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Revolution

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Abstract

Alfred D. Chandler's theory of the managerial revolution culminates with the triumph of General Motors over the Ford Motor Company in the American automobile market of the 1920s. In Chandler's view, the relative decline of Ford vis-à-vis General Motors was a direct consequence of the modernization of management under Alfred Sloan's leadership in the face of Ford's outdated managerial methods. Based on previously unexploited material from the Ford Motor Company Archives, and on Chandler's research papers located at Harvard's Baker Library, the paper revisits this pivotal episode of American business history. It makes three points. First, it suggests that Chandler's account resembles an idealtypical Weberian modernization narrative. Second, it argues that Ford did not simply fail to modernize; rather, he advocated an illiberal business model very much at odds with the American corporate mainstream of the 1920s and 1930s. Finally, the paper traces the influence of Chandler's collaboration on Sloan's memoir, *My Years With General Motors* (1964), on his thinking about the GM/Ford episode in particular, and the managerial revolution at large. The paper ends by suggesting that politics, not managerial efficiency, played a larger role in the making of industrial strategy and structure than Chandler appreciated.

Keywords

Alfred Chandler, General Motors, Ford, Alfred Sloan, management, managerial revolution, Max Weber, modernization, business history

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Introduction

The administrative transformation of General Motors during the 1920s serves as the culmination point of Alfred D. Chandler's classic account of the managerial revolution in American business. Ford's simultaneous demise serves as the counterpoint. While General Motors under the leadership of Alfred Sloan pioneered the multidivisional decentralized management structure that would come to dominate big business, Ford continued to rely on a model of corporate governance geared to the company's dictatorial founder, Henry Ford. In Chandler's view, the success of General Motors vis-à-vis Ford was a direct consequence of the modernization of management under Sloan's leadership in the face of a stagnant primary competitor.

In Chandler's account, then, the Ford Motor Company has a crucial place: it serves as the negative foil onto which the coming of the managerial revolution is cast. Because it failed to adapt to the demands of modern management, the Ford Motor Company became everything General Motors (GM) was not: it was not innovative, not efficient, not rational, not profitable. In this telling, Ford was misguided in resisting what was an ultimately inexorable transformation. First, Ford performed poorly during the 1930s, continually losing money and market share to GM; then, the Ford Motor Company only recovered when Henry Ford II., the founder's grandson, introduced managers from General Motors to run his own company after World War II.

The story of Sloan's triumph and Ford's folly has become a central element in narratives of American business history. Chandler himself canonized the theme in *Strategy and Structure* (1962) and in his 1964 textbook on *Giant Enterprise*.¹ With the GM/Ford episode, we distinguish the 'heroic' age of the rise of big business prior to World War I from the age of rationalized managerial capitalism that began in the 1920s. Ford, we are made to assume, essentially symbolized the former phase and was hopelessly lost in the new era that General Motors, in turn, came to symbolize.²

This paper reflects on three questions regarding the function and meaning of the GM/Ford episode for Chandler's managerial revolution. First, what is the legacy of Max Weber's theory of modernization in Chandler's work? Next, how did the Ford Motor Company actually operate in the period of its managerial fall from grace? We suggest that to evaluate the Ford Motor Company by its administrative setup misses the point: Ford, in the interwar years, was a political project as much as it was a business enterprise. Finally, we ask: what was the influence of Chandler's collaboration on Sloan's memoir, *My Years With General Motors* (1964), on his thinking about the GM/Ford episode in particular, and the managerial revolution at large? We end by suggesting that the GM/Ford episode is actually a poor confirmation of the Weberian modernization narrative implicit in Chandler's managerial revolution. Rather, it serves as a reminder that, often, it is politics, not 'efficiency,' which accounts for industrial strategy and structure.

