

How to Succeed in Business History without Really Trying: Remarks on Martin J. Sklar's *Corporate Reconstruction of American Capitalism*

James Livingston
Rutgers University

It is difficult to discuss Martin Sklar's work in terms of business history because he refuses the label and its corresponding limits. He asks us to reconsider the meaning and significance of American history as such. Of course he can teach us a great deal about the field of business history, but only if we are willing to cross, and to revise, the boundaries between that field and the larger discipline.

I propose, then, to argue that Sklar has changed the form and content of business history by transcending it--that he has both preserved and annulled it. I begin by summarizing Sklar's recuperation of "corporate liberalism." Then I show how that recuperation settles three of the central questions introduced, but never adequately addressed or resolved, by the historiographical trends of the last thirty years. I conclude by specifying the changes in the conduct of business history which Sklar's periodization makes possible and necessary.

Many scholars have used or developed the notion of corporate liberalism since 1960, when Sklar coined the phrase in an essay on Woodrow Wilson. But until he reclaimed and reworked it in the book of 1988, most scholars understood it as the invention and the ideology of corporate capitalists and their allies recruited from the new "professional-managerial class." Sklar grasped what Eugene Genovese has been trying to teach us about hegemony since 1965, and argued accordingly that just as the slaveholders, ideology articulated a lived relation between masters and slaves, but also between large planters and small farmers--and as such was the *effective creation of all parties to the bargain*--so corporate liberalism transacted new relations between capital and labor, but also between sectors or fractions of the capitalist class. As such, it, too, was (and is) the effective creation of all parties to the bargain.

Sklar is particularly interested in the contributions of small entrepreneurs ("proprietary capitalists") to the emerging corporate-liberal consensus. But he also treats intellectuals, politicians, and the unionized sector of the working class as active participants in the variegated social movement that ratified corporate capitalism by convening corporate liberalism. Here is

how he summarizes the point: "corporate liberalism expressed the cross-class character of the movement for corporate capitalism. Accordingly, corporate liberalism emerged not as the ideology of any one class, let alone the corporate sector of the capitalist class, but rather as a cross-class ideology expressing the interrelations of corporate capitalists, political leaders, intellectuals, proprietary capitalists, professionals and reformers, workers and trade unionists, populists and socialists ... " (35).

So conceived, the *form* of corporate liberalism was the social movement, or the cross-class coalition, that constituted corporate capitalism. What, then, was its essential content? We should bear in mind that Sklar is trying to explain the limits of 20th-century political discourse: "In the United States, as in other countries, conventional political conflict has depended upon its grounding in a larger consensus, in the absence or breakdown of which it has verged upon or fallen into pervasive violence or civil war" (39). Corporate liberalism, Sklar claims, has served as this larger consensus since the Progressive Era. Before then, corporate liberalism--construed as the emergent ideology of a cross-class social movement--had to contend with populism and socialism for the allegiance of American publics. But Sklar demonstrates that all three ways of interpreting the usable past and positing a plausible future were animated by the same belief: that the unmanaged or unmodified market had become a threat to both social order and individual liberty.

So the regulative assumption of American political discourse after 1890 was that the relation between the law and the market (thus between the "state" and the market) had to be revised to address new and probably unprecedented conditions in the market. For populists, these conditions were defined by the "unnatural" market power of "the trusts," the banks, and the railroads. For socialists, they were defined by the inordinate social power of capitalists. For both, however, the solution was to abrogate such power by making the market, and thus society at large, somehow subordinate to the state. Their programs therefore represented a radical break with the American past, or rather with what Sklar designates the central principle of American politics: the supremacy of society over the state (as the founders would have it, the sovereignty of the people).

According to corporate and proprietary capitalists alike, the new market conditions were defined on the one hand by ruinous, unregulated competition (thus "overproduction"), and, on the other, by the extraordinary capacities of large corporate enterprise. In this sense, the standpoint of the capitalist class disclosed facts that populists and socialists also acknowledged. But the corporate sector of the capitalist class could plausibly claim that its new inventions promised the reintegration of a society torn by conflict along lines of both class and region. It could claim, for example, that the centralization of business acumen in the boardrooms would allow for long-term investment planning; such planning would presumably modulate the business cycle and pacify inter-class relations. Pro-corporate leaders could also plausibly claim that, properly regulated, the "great industrial combinations" signified not the end but the renewal of individual opportunity and social mobility for the American middle classes old and new (that is, for both proprietary and professional versions of the middle class). For within the new

corporate bureaucracies, the determinants of status were to be natural talents, past effort, and learned skills, not familial connections or inherited wealth.

In these terms, only corporate liberalism--construed as both social movement and ideology--addressed new conditions in the market, yet offered a solution that was consistent with both the American political tradition and the prospect of continued social-economic development. The pro-corporate leaders among capitalists, politicians, lawyers, and intellectuals understood perfectly that the emergence of corporate capitalism required the revision of existing relations between the market and the law (and the state). They also identified the new corporate forms of enterprise as products of contractual liberty, and beyond that as moments in the evolution of western culture. To abort their development would be to repudiate freedom and progress. So their question was *not whether but how* to regulate the corporations--how to do so in a way that preserved the supremacy of society over the state and yet prevented the eclipse of individualism within a society being reshaped by corporate (and other) bureaucracies.

