and American entrepreneurial traditions developed in extremely different cultural backgrounds, and, finally, that the social-economic characteristics of Russian entrepreneurs of the 1920s and their American counterparts were far from similar. Nevertheless, there were important commonalities between their systems of values.

Gayle K. Brunelle, *California State University, Fullerton* "Wives as Business Partners in Early Modern France"

Through examination of records of the merchants' court of Rouen, this paper argues that wives played a vital role in their husbands' commercial affairs in early modern France (sixteenth and seventeenth centuries). The essential and trusted partners of their husbands, wives wielded significant authority to make business decisions in their spouses' absence. Men frequently sent their wives to argue complex commercial disputes before the *jurisdiction consulaire*, or merchants' court, where these women had to decide how to plead, which witnesses to call, and whether to appeal or accept a verdict. Husbands delegated legal power to their wives through notarized proxies that the commercial court recognized. Thus, although wives may have yielded to their husbands' authority in most cases, they and their spouses were partners who cooperated in running the family business. Wives were as knowledgeable about their commercial affairs as their husbands and were quite capable of taking charge in their absence, a fact which husbands, and their clients and creditors, acknowledged.

Lisa A. Marovich, *Loyola Marymount University* "Men, Women, and the 'Useful Arts': American Enterprise and Inventive Culture to 1860"

In what ways did men and women promote invention and technological enthusiasm from the colonial period to 1860? Before the American Revolution, colonial legislatures issued patents only to men. The United States emerged from the war with a commercial culture that emphasized the importance of individual initiative and personal property. The federal government recognized the importance of new technologies and established a patent system to pro-

mote invention. The Patent Act of 1793 was inclusive, yet patenting remained an activity for free white men, as state laws prohibited married women from owning property and profiting from inventions alone. America's inventive culture focused on the individual male inventor who patented for the good of the country. This cultural emphasis evolved from the patriarchal structure of the family unit. As the heads of households, men could own property, engage in business, and invent for profit. Literary sources portrayed women as devoted wives and mothers who dwelled outside the public sphere. Despite these pervasive constraints, women participated in various sectors of the commercial economy. Women's technological activities did not usually translate into patented inventions during this period, but, as this paper traces, social and economic pressures in the young nation expanded the scope of acceptable female behavior in civic space and in the marketplace.

Clark Davis, *California State University, Fullerton* "Girls in Gray Flannel Suits: The Postwar Boundaries of Women's Careers"

The nation's collective perceptions of women's experiences during the 1950s have remained heavily influenced by the decade's television moms. Loving mothers, doting wives, and calm, efficient homemakers—the June Cleaver ideal—have epitomized postwar womanhood for many in the generations since. Far from being an era of maternal domestic tranquillity, however, the 1950s proved a decade of enormous transition in the gendering of the nation's labor force. Middle-class white women entered the white-collar work force in steadily swelling numbers, and work became an increasingly standard part of life for married women. By the dawn of the 1960s, a career beyond the duties of wife and mother became both possible and desirable for millions of young white women who only a generation or two before would have been dissuaded from such aspirations. This paper explores the complex and confusing world postwar "career women" faced through a survey of American popular culture during the period. The entrance of hundreds of thousands of white, married women into the labor force during the 1950s generated a powerful backlash of male fears and resentment and a conservative counterreaction to the destabilization of traditional gender roles.

David B. Sicilia, *University of Maryland* "The United States Maritime Industries and Global Competition, 1950–2000"

The conventional narrative of the American maritime industries during the second half of the twentieth century is a story of harrowing

collapse, as one after another major shipping line failed or was sold and the amount of tonnage traveling on American flagships plummeted. Although this story is true enough, this paper challenges the standard declension model by tracing a number of areas in which the industry transformed itself in the face of growing pressures to globalize. These include ship engineering and design (in which American firms became major exporters of know-how, much as they did with railroads in the nineteenth century), finance (with innovations such as charter-backed and asset-backed financing and self-liquidating ship funds), maritime brokerage, maritime insurance, maritime law, and intermodal science. Moreover, the paper argues that Americans led the charge toward foreign flag registries and that American investment capital continues to play a major role (through offshore and shell corporations) in worldwide maritime asset ownership. Finally, I describe how American entrepreneurs (especially truck-fleet owner Malcolm McLean), by inventing containerization, ushered in radical improvements in postwar shipping that transformed not only American shipping interests but also maritime operations throughout the world.