I

Chandler described the administrative innovations at GM as a process of rationalization. In 1920, Billy Durant, its flamboyant founder, left General Motors. Sloan, whose "rational, precise mind" balked at Durant's "wasteful, inefficient, and dangerous" management style, stepped in with his groundbreaking "Organizational Study." In implementing a mechanism of coordination between GM's dispersed operating divisions and the leading executives' policy prerogatives, Sloan and his team "revealed a continuing, dispassionate, rational, calculating, and essentially pragmatic approach to the problems of management."³ The contrast to Ford could not have been greater. Ford failed to diversify operations and adapt his administration accordingly. "As a result," Chandler wrote, "Ford's management became

¹ Alfred Chandler, *Strategy and Structure* (Cambridge: MIT Press, 1962). Alfred Chandler, *Giant Enterprise: Ford, General Motors, and the American Automobile Industry* (New York: Harcourt, 1964).

² See for example Arthur J. Kuhn, *GM Passes Ford, 1918-1938: Designing the General Motors Performance-Control System* (University Park: UPenn Press, 1986); Thomas McCraw, *American Business Since 1920: How It Worked* (Wheeling: Harlan Davis, 2nd edition, 2009).

³ Chandler, *Strategy and Structure*, pp. 130, 142.

still more personal, far less rational, and, in terms of return on investment, far less efficient than General Motors.”⁴ Indeed, Ford “in his later years rarely thought in terms of structure or even strategy.”⁵ And again: “The incredibly bad management of [Ford’s] enormous industrial empire, which was so clearly reflected by the lack of any systematic organizational structure, not only prevented the Ford Motor Company from carrying out a strategy of diversification but also helped cause the rapid drop in Ford’s profits and share of the market.”⁶

On the one side, GM, rational, efficient, dispassionate; on the other side, Ford, irrational, inefficient, personal.

Much has been made of the legacy of structuralist-functionalist sociology in Chandler’s framework of business history.⁷ By his own admission, Chandler was impressed by “Max Weber’s single chapter on bureaucracy written before World War I,” which gave Chandler “a more significant approach to the problem of the growth of the large corporation” than did economic theory.⁸ While scholars have pointed to the “structuralism” in Chandler’s thinking about organization and administration, it appears that the most pervasive legacy of Weber and Parsons in Chandler’s work was their progressive historicism. The narrative of Chandler’s managerial revolution is a Weberian modernization tale: Between 1850 and 1930, a process of increasing routinization and bureaucratization took place in American business, a development which, in keeping with Weber’s theory, was coterminous with modernization itself. In a predictable fashion, a generation of “promoters” or “empire builders” – men like Coleman DuPont or Billy Durant – were replaced by men who “approached the problem of managing their widespread domains rational [sic] and systematically.”⁹ Or, in Weberian terms, charismatic authority became routinized and supplanted by rational bureaucracy: In the ideal-typical M-Form, Chandler wrote in 1961, top management “is recognizable by what it does – by its functions and activities – rather than by the personality traits of its members. It cannot be stressed strongly enough [...] that such business executives are not necessarily possessed of *charisma*. Personally unknown to the possibly tens of thousands of workers and employees, they need no *charisma* and usually have none.”¹⁰

Henry Ford’s tragedy, then, was to retain a charismatic institution in a period that had supposedly made these types of authority obsolete. To demonstrate Ford’s “positive contempt for the formal definitions of executive of supervisory duties” Alfred Chandler included a section of *My Life and Work* among the primary text selections of *Giant Enterprise*.¹¹ Here, Ford ridiculed “excess organization and consequent red tape” of the type “that results in the birth of a great big chart showing, after the fashion of a family tree, how authority ramifies.” Instead of being distracted by titles and offices, Ford claimed, his men – from the shop floor to the president – concentrated on getting the work done. “And so the Ford factories and enterprises have no organization, no specific duties attaching to any position, no line of succession or authority, very few titles, and no conferences.”¹² Though he did not explicitly say so, Chandler may have been drawn to this particular excerpt from *My Life and Work* for its proximity to the terms in which Max Weber described the

⁴ Chandler, *Giant Enterprise*, 113.

