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# Business and Economic History

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# BUSINESS AND ECONOMIC HISTORY

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William J. Hausman, editor  
*College of William and Mary*

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## Preface

The four papers published in this issue were selected from those presented at the 39th annual meeting of the Business History Conference held at the Harvard Business School in March 1993. The editorial committee was comprised of Dick Vietor, Austin Kerr, Mira Wilkins, and myself. The authors were allowed extra time to extend and revise their papers. By vote of the editorial committee, Steven Ussleman's paper, "IBM and its Imitators: Organizational Capabilities and the Emergence of the International Computer Industry," has been awarded the Newcomen Prize for the best paper presented at the 1993 meeting. The award will be bestowed formally at the meeting in Williamsburg, March 11-13, 1994.

There will be two issues of *Business and Economic History* again in 1994, with selection procedures for the second issue similar to this year's procedures. After 1994 the policy of producing two issues of the volume will be evaluated.

This issue sadly contains memorial articles on two prominent business historians who recently passed away. Both Vincent Carosso and Don Kemmerer were active in the Business History Conference and will be dearly missed. Vince was on the Board of Trustees when I took on this job and I remember him fondly. Don Kemmerer was very special to me. It was his course in American economic history, taken in my second year in graduate school, that set me on the career path I have followed, and hence to my association with this wonderful organization. Don's course was startlingly different from any that I had taken previously, and I became fascinated with the idea of combining economics and history to better understand the world. Anybody who ever took a class from Don will remember his splendid bibliographical lectures (artifacts and all)! I know he was hoping to attend the conference in Williamsburg; I will miss him but look forward to raising a glass in his honor.

I again thank the College of William & Mary for its continuing support of my efforts on behalf of the Business History Conference. Mary Ferraro applied her considerable skills, as usual, in producing the volume, and I will be forever in her debt. Special thanks go to Ana Kruse, our student assistant, who proved to be especially helpful, caring, and reliable.

Will Hausman, December 1993

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## In Memoriam: Vincent P. Carosso

The death on June 29, 1993 of Vincent Carosso at the age of 71 was a great loss to his family, friends, students, and the academic community. Vince will long be remembered for his path breaking work on investment banking. His contributions in this field provide a foundation for all subsequent research.

I first met Vince in December 1957; he had just published a textbook in American economic history, co-authored with George Soule. Vince was teaching at New York University, where he would remain until his retirement last year. Also at NYU was Ralph Hidy, who would have an immense influence on Vince's career. Indeed, when I met Vince, Ralph, who was then in the process of moving to the Chair Professorship in Business History at Harvard, was completing a book on Weyerhaeuser. Vince was aiding Ralph in that endeavor; Allan Nevins was also involved, and I was working for Allan. The Weyerhaeuser book (on which Vince was research associate) was part of his life long commitment to business history.

Vince soon was hard at work on *Investment Banking in America: A History*. It was published in 1970 in the Harvard Studies in Business History, for which Hidy was the series editor. *Investment Banking in America* has become a classic. It filled an immense gap in the economic history literature and has gone through many printings. It is the standard work in the field, the first place every student of investment banking turns.

Vince also assembled a 58-volume reprint series, "Wall Street and Security Markets" (1975) for Arno Press. In 1979 he published a history of Kidder, Peabody & Co., *More than a Century of Investment Banking*. Kidder, Peabody had been particularly important in providing primary archival data for Vince's earlier study of investment banking. Meanwhile, the latter book had attracted the attention of the Morgan family. Henry Morgan (a son of J.P. Morgan, Jr.) asked Vince if he would write a history of the House of Morgan. The Morgans agreed to open both the firm's and their personal papers to Vince, and he embarked on the project of researching and writing a history of what is surely the world's most important banking house. Vince was

in the enviable position of having the full cooperation of the Morgan house. There had been earlier biographies of J.P. Morgan, but no one had had full access to the Morgan records. The plan was for a two-volume study with the first volume ending with the death of J.P. Morgan in 1913. Vince, with the aid of his wife, Rose, entered into the research with enthusiasm.

The records of the House of Morgan were voluminous and Vince spent time in London, dealing with the British side of the story. The founder of the House of Morgan was Junius S. Morgan--an American--who began his full time banking career in 1854 at the London house of George Peabody. (Interestingly, Ralph Hidy's wife, Muriel, had written her Ph.D. dissertation on Peabody.) Explaining Junius Morgan's role in building the House of Morgan was one of the many new contributions that arose from Vince's work.

Vince became an expert on international banking. When Rondo Cameron held a major conference on that subject at Bellagio in 1985, Vince (with Dick Sylla) produced the paper on American international banking. The richness of the Morgan records made the process of writing the history of the House of Morgan a lengthy one, but the time devoted to the effort was well worth it. In 1987, again in the Harvard Business History series (now under the editorship of Alfred Chandler), Vince's landmark *The Morgans: Private International Bankers, 1854-1913*, appeared. It was an exciting volume, covering two generations of Morgans. It dealt with the British origins of the House, the French firm, and, of course, the significant role of J.P. Morgan in American finance. It ended, as planned, with the death of J.P. Morgan. The book added immeasurably to our knowledge of the Morgans and also of American and international banking in general. It received deservedly, high acclaim. At the time of his death, Vince had not yet completed the manuscript for the second volume, which was designed to deal with the post 1913 history of the House of Morgan.

Vince held B.A., M.A., and Ph.D. degrees from the University of California, Berkeley. He was a long-time member of the Business History Conference, having also served as a trustee of the organization. He was at one time associate editor of *The Journal of Economic History* and had been on the editorial boards of the *Business History Review* and *The Journal of American History*. Early in his career he had been a Business History Fellow at the Harvard Business School.

