ABSTRACTS OF 2002 CONFERENCE PAPERS
(in order of appearance in the program)

Gregory A. Mark, *Rutgers Law School* "Corporate Governance: The Legal Historian's Perspective"

From the vantage point of the lawyer, corporate governance has a particular meaning, and, from the perspective of the general business historian, it has a narrow one. Lawyers today understand corporate governance to be the exercise of managerial discretion by the directors and leading officers of an enterprise. That discretion is policed legally through general fiduciary duties placed on those managers and enforced, at least for solvent entities, through shareholder derivative actions. In the last quarter century, with the advent of the law and economics movement, lawyers and legal scholars have come to understand that various market forces, especially those of the market for corporate control, affect managerial behavior in ways heretofore discounted by law. The dimensions of market control over managerial actions are the subject of enormous debate. This paper sketches the evolution of formal legal norms, especially the narrowing definitions of conflict of interest, the enlarging of corporate opportunities, and the growth of judicial deference to managerial actions. These are the areas of managerial discretion policed through the formal norms of corporate governance, as lawyers understand them. Conveying a sense of their history should help advance understanding of "the historical evolution of corporate governance in all of its forms."

Naomi Lamoreaux and Jean-Laurent Rosenthal, *University of California, Los Angeles* "Organizational Choice and Economic Development: A Comparison of France and the United States during the Mid-Nineteenth Century"

Concern about the economic effects of globalization has focused attention on the gulf between rich and poor nations. One influential argument claims that businesses perform much more poorly in nations whose legal systems derive from French civil law than in those with systems based on Anglo-American common law. The paper tests this argument by comparing the constraints imposed on the organizational choices of businesses in the United States and France at a time when both nations were industrializing. The French *Code de Commerce* offered businesses a much broader menu of organizational choices than American law. Quantitative evidence demon-

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strates that French entrepreneurs took full advantage of these options to adjust their contractual forms to their business needs. Although we lack comparable data for the United States, qualitative evidence suggests that American entrepreneurs attempted to obtain some of the options that their French counterparts enjoyed by writing side contracts, but this solution was an inferior one because the contracts were of uncertain enforceability.

Gabriela Recio, *El Colegio de México* "The Role of Lawyers in the Construction of Corporate Governance in Early Twentieth-Century Mexico"

This paper explores how different firms adapted to new institutional arrangements at the end of the Mexican Revolution (1920) and how they constructed diverse organizational schemes to fit the new rules set forward by a new regime. Lawyers were important agents in helping companies adjust to an economy where the state increasingly sought wider participation. Lawyers offered their clients invaluable services, such as lobbying and advice on corporate restructuring, in times of fast-changing legislation, and they ultimately served as an important link between investors and entrepreneurs. An analysis of the case of Manuel Gómez-Morin—a prominent business lawyer—shows how some major firms used his services to create Mexico's first holding company (the case of VISA) and to issue the first mortgage bonds in the country (for Cuauhtémoc Brewery).

Robin Pearson, *Hull University* "Shareholder Democracies? English Stock Companies and the Politics of Corporate Governance during the Industrial Revolution"

Much remains unknown about the political dimensions of business during the classic period of the British industrial revolution, c. 1770 to 1850. This paper argues the necessity of an expansive definition of these politics, one that consists not simply of the relations among entrepreneurs, the state, and the legislature, but also of those other "political" relationships that might have affected the way companies did business. These include both the external relations with customers, the press, and contemporary critics and—the focus of this paper—the internal relations among company directors, managers, employees, and shareholders. Taking as a point of departure Tim Alborn's recent thesis about the brief flowering of "joint-stock democracy" in the early nineteenth century, this paper searches for "shareholder democracy" in action through a study of the governance of contemporary stock companies. The analysis concentrates on the insurance industry, partly because before the 1830s this was the leading sector in the economy for the unchartered joint-stock partnership, one of the most common, and certainly the most problematic, forms of stock company organization in Britain before the railway age. The surviving records of nearly fifty insurance companies form the basis of the study. After examining the scale of joint-stock enterprise during the first industrial revolution and the legal and institutional context within which it developed, the paper presents evidence from the insurance sample, suggesting that the difficult history of "participatory shareholder democracy" commenced long before and extended well after the short reign of Alborn's "local republics" of shareholders between 1825 and 1836.

Margrit Müller, *University of Zurich* "Shareholders versus Stakeholders: Governance Structures of Swiss Firms in Growth Periods and Economic Recessions"

With the emergence of the notion of "shareholder value," the theoretical question of whether firms in a market economy maximize management's value or shareholder value has become a topic in public debates. The dominant view is that, in order to be competitive in the world economy, firms have to maximize shareholder value. But markets are far from perfect, firms have some room to maneuver, and companies are embedded in a social context. Management's scope for allocating resources and distributing revenues is easier to perceive when market constraints are changing drastically. Therefore, the paper focuses on the interwar period and the last decades of the twentieth century, which were marked by short periods of rapid expansion and subsequent economic downturns. The firms chosen for this investigation belong to the main Swiss export industries. It can be shown that, within constraints imposed by market forces, institutions, and social norms, the firms maximized management's value. Although market forces were important, business historians have to look beyond them in order to understand the objectives pursued by top management and the participation of other groups of stakeholders.

Ernest Englander, *George Washington University,* **and Allen Kaufman,** *University of New Hampshire* "Executive Compensation, Political Economy, and Managerial Control"

From the end of World War II to the early 1980s, compensation differences between CEOs and senior management were marginal; they reflected CEOs' and managers' economic contributions to the firm.

This system, which we characterize as technocratic, facilitated team cohesion among the senior managers, who, like the CEO, had membership rights to the board, which they, as a team, controlled. Managers conceived of their profession as one that served a larger social good. They accepted a legal duty to further the interests of the corporation as a whole and had a fiduciary duty to advance democracy. By contrast, in the period since the early 1980s, the coalesced proprietary system has encouraged managers to think of themselves as a special class of shareholders. The extensive use of stock options to take advantage of an explosive equities market and alterations in the tax code have contributed heavily to this managerial self-definition. As "insider shareholders" who aim merely to enhance their personal fortunes, managers have turned their internal labor market into a contest for the prized CEO position. This paper identifies four standards for distinguishing between the technocratic and the proprietary managerial hierarchies: (1) the CEO compensation package relative to senior management; (2) the ratio of insider to outsider board directors; (3) the ratio of outsider CEOs (current and retired) to non-CEOs, particularly on the board's audit, compensation, and nomination committees; and (4) the substance of managers' professional creed. Each of the first three factors addresses a different "payoff" of the CEO position. The first considers the payoff of compensation; the second, the guaranteed perk of being a member of the corporate interlocking directory; and the third, the advantage of CEO admission to a corporate-wide oversight group. The fourth standard addresses the narrowing professional definition that senior managers have adopted to serve shareholder rather than stakeholder interests.

