

PRESIDENTIAL ADDRESS

What Makes Us Think We Can Put Business Back Into American History?

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As we inch toward the end of the twentieth century, it is appropriate to consider that in the past five centuries we have discovered only two peaceful means of protecting ourselves from the institutions we create. When they become autocratic or inefficient, when they oppress us or fail to provide us with the goods, services, and jobs we need, we look either to market forces or to some form of democratic or representative government to correct the situation. Neither of these correctives has worked perfectly. From time to time, they have provided contradictory solutions to our problems, a subject to which I will return. Moreover, the processes by which both of these correctives work have changed dramatically in the past century. But nevertheless, over the long-term, they still provide us with the only recourse we have short of revolution to protect ourselves and our welfare.

The collapse of communism in East Europe and the USSR provided us with a startling example of what can happen to societies in which both of these correctives have been long suppressed. The rise of Solidarity in Poland had prefigured the collapse, marking clearly just how inefficient the economic institutions had become and how far the communist bureaucracy had deviated from the ideology of the proletariat. The disintegration of the USSR made both the inefficiency and the oppressive nature of those institutions obvious to all but the most cloistered ideologues and the communist bureaucrats scrambling to retain their power.

In the aftermath of these events, business organizations and the factors that appear to be related to efficient and innovative performances in the private sector have attracted substantial attention in the media. Indeed, the central features of the modern brands of corporate capitalism were already hot subjects in the United States because of our concern with global competition and the painful changes it has been forcing upon our society since the mid-seventies. Like most other industrial democracies, the United States has for some years been drifting to the right, exploring deregulation and

privatization. One reason for that fundamental shift in political economy in the United States and elsewhere was the poor record of performance that many public institutions had compiled in the past century of experience with a growing public sector. In the United States the scholarly analyses of those deficiencies were important elements in fostering the deregulation movement.

While the private sector has of course been experiencing its own serious difficulties with global competition, there is good reason to believe that market forces have been functioning effectively to correct those problems. For some years now "destructive competition," a la Schumpeter, has gradually been cleaning out organizations unable to adjust to the new patterns of competition. Even General Motors, long the symbol of effective managerial capitalism, has had reason to fear for its future. Recently, GM has retooled and scaled down its corporate vision, hoping one assumes to ensure that it will have a more secure place in the industry in the years ahead. Meanwhile, there have certainly been enough innovative, well-managed American companies to mark a path for their peers -- a path that East European proto-capitalists are already finding attractive.

With business in the forefront of these dramatic global changes, it would appear to be an especially convenient time to weave the findings of business history into the fabric of general American history. The times seem ripe. The audience is warmed up for this next act, and like most practitioners in scholarly communities, business historians have, I believe, labored away on the assumption that sooner or later their monographic research would be absorbed into a general paradigm of American history. That goal, historian of science Paul Forman has observed, is a motivator powerful enough to drive first-rate professional researchers to work intensely in great obscurity for material rewards that are seldom commensurate with the effort they expend. In the case of historians, how else can we explain the prodigious amounts of time and energy devoted to producing monographs with print runs of 1,200 -- or less.

But alas, there is good reason to doubt that this goal will be achieved, at least in our lifetime, because of fundamental changes that are taking place in the historical profession and its central body of knowledge, its mystery.

Synthesis and Specialization

Professional history, itself a result during the late nineteenth century of specialization in the production, distribution, and consumption of academic knowledge, has in recent years begun to be stripped of one of its most important functions by that same process of specialization. This is certainly true in U.S. history, which is my central concern here. The function being lost is that of synthesis--the function of providing its readers and writers with a general intellectual framework, particular to a time and place. These frameworks have given meaning to the past and present. They have enabled us to see the relationships between political and economic events, between culture and institutions, between the broad forces of change and the details of individual lives, between the leaders and the led in ideas and actions. Synthesis has structured our historiographical discourse, especially the mini-dialectical process of doctoral research, our primary mode of socialization. It

has distinguished history from the behavioral sciences in the United States, none of which have stressed this function.

