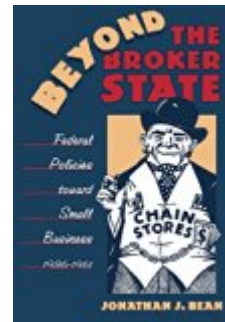


# H-Net Reviews

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Jonathan J. Bean. *Beyond the Broker State: Federal Policies toward Small Business, 1936-1961*. Chapel Hill: University of North Carolina Press, 1996. xiv + 281 pp. \$32.50 (paper), ISBN 978-0-8078-5425-9; \$25.00 (paper), ISBN 978-0-8078-2296-8.

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“Where is the corner groceryman?” Huey Long asked in 1934. “[...] He is gone or going [...] the little independent businesses operating by the middle class are fading out as the concentration of wealth grows like a snowball.” Jonathan Bean’s *Beyond the Broker State* is a political history of this lament, tracing the contours of federal policy toward small business, the often hollow and symbolic politics of small business legislation, and the careers of the corner grocer’s Congressional champions. This is a necessarily complex story: it is not simply a confrontation between big and small business but more often a multi-faceted battle (poorly and partially officiated by the state) pitting big producers against small producers, big retailers against small retailers, producers against retailers, and consumers against small business.

*Beyond the Broker State* is constructed around two case studies. The early chapters focus on legislative attempts to restrain chain stores: chapter 1 traces the origins of the Robinson-Patman Act, the 1936 law prohibiting manufacturers from offering quantity discounts to chain stores. Chapter 2 reviews the experience of the tire industry under Robinson-Patman into the 1960s. Chapter 3 follows the postwar pursuit of “fair trade” through retail price maintenance, an effort to protect both small retailers and manufacturers from the economic clout of retail chains. The later chapters focus on more direct legislative efforts to aid small business arising out of the mobilization for World War II and Korea: chapter 5 focuses on the Smaller War Plants Corporation of the 1940s; chapter 6 on the Small Defense Plants Administration of the early 1950s; and chapter 7 on the Small Business Administration into the early 1960s.

Each chapter invariably tells a similar sort of story.

Political and cultural attacks on concentrated wealth were ubiquitous but shallow. Small business itself was poorly organized and ambivalent about legislative solutions. As a result, small business legislation served more as symbolic demonstrations of political concern than sincere efforts to safeguard small enterprise. And such legislation was administered in such a way that it did little to help, and often hurt, the cause of small business. The case studies presented in each chapter and the larger story of federal small business policy through the middle decades of the century offer a telling and important glimpse into the piecemeal, and often dysfunctional, construction of federal regulatory policy.

For all the merits of this book, however, I am left unconvinced by its theoretical and historiographical framework. This is a relatively small point, in the sense that the theoretical discussions are cobbled into the introduction and conclusion and neither detract from nor depend upon the core story. But is also a relatively larger point, in the sense that this conceptual framework clearly marks both the author’s sense of what is important about this story and the ways in which we might relate it to other historical and theoretical accounts of business-government relations in modern America. After sorting through the corporate liberal, pluralist, and institutionalist accounts of American public policy, Bean’s view is that “ideological entrepreneurs” were able both to manufacture and to exploit a sense of crisis in order to “secure a place for [small business] within the post-New Deal broker state” (p. 8), and that these efforts undermine the notion—put forward by James Weinstein, Martin Sklar, Gabriel Kolko, and others—that an uncontested “corporate ideal” had triumphed by the end of the Progressive Era.

I have some serious reservations (which I will flesh out below) about the causal importance of ideology in all of this, but even on its own terms the “crisis and ideology” framework has its weak points. First, one would be hard-pressed to find—from the merger movement of the 1890s, through the Progressive Era, the mobilization for World War I, the rise of mass production and chain retailing in the 1920s, the onset of the Depression, the NRA experience, the persistence of the Depression, the mobilization for World War II, and the re-conversion debates of the 1940s—*any* era in which small business did not face a real or perceived crisis. How convincing or important is such unrelenting crisis rhetoric in animating small business advocates, garnering public support, or providing openings for government growth? Certainly similar patterns of public anxiety (about the costs of medical care in the 1920s or 1980s or job insecurity in the 1970s and 1980s, for example) have not yielded much in the way of public policy.

Second, the “small business ideology” traced by Bean is a close cousin of the larger American celebration of private enterprise and small government. In this sense, the virtues of the small producer are difficult to separate from either the virtues of the market or the argument-embedded in the “gospel of wealth” and codified in a legal system that equates corporate property rights with individual rights—that the only difference between a small producer and a big producer is success. In other words, small business claims to political assistance were always tempered by a background distrust of the state (as Bean recognizes), and hard to distinguish from similar claims made by all sorts of producers and consumers for “fair trade” or “fair competition.” On this score, small business was actually at a disadvantage, because their appeals to the state lacked the advantages and privileges (stemming from control over investment and employment) that larger concerns brought to politics. The point here is less the occasional ability of small business advocates to use a “Jeffersonian ideal” against their larger rivals than the persistent ability of corporate concerns to use the rhetoric of the market against labor, the state, and small “cutthroat competitors” alike.