Terence Kehoe, Charles Jacobson, *Morgan, Angel & Associates*, **and Andrew Stolper,** *Irell and Manella* "Environmental Decision Making and DDT Production at Montrose Chemical Corporation of California"

Like many other American firms, Montrose benefited greatly from the development efforts of government at all levels after World War II. The firm took advantage of the publicity given to the pesticide DDT's amazing effectiveness in wartime applications, and, in cooperation with local authorities, Montrose developed a waste disposal system that funneled the plant's process wastes into the Los Angeles County Sewer District and eventually into the Pacific Ocean. As this paper shows, however, government policy was a double-edged sword. During the 1960s political and cultural developments and increased knowledge of persistent pesticides' potential risks greatly altered Montrose's operating environment, as government authorities took steps to limit the use of DDT and other pesticides. Pressure from local officials eventually forced Montrose to cease discharging wastes into the county sewer system and to adopt a more effective waste-handling system. Soon after, federal regulations ended the use of DDT in the United States. In 1989 the federal government filed suit against Montrose and its parent companies to compel the firms to pay the large costs of neutralizing contaminated ocean sediment. Montrose attorneys attempted—unsuccessfully—to shift part of the cleanup cost to the state and federal governments on the basis of the governments' failure to prohibit the firm's discharges.

Daniel Nelson, *University of Akron* "Fish and Forests: Natural Resource Conflicts in Southeast Alaska"

In the early 1950s the U.S. Forest Service finally implemented a plan originally conceived in the 1920s to develop a pulp and paper industry in southeast Alaska utilizing wood from the Tongass National Forest. Local merchants and politicians applauded, and local fishermen, who had long dominated the economy of southeast Alaska, were indifferent and uninvolved. Over the next fifteen years, the Forest Service concluded four long-term contracts with paper companies to establish mills in southeast Alaska. The reactions in each case were similar. Finally, in 1970, environmentalists sued to stop the building of a new mill and to preserve the forests of Admiralty Island, notable for its wildlife. The 1970 suit began twenty years of legal battles that culminated in the Tongass Timber Reform Act of 1990, which voided the long-term contracts, and in the closing of the mills, which had been unprofitable since the severe recession of the early 1980s. The paper examines the environmentalists' efforts to enlist the fishing community as a counterweight to the Forest Service–merchant alliance and analyzes the reasons why this process was prolonged and only partially successful, despite growing evidence that large-scale logging was harmful to the fishing industry. It concludes that the threat was too diffuse to elicit a united and politically significant response. As a result, the prolonged and inconclusive legal battles continued, and the forests and fishery sustained substantial damage.

Felix Lowinski, Thomas Petersmann, Wolfram Rauch, and Dirk Schiereck, *Witten/Herdecke Universität* "Creditor Protection by the Silesian *Landschaft*: An Analysis of Institutional Deficits"

Both contemporaries and historians have viewed the Silesian *Landschaft* as a good business success in the allocation of agricultural real estate loans. The *Landschaften* were founded in support of the own-

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ers of knights' manors as the first public-law institution of its kind. This paper shows, however, that the institutional design proved ineffective in providing comprehensive protection to creditors. During periods of recession in particular, the instruments that were supposed to guarantee and secure mortgages were by no means reliable. Thus, it was only a matter of time before institutional deficits resulted in practical difficulties. The historical developments coincide with these findings. An analysis of the *Landschaften*'s system for protecting creditors provides valuable information for current issues of corporate governance in finance—for example, the establishment of financial institutions in developing countries.

Gary John Previts, *Case Western Reserve University,* **William Samson,** *University of Alabama,* **and Dale L. Flesher,** *University of Mississippi* "Audit Committees, Corporate Governance, and the Baltimore & Ohio Railroad, 1827–1830"

This paper summarizes auditing procedures used to control the financial, operating, and administrative activities of the Baltimore & Ohio Railroad during its formative period over 175 years ago. From the railroad's inception, an audit committee of two or three corporate directors reviewed the treasurer's account each quarter and reported to the board. A second function of the audit committee, added two years after the formation of the B&O, was to conduct special operational audits, examining and resolving organizational, personnel, and control problems. The committee appears to have influenced the direction and controlled activities of the B&O. As the regular auditor of company financial transactions, it verified the presence of assets and the control and accountability of disbursements. The audit committee's work was important as validation for external investors. It not only served as a safeguard of assets but also substantiated management's presentation of the financial performance and condition of the railroad, thus making investors more willing to advance capital to the company. Finally, the audit committee made recommendations for both operational and organizational change that promoted and assured accountability among those charged with planning and implementing the railroad's activities. These outcomes suggest conformity of purpose to the objectives of corporate governance identified at the outset of the paper.

Andrew M. Schocket, *Bowling Green State University* "Sibling Rivals: Competition and Cooperation among Business Corporations in Early Nineteenth-Century Philadelphia"

This examination of early Philadelphia corporations argues for the analysis of intercorporate relations in the context of overall corporate

strategies. In what represented competitive behavior, Philadelphia company officers and stockholders lobbied the Pennsylvania state government to forestall the incorporation and circumscribe the privileges of competitors. Corporations in particular fields, however, often worked together to place limits on themselves in order to mitigate the potentially damaging effects of competition. Corporate officers also supported cooperation to promote regional economic growth, sometimes at considerable cost to the participants. The provision for steady returns on investment and the quest for control over the business climate and the local economy, even at the cost of potential short-term profit, were not contradictory. Rather, Philadelphia corporations served the long-term purposes of their board members and the stockholders they represented by seeking the stability and long-term profits available through healthy corporations and regional growth.

Mara L. Keire, *Oxford University* "The Syndicate: Johnny Torrio and the Cartelization of Crime in Chicago, 1909–1925"

Prohibition opened up monopoly opportunities within urban vice that had been inconceivable in the loosely organized markets of Progressive Era vice districts. In the 1920s a few prescient individuals from the once-tolerated tenderloins took control of the illicit liquor trade. By controlling the alcohol supply to disreputable entertainment venues, canny district operators like Johnny Torrio in Chicago, Arnold Rothstein in New York, and Max Hoff in Philadelphia created highly lucrative crime cartels. These syndicates kept the price of alcohol up and competition among the various bootlegging gangs down, and they claimed a percentage of the take from every venue that they supplied. Using the career of Johnny Torrio, Al Capone's mentor, to show how Prohibition changed the organization and economics of illicit enterprise, this paper analyzes how the commercialized vice of the turn of the century became the organized crime of the twentieth century.

