“Soap and Hope”: Direct Sales and the Culture of Work and Capitalism in Postwar America

By

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TABLE OF CONTENTS

LIST OF FIGURES

LIST OF ABREVIATIONS

ACA	Amway Corporate Archives
BEN	Bentley Historical Library, University of Michigan
FTC	Federal Trade Commission Archives
FOR	Gerald R. Ford Presidential Library
HAG	Hagley Museum and Library
JWH	John W. Hartman Center for Sales, Advertising & Marketing History, Duke University
LOC	Library of Congress
NMAH	National Museum of American History, Smithsonian Institution

INTRODUCTION

In 2001 the satirical publication *The Onion* featured a story entitled “Russia Acquires Amway Distributorship.” Accompanied by a photo of three older women wearing fur hats and selling soap roadside, the article read, “The struggling nation of Russia took a major step toward getting out of debt and achieving financial independence today, when it became an Amway distributor.” Demonstrating a fine command of the language common in the corporate literature of direct sales firms, the *Onion* writer went on, “‘I can’t express how wonderful it feels to finally be in control of our destiny,’ Russian President Vladimir Putin said, ‘To be able to start up our own company in our spare time with only a small up-front investment is an incredible opportunity.’” Parodying Amway’s tendency to substitute adages about having a positive attitude for solutions to real economic duress, the *Onion* claimed that signs reading “Show The Plan,” and “Tough Times Don’t Last, Tough People Do,” were cropping up all over Russia. *The Onion* called up common perceptions of Amway distributors as aggressive, annoying, even zealous, proselytizers for direct selling. The neighboring country of Tajikistan, the article claimed, was dismayed at Russia’s latest endeavor after being previously burned by its experience with Amway. The President of Tajikistan commented, “it’s hard to form alliances when countries are afraid you’re going to try to sell them Estee Lauder knockoffs… I’m just glad Iran didn’t call for a *jihad* on Tajikistan, what with the way we were constantly bugging them to buy toothpaste from us.”[1]

The dismissive, derisive, even disdainful treatment of the Amway Corporation featured in *The Onion* is a common image of networked direct selling. Yet, the phenomenon some have

[1] “Russia Acquires Amway Distributorship” in *The Onion*. Issue 37, 9. May 9, 2001.

discounted as a scam or a joke is a significant sector of the consumer economy. Direct selling is in the U.S. today a $33 billion industry. In 2013 more than 16 million Americans worked in direct selling. The industry is comprised of more than 200 firms, among them billion-dollar global corporations including Avon, Amway, Mary Kay, Tupperware, and Herbalife. Yet, apart from a number of discrete case studies, historians still know relatively little about direct selling. Typified by women-centered organizations such as Avon, direct sales has often been perceived as a gendered activity – part work, part hobby – somehow set apart from bureaucratic corporate capitalism. By contrast, my dissertation reveals that the decentralized structure, casual workforce, home-based business model, and social networking common to direct sales in fact exemplify the trajectory of advanced capitalism in the United States. Taking direct sales seriously as an economic, occupational, and cultural phenomenon, my project examines direct sales in order to comprehend changes in the nature of work – and ideas about work – in post-1945 America.

Direct selling is a form of person-to-person commercial exchange that takes place away from a fixed business location. Direct sales firms do not sell goods in retail stores. Rather, they sell products and services through a network of independent salespeople called representatives, distributors, or independent business owners. In addition to selling door-to-door, distributors also promote products to groups via the "party plan" popularized by Tupperware in the post-World War II period. Distributors are independent contractors rather than employees and therefore earn neither a fixed salary nor hourly wage. They earn income by buying products from a corporation or manufacturer, such as Mary Kay or Avon, at a discounted price and re-selling that merchandise to individual users at a profit. Those who sell services and non-durable products like insurance work essentially on commission. Sellers may earn additional income in the form of performance bonuses or free merchandise. Distributors also earn income by recruiting other distributors, referred to as their "downline," to sell under them. The industry calls this organizational structure "networked direct sales" or "multi-level marketing." Although a highly successful recruiting tool, the networked structure closely resembles a pyramid scheme – an accusation that, as the article from *The Onion* demonstrates, has consistently plagued the direct sales sector.

My project revises the history of direct selling by placing it at the center, rather than on the margins, of modern capitalism. Bringing attention to the evolution of direct sales across the twentieth century, to the resurgence of such work after 1970 and to understudied cases like the Amway Corporation, I show that the low-pay, casual, "feminized" work of direct sales prefigured what many have come to see as the hallmarks of a post-industrial or "post-Fordist" economy. In other words, I offer a textured historical account of the making of postmodern labor. A cultural history as well as an economic one, my dissertation demonstrates that direct sales helps us to see how the boundaries among work, class, and selfhood were reconfigured in postwar America.

Historiography

Existing literature on direct sales has tended to be episodic and gender-specific. The early history of salesmanship is well documented in studies of Yankee peddling, patent medicine hucksters, and traveling salesmen.[2] Such works, however, have tended to focus on the colonial

[2] J. R. Dolan, *The Yankee Peddlers of Early America* (Ann Arbor: University of Michigan Press, 1964); Jackson Lears, *Fables of Abundance: A Cultural History of Advertising in America* (New York: Basic Books, 1995); Susan Strasser, *Satisfaction Guaranteed: The Making of the American Mass Market* (Washington, DC: Smithsonian Books, 2004); Timothy B. Spears, *100 Years on the Road: The Traveling Salesman in American Culture* (New Haven: Yale University Press, 1997); Pamela Walker Laird, *Advertising Progress: American Business and the Rise of Consumer Marketing* (Baltimore: Johns Hopkins University Press, 2011). See also: Karen Halttunen, *Confidence*

period through the turn of the twentieth century. They have seen nineteenth-century sales as an important precursor to salesmanship as a modern personality type, or as a casualty of the rise of chain stores and national markets. Alternatively, scholars such as Jackson Lears found in early salesmanship the roots of the post-WWII culture of advertising and media. Originating in early work on consumption published in the 1980s and 1990s, such literature tended to be more interested in salesmanship as an amalgam of cultural symbols and style rather than a material practice. Timothy Spears, for example, points to the traveling salesman as a cultural figure whose symbolic power outlived his economic usefulness. Lears argues that the spectacle and illusion of nineteenth-century sales lived on in the fantasy-inducing, aspirational quality of twentieth-century advertising. Although historians such as Lears, Susan Strasser, and Pamela Laird have highlighted the connections between nineteenth-century sales and modern sales culture, they have not followed the practice of independent salesmanship into the latter half of the twentieth century.

Walter Friedman's is among the best recent work on early traveling salesmanship in that it explores salesmanship both as a cultural symbol and as a material practice. My depiction of nineteenth century salesmanship, as we will see, is strongly influenced by his work. The narrative I posit departs from his around 1910, however. Friedman argues that early-twentieth century salesmen absorbed the Progressive ideals of rationalization and professionalism, leading managers and experts to try to transform the once more creative act of salesmanship into an increasingly bureaucratic "science of salesmanship." In doing so, Friedman presents traveling

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Men and Painted Women: A Study of Middle-Class Culture in America, 1830-1870 (New Haven: Yale University Press, 1986); Susan Strasser, "The Smile That Pays," in James Gilbert, Amy Gilman, Donald M. Scott, and Joan Scott eds., *The Mythmaking Frame of Mind: Social Imagination and American Culture* (Belmont: Wadsworth Publication Company, 1993); Joseph T. Rainer, "The Sharper Image: Yankee Peddlers, Southern Consumers, and the Market Revolution," in *Business and Economic History* 26:1 (Fall 1997): 27-44; Peter Wosh, *Spreading the Word: The Bible Business in Nineteenth-Century America* (Ithaca: Cornell University Press, 1994).

salesmanship as an example of the slow, erratic, and often incomplete processes through which old economic practices are modified and incorporated into new forms of capitalism. Yet, because he traces the ways traveling salesmanship was absorbed into corporate sales between 1910 and the 1930s, Friedman is less interested in the subset of salesmanship that resisted, or was excluded from, that phenomenon. Friedman acknowledges that door-to-door and traveling salesmen still exist. "The modern economy," he explains, "employs a great variety of salespeople. It still has 'peddlers,' such as boardwalkers and pushcart vendors, and 'drummers' who travel for wholesale companies."[3] But Friedman does not discuss these economic holdovers at length. In telling the story of direct selling in the post-WWII period, my work thus extends the literature on salesmanship by taking up the practices, individuals, and firms that Friedman's account leaves behind.

This study focuses on the post-WWII period in particular. Other scholars who have examined direct selling in the latter half of the twentieth century have tended to explore the industry piecemeal via well-documented case studies, particularly of women-centered organizations such as Tupperware and Avon. Scholars including Kathy Peiss, Alison Clarke, and Katina Manko have made important contributions to our understanding of direct sales, as well as the broader relationship among gender, culture, and business.[4] They have shown how direct sales opened up new opportunities for women as economic actors at the same time that the rhetoric employed by women-centered companies reified prescriptive notions about white, middle-class

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[3] Walter A. Friedman, *Birth of a Salesman: The Transformation of Selling in America* (Cambridge: Harvard University Press, 2004), 2, 260.

[4] Alison J. Clarke, *Tupperware: The Promise of Plastic in 1950s America* (Washington, DC: Smithsonian Books, 2001); Kathy Peiss, *Hope in a Jar: The Making of America's Beauty Culture* (Philadelphia: University of Pennsylvania Press, 2011); Katina Lee Manko, "'Ding Dong! Avon Calling!': Gender, Business, and Door-to-Door Selling, 1890-1995" (PhD diss., University of Delaware, 2001). Although existing studies of direct sales address issues of labor, consumption, economy, business, and culture, most studies employ gender analysis as the dominant analytical framework. Manko positions her work as at the intersection of business history, social history, and women's history. Clarke's work, although also deeply interested in gender, could arguably be categorized as primarily a study of material culture.

femininity. Several scholars of women's direct sales have taken a transnational tack by looking at how companies such as Avon attempted to export their business model and corporate image, along with particular ideas about female beauty, abroad. Lindsey Feitz, for example, has even positioned Avon's expansion into global markets as a geopolitical project.[5]

My dissertation extends the existing literature on post-WWII direct sales by asking new questions about what direct sales can tell us about the history of labor in America writ large. Existing studies of direct sales have been most interested in the relationship between business and culture. Clarke, for example, explains Tupperware's success in cultural rather than technological terms. Eschewing theories of market economics as "simplistic," she explains Tupperware's success not in terms of supply and demand, price elasticity, or even the functional superiority of its product. Rather, Clarke attributes the firm's commercial success to its ability to foster a distinct corporate culture built around notions of domesticity. Through its use of a nonprofessional female sales force and the party plan, Tupperware created a direct sales alternative to the patriarchy of conventional sales structures. In this way, Clarke offers an alternative narrative in which a modern corporation chose not to embrace the systematized, rationalized, professional sales model that was, as Friedman shows, dominant by WWII. Whereas most corporate organizations preached the "science" of selling, Tupperware stressed sociability and suggested that women's domestic roles could be an asset rather than a hindrance in direct sales work.

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[5] Lindsey Feitz, "Democratizing Beauty: Avon's Global Beauty Ambassadors and the Transnational Marketing of Femininity, 1954-2010" (PhD diss, University of Kansas, 2010). Several international or transnational studies of direct sales come from the discipline of anthropology and employ ethnographic methods. See Jessica Chelekis, "Direct Sales in the Amazon: Gender, Work, and Consumption in Ponta de Pedras, Pará, Brazil" (PhD diss, Indiana University, 2011); Theresa Preston-Werner, "The World in a Bottle: Gender, Age, and Direct Sales in Costa Rica (PhD diss, Northwestern University, 2012); Gina Maria Grumke, "Desire, Wage Labor and Resistance: An Ethnography of a Sales Unit of Mary Kay Cosmetics, Inc." (PhD diss, University of Wisconsin-Madison, 2001).

Yet, in casting direct sales as part of a gendered economy, Clarke positions it as an aberration from, rather than a rejection of, Friedman's mainstream account. Focusing on how firms used corporate culture and ideology to manage a diffuse workforce of temporary, independent, mostly female salespeople, existing studies have even questioned whether "the firm" is an appropriate metaphor for studying direct sales organizations.[6] Nicole Woolsey Biggart has argued that direct sales organizations "offer a conscious alternative to firms as a way to organize economic activity for profit… [Direct sales organizations] are surely capitalist enterprises, but they are not corporate capitalism of the sort that dominates the American economy."[7] On the one hand, scholars such as Biggart have emphasized the innovative, modern character of direct sales organizations and their role in the twentieth-century global economy. On the other, they have seen direct sales as an "alternative" economy distinct from mainstream bureaucratic, managerial capitalism.[8] Whereas existing studies have been most interested in the ways direct sales organizations have differed from mainstream corporate capitalism, I am interested in the similarities.

Friedman, Clarke, and Peiss provide a crucial starting point for a study of direct selling in the postwar period. Friedman establishes the importance of salesmanship in modern culture; Clarke and Peiss illustrate the ways that saleswomanship maintained an older mode of face-to-

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[6] Manko states, "the nearly un-corporate structure of direct selling, with a home office and thousands of independent contractors who will never meet, defies boundaries. 'The firm' is an inaccurate metaphor for Avon, which was more like a firm without walls, relying on women who drifted in and out of company supervision and control." Manko, "Ding Dong," 7.

[7] Nicole Woolsey Biggart, *Charismatic Capitalism: Direct Selling Organizations in America* (Chicago: University of Chicago Press, 1989), 7.

[8] Scholars often use the term "alternative" to describe direct sales, although they use the term with slightly different meanings. Manko argues that the history of Avon "describes an alternative strategy for managing distribution and worker control." Manko, "Ding Dong," xii. Clarke describes direct selling as an alternative workplace and sales structure, arguing that Tupperware offered "an alternative to the patriarchal structures of conventional sales structures, which many women, completely alienated from the conventional workplace, wholeheartedly embraced." She also sees Tupperware as an alternative path to consumer success that "defies simplistic theories of market economics or modernist design dicta." Clarke, *Tupperware*, 3, 5. Biggart describes direct sales organizations as a "conscious alternative" to the bureaucratic corporate form dominant in the twentieth century and as "an alternative environment for work." Biggart, *Charismatic Capitalism*, 7, 11.

face selling into the mid-twentieth century. However, while historians have extended our understanding of direct sales into the post-WWII period through key case studies, they have not examined the direct sales industry as a whole. Nicole Woolsey Biggart's *Charismatic Capitalism* is to date the only scholarly overview of the direct sales industry to span the nineteenth century through the 1980s. It thus offers an important historical roadmap. Biggart argues, however, that as an organizational form, direct sales organizations looked essentially as they do now by the 1940s; her historical discussion is thus primarily useful for the first half of the twentieth century. Work on Avon and Tupperware, on the other hand, has focused specifically on the 1950s and 1960s. Historians still know little about direct sales after 1970 in particular.

Further, as an economic sociologist, Biggart is primarily interested in organizational analysis. Her key questions are about how ostensibly "anti-bureaucratic" organizations have successfully controlled an independent workforce over which they had no direct supervision. She goes a long way toward explaining the internal logic of direct sales organizations and their mechanisms for disciplining labor. She astutely highlights the way such firms have exploited a low-cost, non-union workforce of women with limited job alternatives. But, whereas Biggart is interested in organizational form and function, I am interested in the role of direct sales in advanced capitalism and American culture. If Biggart is interested in *how* direct sales organizations have succeeded, I am interested in *why*.

Contributions

Historians have documented pieces of the history of direct selling: the male-dominated commercial traveling of the nineteenth century, the growth of women-centered organizations after the 1920s, the suburban hostess party phenomenon of the immediate post-WWII period, and the resurgence of such work after 1970, as stages in a long history of salesmanship in America. Yet, few have attempted to incorporate them within a single narrative. In doing so, I highlight the industry's longevity, dynamism, and ultimately its fundamentally modern character. Building on Friedman's work, I show that post-WWII direct sales drew on established traditions of salesmanship but also charted new paths for selling and commerce that reoriented door-to-door sales for late capitalism. My project thus participates in a larger historiographical discussion about innovation and creativity, but also about contingency, unevenness, and incompleteness in the development of capitalism or "capitalisms."[9]

This study puts the existing literature on post-WWII direct selling, which has tended to focus on gender and culture as separate from labor and economy, in explicit dialogue with the new history of capitalism. Scholars have debated the novelty of the new history of capitalism by pointing to the work of economic and labor historians, including Joyce Appleby, Oscar and Mary Handlin, and many of the social historians writing in the 1980s and 1990s, who began interrogating the structures of capitalism several decades ago.[10] But those who have advocated for the new history of capitalism (although not always uncritically) as a historiographical turn as well as a subfield have characterized it as an effort to denaturalize, demystify, and often critique capitalism and markets. This body of literature, advanced by scholars such as Sven Beckert, Gerald Berk, Philip Scranton, and Richard White, among others, is an explicit counter to old interpretations that cast American capitalism as an orderly march toward a system of vertically

[9] For more on theories of multiple varieties of capitalism, see Peter Hall and David Soskice, eds. *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage* (Oxford: Oxford University Press, 2001); Thomas K. McCraw, *Creating Modern Capitalism: How Entrepreneurs, Companies, and Countries Triumphed in Three Industrial Revolutions* (Cambridge: Harvard University Press, 1995): 11-12. For a historiographical discussion about how theories of plural capitalisms – meaning varieties of capitalism that are nationally, temporally, technologically, or politically distinct – fit into the new history of capitalism, see Seth Rockman, "What Makes the History of Capitalism Newsworthy," *Journal of the Early Republic* 34:3 (Fall 2014): 440-466, 442.
[10] Joyce Appleby, *Capitalism and a New Social Order: The Republican Vision of the 1790s* (New York: New York University Press, 1984); Oscar Handlin and Mary Flug Handlin, *Commonwealth: A Study of the Role of Government in the American Economy, Massachusetts 1774-1861* (New York: Belknap Press, 1987).

integrated, capital intensive, bureaucratically managed, corporate firms.[11] Instead, the new history of capitalism emphasizes the roles that law and the state, social and cultural preferences, and historical contingency played in shaping the formation of modern corporate capitalism. Unseating the once-dominant view, most obviously associated with Alfred Chandler's *Visible Hand*, that the twentieth-century bureaucratic firm was technically superior to alternative forms, historians of capitalism have demonstrated that business and economy are socially, culturally, and historically situated.[12]

The history of direct selling is particularly well-aligned with recent work that examines capitalism as an epistemological, as well as an economic, system. As Jeffrey Sklansky has argued, recent histories of capitalism, particularly those that draw on social and intellectual history, have eschewed fixed or theoretical definitions of capitalism. Rather, they favor a more capacious understanding of capitalism as a "form of selfhood or way of being, a system of

[11] Sven Beckert, *Empire of Cotton: A Global History* (New York: Knopf, 2014); Philip Scranton, *Endless Novelty: Specialty Production and American Industrialization, 1865-1925* (Princeton: Princeton University Press, 1997); Gerald Berk, *Alternative Tracks: The Constitution of American Industrial Order, 1865-1917* (Baltimore: Johns Hopkins University Press, 1997); Richard White, *Railroaded: The Transcontinentals and the Making of Modern America* (New York: WW Norton, 2011). See also Michael Zakim and Gary J. Kornblith eds., *Capitalism Takes Command: The Social Transformation of Nineteenth-Century America* (Chicago: University of Chicago Press, 2012). In addition to works that focus on the development of corporate capitalism, there are also influential strains of literature that have put slavery at the center of the history of capitalism; have focused on commodification and financialization; and have brought new attention to issues of trust, risk, and fraud. For example, see Edward Baptist, *The Half Has Never Been Told: Slavery and the Making of American Capitalism* (New York: Basic Books, 2014); Seth Rockman, *Scraping By: Wage Labor, Slavery, and Survival in Early Baltimore* (Baltimore: Johns Hopkins University Press, 2009); Jonathan Levy, *Freaks of Fortune: The Emerging World of Capitalism and Risk in America* (Cambridge: Harvard University Press, 2012); Stephen Mihm, *A Nation of Counterfeiters: Capitalists, Con Men, and the Making of the United States* (Cambridge: Harvard University Press, 2009). For an historiographical overview see Sven Beckert, "History of American Capitalism" in Eric Foner and Lisa McGirr, eds. *American History Now* (Philadelphia: Temple University Press, 2011): 314-336. See also Rockman, "What Makes the History of Capitalism Newsworthy," which includes a state of the field overview as well as a discussion about what is new about the new history of capitalism. Rockman's excellent overview is strongest in its coverage of early American history, however, and makes little mention of how the new history of capitalism is adding to our understanding of the twentieth century. For examples of work on the twentieth century see: Bethany Moreton, *To Serve God and Wal-Mart: the Making of Christian Free Enterprise* (Cambridge: Harvard University Press, 2009); Louis Hyman, *Debtor Nation: The History of America in Red Ink* (Princeton: Princeton University Press, 2011); Julia C. Ott, *When Wall Street Met Main Street: The Quest for an Investors' Democracy* (Cambridge: Harvard University Press, 2014).
[12] Alfred D. Chandler, *The Visible Hand: The Managerial Revolution in American Business* (Cambridge: The Belknap Press of Harvard University, 1999).

representation or way of seeing, and a framework of trust or way of believing."[13] According to social and intellectual (and I would add cultural) historians, in Sklansky's view, capitalism looks increasingly like the sea of objects, ideas, and symbols in which modern selves swim. The task of interpretive histories of capitalism, then, is to uncover the processes through which ideas about markets, commodities, value, class, and labor, among other things, came to hold such power in American thought. It is to explain what Michael Zakim and Gary J. Kornblith called "capital's transformation into an 'ism.'"[14]

The history of direct selling links several prominent themes in the new history of capitalism. As a window into ideas about work, class, and selfhood in post-WWII America, a study of direct sales offers a concrete case through which to examine the meanings of capitalism on the ground. As a durable but changing way of organizing sales, commerce, and labor across the twentieth century, the history of direct sales also adds to our understanding of transformations in the structures of capitalism in the U.S. Put another way, the history of direct sales speaks both to the epistemological and economic aspects of capitalism. Moreover, in highlighting a mode of labor and commerce typically seen as on the fringes of modern capitalism, the history of direct sales underscores the importance of informal sectors, unwaged labor, and other categories not traditionally seen as central to the modern industrial economy.

More specifically, in demonstrating that direct sales was a consistent, meaningful part of the modern economy, I challenge prevailing assumptions about what work looks like in advanced capitalism. Over the last seventy years, as Nelson Lichtenstein and Bethany Moreton show, precarious service sector jobs have supplanted industrial work as the dominant mode of

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[13] Jeffrey Sklansky, "The Elusive Sovereign: New Intellectual and Social Histories of Capitalism," *Modern Intellectual History* 9:1 (April 2012): 233-248, 234.
[14] Zakim and Kornblith, *Capitalism Takes Command*, 1.

labor in late capitalism.[15] Direct sales, as low-wage, non-union, casual, "feminized" work, in many ways prefigured post-Fordist service work as early as the 1930s. Although direct sales organizations rely on a diffuse system of distribution that borrows from an older tradition, they in fact exemplify major transformations in the structures of work since 1945. A study of direct selling in the postwar period thus speaks to scholars of labor, deindustrialization, political economy, and even political theory, sharpening our understanding – both conceptually and chronologically – of exactly what we mean when we talk about labor in what is variously referred to as the post-industrial, postmodern, or post-Fordist era.[16]

In addition to offering a deeply historical and textured account of the making of postmodern work, I explore advanced capitalism as a cultural and intellectual construct, or what Thurman Arnold once called the "folklore of capitalism."[17] Despite its resemblance to temporary, low-wage labor, and the fact that few have been able to support themselves on direct sales alone, direct sales – in both corporate rhetoric and sellers' own words – has been tightly linked to independent entrepreneurship. Direct selling is described as a republican practice that transcends work: a form of personal fulfillment and self-improvement through free enterprise. Indeed, Katina Manko has argued that Avon in fact sells two products: a line of cosmetics and a corporate ideology that espouses self-help through women's entrepreneurship. Of interest to scholars of neoliberal and postmodern selfhood, direct sellers' perceptions and experiences thus enable us to see more clearly how changes in the economy reconfigured the relationship between work and class identity – once understood as mutually constituted – by collapsing work,

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[15] Moreton, *To Serve God and Wal-Mart; Nelson Lichtenstein, The Retail Revolution: How Wal-Mart Created a Brave New World of Business* (New York: Metropolitan Books, 2009).
[16] For a theoretical discussion on the relationship among labor, economy, and culture in the "postmodern" or "post-Fordist" age, see David Harvey, *The Condition of Postmodernity: An Enquiry into the Origins of Cultural Change* (Malden: Blackwell Publishers, Inc. 1990).
[17] Thurman W. Arnold, *The Folklore of Capitalism* (New Haven: Yale University Press, 1937).

sociability, and personality into a conception of modern, or neoliberal, selfhood. Gaining new purchase on the cultural and ideological tropes citizens have employed to express ideas about opportunity, success, and failure in late capitalism, the cultural history of direct sales offers a concrete case through which to explore the relationship between capitalism and identity across the last century.

Methods and Sources

Anchored by research on the Amway Corporation, this study weaves together the history of Amway with that of Avon, Tupperware, Fuller Brush, and lesser-studied firms such as Stanley Home Products. This approach has enabled me to assess the sector as a whole, to identify major trends, and to attend to the ways that gendered perceptions of work have influenced the history of and historiography on direct selling. To assess the history of direct sales as an economic and cultural phenomenon, I draw on corporate literature and executives' personal writings; on statistical data from business analysts, government agencies, and institutions such as the Direct Selling Association; on cultural texts and popular sources; and on popular psychology and advice literature. I use legal sources to recover the previously unheard voices of individual distributors.[18] Of particular importance, I bring new attention to the history of the Amway Corporation. Historians have written very little about Amway because its corporate archives have been closed to outside researchers. In the summer of 2013, Amway granted me access to its corporate material including internal documents, communications, sales manuals, and copies of

[18] My research in the Federal Trade Commission archives, for example, yielded over 6,000 pages of transcripts associated with a 1975-1979 case against Amway, including the experiences of over 150 direct sellers in their own words. In addition to the Federal Trade Commission, I also completed archival research at the Hagley Museum and Library; the National Museum of American History at the Smithsonian Institution; the Library of Congress; the Gerald R. Ford Presidential Library; the Bentley Historical Library at the University of Michigan; the John W. Hartman Center for Sales, Advertising and Marketing History at Duke University; and the Amway Corporate Archives. In the Amway archive, I collected over 450 records from the firm's founding in 1959 to present day.

motivational speeches given by the company's founders. As the first historian granted access to this body of previously unanalyzed body of sources, I have a singular advantage in assessing the importance of this pivotal but understudied case.

Most of the literature on Amway has come from journalists, business analysts, and scholars of marketing or management and has often been based on publicly available sources such as newspapers. Kathryn Jones' journalistic study of Amway is the best in its class.[19] Other work on Amway has tended toward the extremes of either celebratory corporate biography or journalistic exposé. Many have been written by active or former distributors, for example Charles Paul Conn and Wilber Cross, sympathetic to, if not affiliated with, the industry.[20] Steve Butterfield, by contrast, was an academic as well as a highly successful distributor who went on to write a scathing book criticizing Amway's use of moral and religious rhetoric and its unrealistic promises of wealth.[21] For historians, however, such works are perhaps best approached not as disinterested analysis, but as primary sources that speak to the ways Amway, as well as the direct sales industry as a whole, has tried to promote an image of direct selling as a pathway to economic mobility under free market capitalism.

There have been a relatively small number of dissertations and published articles on Amway, mostly from the disciplines of management or organizational studies. Michael Pratt's work, for example, explores the psychological tactics and structural dynamics Amway employed to foster "organizational commitment" among distributors. Pratt himself had been an Amway

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[19] Kathryn A. Jones, *Amway Forever: The Amazing Story of a Global Business Phenomenon* (Hoboken: Wiley & Sons, Inc., 2011).
[20] Charles Paul Conn, *Promises to Keep: the Amway Phenomenon and How it Works* (New York: G.P. Putnam's Sons, 1985); Wilber Cross, *Amway: The True Story of the Company That Transformed the Lives of Millions* (New York: Berkeley: 2001); Wilber Cross, *Commitment to Excellence: The Remarkable Amway Story* (Benjamin, 1986). See also Dominique Xardel, *The Direct Selling Revolution* (Cambridge: Blackwell Publishers, 1988).
[21] Steve Butterfield, *Amway: the Cult of Free Enterprise* (Boston: South End Press, 1985).

distributor and his dissertation draws on that experience.[22] Ronald Kuntze uses quantitative analysis to compare participants in multilevel marketing to those who pursue entrepreneurship through traditional small business.[23] The most useful study for my purposes is David Harris' sociological account of what he calls the "Amway worldview," which Harris conceives of as a "cultural movement mobilized by a thematic worldview" motivated by an anti-modernity, fundamentalist impulse in postwar American culture. Harris' work relies on participant observation, personal interviews, and a close reading of a relatively small number of Amway newsletters rather than a deeply historical methodology.[24]

I thus focus on Amway for reasons that are historical as well as historiographical. The history of Amway adds to our understanding of direct sales in three ways. First, Amway is a complex, bureaucratically organized, $12 billion global corporation. Alongside other global corporations such as Avon and Mary Kay, the history of Amway shows that direct sales is not a niche market; the story of direct sales is ultimately a story about big business. Second, Amway offers new ways of thinking about gender and direct sales. Whereas direct sales in the postwar era has most often been studied as a distinctly female endeavor, most Amway participants have worked with a spouse as part of a sales team. In contrast to the culture of domesticity or female empowerment that characterized women's direct sales, moreover, Amway emphasized the masculine heritage of salesmanship in order to counter popular perceptions of direct sales as a practice for women. The example of Amway suggests that the history of direct sales is not simply about women, but also about gender. Third, Amway's founding marked a shift in the

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[22] Michael Gerard Pratt, "The Happiest, Most Dissatisfied People on Earth: Ambivalence and Commitment Among Amway Distributors" (PhD diss, University of Michigan, 1994); Michael G. Pratt, "The Good, the Bad, and the Ambivalent: Managing Identification among Amway Distributors," *Administrative Science Quarterly* 45:3 (Sep. 2000): 456-493.

[23] Ronald J. Kuntze, "The Dark Side of Multilevel Marketing: Appeals to the Symbolically Incomplete" (PhD diss, Arizona State University, 2001).

[24] David Harris, "Of Prophecy and Profits: A Study of the Amway Worldview" (PhD diss, Harvard University, 1992).

history of direct sales. As one of the earliest and most successful multilevel organizations, Amway established networked direct sales as a recognized organizational form and, in doing so, became the standard bearer of modern direct sales. Without a fuller understanding of Amway and its powerful influence on the rest of the direct sales industry, we cannot understand the persistence and importance of this economic sector in the late-twentieth and twenty-first century U.S.

The Pre-History of Direct Sales

The evolution of direct selling in America occurred in five distinct yet overlapping phases.[25] The first two, which together make up what I refer to as a prehistory of direct sales, took place between the Revolution and the Civil War, and from the Civil War to 1910. The third, which marked the birth of direct sales as a recognizable sector, lasted from the formation of the Agents Credit Association in 1910 – the industry's first associational organization – through the early 1930s. The fourth transpired during the 1930s against the backdrop of the New Deal, which was a turning point in the history of direct sales. Finally, the end of World War II marked the beginning of what I call modern direct sales, which is the focus of this dissertation.[26] That said, the early history of independent salesmanship offers clear precursors to what would later become direct sales.

[25] I do not want to overstate the sharpness of the breaks between phases. In reality, the transition from one phase to another was always messier and less complete than this periodization allows. But identifying particular phases of development is, I think, the clearest way to illustrate the most salient changes and events in the history of direct sales.

[26] This periodization differs from that posited by Nicole Woolsey Biggart. Biggart narrates the history of direct selling in three phases. While I agree with Biggart's account of the Yankee peddlers of the colonial era as the first phase, I see more continuity between the first and second half of the nineteenth century than she does. For Biggart, 1840 marks a break from the Yankee peddler era to the emergence of a more organized form of direct selling that, by 1880, can be considered a coherent sector. I argue in Chapter One, on the other hand, that the direct sales sector – as opposed to direct selling as a strategy of distribution – is a twentieth-century invention. Biggart, *Charismatic Capitalism*.

The Yankee peddler is one of the oldest characters in the history of the United States economy. In the years following the Revolution, many young men found itinerant peddling an alluring way to make a living while satisfying an appetite for travel and adventure. They traveled the nascent nation by wagon, on horseback, or on foot. They traded goods such as tin pots and pans, cloth and clothing, imported goods, print material, and luxury items. Prior to the Civil War, peddlers were largely independent. They worked as middlemen who traded with manufacturers, importers, or at markets and auctions. Some worked as drummers or jobbers, meaning they sold goods to general stores rather than to individuals. But the majority traded directly with customers, usually for barter or on credit.

Early peddlers played an important role in the developing U.S. economy. Trading goods and information, peddlers linked rural and urban spaces culturally as well as materially. One historian has gone so far as to credit commercial travelers with creating the need for sturdy, reliable roads between towns, roadside inns and taverns, and faster wagons and coaches for traveling.[27] By linking commercial centers to otherwise isolated parts of the country, peddlers facilitated, even accelerated, the rate of economic development in nineteenth-century America. Peddlers and commercial travelers helped to produce a growing sense of spatial, social, and economic interconnectedness in the expanding U.S. and thus helped lay the groundwork for the transition from the nineteenth-century market economy to modern capitalism. In this way, the period from the Revolution to the Civil War represented the height of the peddler's economic power and social relevance.

After the Civil War industrialization increasingly threatened the utility of peddlers. Much of the existing historical literature on traveling salesmanship focuses on the period between the Civil War and 1900 as one of slow obsolescence. According to this view, the rise of chain stores,

[27] Dolan, *Yankee Peddlers*.

national markets, and more systematic methods of distribution rendered individual salesmen increasingly marginal, if not irrelevant, by the turn of the twentieth century. When placed alongside interpretations in which salesmen helped to facilitate the transition to modern capitalism, the narrative of obsolescence has produced a paradox within the literature on salesmanship. Historians have characterized nineteenth-century commercial travelers as harbingers of modern commerce, on the one hand, and as relics of a past economic age on the other. In enabling the transition to a new stage in the history of capitalism, it seems, peddlers and commercial travelers facilitated the very changes that undermined their role in the new economic order.

The interpretation that casts commercial travelers as a casualty of the rise of chain stores and national markets is, in many ways, a valid one. After 1840, a number of important innovations – the spread of the railroad, telegraph, mass marketing, the rise of chain and department stores, mail order catalogs, and other retail outlets – reduced the importance of the independent peddler in the distribution chain.[28] At mid-century, Yankee peddling did appear to be an occupation under siege from the forces of modernity. But manufacturing companies in the industrializing east saw the potential in a new role for commercial travelers. The success of department stores, chain stores, and name brand goods threatened to squeeze small and mid-sized manufacturers out of the consumer economy. In order to defend their position, manufacturers turned to commercial travelers to sell products directly to consumers outside the purview of retailers. In a general store, each manufacturer's brand of soap sat on the shelf as one of many. When sold through a dedicated commercial traveler, a manufacturer's brand stood

[28] For more on the ways in which retail gradually usurped manufacturers' control over distribution in the U.S. economy, see Laird, *Advertising Progress*. For the rise of national markets and branded goods, see Strasser, *Satisfaction Guaranteed*. For the rise of department stores, see William Leach, *Land of Desire: Merchants, Power, and the Rise of a New American Culture* (New York: Vintage Books, 1993).

alone. Commercial travelers, manufacturers reasoned, would not only circumvent the retailers' role in the distribution of products, but would also help small and mid-sized manufacturers stand apart in a marketplace increasingly dominated by branded goods.

According to the U.S. Census, there were 16,594 peddlers in 1860, up from 10,669 ten years prior.[29] Despite the waning influence of peddlers as independent middlemen, their number was actually growing. By 1880, the census reported that as many as 53,000 people worked as traveling salesmen.[30] The growing ranks of salesmen in the latter half of the nineteenth century seems on its face to contradict the obsolescence narrative that dominates much of the existing literature on salesmen. The threat of industrialization and national markets, as Friedman and Biggart show, ultimately worked less to eliminate the role of commercial travelers than to transform it.

Whereas the early-nineteenth-century peddler had been an independent middleman, the new breed of commercial traveler more often worked as an exclusive agent for a single manufacturing house. Referred to as canvassers, traveling salesmen, commercial travelers, or simply as "commercials," these agents increasingly specialized in a particular line of goods such as sewing machines, books, clocks, or furniture. Indeed, the rise of sales agents, in contrast to peddlers, in the latter half of the nineteenth century marked a new era in the history of salesmanship. Now specializing in a particular line of goods or working as agents for a single manufacturing house, traveling salesmen of the late nineteenth century ceded much of the autonomy that characterized Yankee peddlers. In the balance they gained a sense of professional legitimacy by virtue of their direct association with manufacturing concerns. If the pre-Civil War

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[29] Friedman, *Birth of a Salesman*, 16.
[30] Ibid, 34.

era was the age of the Yankee peddler, the period between the Civil War and 1910 was the age of the traveling salesman.

The language of salesmanship was itself a product of the age of the commercials. At the turn of the twentieth century, manufacturing executives and sales experts relabeled peddlers as "salesmen" in an attempt to reform their reputation as potentially troublesome strangers and drifters.[31] Since the early nineteenth century, cultural representations had often depicted commercial travelers as duplicitous, dangerous, or simply as drunks. At the same time, the art of persuasion was thought to be a feminine quality. Associated with either delinquency or feminine seduction, commercial travelers in the nineteenth century were often seen as being insufficiently masculine, or as individuals who demonstrated masculinity of the wrong kind.[32] The troublesome status of salesmanship, as a form of work simultaneously tainted by both a lack of masculinity and a problematic excess of it, would, as we will see, continue to plague direct sellers throughout the twentieth century.

