AMERICAN BUSINESS HISTORY

History 158AD/Econ 122D Duke University Fall Term, 2010

Office Hours: Wednesdays, 2:45-4:15 Lecture, MW 1:15-2:30, Sanford 04 Professor Edward Balleisen 243B Carr Building 684-2699 eballeis@duke.edu

"The business of America," United States President Calvin Coolidge famously declared during the Roaring Twenties, "is business." Although Coolidge's pronouncement remains subject to challenge from numerous vantage points, commercial enterprise has played an extraordinarily important role in shaping American politics, society, and culture since the country's founding. This course analyzes the historical development of business in the United States during the nineteenth, twentieth, and early twenty-first centuries. In addition to providing a broad overview of such crucial processes as the emergence of an integrated, national marketplace, the growth and development of the modern corporation, the impact of governmental policy on the business environment, and the globalization of American enterprise, the class will also intensively examine two additional themes: 1) the sources and consequences of fundamental innovations in business strategy, especially in marketing; and 2) the shifting relations between large-scale employers and the members of their workforces.

<u>REQUIRED BOOKS FOR PURCHASE</u> (Available at The Regulator Bookshop, on 9th Street, just down the block from Francesca's.)

Balleisen, Edward. Scenes from a Corporate Make-over: Health Care Fraud and the Refashioning of Columbia/HCA, 1992–2001 (Durham, 2003)

Cowie, Jefferson. Capital Moves: RCA's Seventy-Year Quest for Cheap Labor (New York, 2001).

McCraw, Thomas. *American Business*, 1920-2000: How It Worked (2nd ed., Wheeling, Ill., 2009).

Porter, Glenn. The Rise of Big Business, 1860-1920 (2nd ed., Wheeling, Ill., 1992).

A copy of each of these books is also available on reserve at Lilly Library. There are also nine Harvard Business School case studies assigned throughout the term, which cost \$3.95 each. You will find instructions about how to download these case studies in the Course Information section of the Blackboard site for this course. Other readings are available through the course web page, or through databases accessible through the library homepage. The documentaries assigned for the class will also be available on reserve at Lilly Library.

COURSE REQUIREMENTS

This "Writing in the Disciplines" and "Research" intensive course meets Monday and Wednesday in lecture, with a Friday section. During the first six weeks of the term, when we will survey the broad outlines of business history in America from the revolutionary era through the present, the Monday and Wednesday classes will involve a mix of lecture and discussion. For the remainder of the course, when we will be examining two thematic units through individual case studies, the Monday and Wednesday classes will incorporate an even greater substantial degree of discussion. Thus it is extremely important that you complete reading assignments before coming to class, that you read carefully, and that you come ready to

participate. Students who read and participate generally report that they get a great deal out of the course.

Other requirements include: a short memo; an in-class test at the beginning of the sixth week; at least two polished contributions to class discussion boards; a 15-page research paper, including a prospectus and a first draft; and a final examination.

HONOR CODE

We expect you to abide by the rules and regulations of the Duke Honor Code in this course. You will have plenty of opportunity to share ideas, and even some of your research work with other students. But your research paper should credit other scholars or other students when you rely on their insights, language, or findings; and your exams should reflect your own conclusions. When you turn in a paper or an exam, we expect you to attest that you have abided by the Honor Code in completing the paper or test. For detailed information on the Duke Honor Code and Community Standard, please see http://www.integrity.duke.edu/ugrad/honorcode.html

COMPONENTS OF CLASS GRADE

Class Participation: 20% (includes posts to discussion forums)

Annual Report Memo: 5%
Class Test: 15%
Research Prospectus: 3%
First Draft of Research Paper: 10%
Final Draft of Research Paper: 27%
Final Examination: 20%

COURSEINFO WEBSITE

As mentioned above, this course has a Blackboard Courseinfo website, which is integral to the class. On it you will find:

- * the syllabus and grading policy;
- * pdf files for many of the readings from texts other than those required for purchase; discussion questions, and occasionally video clips and images;
- * guidelines for all assignments and examinations;
- * access to the course's discussion boards;
- * access to your grades;
- * class announcements (though I tend to use email for this purpose);
- * a mechanism for submitting papers to your section leader or to me;
- * and much, much more.

