

The Book-of-the-Month Club: A Reconsideration

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1. Introduction

Analytical business history has a problem. Writers of company histories may need to decide upon themes but they know from the start what their subject is. Those who hope to discern patterns across the histories of firms and industries have it harder, since the question arises of whose histories exactly ought to count. This problem is familiar to historians under the name of the Whig Interpretation of History.¹ Whig History is history written from the viewpoint that what the past was doing was leading up to the present. The survivors are ipso facto the ones who matter; and the fact of their survival is, in essence, far more important than the details of what it was they survived. Over long periods, this approach can import fairly serious distortions into one's sense of what was actually happening.

A distinction may be helpful. A given course of events can be described in a forward-looking or a backward-looking way. In the backward-looking approach, the finish line is set and then the race discovered. The important actors in the race are those who win or place. The forward-looking approach, in contrast, attends to those who do not finish the course or end up far back in the pack. It focuses on the reasons these starters' races came out the way they did. This way of proceeding undermines the natural temptation of the backward-looker to prize universal explanations over differentiated ones and ones that attribute long-term survival to persistent conditions—more precisely,

¹ The phrase originates in the lectures subsequently published as Herbert Butterfield, *The Whig Interpretation of History* (London: Cambridge University Press, 1931).

to conditions hypothesized to be permanent—rather than to transitory ones. The reasons survivors look strong now are not necessarily the reasons they survived the crisis then.

There is a statistical counterpart to the Whig History (i.e. backward-looking) problem. The statistical problem arises when the analyst tries to estimate relationships on a sample in which the observations do not represent a randomly selected subset of the underlying population but in fact systematically under-represent—or miss out entirely—data points with certain specific traits. The classic economic example concerns the determinants of wages and working hours. Wages and working hours can only be observed for individuals who have looked for and found jobs. For the simple statistical procedures to work properly, the sample would need to report what wages and working hours the labor force non-participants drop-outs would have obtained had they participated. In one business history example, the question concerns how the firms of an industry respond to cyclical downturns. There is a set of observations before the downturn and another after. The selection problem is that some firms go out of business in the interim: the survivors are not, in general, a random sample from the initial population.²

A reasonably practicable solution to the statistical problem has been developed; and it holds a clue for what the present-day business historian can do about the business history version.³ The essence of the statistical solution turns out to be to model (and estimate) the selection process and to incorporate this into the estimation of the

² For an example in which the source of non-randomness derives from differences in the production technology and induced cost structures, see Timothy F. Bresnahan and Daniel M.G. Raff, "Plant Shutdown Behavior during the Great Depression and the Structure of the American Motor Vehicle Industry," forthcoming, *Journal of Economic History*.

³ On the statistical approach, see James Heckman, "The Common Structure of Statistical Models of Truncation, Sample Selection, and Limited Dependent Variables and a Simple Estimator for Such Models," *Annals of Economic and Social Measurement* 5 (1976): 475-492, and "Sample Selection Bias as Specification Error," *Econometrica* 47 (1979): 153-161.

relationships of primary interest. The business history counterpart involves following all the serious contenders from the start. Its focus is in effect on their survival conditions--how these evolve over time and how that affects the relationship between the decisions made inside the firms and how the firms make out. In proceeding in this way, it makes no commitments whatever as to “overall” closure. Short of the discovery of new facts about old events, it cannot be wrong-footed by subsequent developments. There is efficiency logic; but contingency remains.

Writing an industry history in this fashion requires identifying the different types of firms (or firm attributes or strategies—the most illuminating sort of variety is open to debate). Sometimes this may seem obvious, sometimes not. In my current project—a history of book distribution in the United States over the long twentieth century—it was at least initially not. This led me to explore the history of a seemingly somewhat unusual firm that started in the 1920s and whose fortunes waxed and waned thereafter. The text that follows gives an account of its early years. Its focus is on what the opportunity leading to the initial success was. As the chronological scope of the discussion extends in the next draft, I will discuss how changing environments affected the firm’s opportunities and outcomes. That larger picture will be a part of my book’s discussion of the industry’s development to date.

2. The Book-of-the-Month Club as a subject

The immediate subject of this paper is a company that started in 1926, went public in 1947, was purchased by another corporation in 1977, and still trades (albeit as a division in an industry roll-up). Its customer base now is relatively small. But it was

once very large; and the company and its products were once well enough known that this very fact was part of the point of *New Yorker* cartoons. (I will bring some examples to show in my presentation.)

The company is the Book-of-the-Month Club. It was in its heyday the largest company of its type in the American economy. Companies of its type represented a significant channel of distribution for the American book trade, a small piece of the economy overall but one of considerable absolute size as well as of obvious cultural significance.

The cultural significance this particular company came to have makes investigating it harder than this might be. Many of the people who know about the company think condescendingly of it for reasons that have little to do with its business- or broader economic significance (beyond the fact that it was successful enough to attract their notice). The company stands, in their minds, for little more than the merchandise it offered for sale and through that for something called ‘middle-brow taste’ in literature.⁴ The adjective is only meant by some to be complimentary: the company, in this view, is both an American icon and an embarrassment. Whatever else this view may represent, it surely represents a confusion of product with economic function.

The basic commercial idea behind the company was to sell books by something like a subscription plan, delivered by the mailman, rather than via salesmen or bricks-

⁴ The locus classicus of this view must remain Dwight MacDonal, “MassCult and Midcult II,” *The Partisan Review* Fall 1960, pp. 589-631. More recently, see Joan Shelley Rubin, *The Making of Middlebrow Culture* (Chapel Hill: University of North Carolina Press, 1992) and Janice Radway, *A Feeling for Books: The Book-of-the-Month Club, Literary Taste, and Middle-Class Desire* (Chapel Hill: University of North Carolina Press, 1997).

and-mortar retailing.⁵ This is a channel that was novel once, but quite a long time ago. It certainly isn't any more. The beginnings and adaptations of an enterprise starting in the days when Model T Fords could still be purchased new, Calvin Coolidge—who took his oath of office from a notary public by the light of a kerosene lamp—was still President, and when only the comfortably off had home telephones might seem of mainly antiquarian interest. I take the issues raised by the development of this company, however, to be of broad and enduring interest. I begin to lay out in this version of this essay—and will explain in greater detail in the seminar—why I believe this to be so.

3. The basic narrative through 1947

At the present stage of the project's development, I can only discuss the company's history through 1947 in anything like the way I want to. A first pass at this follows.⁶

Pre-history

This history concerns a business with a character but also an entrepreneur with a character. Reading through the primary source documents, it seems one cannot understand the one without some sense of the other. I therefore begin with Harry Scherman.

⁵ The most well-known book salesman in American history is the figure sometimes known as Parson Weems, who traveled for the Philadelphia printer Mathew Carey for many years starting in the 1790s. For much vivid and illuminating correspondence, see Emily Ellsworth Ford Skeel, ed., *Mason Locke Weems: His Works and Ways* 3v (NY privately printed, 1929). For an interesting recent account of salesmen and the professionalization of salesmanship from the mid-nineteenth century forward, see Walter Friedman, *The Birth of a Salesman: The Transformation of Selling in America* (Cambridge: Harvard University Press, 2004).

⁶ The ultimate source of almost all of the material in this section is either the collection of oral histories taken from Harry Scherman and a set of his colleagues housed in the Rare Book and Manuscript Archives at the Columbia University Library or the Harry Scherman Papers there.

Scherman was born in Montreal in 1887 to a Jewish family, the father an immigrant general store proprietor and the mother's career, if she had one then, unrecorded. The marriage did not last. The mother moved herself and the children to Philadelphia, which then as now had a large Jewish community with a number of Jewish-affiliated institutions. They were at least initially, in Scherman's words, in "fairly straitened" circumstances. Mrs. Scherman found work at the Jewish Publications Society, a publisher of religious and secular books in English on Jewish subjects. It was a membership organization and had, or aspired to have, members across the United States. Mrs. Scherman's job was to travel around the country building up the membership list. The family lived in a sort of boarding house with an apparently warm and inclusive atmosphere. The Scherman children at least seem to have had a more settled and stable life there than previously.

Harry Scherman read voraciously and was, without working particularly hard at it, very good at school. He appears to have gotten a classical education at Central High School (the second public high school in the United States and then apparently an even more demanding place than it is now), graduated first in his class in 1905, and won a scholarship to the University of Pennsylvania.⁷ He enrolled at Wharton, a business school intentionally planted within a liberal arts university.⁸ It is hard to doubt when reading the reminiscences of colleagues of his from twenty years and more later that part of the point of this choice was recognition of characteristics of his temperament. Part surely was because he knew he would have to support himself going forward.

⁷ It would not have been easy for him to enroll in another Ivy League institution in those days even if his family had had the money.

⁸ Steven A. Sass, *The Pragmatic Imagination: A History of the Wharton School 1881-1981* (Philadelphia: University of Pennsylvania Press, 1982).

Whatever Wharton offered in those days, it didn't take. Scherman dropped out, worked a little, returned to study law, felt no more compelled, dropped out decisively, and drifted to New York and into advertising. For this he had gifts. It was a booming time in that line of business; he easily found work; and one gets the sense that he moved from one job to another in search of more challenge or more money but in any case without any great difficulties of transition. He began to specialize in writing copy for mail order firms. The J. Walter Thompson firm eventually hired him to specialize in this.

If his places of employment changed, Greenwich Village and the weekend haunts of some its well-to-do literary figures were a steadier presence in his life. He was comfortable among these people and had even had literary aspirations during the drifting period, though these never came to anything substantial. His Village circle of acquaintance was wide and included a number of individuals who became prominent in publishing.