But the same question determined the approach of every other social class and stratum to the same issues, Sklar demonstrates, and thus animated all three of the cross-class social movements contending for the allegiance of American publics. Understood in this way, corporate liberalism becomes a complicated but comprehensive political protocol to which every modern social class and stratum has *consciously* contributed, in the belief that the alternatives--the unregulated market or statism--are worse. In the end, therefore, corporate liberalism did not so much defeat its rivals as it absorbed them.

To illustrate the argument, Sklar studies the debates centering on anti-trust legislation and corporate regulation, from the Sherman Act of 1890 to the Federal Trade Commission Act of 1914. Here, in Part I, his focus is the mutual adaptation of corporate and proprietary capitalists, although he hears the voices of the labor movement in these debates as well (223-73). In Part II, under the plain heading of "Politics," he turns to a close inspection of the presidents--Roosevelt, Taft, and Wilson--who represent the three variants of corporate liberalism forged in the Progressive Era. By 1910-12, Roosevelt had moved toward a quasi-statist policy position on the trusts, which Sklar shows was a product of his willingness to enter into dialogue with socialists (343-64). TR's position did not, however, imply either the rejection of capitalism--of the large corporations--or the embrace of socialism. Instead, a "state-directed economy was ... the alternative to class war, proletarian revolution, an 'extreme and radical democracy,' and socialism" (357). Taft meanwhile moved in the opposite direction, toward "regulatory minimalism," but not because he was somehow lacking in progressive credentials or beliefs. Rather, he recognized that the "ultimate issue is socialism," assumed that socialism meant state command of the economy, and believed, accordingly, that Roosevelt's statist-tending position embodied a threat to capitalism as such (364-81). Taft's minimalism entailed a genuinely "trust-busting" approach to corporate concentration, then, because from his standpoint the law and its attendant forms of deliberation represented the only means of regulating the market which would not necessarily lead to statism. As he put it in October 1911, "We

must get back to competition. If it is impossible then let us go to socialism, for there is no way between" (cit. 378).

Wilson disagreed with both Roosevelt and Taft. He thought that the "way between" statist command and regulatory minimalism could be steered by "positive government." So Wilson's language and policies with respect to the corporations were not schizophrenic, nor even contradictory, Sklar explains (383-430). Instead, they expressed the cross-class character of the movement for corporate capitalism, and the crucial historical distinction between those corporations that could be defined as "public utilities"--hence subject to state control--and those that could not be so defined. Where TR would define practically all large corporations as "public utilities," and subject them to state control in the name of equality and opportunity, Wilson would distinguish between "natural monopolies" subject to the state and those corporations better left to regulation by expert commissions with limited legal powers. Where Taft would use existing law and legal argument to enforce competition, and thus preclude the need for statist control of concentrated industries, Wilson would use regulation by commission to supplement (not supplant) existing law and legal argument--to articulate, and if necessary to enforce, the distinction between the corporations that had evolved lawfully and the "trusts" that had been built on unfair business practices.

The Wilsonian variant of corporate liberalism represents the mainstream of American politics since the Progressive Era, while the other two variants, associated in Sklar's account with Roosevelt and Taft, represent the outer limits of the consensus that has since governed our political discourse. By that account, no president and no presidential candidate in recent memory--neither Ronald Reagan nor Jesse Jackson--has violated the political protocol authorized by the original movement for corporate capitalism. The center may not be vital, but it still holds, and even holds us together.

Let me now turn to the historiographical possibilities residing in Sklar's *Corporate Reconstruction*. Perhaps the best way to summarize my claim in this regard is to say that Sklar's achievement is comparable to that of Gordon Wood. Bernard Bailyn's rediscovery of ideology in the American Revolution could not and did not become accessible or useful to most historians of the revolution until Wood showed that the apparently arcane intellectual history in which Bailyn dealt was only one dimension of a social and political drama in which all social classes and strata--not just the well-educated jurists who wrote and read the pamphlets--played significant roles. Once Wood had accomplished that, the history of the period and the event was renewed and reshaped in astonishing ways because the social historians (with a few unfortunate exceptions, of course) did not feel the need to challenge the intellectual historians for control of the field; they could benefit from the new division of labor that Wood's scholarship made possible. Just so, I would say, with respect to the historiographical possibilities of Sklar's work. He has made the apparently arcane economic and/or business history written in a Chandlerian mode over the last thirty years seem both accessible and useful to the larger discipline. In other words, that history now becomes necessary to the explanation and periodization of U.S. history: hereafter social, political,

cultural, and intellectual historians will have to consult the business and economic historians if they want to speak of capitalism as something more or less than a moral blight on the 20th century. *And vice versa.*

