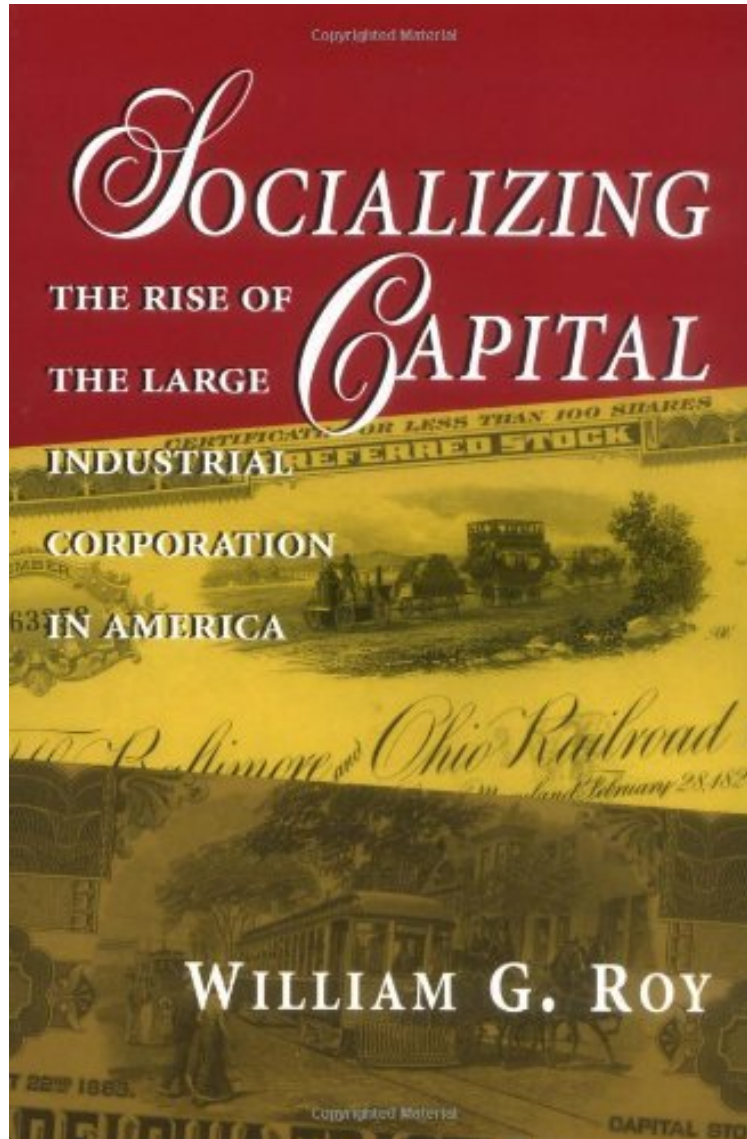


Socializing Capital

William G. Roy

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William G. Roy : Socializing Capital before purchasing it in order to gauge whether or not it would be worth my time, and all praised Socializing Capital:

15 of 20 people found the following review helpful. Theory of How Corporations Grew in America By A Customer Roy, William G., Socializing Capital: The Rise of the Large Industrial Corporation in America, Princeton, 1997. Socializing Capital examines the rise of large corporations in America. While the book focuses on the period around 1900, it examines the development of corporations from the founding of the United States until the twentieth century. Originally, corporations were chartered by state legislatures to perform needed public services especially for

