

To: Potentially interested parties  
From: Daniel Raff  
In re: Tentative syllabus for MGMT 225 and 714 for the Spring term of 2008

This body of this memo is a tentative syllabus for MGMT 225 and 714, which in the Spring term of 2008 (2008A) will meet Tuesday afternoons (i.e. only) from 3 pm to 5:40 pm (or so sometimes, but even when running long ending comfortably before 6). A final version of this memo will be available sometime in December. (I am teaching the course this term and have a number of ideas about possible changes which I want to explore a little before finalizing the Spring syllabus.)

This course concerns the evolution of the institutions of American business. There may be some sidelong glances abroad but I think not many this term. There will be both big picture and (a lot of) industry and firm detail. The focus will be much more on actual business administration than in the MBA Pre-term lectures of Professor Tiffany that some of you may have attended. In terms of the functional courses in the Wharton core curriculum (accounting, finance, operations, marketing, etc.), the perspective of this course is fairly synthetic. It is about the operation of whole enterprises, then, now, and into the future.

Wharton and other undergraduates contemplating work for consulting firms may find this a useful background. Law School students contemplating going into transactional work may also.

I will inevitably have to lecture about some of the material; but as much as possible, I want to run the class sessions in discussion format. I am organizing readings I hope will support and facilitate this. My hope is that students in the course will play an active role in the classroom. It is much more fun for everyone that way.

Readings, memoranda, and important announcements will be posted on a course webpage accessible to those registered for the course. There will be no readings assigned for either the first or the last session.

The formal requirements of the course are as follows. Students will be expected to (1) prepare all the assigned readings, (2) write one brief "thought paper" (see below for details) each week prior to class, (3) attend all classes (see below for what this means), (4) participate in class discussion, and (5) write a term paper on a mutually acceptable subject (again, see below), due at the beginning of the final class.

The basis for grade assignment will be a 35-65 weighted average of marks on the thought papers and on the term paper. These scores will be ordered. Conditional on responsible preparation and attendance, individuals' grades will be assigned on the basis of position in that order and the standard curve of the student's home School at Penn (Wharton, SAS, Law, etc.) If any student's home School has absolute rather than relative grading standards, these will be honored. In the unlikely event that an individual's

preparation or attendance seem less than responsible, the grade will be adjusted appropriately.

I do understand that emergencies do happen sometimes in life. I will make reasonable accommodation on preparation and attendance requirements for specific classes in specific cases. Please be in touch in advance via [raff@wharton.upenn.edu](mailto:raff@wharton.upenn.edu).

“Thought papers” are 1-2 pp. (at the very most 3 pp.) essays responding analytically or critically to some element of the week’s reading. (Comparisons, contrasts, or other relationships between readings—either within one week or between weeks—are also fine. The main point of the exercise is just to report some thinking about the readings prior to class discussion.) These are to be submitted to me via email prior to noon on the day of class.

Writing the thought papers may seem in the abstract like a burden. In many jobs into which Wharton (and, indeed, Penn B.A.) graduates move from here, however, the ability to write two-page analytical memo’s under heavy deadline pressure fluently and without much stress is extremely valuable. Neither our program (nor, in general, the American educational system) gives students much practice at this. It’s a very useful skill.

The basic idea for the term paper is that it should be about a course-relevant topic of interest to you but pre-approved by me. The point of the pre-approval requirement is simply to warn you about topics that might look appealing but seem, on the basis of my prior experience, likely either not to have enough material to sustain a whole paper or to prove overwhelming once you get down to work. (I want writing the paper to be a good experience in its substance and a manageable one in terms of its time demands.) I have in mind papers roughly 20 pp. in length. I should perhaps say what “roughly” means. In the past, papers shorter than 15 pp. have pretty consistently not seemed to get to grips with their subjects. Papers longer than 25 pp. have generally seemed unedited, though there have been some exceptions (the best of which I would have been happy to show the Dean or, come to that, the Provost.) I will give more details about suitable topics and framing in the opening class and will post them in memo form on the course webpage.

I will organize a series of group lunch dates and would very much like to have lunch with everyone relatively early on.

If you read this memo during pre-registration and have questions, please email me at the address given above and ask.

American Business History tentative syllabus  
102907

- Week 1                      Introduction, administrative matters, and the long view  
                                  Main subjects: American history, American economic history, and American business history (in a little bit of cross-sectional perspective). The conventional narrative and the project of this course.  
                                  Assigned readings: None  
                                  In-class handout: Tables from Angus Maddison, *The World Economy: Historical Statistics*, Steven Broadberry, *The Productivity Race and Market Services and the Productivity Race*, and Robert Gordon, “Interpreting the ‘One Big Wave’ in U. S. Long-term Productivity Growth” and “Two Centuries of Economic Growth: Europe Chasing the American Frontier”
- Week 2                      Pre-industrial America  
                                  Main subjects: Place and population. Economic opportunities. Characteristic forms of trade and commercial organization. A group of economic ideas useful for understanding these.  
                                  Assigned readings: Michelle Craig MacDonald, “The Early American Economic Landscape”. Franklin sale-of-printing-business contract (1748) [Look closely at the Ben-on-a-bench statue before reading this.] . American Fur Company (i.e. Astor) *voyageur* contract (early 1800s). Weems-Carey correspondence (1796-1809).  
                                  In-class slide show: Colonial America and colonial and Federal Philadelphia (social and economic)  
                                  In-class handout: Correspondence and excerpt from Carey’s autobiography on the standing-type Bible. Excerpts from Commonwealth v. Pullis (the Philadelphia Cordwainers case) (1806) if time permits.
- Week 3                      Industrial revolution(s) in textiles  
                                  Main subjects: Further useful economic ideas. The New England industrialization in textiles in Rhode Island and Massachusetts from an entrepreneurial and managerial perspective. Philadelphia firm practice and trade organization story as an alternative approach.

