

Stephen B. Adams. *Mr. Kaiser Goes to Washington: the Rise of a Government Entrepreneur.* The Luther Hartwell Hodges Series on Business, Society, and the State. Chapel Hill: University of North Carolina Press, 1997. xii + 239 pp. \$39.95, cloth, ISBN 978-0-8078-2358-3.



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In the summer of 1942 a burly, blustering 60-year-old West Coast entrepreneur, Henry J. Kaiser, suddenly burst upon the national scene with the intensity of a hurricane. Before then, he had worked for decades in road and dam construction and was widely known and respected in those circles. In the eighteen months preceding the summer of 1942 he had entered the shipbuilding business, providing critical tonnage for desperate Allied buyers. Still, Kaiser had labored in comparative obscurity. That all changed in July, 1942 when he publicly offered a plan to counter the devastating toll Axis submarines were exacting from Allied shipping. He would build a fleet of 5,000 cargo planes which would remove much of the critically needed supplies from danger. In the weeks after he made his unprecedented splash, the nation's opinion-makers introduced Kaiser to fascinated readers as a swashbuckling individualist, a self-made entrepreneur who boldly challenged convention and bureaucratic red tape. Ironically, the "Paul Bunyan" of shipbuilding was allegedly shy and self-effacing, scrupulously avoiding publicity whenever possible.

Stephen B. Adams challenges this portrayal at almost every point. Kaiser was no iconoclast. "As the federal government grew in the 1930s and 1940s he was a regular visitor to the nation's capital. Kaiser's organization provided his generation's most telling case study in the role of governmental relations in American entrepreneurial success. Henry Kaiser, then, looms large as a significant figure in American business history because of the extent of his involvement with the federal government at a time when distinctions between the public and private economic sectors were rapidly diminishing" (p. 2). "Despite the public image he cultivated during World War II, Kaiser certainly did not fit the Progressive model of businessmen fighting against government. Instead, Kaiser learned to compromise with the desires of executive branch officials at the same time he was attempting to influence them through the skilled use of the media. The Kaiser story was of neither battle nor capture, but rather a process of continuous negotiation" (p. 11).

Adams further argues that although the media presented Kaiser as an "outsider" when he at-

tempted to enter steel, aircraft production and other industries, he had for several decades been an insider in the construction business. Kaiser relished the media's portrait of him as an iconoclast, but in fact he had been an organizational conformist at least through the 1920s. He had spent many fruitful years as the Six Companies' (his partners on the Hoover Dam construction project) chief negotiator in Washington, and he studied carefully the stormy relationship between the New Deal and corporate America. The key to Kaiser's success was that he anticipated the course of the government's dealings with private enterprise and astutely positioned his companies to meet those needs. "His choice of established industries with such daunting barriers to entry made Kaiser appear bold to most, reckless to many. Yet he carefully chose his battles, usually going ahead only after performing extensive feasibility studies and when assured that he had the weight of the government behind him" (p. 45). Ironically, Kaiser's cargo plane proposal in the summer of 1942, which thrust him into the national spotlight, resulted in no large contracts, and a virtual dead end in the field of aircraft production. Adams argues that it was largely because this was one of the few times Kaiser announced his desire to enter an industry before lining up support from government insiders (p. 124). As Adams notes, however, the eastern media, particularly Henry Luce's publications, made Kaiser a national hero after he presented his cargo plane proposal. New Deal policy makers took considerable political risks in thwarting Kaiser's initiative.

Even as Kaiser's industrial empire expanded after World War II, he was losing his position as the government's favorite entrepreneur. He had grown closer personally to President Roosevelt than any other businessman. The two men were psychologically in tune with one another; Kaiser's loose managerial style mirrored Roosevelt's "impatience with bureaucratic channels" (94). However, Kaiser did not enjoy any such relationship with Truman. In addition, by 1946, government

contractors were ripe for investigation. "In Kaiser's case, behavior that had endeared him to the public in wartime--breaking bureaucratic rules, spending public money freely to meet wartime demand--provided fodder for government scrutiny" (p. 175). His New Deal defenders were gone, the Republicans were ascendant, and Kaiser "made a good target" (p. 176).

Adams has written an important book. Having written the first full-length scholarly biography of Kaiser, I am not reluctant to observe that Adams probed in depth issues over which I passed lightly. He presented his arguments clearly, and in convincing fashion. Adams' research is impressive; he has consulted the important manuscript collections, and he interviewed virtually every key player who is still living. Equally important, he has consulted all of the relevant secondary source literature, which permitted him to create a useful, sophisticated conceptual framework for his findings. Finally, the book is logically organized and well-written. Adams' prose is mercifully free of jargon.

There are a few flaws. Adams suggests that in building a "visitor's cottage" at Hoover Dam, Kaiser introduced "a (public relations) approach contractors had not tried before" (p. 39). In fact, contractors and other businessmen performing government work had bent over backward to make sponsors visiting job sites comfortable for decades, if not centuries. This included contractors at the Panama Canal, builders of the transcontinental railroad, and any number of other businessmen depending on good will in Washington and the continuing flow of government appropriations. Although Adams does an admirable job of analyzing Kaiser's relationship with government officials during World War II, his study would have been even more valuable had he analyzed how Kaiser fared compared to other entrepreneurs. He mentions rival ship builder Andrew Jackson Higgins. Kaiser may have been Roosevelt's "favorite" entrepreneur, but did the Presi-

dent essentially ignore other moguls? This is one area in which Adams might have provided broader context. On page 77, Adams assesses Kaiser's decision to seek a temporary alliance with Tom Girdler of Republic Steel. Girdler had a well-earned reputation as a reactionary, particularly on labor issues. While Adams explains why Kaiser and his organization sought a temporary partnership with Girdler, he avoided explaining what Girdler and Republic Steel might gain from such an association. Was Republic attempting to get back in the good graces of government officials after the notorious Memorial Day massacre in 1937?

These are minor caveats, since Adams succeeds in every important respect. By analyzing critical years in the career of one of America's most dynamic entrepreneurs and his dealings with key government decision-makers when the military/industrial complex was rapidly assuming its modern form, Adams has provided a riveting and revealing picture of an important moment in American entrepreneurial history. Therefore, *Mr. Kaiser Goes to Washington* will be of interest not just to business historians but to students of government and public policy. The author is a well-trained, accomplished young historian who has established a high standard of achievement with his first book.

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