

Commentary on Dissertations

Glenn Porter

Eleutherian Mills-Hagley Foundation and the University of Delaware

This group of doctoral dissertations constitutes impressive evidence of the vitality of current work in the field of business history. The quality of each of these five studies is high, and the authors merit congratulations for their completion of the doctoral rites of passage with unusual distinction. I regret that my comments must be brief; it is something of a disservice to the participants to have to consider such rich and varied studies under the time constraints that govern these sessions. They deserve much more attention and analysis than is possible today.

We meet today in a city that my more provincial New England friends would consider to be "out West." In honor of that, I will begin with Gary Libecap's study of mineral rights in the real West, Nevada's Comstock Lode. Libecap's essay is a study in the interaction of economics and law and it represents a contribution to a growing body of work on the role of property rights and other aspects of legal systems in economic history. He draws from the literature on the economic theory of property rights several hypotheses about the evolution of mineral rights, then tests those hypotheses in his case study of the Comstock Lode. He finds that the precision of mineral rights law and the degree of its enforcement did indeed increase as the value of the resource in question rose. Further, the level of judicial and legislative activity directed at improving the specificity of mineral rights declined, once the basic questions had been resolved. Those results are what the relevant body of economic theory predicts and they are not surprising.

Of more interest is his finding that there was no evidence of a need for the *prior* elaboration of clearly defined mineral rights in order to elicit investment in the industry. This suggests, as Libecap points out, that the risk and uncertainty contributed by imprecise legal rules was not a very important source of uncertainty for persons in this industry. I suspect that the pattern of initially informal, rough solutions to problems of legal uncertainty, followed by later formal ratification of these solutions, was a common one in American economic history. The power of private property rights was so strong, and the tendency for judges and

legislators to sanction the informally or voluntarily worked out status quo was so pervasive, that it seems likely that investors were seldom deterred by legal uncertainties when large returns seemed to be at hand.

Although Libecap does compare events in Nevada with the mining industry in neighboring Colorado and does place his case study in the larger context of the handling of private mineral and property rights on federal lands, he could have given additional significance to his story by comparing it with the evolution of mineral rights in other industries (especially petroleum) and by considering this instance of the interaction of law and economics more explicitly in the light of the work of such scholars as J. Willard Hurst and Harry Scheiber. Economics did not always call the tune for law, by any means, though it apparently did so in this case. Libecap's study would have been of wider interest had he considered it in a broader framework than the economic theory of property rights.

August Giebelhaus's case study would also have benefited from a wider perspective, especially in its early stages. Although he argues that Sun Oil was shaped by its origins in the days of Standard Oil dominance before 1911, his account of Sun's formative years is unnecessarily narrowly focused on Sun itself. Only when one sees the industry as a whole can the development of a single firm be understood. The broader, industry-wide perspective he employs in his treatment of Sun from World War I through the end of World War II is much more successful. Giebelhaus's essay is in part the story of how one of the non-Standard Oil "majors" managed to find its niche, become an integrated firm, and flourish in the oil oligopoly. Its major contribution, however, is its skillful analysis of the growth of the symbiotic relationship between business and government in 20th-century America and the persistent rebellion against that relationship by the owner-managers of Sun, the Pew family.

After the government's conviction of Standard Oil in 1911, the history of the petroleum industry for the next three decades was one of a clear trend toward more and more cooperation in the industry, often sanctioned, encouraged, or even compelled by government. The repeated discovery of huge new oil fields made government action necessary to curb output, whether in the name of conservation, efficiency, stable prices and profits, the national interest, or the rationalization of industry. Oligopolistic competition, it seems, was not able to rationalize production and stabilize prices without legal restrictions on the output of crude oil, and both business and government eventually came to see that. The two world wars served as hothouses in which was nurtured this new cooperation in oil, as in so many other industries; the wartime crisis speeded up a process already at work in the economy. The development of cooperation and regulation was by no means always easy, as the renewed antitrust activities near the end of the 1930s demonstrated. But in the long run it was clear to almost everyone that unrestrained competition simply would not do.

The management at Sun Oil dissented somewhat from that view, maintaining a *relatively* consistent and apparently relatively sincere posture of opposition to many cooperative arrangements and to government intervention. Economic self-interest played some part in this, and inconsistency reared its head more than once, but on the whole Giebelhaus's case for the genuineness of the Pew family's laissez-faire position is convincing. The seemingly contradictory term he uses to describe Sun -- "independent major" -- turns out to be an accurate designation of the firm. The company only very recently "outgrew" its antimonopoly origins and its legacy of conservative, family ownership and management and began to behave the way members of the oil oligopoly are "supposed" to. His study is a powerful example of how and why government and large-scale American business came to terms with one another in this century, and of the increasing, inevitably public dimension of what many people, including the Pews, continued to call private enterprise.

