

Corporate Sovereigns, Middle-Class Managers, and In/Visible Hands:  
The Subjective Figures of American Capitalism, 1900-2014

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In the wake of the Second Gilded Age, “the history of capitalism” has emerged as a booming field within American historiography. The term emerged in the late 1990s and, by the end of the 2000s, it had gained wide currency as a distinct subfield within the historical profession. In addition to the proliferation of conferences, undergraduate and graduate courses, programs and workshops on the history of capitalism<sup>1</sup> – as well as a rapidly expanding oeuvre of new work – the new sub-discipline has taken various institutional guises within the profession. The 2011 edition of *American History Now* has included, for the first time, a special chapter on the “History of American Capitalism” alongside established topics such as cultural history and women’s and gender history and new powerful areas such as environmental and borderlands history. Similarly, the 2012 national American history conference had “Frontiers of Capitalism and Democracy” as its central theme. Columbia University Press has launched a book series entitled “Columbia Studies in the History of US Capitalism” edited by Louis Hyman, Bethany Moreton and Julia Ott, and the *Journal of American History* convened a panel on the new subfield to be published in 2014.<sup>2</sup> And in a much-cited article in *The New York Times* in the spring of 2013 – entitled “In History Departments, It’s Up With Capitalism”<sup>3</sup> – the subfield’s nascent career cast off its academic moorings and achieved a public profile.

This paper examines, in the historiography of American capitalism,<sup>4</sup> the relationship between different groups or classes to the questions of economic change and the origins of modern America. Historical traditions have considered different groups – such as capitalists and entrepreneurs, managers and clerks, the working class – as key objects of historical analysis as well as constitutive of

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<sup>1</sup> These include *The Culture of the Market Network*, hosted by the University of Manchester, which is an AHRC funded network on capitalism in 19<sup>th</sup> century America, as well as the *Program on the Study of Capitalism* at Harvard University.

<sup>2</sup> To be published in *The Journal of American History* in the fall of 2014.

<sup>3</sup> Jennifer Schuessler, “In History Departments, It’s Up With Capitalism,” *New York Times* 6 April 2013.

<sup>4</sup> Which includes economic, social, business and labor history.

economic change as well as American capitalism. This paper argues that a distinguishing characteristic of the booming field of the “new” history of American capitalism has been the concentration of analytic efforts on a novel breed of historical actors: bosses, bankers, brokers and other economic elites. Capitalists have become key objects of historical analysis and been pushed to center of the history of American capitalism. Indeed, the works that have signified the revolution, such as Sven Beckert’s *The Monied Metropolis*, explicitly shift scholarly attention to the study of elites “from above” not only to explain economic, and political, change but to unearth the origins of modern United States.<sup>5</sup>

But while the burgeoning subfield is demonstrating that much is to be gained analytically by treating businesspeople as meaningful historical actors, it is not the first to take businesspeople seriously. In fact, the history of capitalism – in the institutional guise of economic, social, business, management and labor history – has always debated which object should be central to historical analysis and American capitalism (even though the “new” history rarely engages explicitly with it). Similarly, Progressives, such as Charles and Mary Beard and Matthew Josephson, and Business History Revisionist, such as Allan Nevins, while differing in their portrayal of business leaders, maintained that business elites were constitutive of American capitalism. By contrast, the Chandler school of business history, associated with Alfred Chandler, reserved the honor for the managerial class and the corporation.

This paper explores the changing objects and categories of historical analysis, and how they relate to the questions of economic change and the origins of the modern United States, in five historiographical traditions: the Progressive school, business history revisionism associated with Allan Nevins, Chandler school of business history and organizational synthesis, labor history, and the “new” history of American capitalism. It also explores the development of characterizations – or the stories told – of different social actors; relationship between structure and agency;

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<sup>5</sup> Sven Beckert, *The Monied Metropolis*, p. 5.

and the shifting ways to write about the relationship of capitalists, firms and labor to the state, culture and society as whole.

### **The Origin Story of American Capitalism: The Great Economic Men of the Gilded Age**

The Progressive historians were the first scholars to write systematically about the relationship of economic change to socio-economic elites. These historians, writing in the first four decades of the twentieth-century, were chiefly occupied with the momentous economic changes – enormous growth of capital and industrial production, urbanization and immigration, the end of slavery, profound changes in technology and transportation, and the emergence of the social question and labor unions – the United States underwent in the Gilded Age. But while they told different stories about capitalist elites and the processes of economic change all shared the underlying conviction that the spectacular social and economic changes of the Gilded Age and the early twentieth-century could be traced to the activities of a tiny group of capitalist elites.

Previously, writing on business leaders had been dominated by the entrepreneurs themselves who emerged in the post-Civil War period and wrote largely self-promoting accounts of their own lives and accomplishments. These were individual, as opposed to group, studies. They asserted a positive connection between elite-entrepreneurial activity of men like Vanderbilt, Morgan, Rockefeller, Carnegie, Mellon and Flagler, and economic change and the emergence of American modernity.<sup>6</sup> Capitalists had not only enriched themselves, but as railroad developer Jay Gould exclaimed, “built up the country.”<sup>7</sup> The entrepreneurs were the prime movers of the economic processes that had put the United States in a leading role in

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<sup>6</sup> See for example Thomas Mellon, *Thomas Mellon and His Times* (1885); John Crosby Brown, *A Hundred Years of Merchant Banking* (1909); Henry W. Lanier, *A Century of Banking in New York* (1922); Hal Bridges, “The Robber Baron Concept in American History,” *The Business History Review* 32:1 (1958), 7-10.

<sup>7</sup> Quoted in Matthew Josephson, *The Robber Barons* (1934), vi.

terms of industrial production and per capita income and made it the premier capitalist country in the world. But also, they attempted to ossify, in the national consciousness, a romanticised image of the new men of fortune as popular and beloved folk-heroes, successors to military and political leaders, great inventors and even the Founders themselves.<sup>8</sup>

The Progressives arrived at the study of economic change and the rise of American industry from a different perspective. Taking their cue from the intellectual changes that corresponded to the spectacular industrial and political conflicts and social maladies of the Gilded Age and early twentieth-century, these New Historians turned to the study of the economic realities of capitalism with an eye out for their own interest in political and social reform. But these historians were not only “new” in ideological terms. Their novel methodological commitments made them peculiarly predisposed to probe the issue of economic change and social structure. They sought to expand the scope of historical inquiry from the narrow confines of political happenings to the vast stage of economic and social life. The reformist socialist edge of the New History movement furthermore adopted, via E.R.A Seligman, a marxist economic interpretation of history. Not only did it position economic activity, rather than political happenings, as the engine of history, but furnished the Progressives with an imagination of social class as integral to economic change.<sup>9</sup> But most importantly, the career of Rockefeller, Morgan and other great American tycoons of the post-Civil War period seemed to embody the economic interpretation – and its emphasis on the “economic motive” – itself.<sup>10</sup>

Subsequent historians – Business Historian Revisionist, Consensus historians, the Chandler school, and the “new” historians of American capitalism – have

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<sup>8</sup> See for example Hal Bridges, “The Robber Baron Concept in American History,” *The Business History Review* 32:1 (1958);

<sup>9</sup> Peter Novick, *That Noble Dream* (1988), 96-107

<sup>10</sup> See for example Allan Nevins and Matthew Josephson, “Should American History Be Rewritten?” *The Saturday Review* 37 (1954), 44; Beard, *American Civilization* Vol II (1934), 198.

universally dismissed the Progressive literature as superficially vilifying and condemning business leaders. The Progressives caricature of business leaders was embodied in the notion of the “Robber Baron.”<sup>11</sup> While this might seem, on the surface, like a similar proposition, it is in fact far from equivalent to the stories most Progressive historians and writers told about capitalists. Their writing epitomizes an interesting problematic concerning the relationship of economic change to social class, agency and structure, or more precisely, the importance of the capitalist-entrepreneur to the processes of economic change. Surely, for Marxist and Progressive writers the concept of Robber Baron was the rage. They viewed business leaders as problematic characters and etched a largely unsympathetic portrait of their personalities, methods and actions. Some explicitly denounced them. They habitually cheated investors and the public, corrupted the government, fought ruthlessly among themselves, were oblivious to the social costs of their deeds and generally carried on predatory activities.