JoAnne Yates, *Massachusetts Institute of Technology* "The Role of Life Insurance Associations in the Sharing of Information on Information Processing"

During the middle decades of the twentieth century, associations proliferated in the life insurance industry. In addition to associations of top executives and of salespeople, a number of organizations emerged to serve those working in particular roles in life insurance offices. Several of these associations (for example, the Life Office

Management Association, or LOMA, the Society of Actuaries, and the Insurance Accounting and Statistical Association, or IASA) played a major role in shaping and disseminating facts and ideas about precomputer and early computer information-processing technology. Members of life insurance firms presented papers at annual conferences on how they handled particular information-processing tasks, thus sharing knowledge. When computers appeared on the horizon, these associations formed committees to study the new technology and make recommendations about how firms might use it. The organizations thus played an important role in shaping and sharing knowledge about a key technology for information-intensive firms.

Hannes Toivanen, *Georgia Institute of Technology* "Policy, Organization, and Innovation in the U.S. Pulp and Paper Industry, 1900–1950"

A detailed study of Hinde and Dauch, once the world's largest producer of corrugated paper, demonstrates how complex and ambiguous the modernization and consolidation of the paper business was between 1900 and 1950. The paper industry was fragmented by the emergence around 1900 of a separate industry producing paper board. From then on, various branches of the paper industries shared a policy environment and general business conditions but were also characterized by particular markets and technologies. Firms producing undifferentiated paper grades, book paper, and newsprint responded to overcapacity with cooperation. Others chose to pursue vigorous programs of innovation. This diversity calls attention to the complexity of modernization in the American paper industry. Firms responded differently to challenges posed by overcapacity, regionalism, economies of scale, policy, and, most important, innovation. This paper proposes an interpretative model of consolidation in the paper industry during the first half of the twentieth century that focuses on managerial strategies and responses to policy.

Meng Li, *Japan Advanced Institute of Science and Technology* "Intervention and Accommodation in the Early Japanese Polymer Industry, 1953–1973"

Tracing Japan's petrochemical industry back to the early period of its establishment, this study identifies the determinants of the formation of industrial structure. It focuses on the initial conditions shaping the foundation of the industry and examines the decisive roles of and interplay among government, *keiretsu*, and industry associations when companies were in a catch-up situation. The paper also considers the differing behaviors of individual firms. Intervening and dependent factors fundamentally weakened and hampered firms' capabilities to formulate different strategies and governance systems and to achieve economies of scale, and these path dependencies affected the long-run competitiveness of industry and firm.

Jane Robbins, *University of Pennsylvania* "Troubled Transactions: Commercial Research and the Evolution of Conflicts of Interest and Commitment in University-Government-Business Relationships, 1945 to Present"

Through a synthesis of government and higher education policy and position documents, the history of the research university and relevant legislation, and an emerging empirical literature, this paper traces the evolution of university conflicts of interest as governance of university-based commercial research has moved from informal relationships and simple grants to exclusive long-term partnerships and university spinoffs. Because conflicts are increasingly financial and competitive, it is suggested that business historians study universities as firms, drawing on institutional, legal, and transaction cost theory. Specific questions for study include: What is the potential for "corporate" legal threats of unfair competition, conversion of assets, labor exploitation, antitrust action, and challenges to the nonprofit status of the university? What types of entities are created by university-business partnerships? What institutional and network patterns can be identified?

Clinton W. Terry, *University of Cincinnati* "'Indispensable': The Cincinnati Chamber of Commerce and Commercial Regulation, 1840–1870"

The Cincinnati Chamber of Commerce and its commodities market, the Merchants' Exchange, played an important role in establishing and enforcing the rules of commercial conduct in Cincinnati between 1840 and 1870. Originally formed as little more than a businessmen's club in the 1830s, the Chamber attained corporate status by the late 1840s, authorized by charter (a state law) to operate a commodities exchange and regulate all commercial activity transacted there. By widely disseminating price information, by providing accurate grading of commodity quality (with the legal authority to enforce its standards by 1860), and by offering insurance, shipping, packing, storage, and a variety of other fee-based business services, the Chamber provided a corporate umbrella to the individual merchant and manufacturer who transacted business regionally or nationally and who had attained a stature that permitted access to the Chamber's services. The board of officers took on broad judicial powers with regard to arbitration and commercial misconduct, extending the Chamber's governing powers. After the Civil War the power of the Chamber waned gradually as manufacturers began to develop organizational structures that privately duplicated many of the Chamber's functions.

Jari Eloranta, *European University Institute* "The Supply and Demand for Arms: The Importance of Domestic Political Markets in the Arms Trade Behavior of Nine 'Weak' European States in the Interwar Period"

This article analyzes the small- and medium-size arms trade behavior of nine "weak" (that is, of limited political and economic influence) European states in the interwar period: Belgium, Czechoslovakia, Finland, the Netherlands, Norway, Portugal, Spain, Sweden, and Switzerland. In particular, the paper assesses the significance of external threats, market forces, and domestic constraints for these states' military trade. The hypothesis that there might be fewer domestic constraints on the military trade behavior of these states was not supported by the analysis. The increased military spending of the 1930s seemed to benefit the domestic producers; most of these countries were dependent on their aggregate military trade, especially military exports. In addition, the hypothesis that the differences among these states might be explained by geographical, strategic, or economic factors was found to be too simplistic. Only proximate groupings could be developed based on various types of categories. Finally, "weak" states were found to benefit from the intense international political and economic competition of the 1930s, which enabled the pursuit of new military export markets amid increasing threats. Moreover, it seems that most "weak" states increased their domestic military capital spending, especially during the Great Depression.

Susan Ariel Aaronson, *National Policy Association* "Minding Our Business: Corporate Social Responsibility Pressures and the Failure to Develop Universal Global Rules to Govern Investors and States"

The history of international investment agreements is one of failure. Policymakers in the developed and developing world have been unable to find common ground on the rights and responsibilities of investors and nations at the multilateral level. They recognize that such rules could yield global economic efficiencies and cheaper, more plentiful capital. However, they also understand that global rules could limit the power of governments to shape investment flows. I argue that the absence of accepted international investment rules has led to a wide range of ad hoc attempts to regulate the behavior of corporations across borders. These "soft law" strategies include codes of conduct, voluntary corporate reporting of environmental and social performance, and corporate philanthropy partnerships with governments and international institutions. At the same time, the sheer number of such strategies is leading business executives (as well as civil society activists) to call for a wide range of public policies to promote corporate social responsibility at the multinational level—or, to put it differently, to encourage uniform adherence to globally responsible behavior.