You can gain access to the site through the main Duke Courseinfo page, at: https://courses.duke.edu/

SECTIONS

| Sect. 01 | Friday, 10:05-11:30 | Carr 229 | Patrick McElwee |
|----------|---------------------|------------------|-----------------|
| Sect. 02 | Friday, 11:40-12:55 | Bell Tower W 113 | Vanessa Freije |
| Sect. 03 | Friday, 1:15-2:30 | Carr 106 | Paige Welch |

I. OVERVIEW

- Aug. 30 Approaches to American Business History
- Sept. 1 The Process of "Creative Destruction"

McCraw, *American Business*, 1-12 [1-9 in 1st edition] William Cronon, *Nature's Metropolis*, 207-259 [Coursesite]

Sept. 3 The Business Environment before the Large Corporation

Alfred Chandler, *The Visible Hand: The Managerial Revolution in American Business* (1977), 15-78 [Coursesite]

Porter, Rise of Big Business, 1-45

"A Career of Industry: With Some Account of Hats and Hatting," *Godey's Lady Book and Magazine* 49 (1854): 149-56 [American Periodicals Series Online {hereafter APSO}]

Sept. 6 The Business of American Slavery [Discussion Board]

Jacob Metzer, "Rational Management, Modern Business Practices, and Economies of Scale in Antebellum Southern Plantations," 12 *Explorations in Economic History* (April 1975): 123-150 [Periodicals Archive Online]

Diary of Bennet Barrow (1838-1841), Selections [Coursesite]

Solomon Northup, *Twenty Years a Slave* (1853), 122-30, 132-39, 145-49, 159-63, 170-73 ["Documenting the American South" http://docsouth.unc.edu/fpn/northup/northup.html] Joseph Acklen, "Rules in the Management of a Southern Estate" (1856-57) [Coursesite]

Sept. 8 Business, Government, and the Myth of Laissez Faire

Porter, *Rise of Big Business*, 43-75 McCraw, *American Business*, 57-125 [67-102 in 1st edition]

Sept. 10 Railroads and the Challenges of Corporate Management [Discussion Board]

"The Railroad Enterprise, Its Progress, Management, and Utility," *New Englander* 9 (Aug., 1851): 321-44 [APSO]

Alfred Chandler, "Railroads and the Beginnings of Modern Management," downloadable from Harvard Business School Publishing website

Sept. 13 Introduction to Reseach Papers I -- Crafting Good Research Questions
Historical Resources on the Worldwide Web

Please look over the "Guide to Research Papers" and "List of Research Topics" before coming to class

Sept. 15 Documentary Viewing in Class: *The Richest Man in the World: Andrew Carnegie*Get started on reading for Friday

Sept. 17 The Rise of Big Business [Discussion Board]

Porter, Rise of Big Business, 75-120

Thomas McCraw, "The Standard Oil Company, Part A," downloadable from *Harvard Business School Publishing* website

Colleen Dunlavy, "How Did American Business Get So Big?" Audacity, The Magazine of Business Experience 2 (Spring, 1994): 41-49 [Coursesite]

Henry Demarest Lloyd, "Story of a Great Monopoly," Atlantic Monthly 25 (March 1881): 317-34

[Coursesite]

Ida Tarbell, "The History of the Standard Oil Company: Chapter V: The Price of Trust Building," McClure's 20 (March 1903): 493-512 [APSO]

Sept. 20 Anti-Trust in Historical Perspective

Thomas McCraw, "Antitrust Movement: Perceptions and Reality in Coping with Big Business," downloadable from *Harvard Business School Publishing* website

Sept. 22 Creating the Multinational Corporation [Discussion Board]

Maurice Brungardt, "The United Fruit Company in Columbia," in Henry Dethloff and C. Joseph Pusateri, eds., *American Business History: Case Studies* (1987), 235-56 [Coursesite]

Ulf Jonas Bjork, "The U.S. Commerce Department Aids Hollywood Exports, 1921-1933, *Historian* 62 (2000): 575-87 [Academic Search Premier]

"Finance and Industry: The American Automobile Conquers the World," *Current Opinion* 55 (1913): 279-81 [APSO]

James A Farrell, "Greater Prosperity through Foreign Trade," North American Review 229 (1930): 1-6 [APSO]

Alfred Sloan, My Years with General Motors (1963), 313-39 [Coursesite]