For Progressive amateur historians, such as Gustavus Myers, there was little remarkable about them. Responding to the early entrepreneurial literature that proposed the centrality of entrepreneurs to economic growth, Myers, by contrast, told his readers that their spectacular wealth and the economic changes of the Gilded Age were not the result of their “thrift, enterprise and extraordinary ability” as much as a “logical outcome of a system based upon factors the inevitable result of which is the utter despoilment of the many for the benefit of a few.” The American “plutocrats rank as nothing more or less than as so many unavoidable creations of a set of processes which must imperatively produce a certain set of results.”<sup>12</sup> Similarly, Henry D. Lloyd was not content with crediting the new economic men with the economic changes of the age. In his 1894 *Wealth Against Commonwealth*, Lloyd

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<sup>11</sup> See for example Hal Bridges, “The Robber Baron Concept in American History,” *The Business History Review* 32:1 (1958); Gerald N. Grob and George A. Billias eds., *Interpretations of American History* (1992), 8-22; Sven Beckert, *The Monied Metropolis* (2001), 342.

<sup>12</sup> Gustavus Myers, *The History of the Great American Fortunes* (1910), v-vi, 6-13.

suggested that the “great money-makers” were simply the product of the underlying “[new] forces of wealth.” The new men, mistakingly, believed that they were “the wave instead of the float, and that they [had] created the business which [had] created them.” Furthermore, turning Macaulay on his head, Lloyd asserted that “if our civilization be destroyed” it would not be by Macaulay’s “barbarians from below” but by “our barbarians from above”.<sup>13</sup> For both Lloyd and Myers, there was nothing extraordinary about the new money-makers, except perhaps their destructive capacity. But clearly these authors found it difficult to distance themselves from the familiar marxian doctrine that saw the rising capitalist class as an agency of progress, leading to the triumph of “scientific” and largescale industry. But rather than simply vilifying them, Lloyd and Myers articulated a more structuralist argument about economic change. Rather than emphasizing the “superhuman”<sup>14</sup> agency of entrepreneurs, which they asserted was incidental to processes of economic change, the underlying, unavoidable, logic of the capitalist system was molding the trajectory of modern America. Sociologist Thorstein Veblen also articulated a structuralist argument that minimized the agency of the money-men for the processes of economic change. In fact, for Veblen, “the leisure class” stood in the way of social and economic progress.<sup>15</sup>

But while Lloyd, Veblen and Myers minimized the personal agency of the money-makers in favor of the impersonal unfolding of structure, others such as Charles and Mary Beard, Louis Parrington and Matthew Josephson did quite the opposite. They retained the the muckraker notion of dishonest methods, grotesque motivation by profit and the harmful social implications of wealth accumulation – and projected a consistent unified picture of these aspects of capitalist endeavors. The Progressives did not view this in terms of vilification as much as the “realistic”

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<sup>13</sup> Henry D. Lloyd, *Wealth Against Commonwealth* (1894), 510.

<sup>14</sup> See for example, Vernon Louis Parrington, *Main Currents in American Thought* (1927), 405-413.

<sup>15</sup> Thorstein Veblen, *The Theory of the Leisure Class* (1899).

demystification of the great men.<sup>16</sup> But while they sought to “demystify” business leaders and, in so doing, made ample use of the Robber Baron concept, they were clearly not content with minimizing the agency of the great captains of business. In fact, to articulate their message of the significance of this new group of entrepreneurs to American history, these historians unleashed a spectacular descriptive vocabulary. In so doing, they conveyed what was ultimately a character-trait explanation of economic change. Charles and Mary Beard in *The Rise of American Civilization*, Louis Parrington in *Main Currents in American Thought*, Frederick Lewis Allen in *The Lords of Creation*, and Matthew Josephson in *The Robber Barons* all accepted the claim that the “new masters of money” were, by the virtue of ruthless determination and capability, “the architects of our material progress.” They portrayed capitalist entrepreneurs consistently as larger than life figures – “titans” who roamed the North American continent uninhibited by the restraints of nature or society, “asserting their will” on both. They were the central engines of economic change, industrial growth, the end of slavery, and the origins of modern America. It was certainly an ambivalent position. While the barons were ruthless and predatory, they exhibited mastery in a double sense. On the one hand the masters of industry held absolute power over their domains. On the other, they were masters of their domain not only by virtue of domination but enormous capability in the conduct of their activities. Of outstanding ability, sinister and Machiavellian, effective and mechanistic, they were “architects” who “created,” “orchestrated,” “organized,” and presided over the American world that twentieth-century Americans had come to know. These “supermen” possessed superhuman agency transcending any limitations imposed by social and material structures.<sup>17</sup>

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<sup>16</sup> Indeed, Beard’s perhaps most famous intervention – *An Economic Interpretation of the Constitution* – argued that the Founders were primarily motivated by their personal interest in monetary gain in framing a new federal government in 1787 rather than by the ideals of justice and freedom. See Charles Beard, *An Economic Interpretation of the Constitution of the United States* (1909).

<sup>17</sup> Charles A. Beard and Mary R. Beard, *The Rise of American Civilization* (1927), 166-



Despite aspirations of turning historical writing from the doings of great men and write the history of “man in society” or “civilization,” the Beards, for example, did anything but belittle the role of the great economic men, the post-Civil War period’s “prime actors”. In *American Civilization* and *A Basic History of the United States* they insisted that the “titans of industry” were in fact the prime “movers and shakers” and the dominant figures of the age and, by the assertion of their will, had a constitutive impact on the trajectory of American history. In fact, the Beards claimed that “the rise of a House of Rockefeller or Morgan was as important a subject for American historians as that of the House of Howard or Burleigh for the English.”<sup>18</sup>

The “overlords of industry,” then, existed in the Progressive imagination as inherently great men who had not only enriched themselves, albeit by immoral means, but “built up the country”. The economic changes and industrial growth of the age could be explained largely by their actions. The Progressives’ belief in the capacity of these great men to impact the world around them and shape the course of history can be explain with reference to their often overlooked belief in interventionism, social planning and engineering. While scholarly treatment with this issue tends to emphasize its mooring within governmental and bureaucratic institutions, there is no reason why this belief should not apply to private actors as well. The Progressives were highly confident of the ability of rational men to devise schemes that could (re)order social existence and impact the course of history. While bringing in social and economic factors, they had enormous faith in rational agency to engineer decisive outcomes and take charge of society and business.<sup>19</sup>

And the titans of American enterprise were extraordinarily powerful. Entrepreneurial stories of business leaders mostly portrayed them in isolation from each other, society, and most importantly, political life. But for the Progressives, the

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210; Vernon Louis Parrington, *Main Currents in American Thought* (1927), 10-12, 405-413; Matthew Josephson, *The Robber Barons* (New York, 1934), v-vi, 315-346; Frederick L. Allen, *Lords of Creation* (1935).

<sup>18</sup> 166-210;

<sup>19</sup> See for example James Scott, *Seeing Like a State* (1999).

ascendancy of new men of fortune in American life had in fact obliterated any meaningful distinction between public and private. According to this reductionist view, the chieftains not only monopolized the reigns of economic but social and political power as well. They were the effective “sovereigns” of the United States. The notion that they were the real source of social and political power is conveyed throughout the texts of Progressive authors in a language not derived from economics or political economy but political science, sociology and political history. Business leaders are consistently characterized as sovereigns, plutocrats, conquerors, imperialists and empire-builders, high-commander, knights, kings, doges and overlords. They had come to engulf the social and political order. The state and federal governments were merely “businessmen administrations” and presidents and senators were merely “animated shadows” beside them.<sup>20</sup>

By the early 1950s many historians felt that time had come for the history of American capitalism to be radically rewritten. They felt that the Progressive imagery of the robber baron, that had come to exercise great influence on popular imagination, was unfair, incorrect and “unscientific.” Time had come to celebrate, rather than apologize for, the virtues of America’s industrial and material accomplishments. The majestic economic endeavors of American business leaders – the “architects and builders” of America’s material and industrial strength – had not only made the U.S. wealthy, but ensured U.S. victory in two World Wars. Against what they construed as the vilifying efforts of the Progressives, these historians,