⁵ Chandler, *Strategy and Structure*, 160. This sentence was deleted in later editions.

⁶ Chandler, *Strategy and Structure*, 373.

⁷ Thomas McCraw, “Chandler’s Intellectual Odyssey,” in idem (ed.) *The Essential Alfred Chandler* (Cambridge, HUP, 1988); Louis Galambos, “Technology, Political Economy, and Professionalization: Central Themes of the Organizational Synthesis,” *Business History Review* 57 (1983).

⁸ Chandler quoted by Thomas McCraw, “Alfred Chandler: His Vision and Achievement,” *Business History Review* 82 (2008), 220-21.

⁹ Chandler, *Strategy and Structure*, 162.

¹⁰ Alfred Chandler and Fritz Redlich, “Recent Developments in American Business Administration and their Conceptualization [1961],” in McCraw (ed.), *The Essential Alfred Chandler* (Cambridge: HUP, 1988), pp. 127/8, emphasis in the original.

¹¹ Chandler, *Giant Enterprise*, p. 113.

¹² Chandler, *Giant Enterprise*, pp. 141-144.

operation of a charismatic institution. “The administrative staff of a charismatic leader does not consist of ‘officials’,” Weber wrote, “at least its members are not technically trained ... There is no such thing as ‘appointment’ or dismissal, no career, no promotion. ... There is no hierarchy; the leader merely intervenes in general or in individual cases when he considers the members of his staff inadequate to a task with which they have been entrusted. There is no such thing as a definite sphere of authority and of competence...”¹³

II

But what exactly were Ford Motor Company’s (FMC) managerial sins? Contrary to myth, Ford’s executives did have offices. To use Chandlerian terms, in 1921 FMC could be said to exhibit a centralized, functionally departmentalized administrative structure. Subordinate to Edsel Ford, president and treasurer, were the leading executives: Ernest Kanzler was head of operations at Highland Park, Charles Sorensen at the Rouge; Fred Diehl directed purchasing; Moekle was chief accountant; Farkas was head of engineering.

It is true that decisions of strategic import were not formalized. Instead of Sloan’s committee system, the chief venue for discussion of policy at Ford was the daily lunch table, admission to which signaled the founder’s favor but could be retracted at any moment. It was unclear where policy originated – the authority of Edsel Ford, who was formally at the helm of Ford Motor, was undercut by his father’s inclination to turn against him. Any question of long-term significance was brought before Henry, who granted, denied, or withdrew his consent idiosyncratically.

Chandler remained decidedly uninterested in how management actually functioned at the Ford Motor Company. He did not pursue the question insinuated by Max Weber: Perhaps charismatic authority at Ford created a kind of corporate loyalty and work-ethic that Sloan’s rational bureaucracy did not? But regardless of this possibility, administrative assessments tell us very little about the nature and purpose of the Ford Motor Company in the interwar years. For Ford, the competition between his company and General Motors was about more than managerial efficiency, expressed in terms of market share and profit margins. It was about the very question of what was the proper role of a business in society.

Henry Ford in the interwar years expounded a unique radicalism. He opposed not only “excess administration,” but an entire host of principles that defined American business in the 1920s: the profit motive, shareholder value, the rise of Wall Street, patent regulation, labor paternalism. Instead, Ford insisted on the primacy of production over profit. The gauge of business success was not the earnings report, but the production table. Ford defended a modernist agenda: progress was rooted in better and cheaper material, machinery more powerful and labor-saving, products more abundant and readily available. The distinction can be illustrated by comparing two prominent quotes. One of the founding documents of Sloan’s strategy, the “Product Policy” of 1921, stated that “the primary object of the General Motors Corporation [...] is to make *money*, not just to make motor cars.” (To make it past GM’s lawyers, the statement was paraphrased, not quoted, in *My Years With General Motors*.)¹⁴ In contrast, Ford wrote in 1922: “The primary object of the manufacturing corporation is to produce, and if that objective is always kept, finance becomes a wholly secondary matter.” Or, equally apodictic: “It is the function of business to produce for consumption and not for money and speculation.”¹⁵