Sept. 24 Creating the Multidivisional Corporation [Discussion Board]

McCraw, American Business, 13-31 [10-27 in 1st edition]

Henry Ford, "What I Have Learned about Management in the Past 25 Years," *System* 49 (Jan. 1926): 37-40, 193-95 [Coursesite]

Waldemaar Kaempffert, "The Mussolini of Highland Park," *New York Times Magazine*, Jan. 8, 1928, 1-2, 22 [Historical New York Times]

J. George Frederick, "The Great Automobile Duel of 1927," *The Independent* 118 (April 23, 1927): 434-35, 452 [APSO]

Alfred P. Sloan, "Getting the Facts," *Automotive Industries* 57 (Oct. 8, 1927): 550-51 [Coursesite]

Charles McD. Puckette, "General Motors: A Romance of Business," *New York Times*, Aug. 14, 1927, XX, 1-2 [Historical New York Times]

Sept. 27 Conglomerates and the Great Merger Movement of the 1960s

McCraw, American Business, 32-55 [28-58 in the 1st edition]

John Abele, "Conglomerate Mergers Get Spotlight," *New York Times,* July 10, 1968, p. 49 John Abele, "Giant Mergers Are Stirring up Giant Questions," *New York Times*, Oct. 6, 1968, p. F1

John Abele, "Investors in Conglomerates Are Seeing the Other Side of the Coin," *New York Times*, April 13, 1969, p. F6 [all *NYT* articles in Historical New York Times]

Norman Berg, "What's Different about Conglomerate Management?" *Harvard Business Review* 47 (1969): 112-20 [Businesss Source Complete]

Sept. 29 Deconglomeration, Globalization, and the Imperatives of Corporate Management at the Turn of the Twenty-First Century

McCraw, American Business, 184-211

Robert H. Hayes and William Abernathy, "Managing Our Way to Economic Decline," *Harvard Business Review* 58 (July, 1980): 64-77 [Business Source Complete]

Leslie Wayne, "Buyouts Altering Face of Corporate America," *New York Times*, Nov. 23, 1985, p. 1

James Sterngold, "Shaking Billions from the Money Tree," New York Times, Sep. 6, 1987, p. 1

[NYT articles in Historical New York Times]

Frank Dobbin and Dirk Zorn, "Corporate Malfeasance and the Myth of Shareholder Value," in Diane E. Davis, ed., *Political Power and Social Theory* 17 (2005): 179-98 [Coursesite]

Oct. 1 Turning Points in Twentieth-Century Business [Discussion Board]

McCraw, American Business, 157-183, 212-255 [103-216 in 1ts edition]

Oct. 4 Corporate Annual Reports: Windows on the Evolution of Corporate Strategy

Annual Reports, American Telegraph & Telephone, 1938, 1940 Annual Reports, Deere & Company, 1948, 1950 Annual Report, Du Pont Corporation, 1958 Annual Report, International Telephone and Telegraph, 1970 [all available through Proquest Historical Annual Reports]

See Coursesite for details on this class and the associated writing assignment, which must be submitted through the digital dropbox by 5:00, Oct. 3.

- Oct. 6 IN-CLASS TEST
- Oct. 8 Introduction to Research Papers II SECTIONS MEET IN PERKINS LIBRARY'S RARE BOOK READING ROOM

Oct. 9-12 Fall Break

II. INNOVATION AND CREATIVE DESTRUCTION IN THE MARKETPLACE

Oct. 13 John Jacob Astor and the Challenges of Intercontinental Management

Thomas McCraw, "John Jacob Astor -- 1763-1848," downloadable from *Harvard Business School Publishing* website

John D. Haeger, "Business Strategy and Practice in the Early Republic: John Jacob Astor and the American Fur Trade," *Western Historical* Quarterly 19 (1988): 183-202 [JSTOR]

"John Jacob Astor," Merchant's Magazine and Commercial Review 11 (1844): 153-9 [APSO]

Oct. 15 R. G. Dun, John M. Bradstreet, and the Legitimation of Modern Credit Reporting [Discussion Board]

Rowena Olegario, A Culture of Credit: Embedding Trust and Transparency in American Business (Cambridge, Mass., 2006), 36-79, 165-73 [Coursesite]