One of the institutions that played a role in effecting that accommodation between business and government was public relations. Richard Tedlow's treatment of the topic is by far the most comprehensive and best account we have of the development of that important aspect of modern business. This is a dissertation distinguished by outstanding prose and a degree of evenhandedness and hardheadedness in its judgments that is extremely rare among studies of this controversial topic. Tedlow traces the rise of modern public relations in the Progressive Era and its evolution in succeeding decades, paying special attention to the 1930s, when business came under its greatest public pressure and responded with a massive public relations counteroffensive. Despite the rehabilitation of the image of business as a result of the return to prosperity in the 1940s and the contributions of business to the war effort, public relations did not fade away. Instead, its influence grew and it became an established part of the business world.

Tedlow's study is thorough and imaginative, and he points to the spread of public relations techniques to many institutions other than business, such as politics, labor unions, and the military. In many ways this is a model dissertation and it has a polished quality more reminiscent of a superior, published monograph than a doctoral thesis.

My only real reservation about the study is its lack of a specific focus. It raises many very provocative questions and raises them well. It ends on a consciously uncertain note about the real effects of public relations in our society, and the moral and fundamentally political questions raised by the pervasive influence of public relations techniques. Much of this uncertainty is due, as Tedlow notes, to the lack of a mature, serious literature on this institution, despite its obvious importance. Tedlow's study is a solid foundation on which he and others can now build, and all students of the history of business institutions in American society are in his debt. His is an excellent treatment of a

significant and unusually difficult topic that has touched almost all aspects of 20th-century American life; if it has not resolved all the issues it raises, surely that is no great failing.

Another very provocative study is that of Viviana Zelizer. For many years this conference has welcomed a wide variety of methodological approaches in a spirit of intellectual curiosity and good will, and it is most appropriate that this session includes a dissertation from a discipline with which we habitually have too little contact -- sociology. The Zelizer study serves, among other things, to remind us of the extremely important role that that discipline has played for so long in our field. Major portions of the most important work in business history have clear intellectual antecedents in Weberian and Parsonian sociology, and in role theory.

Furthermore, Ms. Zelizer's work is especially welcome because it is an example of what has become a lost art among most economic historians -- the wide-ranging, imaginative, subtle, and literate consideration of a large humanistic problem. She demonstrates a sensitivity to the need to place her work in a comparative framework and an acceptance of the burden of the responsibility to offer conclusions.

She brings to the history of the life insurance industry what previous analysts have not had: a keen awareness of the noneconomic aspects of what we facetiously call economic change, and the ability to avoid taking the cultural and ideological dimensions of such change as givens. This story clearly shows that there was cultural resistance to, and then acceptance of, life insurance. The explanation of the sources of that resistance and of its erosion, however, seems to me not to recognize explicitly or adequately quite how deep-seated and slowly changing are the sorts of fundamental attitudes and values discussed in the dissertation. That is, the essay accepts the 19th century as a sufficiently large stage for the problem it addresses. Americans resisted life insurance in the first part of that century largely because of "fundamentalist" religious views and the identification of life insurance with gambling and sacrilege, plus the fact that they were reluctant to shift the social practice of protecting widows and children from what Ms. Zelizer terms "an altruistic type of exchange" to a market exchange. Life insurance triumphed when the struggle between fundamentalist and modernist religious outlooks "worked itself out in the nineteenth century," when "after the 1870s, as the notion of economic risk and rational speculation grew progressively more acceptable," and when formal, impersonal institutions came increasingly to hand what had been personal or family or small group responsibilities in the wake of an individual's death.

What needs to be noted is that this was symptomatic of a much larger, extremely long-run trend in Western society since the close of the Middle Ages. The decline of traditional, informal, personal social arrangements and their replacement with modern,

formal, impersonal, bureaucratic mechanisms has been a slow process and one that is by no means complete. The same is true of the decline of religion and magic and the rise of scientific rationalism. Ms. Zelizer's own work amply demonstrates the persistence to the present day of some of the hostile early 19th-century attitudes toward life insurance. We are by no means free from many such pre-modern notions. Similarly, there is no doubt that Americans were enthralled by "rational speculation" from our colonial beginnings. Indeed, many able historians have seen that devotion at the very heart of the American experience. Many of these points are already implicit in Ms. Zelizer's analysis, but I believe that her study would be stronger if it were placed explicitly in the context of the literature on modernization and if it recognized that the complex underlying cultural and ideological changes that are highlighted by the story of life insurance began before that particular innovation appeared and that are not yet complete. This would then free the study from the strains inherent in trying to explain why fundamental social change came within so brief a period as the several decades in the middle of the 19th century. Here the long view of the historian may assist the sociologist, a happy and equitable outcome, given the valuable lessons this particular sociologist offers to historians in her fine study.