With sales agents now representing the manufacturer that employed them, salesmen's reputations took on greater importance. The language of salesmanship, over peddling, was meant to establish the commercial as a professional agent rather than an itinerant trader. It was also an attempt to emphasize, or rehabilitate, the seller's masculinity. The vast majority of commercial travelers were male, although a small number of women worked as booksellers. According to the U.S. Census, of the 53,000 commercials working in 1880 only 2,500 were women.[33] Yet, sales executives felt compelled to bolster their agents' reputation as masculine businessmen to combat the ways in which many of the peddlers' greatest assets – sociability, the art of seduction,

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[31] For gender and the vocabulary of "salesmanship," see Friedman, *Birth of a Salesman*, 5-6, 13, 16-17.
[32] For more on the unfavorable reputation of peddlers and early salesmen, see Friedman, "Hawkers and Walkers: The Independent Peddler," Chapter One in *Birth of a Salesman*, especially pages 18, 27-31.
[33] Ibid, 34.

knowledge of domestic goods, attention to beauty and aesthetics – were thought of as feminine. The very act of selling, rather than producing, material goods placed the work performed by salesmen within the sphere of feminine consumerism. Commercial travelers' reputation as drunkards, wanderers, even womanizers, similarly rendered them outside the boundaries of Victorian respectability. That many early peddlers were Jewish also presented a problem for nineteenth-century firms seeking to elevate the reputation of salesmanship as a respectable profession. Indeed, sales firms often invoked the history of Yankee peddling to underscore the Americanness of salesmanship to create distance from, even attempt to erase, its roots in the Jewish peddling tradition.[34]

The impulse to uphold the masculine, Protestant respectability of independent sellers would persist throughout the twentieth century. In the post-WWII period, it would become even more crucial for many direct sales organizations, Amway in particular, to cling to the masculine heritage of independent salesmen in order to counter the growing presence of women and women-centered organizations within the sector. All of this is to say that rather than disappear, the face-to-face tradition of Yankee peddling was being remade into a more corporatized, professional, and masculine mode of salesmanship by the turn of the century. That modern direct sales descended from that masculine tradition, moreover, underscores the importance of seeing gender, meaning masculinity as well as femininity, as a constitutive element in the long history of direct selling.

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[34] By the early decades of the twentieth century, sales firms often invoked the history of Yankee peddling but made little, if any, reference to the tradition of Jewish peddling. Anti-Semitism in the sales industry at that time tended to manifest in a silence on, or erasure of, its Jewish past. By the early twentieth-century, as Walter Friedman shows, traveling salesmanship was largely the province of white Protestant men. Anti-Semitism still lurked in the sales industry but, by the 1920s, it was deeply sublimated. For a discussion of anti-Semitism and early anti-peddling ordinances, see Friedman, *Birth of a Salesman*, 28, 60. For more on Jewish peddlers, see Rowena Olegario, "'The Mysterious People': Jewish Merchants, Transparency, and Community in Mid-Nineteenth Century America," *Business History Review* (Summer 1999), 161-189.

The emergence of dedicated sales agents in the late nineteenth century signified a new era in the history of salesmanship at large. It also marked an important moment in the history of what would eventually be called direct selling.[35] A number of new manufacturing firms formed between 1860 and 1910 that would later become industry leaders. Joseph Roy Watkins founded the J.R. Watkins Medical Company in 1868. David H. McConnell founded the California Perfume Company, which was later renamed Avon, in 1886. William Thomas Rawleigh founded the W.T. Rawleigh Company in 1889. Alfred Fuller founded the Fuller Brush Company in 1906. The aforementioned firms, all of which sold through traveling sales agents, maintained elements of independent peddling, but did so within an organizational form that was clearly corporate. In this way, they illustrated the transitional nature of traveling salesmanship at the turn of the century. In that transition, we can see the origins of what would eventually be called direct selling.

The J.R. Watkins Company, for example, maintained many of the sales practices and much of the autonomy that characterized early peddling, but in a modified form that fit within a bureaucratic corporation. Joseph Watkins developed a patent medicine in 1868 called Vegetable Anodyne Liniment. It was a pain reliever made from the camphor of evergreen trees mixed with the heat element found in red peppers. Having had very little success selling it, Watkins began to leave bottles of the liniment at people's homes as samples. He asked for no payment, but promised to return in a few weeks and, if the customer were satisfied with the liniment, he would

[35] Indeed, Biggart points to this moment as the birth of the direct selling industry. By contrast, I argue we cannot point to direct sales as a coherent, identifiable industry until, at the very earliest, the formation of the Agents Credits Association in 1910. Even then, the degree to which direct selling existed as an industry, rather than a strategy, prior to 1925 is debatable. Our disagreement stems, I think, from disciplinary differences. Biggart is an economic sociologist interested in organizational analysis. Thus it makes sense for her to see the founding of these companies, which in form and managerial strategies do adhere to what would later be referred to as direct selling, as evidence that direct sales existed in the 1880s. On the other hand, I am less willing to refer to these companies as part of an industry that executives at that time would not have acknowledged. In other words, I associate the birth of direct selling with executives' ability to self identify as such more so than the existence of the corporate form itself.

collect payment then. By the time of his death in 1911, Joseph Watkins had built his patent medicine operation into a thriving company that manufactured and distributed medical products, beauty and personal care, and extracts and spices nationwide. At its fiftieth anniversary in 1917, the Watkins Company could boast of four factory locations and two additional administrative offices, a sales force of over 3,000 men, and monthly sales of approximately $1 million.[36]

The key to Watkins' success, according to corporate literature, was a strategy called "The Watkins Way." The Watkins Way was firmly rooted in the tradition of the peddlers' wagon trade. A Watkins salesman, called the "Watkins Man," traveled set routes and visited the same customers, usually three to four times per year. The Watkins Company primarily serviced rural, agricultural communities. In addition to home remedies, personal care, and cooking supplies, Watkins also sold tonics for livestock and some miscellaneous farming supplies. Agents attempted to sell to any home within their assigned region, but their primary customers were farming families. Traveling with a wagon full of wares, the Watkins Man would visit each home on his route to deliver a new product catalog, fulfill orders, and collect new ones. He also frequently left a new product, usually in a bottle molded with a "trialmark." The customer was free to use any product above the trialmark and, if unsatisfied, could return the unused portion to the salesman without charge. This selling strategy, known and the "time and trial" method, was the hallmark of the Watkins Way. By the 1920s, many Watkins men had traded in their wagon for an automobile. But Watkins salesmen continued to travel independently, attend to customers in their home, and sell on credit well into the twentieth century.

If the practices employed by Watkins salesmen extended the legacy of nineteenth-century peddling into the twentieth century, the rhetoric and images used to depict them also preserved

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[36] J.R. Watkins Medical Co., *50th Anniversary Almanac: Home Décor and Cook Book*, Printed catalog. 1917, 62. Trade Literature Collection. NMAH. The J.R. Watkins Medical Co. is still in operation today as a mass market brand available for retail at Target.

their flavor. Joseph Watkins created the Watkins Man as an advertisement, a corporate logo, as much as a real salesman. Illustrated in corporate material as a clean-cut and professional agent, the Watkins Man was always depicted wearing a sharp suit and hat, usually with sample cases at his sides. In catalogs and marketing materials, he was sometimes pictured from behind so that, while his appearance and cases identified him as a Watkins Man, the reader could project on him her own vision of a friendly face, or perhaps that of her actual sales agent. Ironically, the facelessness of the Watkins Man was intended to reinforce the familiarity and sociability of a visit from a Watkins salesman. In comparison to the anonymous and transactional nature of doing business at a chain store or through a mail order catalog, the Watkins Way emphasized the personal warmth and conviviality of traveling salesmanship.

According to a 1917 edition of the *Watkins Almanac*, "a strong bond of friendship exists between the customer and the Watkins Man. At every door he receives a cheery, 'How do you do, Mr. Watkins, we've been waiting for you.'"[37] Watkins' marketing material depicted selling as an act that was as much about sociability as commerce and, in this way, distinguished its form of salesmanship from the increasingly routinized and impersonal nature of the turn-of-the-century marketplace. Watkins maintained the permeable and indistinct boundaries between the domestic and commercial spheres that characterized a disappearing economic age. At the same time, it foreshadowed one of the defining features of twentieth-century direct selling, namely the ways in which direct selling blurred the boundaries between commerce and sociability, and between economic and personal relationships.

The men who sold for Watkins were not independent middlemen like their Yankee forebears. The Watkins Man did have a great deal of autonomy in the way he handled his business. A Watkins salesman used his personal knowledge of and relationship with customers to

[37] Ibid, 32.

determine what products they might need, or who was worthy of credit and for how long. Yet as a representative of Watkins, it is clear that he had been integrated into the corporate order. Although the Watkins Man was depicted in the quaint tones of friendship and small-town familiarity, he was nevertheless a company man. The label "Watkins Man" and the suggestion that one might greet him, "How do you do, Mr. Watkins?" were intended to convey a sense of social connection. Yet, they belied the anonymity and interchangeability of the men who sold for Watkins. In other words, while the Watkins Man continued to practice many of the sales methods associated with peddling in an earlier era, he was also a traveling salesman fit for the new age of bureaucratic corporate capitalism. As such, the example of the Watkins Company speaks to the incomplete nature of the transition from an earlier age of creative, independent peddling to rationalized modern salesmanship at the turn of the century.

It Watkins' methods of sales borrowed from an older tradition, its organizational strategy and its use of rhetoric hinted at the future. One of the defining features of post-WWII direct selling is the way in which it relied on a construction of independent entrepreneurship. Direct sales firms, such as Amway and Mary Kay have claimed to offer participants the opportunity to be their own boss, own their own business, and engage in an act of positive self-transformation through free enterprise. Direct sellers rarely, if ever, acknowledged the incongruity inherent in an opportunity to own one's own business by working for a major global corporation, however. We can already see traces of this tension in J.R. Watkins' organizational structure. The Watkins Company maintained much of the autonomy of Yankee peddling, but did so within the strictures of a bureaucratic corporate organization and, in this way, it marked an early stage in the development of direct selling.

The relationship between the Watkins Company and its salesmen was unusual among turn-of-the-century manufacturers. Many firms offered the salesman an exclusive right to his territory, but the Watkins Company offered him some degree of financial ownership over it. When a Watkins Man decided to retire or simply leave the business, he sold the rights to his territory – often in combination with his store of goods and his wagon or automobile – to another salesman. The more a salesman developed his territory into a profitable one, the higher his asking price. The fact that a Watkins Man had not only a right to exclusivity in his territory but also a financial right to sell it suggests that, in some ways, he owned it as an asset.[38] The structure of the Watkins Company and its relationship with its salesmen thus prefigured as early as the nineteenth century the complex, quasi-independent status of direct sellers.[39] The most important difference between the two was that Watkins salesmen could offer their business for resale, which modern direct sellers cannot. In its turn-of-the-century incarnation, then, direct selling may have offered a pathway to independent entrepreneurship that, by the post-WWII period, was more metaphorical than real.

The Watkins Company's use of rhetoric similarly anticipated a vision of direct selling as independent entrepreneurship or "a business of your own," presenting the image of a salesman-as-businessman in ways that prefigured the post-WWII ideology of direct sales work as a

[38] This arrangement might also be considered a precursor to a franchise. See Thomas Dicke, *Franchising in America: The Development of a Business Method, 1840-1980* (Chapel Hill: University of North Carolina Press, 1992). The modern franchise system differs from direct selling in a basic way. Franchisees are required to provide an initial investment, usually a sizeable one. Direct selling, on the other hand, requires only a minimal upfront fee, usually for introductory sales aids and sample products. Direct selling, in this way, is like a buying a franchise on the cheap but, in reality, the direct seller does not own any part of the business beyond the merchandise he or she has paid for.

[39] One salesman advertised in the Watkins "Roll of Honor" that he planned to sell his territory. As part of the purchase price, he offered his goods and automobile but also indicated that he had two other territories serviced by other salesmen who worked under his guidance. It is unclear what financial relationship existed between the man and his subordinate salesmen. But the man's account suggests that he may have been practicing an early and informal version of what would later be networked selling, whereby a sponsoring salesman receives a share of everything sold by those below him. If so, this man's informal arrangement may have been the first instance of, or at least a sort of precursor to, networked direct selling. The J.R. Watkins Medical Company, "Watkins Roll of Honor," November 9, 1916. Printed corporate material. Trade Literature Collection. NMAH.

pathway to personal and financial independence. Whereas material created for the customer stressed old-fashioned sociability, recruiting literature focused on the salesman as a figure of robust, masculine, professionalism. Corporate literature designed for salesmen claimed that "Watkins men are businessmen… [they are] recognized as stable, thriving, progressive citizen[s]."[40] Selling Watkins was not a temporary position, but "A Great Opportunity for Men," "with which you would want to become associated in a lifetime business pursuit."[41] This depiction of salesmanship as an "opportunity" and a "lifetime business pursuit" would become central to the ideology of post-WWII direct sales. Watkins' corporate literature asserted that "there is no other selling proposition for the average man equal to that of selling the Watkins goods. Success and prosperity are attainable in this business by all who work steadily and faithfully."[42] That is, selling for Watkins was a reputable profession whereby average men could, regardless of status, education, or previous experience, achieve success and prosperity.

Watkins literature drew on already long-held beliefs about self-reliance and economic opportunity in American culture.[43] As scholarship on the history of self-help literature has shown, early sales firms openly marketed independent sales as a mode of self-improvement as early as the late-eighteenth century. Literature published to aid salesmen contained advice about how to exude confidence, how to make a good impression, and how to assess and influence others. Promoting the idea that independent salesmanship was character building, early sales literature established many of the themes and conventions popular in self-help and success

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[40] The J.R. Watkins Medical Company, "A Great Opportunity for Men," Printed corporate material, nd. Trade Literature Collection. NMAH.
[41] Ibid.
[42] Ibid.
[43] On the mythology of the American self-made man, see Irving G. Wylie, *The Self-Made Man in America: The Myth of Rages to Riches* (New Brunswick: Rutgers University Press, 1954); John G. Cawelti, *Apostles of the Self-Made Man* (Chicago: University of Chicago Press, 1965); Richard Weiss, *The American Myth of Success: From Horatio Alger to Norman Vincent Peale* (New York: New York Books, 1969); Scott Sandage, *Born Losers: A History of Failure in America* (Cambridge: Harvard University Press, 2005).

literature of the twentieth century. At the same time, as we will see, it was as if J.R. Watkins and other early sales firms were writing the script from which Amway and its cohort of post-WWII direct sales firms would later craft their own corporate ideologies.

The J.R. Watkins Medical Company was not alone in establishing the origins of direct selling. Other companies would establish important precedents for the organizational structure, sales strategies, and ideological themes that would come to define the modern direct sales sector. The Watkins Company established an early form of quasi-independent business ownership. The California Perfume Company introduced an important innovation when founder David H. McConnell committed to selling exclusively through female agents.[44] Alfred C. Fuller created one of the most recognizable icons of door-to-door salesmanship in the "Fuller Brush Man." Furthermore, while Watkins and California Perfume serviced customers in rural areas, Fuller Brush brought the practice of door-to-door sales to urban markets.[45] Each drew on the traditions of independent peddling while charting new paths. And they demonstrate the importance of seeing post-WII direct sales not simply as an episode in the history of women's work or a curiosity of suburban life, but as part of an enduring tradition of salesmanship in which faith in the possibility of economic mobility and self-improvement – bundled with prescriptive ideas about gender and respectability – was paramount.

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[44] For more on Avon, see: Peiss, *Hope in a Jar,* Manko, "Ding Dong!"; Laura Klepacki, *Avon: Building the World's Premier Company for Women* (Hoboken: John Wiley & Sons, 2005).
[45] For Fuller Brush, see Biggart, *Charismatic Capitalism* and Alfred C. Fuller, *A Foot in the Door: The Life Appraisal of the Original Fuller Brush Man as Told to Hartzell Spence* (New York: McGraw-Hill Book Company, Inc., 1960). The Fuller Brush man was a popular enough icon that Columbia Pictures made a comedic film called *The Fuller Brush Man* in which Red Jones, played by Red Skelton, takes a job of last resort with Fuller in order to hold on to his fiancée. Roy Huggings dir., *The Fuller Brush Man* (Columbia Pictures Corporation, 1948).

Chapter Outline

Picking up on this persistent strain of independent salesmanship in 1910, the dissertation develops over seven chronological and thematic chapters. The first chapter traces the evolution of direct sales from its roots in earlier forms of commercial traveling to its emergence as a legitimate subset of commercial sales in the 1930s. Chapter One focuses on the 1920s and 1930s in particular, and the ways that growing federal regulation of labor and the economy helped shape direct selling as a commercial sector and as a category of work. This chapter has three aims. First, it argues that rather than disappear in the face of corporate consolidation and mass consumption, door-to-door selling persisted in the form of direct selling. Second, it explores issues of visibility, invisibility, and "what counts" in modern commerce. I demonstrate that the diffuse and elusive nature of direct sales has resisted hard quantification – after the New Deal, by design – thus leading scholars to underestimate or misinterpret its role in modern capitalism. Third, Chapter One sets up a gender narrative that I explore throughout the dissertation. Pre-WWII traveling sales has been studied as a male occupation, whereas post-WWII direct sales has been studied as form of women's work or as an artifact of postwar suburbanization. By positioning male-dominated commercial traveling, women's hostess parties, and the resurgence of direct sales work after 1970 as stages within a long historical trajectory, I highlight the ways that gendered perceptions of work have shaped ideas about what qualifies as legitimate labor in advanced capitalism.

Chapter Two begins in the 1940s. It highlights the ways direct sales built on the organizational infrastructure and sense of institutional legitimacy established in the 1930s to become a fully-fledged cultural trend by the 1960s. The chapter also illustrates the ways key executives made direct sales "modern" in the 1940s and 1950s, especially in their use of the networked direct sales model. Using the Amway Corporation as an example, I argue that the formation of Amway in 1959 marked a shift in the history of direct sales. I show that Amway emerged as part of a post-World War II generation of companies that redefined direct selling from a utilitarian strategy into a corporate ideology. Amway executives crafted an ideology of direct sales that celebrated free enterprise; offered a vision of commerce as an extension of sociability, family, and community; and framed direct sales work as a pathway to personal improvement through independent entrepreneurship. In constructing that ideology, Amway executives inverted the traditional logic of sales work by rearticulating direct sales work as a product in and of itself. In other words, Amway executives redefined direct sales work as a cultural, and even psychological, good.

Chapters Three through Six together dissect the tremendous growth of direct sales work in the 1970s and 1980s. Taken together, these chapters show that while the practical elements of direct sales work acknowledged, even capitalized on, structural changes in work and the economy apparent by 1970, the ideology of direct sales work cloaked itself in the language of American entrepreneurship in ways that obscured those very changes. Combining the overtly religious rhetoric of free enterprise coming from the political right, with concurrent trends in popular psychology and self-help literature, direct sales organizations peddled more than material goods. They sold participants the ability to tell themselves a particular story about their own social and economic status, their future prospects, and the enduring relevance of old themes of opportunity, security, and success.

Chapter Three argues that the temporary, supplemental nature of direct sales work was poised to take advantage of social and economic changes already underway in the mid-1960s, namely: deindustrialization and the disappearance of high-wage blue-collar jobs; the rise of the service sector; growing numbers of women in the workforce; families' need for dual incomes; and the ascendance of conservative free-market ideology. Amway in particular attempted to leverage the economic recession of the seventies by marketing direct sales work as an alternative to financial duress, unemployment, federal aid, and the growing precarity and insecurity of mainstream work. By focusing attention on the ways the direct sales sector was able to profit from the recession, Chapter Three also offers a new vantage point from which to consider deindustrialization, reindustrialization, and the economy of the seventies.

Building on the previous chapter, Chapter Four examines the ways that Amway and its founders also benefited from a broad political and cultural shift rightward in the postwar period. In addition to corporate literature, this chapter examines speeches delivered by Amway's founders, Jay Van Andel and Rich DeVos, as well as their engagement with conservative and Christian political causes. Van Andel and DeVos, as individuals and through the Amway Corporation, both reflected the contemporary resurgence of conservatism in America and helped to shape it. Chapter Four thus contributes to the literature on business conservatism by demonstrating the ways that one corporation and its leaders translated the intellectual language of economics and political ideology into common sense lessons about the virtues of the free enterprise system. Framing Amway as a form of do-it-yourself-security, an alternative to federal aid, and even a free-market "anti-poverty program," Van Andel and DeVos helped construct a popular language of conservatism that offered free market capitalism as not only an economic and politically superior system, but also a means to social, cultural, and personal well-being.

The economic recession, women's greater representation in the workforce, the growing necessity of dual-income families, as well as changing conceptions about men's and women's roles in society and the economy, converged in the seventies in ways that forced direct sales firms to reevaluate their public image. Chapter Five focuses on Avon Products, Inc. and its efforts to negotiate changes in the gendered makeup of the U.S. labor force and well as the heated climate of gender politics in the seventies and eighties. As a female-oriented direct sales firm, the history of Avon offers a counterpoint to that of Amway, which, as Chapter Two demonstrates, mobilized images of gender, marriage, and family in order to frame an Amway distributorship as a family business and an extension of one's family life. Whereas Amway revived an older vision of the patriarchal family as a unit of production, Avon tried to connect itself to the future of women's political and economic progress in order to rebrand its mode of selling as a promising, legitimate, professional career for women interested in new work opportunities in the postwar period. Put another way, Avon claimed to champion the changing social and economic roles of women while Amway denied them. Taken together, the history of Avon and Amway tell us much not only about the various ways direct sales firms mobilized gender in pursuit of corporate gain, but also about how direct sales firms responded to women's liberation, the erosion of the single-breadwinner model of the nuclear family, and the feminization of labor in the U.S.

Whereas the previous chapters address direct sales as a corporate construction, Chapter Six assesses the experiences of direct sellers themselves. I consider the financial and practical benefits of direct sales work, which turn out to be minimal, and ultimately explain the persistent appeal of direct sales in structural and cultural, rather than financial or utilitarian, terms. Drawing on witness testimony delivered as part of a 1975-1979 Federal Trade Commission investigation into the Amway Corporation, the chapter reconstructs the experiences of sellers in their own words. Analyzing financial and statistical data from the Amway Corporation, as well as the financial records of individual distributors, I estimate how much money distributors actually earned through Amway in the sixties and seventies. In so doing, the chapter takes direct sales seriously as an occupation, as an act of entrepreneurship, and as an "extra-economic" endeavor. Ultimately, it demonstrates how difficult it was for a direct seller to earn substantial income through Amway. It identifies some of the common features that separated profitable distributorships from unprofitable ones. And, in the case of unprofitable distributorships, it explores the degree to which distributors were drawn to direct selling for reasons that were not primarily financial.

Chapter Seven examines popular and legal criticisms of direct sales, especially networked direct sales, which emerged in the 1970s and 1980s. It argues that Americans' widespread embrace of direct sales coexisted with a deep sense of skepticism and unease about its pyramid-esque form, its use of intense methods of persuasion, and for what it suggested about the culture of capitalism in the late twentieth century. Drawing on pyramid scheme legislation proposed in the 1970s, on key legal and regulatory cases, and on cultural and popular texts, Chapter Seven argues that, although federal and regulatory bodies attempted to address the problem of pyramid sales with some measure of success, the kinds of ethical questions that networked direct sales raised were better addressed in the realm of popular culture than in courts of law. Popular sources cast networked direct sales as a problematic manifestation of what many saw as the worst aspects of a particular strain of culture in the 1980s that celebrated materialism and greed, venerated business, and upheld a brand of individualist free market ideology that bled into all facets of personal and spiritual life in America. In other words, Chapter Seven examines critiques of direct sales as a way to interrogate the ethics of corporate capitalism, changing modes of economy and labor, and the nature of social life in the late twentieth century.

How does an examination of marginal, fringe, or "alternative" sectors of the economy change our understanding of the history of labor writ large? My dissertation establishes direct sales as a key site for understanding the cultures of work and capitalism in postwar America. Far from marginal, direct sales in fact illuminates major transformations in the structures of work in the late-twentieth century United States. If offers a model for understanding the nature of postmodern work as well as a lens through which to interrogate the relationship among economy, culture, and selfhood. Taking direct sales seriously, that is, helps us to see advanced capitalism anew.

CHAPTER 1

SELLING WORK: THE NATIONAL ASSOCIATION OF DIRECT SELLING COMPANIES, THE EMERGENCE OF DIRECT SALES AS A COMMERCIAL CATEGORY, AND THE STATUS OF SALES WORK IN THE NEW DEAL, 1910-1940

Introduction

The room buzzed with anxious whispers. What does President Roosevelt think he is doing? How will we survive this attack on business? What of the income of so many men barely managing to eke out a living in such perilous times? Such thoughts were likely running through the minds of the executives gathered for the 1935 Annual Meeting of the National Association of Direct Selling Companies. As the President of the NADSC, James M. George shared those concerns. The Senate and House Labor Committee had recently proposed a set of labor regulations that threatened to fundamentally change the government's role in the economy and to rewrite the fiduciary relationship among corporations, workers, and the federal government. George knew that the proposed legislation, which would become the Social Security Act of 1935 and the Fair Labor Standards Act of 1938, would require the sales firms he represented to pay a minimum wage and payroll taxes that could be fatal to their industry.

George acknowledged to the crowd of businessmen, which included executives from national direct selling firms such as the Fuller Brush Company, the Zanol Products Company, Real Silk Hosiery, and the California Perfume Company, that Roosevelt's New Deal posed a problem. Direct selling, which descended from the nineteenth-century tradition of independent peddling, was unlike factory work or other forms of corporate employment. The direct sales industry relied on the logic of aggregation whereby thousands of sellers, each of whom worked varying hours and without corporate supervision, contributed only a small number of sales. To require direct sales firms to pay sellers a fixed hourly rate, particularly when executives could not directly oversee any of the individual sellers, would undermine the structure of the direct sales work arrangement and threaten the low-cost labor on which it depended. But what could be done? George put it to the audience.

One calm voice stood out from the unnerved crowd and modestly asked: “How about [the direct] salespeople as an independent contractor? If we changed our form of application and specified that this man buys the merchandise from us for resale?”[1] George considered the proposition. Most distributors already functioned as quasi-independent sellers, meaning the firm sold them merchandise that they resold at a profit. If sellers were explicitly designated as independent contractors, there would be no need for wages or commission. By eliminating the payroll component of the direct sales contract, there would be nothing from which to collect payroll taxes. “That, of course, would let [us] out entirely,” George marveled before the assembled organization. “There would be no further question about [payroll taxes and a minimum wage] then.”[2] Simply by reclassifying direct sellers as independent contractors rather than as employees, George discovered a way to evade two of the central features of the New Deal era labor economy.

The National Association of Direct Selling Companies’ (NADSC) opposition to New Deal labor policies was the culmination of more than a decade of antipathy toward municipal, state, and federal attempts to regulate direct sales work. This chapter explores that history, its

[1] Unknown quoted in Robert R. Morris, *Direct Selling Association, 1910-2010: 100 Years of Connecting People, Products and Opportunity* (Washington, D.C.: Direct Selling Association, 2014), 42.
[2] J.M. George quoted in Morris, *Direct Selling*, 42. There is very little documentation from the NADSC’s 1935 Annual Meeting. The phrases in quotations are taken from Morris’ history of the Direct Selling Association, where they appear as direct quotations. My account of this moment is taken either form Morris or from Nicole Woolsey Biggart, who tells the same story based on limited sources from the DSA as well. Nicole Woolsey Biggart, *Charismatic Capitalism: Direct Selling Organizations in America* (Chicago: University of Chicago Press, 1990). The account offered by the DSA likely contains some element of a constructed origin myth. I have taken it as presented, however, because the fact that the NADSC decides to reclassify direct sellers as independent contractors is the important part, regardless of who suggested it.

galvanizing effect on what was in the 1920s and early 1930s still a nascent sector of the economy, and the ways in which it set the trajectory for the future of modern direct selling as a category of work. The NADSC's efforts to exempt direct selling from the regulatory authority of the state were, of course, meant to ensure a low-cost business environment beneficial to firms' bottom line. But they also articulated larger debates taking place in the 1930s among corporate executives, local business organizations, labor activists, and politicians, over the meaning of "labor" in modern capitalism.

The Founding of the National Association of Direct Selling Companies

The National Association of Direct Selling Companies has gone by many names. It was founded as the Agents Credit Association in 1910 when leaders from ten sales firms met in Binghamton, New York to address what they saw as the greatest challenge facing companies that sold directly to consumers through sales agents: the problem of collecting on credit accounts. The flexibility of buying on credit, especially from a salesman who travelled a regular route and knew his customers well, was one of the advantages that differentiated traveling salesmanship from more corporatized retail outlets. Yet, salesmen repeatedly reported back to the home office about how difficult it was to collect on some accounts. The executives who met in Binghamton struggled with how to balance the strategic benefits of selling on credit with the inherent financial liabilities. They discussed other common challenges, such as the need to foster a positive image for traveling agents given the persistent problem of rogue salesmen, occasional misfits, and unfavorable caricatures in the media. They debated whether a common standard of business ethics might help remedy the situation. Ultimately, the Binghamton meeting revealed to the ten executives that they ought to form an industry association.[3]

All told, the organization changed its name five times. From 1910 to 1914, it was the Agents Credit Association; from 1914 to 1917 the National Association of Agency Companies; from 1917 to 1920 the National Association of Agency and Mail Order companies; from 1920 to 1925 the National Association of Agency Companies (again); from 1925 to 1969 the National Association of Direct Selling Companies; and from 1969 to the present, the Direct Selling Association. The four name changes that took place between 1910 and 1925 speak to the inchoate nature of the organization, and of direct sales, during that period. Indeed, it would be anachronistic to call any of the corporations represented at Binghamton a direct sales firm. World Star Knitting, for example, sold hosiery and underwear and would have been considered an apparel manufacturing company. The California Perfume Company was in the beauty and "odors" business.[4] Executives at World Star and California Perfume, or at any of the other firms selling direct to consumers in 1910, would most likely have considered their firm to be part of the general category of manufacturing. Beyond that, they might have categorized their firm by product line, but not primarily according to its method of sales. For example, the J.R. Watkins Company, which was an early leader in selling products directly to consumers, described its sales strategy as "the direct from the factory to the home plan," but did not claim to be part of a direct

[3] The original founding members of the Agents Credit Association were: California Perfume Company of New York, NY; Freeport Manufacturing of Brooklyn, NY; McLean & Black Co. of Boston, MA; Mitchell and Church of Binghamton, NY; Mutual Fabric of Binghamton, NY; National Dress Goods Co. of New York, NY; Queen Fabric of Syracuse, NY; Security Company of Weedsport, NY; Standard Dress of Binghamton, NY; and World's Star Knitting of Bay City, MI. See Morris, *Direct Selling*, 22-30.
[4] "Odors" was the term that CPC founder David H. McConnell used to refer to perfume.

selling industry.[5] That would begin to change, however, with the founding of the Agents Credit Association (ACA).

In its early years, the ACA was largely associational. Even its name, Agents Credit Association, signified its limited purview. This title, generic enough to encompass all ten founding firms but signaling the degree to which they relied on a shared strategy of selling on credit, indicates the still loose sense of connection that existed among companies that would eventually fall under the category of direct selling. For the first few years of its existence, the ACA debated the problem of credit accounts and tried to grow its membership roster, but did little else. The ten companies that made up the organization's core membership by no means accounted for the bulk, or even the majority of companies selling through individual agents. In the 1910s, there were more than 100,000 traveling salesmen circulating through the consumer economy, but not all of them worked in what would be direct selling. They sold industrial machinery, equipment, and raw materials to manufacturing firms; they sold finished goods wholesale to retailers and other merchants; and they sold directly to consumers. Traveling salesmen had professional associations, such as the Society of Commercial Travelers, the Merchants and Commercial Travelers Association, and the United Commercial Travelers of America. But those organizations represented commercial travelers broadly.[6] The formation of the ACA, as an organization specific to firms that sold directly to consumers, thus drew a new distinction between organizations that used drummers and travelers to service commercial accounts, and those that could be called direct sellers.

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[5] J.R. Watkins Medical Company, "A Great Opportunity for Men," Poster (Winona: J.R. Watkins Medical Company, nd). Trade literature collection. NMAH.

[6] The Society of Commercial Travelers and the Merchants and Commercial Travelers Association were both founded in 1869. The United Commercial Travelers of America was a fraternal insurance society. For more on nineteenth and early-twentieth century salesmen's associations, see Walter Friedman, *Birth of a Salesman: The Transformation of Selling in America* (Cambridge: Harvard University Press, 2005), 70-72.

Throughout the 1910s, the ACA sought to establish itself as the institutional epicenter of an industry that, as yet, was still a diffuse collection of tangentially related companies. The organization did attract new members including Fuller Brush, the vacuum cleaner company Electrolux, and Zanol Products Company, which sold soaps and cleaning supplies. By 1920, the newly renamed National Association of Agency Companies (NAAC) could boast a roster of one hundred active member firms. That same year, the NAAC also adopted its first statement of purpose, further demonstrating the degree to which it strove to establish a sense of coherence and institutional legitimacy that was only succeeding in fits and starts.

Yet, when the ten founding firms gathered in Binghamton, they acknowledged a burgeoning sense of shared identity. At a time when the world of business was largely divided into manufacturers and retailers, the companies that founded the ACA were both manufacturers *and* retailers.[7] In selling directly to consumers, their salespeople were both like and unlike other commercial travelers. Sellers traveled the field as independent merchants, but also represented the firm. The direct method of sales was at once local and national, autonomous and bureaucratic. Although they may not have recognized it at the time, firms like World Star Knitting and California Perfume were beginning to carve out a new space in the economy in which such firms could sit somewhere in between, and therefore separate from, mainstream manufacturing and traveling sales. The formation of the ACA thus represented a crucial first step in the construction of a new corporate category.

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[7] For more on the split between retail and manufacturing, and especially the ways in which the growth of national retail chains shifted the power among manufacturers, mass retailers, and independent merchants, see William Leach's discussion of the "retail wars" of the 1890s. William R. Leach, *Land of Desire: Merchants, Power, and the Rise of a New American Culture* (New York: Vintage Books, 1994): 12-17. See also Pamela Walker Laird, *Advertising Progress and the Rise of Consumer Marketing* (Baltimore: Johns Hopkins University Press, 2001). As part of the contest among manufacturers, mass retailers, and local merchants to control distribution in an increasingly national consumer economy, anti-peddling legislation was thus a symptom of a transitional phase in American capitalism.

The NADSC, Anti-Peddling Ordinances, and the Emergence of a Commercial Sector

The key turning point in the formation of the NAAC, and in the emergence of direct sales as a coherent sector, occurred in the 1920s and early 1930s when several states and municipalities passed a series of anti-peddling laws, referred to collectively as "Green River Ordinances." Anti-peddling legislation dates back to 1806, when Virginia merchants first complained that out-of-state peddlers were infringing on local business and draining money from the commonwealth. The state of Massachusetts enacted a law in 1845 that required peddlers to obtain, for a fee, a license to do business within the state. Pennsylvania passed similar legislation shortly thereafter.[8] After World War I, an upsurge in door-to-door selling rekindled the old feud between local merchants and traveling salesmen. By 1920, there were approximately 200,000 people working in door-to-door sales, a near doubling of the size of the sales force in 1910.[9] An oversupply of labor and industrial manufacturing capacity after the war provided an opportunity for new selling operations to take advantage of the availability of cheap products and available manpower. The popularity of scientific homemaking fueled demand for new homecare products, which further facilitated a tremendous boom in the size and success of door-to-door selling as a whole. Indeed local retail establishments interpreted the rise in door-to-door selling as an acute threat.

Additionally, the success of door-to-door selling encouraged a flood of unattached salesmen and disreputable firms, some of which sold shoddy merchandise and made themselves a nuisance on the doorsteps of American homes. Trade literature published by more established firms, such as Zanol Products and J.R. Watkins Medical Products Company, acknowledged the dangers of hucksters who traveled under the guise of salesmanship, and insisted on

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[8] For a discussion of early anti-peddling ordinances, see Friedman, *Birth of a Salesman*, 27-28.
[9] Biggart, *Charismatic Capitalism*, 26.

distinguishing such activity from their own brand of legitimate commerce. “The fellow who is tied in with a ‘piker’ outfit or a ‘fly-by-night’ outfit is out of luck,” read one Zanol publication. “People don’t like to deal with such a company.” But a representative of the Zanol Company was no “piker”; he was “a member of the *largest concern of its kind in the world* – an old reliable million-dollar Company in business for nearly a quarter of a century.”[10] The J.R. Watkins Medical Company, which had been selling home remedies, personal care, spices, and extracts since 1868, similarly touted its status as one of the oldest and largest direct selling companies in the country. “The House of Watkins is a business firm that has an enviable reputation to maintain and well fixed principles to uphold. It has a fortune invested in buildings and equipment. It has a force of over three thousand employes [sic] to keep busy. It has a continent-wide trade to protect and 3,000 families to visit several times a year to supply with the goods they demand.”[11] Statements such as these, which were often published alongside an illustration of the company’s imposing headquarters or manufacturing facility, were meant to communicate a sense of stability, reliability, and gravitas to distinguish firms such as Watkins and Zanol from “fly-by-night” operations.