Alex Roland, *Duke University* "National Security and Economic Reality: The Failure to Develop a Viable Merchant Marine Policy for the United States, 1900–1950"

The failure of the United States to sustain a merchant marine, especially a fleet of dry-cargo vessels, in the twentieth century, despite repeated national commitments to do so, has inspired a large and ongoing literature. National security and economic competitiveness are accepted in this literature as the rationale for a merchant marine. The national failure is most often ascribed to the lack of a viable economic model for a U.S. merchant marine and the inability or unwillingness of the government to provide adequate subsidy. This paper addresses the question in the context of the first half of the twentieth century by focusing on technology and war as categories of analysis. It argues that the aviation and automobile industries provide fruitful comparative prisms through which to see the maritime industry anew. This comparison suggests that national security explains subsidy decisions better than economic competitiveness.

John Wertheimer, *Davidson College* "Free Enterprise and Free Speech: The Business-Firm Ancestry of the Modern First Amendment"

Gilded Age and Progressive Era business firms are rightly remembered as active litigants. Their attempts to defeat unwanted govern-

ment regulations by invoking such constitutional provisions as “due process,” “freedom of contract,” and “interstate commerce” are well known. Much less well known are their attempts to defeat unwanted government regulations by invoking state and national free-speech clauses. This paper analyzes the “free-speech fights” of such late-nineteenth- and early-twentieth-century businesses as debt-collection agencies, “scandal-and-gore” news publishers, railroad corporations, and motion picture companies. The paper compares and contrasts these business litigants to other free-speech claimants from the era and considers the ways in which business litigants influenced the emergence of the modern First Amendment.

Adam Winkler, *University of California, Los Angeles* “Still Contested after All These Years: Corporate Individualism and the Regulation of Corporate Political Activity in the Twentieth Century”

Corporate historians have argued that, beginning in the early twentieth century, the law legitimated corporate power by conceptualizing the business corporation as a “natural entity” or “person” with rights akin to that of individuals. Overlooked in these analyses is the twentieth-century regulation of the electoral process, which tended to treat the corporation as an association rather than as an entity. This paper shows how this area of law embodied an understanding of the corporation as composed of various membership groups—from shareholders to employees to executives—each with distinct, although potentially overlapping, political interests and objectives. Examining legislation and court decisions, the paper reveals how the association-based framework began as a way to limit corporate influence but was transformed over time to become central to the legitimization of corporate electoral involvement.

Howard Bodenhorn, *Lafayette College* “Firms, Knowledge, and Partnership: Organizational Choice in the Antebellum South”

Naomi Lamoreaux has provided several recent insights into the nature of early American partnerships. This article builds on and extends her interpretations. One of the many issues remaining to be sorted out about early partnerships is why they were more common in some lines of business than others. Specifically, about 90 percent of all professional firms (such as those of doctors and attorneys) were sole proprietorships. About 65 percent of all wholesale firms were partnerships. My explanation is based on Harold Demsetz’s theory that firms represent a nexus of contracts defining a combination of

explicit supervision and expected length of relationship. Partnerships fostered long-term relationships and facilitated discretionary business judgment, which made the form particularly useful in the wholesale trade. Because wholesale trade depended on arbitraging fleeting price differentials, discretion was important to success. Yet success also depended on trust. Wholesalers used debt as a commitment device to align each partner's incentives.

Steven Tolliday, *University of Leeds* "Rethinking the Japanese Industrial Policy Debate: Controversies over Trans-War Continuities"

In the 1940s administrators for the American occupation of Japan grappled with the difficulties of imposing radical transformation on Japanese business and economic systems. In the 1950s and 1960s, a consensus emerged that a fundamental remaking of Japanese economic institutions, leading to new dynamics of government coordination and entrepreneurial behavior, was central to Japan's economic success. Chalmers Johnson's classic 1982 account of the history of MITI redrew the picture, placing the powerful trans-war continuities at work in state institutions at the center of his interpretation of the power of the Japanese model. Although Johnson's interpretation was widely celebrated and developed, a gradual tide of revisionism sought to move state action from center stage and emphasize the autonomous role of entrepreneurs, small businesses, networks, and corporate systems. The "bubble economy" and its aftermath did not dramatically shift positions in the West, but in Japan it triggered a major reevaluation of the role of state action and of trans-war continuities, suggesting that Japan was still institutionally and ideologically enmeshed in the "1940 system"—one that overemphasized production and rejected competition and that resulted in "institutional exhaustion." This approach in turn has been strongly contested on several fronts. This paper reviews the controversy and, in particular, focuses on issues of the coherence and continuity of state-industry relations during wartime mobilization and postwar restructuring during the Occupation.