There seems to have been a notable quality of imagination to his advertising work more or less from the start. The most salient example for this narrative concerned the Whitman Candy Company of Philadelphia. They were a client of the firm he worked at in 1916 and they wanted to sell more (boxed) candy. Scherman got the idea that there might be a bigger incremental market in the predecessors of Bridget Jones than in the Dead End Kids. His proposal was essentially Shakespeare with Sweets: he suggested that Whitman buy 1000 leather-bound copies of each of fifteen classic Shakespeare plays (at 10 cents each), add them to the boxes, and advertise the fact. Whether the boxes were resized, for example to correspond to a typical play-reading time, is not recorded. It would not have been an out-of-character suggestion.

The atmosphere of the initiative and the man come through vividly in his reminiscences of the events.

“Either Charles or Albert Boni [literary friends of Scherman’s from the Village] got the idea of having a ... [small] leather-bound book which would not be given away but would be sold for 25 [cents]. They got up a dummy of Romeo and Juliet. I think it wasn’t even printed—I think it was nothing but a dummy. There might have been a few pages printed; I don’t think they would have had the money to do more than that. None of us had the money to do anything of the kind. ... I conceived the idea of getting an original order anyhow. We had a list of fifteen titles, I think. I wrote a letter to the Whitman Candy Company in Philadelphia, suggesting that they get out a library package, where they would add a book, wrapper with a box of candy.

The reply to that letter was an actual order for 15,000 copies, a thousand copies each of fifteen titles. We didn’t have the damned things! We did have the order, though. On the basis of that order, among us we raised a few thousand dollars The members of our original corporation were Charles and Albert Boni and myself, Sackheim, and Pelton. When we started the business it was with about \$5000 or \$6000 at the most [more than half of which would have come from Pelton], which was needed to print the first fifteen titles.

Having the titles, we could offer them in the stores. They were offered first to bookstores and to drugstores. ... We had never thought of starting an enterprise until that order came in—well, I wouldn’t say we didn’t think of it, but it just seemed a kind of wild idea.”

This is the restless entrepreneurial spirit, plain and simple.

Scherman began to wonder whether it might be possible to sell other traditional books in such unconventional ways, resigned from J. Walter Thompson, and set up with Maxwell Sackheim (the other mail-order expert at Thompson colleague) and the Boni brothers (who about a decade later started the firm with Horace Liveright that launched The Modern Library) the Little Leather Library Corporation.⁹ The idea was to publish editions of classics and well-known authors up through turn-of-the-century figures such as Conrad, all in sets and all ex-copyright. (Scherman and his colleagues in this venture

⁹ Sackheim’s background gives a sense of American life at the turn of the century. He grew up in the upper Midwest, his father a peddler in the farm districts. The children were sent for a few weeks each summer circa 1905 to board on a farm in Michigan. “The farmer was isolated in those days,” Sackheim recalls in his Oral History. “There were no good roads and hardly any telephones.” When Sackheim first went to work in advertising, it was in the regional metropolis of Chicago. He worked for an agricultural products advertising agency for seven years before moving to Sears Roebuck (whose clientele at the time was largely rural), after which he came to New York.

didn't anticipate being able to afford paying royalties.) The individual books would be—and at least started out—small and leather-bound. The channels of distribution Scherman initially had in mind were five-and-dime stores such as Woolworth's, drug stores, and mail order. There is a nineteenth-century history, especially before International Copyright, of the sale of book sets by mail order.¹⁰ There is much less in the way of precedent for the others—indeed, the extensive chain store organization of these enterprises was itself a relatively recent development.¹¹

Woolworth's had no particularly relevant sales experience but knew it would need a lower price point, being a five-and-dime. This led to blunt negotiation (and some reconsideration of the materials to be used, about which Woolworth's seems to have cared little); but in the end an agreement was struck. Millions of copies were subsequently sold, perhaps an agreeable surprise to both sides. For a sense of the novelty of the idea from the Woolworth customer's perspective, imagine setting out for the CVS or Rite-Aid in search of toothpaste or shampoo and returning with thirty novels of Balzac in duodecimo in a second bag. On the other hand, there may have been, one way or another, less of this sort of substantial reading matter on offer.¹²

In the end, Scherman and Sackheim felt, Woolworth's drove a hard bargain ("the buyer was ... trying to get all the blood he could out of us") and the other retail dealers weren't much easier: they needed the dealers more than the dealers needed them. It really did seem worth trying mail order.

"Max proposed selling a set of thirty books by mail at \$2.98. We did. The first

¹⁰ This subject requires more extensive treatment than I can give it in the current draft.

¹¹ See e.g. Godfrey M. Lebhar, *Chain Stores in America 1859-1950* (New York: Chain Store Publishing Corporation, 1952),

¹² Nineteenth century magazines published a great deal of what we now think of as serious fiction in serial form. But there seems to have been very much less of this on offer by the time of World War I, never mind the 1920s. I hope to go into these matters in much greater depth in the next draft.

ads were tested, and again it was an extraordinary success. Shortly after trying one publication advertising we began some heavy circularizing—very heavy for that day—and the Little Leather Library set, sold by mail, became one of the outstanding mail-order enterprises of the time. We used lists; we also used advertising in all publications—that is, we used a combination of advertising and circularizing.”

We know what the circular approach was like.

“The principle way we had ... in selling by mail was to enclose a sample cover. Inside was a short letter which said, “How much do you think thirty classics with this kind of binding and this size would sell for? Make your guess and then open the enclosed sealed envelope.” That was our mailing, and that would have been an expensive mailing because you had a sample, a sealed envelope inside ... [I]t was kind of complicated.”

Perhaps the complexity was expensive (though Scherman comments that even in New York in those days, the labor was cheap). And the yield may sound modest: “In all probability,” he recalled, “we must ... have gotten an average of about three percent.”

But the production costs were low and three percent

“... was a tremendous mail-order success. Before we were through we increased the number of titles to 100, all excellent titles from a good library point of view. I think altogether we must have sold between thirty-five and forty million of those books. First there was the package of thirty, and then to those who bought the thirty we sold an additional seventy titles—not all of them, but a sizeable proportion. By that time the Little Leather Library Corporation had become a real mail-order business.”

Overall, Scherman and his Little Leather Library colleagues ultimately sold in excess of 48 million copies. In general, they do not seem to have thought their problem was deficient demand, though selling costs were rising towards the end. The problem, they thought, was that they ran out of sufficiently well-known classics.

Scherman had other business problems to think about besides books in this period: as the Little Leather Library began to run out of steam, he and Sackheim had started their own ad agency. On the other hand, the money had been easy and the subject did not leave his ever-active mind.¹³ The Book-of-the-Month Club was his next book

¹³ Meredith Wood, one of his Book-of-the-Month Club senior subordinates, later described the trouble with working with him as follows. “He is just popping ideas all the time ... [most] of which—after one has

trade idea. The venture occupied him, once it got seriously under way, for the rest of his career.

Getting Started

The barriers to entry in publishing have never been high; and while they were probably higher in the mid-1920s than they are now, they still seem to have been modest. There were many publishers in 1920s America; many of them did a brisk business in what we would now call trade books; and on all accounts many new titles were published each year (see Tables 1 and 2).¹⁴

The problem for Scherman was that mail order sales only made economic sense for sets. Most publishers basically printed texts one edition at a time. They certainly printed one newly written book edition at a time. They needed a retail intermediary that could get potential customers to buy single copies; and this intermediation was generally thought to require having the books ready and available to be bought when the impulse struck the customer. This had two implications. One was that the publishers needed to make inventory commitments in advance of sales i.e. to make to order. The other was that the customers had, somehow, to be induced to want the particular book the publisher was producing. It is helpful to address the second of these now and the first later.

striven hard to find out what is wrong with them—he's forgotten by the next day. ... On the other hand, every so often a brilliant idea comes along. This makes up for all the others that were just sparks from the anvil.

¹⁴ I am not aware of a good published quantitative analysis of the accounts of any 1920s publisher. The view of the retired President of Scribner's expressed at the Penn Economic History of the Book in America seminar was that these firms had for many years prior to his time made little or no money from their trade lists and had financed the enterprises from other lines of publishing or other family ventures entirely. (The Scribner money, for example, came from nineteenth century railroad investing.) His pithier characterization was (more or less) that the high-level managerial and editorial attention went to one division of the enterprise and the reliable economically meaningful cash flow came from the rest of it.

The traditional means of converting potential customers was personal approach and the ability actually to close a sale. (Thus, in the opening song of “The Music Man” “But you gotta know the territory!”) Salesmen urged, speaking with authority (either charismatic, with asides extracted from promotional materials, or on the basis of reference works and information in catalogues).¹⁵ The New York Times book review section began publication in 1896; but, isolated libraries of record aside, it does not seem to have circulated far amongst individuals and businesses. Such systematic reviewing in national periodicals and nationally circulated local publications as there was tapered off to quite a modest level until the mid-1920s (an upsurge only even arguably beginning with the foundation of the *Saturday Review of Literature* in 1924).¹⁶

Scherman’s marketing idea was to organize a panel of authorities whose perceived distinction and taste would help potential customers feel that whatever books the company wanted to ship were, unknown as they might be because of newness if not isolation of the potential customer, indeed good literature. Janice Radway quotes the following [published!] description of one of his first recruits.¹⁷

“Seasoned in Oxford, he has the air of a man who has been reading old books and drinking old wine with old friends before a fire of old wood. His muse has haunted many libraries and has brought back many antiquarian treasures. At his pen’s end he has the vocabulary of the Elizabethans, the idioms of the seventeenth century. A great deal of fine liquor, apparently, has flowed under his bridges. He knows where the best food may be obtained and ransacks ancient volumes for imaginary meats. He is a connoisseur of tobacco and understands to a nicety the conduct of a pipe. He talks spaciously of pets and children. Mr. Morley has a robust feeling for life lived out of doors and a special taste for the sea and ships. . . . He has considerably enriched the imagination of his followers by laying a new stress upon the pleasures of eating and drinking, of playing and laughing, of collecting good things and living jovially among them, of preferring scholarship to jazz.”