Direct selling companies of the early 1920s were similarly at pains to establish their agents as respectable businessmen and as members of the communities they served. According to corporate literature, “Watkins Men are businessmen – we extend them credit for a large stock of goods – credit of $4,000 to $6,000 being not uncommon. The Watkins Man must be one who is recognized as a stable, thriving, progressive citizen.” Moreover, a Watkins agent was “always a resident of the territory he covered, his interests were there.” Clearly responding to the

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[10] Zanol Products Company, *Road to Success* (Cincinnati: The Zanol Products Company, 1933), 6. Zanol Products Company Salesman’s Case and Ephemera, 1993.301. HAG. The Zanol Company, which was originally called the American Products Company, began selling household items in 1908. Emphasis original.
[11] The J.R. Watkins Medical Company, “A Great Opportunity for Men.” Trade literature (Winona: The J.R. Watkins Medical Company, 192?). Trade Literature Collection. NMAH.

accusations leveled against traveling salesmen by local merchants, Watkins insisted its agent "was no stranger taking money away from a county in which he worked and spending it elsewhere. He was a voter and taxpayer in the community in which he worked and bore his share of the expenses and burdens for all things pertaining to community welfare. He spent his money liberally for living expenses for himself, his family, his team, putting to circulation in the community in which he did business a larger percentage of his income than the average storekeeper… he is not an irresponsible, wandering agent, but a businessman in every sense of the word – as much so as is a banker or a merchant."[12] The traveling agent, Watkins insisted, was neither a lowly peddler nor even a middling shopkeeper. He was, socially and economically, a peer to bankers and merchants; he was a man of capital.

When Watkins described its agent as an active and reliable member of the community he served, it spoke directly to the issue of anti-peddling ordinances. At the same time, the subtext of Watkins' corporate literature also worked to distance traveling salesmanship from the image of the itinerant Jewish peddler, who carried his goods with him from town to town.[13] "Some cities have local ordinances which are for the purpose of collecting a license fee," according to a Zanol publication, "from 'Hawkers' (men who sell from stands on street corners), 'Peddlers' (who sell shoestrings, collar buttons, tinware, etc. to people they meet on the street), 'Itinerant Merchants ('Merchants' who rent a room for only a few weeks and conduct auction sales of rugs, clothing, jewelry, etc.). But none of those local ordinances affect our Representative for the reason that he

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[12] The J.R. Watkins Medical Company, *50th Anniversary Almanac: Home Décor and Cook Book* (Winona: J.R. Watkins Medical Company, 1917), 32. Trade Literature Collection. NMAH.

[13] In the early decades of the twentieth century, sales firms often invoked the history of Yankee peddling to suggest the 'American-ness' of independent salesmanship but made little, if any, reference to the tradition of Jewish peddling. By the early twentieth-century, as Walter Friedman shows, traveling salesmanship was largely the province of white Protestant men. Anti-Semitism still lurked in the sales industry but, by the 1920s, it was deeply sublimated. For a discussion of anti-Semitism and early anti-peddling ordinances, see Friedman, *Birth of a Salesman*, 28, 60. For more on Jewish peddlers, see Rowena Olegario, "'The Mysterious People': Jewish Merchants, Transparency, and Community in Mid-Nineteenth Century America," *Business History Review* (Summer 1999), 161-189.

is neither a ‘hawker,’ ‘peddler,’ or ‘itinerant merchant’… [but] a commercial traveler.”[14] Anti-peddler animus, then, was for Zanol and Watkins, an issue of respectability and reputation as much as commercial law. Local merchants saw traveling salesmen as competition. Municipalities saw them as non-taxpaying businesses. Housewives saw them as annoying and potentially unscrupulous solicitors. From the perspective of executives at firms such as Zanol and Watkins, all of the aforementioned objections boiled down to the fact that traveling salesmen were presumed to be outsiders.

If companies such as Zanol and Watkins used corporate literature to promote an image of traveling salesmen as legitimate businessmen, some also enlisted the aid of local residents in fighting anti-peddling sentiment. Zanol agents, for example, used referral cards with the hopes that a personal recommendation from a neighbor might help him negotiate a potentially unfriendly territory. One such card asked a Zanol customer to provide the name and address of a neighbor: “This Card will Introduce ___________ the authorized Zanol Dealer in this locality. I have asked him to call on you.”[15] Another read, “Your Neighborhood Zanol Dealer, now standing before you, is not here to sell you anything today. As your neighbor, residing in your community, this Dealer has called to show you how to obtain Pure Food Products and other Household Necessities… in a most convenient and economical manner.”[16] Introduction cards such as those used by Zanol salesmen testified to the quality of the company’s products and worked to assuage a customer’s fear of the “outsider” by acting as a personal endorsement from a member of the community.

[14] Albert Mills, *The Road to Success* (Cincinnati: The American Products Company, 1925), 89. Pam 94. 184. HAG.
[15] The Zanol Products Company, “Introduction Card” (Cincinnati: Zanol Products Company, nd). Zanol Products Company Salesman’s Case and Ephemera, 1993.301. HAG.
[16] The Zanol Products Company, “Introduction Card.”

Despite firms' best efforts, corporate literature did little to combat local anti-peddling crusades. In response to complaints from local merchants, chambers of commerce, and aggravated housewives, municipal and state authorities proposed legislation to curb what some perceived as a deluge of salesmen.[17] Between 1920 and 1926, municipalities in states including Alabama, Arkansas, Kentucky, Massachusetts, Michigan, North Carolina, Oregon, Pennsylvania, Texas, and Wyoming, enacted various kinds of anti-peddling legislation, the most common of which required traveling salesmen to purchase a license to conduct business within city limits.[18]

In May 1923, the city of Portland, Oregon passed an ordinance that required "every person who goes from place to place taking orders for goods for future delivery and receives payment for any deposit of money in advance [to] secure a license and file a bond. The license fee is $12.50 quarterly for each person on foot and $25 if he uses a vehicle. The bond must be in the penal sum of $500 and conditioned to make final delivery of ordered goods, etc."[19] Given that a Fuller Brush man sold items that ranged in price from 20¢ for a pastry brush to $3.45 for a shower brush, and that most of Zanol's soaps and cleaning supplies sold for less than $1.00, the license fee proposed by Portland was exorbitant.[20] Even the top salesman at J.R. Watkins sold, at

[17] Anti-peddling legislation was a local phenomenon. In reviewing the records of the Chamber of Commerce of the United States, housed at the Hagley Museum and Library, I found no evidence that suggested the national Chamber was directly involved in passing anti-peddling ordinances. To the contrary, the Chamber of Commerce of the U.S. supported less, not more, regulation of business during the 1910s and 1920s, particularly as it related to interstate trade.

[18] Zanol Products Company, *License Hand Book* (Cincinnati: American Products Company, 1926). Zanol Products Company Salesman's Case and Ephemera, 1993.301. HAG.

[19] Mills vs. Portland, Oregon, October Term, 1924, No. 417 decided May 15, 1925 quoted in Zanol Products Company, *License Hand Book* (1926).

[20] The Fuller Brush Company, *Fuller Brushes for Health and Beauty, Edition of July 1 1935* (Great Bend: The Fuller Brush Company, 1935). Trade Cat. F968 1935. HAG; Zanol Products Company, "Order Blank and Wholesale Price List" (Cincinnati: Zanol Products Co, nd.) Zanol Products Company Salesman's Case and Ephemera, 1993.301. HAG.

most, \$340 worth of goods in a week.[21] To require a firm, or especially an individual, to pay between \$50 and \$100 a year per salesman in a single city was a huge burden.

The penalties for salesmen who failed to adhere to license and tax ordinances could be severe. On March 29, 1922, two traveling salesmen were arrested in the Borough of Tunkhannock, Pennsylvania upon the complaint of three local merchants. Local officials confiscated the salesmen's goods and held them in jail for thirty-six hours before their employer in Ohio was able to negotiate their release.[22] Other salesmen were run out of town, harassed, or forced to pay a fine. Recognizing the breadth and severity of anti-peddling laws, the NAAC began in 1923 to actively fight such legislation on behalf of all direct selling companies. At the organization's 1924 Annual Meeting, president Frank B. Jennings reported that the NAAC's legal counsel had represented the membership in ninety-eight individual challenges during the previous year.[23] Outside the courtroom, the NAAC cooperated with member firms such as Zanol to alleviate the potential impact of anti-peddling laws in the immediate term.

In 1926, Zanol and the National Association of Direct Selling Companies (NADSC, the new name for the NAAC as of 1925) jointly published a pocket-sized handbook to help salesmen in the field negotiate with local law enforcement. "If threatened with arrest or prosecution for the non-payment of a local license or tax, treat the officer quietly and courteously," the booklet instructed. "Do not hunt for trouble. Do not ask if there is a license or tax which has to be paid. Do not threaten the officers in any way nor raise the question unless the local authorities raise it first." If a salesman found that his business was being "molested or interfered with," however, the salesman was to inform the officer that he was acting as a representative of Zanol Products,

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[21] J.R. Watkins Company, "Watkins Roll of Honor," December 18, 1919. (Winona: J.R Watkins Company), 3. Trade Literature Collection. NMAH. For the week ending December 6, 1919, J.T. Watkins' top-selling agent, listed as salesmen #2703, sold \$342.05 worth of goods in his Georgia territory.
[22] Zanol Products Company, *License Hand Book* (1926), 6.
[23] Morris, *Direct Selling Association*, 28.

an Ohio company, and was therefore participating in an act of interstate trade. “Inform him,” the handbook instructed, “that no one can be compelled to take out a license while engaged in Interstate Commerce. Show him this booklet and if he is unable to understand it, then go to the Mayor or prosecuting attorney and state your case. There will be no further molestation or interference when that is done.” [24]

Zanol’s *License Hand Book*, which the company issued from 1926 through the early 1930s, made the case that because direct sellers collected orders in a given municipality for goods which were supplied by a manufacturer in another state, all direct selling therefore qualified as interstate commerce and was thus outside the purview of any local or state regulation. Anti-peddling legislation was therefore an unconstitutional restriction of trade. The booklet informed salesmen and those who would dare to “molest” them that “The Federal constitution reserves to Congress the exclusive right to regulate commerce between the various states, foreign powers and Indian Tribes… It is a well established principle of law that local ordinances and state laws would constitute a burden upon interstate commerce and cannot be legally enforced.”[25] The mission of the NADSC, then, was not only to protect the interests of its member firms, but also to see that salesmen’s “constitutional rights are preserved for them.”[26]

The NADSC cleverly used the Commerce Clause to strike down such laws in several states. In Mills v. Portland, Oregon, the U.S. Supreme Court overturned the aforementioned license law after a silk hosiery manufacturer filed a challenge against it. The direct sales firm, which was incorporated in the state of Illinois and manufactured goods in Indianapolis, Indiana,

[24] Zanol Products Company, *License Hand Book* (1926), 3. The 1926 issue was likely one of the earliest, if not the earliest, Zanol *License Hand Book* given that the NADSC had only recently become active in fighting anti-peddling ordinances. The only other copy I was able to find was from 1933. Zanol Products Company, *License Hand Book* (Cincinnati: American Products Company, 1933). Zanol Products Company Salesman’s Case and Ephemera, 1993.301. HAG.
[25] Zanol Products Company, *License Hand Book* (1926), 5.
[26] Ibid, 6.

charged that the Portland ordinance "interferes with and burdens interstate commerce and is repugnant to Art. 1. Sec. 8, Federal Constitution."[27] The court agreed. Justice McReynolds stated, "The negotiation of sales of goods which are in another state, for the purpose of introducing them into the state in which the negotiation is made, is interstate commerce. Manifestly, no license fee could have been required."[28]

The interstate commerce argument also convinced Judge Charles E. Terry to dismiss the case against the two salesmen arrested in Tunkhannock, Pennsylvania. That argument was so successful, in fact, that the two salesmen sued the merchants who initially filed the complaint for damages associated with false arrest. The defendants in that case, according to the NADSC's depiction, "seeing that the matter was going against them, negotiated and obtained a settlement by paying a handsome sum of money to these salesmen."[29] In fact, the NADSC commonly used this strategy to gain retribution from individuals and municipalities that tried to interfere with salesmen and to deter those who might. "It is the purpose of this statement to convey to enforcement officials," according to the Zanol *License Hand Book*, "information sufficient to warn them that they are treading on dangerous ground in arresting our salesmen without first ascertaining whether or not they are operating in inter-state commerce."[30]

Zanol and the NADSC instructed salesmen to warn enforcement officials that, in many cases, well intended but uniformed merchants, police officers, judges, and even whole municipalities had been held liable for damages associated with wrongfully adhering to a legal position that was unconstitutional. "City officials, usually at the request of local merchants or local merchants' associations," Zanol suggested, "often overstep the bounds of their authority in

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[27] Mills vs. Portland, Oregon quoted in Zanol Products Company, *License Hand Book* (1926), 9.
[28] Ibid, 10.
[29] Zanol Products Company, *License Hand Book* (1926), 6.
[30] Ibid, 6.

arresting persons engaged in selling our merchandise from house to house direct to customers… Therefore, any arrest of such persons under a local ordinance or state law is illegal and it has often been held that a police official or other person… can be personally held for general and special damages as a result of such arrest."[31] The court had already decided as much in Kentucky, where a judge found that the municipality itself was liable for enforcing a void ordinance; in Massachusetts a justice of the peace was held liable for damages in a civil action for arresting a plaintiff on a warrant issued on an unconstitutional statute; in Nebraska a judgment of $2,500 was affirmed in an action for malicious prosecution and false imprisonment and the complaining witness was held liable for damages; in Wisconsin a sheriff was held liable for making an arrest on an unconstitutional statute. "Cases of this kind," warned Zanol and the NADSC, "are now pending in Tennessee, Mississippi and other states. Other damage cases will be started as soon as a determination has been reached in each instance that the arrest has been wrongful."[32]

Although some of the personal liability cases cited in the *License Hand Book* were specifically related to anti-peddling ordinances, others may have referred to cases of wrongful arrest or the restriction of trade more broadly defined.[33] Zanol and the NADSC described them in such a way, however, that salesmen could wield these decisions as general threats against offending officers. Furthermore, the number of cases and the extent of legal information provided in the *Hand Book* speak to the NADSC's growing sophistication as an advocacy

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[31] Ibid, 5.
[32] Ibid, 6.
[33] The *Hand Book* contains a list of "Additional Supreme Court Decisions," that includes specific descriptions of eleven cases that pertain directly to anti-peddling ordinances. The book also contains a list of "Decisions in Various States," which it describes as "a partial list of decisions of the courts of various states recognizing and applying the rules mentioned in this booklet." That list includes citations for more than fifty cases in thirty states, but it is unclear whether they are anti-peddling cases or more general interstate trade cases. In the aforementioned examples in which municipalities and individuals were held for civil damages, it is also unclear how many were specific to anti-peddling cases. Ibid, 10-14.

organization. The NADSC, now presenting itself as the legal representative of direct selling, finally established itself as the institutional epicenter its founders hoped it would be. When firms such as Zanol sought to combat anti-peddling legislation or to help their salesmen negotiate such an environment in the field, they looked to the NADSC as a source of information and as a vital partner. The title page of the *Hand Book* stated in bold type that Zanol was a "Member of National Association of Direct Selling Companies, Inc.," represented by "General Counsel for the Association J.M. George, Winona, Minn."[34] Anti-peddling legislation in the 1920s gave the NADSC a clearer sense of purpose. It also highlighted to member firms the value of having an active organization empowered to pursue their shared interests as direct sellers. This was a key moment in the history of the NADSC and for the direct sales sector as a whole. If restrictive legislation emerged as a common enemy, it also called into being a newly galvanized industry.

Emboldened by its new position at the vanguard of direct sales advocacy, the NAAC reorganized again in 1925 as the National Association of Direct Selling Companies. The name suggested newfound institutional coherence. No longer a group of Agency Companies, the members of the NADSC now belonged to a single sector under the category of Direct Selling Companies. This moment solidified the emergence of direct selling as a corporate and commercial category, rather than as a method of distribution. Further evidencing the NADSC's newly acquired position at the center of a clearly defined sector, the NADSC began to *turn away* potential members. In 1925, the NADSC determined that mail order companies fell outside the self-defined category of direct selling and were, therefore, ineligible for membership. In contrast to the early years in which the fledgling organization referred to its members as "Agency Companies" in lieu of any more decisive label, by 1925 the NADSC had a definition of direct selling that enabled it to determine not only what direct selling was, but also what it was not.

[34] Ibid, 1.

The NADSC continued to fight restrictive legislation throughout the 1920s and into the 1930s. In 1927, it opposed 164 state and local ordinances and successfully quashed 111 of them.[35] In 1932, the NADSC fought the city of Green River, Wyoming – the source of the moniker Green River Ordinances – all the way to the Supreme Court. Green River had enacted a new breed of anti-peddling law, Ordinance 175, in 1931 that prohibited any salesman from addressing a customer in his or her home without an express invitation. The ordinance stated, in part:

> The practice of being in or upon private residences in the Town of Green River, Wyoming, by solicitors, peddlers, hawkers, itinerant merchants or transient vendors of merchandise, not having been requested or invited to do so by the owner or owners, occupant or occupants of said private residences, for the purpose of soliciting orders for the sales of goods, wares, and merchandise, and/or for the purpose of disposing of and/or peddling or hawking the same is hereby declared to be a nuisance, and punishable as such nuisance as a misdemeanor.[36]

Unlike previous ordinances, which had focused solely on the problem of out-of-town salespeople, the Green River Ordinance assumed that the practice of door-to-door selling was problematic in its entirety. It precluded any one, local residence or not, from paying an unsolicited commercial call to any citizen. A traveling salesman had, in other towns, the option to simply pay a license fee, if an onerous one, and continue about his business. Ordinance 175, on the other hand, effectively deemed any unsolicited sales call a punishable "nuisance," which was subject to a $25 fine. In Green River, residential space was private space in which any commercial activity, unless expressly initiated by the resident, was patently illegal. The troublesome aspect of the more capacious Green River Ordinance was that it relocated the

[35] See Morris, *Direct Selling* and Biggart, *Charismatic Capitalism*, 32.
[36] Morris, *Direct Selling*, 37. See pages 35-39.

public's complaint from the *traveling* element of traveling salesmanship to the *salesmanship* itself.

Even more problematic was that the Green River Ordinance proved difficult to overturn because it was rooted in conceptions of one's home as private property, which ultimately trumped the NADSC's argument about interstate trade. The Fuller Brush Company was the first to contest Ordinance 175 after one of its salesman was arrested in Green River in 1932. Fuller Brush lost the initial case and every subsequent appeal, including its final hearing before the Supreme Court in 1938. Well into the 1950s the NADSC, by then called the Direct Selling Association, was still lobbying against anti-peddling legislation. "There has been an increased number of municipalities where such Ordinances are being considered," a company-wide memo informed Avon employees in 1951. "The Direct Selling Association is organized to do everything possible to counteract and prevent the passage of these… Green River type of Ordinances."[37] Despite the association's failure to overturn the Green River Ordinance in the 1930s, or perhaps because of it, such ordinances pushed the NADSC to take a more aggressive and increasingly litigation-based role in the direct sales industry. Even today, legal advocacy has remained one of the organization's central platforms.

The legal project documented in the Zanol *License Hand Book* and in the NADSC's early response to "Green River type of Ordinances" represents a formative stage in the development of the NADSC's ideological and political position. Zanol's early response to anti-peddling legislation, as in the introduction cards, was a cultural campaign to establish direct sellers as reputable businessmen. Given longstanding prejudices against peddlers and commercial travelers, sales firms were by the 1920s already well versed in the language of respectability. Since the early nineteenth century cultural representations had often depicted commercial

[37] Avon Products, Inc. "Official Circular H-213," Corporate memo dated July 17, 1951. Avon Collection, HAG.

travelers as duplicitous, dangerous, drifters. Scholars such as Walter Friedman and Timothy Spears, who have examined the cultural and intellectual history of early salesmanship, have pointed to writers including Henry David Thoreau, Thomas C. Haliburton, and Herman Melville as examples of the disdain, even hostility, for peddling that was common in the nineteenth century. In *Walden* (1854), Friedman argues, Thoreau uses an Indian basket seller to illustrate how the transactional nature of salesmanship undermined the virtue of self-reliance. In *Confidence Man* (1857), Melville tells the story of a satanic traveler disguised as an herbal medicine salesman aboard a Mississippi river boat. And in Haliburton's *Clockmaker; or, the Sayings and Doings of Sam Slick of Slickville*, the title character's very name – Sam Slick – itself suggests the kinds of character flaws that had become attached to the image of the traveling salesman by the turn of the twentieth-century.[38]

The expansion of Green River-type ordinances in the 1920s and early 1930s, however, introduced a legal-bureaucratic component to anti-peddling enmity. Cultural arguments about respectability were not only too weak, but also ill suited to combat municipalities' legislative campaigns to protect the interests of local businesses. An introduction card may have greased the hinges of a skeptical housewife's door, but it could do little to convince a local judge that one had a constitutional right to conduct business within city limits. The Zanol *Hand Book*, on the other hand, was a clearly articulated précis about free enterprise and constitutional law.[39] Taking the *Hand Book* as measure, we can see how the NADSC, under the leadership of General Counsel J.M. George, helped transform a relatively weak appeal for respectability into a much

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[38] Friedman, *Birth of a Salesman*, 28-31. See also, Timothy B. Spears, *100 Years on the Road: The Traveling Salesman in American Culture* (New Haven: Yale University Press, 1997).

[39] And, in it, we can already see a budding commitment to the political ideology of free enterprise. In the latter-half of the twentieth-century direct sales firms such as Amway embraced, even proselytized, the free-market, small-government ideology associated most closely with post-World War II conservatism. That the NADSC and its member firms forged a sense of common cause in the face of what appeared to them to be a prosecutorial restriction of free trade is an important part of how that ideological disposition came to be.

firmer argument about direct selling and its place in the national political economy. It translated a cultural position into a structural one. And, for that matter, one with legal standing.

Direct Selling and the New Deal

Even as the contest over anti-peddling ordinances continued into the 1930s, the NADSC was forced to take on a new challenge in the form of the National Recovery Administration. Its answer to that challenge benefited greatly from the lessons of the twenties. The sense of coherence, the institutional infrastructure, and the NADSC's newfound legal expertise – all gained in opposition to anti-peddling ordinances – were central elements in how the direct sales sector responded to the New Deal.

The obstacle presented by the National Recovery Administration was ironic given that direct selling was one of few commercial sectors that had fared well during the Great Depression. Because direct sales outfits had fewer fixed costs, such as rent for office or retail space, and tended to rely on fewer managerial employees, they were nimbler and more adaptive than large bureaucratic ones. Direct sales firms could more quickly scale, either up or down, in response to changing economic conditions and this was a key advantage during the thirties. Additionally, widespread unemployment during the Great Depression rendered direct selling a more attractive job prospect for those who might have previously considered it a small step above itinerancy.[40]

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[40] Historians of direct selling have debated whether the source of direct selling's success in the Depression was an inherent cost advantage or some other strategic factor. Nicole Woolsey Biggart, for example, takes the former position and Katina Manko takes the latter. See Biggart, *Charismatic Capitalism* and Katina Lee Manko, "A Depression-Proof Business Strategy," in Philip Scranton ed., *Beauty and Business: Commerce, Gender, and Culture in Modern America* (New York: Routledge, 2001). Either way, the conventional wisdom among business and management experts is that direct sales is generally counter-cyclical, meaning that it tends to perform best in a down economy, which is discussed further in Chapter Three.

Direct selling also proved its strategic effectiveness to business owners. Recognizing the potential of the direct sales strategy, Frank Beveridge started Stanley Home Products in 1931.[41] Encyclopædia Britannica similarly found that direct selling was far more effective than catalog sales. It was also cheaper. Encyclopædia Britannica recognized that direct sales was an innovative, low-cost business strategy well adapted to the economic uncertainties of the early 1930s. In 1932, it withdrew its encyclopedias from the Sears catalog and began selling exclusively through direct channels.[42] That Beveridge and executives at Encyclopædia Britannica would even consider such endeavors three years into the Depression speaks to the promise they saw in direct selling during the 1930s.

The Dartnell Corporation, which specialized in research and training related to all forms of salesmanship, estimated that direct selling grew from a $100 million sector in 1929 to over $125 million by 1934, which means that the volume of products sold through direct sales grew by approximately 25% over the course of the Depression. Sales at retail stores, on the other hand, *decreased* by approximately 30% over the same period.[43] Sales figures reported by individual firms similarly demonstrate the growth of direct sales. Real Silk Hosiery Mills reported an increase in net sales from $4.5 million in 1932 to $12 million in 1939, which equates to approximately 140% growth over seven years.[44] The California Perfume Company, which was later renamed Avon, increased its sales force by 20% between 1930 and 1933 and reported sales

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[41] See Joan B. Marcus, *To Better Your Best: Stanley Home Products, The First 50 Years* (Westfield: Stanley Home Products, Inc., 1981).
[42] See Herman Kogan, *The Great EB: The Story of the 'Encyclopædia Britannica'* (Chicago: University of Chicago Press, 1958).
[43] John Cameron Aspley, ed. *The Sales Manager's Handbook, third edition*. (Chicago: The Dartnell Corporation Publishers, 1940), 30, 61. LSC 11023. JWH. The direct sales figure is from the 1935 Business Census and "is exclusive of 'rolling' stores and itinerant vendors," meaning it excluded mail order catalog houses such as Sears. Dartnell reported $48.2B in sales in 1929 and $33.0B in 1935 for all types of stores, including independent stores, leased departments, mail order selling, etc.
[44] Biggart, *Charismatic Capitalism*, 41.

increases of 10-15% every year between 1930 and 1938.[45] An issue of the newsletter *Avon Outlook* reported in 1931, "when most firms were glad to make two thirds of the profits they enjoyed the year before, our sales were *greater* than the previous year."[46]

As new firms, such as Stanley Home Products and Encyclopædia Britannica, and new sellers entered the field, profits grew for both individual companies and for the sector as a whole; but the total number of firms participating in direct selling may have actually declined. Nicole Woolsey Biggart has suggested that only the most profitable operations were able to survive the economic downturn. She cites as evidence the statistic that, according to one estimate, there were approximately 6,000 direct sales firms operating in the U.S. in 1930. By 1940, approximately half of those firms had declared bankruptcy or simply ceased to operate.[47] In light of that, it would be more accurate to say that the direct sales sector both grew and shrank during the Great Depression. Nevertheless, firms like California Perfume were clearly enjoying success in the early 1930s. The National Recovery Administration's attempts to "reform" direct selling, which had so far provided thousands of new jobs over the course of the Depression, thus came as a surprise to members of the NADSC.

Established in 1933 as part of the National Industrial Recovery Act, the National Recovery Administration (NRA) was tasked with creating a code of fair practice to regulate trade, reduce unemployment, and stabilize the economy. Headed by General Hugh S. Johnson,

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[45] In 1910, CPC maintained a sales force of approximately 10,000 female representatives. By 1930, the CPC sales force had more than doubled to 25,000 and, by 1933, more than 30,000 women were selling California Perfume products door-to-door. Manko, "A Depression-Proof Business Strategy," 142. Manko argues that Avon was the largest employer of women at that time. Avon's employment "numbers can be matched by industries (education, textile workers, clerking jobs, for example), but not by a single [firm]." Katina Lee Manko, "'Ding Dong! Avon Calling!': Gender, Business, and Door-to-Door Selling, 1890-1995" (PhD diss., University of Delaware, 2001), 3.
[46] Avon Products, Inc., "45 Years of Steady Growth: Do You Really Know What the Great CPC-Avon Organization Represents?" in *Avon Outlook* (February 1931): 2. Avon Collection. HAG. CPC reported sales of $2.5M in 1930.
[47] Biggart, *Charismatic Capitalism*, 32-33. Biggart further argues that many of the disreputable operations that plagued direct selling in the 1920s were likely among those culled from the field by the Great Depression, which further contributed to the sector's reformed reputation in the 1930s.

the NRA proposed to aid workers by setting maximum work hours and a minimum wage. Members of the direct sales sector, among others, interpreted a mandatory minimum wage as a major threat to economic profits. James George, the attorney who had represented the NADSC in most of the anti-peddling cases and who was now the president of the association, attended hearings before the NRA to plead the industry's case. A host of executives accompanied him including those from Real Silk Hosiery, Fuller Brush, and California Perfume. Members of the refrigerator, sewing machine, vacuum cleaner, and tea and coffee industries, which similarly relied heavily on traveling salesmen, also went before the NRA in solidarity with the NADSC.

Addressing General Johnson, George made two arguments in opposition to the minimum wage code. First, he argued that, by raising the cost of labor, a mandatory minimum wage threatened the industry's financial viability and, therefore, its ability to continue to provide much needed job opportunities. A minimum wage, he predicted, would force the direct sales industry, which had employed as many as 250,000 to 300,000 Americans during the Depression, to add thousands of those workers to the growing list of the nation's unemployed. Although full of hyperbole, this argument was politically powerful. One might characterize it as a thinly-veiled threat. General Johnson, who would have been loathe to be associated with any decision that might exacerbate unemployment, acknowledged that George's argument was compelling and agreed to consider it seriously.

James George's second argument likely had less of an influence on Johnson and the NRA but was the more historically meaningful. In order to establish direct sales as a special case, George attempted to draw a distinction between direct selling and other kinds of sales firms. Salespeople who worked for bureaucratic corporations, he argued, were full-time or exclusive representatives of the firm and most often serviced large retail and industrial accounts. Corporate salespeople, who were the direct descendants of turn-of-the-century commercial travelers, were employees who fell under the supervision of the corporation. Alternatively, "We [in the direct selling industry] lack the element of control that the wholesale house or manufacturer who sells through a commercial traveler has over the man. He knows what that man is doing. He is not a competitive seller. He is an order taker calling on regular customers. We have men out whom we cannot follow. They never report to us."[48] In this way, George argued that the relationship between a direct sales firm and its distributors was fundamentally different from that in other sales corporations. George implied that direct sellers were more like the Yankee peddlers of the early nineteenth century than the corporate salesmen of the twentieth. In separating direct selling from other kinds of traveling sales, George's argument challenged the very utility of the term "employee" for this sector. He suggested that supervision and control, not mere association, were the defining features of the employer/employee relationship.[49]

George's argument was an extension of a conversation that began in the 1920s about what kind of work direct sales was. At the same time, George's description of direct sellers seems, at first glance, a reversal of the one the NADSC constructed, and was still arguing, in response to anti-peddling ordinances. Beginning in the mid-1920s, the NADSC described traveling salesmen as agents of an out-of-state firm and as a fundamentally different breed of salesmen than the itinerant peddler. Now, in response to the NRA the NADSC seemed to be tying itself to the very tradition of independent peddling from which it had once sought distance. On the one hand, this double-speak was an expedient way to argue against two different forms of state regulation. If anti-peddling ordinances sought to tax independent sellers, then the NADSC

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48 Quoted in Biggart, *Charismatic Capitalism,* 38. See also Morris, *Direct Selling*, 39-43.
49 This conception of work also drew on common law understandings rooted in the master-servant relationship. Labor activists in favor of regulating industrial homework similarly grappled with the ways in which work that took place outside the factory stepped outside that construction of work. See Eileen Boris, *Home to Work: Motherhood and the Politics of Industrial Homework in the United States* (Cambridge: Cambridge University Press, 1994).

would argue that direct sellers were representatives of the firm. If the NRA sought to increase the costs of labor for an employer, the NADSC would argue that direct salespeople were independent sellers.

On the other, these two arguments, which seemed at odds, shared a growing ideological opposition to government interference in labor and the economy. They also testified to the growing political acumen of the NADSC as, applying the lessons learned in the 1920s, it continued to negotiate direct sales' place in the national economy. During the 1920s, the NADSC created a definition of direct selling as a form of interstate commerce in order to solidify its place in the consumer economy. Now, in response to the NRA, it further refined its definition of direct selling as a category of work to establish its place in, or better yet outside of, the labor economy. The NADSC's opposition to anti-peddling ordinances in the 1920s and to labor regulations of the New Deal in the 1930s were, in this way, part of the same legal and political-economic project.

Moreover, even as they seemed contradictory, both arguments were true. In as much as direct sellers worked without direct corporate supervision and without set hours or a fixed salary, they were independent peddlers. But, given that they represented a corporation and had to adhere to the structures and rules set up by that organization, they were hardly free of corporate control. The flexibility with which George and the NADSC negotiated the definition of direct selling was possible because direct selling was, as a category of work, highly ambiguous.

Although opposed to the NRA's more stringent proposals, especially price ceilings and the minimum wage, the NADSC initially supported the NRA. Many corporations participated in the NRA out of a sense of patriotism. Zanol Products, for example, was a member of the NRA and displayed its "Blue Eagle" seal on the cover of the 1933 edition of the Zanol *License Hand*

Book.[50] Additionally, many corporations saw the NRA as the lesser of two evils. As an alliance between business and government, the NRA created a voluntary code of ethics which business leaders had a hand in shaping. From that perspective, the NRA was certainly preferable to more binding or externally-imposed alternatives.

Business leaders' fears were realized in 1935 when the National Industrial Recovery Act was declared unconstitutional and the Senate and House Labor Committee took responsibility for the issues of work hours and a minimum wage. Additionally, the President's Commission on Economic Security (CES) offered proposals for unemployment insurance and old-age benefits. The Labor Committee and the CES translated what had been an essentially voluntary code into what would be the Social Security Act of 1935 and the Fair Labor Standards Act of 1938. In its original formulation, the Fair Labor Standards Act (FLSA) proposed a minimum wage of forty cents per hour (later reduced to twenty-five cents), a maximum workweek of forty-five hours, and one-and-a-half pay for overtime, and it prohibited the use of child labor in the manufacture of any goods considered part of the interstate commerce system. The Social Security Act (SSA), the centerpiece of Roosevelt's New Deal, proposed to establish an economic safety net for American citizens comprised of old-age benefits, care for dependent children and the disabled, and unemployment compensation. The act established mandatory payroll taxes, to which employers and employees would each contribute, to fund the program.

The NADSC's opposition to the New Deal labor policies were at once ideological, financial, and logistical. After a decade of fighting against anti-peddling legislation, the NADSC was ideologically opposed to government intervention in business and the economy. Payroll taxes and a mandatory minimum wage would increase the cost of labor and were therefore financially disadvantageous. They also posed a particular operational problem for direct sales

[50] Zanol Products Company, *Road to Success*.

firms. The proposed payroll tax, for example, was based on an industrial conception of work as a system of hourly wage labor. Direct selling relied on a work arrangement more common to the nineteenth-century market economy than to twentieth-century industrial capitalism. Direct sellers most often received payment in the form of profit rather than wage. Direct sellers usually acquired goods from the company on credit. The distributors then sold (or better re-sold) the product to a customer, repaid any credit due the manufacturer, and then pocketed the difference as profit. If that profit were considered a taxable wage, the corporation would be responsible for calculating a percentage of funds over which it never had control. The SSA would impose on direct sales firms a system of taxation utterly out of sync with the way money actually moved through the organization.

The logic of a minimum wage was similarly predicated on a vision of productive labor in which workers dedicated themselves fully to a given task for a set number of hours under the supervision of the employer. In the industrial setting, a factory's capacity was directly correlated to the size and speed of its labor force.[51] As George argued before the NRA, direct sales executives had no way to physically monitor their salespeople to ensure that each hour worked was a productive one. Direct sales firms calculated productivity in terms of goods sold rather than as an outcome of the size or efficiency of the workforce. The prospect of payroll taxes and a minimum wage, then, not only threatened to increase the cost of labor. They would require a restructuring of the very nature of the direct sales work arrangement.

Thus we return to the 1935 Annual Meeting of the NADSC with which we began. The decision to change the status of direct sellers, as it was proposed to James George at the NADSC

[51] For more on the history of wage labor used in factories, see Sanford M. Jacoby, "The Coming of Welfare Capitalism," in *Modern Manors: Welfare Capitalism Since the New Deal* (Princeton: Princeton University Press, 1997), 15-35 and Sanford M. Jacoby, *Employing Bureaucracy: Managers, Unions, and the Transformation of Work in the 20th Century* (Mahwah: Lawrence Erlbaum Associates Publishers, 2004).

meeting, was literally a defining moment in the history of direct selling. It was a brilliant way to skirt New Deal labor regulations through what seemed to be merely an issue of semantics. But the NADSC's ability to exempt direct selling from Social Security and the Fair Labor Standards Act says less about the organization's ingenuity than it does about the New Deal and its conception of "labor." The NADSC's attempt to position distributors outside the reach of the new labor regulations fit the way the New Deal was centered on the male breadwinner and a particular understanding of work in which "labor" was fundamentally an industrial term.

Historians have documented the way that regional and political differences, gendered conceptions of work and family, and racial inequality all shaped New Deal policies.[52] Like the NADSC, southern politicians argued that a mandatory minimum wage would erode the advantage of its low-cost labor. The cotton, tobacco, and rice industries relied on low-wage labor to compete with the economic power of the industrial North. That most southern agricultural workers were African American mattered, too. Requiring employers to pay black and white workers an equal wage, Southern Democrats argued, would not only threaten the economic advantages of the South but its social system as well. The Chamber of Commerce of the United States and the National Association of Manufacturers, which represented the interests of small and medium-sized businesses, similarly insisted that industries such as laundries, restaurants, canneries, and fisheries also be excluded. As these examples make clear, the NADSC's attempt to redefine the status of direct sellers was part of a much larger contest about the kinds of work – and workers – that could be recognized as "labor" under the New Deal.

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[52] See Ira Katznelson, *Fear Itself: The New Deal and the Origins of Our Time* (New York: Liveright Publishing Company, 2013); Landon R.Y. Storrs, *Civilizing Capitalism: The National Consumers' League, Women's Activism, and Labor Standards in the New Deal Era* (Chapel Hill: University of North Carolina Press, 2000); Alice Kessler-Harris, *In Pursuit of Equity: Women, Men, and the Quest for Economic Citizenship in Twentieth Century America* (Oxford: Oxford University Press, 2001); Eileen Boris, *Home to Work*. For more on the New Deal see Steve Fraser and Gary Gerstle eds., *The Rise and Fall of the New Deal Order, 1930-1980* (Princeton: Princeton University Press, 1989); Jefferson Cowie and Nick Salvatore, "Scholarly Controversy: Rethinking the Place of the New Deal in American History," *International Labor and Working-Class History* 74 (Fall 2008): 3-32.