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<sup>20</sup> Charles A. Beard and Mary R. Beard, *The Rise of American Civilization* (1927), 166-210; Vernon Louis Parrington, *Main Currents in American Thought* (1927), 10-12, 405-413; Matthew Josephson, *The Robber Barons* (New York, 1934), v-vi, 315-346; Frederick L. Allen, *Lords of Creation* (1935). Gustavus Myers, *The History of the Great American Fortunes* (1910); Henry D. Lloyd, *Wealth Against Commonwealth* (1894).

sometimes known as business history revisionists, insisted on the “fundamental healthiness of the [American] economic and social system.”<sup>21</sup>

From the perspective of the nexus between social class and economic change, the stakes in the Robber Baron debate, between the business history revisionists and the Progressives, are all but incidental.<sup>22</sup> Beyond the rancor of the debate, both parties to the dispute agreed that the prime movers of industrial growth – and even more curiously, the end of slavery – were ultimately a tiny body of extraordinary leaders of business and to study these titans of American enterprise provided the key to unlocking questions of economic change and the origins of modern United States. On this basis, they debated over the methods and means of the entrepreneurs’ accumulation of wealth, their motive in so doing, and finally its social consequences. Both were confined to character-trait and great man explanations of economic change. While Populists and Progressives denounced the dishonest methods and selfish motives of the new American “sovereigns,” the business history revisionists sought to revisit the deeds of the great economic men to offer a “more balanced” and “appreciative” evaluation of their actions. By rehabilitating the reputation of business leaders, the business history revisionists constituted an important element of the Consensus movement in American historiography and its attack on the Progressive view of the American past.

For these historians a more “appreciative attitude” was synonymous with a new “scientific treatment.” “Robber baron” was an “unscientific term,” standing for apologetics or abuse. In its place they sought a more “balanced,” “objective” and “complex” appraisal.<sup>23</sup> The business historians proposed a new approach to the

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<sup>21</sup> See for example Allan Nevins and Matthew Josephson, "Should American History Be Rewritten?" *The Saturday Review* 37 (1954), 47-54; Peter Novak, *That Noble Dream* (1988), 133-157.

<sup>22</sup> For the “Robber Baron debate” see Hal Bridges, “The Robber Baron Concept in American History,” *The Business History Review* 32:1 (1958); Allan Nevins and Matthew Josephson, "Should American History Be Rewritten?" *The Saturday Review* 37 (1954), 47-54.

<sup>23</sup> Allan Nevins and Matthew Josephson, "Should American History Be Rewritten?" *The Saturday Review* 37 (1954), 47-54; Allan Nevins, *John D. Rockefeller* Vol. 1 (1940), 603-622,

study of American economic change. The foundations of the sub-discipline had been laid in the 1930s and by the 1950s it had been institutionalized in distinct professional organization, developed a new vocabulary and research methods, published its own journal and even developed new departments within a few university separate from history departments.<sup>24</sup> The business historians produced scores of biographies and industry studies that assembled considerable information about financial and industrial capitalists. But they were largely confined within the biography form and focused on atomized individuals, like the early entrepreneurial literature, in isolation from society and politics. Certainly, one of the central inadequacies of the business histories was their failure to engage with the relationship between business leaders and politics. While the Progressives simply subsumed political life under the sway of the industrial titans, the business historians upheld an ultimately artificial yet impregnable separation between the public and private spheres without probing their interconnections.

The revisionists sought to dismantle three central tenants of the Progressive proposition. The first was that business leaders employed dishonest, cruel and thieving methods in their industrial undertakings. The second proposed that the “mighty industrial overlords” were motivated by profit, love of dollars and single-minded greed. Finally, the Progressives stated that industrial and economic transformation had been accompanied by disastrous social consequences that could have been minimized by slowing down and controlling of industrial changes.

Allan Nevins published detailed revisionist biographies of John D. Rockefeller in 1940 and 1953 that exemplify the endeavor to dismantle the central tenants of the Progressive argument. Nevins asserted that much of the damaging accusation hurled and heaped on Rockefeller was simply unwarranted. Rockefeller, claimed

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Vol. 2, 707-714; *Study in Power* Vol 1 (1953), viii, Vol. 2, 426-436; See also Allan Nevins, “New Lamps for Old in History,” *The American Archivist*, 17 (1954), 3-12; Allan Nevins, *The Emergence of Modern America 1865-1878* (1927), 397-400.

<sup>24</sup> Gerald N. Grob and George A. Billias eds., *Interpretations of American History* (1992), 12-22

Nevins, certainly employed dubious methods on occasion. But his actions were, however, but a natural response to the anarchical cut-throat competition of the period and not exceptional to the United States. Rockefeller was not a robber baron but a great innovator who imposed “a more rational and efficient pattern” upon the American economy. In fact, very few of the great tycoons deserved the label but Nevins made an exception for Jay Gould who might have merited it. Similarly, Rockefeller was not motivated by simple love of dollars or single-minded greed. Rather, he and others like him, were motivated by “competitive achievement, self-expression, and the imposition of their wills on a given environment.”<sup>25</sup> Here Nevins was supported by Joseph Schumpeter’s influential *Theory of Economic Development* that drew attention to the complexity of the motives of entrepreneurs. For Schumpeter, who articulated a theory that cast business leaders as the prime movers of economic development, the hope of financial gain was secondary to entrepreneurial activities and economic action had become more akin to sport.<sup>26</sup> Finally, Nevins argued that, even though the industrial undertakings of Rockefeller and other tycoons were sometimes accompanied by social atrocities, industrial transformation came none too fast and, in the end, a balanced appraisal had to conclude that its benefits outweigh the social costs. In the end, far from being immoral, unethical, or evil individuals the great American industrialist had stepped into a disorganized and anarchic economy, established order and rationality, fully exploited the natural resources of the country and took full advantage of the potentials of the American economy which ultimately destroyed the forces of fascism and rendered the U.S. as world leaders.

But the business historians ultimately failed to go beyond the self-promotions of the early entrepreneurial literature and left little mark on the

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<sup>25</sup> Allan Nevins, *John D. Rockefeller* Vol. 1 (1940), 603-622, Vol. 2, 707-714; *Study in Power* Vol 1 (1953), viii, Vol. 2, 426-436; See also Allan Nevins, “New Lamps for Old in History,” *The American Archivist*, 17 (1954), 3-12; Allan Nevins, *The Emergence of Modern America 1865-1878* (1927), 397-400.

<sup>26</sup> Joseph Schumpeter, *A Theory of Economic Development* (1934), 93.

historical profession. While collecting considerable information about financiers, merchants and industrialists, their conceptual framework was limited to great men and character-traits explanations of economic change that elevated the entrepreneur. The robber baron debate had reached an intellectual dead-end. This had profound implications for the study of economic change and its relationship to social structure. With scholarly engagement with economic elites tainted by the sterile debate over robber barons, emerging historians looked to other social groups for answers to questions of American capitalism and economic change.

### **The Long March From Great Economic Men**

Despite rapid decline of scholarly interest in elites, economic change continued to have a distinct social profile. In the 1950s and 1960s question of economic change and social class moved to the terrain of the bureaucratic organization. The “organizational synthesis” which took shape from the late-1950s to the 1970s held that defining characteristic of American society – in realm of government and economy alike – was the emergence, consolidation and growth of bureaucratic organizations. Now, scholars maintained, the bureaucratic organization provided the key to unlocking economic questions. This had a profound implication for the nexus between social class and economic change. With the bureaucratic organization, a new social type or social class emerged as the central object of analysis: the organization man of the middle class.

The notion of the middling sort – a socio-economic group of people between the upper and lower classes – has a long history in the American social imagination. The distinction between the few and the many – the rich and the poor – had always exerted a powerful hold on American social thinking. Founders such as John Adams, James Madison, Alexander Hamilton and George Washington were profoundly concerned with conflict between the rich and the poor and the new state and federal governments of the United States were designed, in part, to balance their

influence by due representation of each.<sup>27</sup> Madison famously asserted, in *The Federalist 10*, that the fundamental division in society was between the rich and the poor.<sup>28</sup> The Progressive picked up this socio-economic dualism between rich and poor, most explicitly in Beard's *Economic Interpretation* that explicitly professed allegiance to the Madisonian vision.<sup>29</sup> But alongside the few and the many existed the notion of the middling sort. Indeed, one of the Antifederalist challenges to the Federalists, during the debate over ratification of the Constitution, was an argument of political sociology according to which the middling sort dominated the American social landscape. Similarly, Jefferson's vision of a yeoman republic of small and sufficient farmers suggested a large class of the middling sort.<sup>30</sup> Three quarters of a century later Walt Whitman echoed the Antifederalist message as he wrote that "the most valuable class in any community is the middle class, the men of moderate means."<sup>31</sup>

The retreat from the study of elites and economic change coincided with the rise of the Consensus school in American historiography in the 1950s. Attempting to challenge the claims of the earlier generation of Progressive historians, they maintained that what distinguished the history of the United States was the absence of feudalism, a liberal consensus, lack of aristocracy and working-class discontent.<sup>32</sup> Rather than clinging to the centrality of the moneyed elite to American history, the mainstream of the consensus tradition, insisted that conflict in America did not stem from a stark division between the rich and the poor and that Americans were all essentially middle class. The consensus emphasis on the middle class nature of

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<sup>27</sup> Peter Onuf and Nicholas Cole eds., *Thomas Jefferson, the Classical World, and Early America* (2010), 14.