¹⁵ “Franchise” examples such as Mark Twain and the campaign to sell President (ex-General) Ulysses Grant’s autobiography, beautifully recounted in Walter Friedman’s *Birth of a Salesman : The Transformation of Selling in America* (Cambridge: Harvard University Press, 2004) are exceptions that prove the rule.

¹⁶ Again, there will be more detail on this in the next draft.

¹⁷ It appeared originally in Carl van Doren, “Day In and Day Out,” *Century*, December 1923, pp. 308ff.

This may seem like marketing pornography. But that isn't to say that it wasn't effective. (You gotta know the territory.) If trust in the judgment of a selection committee could be established, the expense burden of the advertising and other overhead could be spread over many titles instead of weighing (i.e. heavily) on the account of a single one. Customers would be offered something like a subscription to a magazine, edited by someone who knew their tastes and arriving conveniently at their doorstep.

The moment of revelation may be worth recording.

“When the Little Leather Library business got bad, we felt morally obligated to do something for Haas [the new financial partner]. It was beginning to get bad when he bought [in], and he had known that because he had stayed with [us observing] for several months before he took up his option. I think, though, that he felt we would come up with something or other that would be successful. Then one day, Harry and I were walking down the street after lunch and Harry suggested the book-of-the-month idea. We talked about a book-of-the-week business and then we discussed the book-of-the-month and how it could be done. You couldn't very well do it with classics, as that had been done by Dr. Eliot and others.

Bob Haas was not with us at [that] moment. Bob was a very conservative, wealthy man. He was not the gambling type at all. We were. We had nothing to begin with, and we had nothing to lose, and so whenever a deal came along we could afford to gamble. It takes money to lose money, and we didn't have any to lose, so we couldn't lose much.

Harry said, well, the record business was good when we sold classics, but it was terrific when we sold popular records. Let's sell popular books. Let's sell new books instead of the old classics.”

The nation may have been ready for such an approach. Table 3 gives some general descriptive statistics about America at the time.¹⁸ The population was booming and even averaged over the whole of the country's land mass i.e. including the prairies, mountains, and desert, population density was on a steady upwards course. The median

¹⁸ Marketing research was in very early days then and probably had very little relevant private data to offer. The data in Tables 1-8 are what inquiring minds would have found in Census and other Commerce Department publications in the government documents collection of e.g. the New York Public Library. The data in Tables 9-13 come from a trade publication also available in e.g. that building. (These publications could also be obtained by mail from the Government Printing Office and Bowker and perused in the evenings anywhere. One future President of Sears, Roebuck famously spent his evenings after work for the Corps of Engineers in the Panama Canal Zone during this rough period in precisely this way.)

age, estimated from the published data in the simplest way, was one at which many are still very curious about the world and other people. (George Gallup observed in work conducted for the company in the 1930s that about two-thirds of all books read were read by persons under the age of thirty-five.) The foreign-born population had leveled off after the war years and the subsequent immigration restriction legislation, so the incremental potential readers almost all had English as their mother tongue. Literacy rates were very high. High school education was widespread (see Table 4). Tertiary education was not, but enrollments were rising robustly.¹⁹ There were lots of potential customers. The issue was where they were to be found.

Cities were smaller than they are now and small distinct places perhaps surprisingly common. (See Table 5.) More strikingly, the population overwhelmingly didn't live in places we would today think of as cities. (See Table 6.) The nation was for the first time even barely less than half rural—on a very cautious definition of rural—in the 1920 Census. But “urban” or rural, most of the population still lived in relatively small places.²⁰ Manufacturing had surpassed agriculture as an employing sector (see Table 7)—the image of turn-of-the-century industrialization notwithstanding—but only just.

Table 8 gives some basic facts about the transportation and communications infrastructure of the day. Again, the theme is, as Sackheim had suggested (see Footnote 8 above), non-urban isolation. Railroad expansion was basically played out by this point. The growth in automobile registrations will probably not be surprising, since this was the

¹⁹ The 18-24 year-olds enrollment ratio only reached as high a figure as 10 percent in 1946. (It did not get up to 20 percent until 1960.)

²⁰ Note that the median American in 1920 lived in a place of population 2,500-4,999. This is for most at best a small-town society.

heyday of the Model T. Data (not reported in the table) on the total mileage of roads, surfaced and unsurfaced, exists only from 1921. In 1921, only 11 percent of the total was surfaced i.e. all-weather. The rest were mud or deeply rutted ice for much of the year. Rural places might be physically isolated, but telephone service increasingly reached out towards them.²¹ But the Post Office and Rural Free Delivery reached them inframarginally. One might almost think that information and goods could circulate more easily than people.

Table 9 presents a picture of where the trade's establishment outlets were located in 1925. As one might expect of enterprises holding inventory in those days, they were disproportionately to be found where the population was densest. The pattern is even more vivid when the establishments are disaggregated by store type (e.g. "General" vs. "Foreign [Language]"). (See Table 10.) Table 11 gives data on what the establishments chiefly sold. Most were in the "General" category i.e. what we would think of today as independent general interest bookstores. Among stores selling or otherwise making available trade titles, the market share of such stores was particularly large.

Other types of stores did make recent trade books available. The most important category of these was circulating (i.e. rental) libraries. As Table 12 shows, there were some businesses which solely rented books. But two-thirds of the firms that did any circulating business had general trade books at retail for their main business. The rental line was probably a way of drawing customers into the store and possibly also a means of getting some revenue out of titles that weren't selling as well as originally anticipated.²²

²¹ Data on households with radios begin only in 1922. The numbers rise rapidly but start from an extremely low base.

²² Rental also required less financial commitment. This may have appealed to both tentative and cash-constrained customers.

Rental books seem to have been more broadly available than straight retail, but the same fixed cost problem affected the spread. (See Table 13.) There was an underserved market out there: new books were not within the commercial reach of many potential readers.

Scherman lived in New York City and apparently began his test marketing with the New York *Social Register* as a distribution list. But he soon ran ads in the *New York Times* and national periodicals.²³ The pitch was simple. Subscribers would commit to buying a book a month for twelve months. (There were briefly bonus books after the twelfth, but this feature as a regular commitment of the company was soon dropped.) All books would be priced at retail and no individual book would cost more than \$3. A distinguished panel of reliable judges would select one newly published title a month (the so-called Main Selection). The book would arrive in the mail. There would be no prior notification of which it would be. Customers could return any month's book for an alternative selection if they did so promptly. The customer would be responsible for all postage, coming and (if the book was to be returned) going. Payment for the books could be in a lump sum or on a month-by-month basis. (Payment for the postage was on a month-by-month basis.) The ads solicited requests for further information rather than subscriptions per se.²⁴

Reminiscences of the person who was at the time the office secretary suggest Scherman viewed the whole initiative as highly exploratory. "It was pretty much a trial balloon, to see if there was any interest in such an enterprise," she said. Once the ads ran, the owners and employees sat in a rented two-room walk-up office on West 40th Street

²³ The next draft of this paper will be more precise here and also incorporate one or more visual images of the ads.

²⁴ It is possible I will also have an image of the brochure for the next draft.

waiting to see what the mail brought in. They were astonished by the response, both in its volume and in its commitment. Many of the envelopes contained not the suggested request for the prospectus brochure but rather checks or cash money.

Sackheim reckoned the subscriber list would have to get into the 5,000-10,000 range for the firm to stay in business. They had 4,750 subscribers at the end of the first month and more than 46,000 by the end of the year. Scherman and his associates claimed that in these years at least they were mainly sending books to addresses where other channels weren't doing business.²⁵ I have not yet encountered any solid evidence on this one way or the other. But some facts are clear. They shipped more than 232,000 books that calendar year. Table 14 gives some relevant data. The company was off and running very quickly.

Getting settled

The promptness and the volume of the response was at least temporarily a problem in itself. The incoming mail strained the premises and staff. Actually shipping the books at all promptly required another lease. It also required obtaining the books. It is worth taking note of the original supply arrangements. It seems the books were initially purchased on ordinary wholesale terms or, occasionally, better and were physically transported from the publishers to the leased company facilities in Manhattan. There the various transactions were recorded and the individual books boxed and mailed. These last two activities also, of course, strained both premises and staff. All these were

²⁵ In speeches and advertising materials, they claimed to have shipped books to every local post office in the United States.

problems, but they were good problems to have; and investments in facilities, staff, and organizational routines coped with them adequately or adapted rapidly.

Other early problems were less attractive and seemed initially less tractable. Part of the confidence-enhancing gambit, as I have noted, was to offer return rights post examination. (These rights were not free even in a marginal sense, as also noted.) The staff and indeed the facilities were swamped by returns from the first two selections—Scherman says “they came back in droves in the beginning”—and this was as nothing to the response to the selection of excerpts *The Heart of Emerson’s Journals* the following January. This volume, like Hume’s *Treatise*, seems essentially to have fallen dead-born from the press: “The country didn’t want *The Heart of Emerson’s Journals*; they didn’t want any part of Emerson’s journals.”²⁶ This threatened to swamp the accounts as well as the facilities, since the company itself had no return rights with the publishers.