Glen Asner, *Carnegie Mellon University* "Industrial Politics in the Pentagon: The Battle for Control of the Research and Development Process, 1953–1958"

This paper explores a conflict within the U.S. Department of Defense during the 1950s over whether individuals with backgrounds in scientific and industrial research or those with backgrounds in produc-

tion engineering should have oversight responsibility for the military services' research and development (R&D) programs. The practical outcome of the conflict had implications for the way the military services organized their R&D function and the way corporate leaders understood the R&D process. The battle for control of the R&D process within the Pentagon, moreover, was also a symbolic battle for control of innovation throughout the U.S. economy. The Department of Defense became a national battleground for the longstanding conflict over the organization and management of innovation that had been raging on within individual corporations since the birth of industrial research and development.

Terence R. Gourvish, *London School of Economics* "British Rail and the Department of Transport–Treasury Relationship: Social versus Economic Goals"

The objectives and performance of Britain's railway industry in the period of nationalization, from 1948 to 1994, are the focus of this paper. The intention is to examine the social goals of service levels, accessibility, safety, and affordable pricing and the economic goals of viability, profitability, and responsiveness to market signals; place the regulatory and other interventions of government in context by referring to past practice; focus on the interests of the two most relevant government departments, the Department of Transport and the Treasury; and examine the argument that social goals were sacrificed to economic goals in the privatization process. In doing so, the paper sets the debate about "good and bad policies" in an Anglo-American context. The tension between economic and social goals has been shaped by the fundamental economics of railway operation that apply in each country. It is therefore important to recognize that while North American railroads are essentially freight businesses, with passenger traffic of marginal significance, in Britain the reverse is true. The rail-passenger lobby has much more force there than it does in the United States, and the privatization of Britain's railways between 1994 and 1997 has done nothing to remove endemic tensions between social and economic objectives.

Mae Baker and Michael Collins, *University of Leeds* "Investment Practice in the British Insurance Industry during the Twentieth Century"

At the beginning of the twentieth century, the British business corporate structure was dominated by closely held firms, often under the personal control of family owners. Only a small amount of external financing was sought, largely in the form of short-term bank

loans. The activities of the capital market were narrowly based, with equity holdings not widely dispersed. Consequently, the market was generally thin and relatively illiquid. By the last quarter of the century, corporate ownership, equity holding practices, and corporate governance structures had been completely transformed. Share ownership was widely dispersed and the London capital market was extremely liquid. The radical transformation in the investment practices of the British insurance industry was an essential feature of these broader changes, with insurance funds being important as repositories for savings and as major providers of investment funds. Yet this aspect of British financial history has been relatively neglected by business historians. This study begins to redress this neglect by focusing on the long-term development of insurance companies' portfolio practice and strategy. The paper outlines briefly some of the major changes in portfolio composition, presents empirical evidence in the broad context of British economic history, and, in particular, addresses the issues of corporate governance and allegations of short-termism on the part of British financial institutions.

Michèle Ruffat, *Institut d'Histoire du Temps Present* "French Insurance: Changing Frontiers between the State and the Market from the Ancien Régime to 1946"

French insurance companies have been placed under the regulatory oversight of various government bodies since their origins, a sign of the shifting status of insurance in French society. At first under suspicion of being a threat to public order because of the risks of financial speculation, insurance found firmer ground on which to develop in the wake of the Industrial Revolution, then in the movement of social progress advocated by the Third Republic. As the redistributive functions of the state increased, the role of insurance companies as financial institutions grew, and the Ministry of Finances took charge in 1938. Projects of state monopoly were periodically floated in Parliament for a century until the nationalization in 1946 of half of French insurance and the takeover of insurance for occupational hazards by the newborn Social Security, in charge of health insurance.