Hideaki Miyajima, Waseda University "Corporate Governance and Investment in Twentieth-Century Japan: A Comparison between Prewar *Zaibatsu* and Postwar *Keiretsu*"

Family-owned business groups known as *zaibatsu* and corporate groups known as *keiretsu* have been important features of Japanese economic development from the corporate governance perspective. Business and economic historians have focused on the role of these groups in economic development. For instance, conventional understanding has insisted that the *zaibatsu* system made firms conservative in investment because the high concentration of ownership by risk-averse families may have discouraged an initiative from top executives among subsidiary firms. Recent theory suggests, however, that family-based ownership may have contributed to raising internal funds for high-risk investment projects and effectively monitored subsidiary firms under a holding company system. Conventional wisdom has argued that *keiretsu* have encouraged investment by reducing asymmetric information and by keeping top managers free from the myopic pressures of external markets. An increasingly popular view, however, is that corporate groups have generated an overinvestment problem through cross-subsidization among internal capital markets and have shielded top managers from appropriate outside monitors. The purpose of this paper is to understand the costs and benefits of *zaibatsu* and *keiretsu* in relation to corporate investment growth and to highlight the relationship (similarity and difference or continuity and discontinuity) between the two types of business groups.

Christine Pochet, *Université des Sciences Sociales de Toulouse* "Toward a Shift in the Japanese System of Corporate Governance: The Case of Sogo Department Stores"

Significant changes in corporate governance occur when firms face financial troubles. Studying the relative weight of market incentives and relationship considerations in the treatment of financial distress reveals a great deal about the nature of a national system of corporate governance. This paper questions the dynamics of corporate governance in Japan by focusing on the treatment of financially distressed firms. It uses a case study methodology—an analysis of the bankruptcy of the Sogo department stores. The paper first describes the so-called Sogo crisis, linking it with the context of the institutional reforms (new accounting standards, new bankruptcy regime) in which it occurred. These facts are then related to the theoretical framework provided by the comparative corporate governance literature. The paper concludes that the new tendency to force weak companies to file for formal bankruptcy procedures may signal a shift in the Japanese system of corporate governance toward a more market-oriented model.

Monika Pohle Fraser, *University of Halle* "Bayesian Learner or Knightian Entrepreneur? How Sophisticated Investors React to Fundamental Uncertainty: Evidence from Nineteenth- and Early Twentieth-Century Banks in France and Germany"

By exploring the qualitative features of information processing in French and German banks in the nineteenth and early twentieth centuries, this paper shows that the financing of innovation is characterized by great uncertainty, something fundamentally different from risk. Investment in an uncertain environment requires either a risk-loving Bayesian learner (a rare creature in economic history; most studies assume risk-averse learners) or a Knightian entrepreneur who is allowed to take chances. Evidence from banks' archives offers very little support for the Bayesian learner model but much stronger support for the Knightian entrepreneur. It also suggests a need for a surprising element of cheerful, outright gambling, which must be disturbing to the camps of both the cautious learner and the entrepreneur. The "aleatory contract," an informal arrangement between bankers, helps to explain how banks react rationally in the face of true uncertainty.

Richard Langlois, *University of Connecticut* "The Vanishing Hand: The Changing Dynamics of Industrial Capitalism"

In a series of classic works, Alfred D. Chandler, Jr., challenged the prediction (implicit perhaps in Adam Smith's account of the division of labor and the invisible hand) that economic growth would always lead to finer market decentralization. In the late nineteenth and early twentieth centuries, Chandler showed, the visible hand of managerial coordination replaced the invisible hand of the market. Many would argue, however, that the late twentieth century witnessed an organizational revolution at least as important as the one Chandler described: in this epoch Smithian forces clearly outpaced Chandlerian ones. This paper is a preliminary attempt to explain why, to provide some theoretical insight into the organizational structure of the new economy. The basic argument—the vanishing-hand hypothesis—is this: the managerial revolution that Chandler chronicled resulted from an imbalance between the coordination needs of high-throughput technologies and the abilities of contemporary markets and contemporary technologies of coordination to meet those needs. With further growth in the extent of the market and improvements in the technology of coordination, the central management of vertically integrated production stages is increasingly succumbing to the forces of decentralization.

Paul L. Robertson and Santipat Arunthari, *University of Wollongong* "The Steady Hand: What Do Managers Really Do?"

While improvements in communications technologies will certainly have important effects on the ways firms transact business with their customers and suppliers in the future, they are unlikely to lead to a widespread reduction in the importance of managerial activity at the levels of the firm or of the economy as a whole. We contend that, in a dynamic environment, increasing complexity will create a growing need for managerial coordination, a need that will not be fully counterbalanced by decreases in transaction costs or increasing modularity in interfirm activities.

Steve Toms and John Wilson, *University of Nottingham* "The Forces of Change in British Business: An Analytical Matrix"

The purpose of this paper is to synthesize the main strands of organizational economics with an extension of the scale and scope perspective of Alfred D. Chandler, Jr. Although it focuses on neoclassical political economy, the paper also explains how other paradigms of political economy might be accommodated within what aims to be an eclectic and general theory of business history. Accordingly, the intended outcome of the synthesis is to establish a model that can explain why diverse organizational forms emerge alongside the business strategies that accompany these changes and the historical transitions. Using examples from British business history, the paper offers empirical vignettes in support of the main propositions, covering the period from 1850 to 2000. This allows conclusions to be drawn on the limitations imposed by systems of corporate governance, the development of "efficient" capital markets, and the impact of globalization on multinationals and business networks. The resulting model adds decisively to the analytical tools available to business historians, especially in the way it combines theoretical and empirical perspectives.

Franco Amatori and Andrea Colli, *Università Luigi Bocconi* "Corporate Governance: The Italian Story"

Standing behind the nation's banks—founded on the German model—the Italian state played a central role in Italy's economic development throughout most of the twentieth century. The takeoff of the Italian economy at the beginning of the century fostered the development of the stock exchange, which, however, remained unimportant to Italy's economic growth even in the era of the "economic miracle" of the 1950s, when Italian corporations relied largely on self-financing. The first part of this paper provides a historical perspective on the evolution of the Italian system of corporate governance from the late nineteenth century to the present The second part deals with the evolution of Italian capitalism during the last twenty years. The first section describes the importance of large industrial holding companies, both private and state-owned, in ownership and control structures before the mid-1990s. The second section addresses the changes in the role of equity markets that have resulted from privatization of state-owned enterprises, the apparent pressures of globalization, and the persistence of highly concentrated corporate control through holding companies and cross-shareholding.