He was a Guggenheim Fellow in 1980-1981. He is survived by one son, Steven. His wife Rose, who worked very closely with him over the years, died in the mid-1980s.

Vince was a truly fine individual, helpful to students and colleagues alike. He was a lover of opera and fine food. (His Ph.D. dissertation was on the California wine industry.) I remember vividly a dinner in Italy, how--amidst tales of economic and business history at Harvard in the early days--Vince instructed all of us in the mysteries of northern Italian risottos. Vince's books on banking will live on, while Vince himself will be deeply missed.

Mira Wilkins, *Florida International University*



## **Donald Lorenzo Kemmerer**

### **1905-1993**

When he was 86 Don Kemmerer visited Antarctica, giving him the distinction of completing yet another milestone -- visiting all seven continents. Don Kemmerer's life was full of such accomplishments. There would have been more too, because his desire was strong, his mind active and quick, his humor dry, and his curiosity almost insatiable up to the end when his heart just wore out. His family observed that he lingered in the hospital just long enough to organize every detail of the memorial service celebrating his life much as he had organized everything he did.

Most who reflect on Don Kemmerer's life focus on the milestones and significant achievements of his professional career. There were many. He took all his degrees at Princeton University (A.B. in 1927, A.M. in 1931 and Ph.D. in 1934). He began his life as a professional economist even before he finished his undergraduate training. Some would argue the schooling in economics began in early childhood as his economist father, Edwin Walter Kemmerer, turned dinner conversation into a training ground for son Donald. It was travels with his "Money Doctor" father on financial advisory missions to Chile (1925), Poland (1926), and China (1929) that launched Don Kemmerer into a life long love of travel and economic/financial history.

Don Kemmerer's first academic position was at Lehigh University (an institution at which I would begin my professional life some half century later) where he taught from 1934 to 1937. He joined the economics department at the University of Illinois, Urbana-Champaign in 1937, moving through the academic ranks to become professor in 1949 and retiring in 1973. He was a visiting professor at NYU in 1952, the University of Melbourne in 1958, and Kabul, Afghanistan, University in 1959. He was particularly proud of his Fulbright Professorships at the University of Montpellier in 1960 and the University of Munich in 1964; he delivered all his lectures in French at Montpellier and in German at Munich.

Don Kemmerer wrote and published throughout his life. His doctoral dissertation was published as *Path to Freedom: The Struggle for Self-Government in Colonial New Jersey* in 1940. Just last winter he completed an abbreviated biography of his father, *The Life and Times of Edwin Walter Kemmerer, 1875-1945*. In between were numerous economic history textbooks, including *Economic History of the American People* (1942) co-authored with Ernest Bogart, *Comparative Economic Development* (1956) co-authored with Ralph Blodgett, and *American Economic History* (1959) co-authored with Clyde Jones. He also wrote a biography, the *Life of John E. Rovensky, Banker and Industrialist* (1977). I helped him do the research for this biography. Don Kemmerer was meticulous in collecting his data. All the documents and bits and pieces of information were compiled and the significant elements were transferred to notecards. He wrote from the notecards, stacks of them all organized into chapters, then reorganized as he revised his outline. He used the traditional historical methods; little escaped his eagle eyes and virtually nothing was overlooked by an almost photographic memory.

The list of book chapters, journal articles and review pieces in periodicals goes on for pages. Much of what Don Kemmerer wrote about was the gold standard. He never wavered in his conviction that countries needed the discipline of the gold standard to keep them from inflating the currency. To him, inflation was the most insidious tax of all; it allowed government to invade and distort the private sector and in the process to undermine the pillars of free market capitalism. That theme, moral as much as economic in its tone, shows up in article after article, beginning with work derived from his dissertation research, continuing with articles in mainstream academic journals, and finding its most prominent expression in periodicals. Don Kemmerer not only wrote about this topic, but he acted on his convictions. He was a member of the Economists National Committee on Monetary Policy from 1957 to 1970 (president the last year) and the Committee on Monetary Research and Education, serving as its president from 1970-1980.

Don Kemmerer was a great friend of economic/business history. He attended the first meeting of the Business History Conference in 1954 and served as president of the organization in 1976. He helped found the Lincoln Educational Foundation, serving as its president

from 1958 until 1993. This foundation has supported many graduate students, myself included, and most recently offers the Rovensky Fellowships. The Kemmerer family acted on Don's wishes by directing all memorial gifts to the Foundation. Much of the credit for the long-time strength of the economic/business history program at the University of Illinois must go to Don Kemmerer. He promoted the program within the university, trained countless students whose success reinforced the program, and he encouraged and supported the strong faculty who worked with him and succeeded him in the economics department. It is here, his support for economic and business history, that I see his strongest legacy.

Although his academic career was distinguished, his professional accomplishments noteworthy, and his scholarly output prodigious, Don Kemmerer should also be remembered for the kind of person he was. He was charming and a great conversationalist. There was never a time when Don Kemmerer was at a loss for words. He was witty, always ready to offer a quip or a joke. He was committed to his family and friends. He always involved, supported, and encouraged them. He was passionate and never backed away from beliefs or convictions, often evoking strong emotions in others to match his own. He was a sportsman, always knowing how his first love, the Princeton Tigers, his adopted love, the Fighting Illini, or his constant love, the Chicago Cubs, were doing. And there were few times he'd pass up a game of golf; even the weakening heart didn't keep him off the course this past summer. Finally, he was a seeker of knowledge: learning, searching, challenging his own and others' intellects. Donald L. Kemmerer's career was remarkable and his love of life was an inspiration.

Bruce R. Dalgaard, *St. Olaf College*