Scherman’s colleague Sackheim devised a clever tactical solution, a technique still in use and known to posterity as the negative option. The form of the contract with customers, and what the company sent the customers, was changed. Now an announcement came with the previous book.. The customer could reply, if the reply was prompt enough, to say that the selection looked unappealing and should not be sent. A form with which to do this came with the announcement. But procrastination, distraction, and general human nature being what they are, few forms ever came back. A major source of short-run forecasting error went substantially away.²⁷

²⁶ Scherman may have had more in common with Hume than one might have thought. I for one had forgotten that Hume, after observing that his text had not even reached “such distinction as even to excite a murmur among the zealots”, went on to remark that “being naturally of a cheerful and sanguine temper, I soon recovered from the blow and prosecuted with great ardour my studies in the country.”

²⁷ The announcement also offered specific alternatives. The list of these included prior Main Selections. This was surely, so to speak, an attack on residual errors.

Note that the forms that did come back came back before the Main Selection went to press.

“... The Book-of-the-Month Club [had], at this [time], over 65,000 members. By reporting to them in advance, in this way, we can estimate fairly accurately in a few days (through percentages that rarely vary) how many copies of the next “book-of-the-month” will be needed for our entire membership, and we can place orders ... accordingly.”

The range of substitution numbers at that time was typically two to two-and-a-half times the range of return numbers.²⁸ The company had some months previously dropped the number of required purchases per year to four.²⁹ Presumably this had not introduced disruptive variance.

The other routine that called for investment was book reviewing. Many, many books needed to be considered; and the selection committee itself had to read a dozen or so each month and argue over them. An infrastructure of staffers and a healthy payroll for the selectors grew up along with the publicity concerning about the selectors themselves.

More broadly, however, the response from potential customers was very positive. This brought three sorts of secondary responses in its train. These came from traditional book retailers, from imitators, and from the publishers who created the books being sold by the company.

The infrastructure of traditional i.e. what we would now call bricks-and-mortar retailers of books in the United States at this time looked rather different from today. There were just shy of 6,000 establishments into which you could walk to buy a book at

²⁸ *Book of the Month Club News*, April 1928, unnn. p. 10. The preceding block quotation is from the *News* for March 1928, unnn.p. 4.

²⁹ *Book of the Month Club News* December 1927, unnn. p. 4.

retail in 1928.³⁰ These stores were overwhelmingly single-establishment firms. A small number of chains existed, but these tended to be quite local: with only one major exception, it appears that multi-establishment firms were strictly regional and indeed tended to be confined either to adjacent East Coast cities or to a single city, somewhere in the country, and its immediate hinterlands. Department stores were still a significant factor in the trade, representing about fifteen percent of the total establishments, the book departments generally being placed on the ground floors, near the doors, and functioning much as cosmetics departments did and do in such establishments today. Department stores, gift shops, and drug stores account for about one-quarter of the establishments.

The retail venues were distributed, albeit not very well, across all the states and in many small places as well as cities. (Recall Table 9.) Anecdotal evidence suggests they were generally thinly capitalized. Their response to the advent of the company was one of hostility. The commonest idiom in which this was expressed publicly seems to have been that subscribing involved delegating choice, that part of the pleasure in reading (if indeed not part of the pleasure of being an American citizen) was in fact the making of choices by the individual. This resonated with intellectuals writing for magazines and perhaps with others, though there is not much evidence it seemed a powerful argument to potential customers. Scherman and his colleagues claimed in speeches that trade sales of titles selected by the company tended to grow after selection and to be markedly larger than the trade sales of earlier and later books by the same authors. There is certainly corroborative (if less than unambiguous) documentation for the claim in correspondence from friendly publishers during the early years. Viking had originally obtained 1000

³⁰ Analysis of this data, which derives from the *American Book Trade Directory* (New York: R.R. Bowker, 1928), is ongoing.

copies of the initial selection, *Lolly Willowes* (which was initially published in the U.K.) Their initial sale to the Book-of-the-Month Club was quite large (see below). But they wrote to say, I presume having been asked, that they eventually sold through traditional channels a number roughly equal to their sales to the Book-of-the-Month Club. Scherer cited other instances, some with larger effects, in writings and speeches. The independents were trying to get the publishers to stop selling books to the company; and the fact that in the end they failed more or less comprehensively at this suggests there may have been something to these examples.³¹

There was also direct imitation. Some of these firms competed head-to-head, but the first mover advantages seem to have been substantial. Perhaps some point of differentiation was required. The easiest candidate to hand was price. The perennial question of how sharp strict price sensitivity is relative to the intrinsic appeal of specific products seems to have been answered in this case in favor of the attributes.³² The imitator firms were always smaller and soon enough started trying to differentiate their offerings by seeking niche audiences (childrens' books, science, detective stories, etc.).³³

The response of the publishers was the most interesting. They appeared to have worried about losing the assistance of their bricks-and-mortar intermediaries until they became persuaded that they were better off with the Book-of-the-Month Club than without.³⁴ One element of that was surely the basic order. Book-of-the-Month Club

³¹ At least from the publishers' perspective: nothing in the example speaks to the question animating the retailers, namely what their sales would have been in the absence of the Book-of-the-Month Club.

³² It is difficult to assess the case of the Literary Guild, which rapidly became an instrument for maintaining high capacity utilization of the Doubleday presses.

³³ The main categorical exception to this claim is the book clubs run by department stores, where books could be selected from the shelf stock. The category was not very durable.

³⁴ The *Book of the Month Club News* for March 1927 gives a very long list of cooperating publishers.

Main Selections sold in very large numbers relative to typical initial releases. Haas remembered negotiating the discount on *Lolly Willowses*, apparently a somewhat dreamy book about whose prospects in the American market Viking was quite cautious.

“... I remember [the publisher] Harold Guinzberg coming down [from Viking] and talking to me I simply asked him, “What discount would you give us on that book if we order 4000 copies?”

He almost fainted at the idea of a 4000-copies order, but said “I would give you a 60% discount.”

That sounded pretty good, so we agreed on that.”

Even for a book with an ordinary prospective initial sale, the publisher “might [plan to] have an edition of 15,000 or 20,000,” Scherman commented later, “and [our sale] was quickly up in the vicinity of 40,000.” This promised a very different cost structure, since the fixed costs of making a book were not insubstantial. The publishers had initially sent bound copies of books for consideration. Soon they were sending galleys. Soon enough thereafter, they were seeking the lower unit costs of co-publication agreements, in effect a new vertical structure for (part of) the industry.³⁵

Depression and war

The early 1930s were a terrible—truly a nightmarish—time for American business overall. The 1920s boom had had its pauses and hiccups, but the demand collapse starting in late 1929 (see Table 15) was simply staggering. Real Gross National Product fell from \$203 billion in 1929 to \$141 billion in 1933. Unemployment shot up,

³⁵ See below for more on this. The transition itself came in two steps. The first involved the Book-of-the-Month Club doing its own publishing. This was carried out by merchant printing houses with plates leased from the initial publisher apparently on predominantly variable cost terms. The second was actual co-publication. I need to document the timing and contractual details of these transitions better than I have as yet.

especially among non-farm employees (amongst whom it reached a peak in excess of 37 percent). In general, unemployment was the only national economic statistic going up.

The Book-of-the-Month Club business performed, in these circumstances, remarkably. (See Table 16.) Subscription numbers dipped in 1931 and again in 1934 but otherwise grew steadily. Total books sold grew vigorously, with the 1938 figure more than treble the 1930 one. Net profits as a proportion of net revenues grew.

The company had two main operational responses to the Depression market conditions. One was thinly disguised discounting of its prices via initial or after-twelve free volumes. But the real problem was not direct competitors or other channels but rather the state of overall demand. Deflation was general and publishers' list prices were cut in the period, with new price points also established. On the subscription side, perhaps the investment in customer trust was also paying off. The monthly newsletter had a section advertising titles that members had previously liked. Some members, at any rate—perhaps these titles were in part excess inventory.³⁶ The second change was the shift from buying shippable books from publishers to renting the printing plates, self-publishing, and paying a royalty on copies sold. This was initially prompted by pressure on prices from the Literary Guild. But the change enabled the company to exploit its increasingly impressive ability relative to the other contemporary channels to sell copies of the titles chosen as its main selections. Soon enough, as I discussed above, the publishers wanted to consolidate press runs so as to share the economies of scale.

³⁶ One notices *The Heart of Emerson's Journals*, for example. And it would be mildly surprising if the company was regularly reprinting *Ulysses* to meet surprising and stubbornly persistent demand throughout the Depression.

For one reason or another, then, the company did well during most of the Depression years and as the economy began to recover. The war years looked better still, commercially speaking.

“... Back in 1939 and 1940, while we weren’t in the war, people were pretty prosperous and were buying books—were buying everything. When we got into the war the total of our membership begins to reflect the fact that people not only had a lot more money to spend but that they couldn’t spend it on many consumer goods. The whole book industry boomed: you could sell almost any book in that period. ... The cost of getting subscribers then was very (206) low. You almost could put an ad in anywhere, or send out any kind of circular, and get results.”

As the post-War years began, the company was in good shape.

The exit of the (remaining) adventurers?

The Book-of-the-Month Club was incorporated in 1926. It carried on as a private company for many years with only incremental changes in its basic approach. (I consider how well this worked out for the investors below.) By the end of the war, however, Scherman had had major health troubles. A number of the other initial investors, by then mainly in their sixties, had at one point or another sold out to him and moved on to another stage of their lives. Concerns were expressed about continuity of leadership in the event of further health problems or retirements. Scherman’s lawyers also wanted a price on the shares so that the inheritance taxes would not be essentially at the discretion of the Treasury when Scherman died. An initial public offering was proposed for 1947.