The New Deal proposed to relocate the power to set maximum hours and a minimum wage from the states to the federal government. It proposed tying social benefits, including unemployment and old-age assistance, to wage work. In doing so, it raised a host of questions about what qualified as “work” in the U.S. economy. The SSA and the FLSA were hotly contested in Congress and the House. In order to pass the FLSA, the Labor Committee had to make so many political compromises that the final law was only a shadow of its original vision. One observer described it as “crippled, undersized, and hardly recognizable to its progenitors.”[53] As a result of pressures from Southern Democrats and corporate interests, the final act excluded agricultural and domestic workers. Retail, service, and professional workers, along with seamen and fishermen, were also excluded. Those exclusions, which disproportionately affected women and African Americans, left many of the nation’s most vulnerable workers outside the New Deal’s protective embrace.

Gender, race, and political expediency clearly influenced what kinds of work the FLSA recognized as labor. The presumption that permanent, full-time work was key to economic stability also led the FLSA to privilege particular kinds of industrial work. Agricultural work, service work, homework, canning and fishery – and direct selling – were seasonal. Part-time, temporary, casual work, from the perspective of the architects of the New Deal, could do little to achieve long-term stability. In this way, the NADSC’s ability to position distributors outside the New Deal’s definition of taxable wage-labor was a clever and self-interested remedy but also reflected a broader assumption about the economic and social value of particular kinds of work.

The story of direct selling and the New Deal differed from that of agricultural work or homework, however, in that direct sales was excluded from the SSA and the FLSA with very little debate. Labor reformers lobbied intensely to have homework covered by the FLSA so that

[53] Anonymous quoted in Storrs, *Civilizing Capitalism*, 196.

women who worked as laundresses or participated in specialty piecework, for example putting the embroidery on finished goods manufactured in a factory, might receive a fair wage. Others, also claiming to speak on behalf of homeworkers, feared that government oversight would eliminate the flexibility on which home-based women workers relied.[54] Agricultural workers, too, had vocal representatives who claimed to speak on their behalf. Direct sellers, on the other hand, had only the NADSC, which represented the interests of its member firms more than individual salespeople. As a relatively small part of the commercial economy, it attracted little attention from reformers or other political advocates akin to those who argued for (or against) the interests of other workers. Another key difference was that, unlike agricultural, service, or home-based work, direct selling was not wage based. Thus, while one can imagine how they might have been applied to farm labor or domestic work, the SSA and the FLSA were ill suited to direct sales. As in the contest over anti-peddling ordinances that came before, the ambiguous nature of direct sales work provided room in which the NADSC could reposition, rhetorically and legally, the relationship between direct sales firms and their "employees."

The mobile, temporary, and elusive nature of direct sales work was in the 1930s coming up against the state's vision of the modern U.S. labor economy as comprised of stable, stationary, wage workers. Beyond the matter of taxation under the New Deal, direct sales work had likely always gone underrepresented, or misrepresented, in statistical representations of the national workforce. Even the best source on labor and population statistics, the United States Census, has relied on a quantitative methodology and a definition of work not conducive to tracking the itinerant, casual, supplementary nature of direct selling. In the nineteenth century, census takers who went house-to-house frequently missed traveling sales agents because they

[54] See Boris, *Home to Work*.

were, well, traveling.[55] Even as the Bureau of the Census adopted more sophisticated methods to collect, project, and analyze population data in the twentieth century, citizens were asked only to specify their primary occupation. Direct selling has very often been a form of temporary or secondary work, meaning that a significant portion of the direct sales force – perhaps most of it – has gone uncounted in the U.S. Census and by the Bureau of Labor Statistics. In other words, the diffuse and elusive nature of direct sales work always resisted hard quantification. Because quantification has been the preferred method by which the national economy has become visible, direct sales work was thus rendered invisible in most official representations of labor in the U.S.[56] Additionally, that the Census and the BLS have historically underrepresented, or overlooked, direct sales work reveals a central flaw in the way the state and its policies – and indeed many individuals – have imagine the national economy: the false assumption that each American has only one job.

Taken together, the examples of the Fair Labor Standards Act and the U.S. Census speak to the ways in which the state, its policies, and its methods of representation have worked in the twentieth century to produce a vision of labor as permanent, industrial work. That vision was itself a relatively recent invention. As Sanford Jacoby has shown, even industrial work had historically been seasonal. Throughout the nineteenth and into the early twentieth century, manufacturers frequently dismissed workers for the off-season, or in light of cyclical swings in the economy. Employment for most factory workers was, before World War I, "unstable,

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[55] See Manko, "Ding Dong", 82-83 and Biggart, *Charismatic Capitalism,* 26.

[56] This aligns with arguments about the ways in which statistical data, particularly as an instrument of the state, produces the very categories they are meant to represent. See Sarah E. Igo, *The Averaged American: Surveys, Citizens, and the Making of a Mass Public* (Cambridge: Harvard University Press, 2007). See also Foucault's notion of the bio-politics of population. Michel Foucault, *The History of Sexuality* (New York: Vintage Books, 1990). For more on the census, see Margo J. Anderson, *The American Census: A Social History* (New Haven: Yale University Press, 1988). Historians have especially addressed the ways that the statistical methods of enumeration have skewed, produced, or denied categories of racial identity.

unpredictable, and frequently unjust."[57] Labor unions, the adoption of standard wage rates, and the growing power of the New Deal state, Jacoby argues, helped transform a labor market characterized by insecurity into one oriented around a vision of stable employment. Yet, that significant segments were left untouched by that transformation suggests what a limited vision it was.

Other kinds of work, ranging from industrial homework to migrant labor to direct selling, have always existed. Yet, when the FLSA determined that casual work did not meet the ideal (and newly minted) definition of labor as determined by the objectives of the New Deal, it clearly communicated that such work was of less social and economic value. When policy makers decided to tie social benefits to work rather than citizenship, as Alice Kessler-Harris argues, "deciding which workers would be covered… created two classes of citizens: those who participated regularly in the kind of wage work where resolving unemployment seemed most important, and those who did not."[58] The New Deal codified a hierarchy of work in which only some jobs could be recognized as "labor." As in the case of the U.S. Census, only some kinds of work truly counted.

Historians know well the various ways that race, gender, region, and politics worked to produce a particular, and overly narrow, definition of taxable wage labor in the New Deal. The example of direct selling, however, suggests something new about the ways that practices of work, too, had to be rendered compatible with that definition. The state's definition of work, first in anti-peddling ordinances and then in the New Deal, relied on classifying workers as either employees or independent agents. As we have seen, direct sellers had a loose, ambiguous relationship with the corporation. They worked outside the direct supervision of managers, and

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[57] Sanford M. Jacoby, "The Way It Was: Factory Labor before 1915," in *Employing Bureaucracy*: 10-28, 19.
[58] Alice Kessler-Harris, *In Pursuit of Equity*, 120.

they did not adhere to the wage-based model of labor. That direct sales work fit within neither the category of employed nor independent (or perhaps uncomfortably within both), suggests that the state's definition of labor was always too narrow to accommodate the range of work, workers, and work practices that existed in the United States. The New Deal, then, was struggling to impose on the labor economy a definition of work that was already only an ideal. In order to make that ideal possible, categories of work such as direct selling had to be excluded, not only because they did not adhere to gendered, racialized, or politicized conceptions of productive labor, but because they represented a mode of labor incompatible with the way the state imagined work as a practice.

Conclusion

By the end of the 1930s, direct sales had achieved a level of coherence as a commercial sector. There were a number of successful, well-established direct sales organizations including Electrolux vacuum cleaners, Stanley Home Products, and Encyclopædia Britannica. The National Association of Direct Selling Companies had established itself as the organizational epicenter of a distinct, and robust, sector. Nineteenth- and early-twentieth century door-to-door sales organizations had little relation to one another, but by 1930, direct sales organizations saw themselves as a part of a single sector with shared challenges and interests. That sense of solidarity was forged in opposition to state, local, and federal attempts to regulate direct sales work. First in anti-peddling ordinances of the 1920s and early 1930s, and then in the labor regulations proposed as part of the New Deal, the NADSC used the encroachment of state power in the labor economy to galvanize a once diffuse group of companies into a coherent, and distinct, sector of the economy.

Experts in the sales industry, too, began to see direct sales as a distinct form of salesmanship that ought to be reported on as a sector of its own. The Dartnell Corporation acknowledged as much when it included a chapter on “Direct-Selling Trends” in the third edition of its *Sales Managers’ Handbook*. By 1940, Dartnell’s *Handbook* was reporting sales figures for direct selling as a subset of retail sales alongside the more conventional categories of chain stores, independent stores, and mail-order catalog houses. When the *Handbook* reported sales figures for Fuller Brush and Jewel Tea, it did so not under the broader category of consumer durables or even miscellaneous retail sales, but as firms that were identified first and foremost as a direct seller.[59]

The story of direct selling in the first three decades of the twentieth century is a paradoxical one. It is a tale of growing legitimacy, cohesion, and visibility. Direct sales evolved from the early-American tradition of independent peddling into what was, by the 1930s, a distinct and clearly recognizable commercial category. Yet, after years of struggling to establish direct sales as a legitimate sector of the consumer economy, the NADSC responded to the challenges of the New Deal in ways that rendered direct sellers increasingly difficult to locate in the labor economy. Although certainly of strategic, financial, and legal benefit to direct sales firms, the decision to position their salespeople outside the definition of employment, as defined by the federal government, undermined the project of legitimacy they set out to achieve. Throughout the twentieth century, direct selling would increasingly be seen as an outmoded practice at the margins of modern commerce. Particularly given the prominence of cultural icons such as Tupperware and Mary Kay, post-World War II direct selling has often been perceived as part of a niche category gendered-female, a form of women’s work and commerce somehow set apart from bureaucratic corporate capitalism. Ironically, direct sales originated in Yankee

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[59] Aspley, ed. *The Sales Manager’s Handbook*.

peddling, which is among the oldest professions in the history of American commerce. Yet, by the late twentieth century, direct selling would no longer be recognized as work.

CHAPTER 2

DIRECT SALES THE AMERICAN WAY: AMWAY AND THE REFRAMING OF WORK AS A CULTURAL AND IDEOLOGICAL GOOD, 1940-1973

Introduction

Jay Van Andel and Rich DeVos founded Amway in 1959. But Van Andel and DeVos would tell you that the Amway story really began in 1940. Jay Van Andel's father owned a small auto dealership in Grand Rapids, Michigan and in 1940 he gave his son a 1929 Model A Ford. A car was a rare luxury for a fifteen-year-old in Van Andel's middle-class neighborhood. He later recalled that, "being the owner of a car made me pretty popular, as you can imagine." And popularity was no simple feat for the gangling teen with big ears and a shy demeanor. But Van Andel was never much for luxury or frivolity. Instead, he turned his ticket to popularity into a profitable business proposition. He began offering the neighborhood kids rides to school for twenty-five cents a week. One day, a young man named Rich DeVos approached him for a ride. "He lived just a couple of blocks from me," Van Andel recalled, "so of course I was happy to take his quarter."[1] Although Van Andel was only fifteen, that exchange contained within it the seeds of what would be Amway's business philosophy: faith in American free enterprise; a vision of commerce as an extension of sociability, family, and community; and the valorization of work as a form of personal fulfillment and self-improvement.

DeVos was his first regular fare, and Van Andel liked the outgoing teen immediately. They were born two years apart into Dutch immigrant families, both raised in devout Protestant households, and had learned from an early age to see the world through the lens of Calvinist self-

[1] Jay Van Andel, *An Enterprising Life: An Autobiography* (New York: Harper Business, 1998): 7-8.

discipline and the valorization of work.[2] From the start, the bond between Van Andel and DeVos was as much business partnership as teenaged friendship. DeVos soon shared driving duties in Van Andel's fledgling transportation service and helped in Van Andel's father's car dealership. After graduating from high school in 1942, Van Andel enlisted in the Army Air Force Reserve Corps at Calvin College. DeVos joined him two years later. During the war Van Andel trained crews for the B-17 Flying Fortress and the B-29 Superfortress, the primary planes used for carrying the atomic bomb. DeVos was stationed with a glider unit in the Pacific. At the end of the war, both returned home to Grand Rapids and began to discuss their futures. They considered college, but decided it wasn't for them. "The more we talked," Van Andel later wrote in his autobiography, "the more we realized that we ought to form a partnership and go into business together. As would happen so many times in the future, all we needed to do was figure out what kind of business we would start."[3]

Van Andel's autobiographical writings project a sense of his unwavering faith in himself, his friend, and their ability to succeed through hard work as the keys to his prosperity. Admittedly, Van Andel's writings often paint recollections of his early years in business with a veneer of inevitability. It is difficult to discern how much of his professed certitude was real and how much was invented for creative license or, even more likely, as a way to promote the image of himself and his company that offered the greatest benefit to both. Yet, even given the limits of autobiographies as historical sources, Van Andel's words suggest that the Amway ideology informed even its origin story.

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[2] Van Andel and DeVos were both members of the Christian Reformed Church and were active in Christian causes throughout their lives. Much of their writings on business, for example Van Andel's autobiography *An Enterprising Life* and DeVos' *Compassionate Capitalism* explicitly frame their business pursuits as an extension of their faith. See Rich DeVos, *Compassionate Capitalism: People Helping People Help Themselves* (Plume Publishing, 1995).

[3] Van Andel, *Enterprising*, 13.

This origin story begins in the exciting world of Fords and Flying Fortresses, yet it would end somewhere quite different. Van Andel's and DeVos' relationship began over the rattle of a Model A, and it continued into the whirring aviation craze of Word War II. High on American prosperity and technological prowess, Van Andel and DeVos were among the many Americans who speculated about the consumer market for airplanes after Word War II. A single-family home, they imagined, might some day soon come equipped with a two-airplane garage. So in 1946, the partners invested $700 in a two-seater Piper Cub Airplane and opened a flight school and charter service called Wolverine Air Service, although neither actually knew how to fly. In 1947, they expanded Wolverine to offer travel packages including canoe adventures and fishing expeditions on Lake Superior, and opened the Riverside Drive-Inn Restaurant on the airstrip, the first restaurant of its kind in the state of Michigan.

More interested in the idea of running a successful venture than in any one business in particular, the partners amassed an eclectic assortment of business failures over the next five years, including: a toy company, an ice cream cart, an import company dealing in Haitian mahogany goods, and a company that sold organic bread door-to-door. Running the gamut from ice cream to airplanes, the partners' seemingly haphazard business ventures were connected by their desire to find "the next big thing." In 1949 Van Andel and DeVos got their break. Van Andel's cousin Neil Maskaant had begun selling Nutrilite vitamins door-to-door and Van Andel and DeVos thought they could make a go of it, too. Ironically, the partners had begun their careers as aviation aces trying to cash-in on the high-flying wave of the future. Yet, their ultimate success came when they returned to one of America's oldest commercial endeavors – they became door-to-door salesmen.

If the partners' method of travel was slower with Nutrilite, their success was anything but. After only one year, the partners and their network of Nutrilite salespeople, which the duo called the Ja-Ri Corporation (short for Jay and Rich), reached $85,000 in retail sales.[4] In 1959, Van Andel and DeVos broke away from Nutrilite and Ja-Ri became the Amway Corporation. A far cry from the partners' high-tech origins, Amway's first offering was perhaps one of the most mundane products imaginable: a concentrated, all-purpose, liquid soap for the home called Liquid Organic Cleaner, or LOC. Amway's product range grew to include other household cleaners, beauty and personal care products, cookware, even smoke detectors. Headquartered from a 390-acre compound in Ada, Michigan, Amway currently operates in eighty countries around the world spanning North America, Latin America, Europe, and Asia. It boasts a sales force of over 300 million distributors. The Amway Corporation is better known, however, for its pyramid-esque sales structure and its aggressive recruiting practices than for its global reach.

Like other direct sales organizations, Amway does not sell merchandise in physical stores; it operates exclusively through a network of distributors. Referred to as direct sellers, distributors, or "independent business owners" (IBO's), Amway salespeople are considered independent contractors rather than corporate employees. Each distributor earns income by buying products from an Amway sponsor at a discounted rate and reselling that merchandise to individual users as a profit. Sellers may earn additional income in the form of performance bonuses, free merchandise, trips, or other rewards. Distributors also earn income by recruiting other distributors, referred to as their "downline," to sell under them. The industry calls this organizational structure "networked direct sales" or "multi-level marketing." Although a highly

[4] Ibid, 42.

successful recruiting tool, the networked structure closely resembles a pyramid scheme, an accusation with which Amway has frequently struggled.[5]

Whatever criticisms have been leveled against it, Amway has been an unmitigated financial success. In 2010, business analysts estimated Amway's value at $9.77 billion, meaning that, if the company were publicly traded, it would have ranked #253 on the Fortune 500 between eBay at $8.7 billion and Starbucks at $9.8 billion.[6] That same year, Forbes ranked Amway the thirty-second largest privately held firm in America.[7] In 2011, Amway surpassed $11 billion in annual retail sales to mark its seventh consecutive year of revenue growth.[8] As these numbers show, Amway represents a significant, although often under recognized, sector of the consumer economy. Yet, despite its impressive financial performance, historians have written very little about Amway.

To date, much of the work on Amway has come from popular sources and tends towards the extremes of either celebratory corporate biography or journalistic exposé.[9] Business, management, and marketing experts have been interested in Amway's seemingly non-traditional managerial practices and on the ways it uses social networking and personal influence in lieu of national advertising. But historians have not yet incorporated the history of Amway into the

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[5] In 1975 the Federal Trade Commission officially deemed Amway a legal networked organization. Criticism against Amway, ranging from popular opinion to civil suits to government regulation, is covered in Chapter Seven.

[6] Amway is a privately held company and is not required to release revenue, profit, or valuation figures. Business analysts estimated its value at $8.4B in 2009 and $9.77B in 2010. http://www.reuters.com/article/2012/02/23/idUS119754+23-Feb-2012+PRN20120223.

[7] http://www.forbes.com/lists/2010/21/private-companies-10_Amway_B15P.html.

[8] Alticor, Amway's parent company, reported $11.3B in annual sales for 2012, up from $10.9B in 2011. See Carol Cain, "Amway's Globetrotting Pays Off: 2012 Sales Top $11.3 Billion," CBS Detroit Local. February 7, 2013. (http://detroit.cbslocal.com/2013/02/07/amways-globetrotting-pays-off-2012-sales-top-11-3-billion/).

[9] For an excellent journalistic treatment of Amway, see Kathryn A. Jones, *Amway Forever: The Amazing Story of a Global Business Phenomenon* (Hoboken: Wiley & Sons, Inc., 2011). Most others are written by active or former distributors or by business analysts sympathetic to, if not affiliated with, the industry. See: Charles Paul Conn, *Promises to Keep: the Amway Phenomenon and How it Works* (New York: G.P. Putnam's Sons, 1985); Dominique Xardel, *The Direct Selling Revolution* (Cambridge: Blackwell Publishers, 1988). As a harsh critic of Amway, former distributor Steve Butterfield's work, which is discussed in Chapter Seven, is an exception. See Steve Butterfield, *Amway: the Cult of Free Enterprise* (Boston: South End Press, 1985).

historiography on direct selling, leaving its role in the development of direct sales understudied.[10] Historians' lack of attention to Amway is due, in part, to its relatively recent rise to prominence. The company only became well known in the 1970s and the historiography on the culture of the 1970s is itself still relatively young.[11]

Additionally, Amway has been derided in some segments of popular culture as a joke, a scam, or worse. Amway's reputation as a pyramid scheme has perhaps rendered it difficult to take seriously as a subject of intellectual inquiry. At a minimum, it has made Amway's corporate executives leery about opening itself up to criticism and, as a result, they have been especially guarded about granting researchers access to its corporate archives.[12] Whereas the papers of Tupperware, Avon, and Mary Kay are all housed in museums and libraries, Amway maintains a closed corporate archive in order to limit its exposure to criticism, which has been an obvious obstacle for historians.

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[10] As discussed in the Introduction, there have been a relatively small number of dissertations and published articles on Amway, mostly from the disciplines of management or organizational studies. See: Michael Gerard Pratt, "The Happiest, Most Dissatisfied People on Earth: Ambivalence and Commitment Among Amway Distributors" (PhD diss, University of Michigan, 1994); Michael G. Pratt, "The Good, the Bad, and the Ambivalent: Managing Identification among Amway Distributors," in *Administrative Science Quarterly* 45:3 (Sep. 2000): 456-493; Ronald J. Kuntze, "The Dark Side of Multilevel Marketing: Appeals to the Symbolically Incomplete" (Phd Diss, Arizona State University, 2001); David Harris, "Of Prophecy and Profits: A Study of the Amway Worldvie," (PhD diss, Harvard University, 1992).

[11] Early work on the seventies, such as Peter Caroll's, felt compelled to make an argument for seeing the seventies as a pivotal and educative decade rather than a dormant period between radical sixties and the conservative eighties. See Peter N. Carroll, *It Seemed Like Nothing Happened: America in the 1970s* (New Brunswick, Rutgers University Press, 1982). For recent work on the 1970s, see: Jefferson Cowie, *Stayin' Alive: the 1970s and the Last Days of the Working Class* (New York: The New Press, 2010); Beth Bailey and David Farber, *America in the Seventies* (Lawrence: University of Kansas Press, 2004); Bruce J. Schulman, *The Seventies: The Great Shift in American Culture, Society, and Politics* (Cambridge: De Capo Press, 2011). I discuss the historiography on the seventies in greater depth in Chapter Three.

[12] I was granted access to the Amway corporate archives in the summer of 2013. To date, I am the first historian to have access to this previously unanalyzed body of sources. Aside from the corporate archive, I have found small collections of sources on Amway in other archives. For example, the Bentley Historical Library has some documents on Amway as part of the Lillian Gill papers. Gill was active in the civil rights movement and a leader in the black community in Michigan. She worked in Nutrilite and then Amway in the late 1950s and early 1960s and collected a few documents related to her experiences. The Ford Presidential Library also has a small number of documents, mostly related to Van Andel's and DeVos' role in Republican politics, which will be covered in Chapter Four. The largest collection of sources, outside of the corporate archive, is at the Federal Trade Commission. The FTC collected a number of documents as part of an investigation into Amway in the mid-1970s. Much of this chapter is based on sources housed at the FTC.

This project, however, is less interested in Amway's legal or ethical standing than in taking direct sales seriously as an economic, occupational, and cultural phenomenon. It seeks to explain the nature, appeal, and persistent cultural resonance of direct sales work as a window into cultural conceptions of work and capitalism in post-1945 America. Far from backward looking, marginal, or trivial, the direct sales phenomenon in fact illuminates major transformations in the structures of work in late capitalism. In this way, a revised understanding of direct sales that places it at the center, rather than on the margins, of modern capitalism offers a new model through which to understand the nature of work in the late twentieth century, and to interrogate the relationship among late capitalism, work, culture, and selfhood in twentieth-century America.

The early history of the Amway Corporation revises our understanding of direct sales in three ways. First, Amway's success shows that door-to-door sales was not exclusively, perhaps not even predominantly, a nineteenth and early-twentieth century phenomenon.[13] With direct sales revenue reaching $30 billion in 2011, nor was it a marginal sector of the economy. Rather than disappearing in the face of mass consumption, Amway's history reveals that door-to-door selling persisted, even flourished, throughout the twentieth century in the form of direct selling. Additionally, firms that have dominated the direct sales sector, such as Amway and Avon, are highly organized, bureaucratic, global corporations. Although they rely on a diffuse system of distribution that borrows from an older tradition of face-to-face selling, the organizations themselves are distinctly modern. The history of Amway will show that the story of direct sales is a story ultimately about big business.

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[13] As discussed in the Introduction, much of the historical literature on door-to-door sales focuses on the period between 1850 and 1920, and especially on the role salesmen played as harbingers of turn-of-the-century modernity. See: Walter Friedman, *Birth of a Salesman: The Transformation of Selling in America* (Cambridge: Harvard University Press, 2005) and Timothy B. Spears, *100 Years on the Road: The Traveling Salesman in American Culture* (New Haven: Yale University Press, 1997).

Second, Amway's example offers new ways of thinking about gender and direct sales. Direct sales, at least in postwar America, has most often been studied as a distinctly female endeavor.[14] Yet companies oriented toward women, such as Tupperware and Avon, represent only one segment of the direct sales industry. Amway salespeople have most often worked with their spouse as part of a sales team. Whereas Tupperware celebrated feminine domesticity, Amway emphasized family economy and the masculine history of salesmanship as a way to challenge popular perceptions of direct sales as a practice for women. Indeed, Amway insisted on maintaining the masculine heritage of direct sales at the same time that women were entering the workforce in unprecedented numbers in the 1960s and 1970s. That Amway chose to frame direct sales work as a masculine profession rather than appeal directly to the growing numbers of women entering the workforce seems puzzling. Amway invoked gendered imagery and gendered perceptions of work in ways that seemed to go against trends not only in the direct sales sector, but also against contemporary changes in the demographic makeup of the American workforce writ large, thus making the Amway story even more crucial to scholars' understanding of gender and the changing nature of work in the postwar period.

Third, Amway marked a shift in the history of direct sales, illuminating its adaptability and its fundamentally modern character. If Amway extended the practice of door-to-door sales into the post World War II period, it also reshaped it. Networked direct sales organizations

[14] See the Introduction and Chapter Five for a discussion of women's history, gender, and direct selling. See also: Alison J. Clarke, *Tupperware: The Promise of Plastic in 1950s America* (Washington, DC: Smithsonian Books, 2001); Kathy Peiss, *Hope in a Jar: The Making of America's Beauty Culture* (Philadelphia: University of Pennsylvania Press, 2011); Katina Lee Manko, "'Ding Dong! Avon Calling!': Gender, Business and Door-to-Door Selling, 1890-1995 (PhD diss., University of Delaware, 2001). For international or transnational studies, see: Lindsey Feitz, "Democratizing Beauty: Avon's Global Beauty Ambassadors and the Transnational Marketing of Femininity, 1954-2010" (PhD diss, University of Kansas, 2010); Jessica Chelekis, "Direct Sales in the Amazon: Gender, Work, and Consumption in Ponta de Pedras, Pará, Brazil" (PhD diss, Indiana University, 2011); Theresa Preston-Werner, "The World in a Bottle: Gender, Age, and Direct Sales in Costa Rica" (PhD diss, Northwestern University, 2012); Gina Maria Grumke, "Desire, Wage Labor and Resistance: An Ethnography of a Sales Unit of Mary Kay Cosmetics, Inc." (PhD diss, University of Wisconsin-Madison, 2001).

existed before World War II, but they were rare. Amway established multilevel, networked direct sales as a recognized organizational form and, in doing so, became the standard bearer of modern direct sales. More importantly, Amway rearticulated the logic of direct sales in ways that were distinctly aligned with postwar culture. Amway redefined direct selling from a utilitarian marketing strategy into a fully articulated corporate ideology. In the most basic terms, Amway sold soap. But in many ways, its most popular and lucrative product was a corporate ideology that portrayed independent sales work as a means to self-improvement, self-actualization, and personal fulfillment. Amway can thereby tell us much about the ways that late capitalism reconfigured the boundaries among work, commerce, class, and selfhood in postwar America.

Striking Out in a New Direction

Jay Van Andel and Rich DeVos entered direct sales at an opportune moment. By the time they joined Nutrilite in 1949, sales executives and experts in the field already recognized direct selling as a legitimate, clearly identifiable subset of commercial sales. That a number of nationally recognized brands, such as Electrolux vacuum cleaners and *Encyclopædia Brittanica*, had committed to selling exclusively through the direct channel further legitimized direct selling as a strategy. By the mid-1950s, direct selling had grown to approximately one million distributors and a few direct sales companies were even beginning to outperform competitors that sold through traditional channels. For example, in 1953 Avon enjoyed profits almost three times greater than its major retail competitor, Helene Rubenstein.[15] That same year, Stanley Home Products' 26,000 distributors held an estimated three million hostess parties where they

[15] Avon reportedly earned $7M in pretax revenues. Victor P. Buell, "Door-to-Door Selling," *Harvard Business Review*, May-June 1954, 113 cited in Clarke, *Tupperware*, 105.

presented more than $98 million worth of detergent, mops, and waxes.[16] Compared to traditional retail, direct sales was still a modest industry in the 1950s.[17] But the organizational infrastructure and sense of institutional legitimacy established in the 1930s, and the growing number of highly visible, successful, national brands committed to direct selling had established the necessary ingredients for tremendous growth in the decades to come.

Working with Nutrilite throughout the 1950s, Van Andel and DeVos recognized the potential of direct sales as a business strategy and, by 1959, they wanted to break away. Internal disagreements within Nutrilite had begun to cause disruptions in supply and Van Andel and DeVos were concerned about the company's long-term stability. They felt it was time to leverage what they had learned about direct sales into a business of their own. Based on their experience with Nutrilite, Van Andel and DeVos had come to the conclusion that it was Nutrilite's networked direct selling strategy, not the products themselves, that accounted for its success. According to Van Andel, "Rich and I were sure that Nutrilite was onto something that could be extremely successful."[18] Van Andel and DeVos recalled feeling that they were on the verge of fulfilling the dream they had shared as childhood friends by translating the Nutrilite strategy into a successful business of their own.

Van Andel and DeVos were not alone in recognizing the potential of direct selling. In the 1950s and early 1960s, a number of new direct sales organizations joined the ranks of established firms such as Fuller Brush, the W.T. Rawleigh Company, Stanley Home Products, Avon, and

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[16]$98M seems a tremendous number, but amounts to an average of $32.67 worth of product per party, or $3,700 per salesperson per year. C. Claire Cox, *How Women Can Make up to $1000 a Week* (New Jersey: Van Nostrand, 1960), 1 cited in Clarke, *Tupperware*, 106. The term "presented" is awkward, but is what the source uses. It is unclear whether it refers to goods sold, or only to goods circulated at Stanley parties.

[17] The first comprehensive statistical study of the direct sales industry was not until 1974. What statistics do exist show that there were approximately 100K direct sellers around 1900, 200K in 1920, approximately 1M in the mid-1950s, and 1.5M by 1964. By 1964 the industry had reached $3.0B in total sales. Some industry experts estimate that direct sales has averaged approximately 2% of total retail from about 1945 to 1970. See Biggart, *Charismatic Capitalism*.

[18] Van Andel, *Enterprising Life*, 47.

Encyclopædia Britannica.[19] Along with Earl Tupper's and Brownie Wise's Tupperware Hostess Parties Incorporated in 1951, Dr. Forest C. Shaklee founded the Shaklee Corporation in 1956, Mary Carter Crowley founded Home Interiors & Gifts in 1957, Van Andel and DeVos founded Amway in 1959, and Mary Kay Ash founded Mary Kay in 1963.[20] Like Amway, most of the direct sales organizations founded in the 1950s and 1960s were started by someone with experience in another company. In this way, the genealogy of the direct sales industry actually mirrors the logic of growth through replication that defines the networked model. Frank Beveridge had worked for Fuller Brush before starting Stanley Home Products in 1933. Mary Crowley and Mary Kay Ash were both superstars at Stanley (not to mention sisters-in-law and lifelong best friends) before founding, respectively, Home Interiors & Gifts in 1957 and Mary Kay in 1963. This is all to say that Amway was not a singular case. Rather, it was a member of a generation of corporate organizations that marked a new stage in the history of direct sales.

Amway's corporate cohort was different from its nineteenth-century, or even its prewar, forebears. Many earlier firms, such as Stanley Home Products, W.T. Rawleigh Company, and Encyclopædia Britannica, took a utilitarian view of direct selling.[21] Direct selling was simply an

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[19] These firms are discussed in Chapter One as part of the history of direct sales prior to World War II. Avon dates back to 1932 (also its precursor, the California Perfume Company, was founded in 1886). Avon originally sold perfume, powders, rouges, lipsticks, and other toiletries and remains one of the largest direct selling organizations in the world. Avon sells through the direct model, but is not a networked organization. The W.T. Rawleigh Company began in 1895 selling patent medicines.

[20] Home Interiors & Gifts sold home décor such as candles and artificial flowers until it filed for bankruptcy in 2008; Home & Garden Party subsequently purchased it, merged it with Home & Garden Party and renamed the new organization Celebrating Home. Shaklee began selling plant-based nutritional supplements in 1956 and added organic cleaning solutions, similar to Amway's, in 1960; Activated Holding, LLC purchased Shaklee for $310M in 2004.

[21] Avon Products, Inc. is somewhat of an exception here. Originally founded by David McConnell as the California Perfume Company in 1886, Avon employed rhetoric about being in business for oneself as early as the first decade of the twentieth century. But, as Katina Manko has shown, during the company's early years it primarily invoked ideas about femininity, women's labor, and women's entrepreneurship to help establish a reputation for its saleswomen as participating in a respectable business. Not until 1939 when, under the leadership of David McConnell, Jr., the company changed its name to Avon did it begin to develop its distinct culture and ideology as a central feature of its corporate strategy. That Avon was such a well-established company by the 1940s thus complicates the chronology I am presenting. Yet, the way Avon's use of ideas about femininity and women's

effective, low-cost strategy to be used in the service of selling products. As the 1960s approached, direct sellers such as Tupperware, Amway, Avon, and Mary Kay increasingly complicated that logic. Among leaders such as Brownie Wise, Mary Kay Ash, David McConnell, Jr., and Van Andel and DeVos, fostering a common corporate culture through which to attract, grow, and motivate the sales force increasingly took precedence over the products themselves. In many ways, a specific kind of corporate culture *was* their primary offering. That is not to say that the product was irrelevant. Expanding the sales force was a means through which to sell more product. But, in corporate strategy and rhetoric, the generation of direct sales organizations that emerged after World War II fashioned an ideology treating this particular breed of sales work as a means of self-improvement, self-actualization, and personal fulfillment. That is, they redefined direct sales as not just an economic good but a cultural, and perhaps even a psychological, one.

Amway was one of the leading architects of the ideology of post-World War II direct sales. Several firms, particularly Tupperware, Mary Kay, and Avon participated in the creation of modern direct sales culture. By direct sales culture, I mean the use of rituals and celebrations such as the Tupperware Homecoming Jubilee, and even the development of distinct terminology, that direct sales companies used to foster a sense of shared culture and belonging among participants. In this way, Amway acted as part of a vanguard generation whose impact on the history of direct selling might be best judged collectively. But, as we will see, Amway was more rhetorically potent and far more deliberate than any of its peers in crafting direct sales into an activity that transcended work and, for these reasons, the history of Amway merits particular attention.

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entrepreneurship shifted from a managerial strategy in the early twentieth century, to a distinct ideological and cultural offering in the 1940s and 1950s does follow the chronology I am sketching here. See Manko, "Ding Dong."

In the summer of 1958, Van Andel and DeVos held a meeting in Charlevoix, Michigan with the top Ja-Ri distributors and offered them a proposition. Nutrilite, they explained, was experiencing internal problems including disagreements between the manufacturing and distribution arms of the company.[22] The Ja-Ri Corporation, they warned, might be in danger. But, at least as Van Andel and DeVos would retell the story so many times over the years, they interpreted Nutrilite's instability as an opportunity to build something greater and offered everyone in the Ja-Ri Corporation an opportunity to come along for the ride. As Van Andel described it, "this in itself was a very dangerous thing to do with a sales organization because [it is] an organization that is geared to selling products and… when the leaders call the organization together and say, 'Well, it looks like the thing might fall apart,' your whole organization could quit at that moment if you are not very, very careful about how you handle that one."[23] Van Andel's comment suggests an acute awareness of the novelty of their proposition to relocate Ja-Ri's staff and infrastructure into a sales corporation that was, as yet, only an idea. Whether drawn-in by their charismatic leaders, out of shared confidence in the power of direct selling, or merely out of curiosity, "every person at that Charlevoix meeting," Van Andel recalled, "decided to strike out in a new direction with us."[24]

To be sure, this version of Amway's history is an origin story and, like all origin stories, it has a politics. Corporate origin stories are meant to establish a company's reputation and corporate image; they are an act of public relations. Origin stories may provide useful and accurate details, but they also reflect the desires, biases, failures of memory, and the business interests of its narrators. Brownie Wise's version of the origin of Tupperware parties, for

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[22] Carl Rehnborn controlled the manufacturing through Nutrilite Products. Lee Mytinger and William Casselberry controlled distribution through their own C&M Marketing Corporation.
[23] Van Andel quoted in *Original Transcripts of Proceedings Before the Federal Trade Commission Docket No. 9023 in the matter of Amway Corporation, Inc*. June 3, 1977: 1790-1792. FTC.
[24] Van Andel, *Enterprising Life*, 57.

example, differed from Earl Tupper's; Wise thought of Tupperware parties as her invention, while Tupper claimed that he was already developing a hostess party strategy. Origin stories travel over time from person-to-person, mutating along the way. They can serve as a means of self-aggrandizement for the narrator. And, as the example of Tupperware shows, origin stories can be a way of establishing authority by staking one's own claim on the past.

Yet, the constructions and inconsistencies in origin stories can also be telling. That a constructed account of the past is necessary suggests that origin stories serve a function in the present; they do cultural work. In the world of networked direct sales, where corporations had to maintain a relationship with salespeople from a distance, the power of an origin story was even more meaningful. Amway's story offered participants a sense of belonging by creating a shared history. As a historical source, Amway's origin story provides a chronological outline of its founding, but it also speaks to the needs and intentions its narrators. Van Andel's emphasis on self-confidence and a sense of sureness about future success was as much a projection of Amway's corporate ideology and its brand of positive thinking as it was a reflection on the past.