When business history emerged from its adolescence as a sturdy subdiscipline in the post-World War II era, professional historians in the United States were blessed with a dominant synthesis, a paradigm that aroused a significant degree of consensus. Whether they were attacking liberal or progressive history, as many were, or defending it, as some were, or just depending on it to get them through their survey courses, as most probably were, professional historians had a convenient intellectual map of the past. To business historians that map seemed flawed in certain basic regards, and their central task was that of revision. They shared that task with the best scholars of that distinguished generation of historians, although few practitioners of that era would have ranked any of the leading business historians with the likes of Richard Hofstadter, Daniel Boorstin, or John Higham. After all, Hofstadter's essays were brilliant and provocative, Boorstin's breadth inspired awe, and Higham's insights opened entirely new vistas for exploration.

By contrast, even the best of the business historians seemed to be plodders, and many of them were kept plodders at that. Ensnared in the comfortable confines of business schools, they launched assaults on the "Robber Baron" concept of the businessman and began to fill research library bookshelves with hefty, well documented monographs on business organizations, leaders, and related institutions. Even when their scholarship produced excellent results that have stood the test of time and subsequent scholarship -- as was the case with the work done on merchants and the commercial sector in pre-industrial America -- they were unable to make a significant dent in the dominant paradigm. Even when their ranks came to include Allan Nevins and Thomas C. Cochran, the best of that generation, they were unable to win for the subdiscipline a position near the cutting edge of revisionism. The "political correctness" of that era was a formidable barrier that they failed to breach.

But remarkably, business history survived. It actually grew, as did many similar subdisciplines during those remarkable decades of expansion in the U.S. educational system. Robert Kohler has shown us how such complex systems encourage disciplinary innovation, but large, intricate, growing systems are also likely to protect even those subsystems that are not generally credited with producing front-edge ideas. Hence the survival of crystallography during its long flat phase and early business history through its era of plodding. The comparison is useful because both of these areas of research were to experience revivals stemming in part from rather surprising shifts in their intellectual contexts.

In addition to protecting the weaker subdisciplines and encouraging innovation, the post-WWII expansion and specialization in U.S. history fostered an incredible fracturing of knowledge and the loss of a sense of synthesis. In the realm of economic history alone there developed -- in addition to business history -- all of the following relevant subdisciplines: labor history, entrepreneurial history, cliometrics, the history of technology, public history, the history of material culture, public policy history, social science history, family history, legal history, and more recently certain forms of social

history and women's studies that deal with employment, social relations, and public economic policy. Each of these subdisciplines dealt with subjects that had important economic dimensions; economic historians had touched upon all of these subjects, in greater or lesser degree, before the great subdivision of the profession began.

While during these years of expansion many scholars advocated interdisciplinary research and called for cooperative efforts between subdisciplines, the trend was actually toward higher and higher degrees of isolation. Communications between the subdisciplines tended to break down over time, as each developed its separate mystery, its academic journals and leaders, its cadre of practitioners and common language. Careers were followed without ever leaving the confines of the subdiscipline. Diplomatic history flourished during these decades without having been touched by either progressive history or revisionism; self-encased and sustained by the manifest importance of its subject matter, it chugged along, impervious to the larger trends in history, until it was suddenly torpedoed by the New Left critique. Meanwhile, the large, omnibus associations like the American Historical Association and the Organization of American Historians had done little to thwart the divisive forces of specialization. They too seemed oblivious to what was happening until the later stages of this development; then they both began to experience crises of confidence that were reflected in their debates over financial problems, their annual programs, and the internal struggles that developed as the various subdisciplines began to follow normal patterns of interest-group behavior.

By that time, business historians had found subjects of study much more important than the old Robber Baron concept. The social historians conducting community studies were similarly preoccupied with their immediate tasks. As were the labor historians peering down to "the point of production" and the cliometricians analyzing the sources of income or the distribution of wealth in nineteenth-century America. We were all busy. We were all productive. We were as the years passed all tenured, or so it seemed. If there was uneasiness about the lack of communication between subdisciplines, about the unwillingness of our colleagues to attend seminars outside their immediate interests, these concerns did not generally bubble to the top of our subdisciplines or to the top of our profession.