The Ford Motor Company in the 1920s is best understood as an institution that clearly reflected these politics. The roots of Ford Motor’s ‘strategy and structure’ during the interwar years lay in the 1910s. Henry Ford intended to use the plentiful income earned by his company after the introduction of the moving assembly line (1914) to expand production. He planned to repeat for the tractor what the Model T had done for the automobile – provide a cheap and sturdy mass-produced specimen. In 1915, Ford acquired land in Dearborn for a new large-scale tractor factory. The Ford

¹³ S.N. Eisenstadt (ed.), *Max Weber on Charisma and Institution Building. Selected Papers* (Chicago: UCP, 1968), p.50.

¹⁴ Sloan’s “Product Policy” quoted in John McDonald, *A Ghost’s Memoir. The Making of Alfred P. Sloan’s My Years With General Motors* (Cambridge: MIT Press, 2002), 154.

¹⁵ Henry Ford, *My Life and Work* (Garden City: Doubleday, 1922), p. 156 and p.12.

Motor Company's stockholders disagreed with these plans and insisted that the company's profits be distributed as dividends. Between 1915 and 1919, Ford was the defendant in a drawn-out litigation that the Dodge brothers, minority stockholders, had brought against him.

The Dodge trial proved to be a formatively alienating experience. In its wake, Ford engineered a complete buyout of minority stock, making his company the largest privately owned corporation in the world. Then, Ford stepped down as president of the company, wishing to "devote my time to other organizations with which I am connected."¹⁶ These organizations were two in kind: first, there was the tractor branch Henry Ford & Son, finally incorporated in 1918. Second, there was a publishing business; in November of 1918, Ford had bought the ailing weekly newspaper of his hometown, the *Dearborn Independent*, and had equipped it with a new subtitle: *The Ford International Weekly*. Both enterprises were thoroughly political in nature. The *Dearborn Independent* would soon launch an anti-Semitic campaign that would make it notorious. As testimony to its political nature, the *Independent* never turned a profit between 1919 and its ultimate demise in 1927. Yet Henry Ford saw to it that the paper was financed by the Ford Motor Company's treasury, and made personal funds available if necessary.¹⁷ Meanwhile, Henry Ford & Son, now housed in the growing factory at the Rouge, became Henry Ford's industrial pet project: a manufacturer of tractors with no stockholders.

Meanwhile Ford Motor, the larger company, still churned out Model Ts from the assembly line at Highland Park. It, too, increasingly reflected the political precepts of its founder. Because there were no stockholders to satisfy, Ford reinvested up to 100% of proceeds back into the company.¹⁸ Meanwhile, in each year between 1920 and 1929 GM earned an average net income of \$123,923,000. Of this amount an average of \$44,254,000 was reinvested into operations, with the balance distributed to stockholders (or 35.7% of income reinvested, and 64.3% of income paid out as dividends).¹⁹

Over the following years, Ford used the profits made on the Model T to assemble an idiosyncratic set of operations, some of which were only tenuously connected with automobile production. Besides tractors and publishing, Henry Ford branched into glass, coal, shipping, railroading, lumber, iron ore, airplane engineering, banking, and rubber.

Ford Motor Company subsidiaries (date of acquisition/incorporation):

1918	Henry Ford & Son (tractors built at River Rouge) Dearborn Publishing Company (<i>Dearborn Independent</i>)
1919 -	Village Industries (water-powered plants for parts production)
1920	Michigan Iron, Land, and Lumber Co. (lumber and iron ore) Detroit, Toledo and Ironton Railroad
1923	Fordson Coal Company (Coal mines in Virginia and Kentucky) Allegheny Plate Glass Plant
1925	Stout Metal Airplane Co.
1927	Compania Ford Industrial do Brazil ("Fordlandia" – rubber)

¹⁶ BFRC, Acc. 96, Box 16, Ford to Board of Directors, 30 Dec 1918.