Michael Miller's dissertation on the grandest of the Parisian *grands magasins*, the Bon Marche, also reflects the influence of sociology. Although he focuses on the history of a single firm, Miller's work is far removed indeed from the realm of that traditional form of business history, the company history. His explication of the organization and business methods of Bon Marche is clear but very lean. This is both wise and welcome, since we already have a number of detailed studies of that business institution in the United States, and the similarity with the French analogue is striking. Unlike so many of the historians who deal with a single enterprise, however, Miller is not content to stop at that point. Instead, he fashions a case study of the inter-relationship between the business and the culture in which it functions. He places his firm in the context of its industry and of French business history in general. Further, he analyzes the ways in which this modern, bureaucratic institution, the department store, sought to transform the attitudes and values of the work force, creating "organization men" through a sophisticated paternalism that eased the workers' transition to an impersonal corporate environment. Community and familial values of extremely long lineage were grafted onto the new, efficient, and impersonal institution by the controlling Boucicaut family and their corporate heirs.

Not only did the entrepreneurs have to try to alter the culture of their work force, they had to take the initiative in changing the values of their customers as well. As Miller puts it, "the Bon Marche management was confronted with the task of selling

not only merchandise, but consumption itself." The public relations and advertising work of the firm not only promoted a new bourgeois lifestyle, but also emphasized what Miller calls *gemeinschaftlich* elements, in a further effort to make the new, giant department store seem more familiar and reassuring. Ultimately, Miller argues, the store became virtually a "new church," a kind of cathedral of consumption.

The study concludes that prevailing views on the family firm as an obstacle to the rise of modern bureaucratic enterprise in France must be modified to recognize that traditional values of family and community could be skillfully integrated into the new corporate, consumption-oriented world. Further, Miller underscores the persistence of strong paternalistic elements even in ostensibly impersonal, rational,²¹ "soulless" corporations.

All this is well and good. Both Zelizer and Miller remind us that the cultural context of economic change is of major significance, that we cannot explain major economic change satisfactorily until we have integrated sociological, anthropological, and even psychological perspectives into our analyses. I do feel, however, that both of these studies are guilty of paying too little attention to economic factors. Both give only relatively grudging recognition to the role of such elements as changes in economic growth, the distribution of income, shifts in disposable income, the availability of transportation, and the expansion of urbanization. This is both natural and understandable, given the points they wish to make. They are correcting what they see as imbalances in earlier analyses, and it is not surprising that they create a new imbalance in the process. Perhaps next year, in the promised land, we shall all reach equilibrium.

I want to close with a few thoughts brought to mind by the excellent work of Miller and Zelizer. First, both studies recall to our attention the fact that Western man did not go gentle into the good night of modernization. The forces of tradition, of family, of community, of religion, and of magic were powerful elements, to which the agents of bureaucratization and the rising corporate world had to accommodate themselves. Here the work of Zelizer and Miller bears some similarity to recent studies in working class history, such as those by E. P. Thompson and Herbert Gutman, though there are fewer overt political overtones in the two dissertations in question. The task of socializing the work force was not as simple as business historians have often assumed, and the old cultural order required that the agents of the new economic world clothe themselves and their institutions in the raiment of tradition, especially in the early stages of modernization and industrialization. Only after a considerable time did modern capitalism feel itself free to cast off some of that clothing. Further, both these scholars demonstrate the persistence and continued strength of earlier cultural values in our present economic order. That is, these studies incline one's thoughts

toward cultural continuity rather than sharp change, toward gradualism in economic change, and toward the intermingling of traditional and modern elements in history -- elements by no means as incompatible as we often think.

Finally, it seems to me that the growing body of work such as that of Miller and Zelizer also tends to erode that vastly influential set of notions that revolves around a belief in the uniqueness of America, or perhaps merely the dissimilarity between America and Europe. The striking sameness of the story of the department store in France and in the United States, and the strong resistance to the institution of life insurance in the Old World as well as the New, remind us that America was by no means born entirely free of traditional European cultural values. The "consensus" school in American history has had such a powerful and pervasive impact that we tend to overlook the many ways in which Americans and Europeans alike effected and reacted to modernization and industrialization. All these matters, of course, are ones of tone, nuance, and emphasis in interpretation, and it is easy to argue that none of this is really new. But times and historical fashions *do* change, and the historiographical contexts into which the work of Miller and Zelizer can be fitted hint that the winds may be shifting. In this instance, furthermore, Bob Dylan to the contrary notwithstanding, it may indeed be helpful to be a weatherman to know which way the wind is blowing.