R. G. Dun Credit Reports, 1850-1881, reprinted in Regina Lee Blaszczyk and Philip Scranton, eds., *Major Problems in American Business History* (2006), 277-89 [Coursesite]

"The Mercantile Agency," 24 Hunt's Merchants' Magazine (1851): 46-53 [APSO]

"Mercantile Agencies," Milwaukee Sentinel, Jan. 17, 1852, 3 [America's Historical Newspapers]

"Horace Billing v. Edward Russell," 8 Monthly Law Reporter (1856): 699-703 [APSO]

"Beauties of the Credit System," Circular, Aug. 14, 1856, 120 [APSO]

"The Mercantile Agency System," 8 Bankers' Magazine (1858): 545-49 [APSO]

"Bankruptcy in the Year 1858," 8 Bankers' Magazine (1858): 637-42 [APSO]

"Mercantile Agencies," Albany Law Journal, Aug. 2, 1873, 65-66 [APSO]

Oct. 18 Getting Going on Research

Work Sessions in Special Collections or Perkins Computer Area

Oct. 20 Imagining the Department Store [Discussion Board]

William Cronon, Nature's Metropolis, 310-33 [Coursesite]

Nancy Koehn, "Marshall Field and the Rise of the Department Store," downloadable from *Harvard Business School Publishing* website

Edward Crapsey, "A Monument to Trade," The Galaxy 9 (1870): 94-101 [APSO]

John Wanamaker, 1874 Advertisement for Wanamaker's Department Store, reprinted in Regina Lee Blaszczyk and Philip Scranton, eds., *Major Problems in American Business History* (2006), 298-99 [Coursesite]

Oct. 22 The Rise of Mail-Order [Discussion Board]

William Cronon, Nature's Metropolis, 333-340 [Coursesite]

Boris Emmet & John Jeuck, Catalogues and Counters: A History of Sears, Roebuck & Co. (1950), 112-17 [Coursesite]

Alfred Chandler, Strategy and Structure: Chapters in the History of Industrial Enterprise (Cambridge, 1990, 2nd ed.), 225-31 [Coursesite]

Documents from Sears, Roebuck & Co., 1889-1919 [Coursesite]

Optional Viewing: "Mr. Sears' Catalogue" [Video on Reserve at Lilly]

Oct. 25 H. J. Heinz and Brand Creation [Discussion Board]

Nancy Koehn, "Henry Heinz and Brand Creation in the Late Nineteenth Century: Making Markets for Processed Food," 73 *Business History Review* (1999): 349-94 [JSTOR] Late Nineteenth-Century Advertisements from Processed Food Companies [Coursesite]

Research Prospectus due via email submission to your T.A. or Prof. Balleisen, 3:00 P.M., Oct. 26

Oct. 27 The Shake-out in the Early Automobile Industry

David Kirsch and Gijs Mom, "Visions of Transportation: The EVC and the Transition from Service to Product-Based Mobility," *Business History Review* 76 (2002): 75-110 [Proquest].

David T. Wells, "The Growth of the Automobile Industry in America," *Outing Magazine* 51 (Nov. 1907, 207-19 [APSO]

"United States Motor Company and Reasons for Its Failure," *Wall Street Journal*, April 10, 1913, p. 8 [Historical Wall Street Journal]

"Financing of Fake Motor Companies Has Wasted a Billion," *Wall Street Journal*, Feb. 25, 1921, p. 7.

Collection of Early Automobile Advertisements [Coursesite]

Oct. 29 No Sections -- Individual Meetings to Discuss Research

Nov. 1 The Promise and Pitfalls of Exporting "American Business" to Twentieth-Century Europe [Discussion Board]

Clark Eric Hultquist, "Americans in Paris: The J. Walter Thompson Company in France, 1927-1968," 4 Enterprise and Society (2003): 471-501 [Project Muse]

Christopher McKenna, The World's Newest Profession: Management Consulting in the Twentieth

Century (New York, 2006), 165-91 [Coursesite]

Mostyn Mowbray, "Peculiarities of French Advertising Defended by Agency Head Henault," Advertising Age, Jan. 7, 1957, 82 [Coursesite]

Milton Moskowitz, "Sun Hardly Ever Sets on J. Walter Thompson," *Advertising Age*, March 9, 1959, 2 [Coursesite]