In their version of the origin story, Van Andel and DeVos believed so strongly in the power of the Nutrilite sales plan that they conceived of the company's name, organizational strategy, and corporate culture *before* deciding what the company would sell; only later did they settle on soap.[25] Inverting traditional business logic in which marketing functions in the service of selling products, Amway imagined soap as a basic commodity through which to realize its vision of direct sales as a corporate ideology. Van Andel and DeVos chose a name for the

[25] Van Andel testified before the FTC, "The American Way Association started, of course, as an idea, first of all. And we communicated to our distributing organization, that is, the Ja-Ri Corporation group of people, our idea on where we wanted to go, where we thought we would have to go in order to continue to stay in business with the fall apart of Nutrilite business, and we suggested that it would be a good idea to come together in some type of formal organization and use an organization corporate structure… This was our idea to them and the people that we discussed this with agreed that would be a good idea and therefore… we went through the formal organization process of saying okay, we will now agree to form this organization." Van Andel quoted *Original Transcripts*, 1683.

company that they thought would encapsulate what would be its central tenet: the "American Way," or – for short – Amway.

Unlike Tupperware, Amway's name bears no relation to a consumer product. Appearing to break all the rules of consumer branding, the name gives no indication that the company sells soap, or even consumer goods. But "Amway" does in fact advertise exactly its primary product: its own corporate ideology. Amway's corporate structure and business philosophy were meant to encapsulate a particular vision of the "American Way." Reflecting the dominant traits of postwar economic liberalism, Amway's networked sales structure and emphasis on recruiting projected a belief in the power of an unlimited growth economy driven by consumer abundance. As we shall see, Amway's definition of the ideal distributorship as a married couple, its vision of the home as a consumer unit, and its explicit preference for gender-specific roles mirrored the cultural traditionalism historians have pointed to as central elements of the postwar domestic revival. And, at the height of the Cold War, Amway celebrated class mobility under free market capitalism by offering a distributorship as a pathway to economic independence. In other words, Amway offered one vision of what it meant to be American, as well as a successful American, in the postwar period.

By the end of the meeting in Charlevoix, Amway was a sales organization with two leaders, twenty-four former Ja-Ri distributors, and nothing to sell. In an unusually democratic move for a sales corporation just starting out, Van Andel and DeVos polled the members of their new organization for suggestions. "Obviously, we would want to supply products that our distributing organization would want to sell," Van Andel recounted.[26] The group agreed that the

[26] Van Andel testified before the FTC, "the [Amway] association members were polled by us and asked by us if they were interested in having us supply certain products… In the business of supplying products, obviously we would want to supply products that our distributing organization would want to sell." Van Andel quoted in *Original Transcripts,* 1675.

product should be something that could benefit from in-person, demonstration-based selling, but that people already knew they needed. They should sell what Van Andel called "'commodity products,' products that everyone uses." The group thought soap would be perfect. "You don't really have to convince people that you should use soap or detergents. With that type of product it is largely a matter of which one to use rather than if you should use."[27] In addition to offering the practical benefits of a basic commodity that consumers had to frequently replace, the idea of selling soap also aligned with Van Andel's and DeVos' desire to position Amway as a wholesome, all-American company. After all, what could be cleaner than soap?

For all the novelty of the organization, Van Andel and DeVos settled on the most mundane of possible products. Even the names of Amway products were generic, again underscoring the ways in which Amway prioritized ideology over products. Amway's first product was a detergent called simply, Liquid Organic Cleaner. The original five-gallon can, which sold for $18, was designed to connote a generic sense of Americana more than a specific image of the Amway brand or its product. The package was white with the word Amway written on a wide red stripe and the letters "L.O.C." against the background of a wide blue stripe, all below the simple outline of the shape of the United States.[28] Van Andel and DeVos were brilliant marketers, which makes the banality of their products seem even more peculiar. Read another way, however, blandly named cleaning products offered the practical benefits of a commodity product while also allowing the distributors themselves to stand out as the defining feature of the Amway brand. And what LOC lacked in creativity, it made up for in performance. In the first two years, Amway averaged approximately $500,000 in annual retail sales of LOC and its

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[27] Ibid, 1680.
[28] Amway acquired the detergent from another manufacturer. The product was originally called "Fisk" before Amway renamed it LOC. Amway sold LOC in bulk; $18 in 1960 would today equally approximately $115. An annual retail figure of $500,000 amounts to approximately 27,000 units per year.

second product, a detergent with the even less expressive name SA-8. By 1963, less than five years since its inception, Amway had reached $4 million in retail sales.

Amway's immediate success was extraordinary, but its origin story is a common trope within the industry. Time and again, standout salespeople like Frank Beveridge and Mary Kay Ash broke away from an existing organization in order to apply their direct sales knowledge to a new product venture. In other words, Van Andel and DeVos were not the only industry leaders to recognize that the power of direct selling lay in the sales strategy as much, if not more than, the product. Yet, more so than any of their peers, Amway's founders were explicit about placing corporate ideology at the center of the organization.

The Amway Opportunity

Amway's corporate ideology shaped every element of its operations, from organizational strategy, to rhetoric, to day-to-day practice. What I am calling Amway's corporate ideology was made up of three major tenets: a celebration of American free enterprise; commerce as an extension of sociability, family, and community; and the valorization of sales work as a form of personal fulfillment and self-improvement. That Van Andel and DeVos self-consciously built their company around a sales strategy and a conception of the "American Way," rather than around a consumer product, suggests that corporate ideology was a central component of the organization from the very start.[29] That ideology was present in every element of the Amway

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[29] Van Andel's and DeVos' autobiographical writings suggest that they were already thinking about the relationship between business and ideology in 1949, even before joining Nutrilite. Both men credit their philosophy on business to the six months they spent traveling through South America in early 1949. They particularly reference their experiences in Colombia during the brutal civil war *La Violencia*, and in Argentina under Peron as pivotal in their thinking about business, opportunity, free enterprise, and political economy. Their writing reveals that Van Andel and DeVos were confronted with real situations that forced them to think seriously about free enterprise, about political economy, and about the ways in which what they perceived as the "American Way" seemed to differ from economic life elsewhere. I take this to mean that Van Andel's and DeVos' professed faith in opportunity and free

Corporation from organizational form to operating strategy to corporate rhetoric. To Van Andel and DeVos, Amway was about selling more than soap; it was about promoting direct sales as a business philosophy that valued opportunity and rewarded entrepreneurialism.

Van Andel and DeVos designed the networked structure of what they called the "Amway Opportunity" in 1958. As they first sketched it on butcher paper in Van Andel's garage, the Amway Plan designated various levels of distributorships. New participants were recruited by a sponsor into the entry level of "Distributor." A distributor ordered goods from his or her sponsor and earned a 3% commission on everything he sold personally (referred to as business volume or BV bonus). Another 3% of the distributor's BV went to the sponsor. At the same time that the distributor was selling goods, he was also expected to recruit new participants in order to build a downline of his own. Once a distributor had a sizeable enough downline (through the 1970s, equivalent to $7,500 BV per month for three consecutive months), he had the opportunity to rise to the next level and become a "Direct Distributor." As a direct distributor, he could bypass the sponsor and receive goods directly from the Amway warehouse (hence the label "direct"). Meanwhile, everyone in the "Direct's" downline was supposedly recruiting additional distributors, each of whom earned the direct an incremental percentage. Deciphering a networked organization is a mathematical research project in itself. But at its core, this confusing arrangement offered the possibility for exponential earnings growth. One had the opportunity to act as a mini-capitalist: one could reap the fruits of one's own labor, but also a continuing share of the labor of others.

Until 1964, Amway illustrated its recruiting strategy as a pyramid. In the graphic below, Amway explains its business plan as a way to "pyramid your profits through Amway's chain

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enterprise was not an afterthought, but that their ideology of security and personal fulfillment through free enterprise grew out of their trip to South America and, therefore, influenced the way they imagined the company from the start. Van Andel, *Enterprising Life.*

sponsorship plan."[30] At the beginning, the new Amway distributor stands atop a small rectangle that represents his personal sales. As his customer base grows, the rectangle expands horizontally. But through the "privilege of recruiting and sponsoring others… they become part of *your* Distributor Organization… AND you receive a part of the profit from their sales." Thus, the value of his organization grows vertically. As his downline continues to recruit and sponsor, his personal income grows exponentially, elevating him to the top of the pyramid. And, as the distributor in the image suggests, this raises his status from salesman to manager to executive and, ultimately, to the comforts of early retirement.

Figure 1: Amway Corporation, "Amway: The American Way to success," 1964.

The term "pyramid scheme" did not yet have the cultural currency it does today. The Federal Trade Commission defines a pyramid scheme as one in which participants are compensated for recruiting rather than sales. Pyramid schemes typically charge new recruits a large up-front investment fee; "upline" distributors are compensated, at least in part, from those

[30] The use of the term "chain sponsorship" is also interesting given that a chain letter investment opportunity is one form of pyramid scheme, which I discuss in Chapter Seven.

fees rather than as a percentage of merchandise sold.[31] Similar pyramid-esque schemes, such as chain letters and investment fraud, have existed for centuries, but the term itself was not widely used until the mid-1970s, after the Federal Trade Commission issued an official definition in 1975.[32] The pyramid shape did not in the mid-1960s immediately broadcast "fraud!" in the way it later would, and other direct sales organizations advertised themselves as "pyramid plans" through at least 1964.[33] However, that Amway felt compelled to abandon the use of the term pyramid, or even its shape, suggests that it was already beginning to accumulate negative connotations. In an effort to distance itself from accusations of operating a pyramid scheme, Amway stopped using the image of a pyramid in 1965. By 1972, Amway literature included explicit statements denying any resemblance to a pyramid scheme.[34]

After abandoning the image of a pyramid in 1965, Amway began illustrating its recruiting strategy through a ritual termed "drawing circles." As shown in the graphic below, each circle represents a distributor clustered around a direct, creating a satellite of circles connected to a central hub.

[31] I discuss the legal history of Ponzi and pyramid schemes in Chapter Seven. I also discuss Amway's role in establishing the basis of multilevel marketing law. In 1975, the FTC deemed Amway a legitimate networked sales organization because Amway's sales plan was based on units sold rather than on recruitment itself, it did not charge substantial investment fees, and Amway maintained some safeguards including buying-back unsold inventory. This investigation has since set the precedent on MLM regulations.

[32] The FTC first issued a definition of a pyramid scheme as part of the decision order on Koscot Interplanetary, a cosmetics company found to be guilty of perpetrating a pyramid scheme. This is covered in depth in Chapter Seven.

[33] For example, a direct sales company called Be-Safe Products placed an ad for fire alarm salesmen in a 1964 edition of *Specialty Salesman Magazine* in which it described itself as the "Be-Safe Pyramid Plan," which I discuss in Chapter Seven. "'Be-Safe' Pyramid Plan" in *Specialty Salesman* (June 1964): 34. JWH.

[34] The 1972 Manual, "Your Career with Amway," featured a section under the headline: "Amway: Not a 'Pyramid' or 'Chain' Sales Plan." It explained: "The Amway Sales and Marketing Plan cannot be compared to the 'pyramid' or 'chain' plans which some direct selling companies have operated. They are not the same," followed by a list of characteristics that qualified Amway as a legitimate operation. Amway Corporation, *Your Career With Amway* (Ada: Amway Corporation, 1972) Binder 1-2/9023 Commission Exhibit 61. FTC.

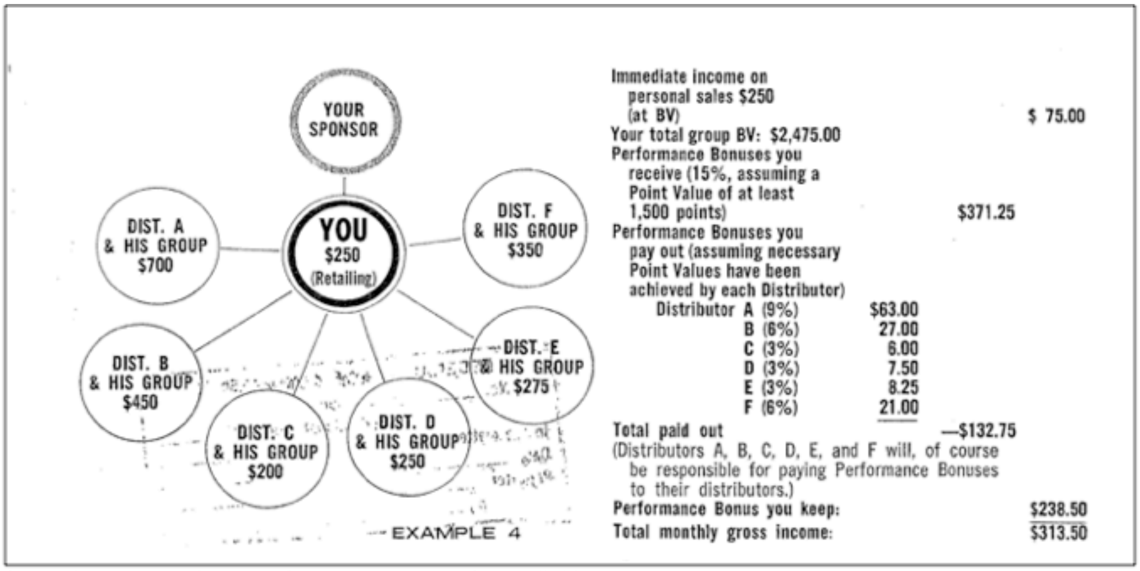

Figure 2: Amway Corporation, "Amway and You," **1975: 2.**

Recalling the night in 1968 when she was first shown "the circles," distributor Betty Holdridge recounted that her sponsor, Shirley Gunnet, "showed us the circles and the marketing plan… and said we could make a thousand dollars easily part-time, but it was not the limit… You could do whatever you wanted to." Betty's husband Tom was working as a machine repairman and she sold toys at Christmas for extra money, so $1,000 would not go unnoticed in the Holdridge household. But Betty was "especially interested when you got somebody to $7,500 and they broke away from you," to go direct. "They would no longer be connected to you. They did all the work and you still made money and I thought it was fabulous."[35] In other words, part of the Amway Opportunity was the chance to make money not only from one's own initiative, but from other people's work. While striking at the heart of the appeal of Amway work, Betty also highlighted one of the more complex, sometimes contradictory, aspects of the Amway opportunity. Amway's business philosophy valued work on the one hand but, on the other, dangled the fantasy of wealth without effort.

[35] Betty Holdridge quoted in *Official Transcripts of Proceedings Before the Federal Trade Commission Docket No. 9023 In the Matter of Amway Corporation, Inc*. May 23, 1977: 743, FTC.

The structure of the Amway Opportunity borrowed heavily from Nutrilite's networked model of direct selling but also elevated it in ways that, as we will see, were key to Amway's role in reorienting direct sales for late twentieth-century capitalism. Carl Rehnborg formed Nutrilite Products, Inc. in 1939 and quickly established the company as a strategic leader in the field. Nutrilite sold vitamins and plant-based dietary supplements but its networked sales structure was the company's true innovation and, indeed, one of the most important advancements in the modern history of direct sales. The networked direct model, as it was originally implemented in Nutrilite and then adapted by Amway's founders, created a new kind of corporate form, a new mode of labor, and new tools of corporate management that all point to the fundamentally modern character of direct sales.

Scholars and industry leaders have speculated about who first invented the networked direct sales model. As Nicole Woolsey Biggart has argued, William Casselberry and Lee Mytinger of Nutrilite were most likely its architects. In 1941, Casselberry and Mytinger instituted what they called the "C&M Marketing Plan." In the original plan, distributors could earn a bonus of 3% of the sales of people they personally sponsored into the organization. As Casselberry and Mytinger designed it, the networked sales structure encouraged distributors to recruit other participants, but also connected them financially to the continued success of their recruits. Companies had long been offering finder's fees to individuals who recruited a new worker or customer. The primary innovation of networked sales was that, whereas a finder's fee was a one-time bonus, the relationship between a networked seller and his recruits was ongoing. Rather than compete amongst one another, networked sellers had a financial stake in the continued success of their organization as a whole.

The C&M Marketing Plan not only created a new system of compensation, it also reimagined the relationship between the sales organization and its workforce. In the 1940s and 1950s, most direct sales companies were organized such that sellers reported directly to a central home office, a branch location, or a regional manager. Under the home office model, the company handled its own recruiting and distribution via long distance, most often by mail. Alternatively, what industry experts have come to call the "Avon model" operated through a system of field leadership whereby Avon employed regional representatives to recruit and manage local organizations. In both the home office and Avon models, the corporation maintained an individual relationship with the seller, even if that relationship was long distance or through an appointed proxy. Nutrilite was the first to forgo the direct relationship between corporation and seller in favor of having numerous networks of sellers organized around an independent intermediary who acted as a wholesaler. In other words, Nutrilite executives essentially used the C&M Marketing Plan to outsource its recruiting and management functions to its salespeople, and to greatly diminish the amount of direct corporate authority over, and therefore financial responsibility for, its sales force.

Nutrilite's loose system of corporate oversight went against contemporary theories about labor and sales management. In the early 1940s, human relations management was emerging as a legitimate professional field and as an important element in maintaining an efficient, obedient, industrial workforce.[36] Influenced by social science research on the industrial workplace, such as

[36] In the 1920s, the management function was essentially an afterthought. Influenced by growing labor union power and government regulation, industrial employers in the 1930s considered "human relations" management as a necessary corporate function but still the province of middle managers. Influenced by the findings of the Hawthorne experiments, the human relations approach argued that psychological factors including team sociability, morale, and perceptions of the workplace, influenced worker productivity. By 1940, human relations management was considered not only a legitimate professional field but also a central consideration in executive decision-making. Especially after WWII, management theorists saw the shop floor as contested terrain and argued that the human science of management was vital to maintaining corporate authority. See Richard Gillespie, *Manufacturing Knowledge: A History of the Hawthorne Experiments* (Cambridge: Cambridge University Press, 1991).

the Hawthorne experiments, human relations managers argued that psychological factors such as team morale played an important role in job performance. Human management experts, however, understood that the industrial shop floor was always contested terrain, particularly during the 1940s when the power of organized labor represented a legitimate threat to corporate authority. Thus, while human management theorists argued that a sense of autonomy at work improved workers' productivity, those measures were always intended as a means to maintain corporate authority.

Whereas the emerging field of industrial human management was paying more attention to the benefits of morale and autonomy, research specific to sales management was promoting a more rationalized, systematic, even industrial, approach. Experts advised corporations to implement increasingly specific, "scientific" methods for managing its sales force.[37] The Dartnell Corporation, which specialized in research and training related to all forms of salesmanship, encouraged sales managers to think of themselves as "sales engineer[s]" whose primary job was to maximize the efficiency and performance of its "operation of salesmen." In support of what it called "the Functional Type of Organization," Dartnell argued that sales departments ought to be organized in a clear hierarchy in which salesmen reported to a branch office manager, who in turn reported to a manager of salesmen, then a sales manager, a sales director, and finally to a board of directors. The manager of salesmen, according to Dartnell, ought to maintain strict control over its workforce by "standardizing sales talk," "checking up on how salesmen spend time," "overseeing routing of salesmen," and preparing "reports on salesman's work for [the] Sales Manager."[38] Considered in the context of industrial social science and corporate sales management, Nutrilite's loose system of organization stands out in

[37] For more on the history of "scientific selling," see Friedman, *Birth of a Salesman.*
[38] John Cameron Aspley, ed. *The Sales Manager's Handbook, third edition*. (Chicago: The Dartnell Corporation Publishers, 1940), 301-310. JWH.

even sharper relief. Nutrilite appeared to be relinquishing control over its workforce at a time when the emerging fields of human relations and corporate management promoted consolidating it.

When Van Andel and DeVos created their own version of networked direct selling in 1958, they remained true to the heart of the C&M Marketing Plan as a way to way to maintain a decentralized sales force, but also amended it in key ways. Nutrilite used the C&M Plan as a mechanism through which to relinquish its managerial authority over, and therefore the financial burned of, a relatively autonomous sales force. Nutrilite maintained little direct control over each of its satellite organizations, as evidenced by Ja-Ri's ability to stage its succession practically unnoticed. Like Nutrilite, Amway maintained a decentralized sales force. Unlike Nutrilite, Van Andel and DeVos implemented a corporate plan that wedded the Nutrilite model of indirect control to an intricate system of compensation, corporate hierarchy, corporate culture and ideology, peer pressure, and strict company guidelines all designed to bolster Amway's ability to manage its sales force at a distance. Amway's emphasis on recruiting, ideology, and corporate culture was not only a way to relinquish corporate responsibility and reduce costs. Rather, Amway relied on a carefully designed system of material and affective rewards to promote worker productivity, company loyalty, and a sense of ownership over one's work. In other words, Amway's use of the networked direct sales model reflected less a ceding of corporate authority than a brilliant reimagining of the tools of corporate control.

Amway continually encouraged recruitment and sponsoring as one of the most important elements of a distributorship. Compared to the C&M Plan, Amway's version of networked direct sales was a more formally organized hierarchy. Van Andel and DeVos designed an incentive-driven system in which successful distributors could move up the ranks. From the entry-level distributorship, one could become a “direct distributor.” If a direct met certain performance qualifications, he could be promoted to “Silver Producer.” If a direct’s downline organization included three distributors who each qualified as Silver, he would be promoted to “Pearl.” After qualifying as a Pearl for several consecutive months, he could rise to the subsequent levels of “Emerald,” then “Ruby,” “Diamond,” “Executive Diamond,” “Double Diamond,” and ultimately, “Triple Diamond.” Each new title was granted, along with a pin of recognition adorned with the commensurate gem, at a celebration before the entire organization.

Amway rarely lavished its products with as much enthusiasm as it celebrated its distributors. In many ways, the networked model inverted the traditional relationship between sellers and products by putting distributors at the center of Amway’s operational strategy. Rather than select sellers best suited to marketing its particular product, Amway selected a product that could suit anyone, and then worked to develop its sales force. Amway reasoned that women could sell soap using their credibility as homemakers, while men could sell LOC on its scientific or economic merits as a multiuse chemical product available in bulk quantities. Unlike Tupperware and Mary Kay, neither of which was networked, Amway spent more time and effort training distributors as recruiters than as salespeople. Amway published both recruiting literature and marketing materials. But career manuals and orientation literature always opened with the benefits of direct sales work; product information was always relegated to the back. When Amway ran advertisements, they typically contained phrases like “Would you like to make $1,000 a month in your spare time?”[39] Advertisements were intended to attract new distributors, not to promote LOC. Even Amway’s use of language suggested that salespeople were valued

[39] Claude Johnson reported, “We ran ads in the newspaper just like some other distributors run, and the general content of the advertisement was ‘Would you like to make $1,000 a month in your spare time and not give up anything that you are presently doing on a part-time basis?’” Claude Johnson quoted in *Official Transcript of Proceedings Before the Federal Trade Commission, Docket No. 9023 In the Matter of Amway Corporation, Inc.* May 31, 1977: 1444. FTC.

over products. Amway's blandly named products suggest that executives put little creative effort into labels like Liquid Organic Cleaner or, even worse, shorthand names like LOC and SA-8. On the other hand, salespeople were part of a carefully constructed hierarchy with their own glittering, specialized titles as Ruby, Diamond, and Double Diamond Distributors. Salespeople were literally the jewels in Amway's crown.

Most tellingly, Amway instructed distributors to recruit first and sell second. Distributors were told that their primary goal was to "show the plan." Distributor Mary Rovena recalled that she was told to "stress the word 'opportunity' over and over again. This was a fantastic business opportunity with which a person could, with an investment of $10, make a great deal of money." Distributors were instructed to approach prospects with "a fantastic business opportunity," not with an amazing new cleaning solution.[40] Distributor Jack Hearne referred to this strategy simply as S.T.P. "It was a little humor that we used," he recalled, "I grab a piece of chalk and just slap it up on the blackboard, 'STP' like the royal treatment. Everybody knew what STP was… We would tell the people [we sponsored]. Show the Plan. If people are not interested in joining the organization, show them the product."[41] Blurring the boundaries between salespeople and customers, recruiting and selling, Amway participants were told that if the audience could not be convinced to join Amway as distributors, then enlisting them as customers was the second best option.

Amway privileged corporate ideology, but sales did matter. Indeed, that is the official distinction between a legal networked organization and a pyramid scheme. In a pyramid scheme, participants are rewarded for recruiting other participants alone, rather than for selling products.

[40] Mary Rovena quoted in *Official Transcript of Proceedings Before the Federal Trade Commission, Docket No. 9023 In the Matter of Amway Corporation, Inc*. Jun 1, 1977: 1602. FTC.
[41] Jack Wayne Hearne quoted in *Official Transcript of Proceedings Before the Federal Trade Commission, Docket No. 9023 In the Matter of Amway Corporation, Inc*. May 20, 1977: 615. FTC.

Amway's compensation strategy, on the other hand, was based on both sponsoring and sales. The networked structure placed a premium on recruiting new distributors, hence expanding the sales force in perpetuity (at least in theory). But in order for money to change hands, someone had to sell something. This was one of the innovations Amway inherited from the C&M Marketing Plan. Compensation and bonuses were calculated as a percentage of goods sold, not individuals sponsored. In order to be deemed a Pearl, Ruby, or Diamond, one's organization had to meet certain sales criteria. Amway's organizational structure was thus designed to encourage recruiting, but to reward sales.[42]

The Amway Opportunity and its emphasis on growth through recruitment, on corporate ideology over product specifications, and on corporate culture and hierarchy all pointed toward a new breed of direct selling in the late 1950s. More importantly, in remaking the C&M Marketing Plan, Van Andel and DeVos also created a new model of indirect corporate authority. While the C&M Plan reduced the amount of managerial authority Nutrilite had over its salespeople, the Amway Opportunity established an alternative, indirect method of control by virtue of linking a distributor's financial success to the success of those in his organization. Because a distributor received a commission on the sale of all the distributors he recruited into Amway, it was in his interest that they perform well. For executives, the key benefit of the Amway Opportunity was that it enabled the company to surrender its direct managerial responsibilities *without* ceding corporate control. Amway's networked system of compensation, distributor hierarchy, and company culture worked in lieu of a formal system of field management by encouraging distributors to recruit, train, motivate, and monitor each other. In this way, Amway's networked direct model represented a new kind of corporate authority in 1959. Moreover, it was a form of authority that was innovative, flexible, and fundamentally modern. As we will see, the Amway

[42] How well people actually fared financially within this system is the topic of Chapter Six.

Opportunity also gestured toward what would be a growing trend in late-twentieth-century capitalism, namely the gradual erosion of the relationship between employer and employee that scholars have seen as one of the hallmarks of postmodern or post-Fordist capitalism.

Pioneers of Free Enterprise

If the structure of the Amway Opportunity represented a new kind of corporate authority that reimagined the role of the corporation and its relationship to its sales force, the rhetoric of the Amway Opportunity similarly reworked the role of ideology in direct sales. The Amway Corporation communicated with distributors in three primary ways: through recruiting and orientation literature, company newsletters, and corporate meetings and conventions. Each medium reinforced the Amway ideology. Amway recruiting literature from the beginning was rife with the terms "independence," "security," and "freedom." It repeatedly described the Amway distributor as an ambitious, self-motivated (most often male) professional engaged in building a business of his own. If Tupperware celebrated direct sellers as wives and mothers, Amway celebrated its distributors as the "pioneers" of free enterprise. Promising that Amway "can bring you and your family the richest rewards of life through the free enterprise system," it explicitly offered the Amway distributor as the embodiment of American capitalism – a capitalism, importantly, that valued individual achievement and personal responsibility over either corporate responsibility or an active state.[43]

Although Amway established the basic framework of its corporate ideology early on, its rhetorical artistry developed over time. Earlier publications contain the seeds of Amway's claims

[43] Richard DeVos & Jay Van Andel, "You've Taken An Important Step!" in Amway Corporation, *Your Career with Amway.* (Ada: Amway Corporation, 1965): 2. Binder 1-1/9023. Commission Exhibit 54: 241-456. FTC. Chapters Three and Four examine how direct sales organizations marshaled the rhetoric of free market ideology and personal responsibility coming from the political right in order to present direct sales work as both an embodiment of the promise of the free market and as an alternative to unemployment, aid, or other elements of the liberal welfare state.

to embody free enterprise but with less potency than they would by 1970. The 1963 manual "The Amway sales plan," opened by congratulating the reader on having "just made the first step in establishing yourself as an independent distributor." Amway, according to the manual, "has an opportunity for every type [of] sales personality," through a "many sided plan that is designed to build a highly profitable business of your own in the person-to-person selling field." Invoking long-held beliefs about hard work and class mobility in the 'land of opportunity,' Amway claimed that a distributor's potential was limitless but his success was ultimately up to him. "Where you go now depends entirely upon how much effort you put forth!"[44] Compared to later publications, the 1963 plan was subtler in its use of language, more focused on the specific advantages of the business model, and placed more emphasis on the respectability of Amway's founders. In other words, Amway's earliest publications suggest a preoccupation with the legitimacy of direct sales as a business model and with Amway as a corporate entity.

Literature published in the early 1960s also contained rare references to two of the themes that plagued Amway most: pyramid schemes and feminization. As already noted, Amway illustrated the networked model as a pyramid until 1964. Amway's early literature also assumed that the reader might be female. The first image in the 1963 sales plan was that of a woman's hand (judging by a bracelet and manicure) passing her Amway business card to a man. The business card reads "Mr. & Mrs. Opportunity," suggesting that, although Amway already imagined the ideal distributorship as a married couple, it still allowed for a scenario in which Mrs. Opportunity could initiate business as an equal partner.[45] In the same publication Amway explained, "Over 50% of Amway distributors are women – indicative that women can find a pleasing business venture of their own." This was one of very few examples of a sales plan that

[44] The Amway Corporation, *The Amway Sales Plan* (Ada: Amway Corporation, 1963): 1. Binder 1-1/9023, Commission Exhibit 53: 111-240. FTC.
[45] Ibid, 2.

addressed and capitalized on, rather than ignored or dismissed, the popular perception of direct sales as a job for women.[46] Even still, the proposition that women's work must be "pleasing" revealed a gendered assumption about the nature of women's work, suggesting that women were in business as a diversion rather than as a legitimate means to economic survival. And Amway would quickly qualify that opportunity as a way for women to "set their own hours and earn, to augment the family income and still be home the times they are needed."[47] Just as Amway acknowledged the working female reader, it swiftly dismissed the possibility that she might be economically independent, or even a primary earner.

Despite the strong presence of women in the organization, Amway literature published after 1964 increasingly assumed a male reader, or at least a male decision maker. The cover of the 1964 publication "Amway: The American Way to Success," featured a professional-looking male distributor leaving the house on his way to work, waving goodbye to his wife and daughter who stand in the doorway. The first page of the manual began with the headline: "You Can Achieve Success, Security, Independence with Amway The American Way!" Beneath an image of a covered wagon surely traveling west, Amway defined "The 'American Way' [as] the way of the Pioneer… the way of the rugged individualist who carves out a place for himself and his loved ones." Calling simultaneously upon America's frontier past and its consumerist present, Amway characterized its pioneering soap salesmen as keen to "strike out" on the their own to "carve a place for themselves, and find dignity, security and prosperity through their own efforts." Lest one still have doubts, Amway countered that "The timid will say, 'Those days are past. The Frontier is gone… the days of the gold rush, the oil wild-catter and the empire builders

[46] Amway corporate literature became more attentive to racial diversity beginning in the late 1970s. In the 1980s and 1990s, Amway corporate literature increasingly featured black, Latino, and Asian families on the cover of its publications, which reflected the company's more aggressive strategy for global expansion as well as contemporary discussions about multiculturalism.
[47] Ibid, 7.

are over'… But there are, and always will be, opportunities for those with initiative and foresight."[48] As this example shows, Amway literature overtly appealed to readers' economic aspirations and to the assumed relationship between masculinity and economic security.

The introduction to the 1964 publication opened with the "rugged" imagery of wildcatting on the frontier. But throughout the course of the appeal, Amway tamed the image of the pioneer into a modern-day professional. Amway offered the reader the chance to be "a respected businessman, serving your community, and building an enterprise that… you can pass on to your children." In an era when intellectuals lamented social conformity and the ways in which white-collar work had transformed American manhood into an assemblage of docile "organization men,"[49] Amway offered the reader the chance to "step out of the crowd."[50] Amway attempted to distinguish its form of selling from the presumed tedium and powerlessness of corporate work. Ironically, Amway critiqued the social conformity of postwar consumer culture at the same time that its form of corporate control relied heavily on the very same kinds of peer pressure, social anxiety, and emphasis on conformity. The Amway opportunity was ideal for "ambitious men who are tired of being chained to a dull job… who want better things for their families." Rather than an organization man, Amway offered the opportunity to "become one of those independent businessmen," with a business "that is always yours… no one can take it away

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[48] Amway Corporation*, The American Way to Success* (Ada: Amway Corporation, 1964): 2. Binder 1-2/9023, Commission Exhibit 81: 1464-1479. FTC. Emphasis original.
[49] William H. White, *The Organization Man* (New York: Doubleday Anchor Books, 1956). Social critics and intellectuals writing in the immediate postwar moment argued that the deskilling of white collar work and the pressure of conformity that accompanied consumer abundance created a middle class that was as much a mental or psychological category as a socioeconomic one. Sociologists including Whyte, David Riesman and C. Wright Mills pointed to the alienation of white-collar work, constant disillusionment in the face of material abundance, valuing social conformity over individuality or authenticity, and a near neurotic anxiety of "prestige striving" as the characteristics of white-collar psychology. See David Riesman, *The Lonely Crowd* (New Haven: Yale University Press, 1950) and C. Wright Mills, *White Collar* (Oxford: Oxford University Press, 1951).
[50] Amway Corporation, *The American Way to Success*, 2.

from you. You're your own boss."[51] In constructing the image of the direct seller as a pioneer of free enterprise, a non-organization man whose fate was in his own hands, Amway transformed the door-to-door salesman into an entrepreneur.

Amway's reframing of the distributor as an entrepreneur spoke directly to the issue of feminization. Amway first introduced Mrs. Opportunity in 1963, the same year Betty Freidan published *The Feminine Mystique.*[52] For a brief moment, Amway appeared to be aligned with the women's movement, which in 1963 was just about to move into the national spotlight. Yet, Amway chose instead to dismiss the contributions of workingwomen at the very moment they were entering the workforce in unprecedented numbers. In some ways, Amway's move toward a more masculine, even patriarchal vision of direct sales seemed to belie the demographic realities of the workplace in the 1960s, especially within direct sales. Yet, as discussed in Chapter Three, Amway's desire to recuperate the masculine history of direct sales spoke precisely to women's greater representation in the workforce and the ways in which workingwomen challenged traditional notions about gender, work, and family.[53]

That Amway chose not to celebrate women in the style of Tupperware despite the fact that women did dominate the industry, or perhaps because of it, is what makes it so interesting. By the mid-1950s, the more than 750,000 women involved in direct selling represented approximately 75% of the sector.[54] Even the iconic Fuller Brush man felt the pressure of feminization. Facing a shortage of male labor due to the high-employment of the postwar years, and influenced by the success of women-centered companies like Avon, the Fuller Brush Company transitioned away from its popular Fuller Brush man to a female sales force of

[51] Ibid, 2.
[52] Betty Friedan, *The Feminine Mystique* (New York: W.W. Norton & Company, 2001).
[53] Chapter Five will include a more detailed analysis of direct selling, particularly Amway and Avon, in the context of women's greater presence in the workforce in the 1960s and 1970s, and in the context of the women's movement.
[54] Clarke, *Tupperware*: 105-106; See also Peiss, *Hope in a Jar*.

"Fullerettes" in the 1950s and 1960s.[55] Amway executives, on the other hand, forwarded a vision of a pioneering, entrepreneurial, masculine distributor as an alternative to the culture of feminine domesticity at Tupperware, Avon, and Mary Kay.

The ambitious Mr. Opportunity attempted to recover salesmanship as a dignified, honorable occupation for men. Ironically, Mr. Opportunity was necessary because most active Amway distributors were women. Couples often joined Amway together, only to have the wife do most of the work while her husband maintained his full-time job. The image of Mr. and Mrs. Opportunity implied that an Amway distributorship was not as much an equal marital partnership as it was a family business headed by an authoritative, entrepreneurial husband. In this way, Amway allowed for women's participation without upsetting the artifice of a traditional marriage. At an historical moment when more and more families needed to rely on a second income, Amway's framing of direct sales work as part of a family business allowed a wife to contribute to the household coffers without challenging her husband's status as the primary breadwinner.[56]

If Mr. Opportunity attempted to reclaim salesmanship from Avon ladies, he also went against cultural stereotypes of door-to-door salesmen as unscrupulous hucksters and losers. The 1968 documentary film *Salesman*, for example, forwarded an image of door-to-door salesmen as manipulative and crude. The film followed four salesmen – known as "the Rabbit," "the Badger," "the Bull" and "the Gipper" – as they traveled across New England and into Florida selling bibles door-to-door. The bulk of the film alternates between scenes of salesmen

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[55] See fuller.com/index.php/about-us/.

[56] Chapter Five argues that the need to render women's work compatible with the postwar ideal of the sole-breadwinner model of the patriarchal nuclear family was heightened by the fact that, by 1975, more than half of all married women worked. See: Sharon R. Cohany and Emy Sok, "Married Mothers in the Labor Force," in *Monthly Labor Review* (February 2007). Division of Labor Force Statistics, Bureau of Labor Statistics (http://www.bls.gov/opub/mlr/2007/02/art2full.pdf); Peter N. Carroll, "New Combinations for Intimacy and Support: Beyond the Nuclear Family" in *It Seemed Like Nothing Happened* (New Brunswick: Rutgers University Press, 1982): 278-296.

employing intense, high-pressure selling techniques in order to convince working-class Catholic customers to buy fancy new bibles on the installment plan; and after-hours scenes of salesmen smoking in a dingy motel room, reveling in their successes, justifying their failures, and telling insensitive jokes about Irish Catholics.[57] Amway frequently insisted on the distinction between direct and door-to-door sales in order to distance itself from the image of the slick or intrusive salesman. In order to distinguish direct selling from the unsavory, manipulative, insincere brand of salesmanship practiced in *Salesman*, Amway characterized its version as a form of social exchange. As one motivational tape put it: "You've been a salesman all your life… You sold your neighborhood friends on chumming around with you. Right? You're a salesman… you are just being yourself."[58] Assuaging distributors' fears about phoniness or lack of experience, Amway positioned salesmanship as a natural and accepted social skill, if not an innate personality trait.