<sup>28</sup> James Madison, *The Federalist 10*, 48.

<sup>29</sup> Charles Beard, *An Economic Interpretation of the Constitution of the United States* (1909), 34.

<sup>30</sup> Michael Zuckert and Derek A. Webb, *The Antifederalist Writings of the Melancton Smith Circle* (2009), 56-59.

<sup>31</sup> Quoted in Stuart M. Blumin, *The Emergence of Middle Class: Social Experience in the American City, 1760-1900* (1989), 1.

<sup>32</sup> Peter Novick, *That Noble Dream* (1988), 320-340.

American society, it turned out, was central to scholarly engagement with questions of economic change and social class in the 1950s, 1960s and 1970s.<sup>33</sup>

The emergence of a new social class to the forefront of scholarly attention was intrinsically bound to the rise of the notion of the bureaucratic organization, heralding in a new configuration of social class agency and structure. Inspired by the work of sociologist Max Weber, the 1950 witnessed the birth of the idea that the emergence of a complex bureaucratic order in business and government and their managers drawn from the ranks of the burgeoning middle class was the central paradigm in understanding modern American economy, society and government. In 1941 had first appeared John Burnham's famous study of *The Managerial Revolution* on bureaucratization. John Kenneth Galbraith, in 1952, suggested that large-scale bureaucratic organizations had drastically transformed American capitalism and that the economy should be managed on the basis of countervailing organizational power. Similarly, Kenneth E. Boulding's 1953 *The Organizational Revolution* emphasized the great rise in the number, size and power of organizations in the public and private spheres.<sup>34</sup>

The first works that systematically explored the relationship between the new middle class and the bureaucratic organization presented a pessimistic view of middle class agency as engulfed by bureaucratic structure. The new middle class was largely dependent on the large hierarchical bureaucracies and incidental to societal and economic change. It was portrayed as passive, conformist and alienated to the impersonal forces of the organization. Unlike workers who, studies showed, protested to being integrated into the factory system, the managers internalized the capitalist ideology. C. Wright Mills articulated this point succinctly in his 1951 *White Collar*. According to Mills, the rise of the white-collar middle class was due to

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<sup>33</sup> Stuart M. Blumin, *The Emergence of Middle Class: Social Experience in the American City, 1760-1900* (1989), 1-5.

<sup>34</sup> John Burnham, *The Managerial Revolution* (1941); John Kenneth Galbraith, *American Capitalism* (1952); Kenneth E. Boulding, *The Organizational Revolution* (1953).



bureaucratic growth. The expansion of production and mergers necessitated more and more employees to coordinate and manage other managers and workers. These new mid-level managers, in turn, reported to supervisors, and became links in the chains of power and obedience, coordinating and supervising. Within this new corporate world, middle managers and white-collar workers were impotent and powerless. Disorganized and dependent upon the bureaucracies for their livelihood, and instead of exercising professional judgment and control, they were subject to manipulations and control of the bureaucracy. They were required to smile and dance on command, to live at all times on the jobs in accordance with the rules of the organization laid down from above. The arrows of influence, in Mills, point in one way only. Middle level managers are becoming less autonomous, permitted less initiative on the job, more conformity, and greater dependency. Mills's emphasis on structure rendered them estranged and passive, alienated from their own intellectual capacities.<sup>35</sup>

William H. Whyte's *The Organization Man*, published in 1956, echoed Mills's theme. It is difficult to shake the feeling that Whyte's organization men – the manager of the middle class – were trapped. Caught in webs of others' making, the middling many of the bureaucratic organizations were lost at sea, unable to control their own direction. Powerlessness was heightened by the threat of losing a sense of self. For Whyte, this new class, engulfed, enslaved and absorbed into mass society was becoming bereft of individuality. As the structure (organization or the "social ethic") came to subsume the individual into the mass, these managers were in fact rendered incapable of initiating change effectively, encourage the development of creative talents in themselves and others, change organizational procedure and stimulate company growth.<sup>36</sup>

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<sup>35</sup> C. Wright Mills, *White Collar* (1951), 1-25.

<sup>36</sup> William H. Whyte, *The Organization Man* (1956), 3-11.

Clearly, drawing focus to a new (middle) class formation did not automatically assume its centrality to economic change. C. Wright Mills followed-up *White Collar* in 1956 with a seminal second work. In *The Power Elite*, Mills offered a powerful argument for location of power within the large new bureaucratic organization. The power to enact economic and societal change – to make history – resided not in the hands of the middling many but an elite belonging to the highest stratum of the economy, government and the military. Here Mills proposed a three-tier social structure with the mass of the middling at the bottom and without any meaningful power, the middle level power actors such as politicians and pressure groups holding some but largely insignificant power, and at the top, the power elite wielding enormous, historically unprecedented, power to shape history according to their will.

In fact, Mills articulated a powerful framework for the study of power elites – and their ability to enact economic and societal change – that addressed many of the problems that had crippled the Progressives and the business history revisionists. Reading Progressives and business history revisionists it is difficult to shake the feeling that tycoons were higher types of individuals. But in the place of psychological character-trait explanations and value judgments, Mills articulated a structuralist/institutional argument. The emergence of the bureaucratic organization in the realm of the economy, government and military had increased enormously the amount and means of power at the disposal of the elite who controlled them. As each of these domains became more centralized and enlarged, the consequences of the organizations' actions became greater and greater, until, in the 1950's they had become "total" in scope. Economic and social power had, in other words, come to reside in the new bureaucratic organizations and the elite's control over these institutions is the source of their power. The elite's structural position at the pinnacle of the bureaucratic organizations was the source of its power to affect change. In emphasizing structure, Mills explicitly played down the agency attributed

to business people by Progressives and business history revisionists. Removed from “the institutional positions” they occupied, the elite would be “powerless and poor and uncelebrated.” For “power is not of man” but “requires access to major institutions.”<sup>37</sup> Similarly, the character-traits and moral virtues of the elite did not determine its structural position within the organizations but rather, the organization determined the elite’s psychology, work-habits and morality. Character-trait explanations for elevated positions in society were merely ideological cover. From the pinnacle of the bureaucratic organizations, the power elite were the masters of the course of history with one important qualification. Despite commanding enormous resources, the degree of foresight and control of the elite historically varied and it was frequently trapped by its own inadequacies and blinded by its own errors. But regardless of failure or success, they were a power elite.<sup>38</sup>

Despite Mills’s emphasis on the elite in the processes of economic change, his analysis of power and the bureaucratic organization could be said to have set the stage for agency of the middle class. By the time Mills published *The Power Elite* the study of ruling classes had fallen out of favor. The dominant intellectuals of the postwar era – such as Daniel Bell and Robert Dahl – did not see hierarchy and celebrated the classless, or homogeneous middle-class, nature of Americans.<sup>39</sup> But by locating the source of power in structural positions within institutions, as opposed to inherent traits of individuals, Mills opened the debate as to which groups within the organization occupied the most powerful structural position – and were, by extension, central to economic change. This was precisely what Alfred Chandler did with his work on the managerial class.<sup>40</sup>

But it was Robert H. Wiebe, in his seminal *The Search for Order*, who first radically challenged the early formulation of the relationship between social class,

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<sup>37</sup> C. Wright Mills, *The Power Elite* (1956), 21.

<sup>38</sup> *Ibid*, 5-29.

<sup>39</sup> Gary Gerstle and Steve Fraser eds., *Ruling America* (2005), 11-12.