Philip Shabecoff, "Agencies Rush to Establish Ties in Western Europe," *New York Times*, Nov. 12, 1961, F12 [Historical New York Times]

Michael Shanks, "Tapping the Rising Flow of Business Ideas," *London Times* Sept. 21, 1967, 23 [Times Digital Archives]

Robert Allbrook, "Europe's Lush Market for Advice, American Preferred," 80 Fortune (July, 1969): 128-31 [Coursesite]

Nov. 3 Michael Dell and the Custom-Made Computer [Discussion Board]

Nancy Koehn, Brand New: How Entrepreneurs Earned Customers Trust from Wedgwood to Dell (Cambridge, 2001), 257-306 [Coursesite]

Marcia Stepanek, "What Does No. 1 Do for an Encore," *Business Week*, Nov. 2, 1998 [Lexis-Nexis -- Business News, Business and Finance]

Nov. 5 Chain Stores in the Twentieth Century [Discussion Board]

Thomas McCraw, "Chain Stores," downloadable from *Harvard Business School Publishing* website

Sandra Vance and Roy Scott, "Sam Walton and Walmart Stores, Inc.: A Study in Modern Southern Entrepreneurship," *58 Journal of Southern History* (1992): 231-252 [JSTOR]

Tim Larimer, "Chain Store Reaction," *Washington Post Sunday Magazine*, Dec. 1, 1991 [Lexis-Nexis -- General News, Major Papers]

Jonathan Walters, "Store Wars," 8 *Governing Magazine* (1995) [Lexis-Nexis -- General News, Magazines]

Leslie Kaufman, "As Biggest Business, Wal-Mart Propels Changes Elsewhere," *New York Times*, Oct. 22, 2000, A1 [Proquest]

Nov. 8 Remaking the World of Healthcare: Columbia/HCA at the Turn of the 21st Century [Discussion Board]

Balleisen, Scenes from a Corporate Makeover

Andrew Ross Sorkin, "HCA Buyout Highlights Era of Going Private," *New York Times*, July 25, 2006 [Proquest]

Vince Galloro, "For Profits Feel Global Warming," *Modern Healthcare*, March 3, 2008 [Lexis-Nexis, Business News]

Nov. 10 Remaking the World of Mortgage Finance: Innovation and Crisis in the Era of Deregulation [Discussion Board]

Washington Mutual Television Ads, "The Power of Yes," circa 2004

http://www.youtube.com/watch?v=laot_Eomr3s

http://www.youtube.com/watch?v=ha0cg7LkQ2w&NR=1

Countrywide Bank Television Ad, circa 2006

http://www.youtube.com/watch?v=Uk5Op5lsZgo

Casa America Mortgage Company Ad, circa 2007

http://www.youtube.com/watch?v=e1cnYybGo5w

Total Integrity Mortgage Company Ad, circa 2007

http://www.youtube.com/watch?v=kQfUiQgTa6Y&feature=related

CBS Sixty Minutes, "House of Cards," May 25, 2008 (14 minutes)

http://www.cbsnews.com/stories/2008/01/25/60minutes/main3752515.shtml

Joseph Stiglitz, "The Fall of Lehman Brothers," *Big Think*, Sept. 15, 2008 (6 minutes) http://www.bigthink.com/business-economics/12714

Gretchen Morgenson, "Merill Lynch and the Mortgage Crisis," *Fresh Air*, Nov. 13, 2008 http://www.npr.org/templates/story/story.php?storyId=96950757 (first 27 minutes)

Eric Lipton and Stephen Labaton, "Deregulator Looks Back, Unswayed," New York Times, Nov. 17, 2008 [Proquest]

Michael Lewis, "The End of Wall Street's Boom," *Portfolio Magazine* (Dec. 2008) http://www.portfolio.com/news-markets/national-news/portfolio/2008/11/11/The-End-of-Wall-Streets-Boom

Nov. 12 Continuing Research Work

Work Sessions in Special Collections or Perkins Computer Area

III. DYNAMICS OF LABOR MANAGEMENT

Nov. 15 Craft, Slave, and Factory Workers in the early 19th Century [Discussion Board]

Thomas McCraw, "Work: Craft and Factory in Nineteenth-Century America," downloadable from Harvard Business School Publishing website