What did bubble to the surface were the academic concerns generated when this entire educational-research system began to contract. In the 1970s and 1980s, the job crisis became a major subject of discussion, as did the related problem of the role of history in university/college curricula. As a business historian, I am perforce interested in demand as well as supply, so I will not denigrate those issues or try to minimize the devastating impact the contraction had upon a generation of young scholars. But what interests me here is the manner in which those issues tended to draw attention away from broader intellectual questions and to keep us on the subdisciplinary paths of thinking which had by this time become deeply grooved and hallowed by tenure. It was perhaps no accident that concern for synthesis in American history began to reemerge as the contraction ended and the future began to look less bleak for young scholars. By that time, however, there was a new

force to contend with, an intellectual movement which constituted a direct challenge to historical synthesis.

Deconstruction and Synthesis

If specialization weakened synthesis by default, deconstruction threatened to kill this brand of historical thought directly by cutting its philosophical roots. Deconstruction took apart many of the categories of thought with which historians had become accustomed to working; it undercut the assumptions most historians have made about their ability to discern the past that their subjects had experienced. It subjected the linear past of the teleologies to a withering ontological cross fire. It introduced a variety of discourses where historians bent upon synthesis had been searching for a single, central discourse between themselves and the past.

Deconstruction dissolved the stages many historians had used to build a coherent view of past experiences. Business and economic historians have always been particularly prone to stage analysis, in part because their subject matter did not provide the convenient cleavages of political history. Business people get fired and go bankrupt from time to time, but they do not thereby change the orientation of the system of which they are a part. Forced to look deeper for central tendencies and a meaningful chronology, business historians have made use of stage analyses, usually in a developmental or positivist manner; the stages usually took you to the top floor, not the basement (although colonial historians had long ago shown how interesting the basement could be). Deconstruction made this approach to synthesis even more problematical than had the behavioral or cliometric critique.

Deconstruction -- and women's history which was not particularly deconstructionist -- also uncovered class significance in activities and ideas that historians had taken at face value, as presented by historical subjects who were as oblivious to class relations as they were thoroughly imbued with them. This was particularly disconcerting to a generation that looked back upon class-oriented progressive history as a period-piece and revisionism as a task now successfully completed. Historians who were not using social classes as a category of analysis associated class analysis, I believe, primarily with the efforts to force U.S. history into a Marxist or neo-Marxist framework. By the time deconstruction was becoming popular, however, the 1960s tide of radical historiography had ebbed. It left behind valuable concepts, but not a viable synthesis that had broad appeal. In that regard, it too had been done in by the era of expansion and specialization. Thus, class analysis became a powerful critical tool used by historians interested largely in taking things apart, not putting them together in a new way. Form followed function: many of the class-oriented studies were conducted in the style of extended essays that did not require the author to engage in the now questionable art of synthesis.

The style was important, in part because deconstruction came out of a literary and not an historical tradition. Its roots were French, not German (as was the case with the U.S. tradition of modern historical analysis). Like good literary criticism, it often created a single, bright, illuminating shaft of light that provided new insight into an existing body of information. Rather

than reaching out to encompass as much as possible of that information, deconstruction analysis gave us a new perspective on some part of our field of study. It showed us how, for instance, particular discourses had been created and whose interests were served by their formulation.

Deconstruction coincided with and was philosophically akin to the new emphasis upon history as culture. What was being dismantled were sets of ideas embedded in various cultures. What was being abandoned were the historical syntheses constructed primarily from ideas about political and economic institutions, the institutions now associated with patterns of social control, direct dominance, and repression. The nation state. The corporation. The profession. The political party. The interest group. These hierarchical institutions and their leaders, long the heart of history, were being taken apart and shoved off stage.