developing transportation through canals, turnpikes, and railroads. The economic difficulties of the 1830s and 1840s brought pressure for the separation of state control over corporations. At the same time corporations became an inalienable right rather than a privilege. According to the author, railroads were the first to develop corporations as we know them today; the Civil war being the precipitating event for the creation of the corporate infrastructure. The watershed years for incorporation were 1898 to 1904 in which most transformations occurred. Instead of individual or private owners, companies were owned by groups of investors and stockholders, which in turn led to a new type of property in which the owners actual surrender many of their rights and responsibilities in running a company. In return, they receive limited liability and other benefits of incorporation such as eminent domain and free public land. The author uses the term "socialized capital" to denote this type of property which is held in common by many instead of one or a few. Overall, the author's main thesis is that Efficiency Theory, the theory that corporations thrived because of the increased efficiency of technology and integration, fails to account for the dominance of corporations in America. Instead, the author argues that it reflects the power of business and government leaders to define the situation, a critical feature of the institutionalization process of corporations. In essence, the predominance of corporations in America can best be understood in terms of the power and influence their socialized capital was able to exert. The author tells us that it is better to understand the future of corporate America in terms of its power rather than efficiency. The book is written on a very high level and appears to be more for a person with a background in business or sociology. It uses many technical terms in long wordy sentences. To the initiated it may prove a profound and thought provoking book. From an historical perspective it is interesting because it reveals the origins of corporate America and reveals the important transformations which it has undergone to bring it to its present day status.³ of 5 people found the following review helpful. Interesting Story, Badly ToldBy not meThe rise of huge industrial corporations after 1890 is a fascinating story fraught with implications for our view of modern American capitalism. The prevailing view is that large corporations, like them or not, arose as an efficient response to the demands of markets and technologies. "Socializing Capital" takes issue with this claim. It argues that corporations arose because of contingent historical factors, such as changes in corporate law. Corporations came to dominate the landscape because of their economic power, not their efficiency. Re-examining the dogmas that surround free markets is one of the most urgent tasks facing social science today. Unfortunately, "Socializing Capital" will turn off most readers. It's repetitive, drenched in sociological jargon, and too quick to editorialize against the sins of corporations. It almost completely ignores the rise of industrial corporations in other countries, which suggests that factors deeper than sheer historical accidents were at work. Worst of all, the author seems more intent on scoring points off of competing schools and scholars than in telling a story gracefully. I'd recommend the book only for specialists already familiar with the literature.

Ever since Adolph Berle and Gardiner Means wrote their classic 1932 analysis of the American corporation, *The Modern Corporation and Private Property*, social scientists have been intrigued and challenged by the evolution of this crucial part of American social and economic life. Here William Roy conducts a historical inquiry into the rise of the large publicly traded American corporation. Departing from the received wisdom, which sees the big, vertically integrated corporation as the result of technological development and market growth that required greater efficiency in larger scale firms, Roy focuses on political, social, and institutional processes governed by the dynamics of power. The author shows how the corporation started as a quasi-public device used by governments to create and administer public services like turnpikes and canals and then how it germinated within a system of stock markets, brokerage houses, and investment banks into a mechanism for the organization of railroads. Finally, and most particularly, he analyzes its flowering into the realm of manufacturing, when at the turn of this century, many of the same giants that still dominate the American economic landscape were created. Thus, the corporation altered manufacturing entities so that they were each owned by many people instead of by single individuals as had previously been the case.

One of Choice's Outstanding Academic Titles for 1997 "Socializing Capital is a shining example of the 'new economic sociology.' Roy's question is bold because it challenges the economic orthodoxy that the modern corporation arose because of its efficiency. His answer is creative because it weaves together insights from power and institutional perspectives to revise the history of the modern corporation."--Frank Dobbin, *Contemporary Sociology* "William G. Roy's ambitious book about the ascendancy of the large industrial corporation in the United States sheds new light on a complex and timely subject.... Socializing Capital is a significant scholarly work, rich in detail, that makes important contributions to the historical study of corporate power."--Scott R. Bowman, *American Journal of Sociology* "Richly detailed, this book builds on the significant work of historians, economists, and social scientists who have dominated the field of business history for a generation or more. It is a major contribution. . . ."--Choice From the Back Cover "The first thoroughly sociological inquiry into the rise of corporate capitalism I know of, and the most trenchant critique of the prevailing 'efficiency theorists' we are likely to have for some time. The book abounds with stunning insights into the rocky and highly contingent history of the industrial corporation, closely argued and very well documented. These are laurels Roy can rest on for a long time after this immense and exciting effort."--Charles

Perrow, Yale University "Genuinely interesting, well-written, clear, forceful. I was most impressed with the wealth of material that the author presented. Socializing Capital is a story that deserves to be told, and it will receive a lot of attention."--Mark S. Mizruchi, University of Michigan About the Author William G. Roy is Professor of Sociology at the University of California, Los Angeles. He specializes in large-scale political and economic transformations.