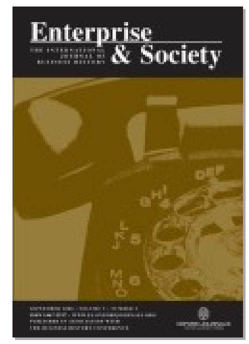
Trust and Power: Consumers, the Modern Corporation, and the Making of the United States Automobile Market (review)



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workplace. This expertly documented portrait of conservation and labor politics sets the stage for similar research in other—perhaps less "wild"—areas of the nation.

Historians will want to expand upon the author's focus on trade unions and their rich paper trail, and consider how unskilled and unorganized workers, the Industrial Workers of the World, women, and ethnic communities with old country environmental sensibilities, each participated in the wider discourse on nature. Other historians will want to explore the precise connections between workers' new geographic mobility as consumers of the wild and later efforts by environmental activists to limit automobile travel in the name of protecting wilderness and wildlife (see, e.g., Paul Sutter, *Driven Wild*, 2002). The resulting debates over access to the wild—for leisure or income—have profoundly influenced the class politics of more recent environmental controversies.

Equally important would be studies that build upon the book's contribution to business history. Workers' embrace of roads, recreation, and a consumer-oriented approach to leisure was an important factor in labor's consent to the mid-twentieth-century corporate redesign of forests and waterways in the Northwest, all sold to the public in the name of resource renewal and future employment. Recreational opportunities expanded dramatically as a part of this process, and the region today continues to be one of the most prominent, and marketable, locations for encountering "the wild," selling everything from salmon to Sasquatch. Future research that draws upon Lipin's historical work will provide us with a more comprehensive understanding of the social complexities involved in the evolving commodification of the natural world.

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Sally H. Clarke. *Trust and Power: Consumers, the Modern Corporation, and the Making of the United States Automobile Market*. Cambridge: Cambridge University Press, 2007. xiii + 296 pp. ISBN 978-0-521-86878-5, $50.00.

Buying a car, the old adage tells us, is "the most important purchase you will ever make, after your home." Sally Clarke has written an extremely important and insightful book that explores the never-ending tug-of-war between companies, consumers, and the state to define the parameters of America's most important market. At the core of this broad, longitudinal study, is the simple yet elegant notion that the marketplace, and the relationship between consumers and firms, shapes not only the organization and structure of a firm, but how notions of trust and power play out in the real world of auto making and selling. Utilizing a vast and impressive array of approaches and sources, Clarke takes a political economist's unsentimental approach to unravel how the car market, built as much on emotion as on rationality, emerged and evolved.

Initially, at the automobile market's creation, innovation was difficult and costly as automakers sold imperfect vehicles to willing auto enthusiasts. Recognizing the threat of liability from defective autos, manufacturers sold their cars to dealer networks in order to deflect lawsuits. This forced consumers and dealers to shoulder the cost of innovation. The practice ended with the important 1916 *Macpherson v. Buick* case. Judge Benjamin Cardozo ruled that automakers could avoid liability through testing and inspection, instead of depending upon dealers to bear the brunt of litigation. Nonetheless, this early structure shaped the initial organization of firms which, lacking sales operations, were thus not completely integrated.

In the second period, the interwar mass market, the firm again adapted. Alfred Sloan oversaw a reorganization of GM, which took advantage of Billy Durant's haphazard agglomeration of firms and Henry Ford's unwillingness to adapt to consumers' demand for cars that went beyond the utilitarian rudiments of Model T. Sloan created the price pyramid, credit financing, annual model changes, and used car trade-ins. He also used "scientific management" that emphasized flexible mass production, statistical controls, and information sharing.

These changes did not solve all the problems between consumers and manufacturers. Defects, and the threat of liability, persisted. Sloan also needed to balance style and pricing against safety innovations and production constraints that drove up costs. Moreover, while stylish annual model changes may have defeated Model T, it created a new dilemma: It was impossible to predict *what* styles consumers wanted, a frighteningly expensive proposition if the company guessed wrong. In response, Sloan poured millions into research and development, created an "Art and Style" section, used public relations campaigns (from soapbox derbies to the Fischer Craftsman's Guild), and pushed safety associations, which focused upon driver error as opposed to engineering defects.

During the mass-market era, there were dramatic changes in the sale of cars, as well. The emergence of the used car market, along with credit financing and the model change, significantly impacted dealer networks. Maker–dealer relations were so bad by the end of the 1930s that dealer complaints led to a Justice Department investigation of the Big Three, and GM was convicted of antitrust violations. This reflected another dilemma in the marketplace: Auto makers exerted pressure upon their dealers to sell new cars, junk used cars, and use company financing, and shifted costs to dealers. Dealers, in turn, pushed their own costs onto buyers by padding prices and packing loans. These problems fostered mistrust among the market's participants, especially consumers.

Finally, from 1945 to 1965, Clarke shows how three institutions—the firm, the family, and the state—shaped the mature auto market, which reflected a Cold War free-market ideology, largely excluded women and minorities, and maintained Sloan's social hierarchy of consumption and class. The federal government's credit expansion policies, paired with the automakers' continuing price hierarchy, resulted in a car market that matched the skewed distribution of income in America. Wealthy Americans bought most of the new cars, middle-class Americans bought mostly used cars and a few new cars, while Americans in the lowest fifth bought few cars if at all.

Trust and Power provides insights beyond the auto market. Clarke rightly asserts that business historians should pay more attention to how liability shaped managers' and firms' behaviors. The book shows how the state emerged as a regulator in the auto industry before Ralph Nader. It provides an important addition to our understanding of the nature of postwar prosperity, and its pervasive symbol, the car. Perhaps most importantly, the book adds to the growing literature that moderates Alfred Chandler's work on how firms evolved. By astutely intersecting the auto market and auto firms, and showing how GM, Ford, and Chrysler used a variety of techniques to succeed in the period before 1965, Clarke has moved beyond the "markets vs. firms" debate. This book should be read not just by automobile historians, but also by those interested in consumption, organizational behavior, marketing, modernity, and twentieth-century American history.

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