Assigned readings: Samuel Slater contract with William Almy and Smith Brown (1790). An Act defining the General powers and Duties of Manufacturing Corporations (1809). An Act to incorporate the Boston Manufacturing Company (1813). Articles of Agreement between the Associates of the “Boston Manufacturing Company,” previous to the Organization of the Corporation (1813). Nathan Appleton “The Introduction of the Power Loom, and the Origin of Lowell” memoir (1858).

In-class slide show: Textile technology, the New England landscape, the New England industrialization, and some human resources history of Lowell

In-class handouts: Table from Eric Hiltz, “When did Ownership separate from control”. Table from (from Censuses of Manufactures of years) from Philip Scranton’s *Proprietary Capitalism* on the organization of the Philadelphia trade at mid-century

#### Week 4

#### Railroads (in the best possible light)

Main subjects: Development of a national transportation and communications infrastructure. The coming of the railroads. The challenges of running one effectively

Assigned readings: Albert Fink, “Classification of Operating Expenses” from the *Annual Report of the Louisville and Nashville Railroad* for 1874. Edgar Thompson, “Pennsylvania Railroad 1857 Report”.

In-class slide show: The coming of the railroads

In-class-handout: Albert Fink “The Railroad Problem and Its Solution”

#### Week 5

#### Railroad shenanigans

Main subjects: The Erie Wars. The received wisdom and the actual rise of Rockefeller. Rockefeller as a prototypical Robber Baron and his adventures with the muckrakers

Assigned readings: Excerpts from Charles Francis Adams, *Some Chapters of Erie*. Contracts to establish the South Improvement Company (1871-2).

In-class handout: Excerpts from Ida Tarbell, *History of the Standard Oil Company* (1904).

#### Week 6

#### Basics of the Second Industrial Revolution

Main subjects: The canonical Second Industrial Revolution

in manufacturing (via Carnegie) and distribution (via Marshall Fields)

Assigned readings: Excerpts from Lewis Atherton materials on early CXIX country storekeeping. Articles from *Hunt's Merchants Magazine* on Philadelphia dry goods stores in the 1850s. Articles from Chicago newspapers and magazines on Marshall Fields ca. 1870 and 1900.

Week 7

The SIR inside the firm and inside industries

Main subjects: Significance of SIR for organization of production and workplace relations

Assigned readings: David Montgomery "The Foreman's Brains Are Under the Workman's Cap," from his *Fall of the House of Labor*. Frederick Taylor excerpts from *Shop Management* (1903) and related sources. Congressional testimony from the hearings on the Homestead strike.

In-class video: "The River Ran Red"

Week 8

The SIR embedded

Main subjects: Financial and legal contexts. Alternative industrial models

Assigned readings: Excerpts from Thomas Navin and Marian Sears, "The Rise of a Market for Industrial Securities 1887-1902". Excerpts from Louis Brandeis, *Other People's Money* (1914). Excerpts from John Sherman's speech on the Senate floor and from the Sherman Anti-Trust Act of 1890.

In-class slide show: Building locomotives

In-class handouts: Legal documents organizing the Standard Oil Trust. Perhaps also excerpts from *Northern Securities Co. v. U.S.*

Week 9

More of the same or something different?

Main subjects: 1900-1929 as an operating environment.

The distribution enterprises of Sears and the Book-of-the-Month-Club. The manufacturing enterprises of Ford and General Motors.

Assigned readings: Selections from the Sears Catalogue of 1904. Excerpts from Boris Emmet and John Jeukes, *Catalogues and Counters* (1950). Book-of-the-Month Club 1947 S-1 Registration Statement. Excerpts from *Lochner v. New York*. Excerpts from Horace Arnold and Fay Faurote, *Ford Methods and the Ford Shops* (1915).

In-class slide show: Making cars (and making men) at Ford  
 In-class handouts: Initial advertisement for the Book-of-the-Month Club (1926) and text of the announcement of the Five Dollar Day

Week 10

Crashes and Creations

Main subjects: The Great Depression and contractionary dynamics. Origins of intellectual property in America and nineteenth-century markets in IP.  
 Assigned readings: Excerpts from John Kenneth Galbraith, *The Great Crash* (1955). Timothy Bresnahan and Daniel Raff, “Intra-Industry Heterogeneity and the Great Depression”. Excerpts from Alexander Hamilton, *Report on Manufactures* (1791). Excerpt from Paul Israel, *From Machine Shop to Industrial Laboratory* (1992). Naomi Lamoreaux and Kenneth Sokoloff, “The Market for Technology and the Organization of Invention in US History”.  
 In-class handouts: Tables from Timothy Bresnahan and Daniel Raff, “Technological Heterogeneity”. Excerpts from 1938 Bankruptcy Act.

Week 11

The long boom and some more micro developments

Main subjects: Keynesian context. The fruits of a small import sector. Conglomeration movement and the birth of a market for corporate control. What happened to department store retailing.  
 Assigned readings: Press release and excerpts concerning 1948 GM-UAW Master Contract. IT&T materials.  
 In-class handouts: Selected clauses from the GM-UAW Master Contract (63(b) plus others). Excerpts from an early 1960s ITT 10-K.  
 Guest speaker: Jay Baker (WU '56)

Week 12

Brave New World?

Main subjects: Troubles and opportunities in distribution and manufacturing (industry focus on some subset of books, cars, pharma, and IT, institutional focus on vertical structure, IP)  
 Readings: Finish your papers, young people!