<sup>40</sup> Alfred Chandler, *Visible Hand* (1977), 3-5.

economic change and the bureaucratic organization, turning Mills and Whyte on their heads. Rather than viewing the middling managers as passive puppets at the mercy of all but omnipotent power elite, Wiebe saw the new middle class, which emerged in the Gilded Age and Progressive Era, as central to the constitution of order in the early twentieth-century. And as opposed to omnipotent robber barons, business leaders were portrayed as confused, “trapped by the present, scurrying where they appeared to stalk.”<sup>41</sup> Similarly, Mills and Whyte’s gloomy view of bureaucratization, rationalization and order was firmly recast in a positive, progressive light as a desirable good.

Wiebe’s work was a sweeping history of the United States from 1877-1920 along organizational lines, recast in organizational terms. He painted a picture of a “society without a core” that, in the 1870s and 1880s, was confronted with disorder stemming from “nationalization, industrialization, mechanization and urbanization.”<sup>42</sup> As a result society required a new “order.” Agrarian reform failed to provide a solution. But the Progressive movement proposed an effective program. He argued that “the heart of progressivism was the ambition of the new middle class to fulfill its destiny through bureaucratic means.”<sup>43</sup> Members of this movement co-opted and adapted the techniques of “urban-industrial America” to effect change and establish stability. The corporation, for Wiebe, led the bureaucratizing charge of the Progressive movement, rationalizing and ordering the economy ahead of the state. The corporation emerged as the terrain of salaried managers, experts who displaced financiers, entrepreneurs, families, and even stockholders in the control of business enterprises. In Mills’s terms, the middle managers came to occupy the dominant structural position within the bureaucracy of the corporation.

Wiebe, however, was less concerned with the economy than government. The Progressive project of the new middle class ultimately involved governmental

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<sup>41</sup> Robert H. Wiebe, *The Search for Order 1877-1920* (1967), 18, 111-123.

<sup>42</sup> *Ibid*, 12.

<sup>43</sup> *Ibid*, 166.

projects. It was left to business historian Alfred Chandler to articulate a powerful statement of the agency of the managerial class in the processes of economic change. Chandler's famous *The Visible Hand* from 1977 explicitly addressed questions of economic change in the second-half of the nineteenth and early twentieth century by focusing on business institutions and a business class in the spheres of transportation, communication and finance. Chandler aligned himself firmly with business history tradition by studying economic change through the lens of the business enterprise as self-contained in isolation from politics and society. But much like Wiebe, Chandler argued that it was individual business leaders had little impact on their organizations. Rather it was the middle managers that brought order out of the anarchic economy of the post-Civil War period. As the business enterprise emerged as the most powerful institution in the American economy, the managers became the engines of economic change. The modern business enterprise, or bureaucratic organization, was inextricably coupled with the new class of managers, not entrepreneurs, who came to administer it. The rise of modern business enterprise in the United States, therefore, "brought with it managerial capitalism." And managerial capitalism was the harbinger of order, rationality and effective large-scale organization.<sup>44</sup>

Chandler sought to study what he deemed to be the central economic transformation in the history of the American economy. Between 1840 and 1920 the invisible hand of market forces in the coordination and distribution of production was replaced by the "visible hand" of management. New species of economic man – the salaried manager – operated as the "visible hand" that replaced the "invisible hand" of the market in the coordination and distribution in the economy. A response to the rapid pace of technological innovation and increasing consumer demand in the United States during the second half of the nineteenth-century, this occurred as business enterprises expanded and merged and "internalized" the activities of many

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<sup>44</sup> Alfred Chandler, *Visible Hand* (1977), 3-8.

business units within a single one. In the place of many, small and localized business units coordinated by the invisible hand of market forces emerged few, large and highly organized business enterprises organized internally by the visible hand of management. The managerial revolution took place when administrative coordination became more efficient than market coordination enabling the tremendous economic growth of the United States.<sup>45</sup>

Modern business enterprise employed a hierarchy of middle and top salaried managers to monitor and coordinate the work of the units under its control. Such middle and top managers form an entirely new class of businessmen. As late as the 1840 there were no middle managers in the US – that is, managers who supervised the work of other managers and in turn reported to senior executives who themselves were salaried managers. By the WWI this type of firm had become the dominant business institution in most sectors of the American economy and by the middle of the twentieth century they employed hundreds and even thousands of middle and top managers who supervised the work of dozens and often hundreds of operating units employing tens and often hundreds of thousands of workers. Chandler argued that once a managerial hierarchy has been created and had successfully carried out its functions of administrative coordination, the hierarchy itself became a source of power, permanence and continued growth.<sup>46</sup> The effective, large-scale business organizations could not be realized until a managerial hierarchy had been created. Without them, change was impeded as problems of coordination and monitoring and distribution were unresolved. After they had been assembled, the processes of economic change, and the transformation of the American economy – the managerial revolution – could be carried out by their “visible hand.”<sup>47</sup>

Chandler had mainly been interested in the revolution itself – the unleashing of the new class of managers across the American economic landscape – and had

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<sup>45</sup> Ibid, 6-10.

<sup>46</sup> Ibid, 5-10.

<sup>47</sup> Ibid, 4.

little interest in social analysis of his new class. Indeed, he consistently referred to it not as a social, but a business, class, and similarly, business historians tended to resist the methods of social historians. But the influential arguments of Wiebe and Chandler about the new economic men of the middle class opened up bountiful avenues of further research. Indeed, in the late 1970s and the 1980s the study of non-elite social groups was the academic rage. Chiefly occupied with questions of class, consciousness and meaning, New Left historians from below had developed sophisticated methods to study the contours of “class formation.” It would not be long until historians turned their attention to the formation of the managerial class with the methodological tools of the new social history. Oliver Zunz’s 1990 *Making America Corporate* did just that. Extending social analysis to the managerial class, Zunz explore the lives of corporate managers and employees who staffed corporations during the “organizational revolution” of the late nineteenth and early twentieth century. Zunz found the managers and white-collar workers actively forming a middle social class. Unlike Whyte and Mills, he argued that they exhibited independence and detachment from business leaders and elites. But these managers not only created a new work culture and brought about social and cultural change. They were a powerful group that brought the organizational revolution into key sectors of American society long before Taylorism and scientific management extended it to millions of workers.<sup>48</sup>

The work of Wiebe and Chandler on “the organizational synthesis” coincided with the emergence of new social history in American historiography. The new social history, or “history from below,” was less about bureaucratic organization than new social groups. Its explicit program was to unearth the history of “downtrodden,” “dispossessed,” and “inarticulate” social groups – such as women, African Americans, and the working class – that had previously been neglected and left out

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<sup>48</sup> Olivier Zunz, *Making America Corporate* (1991), 4-12, 116-118, 145-148.

of historical narratives. Similarly, uncovering the hidden history of “common people” usually meant deemphasizing the elites. The civil rights movement for racial equality, opposition and protest against the Vietnam War profoundly influenced these historians. But they were not only inspired by radical movements for racial, gender and class equality, but a radical attack on the hierarchical, and rationalist principles that underlay the bureaucratic organizations of production and politics in the mid twentieth century.<sup>49</sup> But contrary to persistent scholarly believe, the new social history did not abandon questions of economic change. From the perspective of social class and economic change, by turning their attention to the lowest groups in the social structure, these historians moved a radical step further the challenge of the organizational synthesis to the Progressive and business history revisionist notion that questions of societal and economic change could best be address by the study of elites of corporate sovereigns or entrepreneurs.

The new social historians departed even more from the organizational synthesis than they shared with it. They not only moved away from the study of elites to the lowest of the social strata but also challenged the notion of consensus by insisting on a fundamental conflict throughout American history.<sup>50</sup> Drawing on scholars such as E.P. Thompson, Eric Hobsbawn and Gareth Stedman-Jones, social historians persuasively demonstrated that during the first half of the nineteenth century a working class began to emerge in the United States. They showed that workers embraced a culture, ideas, and even organizations and politics distinctly marked by their class position. In the process of writing the history of labor they persuasively established that not all America was middle class but, especially during the second half of the nineteenth century, severely socially stratified and wildly

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<sup>49</sup> See for example Irvin Unger, "The 'New Left' and American History: Some Recent Trends in United States Historiography," *American Historical Review* 72 (1967), 1246-1253.

