[This is a transcript of the notes I made at the Penn Seminar -- the bits within curly braces {} are indications of the way I planned to respond to questions.]

WALTER LICHT:

(1) PRICES:

Consumer decisions – reputation, name, decoration, features – result = producer leeway to raise prices but problem of recurrent competition/falling profits

1870s: why crisis of profitability, overproduction? Temporal (general depression) or structural (rising cost of raw materials?)

PRICE STRUCTURES: consumer preference for high-end, elaborate stoves? 'Soft' price setting allowable because manufacturers can raise prices at one end of the market? {Base Burners most profitable}

LOW END of market? {standardization of features upwards, 1870s}

(2) INDUSTRY STRUCTURE: persistence of deconcentration {geographical deconcentration too} – absence of any involvement with financial capital crucial – discipliners of producers

No 'partitioning' of the trade? {Round Oak, Kalamazoo, Gold Coin, mail order, household furniture stores, gas utilities}

A SPECIAL KIND OF CONSUMER OBJECT? Something unique? Consumer mentality: preference for a piece to be treasured, not merely utilitarian? {Supply vs. demand side story – cf. other papers...; 1890s & popularity "hot tamale" stoves}

(3) NETWORKS {my 'marketing article in the *Bus. H.R.* is about these} – webs with no nodes of power {a "moral capitalism," attractive} – trade & employers' associations, "ruinous competition," learning through informal conversations, daily assistance. {n.b. Industrial districts – Quincy, Detroit}

Q: where do I sit on networks?

ERIC:

Q: how do consumers think about this (i.e. price fixing)

BRAND development – benefits, even for industry, of restricted competition?

ANTITRUST narrative – should pursue to Washington; lots of small firms does not necessarily = competition; are consumers unhappy with the results? {n.b. There is competition – e.g. between fuels} Effectiveness of antitrust regulation? {Morality / discourse of competition}

{there IS learning – within the Ass'n}

Price fixing always bad or can be contextualized? Game theory models of stable, cooperative competition. {NASM 2x survival rate}

Q: what did this industry replace, & what replaced it?

Q: fate of old firms? Structure of new heating & cooking appliance industry?

Q: LABOR ORGANIZATION story – {cadre of organizers – Chad Pearson} – <u>Did</u> the SFNDA effectively counter the IMU?

Q: Producers' cooperation – why is it being tried (& failing in a competitive economy)? {Montgomery, *Beyond Equality* -- "the lure of entrepreneurship"}

Q: 'Theory of the Firm' narrative – cost accounting; associational learning (behaving in firm-like ways); shifting boundaries of the firm

INTELLECTUAL PROPERTY – competition, <u>not</u> innovation

ADRIAN:

Buchanan's work on clubs – ways of disciplining members? Does expulsion not matter? Bittlingmeyer on *Addystone Pipe*; non-price competition [Lancaster, Chamberlain]; where is Sears in all this?

GERRY:

Q: who is the customer? Dealer & reseller or consumer? 30-40% discount provides plenty of scope for <u>resellers</u> to determine consumer prices. {Different retail sectors could generate competition}

ref. Dorothy Brady, vol. 29 NBER – elaborateness of consumer durables {but cheap cf. pianos, other musical instruments – parlor organs}

In a constant cost industry that's expanding, new entrepreneurs = old skilled workmen? {Lazard Kahn}

Weight = regional markets?

Economics of industrial decline: NASM most effective in growth periods; price maintenance collapses on the way down? Behavioural theory to explain persistence: sunk-cost fallacy, = non-withdrawal from trade.

Crucial point: 6 men + NASM – cadre of organizers

MARGARET (?):

Initial failure to consolidate: develop explanations

Economics of industry: consolidators' arguments re economies of scale without foundation? How explain capacity to raise prices?

Ref. Navin & Sears article on desire to 'escape' from business via consolidation

ROGER HOROWITZ:

What about the structure of demand, 1880 >? Differentiation by class & region? Enormous growth of population; but the market is going down market. Balance entry-level/high-end stoves?

Nationalization of the awareness of the people involved?

{Learning: national groups = capacity to learn about extra-regional competitors; & learning how to run an organization}

ADRIAN:

Craft unions are the most harmful of union forms

{hjh: late 1850s- IMU & awareness that it's a home-market industry, an essential}

DAN RAFF:

Substantial beginnings of an industrial history taking economic institutions seriously.

A group feeling its way towards making money ... avoiding head-to-head competition ... seeking uncontested areas of operation

PHIL SCRANTON:

- Does business history need this work? Just another classic internalist sectoral study
- theory-free – industrial structure, organizational sociology, economic growth
- what kind of good? Household 'capital' goods but also fashionable.
- indifference to multiple literatures {method: I spray this on afterwards}
- is it *sui generis*?
- what about the larger context of manufacturing in the period (diversified metalworking)

Q: why did stove makers not open their own dealerships?

Furniture stores?
Competition in some territories?
Salesmen & [agency] problem of controlling

{NASM & attempts to prop up 'regular' dealers}

{Cost-setting goes across & beyond per-lb. prices}