Among the most iconic representations of the traveling salesman in American culture is Willy Loman from Arthur Miller's *Death of a Salesman*, written in 1949. Loman, a traveling salesman struggling to come to terms with his own powerlessness, lack of success, and even obsolescence in the postwar economy, has come to be read as a quintessential tragic hero.[59] Amway literature attempted to counter the Loman-esque figure of the traveling salesman as an emasculated failure at the same time that it tried to distance itself from the rootless, hyper-masculine con artists portrayed in the Albert and David Maysles' *Salesman* by recasting the

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[57] Albert Maysles, David Maysles, Charlotte Zwerin, dir. *Salesman*. Maysles Film, 1969.
[58] Dusty Owens, "The Amway Opportunity." Transcript of recorded speech prepared by Counsel Supporting the Complaint in FTC v Amway Corp. et al. Date unknown: 4. Binder 1-7/9023, Commission Exhibit 992: 6104-6121. FTC.
[59] By the final act, Willy is unemployed, secretly supporting his family through the generosity (and pity) of his only friend, losing his mind to senility, and tearing his family apart with his delusional obsession with the failures of his son Biff. Unable to support his family, Willy repeatedly attempts suicide for the insurance money. Even his final 'successful' act turns out to be failure, as his wife reveals that she had just made the last mortgage payment on the house and that they could have finally been "free." Arthur Miller, *Death of a Salesman* (New York: Viking Press, 1996).

traveling salesman, not as an itinerant worker, but as the "successful independent businessman" figured below.

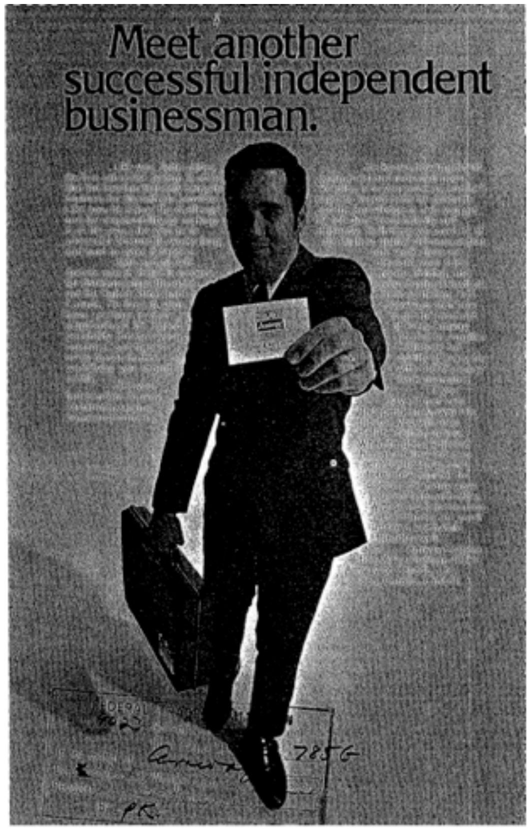

Figure 3: Amway Corporation, "Meet another successful independent businessman," in *Amagram* 15:2 (1974): 7.

In 1974, Amway published the above image of a distributor handing the reader a business card. The image is noticeably reminiscent of the one published ten years prior in which Mrs. Opportunity extended her hand to a potential customer. Although the images are nearly identical in tone, the gendered subtext is clearly different. The later publication asks the reader to "Meet another successful independent businessman" by the name of John Jones. "Like you, John values the free enterprise system. It offers him the freedom that only being in business for himself can provide. Like you, he enjoys the challenge and the responsibility for making it on his own. Like you, he is successful because he works long and hard to make it happen… If you haven't met your Independent Amway Distributor, you will soon. He'll be calling on you. When he does, welcome him as a fellow independent businessman."[60] In redefining the door-to-door salesman as a businessman or entrepreneur, Amway reclaimed independent salesmanship as a dignified, ambitious, masculine profession.

If the Amway Corporation sought to shed the negative associations of traveling salesmanship, it also attempted to avoid the class connotations of wage work. At the same time that Amway celebrated abundance and economic mobility under capitalism, it was at pains to distinguish its distributors from wage laborers. Recruiting and orientation literature described a distributorship as something set apart from "ordinary work." The 1970 manual, "You and the Amway Sales Plan," declared that "Amway is Not 'Employment' but Rather a Real Career."[61] In bold letters, the image below assured the reader that an Amway distributor is not a wage laborer engaged in mere employment, but a professional with a "career." The text emphasized that the distributor was not a white-collar, corporate employee, but was engaged in building a growing business of his own. In other words, a distributor was his own boss, a business owner. Offering class mobility in fast-forward, Amway offered the opportunity to go from wageworker, to white-collar professional, to independent entrepreneur in a single sentence.

[60] Amway Corporation, "Meet another successful independent businessman," in *Amagram* 15:2 (1974): 7. Binder 1-6/9023, Commission Exhibit 785: 5040-5055. FTC.
[61] Amway Corporation, *You and the Amway Sales Plan* (Ada: Amway Corporation, 1970): 17. Binder 1-3/9023, Commission Exhibit 85: 1482-1509. FTC.

F SPONSOR OTHERS

Your profit from sponsorship is a greater monthly refund. Your total Purchase Volume includes your personal sales plus those of the distributors whom you sponsor. You pay your distributors the refund they earn but, because your total is greater than the Personal Volume of any of the distributors whom you sponsor, you receive a larger refund than you pay out.

And you earn in the same way on the Purchase Volume of the new distributors whom your distributors sponsor . . . and on those they sponsor . . . and so on. You form a growing group, and every dollar of sales made by any member will be a dollar of additional volume for you.

When you are a sponsor, you are building income for your family today, income for your retirement, and income that becomes part of your estate.

— THAT'S WHY AMWAY® IS NOT "EMPLOYMENT," BUT RATHER A REAL CAREER — A GROWING . . .

BUSINESS OF YOUR OWN

FEDERAL TRADE COMMISSION

— 17 —

Figure 4: Amway Corporation, *You and the Amway Sales Plan* (Ada: Amway Corporation, 1970): 17.

In the image below, Amway literature illustrated traditional jobs as tedious, dead-end work. "Ordinary work has many limitations," including having to "punch [a] time clock, [and] work for someone else" with "limited potential" to realize either the fruits of one's own labor or to rise to one's full abilities. The Amway alternative set "no quotas, territories, [and] no limiting factors" to keep one from his full potential.[62] In Amway, there is *no one* to tell one what to do, *no one* to hold one back, *no one* to benefit from a man's efforts except for him. The message is as easily read in the reverse – *you* make all the decisions and *you* reap all the rewards. In other words, Amway offered a work situation in which the seller had all the power.

[62] Ibid, 4.

Figure 5: Amway Corporation, *You and the Amway Sales Plan*. (Ada: Amway Corporation, 1970): 4.

Of course what Amway literature left out of the equation were the material advantages of regular employment, namely: the security of a salary or health benefits, the future promise of a pension, the protection of a labor union, or any of the other legal safeguards one enjoys under the umbrella of a corporate employer. Focusing instead on the ways traditional employment entrapped and limited workers, Amway offered itself as the alternative, as a way not to be employed but to be *self-employed.*

In remaking the direct seller into an entrepreneur, Amway executives rewrote the cultural image of direct selling. As they communicated it, direct sales was neither corporate work nor wage labor, it was an opportunity: an opportunity to achieve financial security, personal independence, and respectability. In this way, Amway literature attempted to blur class lines by imbuing an older form of work with a new sense of status. More importantly, in offering potential distributors access to economic mobility through direct sales, it offered a path to class status that evaded the traditional barriers of education, real job advancement, or capital accumulation. In other words, Amway literature claimed to offer a new and noticeably unobstructed pathway to a particular vision of American success in the postwar period.

Working for a Better Way of Life

By 1970, Amway's characteristic rhetorical strategy was in place. The "Amway Story [was one of] people who believe in free enterprise and want a chance to build a future for themselves in their own independent businesses. It is a story of people sharing their opportunity and helping others to enjoy a better way of life. It is a story of belief in one's own abilities, and belief in one's fellow man." In other words, the root of Amway's corporate ideology was faith in that ideology– "faith in people, faith in enterprise, faith in [one's] ability to succeed and build a secure future."[63] This, according to Amway, was "the real way toward personal, social and financial independence," the American Way.[64]

In 1972, distributors Joe and Helyne Victor of Ohio pronounced their faith in Amway in a feature called "Profiles of Success." Joe had been a milkman for fifteen years and had accepted that this would be all he would ever do. "It was, that is," he recalled, "until I met [my sponsor] Fred Hansen in 1952, who convinced me that I could do better." Joe had no special skills or education. But Amway convinced Joe and Helyne that "FAITH was our most important asset at

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[63] Amway Corporation, *Your Career with Amway* (1972).
[64] Ibid, 3A.

that time; faith in each other, and faith in the fact that what we were doing was necessary and right." Echoing the Amway origin story by suggesting that self-confidence and positive thinking were essential to manifesting one's goals, the Victors offered themselves as proof that "faith, coupled with work, did bring results." After approximately twenty years in Amway, Joe and Helyne Victor enjoyed success that was "far beyond our expectations… We live in our dream house, built to our specification and including plush offices for our Amway business." Characterizing their story as a true rags-to-riches tale, Joe and Helyne bragged, "We fly our own twin-engine plane – we both drive new Cadillacs – we own other income property – plus, we recently purchased a new condominium in Florida." Evangelizing economic mobility, Joe Victor celebrated Amway as "truly 'free enterprise' in the fullest sense of the word."[65] Auspiciously named, the story of the Victors seamlessly blended the central elements of the Amway ideology: faith in free enterprise, faith in entrepreneurship as a form of self-improvement, and faith in Amway as a way of life that transcended work.

The Victors' story – in its broad strokes, if not its particulars – was common in Amway publications. Amway recruiting material, monthly newsletters, and even product catalogs frequently included "Profiles of Success." Profiles of Success followed a strict formula. They usually featured a photograph of a seemingly happy, middle class, usually white couple and a brief story about their rise in Amway. Photos were most often posed portraits of a husband and wife. Occasionally, photos showed the couple standing in front of a new home, a boat, or a new car – invariably a Cadillac. The couple's testimonial nearly always began with an over-worked, underpaid, unhappy husband and his desire for more authority and freedom. Evidencing Amway's emphasis on traditional gender hierarchy, the wife often chimed in either to corroborate her husband's story or to pepper his talk of work with her own 'gender-appropriate'

[65] Ibid, 8A.

chatter about consumption. In addition to demonstrating the value Amway placed on consumer abundance and gender traditionalism, Profiles of Success underscored Amway's celebration of entrepreneurialism and economic mobility. The stories highlighted here are representative of hundreds of Profiles of Success published between 1959 and 1975, which demonstrate remarkable uniformity in tone, content and format. Of course, Profiles of Success are just that, a particular selection of Amway's highest achievers. They appeared in official Amway publications such as its newsletter, the *Amagram*, and were edited by Amway's marketing department. Rather than offer evidence of the way most people fared in Amway financially, Profiles of Success speaks to the coherence of Amway's corporate ideology and the ways in which Amway enlisted its salespeople to help reproduce it.[66]

The 1972 career manual featured two Profiles of Success alongside the Victors. In the first, Joe Laing clearly expressed his status as a business owner. Just short of ascribing himself an official title, Joe referred to himself as the head of a "world-wide Canadian exporting company." He claimed that Amway enabled him and his wife to "realize things we had always dreamed of – independence, an opportunity to increase our income at our own will and," as a gesture toward the evangelical nature of Amway recruiting, "the thrill of introducing a marvelous way of life to anyone who would take the time to listen." Again referring to his status as a self-employed business owner, Joe celebrated the "security, recognition, and sense of well being that can only be found through private enterprise."[67] Joe's testimonial demonstrated a strong command over the entrepreneurial vocabulary of Amway rhetoric and suggests that participants could embrace the image of the distributor as a business owner according to corporate plan.

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[66] Chapter Six will assess the experiences of average distributors, showing that most sellers made very little money.
[67] Ibid, 8A.

Kay Fletcher further illustrates how Amway distributors absorbed the language and themes of Amway rhetoric. After six years as a chemical engineer, Kay grew frustrated at the politics and limitations of corporate work. In his experience, "those who didn't work hard were paid as much as those who [did]." One day, Kay came home and lamented to his wife Carolyn that a coworker whom Kay thought to be incompetent had just been promoted ahead of him. "I want out," he declared, "In three years, I'll be free – financially independent." For Kay, freedom meant the ability to quit his white-collar job, be his own boss and to be rewarded in proportion to his personal skills and effort. "Two years later," Carolyn recounted, "Kay's dream of financial independence was realized and he left his job… Our rut changed into a paved road to freedom and success on which our family now travels."[68] Echoing Joe Laing, Kay equated self-employment with autonomy, status, and economic and personal fulfillment. Perhaps because Amway had done such a convincing job of presenting a distributorship as something other than corporate employment, neither Kay nor Joe saw anything incongruous about achieving that freedom and independence by working for Amway, a major corporation.

Profiles of Success offered the potential seller an object lesson in what was possible with Amway. They were designed to resonate with readers of varied class and occupational backgrounds. The Victors' story suggests that anyone, regardless of experience or education, could make a success with Amway. The Fletchers' story reveals the limits of white-collar professional work. And the Laings' story positions self-employment as a vehicle to wealth and status. What they shared was a romantic notion that equated business ownership with freedom, independence, status, material success, and even personal fulfillment. In other words, they personified Amway's corporate ideology.

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[68] Ibid, 8A.

Kay Fletcher, Joe Laing, and Joe Victor pronounced a common faith in Amway as a conduit to a better life. However, they each described the benefits of Amway in slightly different terms. Kay and Joe Laing employed abstract or affective terms such as independence and security. Joe Victor translated his success into concrete, material terms such as plane, property, and Cadillac. Offering still another interpretation, Tom and Betty Dixon of Oklahoma credited Amway with their ability to retire early. "Isn't it great to be retired?" Tom exclaimed at an Amway convention in 1969, "I just swapped a pressure way of life for a pleasure way of life."[69] Tom and Betty Dixon captured a central allure of the Amway philosophy, namely the way in which it suggested the reward of direct sales work was the ability to *not* work.

Many other distributors credited Amway with their ability to travel, to be involved in the community, or to spend more time with their family. An article in Amway's newsletter, the *Amagram*, details the story of Dick and Bunny Marks who, through the financial security they achieved in Amway, were able to realize a life-long ambition to run a Christian summer camp for underprivileged children.[70] Former turkey farmers Sterling and Evangeline Krause of Minnesota similarly credited Amway with their ability to "earn a little extra money so we could give regularly to our missionary fund."[71] For many distributors the benefit of Amway work was less the work itself than what the work enabled them to do.

Many distributors presented Amway as both a family activity and a business enterprise. The Krauses, for example, worked with their son and daughter-in-law Roger and Ruth who lived across the street. Bernice Hansen, one of the original Ja-Ri distributors, was awarded Triple

[69] Tom and Betty Dixon quoted in "Heard at the Ada Seminar," in Amway Corporation, *Amagram* 11:1 (1969). Binder 1-6/9023, Commission Exhibit 649. FTC.
[70] Amway Corporation, "Dick and Bunny Marks: New Triple Diamond Direct Distributors," *Amagram* 13:2 (1972): 1. Binder 1-4/9023, Commission Exhibit 293: 2319-2326. FTC.
[71] Sterling and Evangeline Krause quoted in Amway Corporation, "Two New Triple Diamond Winners in the Same Family!" in *Amagram* 11:1 (1969): 1. Binder 1-6/9023, Commission Exhibit 649: 4732-4739. FTC.

Diamond Distributor status in 1974 but quipped that her "first and most precious three diamonds are my three girls – Susan, Marianne, and Karen." When they were old enough, Bernice brought all three girls into her business to form the Hansen Corporation. "This is one of the many great things about having your own Amway distributorship," she claimed, "You can bring your children into it" as a family business.[72] Whereas missionaries Sterling and Evangeline Krause saw Amway as an extension of their religious work, Bernice Hansen saw it as an extension of her family life.

Chuck and Jean Strehli of Texas not only saw their Amway business as a family enterprise, but as a necessary ingredient in their happy marriage. When they were first married, Chuck was a law student and Jean was working to help pay for his tuition and their living expenses. In a feature in a volume of the *Amagram*, Amway depicted Jean as a working wife who felt "cut off from Chuck through the demands of her job and his studies." Jean recalled, "At the time we found Amway, I was resentful of our situation." But Amway allowed the Strehlis to work on their relationship at the same time they worked on their business. Amway helped alleviate the Strehlis' financial stressors while maximizing the quality time they spent together and now, Jean stated, "There's not one person in the whole world I'd trade places with."[73] Amway, according to Jean, saved her marriage. Jean's use of religious language is also striking. Borrowing the terminology of 'finding Amway,' suggests that it was, for Jean, a kind of personal salvation akin to a religious awakening.

The Strehlis' story of marital bliss through work was common in Amway literature. In a 1973 issue of the *Amagram*, distributor Edie Ross admitted that when she and her husband

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[72] Bernice Hansen quoted in Amway Corporation, "Bernice Hansen Distributorship Achieves Triple Diamond Distinction. Family Corporation Formed" *Amagram* 15:12 (1974): 2-3. Binder 1-6/9023, Commission Exhibit 792: 5104-5119. FTC.

[73] Jean Strehli quoted in "Chuck and Jean Strehli: Double Diamond Direct Distributors," in Amway Corporation, *Amagram* 13:11 (1972): 1. Binder 1-6/9023, Commission Exhibit 695: 4823-4830. FTC.

Gordon first began dating, she "didn't want anyone to know he sold soap." But once she "found out what Amway was all about," she celebrated Amway as not just a respectable, but a fulfilling, business. Amway, she claimed "is a marvelous opportunity for a woman, but the best part of all is the rapport it develops between husband and wife – working together toward a mutual goal, sharing the responsibility of life and family, growing to be bigger, happier people through this wonderful business."[74] Amway's literature suggested that, while direct sales work was a dignified profession for men, Amway was, for women, a facilitator of her wifely responsibility to maintain the couple's emotional life. In this way, Amway work did not detract from a women's ability to support her husband; it enhanced it.

Featured in the same issue, former high school sweethearts Brian and Marguerite Hays similarly shared that before they began selling for Amway, "it was as if they were on two separate paths leading two separate directions." But Amway helped them enjoy "working together, sharing and encouraging, in a way that brought great happiness to both of them."[75] It is unclear from Marguerite's statement whether she and Brian were moving in separate directions because they both worked, or whether Marguerite felt Brian's career path was leaving her behind, or vice versa.

Many distributors claimed that Amway helped them foster a personal sense of self-confidence. Through her experience with Amway, Virginia Sellers "really… found out what I could do, and I even found a nobility in myself that I didn't know was there." Distributors defined the benefits of Amway in diverse ways ranging from material comforts, to family togetherness and marital happiness, to having the time and funds to pursue other passions like

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[74] Edie Ross quoted in "Gordon and Edie Ross New Crown Direct Distributors" in Amway Corporation, *Amagram* 14:8 (1973): 1. Binder 1-6/9023, Commission Exhibit 692: 4815-4822. FTC.
[75] Amway Corporation, "The Story of Brian and Marguerite Hays," *Amagram* 15:2 (1974): 3-4. Binder 1-6/9023, Commission Exhibit 785: 5040-5055. FTC.

travel or missionary work, and even to self-fulfillment. Most striking, however, is how frequently the distributors featured in Profiles in Success seem to have entirely displaced the content of the work itself, focusing instead on its material and emotional rewards. The degree to which distributors such as Virginia Sellers and Edie Ross expressed their own visions of direct sales in terms that obscured the act of labor speaks to the ways in which participants saw themselves as engaged in an activity that transcended work. Taken together, the distributors' stories featured here are but different ways to express the singular idea that, however one defined it, Amway offered something that transcended work; it offered a path to a better life.

Conclusion

The rise of Amway clearly demonstrates that the practice of door-to-door sales persisted throughout the twentieth century. But, if Amway sustained the practice of door-to-door sales, it also reshaped it for the postwar period in both practice and rhetoric. Along with Tupperware and Mary Kay, Amway elevated direct sales from a utilitarian marketing strategy to a corporate ideology and lifestyle that elided the usual boundaries between work and play, sales and consumption, occupation and selfhood. Espousing a career in direct sales as a means to personal transformation, Amway rearticulated direct sales as not only a strategy through which to sell products, but as the product itself.

In 1959, Amway was a small organization founded on big principles, but not much else. By 1970 Amway had a winning formula: a compelling image of independent entrepreneurship capable of connecting faith in economic mobility under capitalism, individual enterprise as a form of self-improvement, and commerce as an extension of family and community. Positioned as a conduit to a better life, the "Amway Opportunity" helped expand the company from its origins as the Ja-Ri Corporation in 1959 to a major corporation that, by 1970, included approximately 300,000 distributors and $120 million in annual retail sales. On the path set by Amway, the direct sales industry entered the 1970s poised for tremendous growth. As Americans came to terms with tectonic shifts in the ways they understood the nation's economy and society, direct sales was strategically, ideologically, and rhetorically positioned to take advantage of those very changes. Far from marginal or alternative, the rising phenomenon of direct sales had only just begun.

CHAPTER 3

"DON'T LET THE GOOD TIMES PASS YOU BY": DIRECT SALES AND THE UNFAMILIAR STORY OF SUCCESS IN THE SEVENTIES

Introduction

In 1974 Jay Van Andel and Rich DeVos, founders of the Amway Corporation, wrote an article for the company's newsletter, the *Amagram*, entitled "Don't Let the Good Times Pass You By." 1974, according to Van Andel and DeVos, promised to be a bright year for anyone looking to build an independent business, to expand one's personal income, or to achieve a sense of financial security through direct selling. "You may not have realized," opined the executives, that this is a moment of "unparalleled opportunity that you and your fellow distributors can grasp fully… The opportunity is real. It is right to grasp it."[1]

Van Andel's and DeVos' praise for the state of the economy in 1974 requires explanation. Even as they wrote that 1974 was "promising to be one of the best [years] ever," most public voices were speaking in dire tones about the state of both the U.S. economy and American culture. For those on the left, such as Michael Harrington, Seymour Melman, and Robert Heilbroner, the contemporary moment was one of "Collective Sadness" and "American Capitalism in Decline." Left-leaning scholars in the mid-seventies pointed to the end of the growth-economy to critique, variously, the military-industrial complex, corporations' influence on the state in matters of the private economy, and the unbalanced nature of the so-called mixed economy. Although some more optimistic intellectuals, like Harrington and Heilbroner, saw capitalism in the mid-seventies as in a state of transformation that might lead to something better,

[1] Rich DeVos and Jay Van Andel, "Don't Let the Good Times Pass You By," in Amway Corporation, *Amagram* 15:4 (1974). ACA.

something leaning ideally toward socialism, all noted the apparent end of the "growth" economy.[2] Those on the right, too, acknowledged the pressures of economic decline and social conflict. In his 1975 State of the Union Address, President Gerald Ford put it simply: "the state of the union is not good."[3]

By 1974 the economy had begun to sour. Throughout the latter half of the seventies real earnings declined while prices rose to an historical high. Between 1970 and 1975, the national rate of unemployment jumped from 4.9% to 8.5%; by 1981 U.S. unemployment was still at 7.6%.[4] Rising consumer prices compounded the effect of unemployment as the Consumer Price Index ballooned from 116.3 in 1970, to 161.2 in 1975, and to 274.4 in 1981.[5] As the economic cancer of "stagflation" spread, so did what has come to be known as its attendant symptom, "malaise." Against the backdrop of deindustrialization, high unemployment, inflation, the energy crisis, and the influx of foreign competition – the markers of what economists Bennett Harrison and Barry Bluestone famously called the "Great U-Turn" in the U.S. economy – Van Andel's and DeVos' picture of the seventies seems naïve at best. [6]

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[2] Michael Harrington, "A Collective Sadness," in Nicolaus Mills and Michael Walzer eds., *50 Years of Dissent* (New Haven: Yale University Press): 111-119, originally published in 1974. Seymour Melman, *The Permanent War Economy: American Capitalism in Decline* (New York: Touchstone Books, 1974). Robert L. Heilbroner, *Business Civilization in Decline* (New York: W.W. Norton and Company, 1976). For more on the intellectual history of the seventies, and especially on debates among liberal social thinkers, see Chapter Five "A Collective Sadness" in Jefferson Cowie, *Stayin' Alive: the 1970s and the Last Days of the Working Class* (New York: The New Press, 2010): 213-260 and Chapter Seven "The Great Reversal" in Howard Brick, *Transcending Capitalism: Visions of a New Society in Modern American Thought* (Ithaca: Cornell University Press, 2006): 219-246.

[3] Gerald Ford, 1975 State of the Union Address, January 15 1975.

[4] U.S. Department of Commerce and the Bureau of the Census, Statistical Abstract of the United States 1982-1983, 103rd Edition, 23.

[5] Ibid, 24. Indexed against consumer prices in 1967 (1967+100).

[6] Bennett Harrison and Barry Bluestone, *The Great U-Turn: Corporate Restructuring and the Polarizing of America* (New York: Basic Books, 1990). For Harrison and Bluestone, the Great U-Turn marked the end of several decades (from the late 1940s to the early 1970s) of high wages and greater equality in earnings and family income, and the return to levels of income inequality that rivaled that of the Great Depression. That economic and social reversal, in their analysis, came about as a result of the kinds of short-term, cost-cutting strategies that U.S. firms employed in response to greater foreign competition in manufacturing and consumer goods. Rather than seek ways to create new products or forms of organization in the long term, U.S. firms instead focused on reducing the costs of labor and trying to dismantle existing social regulations.

Van Andel and DeVos in fact acknowledged that "newspaper headlines and television commentators tell us around the clock that these are *bad times* – energy crisis, shortages, unemployment, transportation disruptions, rising prices, political upheavals and economic fluctuations at home and abroad." But they viewed this news from a different angle than most. "[T]here's a curious phenomenon concerning bad times," they observed. "In the direct selling business hard times are good times." The executives explained, "In a field that has grown consistently for three decades, the relatively infrequent 'bad years' (recession, slowdowns and downturns) have turned out to be best growth years. Why? Because more people seek extra income opportunities and financial stability during bad times. It's that simple."[7]

Direct sales firms like Amway, Avon, Mary Kay, Rawleigh, and Stanley Home Products flourished in the 1970s. While much of the rest of the economy wilted, direct sales grew at an impressive rate. By 1974 direct sales was a $5 billion industry with nearly two million active participants. A Harris Poll commissioned by the Direct Selling Association reported that 16% of the U.S. adult population had tried their hand at direct selling; 8% of households had been active in direct sales within the previous year.[8] According to the NSM Report, which tracked the performance of "Non-Store Marketing" channels of distribution, including but not limited to direct selling, "net income for eleven publicly held non-store marketers of consumer goods and services" increased "a whopping 81%" between 1976 and 1977; sales increased 71%. The NSM further indicated that "profitability of the group was led by door-to-door sales and party-plan cosmetics and vitamin companies."[9]

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[7] Rich DeVos and Jay Van Andel, "Don't Let the Good Times Pass You By."
[8] Nicole Woolsey Biggart, *Charismatic Capitalism: Direct Selling Organizations* (Chicago: University of Chicago Press, 1989): 51.
[9] NSM Report cited in Avon Products, Inc. "On Moonlighters and Smaller Households," in *Management NewsBriefs* Vol. 6:6 (June 1978). Avon Collection. HAG.

Statistics from individual companies further evidence the success of direct sales in the seventies. Between 1970 and 1978, Amway's retail sales increased four-fold from $125 million to over $500 million. Its sales force similarly swelled from 80,000 active distributors in 1969 to over 300,000 in 1978.[10] By 1977, Avon ranked #157 on the Fortune 500, in between mega-brands Anheuser-Busch at #156 and Del Monte Foods at #158.[11] Avon's sales force, comprised of 290,000 representatives, sold $736 million worth of cosmetics and beauty supplies in 1973; in 1980 Avon's 425,000 representatives sold $1.25 billion in the U.S. and Canada.[12] In aggregate the number of direct sellers who worked for Amway or Avon, the two largest firms in the direct sales sector, more than doubled over the course of the seventies. By 1980 more than 850,000 direct sellers worked for one of those two firms, with combined sales of $1.75 billion. Even Stanley Home Products, a much smaller and lesser-known firm, was by 1974, a $100 million business.[13]

Direct sales thrived, just as Van Andel and DeVos suggested, not in spite of the economic climate of the seventies, but *because* of it. Offering a form of temporary, supplemental work that did not require previous experience or a significant financial investment, direct sales firms were ideally positioned to capitalize on the economic recession, rising unemployment, and the overall sense of financial anxiety that affected many Americans during the seventies. Since at least the 1930s, direct sellers had understood the flexible, casual nature of direct sales work as one answer

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[10] Amway Corporation, "1978 Amway Annual Report," *Amagram* 20:1 (January 1979). ACA.

[11] Avon was the only direct sales corporation to appear among the top 500 companies in 1977. Fortune reported that Avon had $1.43B in revenue and 168.4M in profits in 1977. The top five Fortune 500 companies were Exxon Mobile, General Motors, Ford Motor Company, Texaco, and Mobil. Fortune 500 database. http://archive.fortune.com/magazines/fortune/fortune500_archive/full/1977/101.html.

[12] Avon Products, Inc., *Avon Annual Report 1973* (New York: Avon Products, Inc, 1974); Avon Products, Inc., *Avon Annual Report 1980* (New York: Avon Products, Inc., 1981), Avon Collection, HAG. Sales in the U.S. and Canada accounted for 50% of Avon's $2.5 billion in total global sales.

[13] Stanley Home Products reported $100,522,187 in gross sales in the U.S. and Canada. Stanley Home Products Inc., *Stanley Home Products, Inc. Annual Report 1974* (Westfield: Stanley Home Products, 1974). Stanley Home Products Collection. NMAH.

to immediate economic need. Whether as a means to achieve basic subsistence during the Great Depression, or as a source of discretionary income in the immediate post-World War II period, direct sales has offered an "alternative" source of income throughout the twentieth century.

Van Andel and DeVos were wrong, however, to suggest that the success of direct sales in the seventies was a "simple," automatic product of the economic downturn. The success of direct sales owed much to the nature of direct selling work as a temporary, and immediate, way to supplement one's income. Yet, the resurgence of direct sales work also coincided with major structural shifts in the nature of work and the economy, as well as cultural transformations in gender roles and the shape of American family life.[14] Political shifts, too, such as the growing popularity of conservative free-market ideology and the growing power of opposition to the liberal welfare state, played a part. Changes in gender roles and family life never moved separately from political and economic transformations. Recent historical work has increasingly pointed to contests over the meaning of gender and family as the fulcrum of the shifting political and cultural landscape in the postwar period. Robert O. Self characterizes the rise of conservatism as the victory of a protectionist agenda of "breadwinner conservatism" based on privacy and negative rights, over the positive rights "breadwinner liberalism" that came out of the New Deal, the Great Society, and the liberal-left.[15] Daniel T. Rodgers has also pointed to destabilizing metaphors of gender and sexuality, most notably those that registered a threat to a conceptualization of fixed identity and to white patriarchy, as the glue that united moral and

[14] Chapter Five examines specifically the multiple ways direct sales firms were aided and challenged by, and forced to adapt to, changes in gender roles and the shape of American family life in the 1970s. To separate economic and political transformations from social and cultural ones, however, is to make a false distinction. Chapters Three, Four, and Five, although separated for the sake of depth and narrative, are thus best thought of as pieces of a larger argument.
[15] Robert O. Self, *All in the Family: The Realignment of American Democracy Since the 1960s* (New York: Hill and Wang, 2012).

economic conservatives.[16] The popularity of direct selling drew on the intertwined, overlapping transformation in gender, economy, and political culture in the seventies; the story of direct selling thus speaks to issues that reach far beyond the matter of unemployment.

The success of direct selling in the seventies was as much about actively promoting direct sales work as it was about the counter-cyclical tendencies of the direct sales industry. Firms like Amway drew on the sense of economic insecurity felt by many Americans. Employing the rhetoric and ideology they had developed over the course of the 1950s and 1960s, direct sales firms leveraged some of the most salient developments in postwar political economy, namely: recession, deindustrialization, unemployment, the casualization of work, the ascendency of conservative free-market ideology, and growing opposition to New Deal labor protections and social welfare. Those strategies, as we will see, were a tremendous success for direct sales firms, although not necessarily for direct sellers. For the former at least, the seventies were indeed good times.

Pivotal Decade

The story of direct sales opens up new ways of thinking about the seventies and the new economy. Historians have debated how to situate the seventies within the larger historiography of the post-World War II United States. Once treated as a non-decade, the seventies were thought of as an inconsequential period between the radical sixties and the conservative eighties. The seventies were sometimes absorbed into the historiography of the "long sixties," such that the violence at Kent State in 1970, the May Day riots of 1971, or the Weather Underground's bombing of the U.S. State Department in 1975, were considered part of the radical sixties; or the

[16] Daniel T. Rodgers, *Age of Fracture* (Cambridge: Belknap Press, 2011).

seventies were dismissed as a moment of embarrassing fashion, bad music, and vapid entertainment, culminating in the infamous "Disco Demolition Night" at Comiskey Park in 1979. As early as 1982, however, historian Peter Carroll argued for the significance of the seventies as a decade worthy of study on its own terms.[17] That project is perhaps best articulated by the title of Carroll's work, *It Seemed Like Nothing Happened*, which Edward Berkowitz echoed in his 2007 work, *Something Happened.*[18] Carroll argued that historians ought to see the seventies not as a dormant period, but as a pivotal decade. Historians including Judith Stein, Bruce Schulman, and Jefferson Cowie have, since 2000, taken up the concept of the "pivotal decade" in order to reframe the seventies as an important and educative decade in its own right, but also as a moment of fundamental political, economic, and cultural realignments.[19]

As a decadal marker, however, historians have disagreed about what they mean by "the seventies." Schulman, for example, speaks of the "long seventies," or the period from Nixon's entrance into the White House in 1969 to Reagan's reelection in 1984.[20] Judith Stein, who is particularly interested in how a Democratically-controlled Congress and presidency set the stage for the financialization of the economy in the late twentieth century, focuses on the period of Democratic leadership between 1976 and 1980.[21] Jefferson Cowie argues that the seventies are

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[17] Peter N. Carroll, *It Seemed Like Nothing Happened: America in the 1970s* (New Brunswick, Rutgers University Press, 1982).
[18] Edward Berkowitz, *Something Happened: A Political and Cultural Overview of the Seventies* (New York: Columbia University Press, 2007).
[19] For recent work on the seventies, see: Judith Stein, *Pivotal Decade: How the United States Traded Factories for Finance in the Seventies* (New Haven: Yale University Press, 2010); Jefferson Cowie, *Stayin' Alive*; Beth Bailey and David Farber, *America in the Seventies* (Lawrence: University of Kansas Press, 2004); Bruce J. Schulman, *The Seventies: The Great Shift in American Culture, Society, and Politics* (Cambridge: De Capo Press, 2011); Rick Perlstein, *The Invisible Bridge: The Fall of Nixon and the Rise of Reagan* (New York: Simon & Schuster, 2014); Andreas Killen, *1973 Nervous Breakdown: Watergate, Warhol, and the Birth of Post-Sixties America* (New York: Bloomsbury, 2006). Such works have argued for the importance of the seventies by recasting events once read as superficial, for example the pet rock or disco music, as meaningful in their own right. Historians' rereading of Disco Demolition Night at Comiskey Park as an event that revealed much about simmering race and class resentment is a prime example of the ways recent scholarship has reevaluated the seventies.
[20] Schulman, *The Seventies*.
[21] Stein, *Pivotal Decade*.

best thought of in lopsided halves demarcated by the oil shocks of 1973-1974. Taking up the framework of the pivotal decade without fully abandoning the older conception of the seventies as a liminal moment, Cowie argues "The 1970s might appropriately be thought of as half post-1960s and half pre-1980s, but they were also more than that – they served as a bridge between epochs."[22] While Schulman's and Stein's periodizations privilege major political realignments, Cowie breaks up the seventies such that the period between 1974 and 1982, the years of sharpest economic recession, stand on their own. This chapter pays particular attention to the ways direct sales firms leveraged the economic recession and changes in the structures of work; I thus follow Cowie's periodization. The seventies, in this chapter, refers to the period between 1974 and 1982.

The years 1973 and 1974 loom large in the historiography of the seventies. Andreas Killen's *1973 Nervous Breakdown*, for example, argues that 1973 marked the beginning of our present political, economic, and cultural moment, or what scholars have alternately referred to as the postindustrial, postmodern, post-Fordist, or even post-capitalist age.[23] In fact, Daniel Bell coined the term "post-industrial society" in 1973 when he theorized the coming of a new economic regime characterized by the rise of the service sector, knowledge work, and the increasing financialization of the economy over the capital- and labor-intensive, skilled-wage, manufacturing sector that had once been dominant.[24] Direct sales was ideally suited to such a moment. Direct sales work not only epitomized the kind of work Bell saw as characteristic of a postindustrial or postmodern epoch; it prefigured it. The history of direct sales in the seventies, then, can tell us much about the ways that what has come to be seen as postmodern work has, in

[22] Cowie, *Stayin' Alive*, 11.
[23] Killen, 1973 *Nervous Breakdown*.
[24] Daniel Bell, *The Coming of the Post-Industrial Society* (New York: Basic Books, 1973).

fact, existed alongside – if not on top of – presumably more stable forms of wage work in the United States economy throughout the twentieth century.