For the most part, business historians seemed oblivious to these important intellectual trends. Like diplomatic history in an earlier day, business history was self-encased and growing self-confident for the first time in its short history. The source of this new mood was in part the politico-economic transformation noted at the beginning of this essay. It was also a product of the work of Alfred D. Chandler and the studies his history inspired. Chandler emphasized construction, not deconstruction. Instead of opening the field toward culture, he narrowed the scope of business history while greatly increasing its analytical depth and intellectual significance. His opening, as it turned out, was toward economics, organizational analysis, and comparative institutional history, instead of cultural history. Confronted in Paris on one occasion by an ardent young deconstructionist, he shrugged off the question with the same royal disdain that he had earlier deployed against a New Left critique.

The Chandlerian framework provided business history with brilliant organizing principles -- ideas clearly superior to the concepts bequeathed to the field by its founder, N.S.B. Gras -- but this new framework marked the climax of specialization, not a renewed effort to develop a general synthesis in which the findings of the new business history would fit. If anything, it worked against that end by portraying America's central corporate institutions in relative isolation, separated from their social and political settings. When Chandler's magnificent study of *The Visible Hand* won the Pulitzer Prize in 1977, it marked among other things how far that specialization had taken us away from general synthesis since 1934, when Matthew Josephson published *The Robber Barons*.

Opportunity Beckons

But if business history has taught us anything it is that problems such as the demise of synthesis are also opportunities for entrepreneurs, academic and otherwise. Our social and political environment is primed for a new general synthesis in which the central questions and findings of the new business history play an important role. I refuse to believe we will not take advantage of that situation. Business historians will not, however, be able to depend upon others to construct that synthesis. Given the impact of

specialization and the popularity of deconstruction, we will have to do much of the initial work ourselves, and to do that we will have to reach out beyond the confines of our subdiscipline as it is currently understood.

We will no longer be able to avoid dealing with the question of power, its changing distribution, and in particular the impact of business' power upon American society. The critics of business, from Matthew Josephson to the present, have made this question central to their history. It deserves all of the attention we can give it, and it deserves to be dealt with across a very broad front. Thus, we need to understand business' role not just in politics, but also in America's educational institutions, its foundations, its professions, and its multitude of other voluntary organizations.

We also need to confront two economic questions that most business historians have avoided: How has the development of business altered America's distribution of income and wealth? How has it been related to the general performance of the American economy, in good times and bad, in the 1920s as well as the Great Depression, in the difficult 1970s as well as the prosperous American Century? If business historians have no ready answers to these questions -- and I don't believe they do -- they need to develop them now. While our readers may or may not want to know a great deal about functional departments and structural decentralization, they will I assure you want to know how business has contributed to and detracted from the performance of the national economy.

Let me illustrate what I mean by taking a specific example. In labor history the central idea guiding much of the work has been the assumption that throughout American history business has had the upper hand and has dominated both the labor market and the political system. Thus the heart of the field has been an analysis of labor's struggles to right this wrong and to gain power, income, and a measure of control over their working conditions. Business historians have not joined this issue, as I believe they should. They have not asked how this could have been the case in a country which for centuries had a persistent labor shortage? A country in which indenture and apprenticeship, and similar measures of control, broke down over time. A country in which by the middle of the nineteenth century labor had the vote. A country attracting millions of immigrants because it had the best labor market in the world. We need to meet the myth of labor's struggles head on, but of course we cannot do that if we leave labor relations out of our purview and step daintily around questions of power.

Then too there is the myth of the consumer society. In this vein of scholarship the basic idea involves a transition, sometimes placed in the late nineteenth century, sometimes in the early twentieth, sometimes around the middle of the twentieth century. At this time Americans are said to have changed their basic orientation from production to consumption, convinced that this was a good thing to do by corporate leaders who saw it as a means of preserving their own positions in society. There are two aspects of this historiographical myth that need our attention. First, there is the idea that Americans *became* materialistic when there is overwhelming evidence that "making it" has always been the central American value. Second is the idea that business leaders in some mysterious way -- probably through advertising

or their control of the newspapers, radio or network TV -- had to convince Americans that it was better to consume than not to consume. Business historians need to deal harshly with this variant on conspiracy theory and to establish with clarity the mechanisms by which demand shaped supply in this century as in the previous ones.