William Lazonick and Mary O'Sullivan, *INSEAD* "The Stock Market as a Source of Cash for the U.S. Industrial Corporation in the Twentieth Century"

The stock market's role as a source of cash for American industrial corporations has varied over the past century. To document these changes, this paper presents a number of time series on (1) the extent to which the stock market has been a source of cash for industrial corporations; (2) the specific corporate uses of cash raised on the stock market; (3) selected characteristics of stock issues that can help explain why, how, under what conditions, and for what purposes corporations make use of the stock market as a source of cash; and (4) selected characteristics of stock issuers that can help explain why certain types of corporations make use of the stock market as a source of cash.

Stefano Battilossi, *Universidad Carlos III Madrid* "Siamese Twinship: Corporate Governance, Moral Hazard, and Conflict of Interest in Italian Universal Banking, 1914–1933"

Universal banking is widely held to enjoy comparative advantages in corporate finance. Recent theories of financial intermediation argue that "insider systems" are better suited to deal effectively with long-term growth and moral hazard problems. Little (if any) attention is usually paid, however, to corporate governance problems that are specific to universal banking. This is the main goal of the paper. How can banks' ownership structure and agency problems influence their ability to address long-term growth and moral hazard problems? Under which institutional arrangements, incentives, and constraints can universal banking effectively realize its potential? The paper looks at such issues through the experience of interwar Italy. The evolution of universal banking in the 1920s emerges as heavily exposed to potentially serious problems of moral hazard and conflicts of interest resulting from inefficient corporate governance, lack of external controls, and a moral hazard–enhancing institutional setup. These factors may distort bank managers' incentives, affect strategic tradeoffs, and lead to unsound banking. The findings are consistent with corporate governance literature that points to the potential for moral hazard and conflicts of interest inherent in universal banking and emphasizes the conditional and historically specific nature of its alleged benefits.

Susan W. Morris, *Johns Hopkins University* "Mirror or Myth? Our Historiographic Picture of American Industrial Research"

The historiographic model of American industrial research posits that such research began in the twentieth century with the creation of large corporate laboratories. Contrary to the model, the paper contends that scientific industrial research became well established in the United States in the nineteenth century and grew continuously thereafter, with no particular discontinuity at the start of the twentieth century and no noteworthy growth in the 1920s, as is generally believed. Also against the accepted canon, it argues that small enterprises have always been active in industrial research, as they are today. It highlights the role of academic and consulting scientists who acted as entrepreneurs to advance their research and commercialize their discoveries and inventions.

Alan P. Loeb, *Johns Hopkins University* "Planned Obsolescence at General Motors: The Role of Charles Kettering"

In his book *The Waste Makers* (1960), Vance Packard popularized the term "planned obsolescence." The term immediately resonated with the public, for it validated their sense that products were designed to require frequent replacement. Though Packard found some roots for planned obsolescence, he did not consider its historical origins deeply. This paper attempts to fill in these deficiencies. First, it examines Packard's allegations regarding the practice of planned obsolescence. Second, it explores the origins of planned obsolescence at General Motors in the 1920s, highlighting the underappreciated contribution of Charles F. Kettering. It concludes that what Packard observed in the 1950s was the general practice under GM's policies. Finally, the paper considers the impact of *The Waste Makers* in the 1960s. Lacking historical understanding, Packard did not see all the implications of his allegations, which were important in developing the consumer, safety, and environmental laws of that era.

Judy Slinn, *Oxford Brookes University* "Innovative Activity in Three U.K. Pharmaceutical Companies: A Comparison"

This paper will examine the preliminary results of three case studies of innovation in the British pharmaceutical industry (at Glaxo, ICI, and Boots) between 1948 and 1978. These case studies form part of a Wellcome Trust–funded research project exploring innovation through the discovery, development, launch, and diffusion of individual drugs. The project seeks to identify how innovative capacity was created, how it changed over time, its contribution to corporate performance and competitive positioning, and its strategic significance. Successful and sustainable competitive advantage in the pharmaceutical industry is achieved not only by a productive research organization; it also requires that a corporation be able to develop products that will be approved for use all over the world and to market and sell them effectively in significant world markets. The research is, therefore, exploring the creation and development of dynamic capabilities.

Bruce W. Eelman, *Siena College* "From Community Development to Corporate Control: Business Policy in Reconstruction-Era Spartanburg, South Carolina"

Following the Civil War, Spartanburg County, South Carolina, experienced an important shift in business policy from a prewar economic boosterism that emphasized community-wide benefits to a postwar reality of a more corporate approach that favored outside investment over grass-roots initiative, and town interests over countywide development. This paper examines the nature of this shift during the 1870s, a period often neglected by business historians, who instead focus on the more quantifiable changes of the post-1880 New South. Before the Civil War a town-oriented business elite emerged in this upcountry community and attempted to build a coalition of farmers and professionals in support of economic diversification. During Reconstruction, the same business leadership in Spartanburg found it necessary to alter its community emphasis in favor of corporations. This study seeks to provide preliminary insight into the dynamics of Reconstruction-era business in the South and to add to the existing debate over continuity and change in Southern business history.

James A. Young, *Edinboro University,* **and Michelle E. Myers,** *Central Pennsylvania College* "Building Milton Hershey's Town: Home Sweet Home?"

The antecedents of Milton Hershey's model industrial town precede the twentieth century by decades. This paper examines briefly some of Hershey's North American and European predecessors, such as Pullman and Cadburys, and it analyzes the apparent assumptions and aims that lay behind their origins and development. It then treats the conceptualization and construction of the Hershey manufacturing plant and the surrounding town, from their inception in the early twentieth century until the present. The paper emphasizes the role of the community as business stakeholders in Hershey's rise and expansion and examines the social and economic contexts of the early community. It depicts how the local workers and the surrounding community lived and worked around the model plant and town.

Stephanie Dyer, *University of California, Davis* "Planning for the Market: James Rouse's Approach to Urban Development"

Real estate developer James Rouse envisioned that well-planned commercial real estate ventures could overcome the limitations of traditional urban planning. This paper explores his vision and how it changed over the course of his career. During the 1950s Rouse believed that shopping centers could serve as communal centers to mitigate the emerging problem of "sprawl" in the postwar suburban landscape. In the 1960s he extended his market-based approach to solving suburban sprawl into a plan for a fully integrated "new town"—Columbia, Maryland—carefully engineered to avoid sprawl, automobile dependency, and spatial segregation by race and class. By the early 1970s Rouse confronted the toll that suburban development had had on older urban areas and shifted his life's work to trying to undo the thorny complex of problems causing urban decline. He created urban festival marketplaces, which sought to bring shopping mall design and management strategies to the urban downtown. Near the end of his career, however, Rouse was no longer capable of resolving the contradictions between market success and his vision of making cities successful, humane places for all of their residents.