The story of direct selling in the seventies also opens up new ways of thinking about deindustrialization. Scholars have been trying to locate the roots and assess the consequences of deindustrialization since the early 1980s, beginning with Bluestone's and Harrison's *The Deindustrialization of America*. Published in 1982, Bluestone's and Harrison's study defined deindustrialization as a process of capital mobility, "a widespread, systematic disinvestment in the nation's basic productive capacity." Capital, according to Bluestone and Harrison, was in the seventies being diverted from "basic national industries into unproductive speculation, mergers and acquisitions," leaving in its wake, "shuttered factories, displaced workers, and a newly emerging group of ghost towns."[25]

Recent work, however, has challenged Bluestone's and Harrison's analysis of deindustrialization by pointing to the long history of capital mobility and transformation in the history of American capitalism.[26] Historians have stretched the chronology of deindustrialization

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[25] Barry Bluestone and Bennett Harrison, *The Deindustrialization of America: Plant Closings, Community Abandonment, and the Dismantling of Basic Industry* (New York: Basic Books, 1982), 6. For a more recent study of capital mobility and financialization, see Greta R. Krippner, *Capitalizing on Crisis: The Political Origins of the Rise of Finance* (Cambridge: Harvard University Press, 2011).

[26] Following the trajectory set by Bluestone's and Harrison's *The Deindustrialization of America*, as well as *The Great U-Turn*, early work on deindustrialization focused on the closure of manufacturing facilities and the resulting effects on urban space and working-class life. Beginning in the mid-1990s, however, historians of deindustrialization quickly departed from Bluestone's and Harrison's view that the seventies marked a distinct break from a supposed "golden age" of American industry, which presumably stretched from the 1940s through the 1960s. For example, Thomas Sugrue's work on the interplay among economic inequality, urban decline, and racial discord in Detroit, first published in 1996, speaks to the limits of thinking about deindustrialization as a phenomenon of the 1970s. While the deleterious effects on cities such as Detroit were most clearly apparent in the seventies, the process of capital mobility and disinvestment that underwrote urban decline was already well underway in the midst of the post-WWII economic boom. Indeed, the historical roots of deindustrialization, as Sugrue suggests, might be seen as early as the 1910s and 1920s in the single-industry, textile cities of New England. Thomas J. Sugrue, *The Origins of the Urban Crisis: Race and Inequality in Postwar Detroit* (Princeton: Princeton University Press, 2005), xxi. See also: Ruth Milkman, *Farewell to the Factory: Auto Workers in the Late Twentieth Century* (Berkeley: University of California Press, 1997).

to cover textile mill closures in the 1920s as well as the iconography of decline in the 1990s.[27] Such work makes clear that deindustrialization is not a discrete phenomenon, much less one specific to the 1970s. Rather than think of deindustrialization as the sum of post-WWII factory closures and lost jobs – what Jefferson Cowie and Joseph Heathcott have called the "body count" approach to understanding capital mobility – scholars ought to think more broadly about deindustrialization as an uneven, ongoing, historical process.[28]

Historians have also stretched the conceptual definition of deindustrialization by decentering the role of manufacturing firms and executives. Scholars, including Robert Self and Richard Newman, have looked at new factors such as the role played by local politicians and boosters, the nuances of local property and tax laws, and how individual actors and communities have shaped the processes variously referred to as deindustrialization, capital flight, economic disinvestment, or urban decline.[29] Most relevant to the story of direct sales in the 1970s, scholars have also suggested that we ought to widen the definition of "industry" beyond heavy manufacturing. If we consider tourism, the service sector, and other modes of commerce and production – including direct sales – as part of what we mean by "industry," it becomes clear that

[27] Jefferson Cowie and Joseph Heathcott eds., *Beyond the Ruins: The Meanings of Deindustrialization* (Ithaca: Cornell University Press, 2003). See also: Jefferson Cowie, *Capital Moves: RCA's Seventy-Year Quest for Cheap Labor* (Ithaca: Cornell University Press, 2003).
[28] Jefferson Cowie and Joseph Heathcott, "Introduction: The Meanings of Deindustrialization" in Cowie and Heathcott, eds. *Beyond the Ruins*, 1-19, 5. Cowie and Heathcott maintain the importance of local and temporal factors, however, by arguing that deindustrialization is an historical process that takes place in particular times and places. Even Barry Bluestone, who has been credited with popularizing the term "deindustrialization" as an analytical term in the early 1980s, has himself come to see deindustrialization as a long-term historical process. Barry Bluestone, "Foreword," in Cowie and Heathcott, *Beyond the Ruins*, vii-xiv.
[29] The essays in Cowie and Heathcott, *Beyond the Ruins* expand the meaning of industry in various ways. Bryant Simon challenges conventional understandings of "industry" by putting tourism at the center of his analysis of deindustrialization (and reindustrialization) in Atlantic City, New Jersey. Bryant Simon, "Segregated Fantasies: Race, Public Space, and the Life and Death of the Movie Business in Atlantic City, New Jersey, 1945-2000", 64-90. Richard Newman focuses on deindustrialization as a process of environmental change. Richard Newman, "From Love's Canal to Love Canal: Reckoning with the Environmental Legacy of an Industrial Dream," 112-138. Robert Self's work on Oakland examines the ways that deindustrialization reshaped residential patterns and local politics. Self, "California's Industrial Garden: Oakland and the East Bay in the Age of Deindustrialization", 159-180. Still others examine the memorialization and iconography of urban and working-class decline in ways that suggest a kind of psychology of deindustrialization. Kirk Savage, "Monuments of a Lost Cause: The Postindustrial Campaign to Commemorate Steel," 237-258.

measuring deindustrialization by the number of union jobs lost obscures as much as it illuminates.

Indeed, the very language of deindustrialization and disinvestment may in fact conceal more than it reveals. Narratives that focus too narrowly on the decline of heavy manufacturing risk ignoring the fact that when a firm disinvests in a particular facility, community, or technology, it most likely reinvests elsewhere. Framed that way, industrialization and deindustrialization, investment and disinvestment, are stages in a long and on-going story of social, economic, and geographic transformation in the history of capitalism. Moreover, by broadening our perspective to include non-manufacturing sectors, the process of deindustrialization (and reindustrialization) looks more like a process of economic transformation in which there are winners as well as losers. As we will see, industries such as direct sales, temporary manpower agencies, and other segments of the service economy benefitted from the transformation of the global and domestic economies, as well as in American society, in the postwar period. They were, in other words, among the sectors that emerged from the seventies as "winners" – just as Amway's leaders explained in 1974.

Ironically, much of the historiography on nineteenth-century door-to-door selling casts independent peddlers as the "losers" in the transition from the early-American market economy to the mass consumer model of the twentieth-century. Yet direct sales firms, which were the descendants of independent peddlers, were in the 1970s among the sectors that benefitted from a parallel transition to the "new economy" of the late twentieth century. This is not to make a case for the history of capitalism as cyclical, but it does raise questions about the newness of the new economy. Some elements of late-twentieth century capitalism were certainly new. New innovations and communications, for example, engendered new modes of work and organization.

Yet, the history of direct selling suggests that as much as the 1970s ushered in a new period of capitalism in the United States, it was a capitalism that also relied on, even revived, old modes of labor and commerce.

Opportunity in Crisis

Direct sales firms such as Amway clearly saw the opportunity inherent in the disappointing seventies and offered direct sales work as a potential solution. Amway's corporate literature, for example, framed direct sales work as an immediate source of supplemental, or replacement, income. In 1974 Amway ran a series of ads in *TIME* magazine under the tagline, "Do It Now." The February 1974 issue of *TIME* featured the image of a husband and wife huddled over a pile of bills on the kitchen table. Their faces are sober. The table is covered in papers and there is an adding machine in view. The woman hands her husband a cup of coffee and the overhead light is on, which together suggest that they will be up well into the night. Above them reads the headline: "Amway helps your income keep up with your outgo." The image of a couple fretting over how to make ends meet spoke directly to the economic challenges facing many families in the 1973-1974 wave of the recession. "If the cost of living is winning the race against your income," the ad reads, "Amway offers you an alternative. You can join the more than 200,000 enterprising independent Amway distributors… who are proving that extra income development through the Amway opportunity can mean the difference between keeping ahead and going in debt." Adding a sense of urgency and action to the scene, the ad closes with the tagline, "Do it now." Whereas some families ran out of money before the end of the month, a new Amway distributor could, the ad quipped, "start running out of month before you run out of money."[30]

[30] Amway Corporation, "Amway Helps Your Income Keep Up With Your Outgo," in *Amagram* 15:3 (1974). Binder 1-6/9023 CX786: 5056-507. FTC.

Figure 6: Amway Corporation, *Amagram* 15:3 (March 1974).

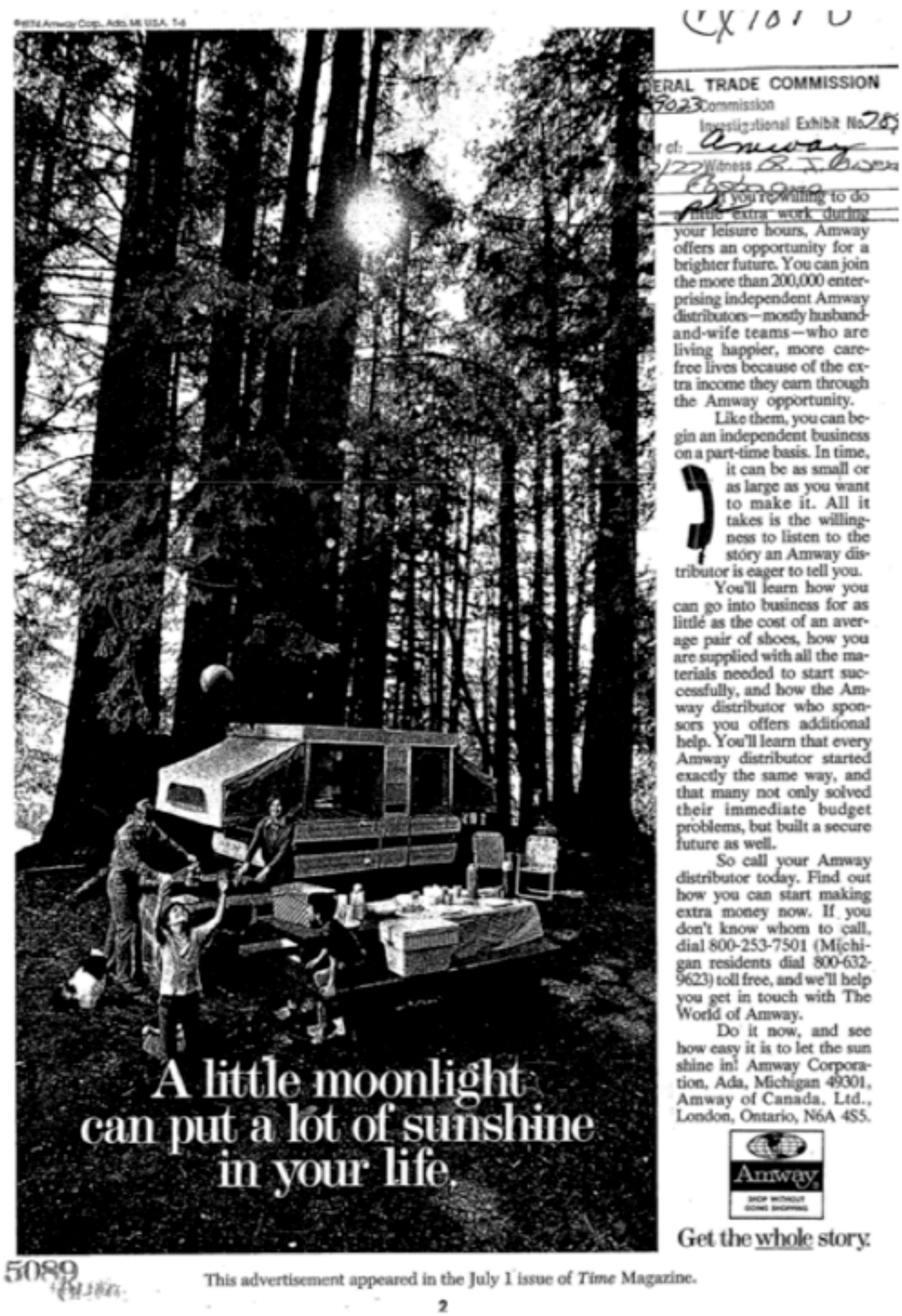
Amway literature from the sixties most often appealed to readers' material desires or to abstract notions of personal happiness. Recruiting literature from the seventies spoke more seriously about issues of immediate economic need. Amway in these years offered direct sales work less as a pathway to material abundance than as a concrete survival strategy. Amway remained committed to the central themes of independence, personal fulfillment, and security. But after 1974 those themes were either muted or took on new meaning.[31] The notion of "security" now had less to do with a leisurely retirement through perpetual "income building" than with the immediate security supplemental, temporary income could provide.

An advertisement from the July issue of *TIME* illustrates the ways Amway corporate literature adapted the familiar sixties strategy in which Amway was a pathway to leisure, family togetherness, and personal fulfillment, to suit the economic context of the seventies. The ad ran under the banner, "A little moonlight can put a lot of sunshine in your life." The ad features a family camping under the moon. While the explicit suggestion is that camping under the stars can bring your family happiness, the deeper implication is rooted in the alternative use of "moonlight," meaning to take a second job. Amway suggests that moonlighting as a direct seller can add "sunshine" to one's life "if you're willing to do a little extra during your leisure hours." This family is enjoying the metaphorical "moonlighting," which suggests that Amway can be a pleasant activity for the family. One can also read the scene as one of a family who, because they sacrificed their leisure hours to moonlight in Amway, can now enjoy a vacation in nature. As

[31] For a larger discussion on the meaning of security, particularly how notions of economic security came to occupy a central place in American cultural and political life and how security became a tool of economic policy from the New Deal forward, see Jennifer Klein, *For All These Rights: Business, Labor, and the Shaping of America's Public-Private Welfare State* (Princeton: Princeton University Press, 2003). Although Klein's book is focused on the development of the public/private welfare system, it also explores the notion of security, and competing visions of security, in a broader way. Klein argues that security, or what she calls "the politics of security," was not only rooted in liberal notions about the rights of individual citizens, but also in communitarian ideas about social responsibility. The politics of security from the 1930s to the 1960s, or the liberal moment, was, for Klein, a contest among corporate actors, the state, labor, and citizens over who got to define the meaning of "security" in the New Deal era, and who had to provide it to whom.

Amway suggests, the family represents those who “are living happier, more carefree lives because of the extra income they earn through the Amway opportunity.” “Do it now,” Amway advises, “and see how easy it is to let the sun shine in!”[32]

[32] Amway Corporation, “A Little Moonlight Can Put A Lot of Sunshine In Your Life,” *Amagram* 15:8 (1974). Binder 1-6/9023 CX789:5088-5103. FTC.



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CX 101 U

ERAL TRADE COMMISSION

9023 Commission

Investigational Exhibit No. 785

r of: Amway

/122 Witness B. J. Bowen

If you're willing to do a little extra work during your leisure hours, Amway offers an opportunity for a brighter future. You can join the more than 200,000 enterprising independent Amway distributors—mostly husband-and-wife teams—who are living happier, more carefree lives because of the extra income they earn through the Amway opportunity.

Like them, you can begin an independent business on a part-time basis. In time, it can be as small or as large as you want to make it. All it takes is the willingness to listen to the story an Amway distributor is eager to tell you.

You'll learn how you can go into business for as little as the cost of an average pair of shoes, how you are supplied with all the materials needed to start successfully, and how the Amway distributor who sponsors you offers additional help. You'll learn that every Amway distributor started exactly the same way, and that many not only solved their immediate budget problems, but built a secure future as well.

So call your Amway distributor today. Find out how you can start making extra money now. If you don't know whom to call, dial 800-253-7501 (Michigan residents dial 800-632-9623) toll free, and we'll help you get in touch with The World of Amway.

Do it now, and see how easy it is to let the sun shine in! Amway Corporation, Ada, Michigan 49301, Amway of Canada, Ltd., London, Ontario, N6A 4S5.

Amway

SHOP WITHOUT GOING SHOPPING

A little moonlight can put a lot of sunshine in your life.

Get the whole story.

5089

This advertisement appeared in the July 1 issue of *Time* Magazine.

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Figure 7: Amway Corporation, *Amagram* 15:8 (1974).

If “security” in the context of the seventies meant security against the rising cost of living, Amway also offered itself as a bulwark against job insecurity. Amway ran an ad in the May 1974 issue of *TIME* with the headline: “In these uncertain times, Amway offers do-it-yourself job security.” The advertisement looks in on a workplace lunchroom. In the foreground, three people sit at a table eating. The primary action, however, takes place in the background where a group of four people crowd around a poster that reads, “Manpower Cutbacks.” All the people featured in the ad are well dressed, which suggests they are white-collar professionals. Factory closures and the way conditions in the manufacturing sector were affecting blue-collar workers were by 1974 common features in the popular press. This ad, however, suggests that white-collar employees were equally vulnerable to “manpower cutbacks.” “When many jobs are threatened by uncontrollable events,” the ad reads, “you need something to rely on, and Amway offers just that.” Even for those still lucky enough be working, “Extra income developed through the Amway business opportunity makes an uncertain job picture less of a threat.” In a slight twist on the “do it now” tag line, the ad closes: “Do it now, and you’ll look to the future confidently, through job security you build for yourself.”[33] The meaning of security in this context was not about planning for one’s future retirement; it was about contingency planning to insulate oneself from the threat of being laid off.

[33] Amway Corporation, “In These Uncertain Times, Amway Offers You Do-It-Yourself Job Security,” *Amagram* 15:6 (1974). Binder 1-6/9023 CX788: 5072-5087. FTC.

Figure 8: Amway Corporation, *Amagram* 15:6 (1974).

For those who were already involved in direct selling, Amway offered the theme of "Opportunity in Crisis." Tempering the celebratory tone that characterized the rhetoric of Amway in the sixties, Amway literature was at pains to retain a sense of optimism about private enterprise and individual opportunity in the seventies. As early as 1971, Amway corporate literature began pointing to the ways Amway and its distributors could actually benefit from economic recession. "In your sponsoring activities, you might give serious thought to middle management, professional or engineering people who… are worried about the security of their jobs," advised a 1971 issue of the *Amagram*. "These particular job areas have been especially hard hit by the recent economic situation. Corporations, which have been 'tightening their belts,' are looking hard at high-level but non-productive workers, and the situation shows signs of continuing for some months." Economic uncertainty, Amway suggested, could provide distributors access to a new, more expansive, and presumably better-educated pool of potential recruits. Citing an article from the *Wall Street Journal*, Amway explained, "Unemployment among professional and technical workers has soared 67% in the last year.' Not only that, but the great increase in highly-trained graduates is creating a situation of over-supply in many areas… 'Technical workers accustomed to being in strong demand find the situation a real shocker." Feelings of shock and anxiety, Amway suggested, rendered professional workers, who might have once scoffed at the idea of moonlighting in Amway, ripe for recruitment. "There are two types of prospects for you," Amway instructed, "One is the man who is jobless, the other is the one who is afraid he may be."[34]

Amway thus framed the economic recession as a new point of entry into a previously unreachable class of workers. An article called "Tell Me About Amway!... Again," instructed distributors not to "scratch off those old-timers [from your list of prospects], the ones you've

[34] Amway Corporation, "Economic Situation Opens New Sponsoring Possibilities," *Amagram* 12:4 (1971). ACA.

been trying to sponsor unsuccessfully for months, even years." Making a rare gesture at the poor reputation or perceived illegitimacy Amway had among middle-class or white-collar professionals, and how difficult it was for many distributors to recruit new participants, Amway now advised, "Don't drop them." "Actually," the article went on, "You've never presented to them in the past because they've never listened to your presentations. They didn't listen because they weren't ready to listen. Right now many people are receptive *for the first time* to the opportunity to earn extra income.[35] Advising distributors to try to reach a new population of white-collar, technical, or professional personnel, Amway's corporate literature also documented the ways that job insecurity was spreading to new classes of workers.

As early as the late 1950s scholars were evaluating changes in the nature of white-collar, corporate work. C. Wright Mills, William H. Whyte, Jr., and David Reisman in particular critiqued the deskilling of American work, especially among the managerial classes. The monotony, lack of autonomy, and emphasis on conformity in corporate work had produced a generation for whom "white-collar" was not only an occupational category, but a specific – and often maligned – personality type.[36] Throughout the 1960s and 1970s, seminal studies in organizational psychology and sociology, such as Frederick Herzberg's *Work and the Nature of Man*, and Daniel Katz' and Robert Kahn's *The Social Psychology of Organizations*, were deeply interested in questions about the relationship among work, selfhood, and society.[37] By the 1970s even the federal government was interested in the psychology of white-collar work and the ways

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[35] Amway Corporation, "Tell Me About Amway!... Again," *Amagram* 15:4 (1974). ACA. Emphasis original.
[36] C. Wright Mills, *White Collar: The American Middle Classes* (London: Oxford University Press, 1951); William H. Whyte, Jr. *The Organization Man* (Garden City: Doubleday Anchor Books, 1956); David Reisman, *The Lonely Crowd* (New Haven: Yale University Press, 1950).
[37] Frederick Herzberg, *Work and the Nature of Man* (New York: World Publishing Company, 1966). Daniel Katz and Robert Kahn, *The Social Psychology of Organizations* (New York: Wiley, 1966); For a review of contemporary theories about the relationship among the nature of work, worker satisfaction, and social and personal health, see *Work in America: Report of a Special Task Force to the Secretary of Health, Education, and Welfare* produced for the Subcommittee on Employment, Manpower, and Poverty of the Committee on Labor and Public Welfare of the United States Senate, 1973.

that personal and economic frustrations more commonly associated with assembly-line and blue-collar employees was spreading to the managerial classes as well. Dissatisfaction with the content of one's work, combined with rising but unmet expectations about one's social and economic mobility had produced, according to a 1973 federal report on the state of *Work in America*, a new form of social and psychological angst among white-collar workers. In addition to the "Blue Collar Blues," social scientists, management experts, and government bureaucrats alike demonstrated a new interest in what some were calling "White Collar Woes."[38]

By the late 1970s and 1980s scholars were also posing new critiques that went beyond corporate culture and the de-skilling of bureaucratic, managerial work. Those scholars, including Paul Hirsch and Richard Belous, were now pointing to the instability of white-collar employment. Whereas Whyte's generation of "organization men" had expected to spend much of their professional life working for a single firm, Belous argued that the use of flexible, low-commitment employment strategies was eroding the "implicit contracts" once assumed to be a central component of the employer/employee relationship. Focusing on the spread of temporary, part-time, and subcontracted workers, Belous argued that white-collar clerical and administrative workers were now among those "contingent workers" who "do not have long-term attachment to a company and often have no real job security."[39] Hirsch similarly noted that professional

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[38] *Work in American* (1973), 31. *Work in America* was compiled by a task force comprised of social scientists, management experts, and policy analysts. Its findings were based on research conducted by the individual members of the task force, as well as a review of existing literature. *Work in America* explained the "blue-collar blues" and "white-collar woes," as a new phenomenon that reflected the ways in which technology and the routinization of office work were akin to a factory assembly line. "The auto industry is the <u>locus classicus</u> of dissatisfying work: the assembly-line, its quintessential embodiment. But what is striking is the extent to which the dissatisfaction of the assembly-line and blue-collar worker is mirrored in white-collar and even managerial positions. The office today, where work is segmented and authoritarian, is often a factory" (31). Emphasis original. I am reading *Work in America* as a measure of the degree to which scholars of work participated in an older discussion about the nature of white-collar work, but also began to ask new questions about its presumed stability and class status. *Work in America* is also suggestive of how government agencies examined the psychology of work – both blue- and white-collar work – in ways that bypassed more pointed questions about economic inequality.

[39] Richard S. Belous, "The Rise of the Contingent Work Force: The Key Challenges and Opportunities," *Washington and Lee Law Review* 52:3 (1995), 863-878: 865. See also Richard S. Belous, *The Contingent Economy:*

managers in the seventies "have been sharply reminded they are hired agents for the owners of the corporation."[40] With corporate mergers, reorganizations, and hostile takeovers becoming increasingly common – not to mention the constant, basic pressures to reduce operational costs – top executives as well as middle-managers had to come to terms with a new level of unpredictability in professional managerial work. By the 1980s even popular sources such as the *Washington Post* were acknowledging that fact, as in an article entitled "Middle Managers under Siege: No Longer Immune from Layoffs."[41] Over the course of the seventies, the insecurity of even corporate, white-collar work, which was once considered the picture of stability, was becoming an increasingly accepted notion.

Set against the backdrop of economic recession and job insecurity, Amway literature suggested, direct sales work could look very different to many Americans once concerned about the perceived class status of such work. "Don't be too surprised if someone you've presented Amway to many times in the past without making an impression suddenly calls you and asks you to tell them about Amway, just as if they'd never heard about Amway before [because] well, they hadn't." Immediate economic need, a sense of insecurity, and anxiety about the future could, according to Amway, make people listen to Amway's pitch with new ears. "As many times as you've tried to tell them about Amway, they've never listened, never heard. So, tell them about Amway *again*, and recruit them on your very first call!"[42]

If the economic recession rendered professional workers easier to recruit, the energy crisis could make airline employees particularly keen to alternative sources of income. In

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The Growth of the Temporary, Part-time, and Subcontracted Workforce (Washington, D.C.: National Planning Association, 1989).

[40] Paul Hirsch, "From Ambushes to Golden Parachutes: Corporate Takeovers as an Instance of Cultural Framing and Institutional Integration," *American Journal of Communications* 36:6 (1985).

[41] Michael Schrage and Warren Brown, "Middle Managers under Siege: No Longer Immune from Layoffs," *Washington Post*, September 1985, M1, M5 cited in Biggart, *Charismatic Capitalism*, 62.

[42] Amway Corporation, "Tell Me About Amway."

January 1974, the Amway *NewsGram* ran an article entitled, "From Out of the Blue!" which made reference to a letter from F.C. Wiser, president of TWA, that ran in the *Wall Street Journal*. Addressed to "All Personnel Directors," the letter, which Wiser called an "open letter of recommendation," stated that "the energy crisis, which has hit the airline industry particularly hard, has forced us to furlough 2,900 of our employees – pilots, mechanics, ramp agents, cabin attendants, clerical people, marketing and administrative people, people in sales, services and operations." The letter went on to urge personnel directors to consider these "highly qualified [workers] with varied backgrounds" for any possible job openings. TWA had set up a "special hot-line number" that personnel directors could call to facilitate the hiring process. TWA was, in essence, working as a manpower agency to soften the blow, and the public relations backlash it was sure to unleash, of its plan for massive layoffs. "I hope," closed the letter, "TWA's loss can become your gain."[43]

Amway, too, hoped to make TWA's loss its gain. Speaking to its recruiting distributors, to whom the *NewsGram* referred as "the personnel director of your own independent direct-selling business," Amway asked:

> Do <u>you</u> have an opportunity for any of these 2,900 airline employees, or any of the hundreds of workers from other airlines and other industries who have lost their jobs because of the energy crisis? Of course you do! This is why the energy crisis is really an <u>energy opportunity</u> for alert Amway distributors, because it increases the number of prospects ready to respond to sound, proven opportunity to earn extra money and achieve financial independence. Ask these out-of-work people to 'come fly with you' – and watch your business take off![44]

Airline employees had been a population ripe for recruiting into Amway even before the energy crisis. Russell Borthem, for example, was a pilot. He studied mechanical engineering at

[43] Trans World Airlines, "To All Personnel Directors: An Open Letter of Recommendation from the President of TWA," *Wall Street Journal,* January 17 1974, 6.
[44] Amway Corporation "Energy Opportunity – 'From Out of the Blue!'" *NewsGram* (January 31, 1974). ACA.

South Dakota State and served eight years in the U.S. Navy flight crew. Upon leaving the Navy in 1967, Borthem secured a job with Braniff Airlines. After only three months, however, Braniff benched him as part of a furlough plan to reduce the airline's personnel costs. So Borthem relocated to Dallas for a job as a quality control engineer for Link Temco Vaught, an aerospace manufacturer. In 1968, Borthem relocated again, this time to Miami, for a position as a copilot for National Airlines, which was at that time the third largest U.S. transatlantic passenger carrier behind Pan Am and TWA. Borthem, a qualified pilot with nearly a decade of flight experience, held three different jobs in three different states in less than three years. By 1969, he was grounded yet again when the International Association of Machinists and Aerospace Workers initiated at Kennedy Airport a strike against National Airlines. Russell Borthem was attracted to the "Amway Opportunity" not by the unexpected aftermath of the energy crisis, but by a long history of sporadic work, regular layoffs, and labor unrest in the airline industry.[45]

The National Airlines strike dragged on for four months, during which time Borthem made ends meet installing and repairing lawn sprinklers. His independent lawn service work was providing much needed income but, as he later recalled, "it was too hard of work."[46] So when Tom Bryant, a fellow pilot, approached Borthem with the chance to supplement his income with Amway, he jumped at it. Alongside the sprinkler service, which he maintained until 1974, Borthem sold as much as $400 to $500 worth of Amway products per month. He continued to sell Amway, and beginning in 1974 Rawleigh Home Products as well, even after returning to work at the airline. For much of the 1970s Borthem maintained all three positions and used his direct sales work to supplement his primary income as a pilot. Russell Borthem's patchwork job history sits uneasily within many Americans' image of work in the postwar period. Yet, the way

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[45] Russell Alan Borthem quoted in *Official Transcripts of Proceedings Before the Federal Trade Commission Docket No. 9023 In the Matter of Amway Corporation, Inc*., May 23, 177: 696, FTC.
[46] Ibid, 696.

Borthem used direct sales work to supplement, and sometimes substitute for, the income from what was supposedly a stable, full-time job was not only common among direct sellers but also signaled, as we will see, a shift in the labor economy at large.[47]

Throughout the latter half of the seventies, Amway corporate literature made frequent reference to the energy crisis, but not necessarily in reference to the airline industry. Volumes of the *Amagram* and the *NewsGram* advised distributors that, in addition to creating a new pool of potential distributors among those affected by corporate layoffs, the rising price of gasoline made Amway's "shop without going shopping" plan a particularly economical alternative to running errands. "The energy crisis affords you a unique though unasked-for opportunity to expand your retail business – to sell more products to your established customers and to develop new retail customers. Why? Because they are going shopping far less often because of the gasoline shortage!"[48] According to a May 1974 issue of the *Amagram*, "Your customers and prospective customers are traveling less, going shopping less, staying at home more. Consequently, 'shop without going shopping' takes on an important new significance." And, because Americans had presumably cut down on all unnecessary travel, customers were at home waiting to be called on. "Remember," Amway advised, "they're easier to reach than ever before because they're home for longer periods – prime prospects for 'home care know-how' at their doorstep."[49] For Amway distributors as well gasoline prices could increase the cost of doing business. "One way for *you* to save gas is to sell more on every call and contact more customers on every trip."[50] Amway suggested that distributors try to sell in larger quantities in order to reduce the frequency of

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[47] Ibid, 682, 696, 697. Borthem's story also appears in Chapter Six.
[48] Amway Corporation, "Opportunity In Crisis," *Amagram* 15:3 (1974). ACA.
[49] Ironically, as we will see in Chapter Five, female-oriented direct sales firms such as Avon and Mary Kay were worried about just the opposite. If Amway expected more consumers to be at home because of the energy crisis, Avon was worried that as more women entered the workforce, female customers were less likely to be home. Avon referred to this as the "not-at-home" problem.
[50] Amway Corporation, "Shop Without Going Shopping, New Impact in Marketplace," *Amagram* 15:4 (1974). ACA.

deliveries, and to try to sell a new item at each delivery appointment to make up for the additional travel expenses incurred due to the energy crisis.

"Crisis," in fact became an Amway watchword in the seventies. Amway corporate literature ran regular features with titles like, "Opportunity in Crisis," and "Energy! Crisis or Opportunity for Amway Distributors?". "Crisis," here referred to issues ranging from energy prices to monetary shortages to unemployment to psychological disaffection and anxiety.[51] One might criticize the firm's executives for trying to capitalize on, even exploit, the economic squeeze felt by many Americans. Individual distributors, too, took advantage of the recession in ways that were ethically questionable. Robert D'Armond, for example, was recruited into Amway at a work placement agency. "I went to an employment firm seeking a job and the man I talked to, Mr. Evan Wheeler, started talking to me about my background, things like that." D'Armond's interview with Wheeler, who worked as a distributor in addition to his job as a placement officer, turned into a recruitment session for Amway.[52]

According to corporate literature, however, Amway distributors were not taking advantage of Americans' misfortunes. Rather, they were among the rare few who understood that within a system of capitalist free enterprise, there were always opportunities open to industrious citizens. In whatever way Amway literature invoked the concept of crisis, it always stressed a dialectical relationship between crisis and opportunity. Gesturing at a theory of capitalism in which periods of crisis and recession were not a sign of the failures of the free market but an opportunity to prove its strengths, as well the will and ingenuity of enterprising

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[51] For example, see Donald L. Kemmerer, "Sound as a Dollar," in Amway Corporation, *Amagram* 19:6 (1978). ACA. Kemmerer, a former professor of economics at the University of Illinois writing for the American Economic Foundation, explained the relation among money and bank deposits, the government money supply, inflation, and the cost of goods. In short, he explained that inflation, or the diluted purchasing power of a dollar, happened when "the Federal government print[s] too much money… Because the Federal government pays out each year more than it takes in in taxes and can borrow on terms that it considers acceptable."

[52] Robert Jackson D'Armond quoted in *Official Transcripts of Proceedings Before the Federal Trade Commission Docket No. 9023 In the Matter of Amway Corporation, Inc*., June 1, 1977: 1510-1511. FTC.

individuals, Amway argued that economic crisis could be productive. "There is danger and opportunity in any crisis," Amway explained, "the word *crisis* encompasses both these meanings: a time of danger but also a time of opportunity. The dangers have been publicized. They are real." The opportunities perhaps "may not be as apparent, but [for Amway distributors] they are just as real." Crisis-related losses in overtime, layoffs, and unemployment (concurrent with rising prices), from that point of view, "increase the ranks of those ready to respond positively to an opportunity to earn money and achieve financial independence. *Recruit them!*"[53] Amway used the notion of "opportunity in crisis," along with similar slogans such as "Run while others walk,"[54] "Don't let the good times pass you by,"[55] and "The direction is *up*!"[56] as promotional tools to advertise to potential distributors and to motivate existing ones. Revealing a social Darwinist undercurrent in Amway's theory of crisis and capitalism, such slogans worked to distinguish the direct sales sector from other struggling sectors of the labor and consumer economies and to highlight the merits of direct sales work.

The picture of direct selling presented by Amway did stand out in the historical moment that marked what economists have called the "Great U-Turn" in the U.S. economy. As Bennett Harrison and Barry Bluestone described it, an "invasion of foreign business" in the 1960s created a "profit squeeze" on American corporations, which was further exacerbated by the Vietnam War, the collapse of the Bretton Woods system of monetary regulation, and the oil crisis of 1973. As profit margins shrank, particularly for manufacturing firms that faced an unprecedented level of foreign competition, domestic production declined. As production declined, so did the number

[53] Amway Corporation, "Energy! Crisis or Opportunity."
[54] Amway Corporation, *Newsgram* (April 3, 1975). ACA; Jay Van Andel and Rich DeVos, "Co-Founders' Letter" *Amagram* 17:1 (1976). ACA.
[55] Rich DeVos and Jay Van Andel, "Don't Let the Good Times Pass You By."
[56] Jay Van Andel and Rich DeVos, "Co-Founders' Letter," in Amway Corporation, *Amagram* 16:1 (1975). ACA. Emphasis original.

of well-paying jobs in the unionized manufacturing sector, which in turn had a devastating effect on the power of unions.[57] As the once-dominant manufacturing sector struggled, the service sector moved to the center of the domestic economy. Services presented only 36% of the gross national product in 1945; by 1983 the service sector accounted for half of the total GDP. The effect of the service sector on the labor market was even more pronounced. As a percentage of total employment, the service sector, which was predominantly made up of low-wage, non-union jobs, supplied 56% of the nation's jobs by 1976.[58]

In addition to service work, secretarial and temporary work were also growing in the 1970s. According to one estimate, more than 700,000 new secretarial jobs were created between 1970 and 1980.[59] During the same period, temporary industry employment more than doubled. In 1970, the temp industry employed 185,000 workers per day; by 1980, the number of temporary workers had risen to more than 400,000.[60] Temporary staffing agencies, in particular, owed their growth in the seventies to the economic recession and its encouragement of new, and cheaper, business and employment practices. Yet, as Erin Hatton has argued, "even the harsh economic climate of the 1970s was not necessarily hospitable to the temp industry's semi-permanents."[61] In other words, while the "profit squeeze" American corporations faced in the seventies would

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[57] For an analysis of the decline of the power of labor unions, see: Nelson Lichtenstein, *State of the Union: A Century of American Labor* (Princeton: Princeton University Press, 2002); Nelson Lichtenstein and Elizabeth Tandy Shemer eds., *The Right and Labor in America: Politics, Ideology and Imagination* (Philadelphia: University of Pennsylvania Press, 2012); Jefferson Cowie, *Stayin' Alive*. Lichtenstein's *State of the Union* and Cowie's *Stayin' Alive* examine the ways that the "labor question" receded as a central feature of political debate and popular culture, respectively. Taken together, they argue that the rights-based social movements of the 1960s, the economic crisis of the 1970s, and the growing strength of conservative political opposition eroded the power of labor unions and working-class identity. Both emphasize, however, that the eclipse of the "labor question" by the 1980s was not an abrupt reversal of the presumed labor-management accords of the immediate post-war period or even the precipitous decline of labor union membership in the 1970s and 1980s. Rather, it grew out of old struggles among labor, law, business, and the state, as well as internal fissures (along the axes of race, class, gender) within the labor movement itself.