John Bezís-Selfa, "A Tale of Two Ironworks: Slavery, Free Labor, Work, and Resistance in the Early Republic," 56 William and Mary Quarterly (1999): 677-700 [JSTOR]

Nov. 17 The Rise of "Scientific Management" [Discussion Board]

Thomas McCraw, "Mass Production and the Beginnings of Scientific Management," downloadable from *Harvard Business School Publishing* website

Daniel Nelson, "Taylorism and the Workers at Bethlehem Steel," 101 *Pennsylvania Magazine of History and Biography* (1977): 487-505 [Coursesite]

John Frey, "Scientific Management and Labor," 23 American Federationist (1916): 358-64 [Coursesite]

Video Clip, "A Job at Ford's" [Coursesite]

Nov. 19 Company Towns in the Late Nineteenth Century [Discussion Board]

Nelson Lichtenstein, et al., Who Built America?, 47-50, 122-129
Richard Ely, "Pullman: A Social Study," 70 Harper's New Monthly Magazine (1885): 452-66
Samuel Gompers, "The Lessons of the Recent Strike," North American Review (1894): 201-07
Nelson Miles, "The Lessons of the Recent Strike," North American Review (1894): 180-88
Edward Porritt, "The Cotton Mills in the South," 18 New England Magazine (1895): 575-86
[all readings in Coursesite]

Nov. 22 The Limits of Welfare Capitalism in Interwar America [Discussion Board]

Nelson Lichtenstein, et al., Who Built America? (2000), 172-74, 197-200 [Coursesite]
Paul Street, "The Swift Difference: Workers, Managers, Militants, and Welfare Capitalism in
Chicago's Stockyards, 1917-1942," in Stromquist and Bergman, eds., Unionizing the
Jungle: Labor and Community in the Twentieth-Century Meatpacking Industry (1997), 1550 [Coursesite]

Joseph Willits, "The Labor Turnover and the Humanizing of Industry," 61 *Annals of the American Academy of Potitical and Social Sciences* (1915): 127-37 [JSTOR] Video Clip, "The Killing Floor"

FIRST DRAFT OF RESEARCH PAPER DUE with submission through digital dropbox, Nov. 23, 7:00 p.m. There will be individual meetings to discuss your drafts scheduled throughout the week of Nov. 29th

Thanksgiving Break

Nov. 29 Labor Relations at RCA, I [Discussion Board]

Cowie, Capital Moves, 1-72 Selection of New York Times articles on labor relations at RCA, 1936-1951 [Coursesite]

Dec. 1 The Price of Peace at General Motors, 1935 to 1950

Nelson Lichtenstein *et al.*, *Who Builit America?* (2000), 432-34, 439-44, 528-34, 576-79 Editorials, *Business Week*, March 20, April 10, 1937

Charles Madison, "Walter Reuther and the New Unionism," n.s. 39 *Yale Review* (1949): 275-93 C. E. Wilson, "Five Years of Industrial Peace" (1950)

Alfred Sloan, *My Years with General Motors*, 390-406 [all readings available through the Coursesite]

Dec. 3 Labor Relations at RCA, II [Discussion Board]

Cowie, Capital Moves, 73-151, 201-209

Dec. 6 Nike and the Sweatshop Campaign [Discussion Board]

Jennifer Burns, "Hitting the Wall: Nike and the International Labor Practices," in Harvard Business School Reader

"Put Your Foot Down! Be a Sneaker Activist," *Buffalo News*, July 30, 1996, N5 [Lexis-Nexis – General News, Major Papers]

Danielle Knight, "Nike Initiative to Improve Factory Conditions," *Interpress News Service*, May 12, 1998 [Proquest]

Louise Lee, "Can Nike Still Do It?" *Business Week*, Feb. 21, 2000 [Lexis-Nexis – General News, Major Papers]

Robert Borosage, "Mixing 60's Activism and Anti-Globalization," *Los Angeles Times*, April 23, 2000, M2 [Lexis-Nexis, General News, Major Papers]

Dec. 8 Taking Stock/Review -- Lecture

Dec. 10 Taking Stock -- Optional Section Review Sessions

FINAL RESEARCH PAPER due at 5:00 on Dec. 10, through the Digital Dropbox

FINAL EXAM – Dec. 14, 9:00 a.m. to 12:00 p.m.