Dalit Baranoff, *Johns Hopkins University* "Insurance Boards and the Control of Risk in the American Fire Insurance Industry, 1873–1904"

In the era before state regulation of insurance rates, the American fire insurance industry succeeded in regulating itself. The final quarter

of the nineteenth century witnessed a sustained movement toward organization in the fire insurance industry. Through the establishment of local rate-setting boards, and to a lesser extent through national and regional rate-setting organizations, fire insurers were able to control the risks that had plagued their industry since its inception. The local insurance “cartels” of the late nineteenth century differed from their midcentury predecessors in their longevity. As the organizations became stronger, they were able to stabilize prices throughout the industry. As a result, economic downturns no longer routinely resulted in destructive competition, and major fires no longer led to waves of bankruptcies.

Patrick Wehner, *Emory University* “The Rise of an Entrepreneurial ‘Class’: Social Research, Inc., and the Discovery of Consumer Life Styles”

During the 1950s, when a perception of general prosperity made many conventional marketing wisdoms appear suspect, a network of social scientists and marketing experts helped popularize the idea of consumer “life styles.” This paper examines that network of research entrepreneurs, who proposed that ethnographic studies of social class and “styles of life” could help business leaders better understand a burgeoning “middle-income class.” As social scientists affiliated with the Chicago consulting firm of Social Research, Inc. (SRI), anthropologists and sociologists such as W. Lloyd Warner, Burleigh Gardener, and Lee Rainwater produced a series of influential studies suggesting that social class permeates all aspects of everyday life in the United States. But the paper argues that, despite their aspirations to alleviate consumer anxieties and make advertising a progressive social force, SRI researchers, by promoting a particular notion of “life styles,” introduced a way of imagining markets and audiences that tended to minimize power differences.

H. Paul Root, *Florida International University and Marketing Science Institute* “The Evolution of Marketing from the ‘Four Ps’ to Relationships in eSpace: Some MSI Perspectives on the Creation and Utilization of Marketing Knowledge”

Many business historians may be familiar with some of the key changes in the teaching and practice of marketing management that have occurred in the past several decades. These changes include moving from the traditional, internally focused, transaction-based emphasis on the “four Ps” to a more externally focused emphasis on building long-term relationships. Marketing does, however, continue to evolve, because of both “old economy” changes in strategy and

culture required to be successful in the global economy and the “new economy” implications of the Internet and eBusiness. The Marketing Science Institute (MSI) has a 40-year history of involvement in both the theory and practice that shapes this evolution. MSI was created to stimulate a dialogue among business executives and marketing scholars that would lead to the creation, dissemination, and utilization of marketing knowledge. Today MSI consists of about seventy member corporations that include some of the leading consumer, business-to-business, and service firms in the United States and Europe. It has been a major factor in encouraging and funding new fields of research by marketing academics. The 1997 MSI book edited by Lehman and Jocz and titled *Reflections on the Futures of Marketing* deals with some questions discussed within MSI, such as, “How did marketing as a discipline and practice get to where it is now?” and “Where is it likely to go from here?” Some of the reasons that led to the publication of this MSI book and the continuing dialogue within MSI about ways that academics and business can create a mutual-education society may be of interest to business historians. The goal of this presentation is to encourage business historians to consider MSI as a potential partner in conducting their research.

Maria Alice Rosa Ribeiro, *Universidade Estadual Paulista-UNESP* “Science and Technology in the Brazilian Pharmaceutical Firms, 1912–1950”

This paper makes a historical study of the pharmaceutical industry, emphasizing the relationships among science, innovation, technology, and institutions in the pharmaceutical industry and public health. The paper deals with two national firms—Laboratório Paulista de Biologia and Instituto Pinheiros: Produtos Terapêuticos SA—that were founded at the beginning of the century and were very important in the pharmaceutical industry. In the 1970s both were sold to an American firm, Syntex. This study is limited to the period in which these firms belonged to Brazilian owners. They were the last firms sold to foreign capital, finishing the denationalization process of the Brazilian pharmaceutical industry.