Third, the emphasis here on ideological construction of small business allows Bean to skirt the important question of just what constituted “small.” Early in the book, Bean adopts the virtually meaningless index of “500 employees or less,” and much of the book is built around the unequivocal example of the small retailer. But in retailing and elsewhere, the definition of “small business” is a relative one resting on patterns of concentration and

competition in particular sectors. Independent tire dealers and haberdashers confronting the chains certainly fit this bill, but so—especially in political battles—did the undeniably “corporate” but second-tier firms (“Little Steel,” the interior packers, Southern textiles, for example) that confronted even larger competitors in mass production industries, and entire industries which confronted larger and better organized consumers or suppliers or distributors (coal and steel, paper and publishing, rubber and automobiles). In Bean’s own example of the tire industry, the mantle of oppressed small business was claimed not only by small retailers confronting the chains, but also by smaller producers confronting the “big four” and their proprietary contracts with both chains and automobile firms, and by the entire industry confronting both predatory purchasing by automobile firms and the threat of cartel control over raw rubber. As long as small business politics is seen as a largely ideological phenomenon, the boundaries between big and small business—in both claims to public assistance and the shape of regulatory policy—are difficult to draw.

Finally, and more broadly, I think Bean misses an opportunity to draw out some larger conclusions about the relationship between business and politics or (more precisely) about the ways in which business influences politics. My own view is that business influence takes four closely related forms. First, private control over employment and investment (as Fred Block and Charles Lindblom and others have suggested) sharply restricts the autonomy of political actors. The market imprisons politics, as the state depends upon private interests to maintain stable employment and growth and defines its own role around the same goals and values. Second, and especially in the American setting, political competition itself is capital-intensive. With little public support of political parties or candidates and little public control over private investment in politics, economic power is easily translated into direct political power and influence. Third, just as economic interests have the resources to shape and constrain politics, they also have a heightened stake in political outcomes. They are willing and able to shape the administration of public policy, even (as conservative and radical critics of American industrial policy have agreed) to “capture” regulation of their sector or industry. And fourth, business interests are dominant in cultural and ideological life as well, able to use their other advantages to dominate and shape mass communication in such a way as to portray business interests as “general interests” and threats (from labor or the state) as marginal or illegitimate.

How does Bean's account fit into this framework? Certainly small business could not claim the control over private investment and employment that formed the foundation of big business's privileged political status. This, I think, is a better explanation for small business's uneven legislative record than (as Bean stresses) the relative disorganization of small producers and retailers. Larger firms, after all, were no better organized and suffered all the same dilemmas of collective action—and ambivalence about politically enforced collective action—as their smaller counterparts. By the same token, the direct political efforts of small business could not command the same resources as leading corporations. Behind the ideological appeals, small producers claimed neither the votes nor the dollars to shape public policy.

Whereas *Beyond the Broker State* lets its ideological explanation obscure these material constraints on politics, its treatment of the administrative and ideological politics is much stronger. Indeed, I think Bean could have done much more with the administrative story; with the pattern by which small business advocates retreated after passage of a law and larger interests proved able to defang the administration of small business legislation, to adapt to it, or even to turn it to their advantage. Here Bean approaches, but never really confronts, the problem of regulatory "capture" raised by Chicago School economists, the corporate response to antitrust traced by Neil Fligstein and others, and (importantly) the "corporate liberal" account of Progressive reform of which he is so critical.

Finally, although Bean's dissection of small business ideology is the strongest and central element of this ac-

count, I would argue that such ideological appeals are important primarily as reflections of other forms of business influence. In part, this is Bean's argument: in the absence of a strong organizational presence, "ideological entrepreneurs" counted more symbolic victories than real ones. But Bean also argues that those same ideological appeals provided an important check on corporate power—a conclusion that, in my reading, is not supported by Bean's own evidence. In this respect, I think Bean's account of the ideological battle needs to pay closer attention both to the other ways in which business interests exercise their political advantages and to the ways in which such ideas are articulated and promulgated in various media.

Much of this story—the disorganization of economic interests, their ambivalence about political intervention, sloppy efforts by political actors to project the needs of business interests, and the often dysfunctional legislative results—is not unique to small business legislation. In a political economy in which politics, labor, and business are all relatively disorganized, but in which business interests enjoy a privileged political status, economic interests (regardless of their size) routinely confront politics with the clout to shape legislative outcomes but with a remarkably short-sighted sense of their political goals and needs. *Beyond the Broker State* offers a compelling sketch of the often chaotic character of business-government relations in the United States. In doing so it raises a host of questions—some of which it answers, some of which it struggles with—about the ways in which business interests view their place in the political economy, appeal for political assistance, and often clumsily shape political and administrative outcomes.

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