One can piece together a reasonably picture of the company’s operating context as of that moment in time. Table 17 gives three key elements of the environment. Real GNP was slightly down relative to the war years but up massively over 1929. The number of Armed Forces personnel on active duty of course expanded greatly over the war years, rising from approximately 334,000 in 1939 to a 1945 peak in excess of 12

million. By 1947, the number was down to about a million and a half. The GI Bill (the “Servicemen’s Readjustment Act of 1944”, to call it by its official name) was signed by President Roosevelt on June 22, 1944. It subsidized inter alia tuition, fees, books and supplies, and living expenses for the honorably discharged. Within the following seven years, it sent roughly two and a third million people to college. The 1948 and 1950 tertiary enrollment figures were 2,616,000 (an increase from the previous figure of almost 80 percent) and 2,659,000. These people were acquiring, amongst other habits, the habit of reading books. Personal consumption expenditure patterns in 1947 were not much different from what they had been in 1929. (See Table 18.) In the finest subdivision reported in the source capturing expenditure on books, the share remained for practical purposes constant. The prospective market looked good. A 1947 “Census of Sales” conducted by the Commerce Department showed adult trade books i.e. sold direct from publishers or through bricks-and-mortar trade channels at 16.1 percent of total volumes compared to mail-order sales, which went principally through book clubs, of 15 percent. (See Table 19.) The Book-of-the-Month Club dominated this sector.

So the environment was promising. The company itself was throwing off money and seemed to have bright prospects. Even so, it is not apparent from analysis of the IPO prospectus that it was being managed as well as it might have been. Table 23 gives such churn data (a key parameter in understanding whether the company had roughly the right size or not) as I have been able to discover to date. The S-1 breaks out an accounting category corresponding to (nominal) customer acquisition expenses. Mobilizing (bravely and conceivably slightly recklessly) the churn data and the subscriptions series, a series on the inflows of new customers can be estimated for 1937-1946 and a series on the real

cost per new subscriber calculated. (See Table 24.) This was back to pre-war levels by 1946.

Table 25 gives the key figures in a calculation of the lifetime customer value of average (i.e. not incremental) customers during the 1937-1946 period (again somewhat awkwardly assuming some stability in churn rates over the period). These values are the benefits corresponding to the (nominal values of the) costs of the preceding paragraph. In general, the benefits look smaller than the costs. One might home in on uncertainty as to the actual churn rates and argue that for most years in the period the two were not statistically distinguishable from one another.³⁷ But this looks clearly untrue for 1945 and 1946. I note that the first big postwar operating initiative was to scale back numbers.

Perhaps the analysts did not dig so deeply. Perhaps they did and thought the company would be worth even more with pressure from public shareholders. In any case, the IPO went off quite successfully. The Book-of-Month Club considered as an economic entity continued as a public company into the late 1970s, when it was purchased by the company now known as Time-Warner. By that time, all of the original adventurers were gone from the scene. I will comment extensively on the company's performance in the intervening years and slightly beyond in the next version of this paper. For now, I will simply note that the company still trades as a division of the industry roll-up called Bookspan (owned jointly by Time-Warner and the German publishing firm Bertelsmann).

³⁷ The break-even annual churn rate given in the Table is the rate that would equate the benefit and cost columns. In general, one might think to compare these to the range of actually observed rates. The churn rate used in the lifetime customer value calculations comes from a Monte Carlo simulation. Measures of its variance are therefore available (as such measures corresponding to the actually observed rates are not). The asterisks in the Table's final column indicate the break-even churn rates that are within 1.96 standard deviations of the estimated mean.

4. Some discussion of economic substance

The company was started with an investment of \$40,000, half from the wealthy investor Haas who joined the firm for half a dozen years and half from Scherman and Sackheim. Operations must have looked promising: from 1928, gross margins were consistently in the 60 percent range (Table 20) and capital expenses were minimal. Data available in the S-1 allows computation of returns during the private period. Table 22 gives a series for the return on shareholders' equity during the private period and a series comparable to the usual total return calculation for calculations in public companies.³⁸

The numbers reported in that Table are healthy, very healthy indeed; and if the real sizing mistakes in fact came shortly before the IPO, one wouldn't have expected to see big consequences until afterwards.³⁹ So how should we assess the returns data? It certainly is possible to offer some crude standards of comparison.⁴⁰ Excluding 1927 as a transitional year, the Book-of-the-Month Club mean return figure from Table 3 is 22.16 percent (with a standard deviation of 19.43 percent).⁴¹ The analogous figure for the Standard and Poor's 500 stock index is 3.04 percent (27.76 percent respectively.). For a market capitalization-weighted average of the analogous figures for the largest mail order

³⁸ The calculations go as follows. Deduct from net sales COGS ("cost of goods sold") and SG&A (selling, general, and administrative expenses), add in other income, and subtract off taxes, to get profit after taxes. Subtract off cash dividends to obtain retained earnings. Calculate stockholders' equity as initial capital investment plus retained earnings. Calculate return-on-equity as net after-tax profits divided by stockholder equity. (This is the per-dollar statistic given in Table 2.) Calculate the total return as the year-to-year change in return-on-equity. (This is how the value of holding the company changes and is the statistic given in Table 3.)

³⁹ These did in due course appear.

⁴⁰ The fact that these comparisons are calculated from stock market valuations rather than accounting ones and that the companies in question had different asset (and so depreciation) structures limits the value of this exercise. I have hopes of creating strictly comparable series but have not yet done so.

⁴¹ The exclusion depresses the mean.

general merchandise retailers (Sears Roebuck, Montgomery Ward, and Spiegel), the numbers are 14.87 (49.60).⁴² For a similar weighted average of the analogous figures for five major department stores, they are 5.67 (40.49).⁴³ Calculations of risk-adjusted rates of return show the Book-of-the-Month Club doing more than three times better than the mail order index and about ten times better than the department stores. Both of the latter show beta values (representing covariation with the market average) greater than 1, while the Book-of-the-Month Club's beta appears at about .5. Commercially speaking, the Book-of-the-Month Club was a good idea.

What sort of idea was it? The first scholarship on the company more or less takes Scherman's line. I could paraphrase this to say that the company is portrayed rather as if it was Henry Ford discovering the mass market for automobiles. Scherman was a bit defensive, of course, as to where his customers lived and even in its public company days the company never published data about where its customers lived that was very illuminating.⁴⁴ The perspective of both these sources is, oddly, rather like that of a neoclassical economist. There are fixed costs to having a bricks-and-mortar store. Only some areas will represent markets large enough to be able to support it. I want to propose a different interpretation.

What the store owner established in some specific venue worries about first is not whether to open a satellite shop in the location's hinterlands. The first worry is how to make money in the space to which there are already financial commitments. This

⁴² This is the same weighting system employed in the S&P index.

⁴³ I would have liked to add to this set another series for publishers (for reasons that will emerge below). Unfortunately, the quantitative raw materials do not appear to exist.

⁴⁴ The president of the company said specifically at the time of the IPO that two-thirds of the customers lived in rural areas and towns. But the company never gave data that could be correlated to the location of book-selling venues. I asked a quantitatively-minded manager who worked at the firm in the late 1970s where the customers were and was told to imagine a map of the National Public Radio subscriber base. I continue in search of real evidence on this point.

appears fundamentally as a problem of merchandising—In what goods should working capital be invested? What variety should be shown off in the inevitably limited display space?—and may in this guise seem relatively modern. It is not. For a vivid old American example, Parson Weems (he of George Washington and the cherry tree, etc.), in his capacity as traveling salesman, wrote in 1809 to Mathew Carey, the publisher of the books he was selling about a scheme to set up and stock stores. Carey was skeptical. Weems replied as follows: “You speak of dead Capital. But, in my opinion there is nothing to be dreaded on that score, provided your Capital be vested in the right books.”⁴⁵ The problem is chronic and was until very recently in general not less than extremely difficult for a general audience retailer to address.⁴⁶

The Book-of-the-Month Club was not passive about vesting its capital in the right books. It was an early and intensive user of George Gallup’s services. (It eventually even put Gallup on its board.) It wanted to know about its customers as well as about the products it might offer. It strove to control operations and costs, and it did not in this period suffer from anything like the overproduction and general coordination problems the contemporary alternative channels did. Subscriber acceptance rates of the Main Selections declined secularly, but on the evidence currently available appear to have been fairly easy to predict.⁴⁷ All this may indeed have been completely independent of the Selection Committee’s decision-making. That does not mean it had no economic value.

⁴⁵ Weems to Carey, March 25, 1809 in Skeel ed., vol. II, p. 397. The whole letter is marvelous as well as illuminating of various aspects of the early book trade (and Weems’s temperament, if that is not itself one of the aspects). I reproduce the key parts in the Appendix to this text.

⁴⁶ On the transition, see Raff, *op. cit.*

⁴⁷ At present the number of observations of acceptance rates in the private period is smaller than I wish. But a one-variable regression captures nearly ninety-five percent of its variance. I will give more details in the next draft.

My sense is that the Book-of-the-Month Club was in effect a variance-reducing means of profiting from investment in retailing books.⁴⁸ It may well have been an economically superior model for the whole vertical enterprise of publishing-cum-retailing.⁴⁹ Neither retailing nor publishing were known as high-margin businesses in this period. A simple calculation concerning the profitability of the Book-of-the-Month Club is suggestive (though very far from conclusive).