Or will they? Unlike, say, an election or a war, an idea does not have consequences unless people think and write as if it were consequential--in this case, unless historians think and write as if Sklar's approach settles significant questions and raises new ones that are equally significant. Let me proceed, then, to show how it does both. In my view, the historiographical revisionism of the postwar period has raised three critical questions. First, can we reconcile class analysis and pluralism if we construe each as both scholarly method and political principle? Second, how are we to characterize the American political tradition--as shaped by conflict or consensus? Third, how can we describe the relation between economic change, social movements, intellectual innovation, and political power? These are in fact three ways of asking a pressing, practical question about the sources and conduct of American political discourse in our own historical epoch. But we have tended to address that profoundly political question as if it requires one voice, one answer--as if we must choose, for example, *either* conflict *or* consensus, or give the principle of class priority over all other possibilities.

Sklar's approach demonstrates that to proceed in this manner is to mutilate the relevant historical reality, and accordingly to limit our political choices in the future. He claims that capitalists can and should be understood "not simply as personifications of 'interests,' but under the dignity of class" (29-30). Even so, his argument accommodates, indeed foregrounds, the differences and the conflicts between the older proprietary sector and the newer corporate sector of a capitalist class still in formation; thus he is able to portray proprietary capitalists as something more than pathetic figures from the disintegrating past, and corporate capitalists as something less than omniscient purveyors of the impending future (chap. 4). In this sense, his argument *precludes* any choice between pluralism and class analysis. Sklar similarly claims that conflict and consensus are not to be understood as antithetical or alternating stages of political development in the U.S.. He shows that the corporate-liberal consensus elicits, naturalizes, and regulates certain kinds of conflict, and suggests that this is the political function of a vital cross-class ideology (of what the political theorists and cultural-literary historians would call a "hegemonic articulation").

Sklar's most important contribution to the field of business history and to the larger discipline resides, however, in his response to the third question, a response to which he gives the name "periodization." The premise of that periodization is pragmatic in the strictest sense because it disallows any ontological distinction between subjective and objective--between thoughts and things, as James would have it--and therefore projects business/economic historians, and all those who claim to map the "objective" world of things, into the larger and less inertial worlds of culture, ideology, and subjectivity (1-40, esp. 6-14). Here is how Sklar summarizes his premise: "Even in its narrowest sense, capitalist business activity is not simply economic activity abstracted from the social and political spheres or from ideas and ideals" (7). The point is then "to think of changes in the economy proper as the function of social

movements" (12), which are of course *constituted* as well as permeated by their ideas and their arguments.

To my mind the test of this approach is found in Sklar's treatment of antitrust law, on which the entire book turns. As he notes, he once believed, and argued, that the Sherman Act was an "effective cause" of the corporate reorganization of production and distribution (155-66, esp. 157n.172). From that standpoint, broad-gauged legal history would be sufficient to account for, and would lend appropriate irony to our accounts of, the emergence of corporate capitalism. But Sklar subsequently decided that writing such history would not be much different than writing broad-gauged business or economic history. So he has written a book that explores the intersection of legal and economic--and political--discourse by adapting the principles of social history to the study of capitalism, not merely of business enterprise. The result cannot be classified as legal or economic or political or business or even intellectual history. Indeed Sklar finally proposes that we explain the rise of corporate capitalism by reference to the evolution of the "capitalist family" in the U.S.; by doing so he projects us into the domain of social and cultural history (164-66). In other words, he adjourns business history as usual, and asks us to become social historians of American capitalism, with all that implies.

If we do as he asks, we may be able to revise the narratives now provided by business/economic history and by social history. In place of the behaviorist model that still shapes business history, through which the return of a repressed vulgar Marxism is effected by study of managerial "responses" to technological or economic change, we could install a model that accommodates the historical realities of social agency, cultural contingency, political possibility. We would not then be the prisoners of progress, and could claim to be something more than positivists in flight from the parochial past. At any rate our narratives would not reproduce the ironic distance from the past that keeps us in exile from the present. In place of the high modernist model that still shapes social history, through which the figure of the Gothic freeholder speaking a populist idiom is reinstated as the paradigm of the moral personality, we could install a model that acknowledges, and avoids, the danger of producing a monological parody of the corporate-liberal consensus which does not intersect with this rival, but instead runs parallel to it, as if the alternatives available, then and now, were mutually exclusive. We would not then be the prisoners of the past, and could claim to be something more than romantics in flight from cybernated progress. Again, our narratives would not reproduce the ironic distance from the past that keeps us in exile from the present. And so the stories we tell about ourselves in the form of history would allow for a future that is neither inevitable return to nor radical break from the past--they would make us feel at home in historical time.

So conceived, the crucial question raised by Sklar's book is, can we build such a model, and narrate the future accordingly? Or, to put it another way, now that we know how and why corporate liberalism was convened, what kind of social movement would be required to go beyond it? Even if we believe that corporate liberalism is already evolving into a North American version of market socialism, this remains a practical question; for the central principle of American politics is still at issue in current debates.