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Trust and Power: Consumers, the Modern Corporation, and the Making of the United States Automobile Market. *By Sally H. Clarke.* New York: Cambridge University Press, 2007. xv + 296 pp. Illustrations, tables, appendix, notes, index. Cloth, $50.00. ISBN: 978-0-521-86878-5.

Reviewed by Gary Cross

In this model example of modern business history, Sally H. Clarke rejects neoclassical market formulas to explain the complex relations among manufacturers, retailers, and consumers of American automobiles in the first two-thirds of the twentieth century. Drawing on the insights of institutional and information economics and the work of business and legal historians such as Naomi Lamoreaux, Daniel Raff, Peter Temin, and Robert Gordon, she explores the often conflicting relations that shaped the evolution of the American car industry. In accomplishing this task, Clarke has consulted a wealth of archival sources in Michigan and elsewhere to identify critical conflicts during three phases of the industry.

In describing the first, "New Market," period (1896–1916), she not only retells the story of the emergence of assembly-line production from a multitude of small-scale manufacturers; she also expands on this familiar tale by recounting the reliability and safety issues that plagued the early car industry. The image of the adventurous male car owner somewhat mitigated the threats these safety concerns posed to expanding the market. Still, manufacturers attempted to displace the legal costs of dangerous vehicles onto dealers both via the legal doctrine called "privity of contract" and through the use of sales contracts and franchise dealerships (as opposed to agency dealerships), which made only the immediate seller accountable to buyers. The court case *MacPherson v. Buick* (1916), and the evolution in American thinking about accident accountability, shifted responsibility to the manufacturers and forced them to test their cars' reliability and safety (as well as spawning liability insurance testing labs).

In recounting the events of the second, "mass market," period (1916–1941), Clarke identifies a more complex set of troubled relations. She begins with the familiar story of the shift from Ford's mass-production Model T to Alfred Sloan's adoption of flexible production and General Motors' promotion of a full line of cars based on frequent style changes. She also shows how GM developed surveys of consumer preferences and purchasing power to shape design changes and determine output. Despite concerns about safety, the pressure to minimize suits and conflicts with government regulators, and the Big Three carmaker's growing ability to invest in research and testing, the manufacturers persisted in balancing the advantages of introducing, for example, safety glass against cost. They waged public-relations campaigns to displace risk onto consumers, broadcasting radio messages that stressed driver safety. In elaborating on earlier accounts of GM's leadership style under Harley Earl, Clarke claims that designers were far less hegemonic than has been assumed: they battled with production engineers (although this theme is not developed); they were confronted by consumer resistance to radical change (exemplified by consumers' rejection of the Cord 810, the innovative car design introduced by the Auburn Automobile Company); and they experienced many conflicts within the Art and Style Division of GM. Finally, during the Mass Market era, manufacturers and dealers struggled over sales priorities (manufacturers favored selling new cars, often to the detriment of dealers, especially at the end of the model year), and they fought over who would write car loans. Although GM had the right to cancel franchise dealers at will, company officials used some five thousand managers to supervise approximately nine thousand dealers in 1938. The antitrust suit filed by the Department of Justice against the Big Three in 1939 and subsequent legislation that favored the dealers did little to alleviate the tense relations between manufacturers and dealers.

Perhaps the most interesting section of the book is the one on the third phase, the "Mature Market" (1945–1965), a period when household ownership of cars rose from about 50 percent to 80 percent (in 1920 the figure was 26 percent, and in 1930, before the decline brought on by the Depression and World War II, it was 60 percent). The most telling fact is that the new car market expanded despite rising prices. Chevrolet prices increased 3 to 4 times between 1929 and 1954, while incomes rose 2.2 times. The growing share of household income that went to cars was made possible in part, Clarke argues, by increased access to consumer car loans, smaller down payments, and the longer time required for repayment. The impact of these factors was that instead of developing cheaper, smaller cars (as several companies contemplated doing after the war), manufacturers made their cars bigger and more expensive. By the mid-1950s, the government had facilitated the expansion of consumer credit by loosening regulations, to the delight of dealers and consumers. This tactic did not make new cars available to all. The richest 38 percent of Americans bought three-fourths of the new cars in 1954. The bottom half of households were expected to buy from the growing stock of used cars (although Volkswagen challenged this formula with its Bug, the cheap, small car that American carmakers had earlier rejected). Expanded credit was not the only factor. Clarke argues-that the growing numbers of wives joining the workforce helped to finance the demand for more and bigger cars.

A book of this ambition by necessity leaves out many topics. Clarke might have said more about the safety legislation passed in 1966 and 1970, relating it to the legal history of auto safety she discusses earlier in the book. Her account of how style concerns were trumped by other industry interests remains murky. Still, *Trust and Power* is a fine example of the integration of business and legal history, illuminating new aspects of America's most important industry.

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