Forty thousand (nominal) dollars went in to establish the company early in 1926. There were cash dividends in every year starting in 1927. One can calculate the present value of this dividend stream as of the time of the initial investment given an interest rate. Similarly, the share price as of the IPO established a terminal value on the initial investors' investment. This too can be discounted back. If the discount factors are nominal interest rates, then changes in the price level as well as the time value of money are accounted for. Using what I imagine is the most realistic available interest rate series (i.e. for investors' alternative investments), that on prime corporate debt, it appears that the ration of investments benefits to costs was slightly in excess of 228:1. (Using the most financially conservative alternative, that of federal government short debt—

⁴⁸ A direct test of this at the moment still seems elusive. There definitely is some preliminary evidence the company got good at reducing the variance of profiting period (which is not quite the same counterfactual). The calculations behind Table 26 involve running a trend line through the returns series of Table 22, calculating the value of the deviations of the realizations from this trend, and taking their absolute value. Note that values in the series in this table fluctuate but are basically damping through America's entry into World War II, then (in what must have been somewhat novel circumstances) up a bit (but not much by the earlier standards). Note also that the slope of the trend line in question is -0.056 but with a standard error of 0.031. It might conceivably in fact be negatively sloped (and it would be easy enough to explain that). But by the usual conventions, the trend is indistinguishably different from being flat.

⁴⁹ Trade publishing, then and now, is reminiscent of venture capital in its dependence on a small number of very successful titles to carry a much larger list most of which are at best modest financial successes. The great part of this remainder in fact generally loses money. The main way publishing in the period under discussion differs in these respects from venture capital is that the houses we think of as major trade publishers also had lines of textbooks, dictionaries, and the like that were used to subsidize trade operations that often enough lost money overall. The ability of the Book-of-the-Month Club regularly to sell extremely large numbers of its main selections was a major advantage, comparatively speaking.

procedure that does not give the most conservative estimate since the interest rate discounts future earnings—the numerator of the ratio is in just shy of 350.) Table 27 gives the basic facts. The Book-of-the-Month Club was a very effective way of doing whatever it did.

In general, whole-channel profit rates cannot be calculated from publicly available data.⁵⁰ The Federal Trade Commission Line-of-Business program in the mid-1970s made calculations for selected industries on the basis of non-public data but the coverage was not broad and the effort was not continued.⁵¹ But a weighted average of two figures must lie between the extremes of the two: it cannot be more than the value of the larger figure. The Book-of-the-Month Club figure cited above is very much larger than any plausible weighted average of value chain components given what we know about the typical financial performance of the various elements of the value chain. This was a supranormally profitable channel structure.

5. By way of an interim conclusion

There is more work to be done here on the firm's development of its capabilities—what the managers thought they needed to do, what they did, how well their initiatives worked. Resources definitely exist to support this. Such an account—theory-driven but in its essence forward-looking—gives a very different portrait of the firm's progress from one that reasons backwards from outcomes at moments chosen for

⁵⁰ See Betty Bock, *Line-of-business reporting: Problems in the formulation of a data program* (New York: The Conference Board, 1975) [Conference Board Report No. 654].

⁵¹ The results that were published appear s U.S. Federal Trade Commission, *Annual line of business report* (Washington: U.S. Federal Trade Commission, 1973-1977).

arbitrary or hortatory reasons. It is what causal rather than functionalist explanation looks like in an evolutionary context.⁵²

Some further comments may be in order. Selling books by subscription in America is a very old practice. Weems certainly did some of it, for example; and the records of printers preceding Carey tell us that the practice long pre-dated him. But in those days the mechanism was used to raise money and financial commitments to publish expensive editions of specific works and the clientele seems to have been fairly well-to-do. The late nineteenth century incarnation was much more popular but—rather like the Little Leather Library—overwhelmingly organized around the collected works of well-known authors. The Cultural Studies people have it right that what the Book-of-the-Month Club was doing was quite different from both of these models. My observation is that the company's model raised different problems from an operating perspective and seems, at least in the private years, to have addressed those problems notably effectively relative to the contemporary alternatives for making and selling books.⁵³

These different problems are particularly salient in the modern book trade, a line of business with tens of thousands of new products every year and in itself a fine grain of sand in which to see the economy's ongoing struggles to provide potential customers with sought variety.⁵⁴ But they are quite general to the distribution of any product the

⁵² The reader will detect that I have views here. For some discussion (amidst other matters), see Naomi R. Lamoreaux, Daniel M.G. Raff, and Peter Temin, "Beyond Markets and Hierarchies: Towards a New Synthesis of American Business History," *American Historical Review* 108(2) (April, 2003), pp. 404-433, and "Against Whig History," *Enterprise and Society* 5(3) (September, 2004), pp. 376-387. I hope to produce a paper that fronts these issues soon.

⁵³ I have yet to explore in detail the practices of the German book clubs that began to flourish in the difficult times there following the First World War. The Book-of-the-Month Club founders claim they were not imitating; the typical selections have a very different character; and the book retailing context seems, at least on the surface, to be very different. But I do need to look further.

⁵⁴ For more on this theme, see my essay "Distribution" in Susan Carter, Scott Gartner, Michael R. Haines, Alan Olmstead, Richard Such, and Gavin Wright, eds., *Historical Statistics of the United States Millennium*

manufacturing technology of which renders making to stock significantly less expensive than making to order. This is a very common state of affairs, though technical change in that manufacturing technology might well change its extent over time.⁵⁵

One gets another illuminating perspective by moving from the relatively distant past to very recent days and the future. The business students I teach think of Amazon as a poster child for the Internet economy, by which phrase they seem to mean a set of firms the most salient aspect of whose business model is the way their current offerings can be searched by physically remote potential customers. The students may well be right that thinking this unprecedented. It is well less than the whole story. Some readers of this text may remember going to the Amazon webpage in the earliest years of the company. The potential customer identified a book and learned whether Amazon could send it out within twenty-four hours, within two to three days, or within four to six weeks. The four-to-six week service amounted to having Amazon call up the publisher and offer its own credit card rather than the customer doing this directly.⁵⁶ The two-to-three day service involved, in effect, selling out of the inventory of the national wholesaler Ingram. The within twenty-four hours service obtained only for the maximum four hundred titles of which Amazon had physical possession and ownership. The company was selling books radically minimizing inventory risk. It was a very different strategy from the traditional book store. But it was not without precedents.

Edition, Vol. 4 [Economic Sectors] (New York: Cambridge University Press, 2006), pp. 705ff.

⁵⁵ Some business consultants—a notoriously blue sky set of authorities—suggest that this is a widespread and significant phenomenon. The evidence I have seen thus far is quite inconclusive. Jason Epstein, for example in *Book Business: Publishing: Past, Present, and Future of Books* (New York: W.W. Norton, 2001), takes what seems to me a quite optimistic view on how much and how rapidly this change is occurring in the book trade. But that some change is under way there is beyond doubting.

⁵⁶ Why publishers were then still so slow in responding to small lot orders and reorders is a topic I take up in the “Capability Development” paper.

It was not, of course, the same as the Book-of-the-Month Club's approach. The Book-of-the-Month Club minimized inventory risk in part by minimizing choice. Amazon is quite different in this respect. But it is much less different than it looks; and the history of the company and of its managerial challenges has been in substantial measure a history of investment in facilities, software, and analysis aimed at manage inventories.

Table 1
Book publishing in America 1900—1920

	1900	1910	1920
New books	4,490	11,671	5,101
New editions	1,866	1,799	1,086
Total new stock-keeping units	6,356	13,470	8,422

Sources (for now, for convenience): *Historical Statistics of the United States Bicentennial Edition* [hereafter *HSUS BE*] Series R192-194

Table 2

Book publishing in America 1920-1925

	New books	New editions	Total new SKU's
1920	5,101	1,086	8,422
1921	5,438	1,008	8,329
1922	5,998	865	8,638
1923	6,257	921	8,863
1924	6,380	1,158	9,012
1925	6,680	1,493	9,574

Sources (for now, for convenience): *HSUS RE* Series R192-194

Table 3

The United States as it appeared looking backwards in 1925:
General statistics on population

	1900	1910	1920
Population	75,994,575	91,972,266	105,710,620
Pop/sq. mile land area	25.6	31.0	35.6
Pop 21& +	40,879,000	51,852,000	61,235,000
Median age	22.9	24.1	25.3
Pop Foreign-born	5,630,190	7,667,748	7,675,435
10+ % Literate	89.3	92.3	94.0

Sources (for now, for convenience): *HSUS* Series A2, A5, A41, A143, A105, and H664.

Table 4

The United States as it appeared looking backwards in 1925:
Education

	1900	1910	1920
Primary + secondary enrollment	16,885,000	19,372,000	23,278,000
Enrollment rate (5-17 population)	78.3	79.4	83.2
Tertiary enrollment (residential)	238,000	355,000	598,000
Enrollment rate (18-24 population)	2.3	2.9	4.7
BA's awarded	27,410	37,199	48,622
Per 1000 persons 23 years old	19	20	26
Per 100 HS graduates 4 years prev.	36	30	19

Sources (for now, for convenience): *HSUS BE* Series H418-419, H706, and H751

Table 5

The United States as it appeared looking backwards in 1925:
Number of places by size of place

	1900	1910	1920
Places of 1,000,000 or more	3	3	3
Places of 500,000-999,999	3	5	9
Places of 250,000-499,999	9	11	13
Places of 100,000-249,999	23	31	43
Places of 50,000-99,999	40	59	76
Places of 25,000-49,999	82	119	143
Places of 10,000-24,999	280	369	465
Places of 5,000-9,999	465	605	715
Places of 2,500-4,999	832	1,060	1,255
Places of 1,000-2,499	2,128	2,717	3,030
Places under 1,000	6,803	9,113	9,825

Sources (for now, for convenience): *HSUS BE* Series A43-56

Table 6

The United States as it appeared looking backwards in 1925:
Population location (in thousands)

	1900	1910	1920
Places of 1,000,000 or more	6,429	8,501	10,146
Places of 500,000-999,999	1,645	3,011	6,224
Places of 250,000-499,999	2,861	3,950	4,541
Places of 100,000-249,999	3,272	4,840	6,519
Places of 50,000-99,999	2,709	4,179	5,265
Places of 25,000-49,999	2,801	4,023	5,075
Places of 10,000-24,999	4,388	5,549	7,035
Places of 5,000-9,999	3,204	4,217	4,968
Places of 2,500-4,999	2,899	3,728	4,386
Places of 1,000-2,499	3,298	4,234	4,712
Places under 1,000	3,003	3,930	4,255
Other rural territory	39,533	41,809	42,586
Total	75,995	91,992	105,711
% Rural	60.3	54.3	48.8

Sources (for now, for convenience): *HSUS BE* Series A 57-72, A57 and 59.