¹⁷ BFRC, Acc. 284, Addenda Box 1, Dearborn Publishing Company.

¹⁸ Lawrence Seltzer, *A Financial History of the American Automobile Industry* (Boston and New York: Houghton Mifflin, 1928), 266.

¹⁹ Chandler Papers, Baker Library, Harvard Business School [CP], Box 238, f.8, "GM Corporation Earnings and Dividends, 1920-1954"

It is customary to interpret Ford's involvements in the 1920s as moves toward vertical integration. While there was some motivation on Ford's part to divest his company from reliance on suppliers, these steps were in fact quite limited. To be sure, Ford's mines more than covered the company's need for coal. But Ford's foray into ore and lumber never came close to relieving the company of its need to acquire wood and iron from suppliers. What is more, the Ford Motor Company never, even at its height, retreated from the market of automobile parts and consistently bought more than 50% of its parts from suppliers.²⁰

Henry Ford's aspiration in the 1920s was a political one: to impress on the world his conviction that his business philosophy – a company run for production not profit, operated in strict work discipline, and beset neither by organized labor nor parasitic stockholders – was superior to the corporate mainstream then developing in America's "New Era." It was Ford's principles, not Sloan's, which many regarded as more "modern." As the *New York Times* lauded Ford's second book *Today and Tomorrow* (1926): Ford was "the most modern man of his time. The future belongs to him and men like him."²¹

III

If Henry Ford liked to see himself as the Prometheus of a new, modern, and superior business philosophy, Alfred Sloan liked to think of himself as the herald of rational business administration. In a rare interview from 1954 – that is, before he met Chandler – Sloan gave insight into this self-image. Ford, according to Sloan, "was a pioneer." However, "like most of our pioneers of those days, they were pretty limited in many ways." In particular, Ford "never ... operated the Ford company as a business administrator, as I did General Motors." Similarly, William Durant "was a promoter," Sloan said. "He was a very charming individual, with a great personality, great vision, and great imagination." But "in my opinion he could never carry the administrative load of a great and highly complicated industrial organization." That, of course, remained Sloan's job: "I think he was a wonderful man. I think our country at that time needed that type of talent in our economic affairs. However, the time comes when that kind of man can better give way to individuals who are factual, who are scientific, and who have administrative talents, as compared with promotion talents."²²

By the time of this interview, Sloan had embarked on the writing of "The General Motors Story" (the project that would eventually become *My Years With General Motors*). John McDonald, writer for *Fortune* magazine, was hired as the ghost.²³ With the project, Sloan wanted to trace how General Motors under his leadership rose "from a comparatively small, largely unorganized group of properties, quite unrelated, to its present position of pre-eminence in the industrial world." What Sloan was interested in first and foremost was "the underlying philosophy and technique of management."²⁴ In August 1956, Sloan hired Chandler to mine the GM archives.²⁵ From September to December 1956, Chandler worked full-time for Sloan. After January 1957, the historian remained connected to the memoir project in a consulting role.

Chandler's contribution to Sloan's project was substantial. On the basis of his study of GM's organization, which was completed in Jan 1957, Chandler wrote chapters three ("Reorganization") and five ("Completing the Organizational Structure") of the first complete draft of *The General Motors*

²⁰ Damon Yarnell, "Behind the Line: Outside Supply, Mass Production, and the Question of Managerial Expertise in the Model T Era," Ph.D. Dissertation, University of Pennsylvania, 2010.

²¹ *New York Times Book Review*, 11 Jul 1926.