Francisco Javier Fernández Roca, *Universidad Pablo de Olavide de Sevilla*
"Business Strategies in the Spanish Cotton Textile Industry, 1939–1980"

This paper looks at Spanish cotton firms' strategies between 1939 and 1969. These were "family firms," and I distinguish between two types, dynastic and nondynastic, to test whether ideas found in the theoretical literature are valid for my sample. The literature suggests that dynastic firms were averse to risk, which led to low levels of debt, high utilization of equity, and the use of banks to finance current assets in the short term. The paper shows how the firms successfully adjusted to the new political regime after the 1936–1939 civil war and were highly profitable. With the progressive liberalization of the Spanish economy in the 1960s, however, the dynastic firms found it difficult to adjust, remaining attached to their old managerial cultures. On the other hand, the nondynastic firms chose strategies that were less conservative and were better able to compete in the new economic environment.

Gerben Bakker, *London School of Economics* "Managing a Music Multinational: The International Strategy of Polygram, 1945–1999"

In the late 1940s Philips Electronics, a Dutch multinational, set itself the goal of building the small Dutch record distributor it owned into the world's largest record company. It would have to make the software formats compatible with Philips' hardware standards. However far-fetched or naịve that goal may have seemed, it was reached by the late 1970s. This paper investigates the strategy behind Polygram's international expansion. It examines how the company succeeded in growing so quickly, how it managed to buy and integrate companies of various national origins with different corporate and creative identities, and what methods it used to manage the resulting internationally diverse, creative organization. The paper argues that Polygram's ability to integrate these idiosyncratic creative organizations into one highly effective, but decentralized, international structure, without losing the organizations' local identity, was a major resource of the firm. Given the multitude of differentiated markets that Polygram faced, the paper also considers the value of being a multinational company rather than having separate, independent music companies fine-tuned to each local market.

Steve Koerner, *University of Victoria,* **and Otahara Jun,** *Kyoto University* "The Honda Motor Company and the American Motorcycle Market: An Entrepreneurial Case Study"

In 1960 the Japanese motorcycle industry, led by Honda Motor Company, launched a major export drive to North America. Within ten years the Japanese had overwhelmed their main rivals, the British, who had held a significant share of this market since the late 1940s. Several years later the Japanese had driven the sole remaining domestic manufacturer, Harley-Davidson, to the brink of bankruptcy; the company was saved only by the imposition of tariffs. The Japanese have since gone on to dominate motorcycle markets worldwide. Often used at business schools as a case study of entrepreneurial success, the spectacular rise of Honda and the Japanese motorcycle industry has been presented as an example of "heroic management." This paper, by contrast, highlights other factors, particularly the role of the Japanese and American governments. Although corporate management was an important factor, it is not the only explanation for this industry's success.

Rohit Daniel Wadhwani, *University of Pennsylvania* "'Under the Wholesome Inspection and Control of Government': Mutual Savings Banks, State Authority, and Corporate Form in Nineteenth-Century America"

In nineteenth-century America, savings banks were organized as stockless (that is, not-for-profit) corporations, sometimes misleadingly referred to as "mutuals." Mutual savings banks had no stockholders and were managed by trustees to serve a working-class clientele. Although historians have suggested that the banks' corporate form was a product of the philanthropic motives of their trustees or of information asymmetries in the contracting of deposits, this paper focuses instead on the regulatory role that the organizations' stockless structure played in allowing expanded policing powers to legislatures and courts. The mutuals' corporate form marked savings banks as quasi-public depositories. In an age when a corporate charter constituted a contract with the state, the stockless form of mutual savings banks allowed legislatures to ensure the primacy of the public purposes of the institution over private rights by eliminating "owners" from the corporate structure.

Daniel Friel, *New York University* "Economic Pressure and State Action: The Case of the Decline of the Guilds in Bremen, Germany"

The rise of industrialization and the subsequent decline of the guilds have often been characterized as events that took place not only against the will of guild members but also with the acquiescence or support of the state. Archival research conducted in Bremen, Germany, however, suggests that guild members in that city supported the decline in their organizations while the state government fought to preserve some of the guilds' former functions by sanctioning the development of new guildlike organizations, albeit without providing them control over entry to trades. The lack of such control caused former guild members to embrace the decline of their organizations and to reject new associations sponsored by the state government. The pressures of competition from outside the city gates, however, had caused guild members to surrender their judiciary power to the city government even before their control over entry to trades was abolished.

Dan Breznitz, *Massachusetts Institute of Technology* "Conceiving New Industrial Systems: The Different Emergence Paths of High-Technology Companies in Israel and Ireland"

In the last decade both Israel and Ireland have been on the forefront of a successful double revolution. In the international arena the two small states have been the hotbed of new technology-based firms (NTBF), establishing themselves in global markets for software and information technology. The two states have become successful participants in the so-called biggest industrial revolution of our age. In the domestic arena the two states' political and industrial landscapes, not models of industrial success since their independence in the first half of the twentieth century, have been quickly transformed by the emergence of a new type of corporation, the NTBF, and the financial and legal institutional structure these corporations brought with them. This paper evaluates and analyzes the success of the Irish and Israeli high-tech industry, compares the very different development paths of the industry in the two countries, and presents the dynamic historical dialogue between the state and private business, which molded the industry. I argue that the two different histories of industrial growth and creation continue to shape the industry in the present, lend themselves to the different models of corporate growth strategies of Irish and Israeli high-tech firms, and necessitate two different public policy approaches to compensate for and enhance the weaknesses and strengths of each model.

Tuija Mikkonen, *University of Helsinki* "Corporate Policies in Designing and Constructing Factories"

Factory buildings are not only shelters for the production line but also important factors in shaping a corporate image. The aim of this study is to combine design and business management studies with an architectural analysis of factory buildings as a means of constructing this image. The objects of the study are four industrial companies and their construction activities in Finland in the 1940s and 1950s. The companies and their factories are analyzed, with methodology taken from design management studies. Three design practices are applied: product design, concept design, and strategic design. A typical feature of product design is that every product—such as a building—is designed separately. The concept design principle focuses on product groups with their own visual profiles. The strategic design principle is based on a company's overall business philosophy and strategy.

Laura Kim Lee, *University of California, Los Angeles* "The 'Sensitive' Manager: The Career Development Program at TRW Systems Group, 1963–1975"

In the 1960s and 1970s executives and managers of many corporations, inspired by industrial relations theorist Douglas McGregor's "Theory Y," sought ways to change their organizations to fit McGregor's ideal work environment. They turned to consultants in the growing profession of organization development, who often prescribed some combination of sensitivity training, team building, process consulting, interviewing, and other techniques. This paper examines the case of TRW Systems, which used sensitivity training to alter managerial style and the norms of the organization. I explore why the company wanted more "sensitive" managers and how it went about trying to gain "sensitivity." I argue that a unique organizational structure, an abundance of scientists, and a creative, experimental culture all contributed to the appeal of sensitivity training and to the company's willingness to change managerial styles.