Table 7

The United States as it appeared looking backwards in 1925:
Population employment by sector

	1900	1910	1920
Agriculture	36.9	30.4	24.6
Manufacturing	20.0	22.1	25.1
Trade	10.8	11.8	13.2
Other (6 categories)	32.3	35.7	37.1

Sources (for now, for convenience): *HSUS BE* Series F250-261

Table 8

The United States as it appeared looking backwards in 1925:
Transportation and communication infrastructure

	1900	1910	1920
Transportation			
Railroads			
Total track operated (miles)	258,784	351,767	406,580
Track built during year	4,894	4,122	314
Automobiles			
Registrations	8,000	458,300	8,131,500
Surfaced roads (miles)	---	204,000	369,000
Communication			
Miles of telephone wire*	4,9000,451	20,248,320	37,265,953
Telephones per 1000 pop	17.6	82.0	123.4
Post Offices	76,688	59,580	52,641
Postal routes mileage exclusive of Rural Free Delivery	500,989	447,998	435,342
Rural Free Delivery Route mileage	28,085	993,068	1,151,832

* The reporting years for this series (only) are 1902, 1912, and 1922 i.e. two years after all the other figures here.

Sources (for now, for convenience): *HSUS BE* Series Q288 and 329, Q153, 56, and 50, R104, R2, R 163, and *Statistical Abstract of the United States 1924* Tables 321, 312, and 317

Table 9:
Retail distribution channels for books ca. 1925:
Where they were

	Total establishments	% total est.	% 1920 pop.
Places of:			
1,000,000 or more	761	13.17	9.60
500,000-999,999	424	7.34	5.89
250,000-499,999	246	4.26	4.30
100,000-249,999	613	10.61	6.17
50,000-99,999	546	9.45	4.98
25,000-49,999	615	10.64	4.80
10,000-24,999	1192	20.63	6.65
5,000-9,999	745	12.89	4.70
2,500-4,999	384	6.65	4.15
1,000-2,499	168	2.91	4.45
Under 1,000	84	1.45	44.31

Source: *American Book Trade Directory 1925*

Table 10

Retail distribution channels for books ca. 1925:
Where they were (by categories)

Store type:	G	E	J	N	Gi	C	M	L	F	Dr	S	X	O	W	D	R
Places of:																
1,000,000 or more	293	34	5	24	20	13	10	18	29	4	65	0	88	14	44	60
500,000-999,999	165	19	4	15	18	12	5	8	6	2	33	0	20	13	53	39
250,000-499,999	91	15	2	11	10	3	3	11	1	2	14	0	10	11	39	19
100,000-249,999	200	44	6	25	32	8	1	6	9	9	42	0	16	26	139	44
50,000-99,999	210	30	2	35	35	11	1	2	5	14	24	0	6	5	140	19
25,000-49,999	241	37	8	54	45	13	2	1	2	30	16	0	7	1	143	10
10,000-24,999	496	61	7	158	110	9	0	1	1	138	6	0	7	1	185	9
5,000-9,999	294	34	2	95	82	3	0	0	2	122	2	1	3	0	102	1
2,500-4,999	141	34	3	30	55	1	0	0	0	52	2	0	4	1	55	2
1,000-2,499	57	20	0	18	20	0	0	0	0	32	2	0	4	0	14	1
Under 1,000	20	13	0	7	15	1	0	0	0	18	0	0	3	0	4	0

Store type code: G(eneral), E(ducational), J(uvenile), N(Periodical), Gi(ft shop), C(irculating library), M(edical), L(aw), F(oreign), Dr(ug store), S(econd-hand), X(Export), O(ld and rare), W(holesale), D(epartment), R(eligious), Un(classified). Σ here means "total".

Source: *American Book Trade Directory 1925*

Table 11

Book distribution channels for books ca. 1925:
What they mainly sold

Store type	Percent leading self-identification	
	All categories	Selected categories only
G(eneral)	38.14	60.90
E(ducational)	5.90	
J(uvenile)	0.67	
N(Periodical)	8.20	
Gi(ft shop)	7.69	
C(irculating library)	1.28	2.04
M(edical)	0.37	
L(aw)	0.81	
F(oreign)	0.94	
Dr(ug store)	7.31	11.67
S(econd-hand)	3.59	
X(Export)	0.02	
O(ld and rare)	2.92	
W(holesale)	1.25	
D(epartment)	15.90	23.28
R(eligious)	3.52	
Un(classified)	1.49	

Source: *American Book Trade Directory 1925*

Table 12
 Circulating Library self-identifiers in 1925

	Instances	Percent
Circulating library sole business	170	19.81
Circulating library and General only	566	65.92
Circulating library and Department store only	44	5.13
Circulating library and Drug store only	29	3.38
Circulating library, General, and Department store only	45	5.74
Circulating library, General, and Drug store only	4	0.47
Circulating library, Department store, and Drug store	0	0.00
Circulating library, General, Department, and Drug store	0	0.00
Total	858	

Source: *American Book Trade Directory 1925*

Table 13
 Circulating Library self-identifiers in 1925
 Where they were

Places of:	Number
1,000,000 or more	112
500,000-999,999	54
250,000-499,999	30
100,000-249,999	112
50,000-99,999	99
25,000-49,999	101
10,000-24,999	193
5,000-9,999	82
2,500-4,999	39
1,000-2,499	25
Under 1,000	11

Source: *American Book Trade Directory 1925*

Table 14

The early years of the enterprise

	Subscribers	Books sold	Net revenues	Profits (net of tax)
1926	46,539	232,389	502,756	(24,054)
1927	60,058	641,978	1,481,061	151,933
1928	94,690	867,390	1,813,803	162,087
1929	110,588	986,044	1,986,626	230,349

Source: S-1 Registration Statement dated March 20, 1947

Table 15

The economy during the firm's early years and the years of the Great Depression

	Real GNP	Unemployment	
		Civilian labor force	Non-farm employees
1926	190.0	1.8	2.9
1927	189.8	3.3	5.4
1928	190.9	4.2	6.9
1929	203.6	3.2	5.3
1930	183.5	8.9	14.2
1931	169.3	16.3	25.2
1932	144.2	24.1	36.3
1933	141.5	25.2	37.6
1934	154.3	22.0	32.6
1925	169.5	20.3	30.2
1936	193.0	17.0	25.4
1937	203.2	14.3	21.3
1938	192.9	19.1	27.9

Sources: *HSUS BE* (for now, for convenience) Series F3 (1958 prices), D9 and D10

Table 16

Book-of-the-Month Club performance in the Depression years

	Subscribers	Books sold	Net revenues	Profits (net of tax)
1930	93,660	843,300	1,633,455	138,512
1931	82,248	892,235	1,550,203	272,583
1932	88,025	973,356	1,440,805	120,498
1933	94,739	963,338	1,584,208	209,960
1934	93,070	949,828	1,590,967	216,256
1935	137,019	1,197,440	1,974,929	174,248
1936	195,785	1,613,999	2,791,194	248,682
1937	246,337	2,327,449	3,832,500	519,313
1938	282,300	2,821,301	4,623,066	486,580

Source: S-1

Table 17

Looking back in 1947:
Economic context

	Real GNP	Armed Forces (active duty)	Tertiary education enrollment
1926	190.0	247,396	941,000
1927	189.8	248,943	
1928	190.9	250,907	1,054,000
1929	203.6	255,031	
1930	183.5	255,648	1,101,000
1931	169.3	252,605	
1932	144.2	244,902	1,154,000
1933	141.5	243,845	
1934	154.3	247,137	1,055,000
1935	169.5	251,799	
1936	193.0	291,356	1,208,000
1937	203.2	311,808	
1938	192.9	322,932	1,351,000
1939	209.4	334,473	
1940	227.2	458,365	1,494,000
1941	263.7	1,801,101	
1942	297.8	3,858,791	1,404,000
1943	337.1	9,044,745	
1944	361.3	11,451,719	1,155,000
1945	355.2	12,123,455	
1946	312.6	3,030,088	1,677,000
1947	309.9	1,582,999	

Sources: *HSUS BE* (for now, for convenience) Series F3, Y904, and H706

Table 18

Looking back in 1947:
1929 and 1947 personal consumption expenditure
(% of total)

	1929	1947
Food, beverages and tobacco	27.5	34.9
Clothing, accessories, and jewelry	14.5	14.2
Personal care	1.4	1.4
Housing	14.9	9.7
Household operations	13.9	14.9
Medical care expenses	3.8	4.3
Personal business	5.4	3.4
Transportation	9.9	9.4
Recreation	5.6	5.8
Other	3.1	2.0

Source: *HSUS BE* (for now, for convenience) Series G460-469, 416, and 456.