²² Ford Motor Company Archives, Benson Ford Research Center [BFRC], Acc. 65, Box 63, Sloan interview, 14 Jul 1954. This interview was taken with Frank Ernest Hill, who assisted Allan Nevins in the writing of his trilogy on Ford and the company.

²³ Alfred P. Sloan, *My Years With General Motors* (New York: Doubleday, 1964). John McDonald, *A Ghost's Memoir. The Making of Alfred P. Sloan's My Years With General Motors* (Cambridge: MIT Press, 2002).

²⁴ CP, Box 29, f.1, Sloan memo [1955]

²⁵ CP, Box 28, f. 19, Sloan to Chandler, 5 Sep 1956.

Story.²⁶ Over the course of the next two years, McDonald ran the drafts and revisions of all chapters, including the final manuscript, past Chandler. On at least one occasion, Chandler's critical comments on a chapter ("Corporate Citizenship," written by Herrymon Maurer, McDonald's colleague at *Fortune*) apparently resulted in the excision of the chapter from the manuscript.²⁷

The collaboration on the Sloan memoirs was formative for Chandler in more ways than one. When Sloan hired him, Chandler had for some time been working on a comprehensive study of management decentralization in American business (the result of which would be *Strategy and Structure*). Suddenly, the archives of General Motors opened up to him. It must not have been difficult for Chandler to agree to Sloan's stipulation that everything concerning GM in his forthcoming book had to be run past Sloan and GM president Bradley.²⁸ The collaboration on the Sloan memoirs also informed Chandler's thinking: the concept of corporate "strategy" most likely entered Chandler's repertoire through the input of John McDonald.²⁹ But it appears that Chandler also had an active part in the construction of a founding myth that placed the origins of the vaunted decentralized, multidivisional management structure at Sloan's feet.

Where did the idea of 'coordinated decentralization' originate? In his 1956 article on "Management Decentralization," Chandler had attributed it to Pierre DuPont.³⁰ When John McDonald first contacted Chandler in August 1956, this was the major point of contention. "[S]o far as the origin of the General Motors' policy and plan of decentralization are concerned," McDonald wrote, "you attribute [it] to Pierre S. du Pont and do not mention the name of Alfred P. Sloan. I attribute it primarily to Mr. Sloan and secondarily to P.S. du Pont's adoption [...] of the Sloan plan."³¹ Sloan himself certainly insisted that the idea was his. In late November 1956, Sloan specifically sent Chandler to the DuPont headquarters in Wilmington to clear up the issue. "Since 1920 every once in while there arises speculation as to the origin of the General Motors' organization structure," Sloan wrote to Walter Carpenter at DuPont. "Some historians have attributed the scheme of organization to Pierre [du Pont], or have said that I received the ideas from him. [...] I am very strong in my impression that I drew it up on my own responsibility."³²

The idea that the decentralized, multidivisional structure was Sloan's brainchild appears to have taken on particular urgency for Chandler. In Chandler's papers there survives the transcript of an interview that he and John McDonald conducted in June 1957 with Donaldson Brown, who headed GM's finance division since 1921. During the interview, Brown characterized Sloan's major contribution in the early 1920s as bringing the division managers of General Motors, who "walked around like owners and operators" into line to serve the needs of the larger holding company. According to Brown, Sloan's achievement was one of centralization, not decentralization: he brought "the operating people around to accepting the principle that the conduct of their individual affairs must be aimed at serving the interests of [GM's] stockholders, namely serving the central requirements." To Chandler, however, the important point was whether Sloan had any input from DuPont in designing his administration scheme. "Why the story is important is this," Chandler said according to the transcript, "If this is so [that decentralization was discussed but never seriously considered at DuPont], obviously, Mr. Sloan didn't get anything from DuPont. [...] We're going to say that there was absolutely no connection, because the problem was an entirely different problem from the one that Sloan had to face [...] How does this strike you as valid?" Brown in turn did not answer the question, and only after Chandler insisted, responded: "I don't think anyone could tell you what Sloan got from

²⁶ CP, Box 28, f. 18, report [on meeting with and McDonald], 27 Feb 1957.