Martin Jes Iversen, *Copenhagen Business School* "Strategies, Structures, and Regimes: The Organizational and Managerial Development of GN Great Nordic, 1945–1983"

How can we explain the early diversification of GN Great Nordic in the 1940s and the late introduction of the multidivisional structure in the late 1970s through a focus on the role played by the managerial regimes and the relationship between business strategies and managerial structures? The paper introduces this research question and begins with a brief discussion of the organizational life cycle and survival capacity of big firms in Denmark between 1938 and 1987. It then traces the history of GN Great Nordic from its founding in 1869, with a brief examination of the traditional telegraph company, and follows the firm through the golden decades of the 1910s and 1920s and the difficult market situation of the 1930s. An examination of the company's early diversification, from 1939 to 1948, concentrates on the strategic shift from a stagnating core business to investments in new industries, estates, and Danish industrial stocks; on the holding company policy during the Second World War; and on the failed intention to establish a new company and liquidate GN Great Nordic in 1948. Finally, the paper considers the business strategy of GN Great Nordic from 1948 to 1966, which was characterized by continued interests in the telegraph industry and uncontrolled growth of the industrial subsidiary Storno. It details the managerial conflict over organizational structure in 1971, which was followed by the dramatic managerial change in 1972 and 1973 and the introduction of the divisional structure in 1977. The paper concludes with a brief picture of the differences between the managerial structures and the business strategies in 1938 and 1977, and it considers three types of explanations that can answer the research question: contextual aspects, Chandler's strategy and structure theory, and the managerial regimes.

Carlo Brambilla, *Università di Pisa "Banques d'affaires* and Investment Banking: Italy in Comparative Perspective"

This study of investment banking and *banques d'affaires* in Italy between the 1860s and the 1920s argues that Italian banks developed a structure in many respects more similar to French banks than to German ones. The paper summarizes the most relevant interpretations of the two banking models and suggests that financial intermediaries play an important role in industrial economies even after economic

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growth has taken place. In the second part of the paper, research methods and sources are discussed and some first results are given. Although the work is still in progress, evidence indicates that the patrimonial structure of Italian big banks shows relevant similarities to French banks. This finding confirms some doubts about the classic interpretation of the development of European continental credit systems.

Christopher James Tassava, *Northwestern University* "Multiples of Six: The Six Companies and West Coast Industrialization, 1930–1945"

Between 1930 and 1945 two relatively small, regionally based heavy construction contractors, Kaiser and Bechtel, developed into substantial companies with diverse interests across the United States and the world. This paper explores the protean forms of organization used by these firms during their period of expansion. Kaiser and Bechtel joined several other construction companies in a loose consortium, the Six Companies, which existed primarily to win government-sponsored public works and defense contracts. The Six Companies, and especially Kaiser and Bechtel, prospered during the Depression and the Second World War precisely because they refused to adopt a "best practice" model of corporate governance drawn (in contemporary practice and historical scholarship) from the diversified manufacturing and distribution sectors. Instead, they chose to use the malleable "joint venture" form to meet the various managerial, technical, financial, and strategic challenges of the Great Depression and the Second World War boom.

Sverre A. Christensen, *Norwegian School of Management* "The Evolution of Corporate Governance in the Norwegian Telecom Industry in the 1970s"

The Norwegian telecom industry was fairly stable until the 1960s, with modest technological development and a stable market characterized by oligopoly and monopsony. In the 1960s electronics and computer technology was introduced in telecommunications, and European governments embarked on a more active policy toward the telecom industry in order to catch up with the Americans. The industry was invited to take part in large research and development projects. The National Telecom Administrations (NTA), however, were more inclined to use their procurement power, derived from their monopsonic position, to compel telecom companies to engage in national research and development programs. Hence, the new technology challenged the prevailing corporate governance system;

this paper examines how these circumstances influenced the Norwegian telecom industry and its corporate governance.

Huw V. Bowen, *University of Leicester* "Managing the Business of Empire: The Organizational Reconstruction of the English East India Company, 1740–1820"

Between 1740 and 1765 the East India Company acquired a vast territorial empire in northern India, and it evolved rapidly into a powerful imperial agency backed by a large private army and civil administration. This paper explores how the directors and managers of the company came to terms with this development by accommodating changing priorities within a metropolitan administrative system designed originally for the purpose of conducting long-distance trade. It is argued that, although much within the company remained unchanged, important (and overlooked) managerial reforms and innovations were introduced from the 1760s onward. As a result, the internal organization of the company in 1820 was quite different from that which had existed in 1740. It is argued that the model of the modern firm often applied by historians to the company for the years before 1750 sits uncomfortably upon the unique hybrid commercial-imperial agency that emerged during the second half of the eighteenth century.

Thorin Tritter, *Princeton University* "Battles and Business: The Emergence of the American Daily Paper in the 1860s"

The Civil War years marked a turning point in the American newspaper industry when large metropolitan dailies replaced smaller local papers as the dominant source for news. On the one hand, shortages of both supplies and workers, with a related increase in costs, forced many newspapers to shrink editions or close up entirely. On the other hand, the war created an unprecedented demand for news, and those owners who found a way to continue publishing often realized great financial rewards. But which newspapers benefited the most and what was the key to their success? The paper looks particularly at New York City, the center of America's newspaper industry, and argues that it was the corporate structures developed by the largest dailies in the years leading up to the war that enabled them to become the first truly national papers. Significantly, their access to capital during this key period helped make New York dailies, rather than smaller weekly or monthly papers, the main source for news across the country.

Birgitte Holten, *Copenhagen Business School* "Communication and Organizational Structure in International Trade after 1850"

The 1870s were characterized by rapid development in worldwide communications—from the transportation of passengers and even selected consumer goods on steam liners, to the submerged telegraph cables uniting the continents. Firms engaged in international trade suddenly became more aware of what happened when they placed an order. The classic Chandlerian approach to the development of firms during this period focuses on vertical integration and diversification. For international trade, however, an adversarial tendency seems to have prevailed: that of specialization and greater reliance on the market. The answer of many trading firms to changing conditions was to externalize their need for transportation, passing it from control by the firm to market conditions. During the same period they began to obtain their current information from newspapers instead of from personal correspondence.

