

Sloan Rules: Alfred P. Sloan and the Triumph of General Motors. *By David Farber.* Chicago: University of Chicago Press, 2002. xii + 292 pp. Photographs, illustrations, notes, index. Cloth, \$27.50. ISBN 0-226-23804-0.

Reviewed by Steven Tolliday

Alfred P. Sloan once stated, "I would like to fade away and be forgotten." He left no personal papers or letters, and General Motors has either destroyed or hidden away his corporate papers. He spent time and trouble veiling his inner life from biographers. Nevertheless, David Farber has undertaken the first full-scale biography of this recalcitrant subject. Was he brave or foolhardy to do so? The substantive biographical findings are perhaps inevitably rather thin, and it is therefore unsatisfying at one level to read a biography with such a shadowy central character. Yet there are compensations. In particular, by delving into numerous scattered archives, Farber shines a torch into some interesting corners. Perhaps most significantly, his study of Sloan illuminates important features of the face of "corporate conservatism" in the New Deal era.

The book's structure is fairly conventional. Farber puts together the available material on Sloan's childhood and youth. There are no surprises here. As Farber notes, "Being a child held very little interest for Alfred Sloan," and he was always a narrow but ambitious child. He was not a self-made man. His father, a prosperous coffee merchant, enrolled Alfred at MIT to study engineering and then gave him a start up the corporate ladder, first by finding his son a position at the Hyatt Roller Bearing Co. via his business contacts and then by injecting funds into the company in the 1890s when it was struggling with financial setbacks. Alfred responded by swotting his way to a four-year degree in only three years and repositioning Hyatt as a ubiquitous bearing supplier to the burgeoning auto industry at the turn of the century. When Billy Durant began to assemble his big auto combine in the early twentieth century, Hyatt was a valuable piece in the puzzle. Once inside Durant's General Motors, Sloan's managerial skills flourished, even though he had at first to operate in the exasperating atmosphere of "management by crony," which was Durant's way of conducting his sprawling empire. When Durant's schemes collapsed, followed by a big shakeout, Sloan was ideally placed to restructure

GM on the basis of his famous “Organization Study,” the classic blueprint for the divisionalized firm, now so well known through its iconic role in Alfred D. Chandler’s model of the rise of the modern corporation.

Farber’s account of these latter developments, and of the evolution of GM’s new product policies in the 1920s (“a car for every purse and purpose”), is rather disappointing. There is little depth in his analysis of the auto industry or of the problems of strategy, technology, and markets in the industry. He relies on older accounts and adds very little new material from archives. Frustratingly, he does not engage with the important debates among recent scholars on Sloan’s organizational reforms and strategy. He does not discuss issues of corporate governance highlighted in the work of Robert F. Freeland (*The Struggle for Control of the Modern Corporation*, 2001) in relation to the battles between owners and managers inside GM, and he does not add to the exploration of the paradoxes of centralization versus decentralization in the divisionalized corporation presented by Freeland and by Arthur Kuhn in *GM Passes Ford* (1986). Surprisingly, neither these works nor Freeland’s numerous earlier articles are cited. Nor does he cite or use the work of Sally Clarke on GM’s marketing, distribution, and product policy in this era. As a result, Sloan’s biography does little to illuminate issues of corporate governance and strategy, and it leaves the issue of innovation in product policy rather baffling. Sloan, we are assured, “understood what Americans wanted,” but how and why remain unclear. What was Sloan’s contribution to these new strategic initiatives? How did this narrow and unimaginative character embrace and promote a revolution in marketing and styling? Moreover, after the episodes of the early 1920s, the car industry itself fades into the background of the book. There is almost nothing on the battles between GM, Ford, and Chrysler in the late 1920s and 1930s, or of Sloan’s role as a carmaker in this crucial era. If the reader wants to understand the car business, this is not the place to look.

The main interest of the book lies (perhaps unexpectedly) elsewhere. The second half is largely devoted to examining Sloan’s interactions with Washington and the New Deal. Farber is very good in showing how Sloan’s conception of himself as a technocratic corporate servant in the 1920s was transmuted, under the pressures of the New Deal, into a stubborn and amoral managerialism in the 1930s. In the 1920s, Sloan was pragmatically

opposed to involving GM in politics, favored Herbert Hoover's brand of pro-business associationalism, and clashed with John Raskob of Du Pont, who advocated more overt political involvement. But faced with Roosevelt's reforms and the rise of labor unions, Sloan became increasingly bitter and stubbornly refused to accept the legitimacy of New Deal reforms that infringed managerial prerogatives. He was dangerously intemperate in handling the sit-down strike crisis in Flint, Michigan, and he embraced the American Liberty League, as well as more racist and anti-Semitic fellow organizations, in what Farber calls "casual experimentation" with extremism. Farber has quarried some fascinating material on Sloan from the papers of Secretary of Labor Frances Perkins to illustrate Sloan's increasingly dogmatic stance. According to Perkins, "What was the matter in those days with Alfred Sloan's mind was that he had never used his mind for the purpose of thinking out a moral problem, a philosophical problem, any problem whatever, except a problem having to do with the making of money and the selling of goods" (p. 206). By 1941, Sloan was close to asserting the moral equivalence of Nazism and the New Deal, and he was "morally and emotionally indifferent to the spread of Nazism" in both private and public statements. As a result, he even briefly came under the unwelcome scrutiny of the FBI.

Farber traces the trajectory of Sloan's thinking (which he dubs "Sloan's rules") as a case study in corporate conservatism. A narrow focus on profitable production as an overriding value, which seemed to represent the spirit of modern times in the 1920s, became an increasingly narrow and self-serving code in the 1930s. Sloan refused to see the relevance of issues of morality or social justice and became haunted and defensive under the New Deal. The war itself permitted some rehabilitation: the pursuit of GM profits during hostilities coincided nicely with the battle for "freedom and democracy." Thereafter, Sloan devoted himself more exclusively to philanthropy (where Farber documents the staggering sums that Sloan earned and the massive endowments he poured into the Sloan Foundation and MIT), and to presenting the more technocratic aspects of his managerial philosophy in a new light for a postwar generation in his book, *My Years at General Motors*. The latter task was made easier by the fact that it was possible for him to ignore labor issues in the climate of the 1950s. As Farber succinctly notes, "Workers had no box in Sloan's organization charts" (p. 190).

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