Table 19

Department of Commerce 1947 "Census of Sales" in the book publishing industry

	Percent (of total volumes)
Text books (all levels)	27.8
Trade books	20.7
of which:	
Adult	16.1
Juvenile	4.7
Mail order books (principally book clubs)	15.0
Subscription books (sold principally through agents in sets on a subscription basis)	14.7
Technical and professional books	10.5
Religious books	6.6
Other	4.6

Source: (For now, for convenience) Book-of-the-Month Club, Inc. *Annual Report* for 1949

Table 20

Looking back in 1947:
Relatively external views of the firm

	Subscribers	Total books distributed	Real net sales per customer (1926 \$)	Gross Margin
1926	46,539	232,389	10.89	52.98
1927	60,058	641,978	25.09	52.70
1928	94,690	867,390	19.83	60.14
1929	110,588	986,044	18.59	63.58
1930	93,660	843,300	18.48	64.10
1931	82,248	892,235	21.95	68.72
1932	88,025	973,356	21.15	66.80
1933	94,739	963,338	22.77	66.16
1934	93,070	949,828	22.58	62.39
1935	137,019	1,197,440	18.62	64.15
1936	195,785	1,613,999	18.15	63.94
1937	246,337	2,327,449	19.12	62.60
1938	282,300	2,821,301	20.56	62.18
1939	362,585	3,360,217	18.57	61.89
1940	404,451	3,768,667	18.87	65.20
1941	517,785	4,858,702	19.34	63.43
1942	584,773	5,932,203	18.44	62.07
1943	633,455	6,765,739	19.23	61.91
1944	636,422	6,965,176	20.22	65.44
1945	767,622	7,860,258	17.36	65.39
1946	889,305	11,412,647	18.57	61.59

Source: S-1, Consumer Price Index

Table 21

Book-of-the-Month Club customers in 1947

Gender:

Male	35
Female	65

Age

Under 30	48
30-39	28
40-49	14
50 and older	10

Education

Attended college	67
Did not attend college	33

Source: Book-of-the-Month Club., Inc. *Annual Report* for 1952

Table 22

Looking back in 1947:
The firm's financial performance

	Return on shareholders' equity	Change in s/e
1928	182.28 %	28.3 %
1929	242.11	- 9.6
1930	115.84	64.8
1931	187.83	- 5.0
1932	67.83	51.3
1933	86.09	28.0
1934	80.24	- 3.2
1935	62.85	9.2
1936	78.27	19.6
1937	121.70	46.6
1938	83.08	30.9
1939	80.71	34.3
1940	73.68	34.1
1941	54.74	20.1
1942	42.55	16.9
1943	44.52	22.0
1944	34.97	11.6
1945	33.55	3.0
1946	52.40	18.1

Source: Author's calculations based on data from the S-1.

Table 23

Aspects of operations in 1947 perspective:
Churn data, such as survives

1942-1946:

	Monthly	Implied annual rate
Minimum observed cancellation rate	2.60	27.10
Maximum	4.90	45.28
Mean	3.46	34.46
Monte Carlo simulation (see note)		35.80

Early 1980s:

1980-81	30
1981-82	29
1982-83	28
1983-84	27

Simulation protocols: I assumed a triangular distribution and simulated with 5000 trials.
NB: The 1980s data prove nothing but suggest the possibility that churn rates during the war were historically high.

Source: S-1, *Strategic Study*, and author's calculations

Table 24

Aspects of operations in 1947 perspective:
New customers and their acquisition

	Real customer acquisition expenses	Estimated new subscribers	Real cost per subscriber
1937	817,179	120,643	6.77
1938	847,274	124,152	6.82
1939	1,144,732	181,348	6.31
1940	1,022,966	171,671	5.84
1941	1,577,026	258,127	6.03
1942	1,485,237	252,355	5.89
1943	1,075,583	258,031	4.17
1944	837,508	229,744	3.65
1945	1,315,627	359,039	3.66
1946	2,678,463	396,492	6.76

Sources: S-1 and author's calculations

Note: Customer acquisition costs come from the S-1 and have been deflated using the CPI. The Monte Carlo estimate of annual customer losses was used in combination with the S-1 total customer figures to estimate the annual influx of new customers.

Table 25

Aspects of operations in 1947 perspective:
The net value of the customers reviewed
(squinting very hard)

	Nominal annual profits (net of tax) per average customer	Lifetime customer value estimate	Cost of new customer acquisition	Break-even annual churn rate
1937	2.35	6.04	5.51	.3950**
1938	1.84	4.76	5.44	.3096**
1939	1.95	5.05	4.96	.3651**
1940	2.00	5.21	4.62	.4069**
1941	1.56	4.07	5.01	.2860**
1942	1.20	3.13	5.42	.1952
1943	1.36	3.55	4.07	.3089**
1944	1.19	3.12	3.62	.3041**
1945	1.11	2.89	3.73	.2723
1946	1.62	4.24	7.44	.1931

Source: S-1 and author's calculation

Note: LCV is nominal annual profits net of tax/customer divided by the sum of the annual churn rate and the interest rate corresponding to the opportunity cost of funds. The cost element of the cost of new customer acquisition comes from the S-1 (and is in nominal dollars). The number of new customers comes from Table E-8 (and assumes the Monte Carlo estimated mean annual rate throughout i.e. as a constant—this is surely not correct, but it is not clear it is systematically biased, still less biased in one direction of another). The break-even annual churn rate is the rate that would equate the preceding two columns in the cases in which the benefits calculated are less than the cost. The asterisks in fourth column flag the break-even churn rates that are within 1.96 standard deviations of estimated mean.

Table 26: Absolute value of returns deviation from trend

1927	2.949
1928	0.595
1929	0.920
1930	0.119
1931	0.761
1932	0.143
1933	0.320
1934	0.576
1935	0.397
1936	0.237
1937	0.089
1938	0.012
1939	0.078
1940	0.132
1941	0.047
1942	0.071
1943	0.178
1944	0.130
1945	0.100
1946	0.306

Source: OLS regression of time on “Change to s/e ” series given in Table 22.

Table 27

Data and outcome for the discounted cash flow calculation

	Annualized prime corporate bond yield	Cash dividends	Terminal valuation
1926	4.36 %	\$ (40,000)	
1927	4.18	90,000	
1928	4.19	140,000	
1929	4.47	240,000	
1930	4.31	80,000	
1931	4.15	280,000	
1932	4.61	48,000	
1933	4.19	150,000	
1934	4.83	225,000	
1935	3.44	150,000	
1936	3.11	192,000	
1937	3.12	358,000	
1938	2.90	330,000	
1939	2.77	400,000	
1940	2.70	465,000	
1941	2.59	480,000	
1942	2.66	420,000	
1943	2.55	460,000	
1944	2.54	520,000	
1945	2.54	710,000	
1946	2.53	920,000	
1947	2.61		\$ 10,800000

The present discounted value of this cash flow, calculated using the interest rates given in the first column in constructing the discount factors, is \$9,130,430, terminal value .

Appendix:
Excerpts from a letter from Mason Locke Weems to Mathew Carey

Weems to Carey

Dumfries, March 25, [18]09

I sit down to write you a long letter. It pleases me much to find that you are getting to see things in the light in which they have long appeared to me. I now and ever have enjoyed the solace and support of principle in this most important of all human pursuits, I mean the dissemination of books You seem to think this grand enterprise is most to be advanced by subscription. Very greatly no doubt it is ... [Y]et I contend that in your circumstances it would be immensely wrong to have but one arrow in your quiver when you could have two equally feathered and sure. You have at least 80,000 Dollars worth of books on hand. Are you so fond of them as to be resolved that they shall never leave their shelves. Why let not some of your Charity begin at home? Those blessed books well written, and printed to go abroad and enlighten and exalt mankind. And could those excellent dead Authors, who have so long been lying in state in your store, but lift up their voice they would break your midnight slumbers with lamentation and mourning at their doleful confinement. Well, now were you to open their prison doors and let the Captives loose, you could no doubt, in way of Cartel obtain in exchange such a mass as would, in conjunction with those of your own now at press and printing, enable me with infinite ease to establish at least 150 to 200 stores of about 200\$ each. You speak of dead Capital. But, in my opinion there is nothing to be dreaded on that score, provided your Capital be vested in the right books. And certainly there are books of that description; and of this, surely you and I must be Judges at this time of day. Indeed of this I have long been informed as you well know. For... I have been incessantly preaching to you about the Right books. And when I was with you in Philad^a, was I not constantly telling you that high priced books and books without name would not do. Our Country, said, I, is made up of the small fry. Give me a Seine of small meshes. It is but rare that I want to see an Author that stands higher than a dollar. Give me 50 varieties, from 25 to 50 or 75 cents—interesting subjects—popular titles—fascinating frontispieces and showy bindings and I shall carry everything before me—especially if to these you add the Auxiliaries of numerous catalogues, and striking flourishes on the great pleasure and profits which the Farmers and their Boys and Girls may derive from education and Reading. Thank God I am now getting to be known by great numbers, who, I believe, will aid your sales, especially if I could have handsome circulars, addressed to my numerous acquaintance Legal, Theological, Medical, Military, Agricultural, &c &c and distributed at little or no expense

Content not yourself with one string to your bow when you can have two!! I repeat, that if Heaven should restore the ancient order of things, Peace and Plenty, the good that you may do and the money that you may make, may greatly exceed anything that you first thought of. Weigh well my plan—SUBSCRIPTIONS and ORDERS hold perhaps the first place in my expectations—And next, metamorphose a great deal of your

present stock—cut down your heavy ships into smaller craft—Turn (in the language of Vulcan) your old Sows into Pigs—I shall write again—I have a world to say.

Source: Emily Ellsworth Ford Skeel, ed., *Mason Locke Weems: His Works and Ways* 3v (NY privately printed, 1929), pp. 396-400.