²⁷ CP, Box 28, ffs. 27 and 28, correspondence between Chandler and McDonald.

²⁸ CP, Box 28, Sloan to Chandler, 5 Sep 1956.

²⁹ Chris McKenna, "Writing the Ghost-Writer Back In: Alfred Sloan, Alfred Chandler, John McDonald and the Intellectual Origins of Corporate Strategy," in *Management and Organizational History* 1:2 (2006), 107-126.

³⁰ Alfred Chandler, "Management Decentralization. An Historical Analysis," in *Business History Review* 30:2 (1956), 111-174.

³¹ CP, Box 28, f. 20, McDonald to Chandler, 8 Jul 1956.

³² CP, Box 28, f. 20, Sloan to Carpenter, 26 Nov 1956.

the DuPont concept.” Brown then went on to say that the DuPonts believed in individual responsibility and performance of their division heads. He implied that this was simply common sense: “This is the essence of de-centralization of authority and responsibility with coordinating control.”³³

Brown was not nearly as preoccupied with the intellectual origins of the M-Form as were his interlocutors, McDonald and Chandler. What is more, Brown’s portrayal of Sloan’s contribution to GM’s reorganization differed subtly but tellingly from that which became canonical through Chandler’s *Strategy and Structure* and Sloan’s *My Years With General Motors*. In the former book, Sloan’s insistence on shareholder value is entirely absent, in the latter, it is mentioned only in passing. Instead, the focus was on managerial innovations; innovations that Sloan came to symbolize in the 1960s through McDonald’s and Chandler’s help. Sloan acknowledged to Chandler that he “was particularly anxious to get your point of view as to whether the managerial philosophy that I exposed when I was Chief Executive of the Corporation was valid from your point of view, and I am glad that you feel that it is.”³⁴ To fortify his legacy, the executive needed – and received – validation from the historian.

IV

If there is a theory of history in Chandler’s managerial revolution, it is one of Weberian modernization, with a twist. For Weber, modernization was irreversible and inexorable, a structural transformation that took place beyond the grasp of individual historical actors. It was also a transformation about which Weber, all value-neutrality aside, could not help feeling uneasy. For Chandler, the transformation was unabashedly positive. And despite what structural-functionalist sociology may have taught him, Chandler’s modernization relied on individual personalities. It was the rational minds of level-headed executives that drove the modernization of American businesses. Chandler’s managerial revolution had modernizers and reactionaries, heroes and villains, Sloans and Fords. Hence, Chandler was unwilling or unable to appreciate the heterodox radicalism that suffused the strategy of Ford Motor in the 1920s. By the same token, Chandler’s encounter with Sloan was a meeting of minds. To Chandler, the man at the helm of General Motors impersonated the force of modernization, something which the historian intuited from the beginning: “I do not foresee any difficulties in getting your or Mr. Bradley’s approval of what I will want to say about General Motor’s impressive innovations and achievements in the field of business management and organization.”³⁵

A definable political logic dictated the operations of the Ford Motor Company in the interwar years. It would be tempting to accept Chandler’s distinction and see politics here – Ford – and rational efficiency there – Sloan. But we would be ill-advised to mistake GM’s path as natural, non-political, and, as Chandler implied (and no doubt believed) as indistinguishable from modernization itself. When we revisit the GM/Ford episode, it will be worthwhile to focus now on how politics, not efficiency, shaped what we understand as the pivotal rivalry in the coming of the managerial revolution.

³³ CP, Box 33, f. 29-30.

³⁴ CP, Box 27, f.1, Sloan to Chandler, 6 Jun 1963.

³⁵ CP, Box 28, f. 19, Chandler to Sloan, 2 Sep 1956.