<sup>50</sup> *Ibid*, 1247.



unequal.<sup>51</sup> Similarly, the new social historians not only positioned themselves against the study of elites but the bureaucratic organization as well. Executives and management of business corporations alike were forces of worker alienation within the large, impersonal and mechanistic bureaucratic organizations. When the working class was brought into the picture, management was usually portrayed as aligned with executive and capitalists, making the question of whether economic power resided with entrepreneurs or managers incidental.<sup>52</sup>

The new social history moved the agency to effect economic change and shape the trajectory of modern America to the lowest strata of society, or to the working class. But while new social historians demonstrated that the history of the working class, women and African American is essential to United States history, the question of the relationship of these previously neglected social groups to economic change was at first more ambivalent. The focus of study was often on the institutional development of the labor movement or formation of working class identities. The so-called “identity history” tended to focus inward towards uncovering the internal social metabolism of a group’s coherence and endurance, how it defended its fragile and imperiled existence against a whole array of antagonistic forces.<sup>53</sup>

But in scholarly work that dealt with processes of economic change, the working class and the labor movement now took center stage. Strong industrial unions emerged to the forefront of a broad mosaic consisting of a host of other conflicting agencies of government, political parties, business corporations and management. Unlike previous traditions – Progressives, business history revisionists and the managerial school – no single social group dominated the landscape. Rather these studies conveyed an understanding of conflicts between multiple agencies

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<sup>51</sup> See for example Lizbeth Cohen, *Making a New Deal* (1990); Sean Wilentz, *Chants Democratic* (1984);

<sup>52</sup> See for example Howell J. Harris, *The Right to Manage* (1982), 4-12.

<sup>53</sup> Gary Gerstle and Steve Fraser eds., *Ruling America* (2005), 3.

that all had influence and impact without any single power exercising hegemony or mastery over the others. In *Making a New Deal*, a heavy hitter within the labor history oeuvre, Lisbeth Cohen simultaneously explored class formation and political and societal change by concentrating on the processes by which ordinary factory workers became effective unionists and national political participants by the mid-1930s. In response to a deepening depression in the 1930s, workers adopted new ideological perspectives and overcame longstanding divisions among themselves to effect change through new kinds of political action, particularly through democratic electoral politics and labor unionism. They became New Deal democrats who helped Roosevelt win the 1936 elections and CIO unionists.<sup>54</sup>

Nelson Lichtenstein echoed the themes of working class agency in the political economy of the first half of the twentieth century. For Lichtenstein, organized labor was a vehicle for social industrial democratic change. Unions did not just have bread and butter concerns, but their most important concern was the achievement of an industrial democracy in which labor had a say not only in salaries and work-rules, but in such matters as over-all management and investment decision. This project was, in turn, based on a broad social vision whereby labor aggressively stood for all workers, was a leading force against racism, supported workers' struggles across the globe, and struggled not simply for better contracts but to exercise meaningful economic power and radically transform the way the American economy and American society was run. But this vision of social and industrial democracy, that would have moved workers to the centers of economic power, was, in the post-war period, traded for a regime centered upon non-ideological collective bargaining.<sup>55</sup>

But the new labor history was also brought into dialogue with the organizational synthesis as well as a broader emerging nexus of labor history,

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<sup>54</sup> Lizbeth Cohen, *Making a New Deal* (1990), 3-11, 284-289, 311-320.

<sup>55</sup> Nelson Lichtenstein, *States of the Union* (2003), 3-17.

economic history, management studies and industrial relations. One of the central questions posed here was how did business and management confront the challenge posed by labor unions. Sanford Jacoby, in *Modern Manors*, argued American corporations dealt with the labor question by providing a distinctively American answer. Welfare capitalism was the arrangement in which business corporations, as opposed to government or trade unions, economic security and stability in modern society. According to Jacoby, American managers and capitalists preferred welfare capitalism because they believed it would facilitate their power against the growth of unions and government, but they also saw it as an effective alternative to market individualism making training cheaper and productivity higher by recruiting employees for their entire working lives. Welfare capitalism was an influential movement in the first three decades of the twentieth century, embraced by employers, intellectuals, social reformers and political leaders, all of whom shared the belief that industrial unrest and other problems could best be alleviated by private rather than governmental; managerial rather than laborist means. Similarly, in the workplace workers not only relied on management but management on workers. Mutual dependence between managers and workers created a consensus regarding rights and responsibilities at work, and shared cultural aspirations.<sup>56</sup>

Similarly, in his *The Right to Manage*, Howell J. Harris viewed the American labor movement and the labor question through the lens of managers. Instead of locating agency in the unionized working class, Harris argued that the events of the period were largely shaped by the business community and its corporate managerial elite, which saw the union movement as a direct challenge to its power and authority. Against the backdrop of chronic economic failure, a steep decline in business influence, a stronger and more interventionist government and a newly powerful labor movement, market leaders in steel, automotive, electrical equipment, rubber, agricultural machinery, petrochemical, and other basic

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<sup>56</sup> Sanford M. Jacoby, *Modern Manors* (1997), 5-10.

industries pursued a variety of policies in their quest to regain unquestioned business power and prestige. They used managerial organization to bring more corporate resources to bear on labor problems; they adopted progressive and sophisticated strategies such as personnel administration and public relations; they lobbied aggressively to alter public policy; they financed propaganda campaigns to make public opinion more conservative and probusiness; and they improved the material rewards of their workers in order to lessen the appeal of unionism. It was the creative force of the business community in meeting these challenges, Harris argued, that had by 1950 established the broad features of the “new” American labor movement which had retreated from broader social and industrial democratic for a non-ideological regime of collective bargaining.<sup>57</sup>

The combined effect of these studies was to project an image of a “political order” or “political system” composed of multiple agencies. Not just focusing on capitalists and workers, scholars studied the various relationships between the labor movement, business corporations, electoral and party politics, and policy-makers.<sup>58</sup> In the edited collection *The Rise and Fall of the New Deal Order 1930-1980*, published in 1989, these actors and entities, exercising influence rather than control or mastery, compose a political economy riddled with mammoth conflict between them. A central trend here was the relationship of labor and business to the state and electoral and partisan politics. The state was no longer just instrument of economic elites but worker organizations were able to compete to influence the state in favor of its own goals. Similarly, the state was seen as a sphere of relative autonomy for policy-making elites. But underlying the treatment of politics was the belief in the power of mass politics and the state to shape society and economy.

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<sup>57</sup> Howell J. Harris, *The Right to Manage* (1982), 4-12.

<sup>58</sup> See for example article in Gary Gerstle and Steve Fraser eds., *The Rise and Fall of the New Deal Order* (1990).

Under the auspices of Keynesianism, the state had a role in economic growth in addition to social regulation.<sup>59</sup>

But the new social history and the oeuvre of the organizational synthesis did share a fundamental insight. Both reflected the belief that the study of elites did not provide the key to unlocking questions of societal and economic change and the origins of modern America and that the answer had to be sought out in the agency of other social groups in the lower levels of the social structure. The consensus, organizational and new social historiographies took shape, in the 1960s and 1970s, at the same time as the historical profession drastically expanded. These traditions were ossified by an avalanche of scholarly works that came to dominate the field. By the 1960s not only had the study of economic elites fallen into disrepute, only to resurface again third of a century later, but also most new works had altogether stopped positioning themselves against these earlier traditions apart from the odd footnote.