Knut Sogner and Svein Olav Hansen, *Norwegian School of Management* “Selling Knowledge: Elektrokemisk and the Creation of a Global Innovation System”

Hit by the economic crisis of 1920, the Norwegian company Elektrokemisk sold its wide-ranging industrial activities focused on electro-

chemicals and electrometallurgy. What was left were its global patents of the Söderberg-electrode for smelting metals, something it subsequently used to get advantageous feedback from its customers. Being a seller of knowledge also meant being a learner. This approach helped Elektrokemisk back into production in the 1950s, and it helps explain why the government of Norway supported a grand expansion of the aluminum industry at large. Using Elektrokemisk as an example, this paper discusses how companies can survive over the long term. Elektrokemisk took a strong and articulate position about strategy over a long period of time, which helps explain why it was more successful than other Norwegian aluminum producers.

Marion K. Pinsdorf, *Fordham Graduate School of Business* "Webs of Enterprise: European Roots of South American Aviation"

Decisive transatlantic transfers of advanced aeronautical technology, pilots, managers, and financing developed airlines throughout South America. Early route explorations and expansions were so "interwoven with foreign interests" that perspective is "badly skewed" without reference to Europe's "entrepreneurial promotion of commercial aviation." World War I transformed Santos Dumont's birds of progress into birds of prey. If planes could be so useful in war, could they not be even more important and profitable in peace? Not easily. Some, ill fitted for civilian use, were junked, consigned to surplus, or dumped on saturated markets. Overseas lines, mail, freight, and passenger routes were key solutions. The Versailles Treaty, severely restricting German aviation, forced clandestine cooperation with the Soviet Union and Italy. Both France and Germany openly sought profits in South America. Compagnie Générale Aéro-postale began flying hydroplanes on regular postal routes from Africa over the 2,000-mile stretch from Saint-Louis in Senegal to Natal in Brazil and then south to Patagonia. Germans not only financed and staffed nascent airlines in South America but also founded Varig of Brazil in 1927 and Avianca, then called Colombia Airlines, in 1925. Soon rumors of war and burgeoning nationalism bred fears of sinister plots. Eventually, once strongly spun webs of enterprise were swept aside by aggressive, modern American interests and national airlines. But French-German pioneering, implemented by the transfer of technology, driven and ended by war, sunk the roots upon which others built.

Alan J. Richardson, *Queen's University* "The Evolution of the Structure and Governance of Transnational Accounting Firms: Insights from the Historical Record"

The importance of services in the world economy was highlighted by the inclusion of services in the Uruguay Round of the General Agreement on Trade and Tariffs in 1985. The international trade in accountancy services, however, has a history dating back almost a hundred years before this event, and accountancy firms are now the world's largest professional service firms. This paper describes the evolution of the international governance structures within these firms, based on firm histories and secondary sources. It then develops a taxonomy of governance structures and identifies the key issues that have been cited in changing between governance models.

Fiona A. Black, *University of South Florida* "Retail Bookselling and Transatlantic Trading Networks, 1750–1820"

The evolution and development of transatlantic colonial bookselling is inextricably entwined with the selling of salt cod, sherry, tobacco, and other lucrative cargoes. This paper explores the emerging business practices developed by book publishers and stationery wholesalers in London, Edinburgh, and Glasgow as they expanded their networks to colonial Canadian towns. Evidence from advertisements in weekly Canadian newspapers, complemented by business and export information, is analyzed by means of a customized database that includes business, bibliographic, and geographic information. Books were subject to business and barter transactions common to many commodities in the Georgian period. General merchants were key retailers in this period, and their book acquisition practices differed from those of specialist retailers in several important ways. The role of wholesale stationers, explained in this paper, is a hitherto under-researched component of transatlantic book availability.

Ajay K. Mehrotra, *University of Chicago* "The National Tax Association and the Creation of the Modern American Fiscal State"

At the turn of the twentieth century, American economic policymaking was fraught with challenges requiring unprecedented legal and economic reforms. Few had greater significance than the changes in American public finance. The fiscal needs of a modern regulatory state dictated that an antiquated system of taxation be replaced with

a more rational and efficient program. This rationalization process was accelerated by the work of a voluntary organization, the National Tax Association (NTA). Founded in 1907 as an informal network of tax scholars and administrators, the NTA would become a major force in the creation of twentieth-century American tax policies. By exploring the historical roots of the NTA, this paper seeks to illustrate how this voluntary association became the locus for the mingling of transatlantic economic ideas with American notions of administrative efficiency. Forged in the crucible of democratic politics, tax policies promoted by the NTA were the result of pluralistic forces, including the persistence of an American political culture that emphasized individual liberty and local self-government. Over time the NTA would become a crucial site of connection where transatlantic academic theories would combine with everyday American administrative practices to form a pragmatic approach to issues of public finance—an approach that would be the hallmark of the modern American fiscal state.