Those aspects of the consumer society syndrome deserve our attention, as does the related idea of corporate hegemony. This has two major variations: one stressing power, pure and simple; the other stressing so-called cultural hegemony. Both, in my view, will not withstand careful historical examination. If power in America were truly concentrated in the hands of a few corporate leaders, we would surely not have built a new administrative, regulatory, and welfare state in the past hundred years (Gabriel Kolko notwithstanding). Those who see cultural hegemony as our central problem should probably be sent on a walking tour of any major American city. Assuming they survived that trip, they should then be sent to the library to read the abundant literature on the politics of coalition building in the United States. There they would see just how difficult it is for men and women seeking election to office and thus avid after consensus to find or create one.

Lest you decide that my only concerns are the myths of the left, I can add some other concerns closer to home for business historians. We need to sweep around our own front door. One of the central myths of the subdiscipline is that of "rationalization." This is a marvelous word because it automatically categorizes the opposition as "irrational." If ever there were a word that needed to be deconstructed, unpacked, and then thrown away, it is rationalization. Frequently it is used to explain what business people were doing when they restructured their operations, causing massive discomfort to others as they sought a higher degree of efficiency and profit. It finesses the question of power entirely. Like the word "letting go" (read: "fired"), it makes the process of social change seem devoid of power, of privilege, of emotion. It presents the rationalizers as doing only what they had to do to achieve some higher purpose.

The rationalization syndrome in business history is particularly important because it portrays a world that has no affective content. It defies what we and our readers experience every day. Sympathy, for instance. Anger. Prejudice. Greed. Caring. They are not swept aside; they never even get considered. As a result, business history is peopled with people who might as well be from another planet. Ask yourself, do you know any administrators who are without emotion? What about the worst Dean you have known? Or the best one? If you know any business men or women personally, and most of you probably do, would you describe their attitudes toward authority, toward social responsibility, toward gender relations, toward race and social change as being without emotional content? What about their attitudes toward the size of their office or its location? Could you explain their attitudes without reference to their personalities? But of course that is exactly what we do when we slap down the label of "rationalization" over a complex set of decisions that affect thousands of people like ourselves.

In the process of getting beyond cover-words like "rationalization," we can benefit significantly from the best work being done by deconstructionists

and by cultural and gender historians. What they have shown us, I believe, is how much can be learned by no longer accepting at face value the verbal symbols provided us by our historical subjects. These symbols conceal as much as they reveal, as illustrated by the word "rationalization." The newer modes of historical analysis have demonstrated how discourses are constructed and to whose advantage they work. These historians have alerted us to the buried treasure of class and gender assumptions in our archives, and we would be foolish to leave that wealth of meaning entirely to others. Our historical structures would be poorer if we did.

We can use these tools of analysis without shifting our primary focus from institutions to culture. My own reading of the past century of U.S. business history indicates that the major transitions were products of economic and political forces, not prior or simultaneous cultural changes. Culture lagged. Thus, long after we had become a corporate commonwealth, the leaders of some of our largest bureaucratic institutions continued to use the language of individualism because it had such general appeal. While Herbert Hoover probably still believed that line, I doubt that many of the more recent apostles of individualism really do. This suggests to me that their discourses need to be deconstructed so that we can better understand the institutions they have directed and the manner in which they have appealed to their several publics.

If we follow that path to synthesis, I think we will also abandon the powerglide myth. Some of you may be old enough to remember GM's powerglide automatic transmission; my reference is to the brand of business history in which all of the transformations in business systems take place without social friction. There are, it would appear, no losers in business history, only winners over the long-term. There is no problem of agency. In part, this aspect of our craft is a product of our focus on organizational change, charted most often from within the organization and usually from a perspective near the top of the institution. Seen from that vantage point, of course, a company's move from New York to Alabama or Mexico or Hong Kong translates quite simply into an efficiency gain. We seldom attempt to evaluate the social price of this type of change; we leave that externality to be calculated by social historians or the critics of business. Howsoever satisfactory for a subdisciplinary style of business history, that sort of narrowly focused model will not suffice if our task embraces synthesis.