### **A Return to Elites: The New History of Capitalism**

The nexus between social groups and economic change is integrally bound to the emergence of the new subfield of “the history of capitalism.” By focusing attention on workers and managers, previous generations of historians had stored capitalist elites away in the background. The brief glimpses the new social historians did offer were more based on ideological assumptions than empirical research. Elite power was axiomatic and they were routinely portrayed as efficient, mechanical and operating according to an inexorable logic. Scholars working in the tradition of Chandler and the organizational synthesis viewed capitalist elites and entrepreneurs as largely insignificant to processes of economic change. By the 2000s, however, a number of historians had come to find serious fault with the above accounts of economic issues, capitalism and the origins of modern American society. They

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<sup>59</sup> Ibid, xv.

shared a feeling that scholarly neglect of economic elites was now too great to withstand. Most of these historians went to graduate school during the ascendancy of the Second Gilded Age and, no doubt, their perception was influenced by the rise of gigantic corporation, financial institutions and the superrich. For Sven Beckert, in the book that, for many, signified the revolution, economic elites had become “the most neglected social group in United States historiography.”<sup>60</sup> As Gary Gerstle and Steve Fraser observed, historians had ceased to write about the role of economic and political “ruling elites” in America’s evolution.<sup>61</sup> According to Louis Hyman, “we knew endless amounts about deviationist Trotskyites but nothing about hegemonic bankers.”<sup>62</sup> Jonathan Levy encapsulated the sensation as he stated: “to understand capitalism, you have to study capitalists.”<sup>63</sup>

But the idea that economic elites, and the economic spaces they occupied, were ignored was not confined to history departments. As early as the late 1980s, scholars within other humanist disciplines voiced similar concerns. They pointed out that post-structuralists and post-modernists had not subjected capitalists, business corporations and financial systems to the “deconstructive turn” in the way of other power relations like those associated with race, gender, class, sexuality, nation and colonialism.<sup>64</sup> Scholarly engagement with capitalists had been left to economics which offered largely celebratory, ideologically tainted explanations such as “the

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<sup>60</sup> Sven Beckert, *The Monied Metropolis* (2001), 11.

<sup>61</sup> Gary Gerstle and Steve Fraser, *Ruling America* (2005), 2.

<sup>62</sup> Louis Hyman, “Why Write the History of Capitalism,” *Symposium Magazine* (Jul. 2008).

<sup>63</sup> Quoted in Jennifer Schuessler, “In History Departments, It’s Up With Capitalism.” *New York Times* 6 April 2013. See also, Jonathan Levy, *Freaks of Fortune* (2012).

<sup>64</sup> Tim Mitchell, Bob Jessop, Phillip Mirowski, Bruno Latour and Michel Callon, J.K. Gibson-Graham and students of governmentality have in recent years all attempted to bring critical analysis to bear on the market and market actors. See Bob Jessop, “Narrating the Future of the National Economy and the National State: Remarks on Remapping Regulation and Reinventing Governance,” *State / Culture. State Formation after the Cultural Turn* ed., George Steinmetz (Ithaca and London), 355-378; Tim Mitchell, “Society, the Economy and the State Effect,” *State / Culture. State Formation after the Cultural Turn* ed., George Steinmetz (Ithaca og London), 76-97; Philip Mirowski, *More Heat than Light* (1989); Michael Callon, *Laws of the Market* (1998); *Market Devices* (2007); Philip Mirowski, *Machine Dreams: Economics Becomes a Cyborg Science* (2001); J.K. Gibson-Graham, *The End of Capitalism (As We Knew It)* (1996).

efficient market hypothesis” and “the great moderation.” Similarly, aversion to the neoclassical models of economists has been a central to the clarification of the project of the new historians of American capitalism.<sup>65</sup> From a methodological perspective, while the new histories of capitalism have drawn on statistics and quantification, it is distinguished by a cultural methodology. They pay close attention to language and texts, the construction of norms and destabilization of categories. In doing, they benefited greatly from approaches to social class formation developed by labor historians.<sup>66</sup> Similarly, a key concern is the cultural and social embeddedness of markets.<sup>67</sup> This links up with recent developments in cultural history. Cultural history has in recent years become material by increasing focus on topics previously left to politics and economics such as structures, institutions, places and movements.<sup>68</sup> Bringing cultural methodology to bear on capitalists and the spaces they occupy, the new history of capitalism can be seen as a further development within the “materialist turn” in cultural history.<sup>69</sup> As Louis Hyman notes, the archives of business corporations look quite different once you have read Judith Butler and Michel Foucault.<sup>70</sup>

The practitioners of the new history of capitalism share a research agenda that focuses on economic elites and the spaces they occupy at the pinnacle of American society. For them, capitalists and corporations are best understood as contingent agents with wide ranging economic and social effects. Often they focus not only on the goal-oriented activities of bankers, brokers and corporate executives but also the unintended and often unforeseen consequences of their actions. The “new” historians of American capitalism have challenged four common assertions about economic change in the United States. First, it disputes the claim of social

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<sup>65</sup> See for example Sven Beckert, “History of American Capitalism.”

<sup>66</sup> See for example Sven Beckert, *The Monied Metropolis* (2001), 12.

<sup>67</sup> See for example Sven Beckert, “History of American Capitalism.”

<sup>68</sup> See Lawrence B. Glickman, “The “Cultural Turn,”” *American History Now* eds., Lisa McGirr and Eric Foner (Philadelphia, 2011), 221-240.

<sup>69</sup> *Ibid*, 221-224.

<sup>70</sup> Louis Hyman, “Why Write the History of Capitalism.”

historians and managerialist that capitalists and entrepreneurs had little enduring influence on American economic development. Second, it raises questions about the business history revisionist and Progressive characterization of American entrepreneurs and capitalists as elevated business leaders or robber baron-like masters of the universe. It also challenges New Left assumptions about their axiomatic quality. Third, it contests the overemphasis of these previous schools on either agency or structure and makes attempts at synthesis. Finally, it takes issue with the study of economic questions in isolation from culture, politics and society as a whole.

The “new” historians of American capitalism have challenged these assumptions in a variety of ways. Focusing attention on specific groups of capitalist elites and various branches of industry and finance, in different regions, localities as well as periods of United States history, it has demonstrated that there are plenty of fruitful avenues for further research. One set of works has revisited the nineteenth century. Sven Beckert’s study of the New York bourgeoisie forcefully brought capitalist elites to the center of questions of economic change and modern American history by studying how they actually formed as a social class. Beckert effectively dethroned the idea of the axiomatic and inevitable quality of the entrepreneurial elite by asking how a small and diverse group of New Yorkers came to wield unprecedented economic, social and political power. By employing a class-formation approach developed within labor history, he demonstrated that the power of the New York City bourgeoisie was far from inevitable, inexorable and its ascendancy did not unfold naturally in accordance with predetermined laws. Rather, the power was dependent on social, cultural and political factors. Capital-owning New Yorkers had to overcome their distinct “antebellum identities” to forge in the post-Civil War period tight social networks, to create powerful social and cultural institutions, and to articulate an increasingly coherent view of the world and their place within it. Elites accumulated enormous power through an active and contingent process of



class-formation. Unimaginable as late as the 1850s, they achieved the elevated status at the pinnacle of American society through the creation of social and cultural institutions and networks, a reformulated liberal legacy which encouraged large-scale capital accumulation and massive proletarianization, and, through collective political action on a class basis, a reconfigured American state that strongly privileged power emanating from civil society. Only this process allowed the New York bourgeoisie to exercise spectacular, unprecedented power over the way people lived and worked in the United States, and beyond, and made them the central social actors of the century.<sup>71</sup>

While the surge of interest in the history of American capitalism cannot be attributed to the Great Recession of 2008 – it simply pre-dates it – it is possible to discern an impact of the prominence of big bank failures, superrich executives and government bailouts on the trajectory of the field. Sven Beckert’s study of the New York bourgeoisie, published in 2001 at the height of the Second Gilded Age, all but accepted the entrepreneurial bourgeoisie’s self-identification with a culture of rationality, discipline, and individual effort.<sup>72</sup> Published in the wake of the Great Recession, Richard White’s study of the transcontinental railroad industry in the second half of the nineteenth century, however, is a significant contribution at the level of characterization of economic elites. The previous schools discussed above all shared the assumption that capitalists (and managers) were the successful and rational harbingers of capitalist modernity and effective large-scale organization. For better or for worse, progress was their theme. White agrees that the railroads brought with them American modernity and that entrepreneurs, rather than managers, were the prime engines driving their construction and operation. But White takes issue with what we could call the modernization narratives of American economic development in the period. In so doing, he also persuasively demonstrates

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<sup>71</sup> Sven Beckert, *The Monied Metropolis* (2001), 3-12, 293-333.