Drew Keeling, *University of California, Berkeley* “Oceanic Travel Services and Transnational Migration: The Cunard Steamship Company and the North Atlantic Fare War of 1904”

Although historians have not confirmed widespread beliefs that declining transport costs were a significant stimulant to transatlantic migration a century ago, the 1904 steamship fare war appears to offer an episodic example of drastically slashed fares “luring” migrants from Europe to America. This paper reaches a contrary conclusion: price reductions in 1904 affected the timing of migratory moves and the frequency of multiple crossings by the same migrant, but they had a relatively minor effect upon the number of people deciding to migrate. In a business characterized by high fixed costs and volatile, yet price-insensitive, demand, fare cutting was a double-edged weapon best used only selectively and in furtherance of a more general reliance on cartel-arranged price floors and nonprice competition. After 1904, the Cunard steamship line and its British and German rivals tended to avoid repeating the strategic miscalculations that had precipitated the financially costly fare war that year.

Irene Bandhauer-Schoeffman, *University of Linz* “Going Beyond a Male Business Culture in the 1960s: The First Network of Female Entrepreneurs in Vienna”

The forums and networks of entrepreneurship were long exclusively the domain of Austrian men. “Entrepreneur” was a term so unmis-

takably masculine in its connotations that, even into the 1960s, female entrepreneurs had no chance at any sort of public visibility. This paper focuses on the Austrian branch of the Association Femmes Chefs-d'Entreprise Mondiales, a club of female entrepreneurs, the Austrian subsidiary of which was founded in 1964 and whose explicit agenda was to form an autonomous network for female entrepreneurs on an international basis. It aimed to conquer existing occupational groups and change the image of the businessperson as such. The paper includes a portrait of the club's founder, Anny Handler (1908–1984), and discusses the branches in which female Austrian entrepreneurs were active after World War II and the prejudices these women faced.

Christienne L. Hinz, *University of Notre Dame* "Women Beyond the Pale: Sex, Gender, and Marital-Norm Aberrance among Japanese Women Entrepreneurs"

This paper attempts to demonstrate and explain a correlation between marital-norm noncompliance and entrepreneurship among Japanese women. My research reveals that female entrepreneurs deviate from marital norms four times more than the general female population. Marital norms contextualize the relationships between men and women who function within the liminal space where male-gendered and female-gendered businesses in the Japanese economy necessarily overlap. Marital-norm–noncompliant women, in choosing not to marry or in choosing to divorce, control access to the interfaces binding male-gendered businesses and female-gendered businesses. Marital-norm–noncompliant women are able to, or in some cases must, capitalize on that which the constructed sexual segregation of Japanese society is meant to control: sexuality itself.

Eric John Abrahamson, *The Prologue Group* "Popcorn, Peanuts, and Withered Figs: Defining and Managing Good Service in Railroad Passenger Cars and Hotels, 1876–1910"

Railroads—the first modern, large-scale service enterprises—struggled to identify the elements of "good" customer service in the passenger business in the late nineteenth century against a background of conflicting social, cultural, and political ideologies. These ideologies shaped customer expectations, as well as the multifaceted responses of employees and managers in passenger services, and made it difficult for managers to identify the value drivers in the service transaction. Initially, railroad managers sought to address this complexity by standardizing customer service through the implementa-

tion of systematic management techniques. But customers resisted this standardization in transactions, in correspondence with managers, and in the regulatory arena. Their resistance persuaded railroad managers to preserve or adopt more flexible systems of management in their stations, passenger and dining cars, and tourist hotels.