When you read business history today, you seldom get any understanding of why so many intelligent people have for so many decades been intensely critical of private enterprise. Or of why so many different societies have organized and controlled their enterprises in so many different ways than the American model. We have not taken the social and political criticism of business as seriously as we should; we need to understand and help our readers understand the perspectives of Jane Addams and her peers, as well as the outlook of J.P. Morgan and his peers. Both visions were an important part of American history. Both contributed to the development of a unique blend of American institutions that is today the context in which business operates. Scholars in business history are not the only ones who have too narrow a perspective. Many of the business people with whom I talk

cannot understand why, for instance, they are portrayed in the media in such negative terms. If we did our job better, I think they would understand what those Americans who have less power and wealth than they do think about them and our business system.

We have not developed very convincing models of historical process. In the realm of technological change, for example, business historians frequently describe technology as if it were a simple motor which was at the appropriate time turned on to drive business to a higher level of productivity. Fortunately, in recent years the deconstructionists (called the "social reconstructionists") have been at work here too, demonstrating how complex the choices of a technology have been; meanwhile, David Noble has shown us how those choices have been shaped by considerations of power even when they were discussed in terms of efficiency. Organizational change itself will have to be subjected to the same sort of historical scrutiny if we are going to build the foundation for a general synthesis. One of the great strengths of a Marxist or neo-Marxist model has been its theory of process. Without a similar concept of the changing sources of change, business historians cannot create a dynamic historical model that will serve our purposes.

As we start this task, we should probably toss out one other myth that has become very popular in recent years. This is the myth of the total failure of reform. Finding that some government programs have failed, conservative analysts have condemned all forms of regulation, all welfare programs, all subsidies, all of the services provided by government. Bloated government, their charges ring, has caused our current-day economic problems. They continue: markets make better decisions than legislatures and private enterprise does a better job in every instance of providing goods and services than do government bureaucracies.

Which brings me full circle, back to the point with which I began this essay. We are very much in danger of forgetting why we acquired our administrative state. Business historians should not allow Americans to forget that the concerns that gave rise to our regulatory systems, for example, were in many cases deeply felt; in our form of government they could not and should not be ignored. When substantial numbers of voters, their interest groups, and their representatives decided that neither the visible hand of management nor the invisible hand of the market was providing the people with what they wanted from business, the government intervened, providing the kind of protection we need against both our private and public institutions. Protection against the Federal Bureau of Investigation, with its checkered past, and against General Motors, with its uncertain future. Even when General Motors was doing an outstanding job of passing its market tests, Americans in the 1930s found it necessary to change through forceful government action the way in which GM dealt with its labor force. I doubt that business historians would want it any other way -- and our history should reflect that.

Business historians should thus help their readers understand how and why markets and politics have charted divergent courses and where, exactly, those paths have carried our business system and America. By taking the long view and by recognizing how essential both market and democratic constraints are to the vitality of our society, we should be able to develop a synthesis that

does credit to our nation's rich history and to the role that business has played in that experience. A synthesis along these lines will enable us to place the policies, institutions, and leaders we study in context and to evaluate the cumulative impact they have had on our market and political systems. This style of history will not satisfy those who believe that markets always provide our best guidelines, nor will it please those who believe that we can afford any political measure they happen to be supporting. But it should be a fine synthesis for all of those who recognize how important it has been to America's history that the people could receive messages, good and bad, from markets and from politics and could freely decide which signals to heed.

Looking Forward to a New Past

I hope that business historians will set off on this kind of intellectual and academic quest. If we do, I think we will make significant contributions to our entire profession and to our society. To achieve that goal, however, we will have to breach the disciplinary walls that have protected and comforted us in the past. We will have to open our mystery to new methodologies and interests. I am asking us to learn from some of those who hold our work in greatest contempt. I am asking us to create a new paradigm that will combine the best of business history with a new vision of the American past. I find that exciting and I look forward with great enthusiasm to helping build the synthesis we need. If we are successful, we should indeed be able to put business back into American history.