<sup>72</sup> *Ibid*, 9.

that it is impossible to study the transcontinental railroad industry in isolation from politics and society. For White, railroads and the entrepreneurs who developed them – Jay Gould, Jay Cooke, Thomas Scott, Collis P. Huntington and Leland Stanford – build modern America more by their “transformative failures” than successes. Rather than templates for social and political order, White’s organizations not only failed to create order out of the chaos of late-nineteenth century America, but “also just plain failed and repeatedly needed rescuing by the state and courts.”<sup>73</sup>

These entrepreneurs were smart, but mostly at soliciting money and not repaying debts. Their successes are usually held to be synonymous with their firms. But for White, entrepreneurs personal success came at the expense of their firms and their projects. They might have obtained great fortunes, but created “inefficient, costly, dysfunctional corporations” that are better understood as containers for “financial manipulation and political networking” than new businesses devoted to the efficient sale of transportation. Profits arose from “financial market and insider contracts” and not from successfully selling transportation. The transcontinentals were “monuments to arrogance, ignorance and greed.” Entrepreneurial successes of the age were “the triumph of the unfit” whose survival depended on the intervention of the state, “which the corporations themselves corrupted.” White’s actors were powerful, but unlike Progressive and business history revisionist accounts, history did not unfold according to their master-plan. Even more than failures, the “near-disasters” of these entrepreneurs encapsulated “the arrival of the modern world in western North America” and the “mystery of modernity: how so many powerful and influential people are so ignorant and do so many things badly and yet the world still goes on.”<sup>74</sup> But although White’s engagement with the modernization narrative’s characterization of economic elite is persuasive, his

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<sup>73</sup> Richard White, *Railroaded* (2011), xxii-xxxii, 455-466, 499-516.

<sup>74</sup> *Ibid*, 508-509.

portrayal of entrepreneurs does at times walk a fine line between scholarly appraisal and caricature.<sup>75</sup>

Another set of works has drawn historical attention to the second half of the twentieth century and the rise of the Second Gilded Age and global neoliberalism after 1970 and attempted to come to terms with some of our current dilemmas. In *Debtor Nation*, Louis Hyman examines the “financial revolution” of personal debt as it moved from the margins of the American economy at the beginning of the twentieth century to become one of capitalism’s most significant products by the century’s end. Here, Hyman navigates the precarious road between agency and structure. Over the first half of the twentieth century, most consumers had a genuine choice of whether to use personal debt. But by the centuries end, the choice of staying out of the credit system was no more. As credit ratings became assigned to all Americans, to hold good credit became prerequisite to fulfill many basic social and economic needs such as housing, medical care, education and getting a job.<sup>76</sup>

Recounting the history of a number of important financial innovations, such as the installment plan and the personal loan after World War I, the creation of a secondary mortgage market in 1938, and the credit card in the postwar period, Hyman locates the causes of these economic changes that have come to distinguish the present-day economy in “entrepreneurial innovation and governmental policy.” But the allocation of capital to consumer debt was not inevitable, a result of a grand scheme or simple capitalist “profit maximizing”. Rather, they were the result of a bundle of unintended consequence. Policymakers often acted with good intentions to solve urgent economic and social problems such as unemployment, wealth inequality, and discrimination. Lenders and bankers met with success and failure alike in extending credit to new borrowers. Like Beckert and White, Hyman draws attention to the close relationship between market and politics. He suggests it was

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<sup>75</sup> White’s *Railroaded* marks an attempt to come to terms with the modernization perspective. But only partially successful. Risks caricature.

<sup>76</sup> Louis Hyman, *Debtor Nation* (2011), 282-284

not by the invisible hand of the market as much as the “visible hand of policymakers” that new financial instruments and institutions came into being. Similarly, Hyman makes an argument for the cultural embeddedness of markets by pointing to the unequal access of African Americans and women had to credit. The modern credit system of the twentieth century was built by “white men for white men” and left African Americans with more dangerous and expensive ways to borrow.<sup>77</sup>

Another manifestation of the new capitalist turn in American historiography is a renewed interest in the history of particular corporations. Nelson Lichtenstein and Bethany Moreton’s “biographies” of the retailing giant Wal-Mart, which has become America’s largest company and the largest private-sector employer in the world, are a case in point. Both illustrate how corporations, and the economic elites who control them, are a major source of social, cultural and economic change. In today’s global economy, retailers like Wal-Mart, controlling more than half of the world trade, are king. Nelson Lichtenstein’s *Retail Revolution* details the processes by which the retailing giant “roared out of an isolate corner in the rural South to become the vanguard of a retailing revolution that has transformed the nature of U.S. employment, sent U.S. manufacturing abroad, and redefined the very meaning of globalization.”<sup>78</sup> Like the Pennsylvania Railroad and General Motors before, Wal-Mart has now developed a commercial model for the global economy and put a face to twenty first century capitalism.

By emphasizing the peculiar intersection of religion and the corporation, Bethany Moreton’s *To Serve God and Wal-Mart*, in contrast, persuasively makes the case that such markets and marketeers are deeply embedded within traditions, institutions, beliefs and networks. The economic success of Wal-Mart, Moreton

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<sup>77</sup> Louis Hyman, *Debtor Nation* (2011), 1-4, 7-9, 282-287. See also, Julia Ott, *When Wall Street Met Main Street* (2011); Greta R. Krippner, *Capitalizing on Crisis* (2012); Michael Zakin and Gary J. Kornblith eds., *Capitalism Takes Command* (2012).

<sup>78</sup> Nelson Lichtenstein, *The Retail Revolution* (2009), 4.

suggests, was based on its ability to cater to the social needs of its customers and develop cultural solutions to its problems. Its origins in the rural southwest distinguished it from big chain stores owned by competitors from northeastern cities and helped it tap into regional antipathies. Its low prices reconciled a consumer culture with a frugalistic morality. And its promotion of evangelical values appealed to religious sentiments. For Wal-Mart, business strategy and religion went hand in hand.<sup>79</sup>

A final lens through which historians of capitalism have explored the impact of economic elites on economic and social developments, is collective political action. In *Invisible Hands*, Kim Phillips-Fein examines how business elites worked in concert to create a major conservative political movement against the New Deal order. Through a series of case studies, Phillips-Fein demonstrates that business elites were central to a host of conservative organizations and causes from the 1940s to the 1980s. This movement, engineered by elites in business, eventually facilitated the scaling back of New Deal programs and made way for the rise of neoliberalism with the election of Ronald Reagan in 1980.<sup>80</sup>

### **Conclusion**

The nexus between social groups and economic change has been integrally bound to the emergence of the new history of capitalism. A distinguishing characteristic of the new subfield has been a shift in focus to economic elites. Bankers, brokers and entrepreneurs have emerged, in American history, as meaningful historical actors. But forefronting elites in the study of American capitalism is not altogether novel. Indeed, by studying elites they share a fundamental affinity with Progressive and business history revisionist. But by the 1960s the study of elites in relation to economic and social questions had fallen into a long-lasting disrepute. But the interest of new social historians and historians of bureaucracy and organization in

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<sup>79</sup> Bethany Moreton, *To Serve God and Walmart* (2010), 302-359.

<sup>80</sup> Kim Phillips-Fein, *Invisible Hands* (2010).

workers and unions, and managers, white-collar workers and the middle class, and economic and social change tells us something important about the new history of capitalism. In fact, as suggested by the sustained engagement of new social and organization historians with economic questions, the rise of the new field can better be explained as a novel effort to study economic change through the lens of a different social group than a resurgence of interest in capitalism itself.<sup>81</sup> The renewed focus on elites is not synonymous with the renewed interest in capitalism; previous generations did not ignore capitalism but brought new social groups like managers and workers to bear on economic questions. But while they did not resurrect the capitalism in historical scholarship the new historians have altered the social profile of the study of capitalism. The emergence of the new history of capitalism can, thus, best be understood within a succession of paradigms dealing with the relationship of social groups to economic change and the origins of modern American society.

The new histories of capitalism distinguish themselves from earlier historical treatment of elites, and capitalism in general, in highly significant ways. First, it disputes the claim of social historians and managerialist that capitalists and entrepreneurs had little enduring influence on American economic development. Second, it raises questions about the business history revisionist and Progressive characterization of American entrepreneurs and capitalists as the rational harbingers of modernity and effective large-scale organization. It also challenges New Left assumptions about the axiomatic quality of their power. Third, it bypasses the overemphasis of the previous schools on either agency or structure and makes attempts at synthesis. Finally, it has persuasively demonstrated that economic questions cannot be addressed in isolation from culture, politics and society as a whole.

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<sup>81</sup> This view is expressed in Louis Hyman, "Why Write the History of Capitalism;" Jennifer Schuessler, "In History Departments, It's Up With Capitalism." *New York Times* 6 April 2013.

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