Mansel G. Blackford, *Ohio State University* "Business, Tourism, and the Environment: Maui, 1959–2000"

Based on my *Fragile Paradise: The Impact of Tourism on Maui, 1959–2000* (2001), this paper explores how residents in the Hawaiian Islands, especially those in Maui County, have viewed and dealt with economic development and environmental issues since 1959, when statehood was achieved. More specifically, the paper looks at land and water issues, transportation matters, electric power issues, and local community-development concerns. A very rapid expansion of tourism lay behind the emergence of these issues, as Maui moved from an economy based on plantation crops to one based on service industries. The paper probes the complexity of decision making on environmental and developmental issues by looking at how various groups—business, environmental, labor and Native Hawaiian—interacted to arrive at workable compromises on most matters. The paper draws conclusions that may help in decision making in the Hawaiian Islands, the American West, and throughout parts of the Pacific Basin.

Albert J. Churella, *Ohio State University at Lima* "The Emergence of the Tourist Economy and the Commodification of Native American Culture in the Southwest"

After World War II Arizona government officials supported the federal termination policy toward Native Americans, suggesting that Anglos could use reservation land more effectively than Indians for ranching, farming, and extractive industries. As tourism became more important to Arizona's economy, Anglos began to view Native American cultures as exploitable commodities that would attract tourists to the region, alleviate reservation poverty, and contribute to Arizona's economic growth. Assuming that improvements in reservation roads would lead to an influx of tourists, state and federal officials sponsored reservation-tourism feasibility studies. While the federal government provided funds for tourism development, federal policy required Indians to commit their scarce tribal resources. These projects typically failed because they were poorly planned,

poorly funded, and poorly promoted. Despite the problems associated with reservation tourism, it did signify a new realization by Anglo promoters in Arizona that they could commodify and market Native American culture as part of the new, tourist-oriented state economy.

John Wilson and John Singleton, *Queen's University of Belfast* "British Defense Contractors and the New Zealand Market: The Politics and Economics of Dependency, 1950–1980"

Although there has been an extensive debate about the impact of defense spending on British manufacturing industry, little work has so far been done on the export markets exploited by defense contractors. This paper looks at the New Zealand market for British defense exports, focusing especially on the benefits gained by both sides. Far from being what some have described as a "soft" market for British contractors, New Zealand was a "weak" market. Even though the Royal New Zealand Navy (RNZN) continued to buy British frigates in the 1970s, both the army and the Royal New Zealand Air Force (RNZAF) were planning to convert to American equipment from the late 1950s. These changes can be understood only by assessing the political and economic changes affecting both Britain and New Zealand over the course of the period from 1950 to 1980, reflecting the need for further research into the subtle interplay of forces in the global defense market.

Peter Sheldon and Louise Thornthwaite, *University of Wollongong* "Members or Clients? Employer Associations, the Decentralization of Bargaining, and the Reorientation of Service Provision: Evidence from Europe and Australia"

The recent decentralization of collective bargaining in some countries has posed new challenges for those employer associations largely concerned with labor-market questions. Disaggregating collective bargaining removes many of the prime reasons for which employers have formed, joined, and maintained membership in employer associations. This threatens to undermine association purpose, identity, membership, and finances. With multi-employer bargaining either weakened or removed, what can associations offer employers as a reason for membership? This paper explores how seven associations in Australia, Italy, and Sweden have responded to these challenges. In particular, it assesses the degree to which associations have shifted from an "association" model of organization to a "business" one, from one that focuses on members to one that

prioritizes clients. It then speculates on the variables that appear to best explain the particular strategic choices that associations have been making.

Evan Roberts, *University of Minnesota* "From Mail Order to Female Order: Sales Methods and Work Culture in New Zealand Department Stores, 1910–1960"

Development of department stores in New Zealand was largely contemporaneous with, and similar to, developments in Western Europe, North America, and Australia. This paper examines New Zealand stores and provides a comparison to literature on stores elsewhere. New Zealand store proprietors kept up with overseas sales practices by reading periodicals and books and by visiting stores abroad. From 1910 to 1960, the influence of American practices on New Zealand stores grew, although it varied among different stores. Sales methods changed from passive waiting on customers to actively selling products. Buyers and department heads in New Zealand stores were less powerful than in the United States because stores were smaller and farther away from manufacturers. Thus, the work culture of stores was not so departmentalized as in American stores. The work culture was also more heterosocial than in the United States or Australia. Examining the history of New Zealand department stores suggests the importance of size and isolation in labor and business history.