David T. Merrett, *University of Melbourne* "Corporate Governance, Incentives, and the Internationalization of Australian Business"

Australia's increased trade ratios and greater outflows of foreign direct investment have been explained in the literature in terms of changes external to businesses. The firm is portrayed as a "black box" in which management motivation and behavior do not matter. Using principal-agent theory and drawing on the insight of the internationalization-process literature that learning to go abroad is both costly and time consuming, this paper argues that the extensive change in the structure and operation of the corporate governance system was a necessary but not sufficient condition for the internationalization of Australian business after 1980.

Ludovic Cailluet, *Université de Toulouse* "Shareholder Status in French Multinational Enterprise during the Twentieth Century"

This paper looks at the status of shareholders in large French enterprises during the "long" twentieth century—that is, 1880s–1990s. Status is here understood both as the level of power exerted by shareholders on the management of the firm and as the way the company and its management consider the shareholder. Broadly, it also relates to the shareholder's or the capitalist's image in the society as a whole. Using as a case study a single large company created in the mid-nineteenth century, the paper considers the evolution of the perception of the shareholder. In France the transformation of shareholders' status took place in three distinct periods, which culminated in the present mixture "iconized" by the term "corporate governance."

Teresa da Silva Lopes, *University of Reading* "Governance and Path Dependence in the Alcoholic Beverages Industry"

In the alcoholic beverages industry, the world's largest firms are originally from countries such as the United Kingdom, the United States, and Canada, where the predominant systems of corporate governance disperse ownership among a large number of investors while concentrating control in the hands of a group of professional managers employed by the firm. Other firms come from countries like France, the Netherlands, and Japan, where, by contrast, the predominant form of corporate governance has concentrated ownership in the hands of a small number of financial or other institutions that are more active in the firm's management. Yet, despite these distinct national systems of corporate governance, the predominant governance structures of the world's leading firms in alcoholic beverages by the end of the twentieth century reflect neither system. They are instead characterized by management systems in which control is in the hands of managers but ownership of firms is in the hands of a family or a restricted group of investors. This paper examines this apparent paradox, showing that there is a much fuller and more varied spectrum of control and ownership alternatives than that analyzed by conventional studies of national systems of corporate governance.

Chiaki Moriguchi, *Northwestern University* "Did American Welfare Capitalists Breach Their Implicit Contracts? A Preliminary Study of Company-Level Data, 1921–1941"

Industrial relations policies of American corporations evolved dynamically during the 1920s and 1930s. It has been claimed that the experiments in private welfare capitalism (that is, employers' provision of nonwage benefits and establishment-level employee representation) failed during the Great Depression and were subsequently replaced by state social welfare and industrial unionism. Recent literature, however, has revealed considerable firm-level heterogeneity, adding more complex nuances to a simple story of discontinuation. Using data from fifteen U.S. manufacturing companies, this paper examines interrelations among a firm's commitment to corporate welfare in the 1920s, its degree of repudiation during the Depression, and changes in labor-management relations during the New Deal period. The paper identifies positive relations between the severity of the Depression and the degree of repudiation but also finds that firms with a higher commitment were less likely to repudiate and more likely to remain unorganized and retain implicit contractual relations.

Rachel Batch, *Philadelphia University* "Addressing the 'Labor Question' with the 'Housing Problem': Bituminous Coal Operators and Company Town Design, 1916–1926"

Bituminous coal operators of the World War I period responded to the labor question with "the housing problem." This oft-referenced term in mining trade literature targeted an industry-specific endeavor, the need to house the industry's work force, and urged improvements to company town planning, building, and management as a solution to the problems caused by discontented labor—the most pressing of which were high turnover and collective action. Among pages of articles, editorials, and "successful" company town profiles in management journals, operators advised each other of the advantages of new town designs and cost-efficient housing types and amenities, and described how with these improvements they might avail themselves of better relations with their work force. By analyzing the "housing problem," we may see capital's side of the labor question through the words of the mine managers implementing the reforms.

Laurence F. Gross, *University of Massachusetts Lowell* "Malden Mills: An Alternate Model of Corporate Governance"

The initial phase of a book manuscript, this paper focuses on the history of Malden Mills of Lawrence, Massachusetts, as an exception to (1) the Lowell Model, (2) mill-village paternalism, and (3) welfare capitalism. Famous for paying blue- as well as white-collar workers after a devastating fire in 1995, owner Aaron Feuerstein acknowledged and valued worker contributions as his predecessors had in earlier decades. Malden Mills owners not only ensured that the mill persisted in the North but also invested in research and development (Polartec, for example) even in down periods, early on advocated statistical quality control, and studied with noted statistician and consultant W. Edwards Deming. The mill continues to express its reliance on and obligation to its employees. Whether or not it can survive, and what role popular support among consumers for its morality will play in that question, remain to be seen.

Steven T. Sheehan, *Indiana University, Bloomington* "Better Living at DuPont: The Rise and Fall of the Consumer's Democracy in Postwar America, 1945–1968"

In 1946 the DuPont Company began publishing an employee magazine called *Better Living.* From the magazine's debut through the early 1960s, the editors employed the techniques of photojournalism to develop a vision of postwar America as a "consumer's democracy." The editors pointedly chose to speak to employees as consumer-citizens. Thus, the magazine was part of the larger business campaign to reestablish business's authority both in the factory and over the political economy after the labor unrest, unionization, and increasing state regulation of the previous fifteen years. The editors attempted to present DuPont workers with an alternative to social democracy. Yet the magazine did not merely seek to atomize and individuate DuPont workers and the American working class. Rather, it envisioned a nation of wage earners, bound to their families, the corporation, and the idea of national progress, working and spending for greater production, efficiency, and material abundance.

Chad E. Pearson, *State University of New York, Albany* "Militarism, Nationalism, and Wartime Memory at Pittsfield and Schenectady General Electric, 1945–1950"

As recent historians have observed, large-scale corporations in the post–World War II period used advertisements in aggressive ways to promote the virtues of the free market, hoping to dazzle workers and the general public with the endless wonders and pleasures of consumerism. But some companies, such as General Electric (GE), did more than "sell the free market." Exploiting the hyper-patriotic climate sparked by the recent war victory, GE sought to demonstrate its concern for the welfare of returning veterans in its in-house papers and other publications. Employees at all levels were encouraged to read these materials and learn about the company's scientific and manufacturing capacity and, most important, its patriotic goodwill during the Second World War. GE's technological contributions to the war, workers learned, were only part of the reason to celebrate; the war years were also relatively free of industrial conflict. Using company material from two major GE centers—Pittsfield, Massachusetts, and Schenectady, New York—this paper examines the various ways that GE invoked wartime memories to highlight the significance of workplace harmony and industrial efficiency.