[58] U.S. Bureau of the Census, *Statistical Abstract*. 1976.

[59] Cited in Biggart, *Charismatic Capitalism*, 59.

[60] Erin Hatton, *The Temp Economy: From Kelly Girls to Permatemps in Postwar America* (Philadelphia: Temple University Press, 2011), 57.

[61] Ibid, 53.

seem to necessitate new modes of cheap labor, firms could have responded to the challenges of the seventies in other ways. Indeed, Harrison and Bluestone argued as early as 1988 that American firms could have invested in long-term product innovation, manufacturing processes, new organizational forms, or new ways of cooperating with the state that would have rebuilt the competitive position of American goods and services. Rather, corporate executives responded to the long-range problem of foreign competition with short-term strategies to reduce labor costs and, with the cooperation of politicians, to roll-back social regulations. "Instead of pioneering new products and technologies to boost revenues," as Harrison and Bluestone argue, "U.S. firms overwhelmingly chose to work on the cost side of the profits equation."[62]

The temporary staffing industry grew, as Hatton shows, precisely because it served executives' desire to attack costs. Yet, rather than an automatic response to the recession or the need to contend with foreign competition, temp employment grew because staffing executives were able to create a demand for such work. Manpower agencies used industry research, advertising, and political lobbying to sell "a model of work in which permanent employees were a 'costly burden,' and a 'headache' that needed relief."[63] Temporary staffing agencies used changes in the competitive business climate to convince corporate management, which for most of the twentieth century had been committed to maintaining direct authority over workers, that the use of temp workers was not only a method to reduce the cost of employment, but was preferable to employing a dedicated workforce.

[62] Harrison and Bluestone, *Great U-Turn*, xii.

[63] Hatton, *Temp Economy*, 58. Hatton describes this process as part of a larger transition that took place over the course of the twentieth century from "an asset model of work – in which workers were considered a key source of profits" to a liability model of work. "In the postwar era, the asset model enjoyed widespread cultural support… But by the end of the century, this had changed. Not only had it become culturally acceptable for employers to see workers as little more than costly liabilities, it was considered sound business sense to do so." Manpower firms also had to convince corporate executives that temporary staffing, which had previously been used for administrative and predominantly female "pink-collar" jobs, was a legitimate strategy in blue-collar manufacturing work (51-52).

If manpower agencies redefined the way corporate employers viewed temporary workers, direct sales firms similarly leveraged unpredictability in the labor market to convince workers that contingent work was a legitimate, and indeed desirable, alternative to traditional corporate employment.[64] In presenting direct selling as a surer alternative to more traditional work arrangements, Amway inverted the conventional understanding of industrial wage-labor and white-collar professional work as forms of stable employment. "Most people in ordinary jobs, even most professional people," according to Amway corporate literature, were subject not only to the vagaries of economic cycles, but also to sheer luck. "If a dentist's hands fail, he is out of business. If a lawyer's eyes fail, he can't continue," Van Andel stated in a 1977 article called "Security Through Sponsoring." "Even if you are fortunate enough to escape disabling accidents and illness, there is still the ever-present threat of job layoffs and other beyond-your-control economic problems."[65]

By way of example, Van Andel offered the story of Crown Direct Distributors Frank and Rita Delisle, who turned to Amway to remedy "the difficulties they experienced in 1962 when the printing firm where Frank was employed suddenly closed, and Frank was out of a job." Distributors Peter and Penny Javelin, too, "turned to Amway to help create a more secure future after suffering economic reverses in their former business because of a strike."[66] Exploiting widespread economic anxieties about deindustrialization, Van Andel turned the traditional narrative about labor security on its head. Mainstream manufacturing labor and white-collar

[64] For a discussion on the definition of contingent work, see Hatton, *Temp Economy*, 11. Hatton describes contingent work, a term which was coined by Audrey Freeman in the mid-1980s (although the phenomenon of contingent work far predated the label), as "any employment relationship that departs from the standard of full-time, full-year, fixed-schedule, single-employer work." Examples of contingent work include "temporary employment… part-time, day-labor, and on-call work, as well as contract-company employment, independent contracting, and other self-employment" (11).
[65] Jay Van Andel, "Security Through Sponsoring… Sponsoring Multiplies Your Efforts: Safeguards Your Future," in Amway Corporation, *Amagram* 18:1 (1977). ACA.
[66] Ibid.

professional jobs were, according to Amway, precarious and unpredictable modes of work. By contrast, direct selling – which had all the markings of casual, contingent work – was now the safer and more reliable choice. Amway owed its success in the seventies, at least in part, to the ways in which it was able to reframe contingent work as an effective remedy against the threat of deindustrialization and economic decline.

In contradistinction to the supposed instability of industrial and corporate work, direct selling claimed to offer security through a work situation in which one's income was independent from one's employer. In lieu of a wage or corporate salary, both of which were dependent on remaining employed by a firm, Amway claimed to offer the chance to "write your own check." In 1975, for example, Amway produced a mailer styled after a bank check. On one side of the mailer, which distributors could circulate to potential recruits, the simulated check was made out to and signed by "Yourself," for the amount of "Additional Income," payable through the "Free Enterprise Bank, Anywhere."[67] In 1978, a similar campaign enabled distributors to mail "Get Well" cards, which presented Amway as an alternative to workers' disability. "If you're working a regular job and get laid up – lots of luck," the card warned. Implying that traditional employment offered little protection in the case of injury or prolonged illness, Amway posited direct sales work as a way to ensure one's future security regardless of one's employment status. "If you were in Amway and had a successful Direct Distributorship," read the card, "if you get sick and were unable to carry on for a while, it [your Amway income] doesn't stop! Your people go on and keep working." Simultaneously borrowing the language of the welfare state and offering Amway as an alternative to socialized labor, the get well card declared, "Now that's what I call health and accident insurance of the best kind!" Even if one

[67] Amway Corporation, "Arouse Interest with the 'Write Your Own Check' Mailer," *Newsgram* (September 18, 1975). ACA.

was no longer able to work, Amway "checks can keep right on coming!"[68] In the same way that the "Write Your Own Check" campaign implied that an Amway distributorship was a way to take control of one's own economic future, the "Get Well" card posited a distributorship as a form of financial security independent of both a corporate employer and state-sponsored programs like disability insurance.

Neither the "Write Your Own Check" campaign nor Amway's "Get Well" cards acknowledged the contradiction inherent in do-it-yourself security that relied on earning a share of other distributors' sales revenue. Nor did they speak to how difficult it was for distributors to survive on direct sales alone. Workers compensation and disability insurance, not to mention a regular paycheck, offered through a corporate employer were in many ways a far more reliable remedy to financial hardship than an Amway distributorship. But as much as it relied on the power of American tropes about independence and autonomy, Amway did in fact point to real transformations in the structures of work in the postwar period.[69] By the early 1980s, the contingent labor force – defined as workers without an explicit, long-term contract with an

[68] Amway Corporation, "On-Going, 'Get Well' Cards from your Amway Business… Just how good is your health and accident insurance?" *Amagram* 19:6 (1978). ACA.
[69] Contemporary intellectuals were in the seventies trying to come to terms with changes in the social and economic order even as they were unfolding. In 1973 Daniel Bell theorized that the U.S. was in the process of being transformed from an industrial to a post-industrial society. Whereas industrial economies were oriented around the manufacturing sector, the post-industrial economy used intellectual technology to process information rather than to produce goods. The new commodities of the post-industrial economy were thus "primarily human services," particularly in the sectors of health, education, social services, and professional and technical services. If industrial societies faced the threat of material scarcity, the primary barriers to the growth of the post-industrial society were shortages of time, information, and the expansion of services. More importantly, from Bell's perspective, the rise of a post-industrial society would have to engender an entirely different set of social relations. The post-industrial system of social relations, he forecasted, would emphasize the service economy, the pre-eminence of a professional and technical class, the centrality of theoretical knowledge, and the ability to invent and control new intellectual technologies. Post-industrial society, that is, entailed new modes of business and labor, but also new class markers based increasingly on knowledge and technology. Daniel Bell, *The Coming of Post-Industrial Society*. See also Daniel Bell, *The Cultural Contradictions of Capitalism* (New York: Basic Books, 1976) in which Bell theorizes that modern capitalism had by the 1950s become unyoked from an older vision of moral self-restraint, as embodied in the Protestant work ethic. The uncoupling of moral and economic imperatives produced a social and economic system of unrestrained acquisitiveness. That version of "new capitalism," which began to emerge with the rise of industrial power and the erosion of small-town life in the 1910s, came to full fruition in the post-WWII liberal growth economy.

employer - accounted for approximately 25% of the total American labor force.[70] According to one estimate, there were more than 20 million temporary and part-time workers in the United States in 1980. Between 1980 and 1988, the number of part-time workers grew 21%; the number of temporary workers ballooned at a growth rate of 175%.

The story of direct sales in the seventies thus revealed a truth about the permanency of contingent work and the ways that contingent service work was supplanting presumably more stable modes of labor in the U.S. economy. The state acknowledged as much when the Comprehensive Employment and Training Act of 1973 mandated that the Secretary of Labor develop data for measuring underemployment. As sociologist Theresa Sullivan noted in *Marginal Workers*, *Marginal Jobs* – the first book-length project to assess the various methods used to report on employment, unemployment, and underemployment – the recession of the mid-1970s created new interest in data about "inadequately employed workers" in the United States. In response to the recession, during which "it seemed [to many] that high unemployment rates might be the tip of the iceberg of underemployed labor," sociologists and economists explored new ways to measure the U.S. labor economy that would better capture the new realities of work.[71] Such experiments, including Sullivan's argument that statistics on underemployment and marginal work offered a more accurate picture of the labor economy than conventional unemployment estimates, recognized the complex nature of citizens' work status in the seventies. With many Americans working part-time, working a job that did not provide sufficient income, or holding a job for which one was overqualified, the simple categories of "employed" or "unemployed" no longer seemed sufficient measures.

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[70] Belous, "Rise of Contingent Work," 867.
[71] Theresa A. Sullivan, *Marginal Workers, Marginal Jobs: The Underutilization of American Workers* (Austin: University of Texas Press, 1978), 3.

Direct sales firms, too, grappled with changes in the rhythms of Americans' work lives in the seventies. Executives at Avon, for example, took note of the fact that in addition to the number of temporarily, partially, or under-employed workers, the number of Americans who worked two or more jobs was also increasing.[72] The number of multiple jobholders grew 42% between 1970 and 1985. Approximately 4 million Americans worked more than one job in 1970, 4.6 million in 1977, and 5.7 million in 1985.[73] That trend was especially pronounced among women, who accounted for nearly 40% of all multiple jobholders in 1985, up from only 15% in 1970.[74] In 1978, Avon published an article in its corporate newsletter, *Management NewsBriefs*, called "On Moonlighting and Small Households." The article, which was circulated among managers at Avon's corporate offices, speculated about what recent employment and economic trends meant for the direct selling industry. "Interesting demographic trends with implications for our business have come to light. [First,] the number of Americans holding two or more jobs increased last year by 6,000 to a record 4.6 million, raising the proportion of employed moonlighters to 5%, according to a Labor Department study."[75]

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[72] The Current Population Survey only began collecting and reporting data on multiple jobholders in 1994. For an explanation of how the Current Population Survey collects and reports on multiple jobholders, as well as a brief discussion about how that datapoint became part of the CPS survey, see John F. Stinson, Jr. "New Data on Multiple Jobholding Available from the CPS," *Monthly Labor Review* (March 1997): 3-8. The CPS defines a multiple jobholder as "a person who responds affirmatively to the initial question ['Last Week, did you have more than one job (or business), including part-time, evening, or weekend work?'] and, (1) had a job as a wage and salary worker with two employers or more, (2) combined a wage and salary job with self-employment, or (3) combined a wage and salary job with one as an unpaid family worker."

[73] Stinson, "New Data," 4. See also Kopp Michelotti, "Multiple Jobholders in May 1975," *Special Labor Force Report 182* (U.S. Department of Labor, November 1975). http://eric.ed.gov/?id=ED120407.

[74] Stinson's data shows that the number of male moonlighters grew on pace with total employment between 1970 and 1980. The number of male moonlighters actually decreased slightly over the course of the 1970s, down from 3.4 million in 1970, to 3 million in 1975, 3.2 million in 1980, and then rose to 3.5 million in 1985. Although Stinson does not specifically explain the decrease in the number of male moonlighters, it is likely that the number of male multiple jobholders decreased in the recession of the 1970s because there were fewer jobs available. Stinson does state that male and female moonlighting grew throughout the eighties, even after the end of the economic recession, likely because they wanted to take advantage of the greater number of newly available jobs.

[75] Avon Products, Inc. "On Moonlighters and Smaller Households," *Management NewsBriefs* 6:6 (June 1978), Avon Collection. HAG.

Avon, which like many direct sales firms relied heavily on female sellers, was particularly interested in the gendered dynamics of moonlighting in the seventies. "A record 3.4% of employed women were found to be holding more than one job – 1.2 million female moonlighters, up from 911,000 in 1976."[76] As cited by Avon, the study suggested that more male moonlighters held at least one full-time job whereas female moonlighters most often held two part-time jobs. Of those moonlighters polled for the study, 33% reported that they had multiple jobs for reasons of "financial necessity"; 20% reported that they "enjoyed the work on the second job."[77] The rising number of moonlighters, particularly when considered alongside those engaged in other forms of contingent work, pointed to the fact that, over the course of the seventies, fewer and fewer Americans were able to rely on the presumption of stable, full-time, well-paid work.

In addition to the rise in the number of workers with more than one job, the Avon article noted that American households were tending to get smaller, both in terms of the number of people per household and the size of the actual home. "According to the Bureau of the Census, there has been a phenomenal growth in the number of small households. In hard numbers, the Bureau says there were 78,867,000 households in 1976. Half of these were small households of one or two persons." The number of single-person households grew 40% between 1970 and 1976 and "small households mean small apartments, smaller cars, smaller dishwashers and smaller recipes in cookbooks." The trend toward smaller homes signaled a decrease in consumer spending overall. The article suggested, however, that direct selling could perhaps address the needs of busier, more economy-minded consumers better than traditional retailers. For Avon specifically, the growth of moonlighting and smaller households meant "more selling at night,

[76] The numbers cited in the Avon article match those reported by both Stinson and Michelotti.
[77] Ibid.

more selling in the office… more party plans and door-to-door, more mail order and more telephone selling."[78] In much the same way that Amway executives saw opportunity in the energy crisis, Avon executives were optimistic about the ways direct sales firms could meet the needs of both workers and consumers in the seventies.

Executives at firms such as Avon and Amway interpreted the prevalence of contingent work in the seventies as an opportunity to grow the size of the direct sales force and therefore highlighted the benefits of a distributorship as a form of supplemental work. Yet, messages that focused on the supplemental nature of direct sales work, on their own, risked degrading direct selling as an act of desperation. Throughout the fifties and sixties, as we have seen, Amway struggled to legitimize direct sales work not as itinerant peddling, but as independent entrepreneurship. In that light, the "do it now" campaigns initially seem at odds with Amway's earlier claims that direct sales was a dignified, masculine, professional career. If presented as a form of "do-it-yourself security" that offered an alternative to federal aid, however, direct selling could be an act of short term economic necessity and a measure of one's personal initiative and resilience. As an act of individual initiative and an active, rather than passive, response to financial difficulty that spoke to one's character as a hardworking American, direct selling could reflect both hardship and respectability.

Was crisis in fact opportunity? Amway's celebration of opportunity through free enterprise sat uneasily with the realities of direct sales work. Distributors most often participated in direct selling as a second job or to supplement the income of a family's primary breadwinner. Estimates suggest that in the late twentieth century as much as 90% of the direct sales force

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[78] Ibid. Demographic changes in the workforce and in the shape of the American family also presented an acute challenge to direct sales, which had traditionally been one of few industries that welcomed, indeed relied on, the contributions of working women. Throughout the seventies, women gained access to a greater number and range of economic opportunities. Their expectations of work also changed, as more women wanted or needed to hold permanent, full-time positions.

worked on a part-time basis; very few distributors earned enough to survive on direct sales alone.[79] The fact that direct sellers joined Amway, Stanley Home Products, or any of the other firms offering similar supplemental work itself pointed up the limits of economic mobility in the seventies. For many distributors, direct selling was a crucial strategy through which to cobble together various sources of part-time or temporary income. Russell Borthem used direct selling to weather layoffs and labor strikes in the airline industry.[80] Tom Holdridge similarly used his work in Amway to negotiate a two-year period during which he was intermittently unemployed.[81] Roger Laverty turned to Amway in 1972 when RCA closed the facility where he worked as an electrical technician. Laverty maintained his distributorship even after he found full-time employment at Modular Computer in 1973, which was fortunate because he was laid off by Modular three years later.[82] Between 1973 and 1976, Joseph Hunter held temporary jobs at Giant Supermarket, as a route salesman for Krispie Kreme Donut, at an industrial transmission company, and as an inside-salesman for a tire wholesaler. He changed jobs so often that, when asked to identify the time period he worked at each one, Hunter replied, “I just don’t recall where I was working.”[83]

For Borthem, Holdridge, Hunter, Laverty, and others, direct selling offered – just as Amway corporate literature advertised – a security policy against the unpredictability of corporate employment in the seventies. Industrial sewing machine mechanic Larry Bryant, for

[79] This figure is not specific to the 1970s. There is no precise data on how many distributors were able to support themselves exclusively through direct selling in the 1970s. But, based on data collected by the Direct Selling Association for the period between 1991 and 2013, evidence suggests that on average 11% of distributors either self-identified as full-time distributors or spent 40 of more hours per week working in direct selling. Despite the lack of precise data, it is clear that the post-WWII direct sales force has been overwhelmingly made up of part-time workers.

[80] Russell Borthem quoted in *Official Transcripts,* 696.

[81] Betty Holdridge quoted in *Official Transcripts of Proceedings Before the Federal Trade Commission Docket No. 9023 In the Matter of Amway Corporation, Inc*., May 23, 1977. FTC.

[82] Roger Laverty quoted in *Official Transcripts of Proceedings Before the Federal Trade Commission Docket No. 9023 In the Matter of Amway Corporation, Inc*., Mary 24, 1977: 750-758. FTC.

[83] Joseph Hunter quoted in *Official Transcripts of Proceedings Before the Federal Trade Commission Docket No. 9023 In the Matter of Amway Corporation, Inc*., May 31, 1977: 1419-1421. FTC.

example, lived under the threat of lay-offs and factory closures. From 1975 to 1977, he worked for two different manufacturing corporations at three different plants, one of which closed and laid-off the entire workforce. Listening to his friend Jack Wayne Hearne describe the Amway opportunity in 1975, Bryant saw Amway as, in his words, "an opportunity to … [achieve] security that I would not have, that I could not have any other way."[84]

The popularity of direct sales as a form of contingent work thus acknowledged the ways that American capitalism had failed to fulfill the promise of full-employment and consumer abundance thought to be a central feature of the postwar liberal economy. Turning to direct selling in the seventies was, for many distributors, itself a way of recognizing that industrial capitalism and corporate work were no longer capable of providing basic job security. At the same time, by presenting direct selling as independent entrepreneurship, the rhetoric of Amway reinforced long-held beliefs about opportunity and economic mobility in America. That is, much of the appeal of direct sales work lay in its ability to render old tropes about American independence and prosperity compatible with the apparent failures of the U.S. industrial economy. As a form of contingent work masquerading as entrepreneurialism, direct sales work both acknowledged the changing nature of work in the late capitalist economy, and constructed a new narrative about postwar labor in which contingent work was not an unfortunate result of deindustrialization, but an answer to it.

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[84] Larry Bryant quoted in *Official Transcripts of Proceedings Before the Federal Trade Commission Docket No. 9023 In the Matter of Amway Corporation, Inc*., May 25, 1977: 985. FTC.

Conclusion

In her work on the temp economy, Erin Hatton argues that the temporary employment sector is not "some kind of strange encrustation" attached to the body of mainstream industrial capitalism.[85] Rather, temporary staffing, which by the early twenty-first century employed at least three million Americans, had become a central component in the way modern firms operate in the U.S. The history of direct selling makes Hatton's point even clearer. If we consider direct selling, temp work, care work, and other forms of casual work as part of the same phenomenon, it becomes clear that contingent work is not an "encrustation" attached to the labor economy, it *is* the labor economy.[86] Casual, contingent, precarious work has come to be a defining feature of labor in late capitalism.

Yet, the story of direct sales in the seventies also suggests something else. The temporary employment sector is a post-WWII invention. Direct selling has relied on a sales force of independent contractors since the 1930s. Even before the sector adopted "independent contractor" as a legal and administrative label, direct sales firms have been structured around independent, causal workers since the nineteenth century. That is, as the mainstream labor force in the seventies looked increasingly to casual workers, especially female casual workers, as a low-cost market for labor, firms began to adopt business and employment strategies long common in the direct sales industry. Direct sales flourished in the seventies because, over the course of the postwar period, mainstream work looked more and more like direct sales.

The history of direct sales in the seventies is thus a story about an old mode of labor and business rediscovered, but also mobilized in new ways. It thus offers a novel vantage point on

[85] The term "strange encrustation" actually comes from Nelson Lichtenstein's foreword to Hatton's work. Nelson Lichtenstein, "Foreword," in Hatton, *The Temp Economy*, ix.
[86] On care work, see Eileen Boris and Jennifer Klein, *Caring for America: Home Health Workers in the Shadow of the Welfare State* (New York: Oxford University Press, 2012); Eileen Boris and Rhacel Salazar Parrenas eds., *Intimate Labors: Cultures, Technologies and the Politics of Care* (Stanford University Press, 2010).

the economy of the seventies, and a new way to think about deindustrialization. As the mainstream economy began to crumble, it revealed a hidden stratum of sectors – including direct sales – that had long functioned in its shadow. The 1970s, in that respect, was a moment of both industrialization *and* deindustrialization. The 1970s was not the end of a so-called golden age of American industry; it was a period of transition from one mode of capitalism to another, or the transition to what some scholars have called the "new economy" of the late twentieth century. The history of direct sales is part of that story, but it also complicates narratives about the rise of the new economy in key ways. Direct sales and other modes of supplemental and contingent work had existed across the twentieth century. Contingent work has thus always been a persistent and meaningful, if under-recognized, part of advanced capitalism in the U.S. In that light, the stable, bureaucratic, industrial mode that many have seen as representative of labor in the modern U.S. may have dominated for less than seventy years. The question then becomes, how truly representative was it? What is new about the new economy? And what can scholars of capitalism gain by looking at the economy from a different angle, by looking at sectors – like direct sales – for whom the economic recession in the seventies were good times.

CHAPTER 4

"FREE ENTERPRISE IN ACTION": AMWAY AND THE POPULAR RHETORIC OF FREE-MARKET CONSERVATISM

Introduction

Jay Van Andel and Rich DeVos had never been shy about espousing their personal brand of free market ideology. They had, since the founding of Amway in 1959, unabashedly proclaimed the superiority of the American free enterprise system as "the birthright of free men working in a free society," and as "the principles [on which] great nations are built."[1] By the late 1960s, executives were already touting Amway's brand of independent sales work not only as a representation of the possibilities for economic mobility in the free enterprise system, but as literally "Free Enterprise in Action."[2] In 1967, for example, Amway executives created a promotional campaign based on the issuance of "Free Enterprise Stock." By sponsoring two or more new distributors during the months of June and July 1967, distributors could earn a certificate of recognition styled to look like a stock certificate. The "handsome" certificate, which could be "displayed in a distributor's home or office," pronounced one a "Shareholder in Free Enterprise."[3] As a participant in Amway, the stock certificate suggested, one had invested his efforts within the capitalist economic system and thus stood to enjoy the dividends of that investment. Free Enterprise Stock testified as well to the ways Amway encouraged distributors to invest in free enterprise as an ideology. The number of shares one owned, which was printed on the certificate, was equal to the number of people a distributor recruited. The stock certificate

[1] Amway Corporation, "The Amway Opportunity is Free Enterprise in Action," in *Amagram* 8:4 (1967). ACA.
[2] Ibid.
[3] Ibid.

thus documented, even quantified, the ways in which recruiting new distributors was, as Amway executives suggested, both about building one's own downline as well as spreading a particular message about free market capitalism.

If Amway corporate marketing in the seventies tapped into the changing nature of work in the postwar period, it also registered changes in the way many Americans thought about the state and its role in regulating the U.S. economy. Advocating the virtues of free enterprise, which had always been part of Amway's corporate culture, moved increasingly to the fore in the 1970s. Expertly mobilized by politicians such as William F. Buckley, Jr. and Barry Goldwater, two forefathers of modern conservatism, the language of free market capitalism was, by the seventies, a main current in American political culture. Amway's use of free enterprise rhetoric was a manifestation of, and an attempt to capitalize on, a broad political and cultural shift rightward in the postwar period. Examining corporate literature, sales aids, accounts of distributors' meetings and conventions, and speeches delivered by the company's founders, we will see how Amway used the ideology of free market capitalism to establish direct sales work as a form of labor uniquely aligned with the principles of the resurgent right.

More than ideology connected Amway to the conservative movement. Jay Van Andel and Rich DeVos, both independently and in their capacity as the founders of Amway, were major players in Republican politics. Van Andel served as chairman of the Republican State Finance Committee and as finance chairman of the Republican National Committee.[4] DeVos was

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[4] See Jay Van Andel, *An Enterprising Life: An Autobiography* (New York: Harper Business, 1998). At the local level, Van Andel was also very involved in business associations, religious organizations, and groups that supported Christian education in Grand Rapids and in the state of Michigan including: La Greave Christian Reformed Church, Grand Rapids Association of Christian Schools Development Council, State Officers Compensation Commission for State of Michigan, Michigan State Chamber of Commerce, Michigan National Bank, Grand Rapids Council of Churches, Michigan State Chamber of Commerce Committee on Law and Order, Kent Country Republican Fund Raising, Michigan State Republican Fund Raising, Kent County Republican Committee, Delegate to County and State Republican Conventions. At the national level, he served as: Director, U.S. Chamber of Commerce; Member, Republican Party "300 Club"; National Union of Christian Schools; Creation Research Society; Religious Heritage

also a major donor to the Republican Party and conservative organizations including the American Enterprise Institute.[5] Van Andel and DeVos helped found political organizations, such as the far-right Heritage Foundation, as well as their own Free Enterprise Institute, which was located at Amway's corporate headquarters.[6] In this way, Amway's commitment to free market capitalism both reflected the contemporary resurgence of conservatism in the seventies and helped to shape it.

The story of Van Andel, DeVos, and Amway thus illuminates a particular form of power increasingly visible in the seventies, a form of influence that merged individual wealth, corporate interests, and political connections and aspirations. In 1972 Van Andel was appointed to the board of the U.S. Chamber of Commerce.[7] In her work on business conservatism, Kim Phillips-

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of America; Citizens for Educational Freedom; President, Christian Education Society; Director, Evangelical Literature League. He participated in Governor George Romney's "Operation Europe" in 1965, which was tasked with exploring international business opportunities for Michigan firms. He participated in the White House Conference "Industrial World Ahead" in 1972. See Jay Van Andel Biographical Sketch 1973. Congressional Papers, Box R19, Folder "Amway Corporation, Center of Free Enterprise." FOR.

[5] DeVos was less active as a political figure than Van Andel, but certainly no less influential in the shaping of modern conservatism. DeVos served as finance chairman for the RNC during Reagan's presidency. *Mother Jones* magazine has called the DeVos family "the New Kochs," estimating that the DeVos family contributed more than $200 million to far-right causes since the 1970s, putting them "up there with the Bradley's, the Coorses, and the Kochs… Name an organization – Jerry Falwell's Moral Majority, David Koch's Americans for Prosperity, the arch-conservative Heritage Foundation – and odds are a DeVos family member has donated to it." According to one report, the DeVoses used their numerous holdings – including Amway, the Orlando Magic, son Daniel DeVos' DP Fox Ventures LLC, daughter-in-law Pamella DeVos' clothing brand Pamella Roland, son Dick DeVos' and Betsy DeVos' (a former chairwoman of the Michigan GOP) Windquest Group, and Eric Prince's (Betsy DeVos' brother) Blackwater USA – to contribute to: the Acton Institute, American Enterprise Institute, Americans for Prosperity, Council for National Policy, Focus on the Family, FreedomWorks Foundation, Heritage Foundation, Mackinac Center for Public Policy, and the National Organization for Marriage. Benjy Hansen-Bunday and Andy Kroll, "The Family That Gives Together," *Mother Jones*. January 21, 2014. The political watchdog group Common Cause estimated that Van Andel and DeVos collectively donated more than $3 million in soft money gifts to the GOP, including $2.5 million in 1994 to fund the party's television campaign and $1.3 million in 1996 to fund the party's coverage of the Republican National Convention on Pat Robertson's cable network. See "The GOP Way is the Amway Way," *Business Week Online*. August 11, 1996. http://www.businessweek.com/stories/1996-08-11/the-gop-way-is-the-amway-way.

[6] Joseph Coors and Paul Weyrich began the Heritage Foundation, a far right think tank, in 1973 as, in part, an alternative to the American Enterprise Institute which Coors and Weyrich thought had become too mainstream and preoccupied with respectability at the expense of conservative principles. See Kim Phillips-Fein, *Invisible Hands: The Businessman's Crusade Against the New Deal* (New York: Norton Books, 2009): 169-173. Phillips-Fein also argues that the radical conservatism of far-right organizations, and she points specifically to the Heritage Foundation as well as the Cato Institute and the Manhattan Institute, helped legitimize once fringe economic/political groups like the American Enterprise Institute (175).

[7] For more on Van Andel's work in the U.S. Chamber of Commerce, see Phillips-Fein, *Invisible Hands*, 201-207.

Fein argues that the leadership of Van Andel, along with Richard Lesher, transformed the Chamber of Commerce into a "social movement for capitalism." In contrast to organizations like the Business Roundtable that wooed the dollars and allegiance of the moneyed elite, Van Andel's and Lesher's Chamber mobilized the "masses of the business world," including small firms and businessmen, in order to build a "popular movement" to represent the wider voice of business.[8] Organizations like the Chamber of Commerce, as well as Van Andel specifically, played an important part in translating the once elite voice of conservative intellectuals into a mass movement in which ideas about the free market were accepted business sense, even common sense.

There is a rich body of literature on the history of conservatism in America, particularly on the ascendance of the modern right in the late 1960s and 1970s.[9] Historians have examined the relationship between conservatism and, variously, race, gender and sexuality,

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[8] Ibid, 202, 203, 204.

[9] The earliest work on conservatism, written primarily in the 1950s, the years when conservatives were presumed to be lost in the "wilderness," focused on conservatism as a mood or psychology. See Richard Hofstadter, "The Pseudo-Conservative Revolt," *American Scholars* 24 (Winter 1954-1955): 11-17; Daniel Bell ed., *The Radical Right* (New York: Criterion, 1955). By the mid-1990s, historians were trying to explain the resurgence, in the 1970s and 1980s, of a presumably marginalized right. See: Alan Brinkley, *The End of Reform: New Deal Liberalism in Recession and War* (New York: Vintage Books, 1995); Alan Brinkley, "The Problem of American Conservatism," *American Historical Review* 99 (1994): 409-429. More recent work has, especially since the mid-1990s, argued that the modern right did not emerge from, to borrow from Bruce Shulman and Julian Zelizer, the "Big Bang of the 1970s" (2). Rather, the resurgence of the right in the 1970s was the crystallization of several decades of conservative challenges to the liberal New Deal order in the political as well as cultural sphere. To interpret otherwise is to underestimate the persistent power of conservatism, and to overestimate the coherence of liberalism. Bruce J. Schulman and Julian E. Zelizer, *Rightward Bound: Making America Conservative in the 1970s* (Cambridge: Harvard University Press, 2008); David T. Courtwright, *No Right Turn: Conservative Politics in a Liberal America* (Cambridge: Harvard University Press, 2010). Historians have also stretched the chronology to acknowledge the pre-WWI roots of the modern right, as well the strength of conservatism across the twentieth century. Jefferson Cowie and Nick Salvatore, "The Long Exception: Rethinking the Place of the New Deal in American History," *International Labor and Working-Class History* 74 (Fall 2008): 3-32. They have also highlighted the incompleteness of the conservative "counter-revolution" by pointing to the ways in which, despite all its political and cultural successes, the political right has proved unable to shrink permanently the size of government, to fully unseat many of the tenets of liberalism, or to roll back the liberalization of American social and cultural mores. Others have used the rise of conservatism as a lens through which to reevaluate historical narratives about liberalism. For a historiographical survey, see Kim Phillips-Fein, "Conservatism: A State of the Field," *Journal of American History* (December 2011): 723-743. See also, Steve Fraser and Gary Gerstle, *The Rise and Fall of the New Deal Order, 1930-1980* (Princeton: Princeton University Press, 1989).

suburbanization and residential politics, and religion.[10] Focusing on grassroots mobilization and the ways that key figures, such as Richard Nixon, tapped into a reactionary impulse among those opposed to racial integration, youth movements, feminism, and the liberalization of American culture – what some have called the "backlash thesis" – such work has characterized postwar conservatism as not only a political and electoral realignment, but also a social movement.

Recent historians have, especially since 2000, added to the complexity of our understanding of conservatives and conservatism by acknowledging the central role that business interests and the corporate elite played in building the political, intellectual, and institutional infrastructure of the modern right. Turning away from grassroots activism, racial politics, and the culture wars, historians of business conservatism have underscored that the resurgence of the right relied on a cadre of businessmen and their ability to place ideas about the free market at the heart of conservative political and economic thought. Scholars including Elizabeth Fones-Wolfe and Nelson Lichtenstein have examined the ways that pro-business conservatives made anti-labor ideas a central feature of the modern right.[11] Kim Phillips-Fein and Angus Burgin have examined the networks of businessmen and intellectuals who, especially after the New Deal, pushed once fringe notions about free-market economics to the center of the conservative political agenda.[12] Phillips-Fein in particular casts the business elite as a vanguard of conservative thought that predated by several decades the rise of conservatism historians once

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[10] See: Kevin M. Kruse, *White Flight: Atlanta and the Making of Modern Conservatism* (Princeton: Princeton University Press, 2007); Lisa McGirr, *Suburban Warriors: The Origins of the New American Right* (Princeton: Princeton University Press, 2001); Darren Dochuk, *From Bible Belt to Sunbelt: Plain-Folk Religion, Grassroots Politics, and the Rise of Evangelical Conservatism* (New York: W.W. Norton, 2012); Matthew D. Lassiter, *The Silent Majority: Suburban Politics in the Sunbelt South* (Princeton: Princeton University Press, 2007); Joseph E. Lowndes, *From the New Deal to the New Right: Race and the Southern Origins of Modern Conservatism* (New Haven: Yale University Press, 2008).

[11] Elizabeth A. Fones-Wolfe, *Selling Free Enterprise: The Business Assault on Labor and Liberalism, 1945-1960* (Urbana: University of Illinois Press, 1994); Nelson Lichtenstein and Elizabeth Tandy Shemer eds., *The Right and Labor in America: Politics, Ideology and Imagination* (Philadelphia: University of Pennsylvania Press, 2012).

[12] Phillips-Fein, *Invisible Hands; Angus Bergin, The Great Persuasion: Reinventing Free Markets since the Depression* (Cambridge: Harvard University Press, 2012).

saw as a development of the 1970s and 1980s.[13] Bethany Moreton, Shane Hamilton, and Nelson Lichtenstein have examined how corporations – Walmart in particular – used corporate culture as well as economic power to help popularize the language and ideology of free-markets, or what Moreton calls corporate populism, in the postwar period.[14] In so doing, studies of business conservatism have offered a crucial new vantage point by drawing attention to the role played by a network of businessmen, and by highlighting the importance of corporate political and economic power in shaping the modern right.[15]

Recent studies of business conservatism have also shifted the fulcrum such that ideas about the free market (with its assumed connection to notions about American democracy), not racial integration or the culture wars, increasingly appear to be the glue that held together the various threads (and factions) of postwar conservatism. Filtered through the lens of free-market ideology, according to this view, resistance to integration became a matter of individual choice and states' right; the New Deal and the liberal welfare state became dangerous exertions of federal power that shackled, even perverted, the workings of the free market. This is not to say that the literature on business conservatism minimizes the resistance to civil rights or clashes

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[13] Phillips-Fein also complicates narratives about conservatism as a grassroots social movement by showing how Republican victories relied as much on wooing the allegiance of the business class as it did on appealing to voters. "In short," she argues, "although the New Right of the 1970s might have a new style, it still drew its money and its personnel from the old cadres of the business right" (173). See also Steve Fraser and Gary Gerstle eds., *Ruling America: A History of Wealth and Power in America* (Cambridge: Harvard University Press, 2005).

[14] Bethany Moreton, *To Serve God and Wal-Mart: The Making of Christian Free Enterprise* (Cambridge: Harvard University Press, 2009); Shane Hamilton, *Trucking Country: The Road to America's Wal-Mart Economy* (Princeton: Princeton University Press, 2008); Nelson Lichtenstein, ed., *Wal-Mart: The Face of Twenty-First Century Capitalism* (New York: The New Press, 2006).

[15] Studies of business conservatism include Fones-Wolf, *Selling Free Enterprise*; Jefferson Cowie, *Capital Moves: RCA's Seventy-Year Assault on Cheap Labor* (Ithaca: Cornell University Press, 1999); Thomas W. Evans, *The Education of Ronald Reagan: The General Electric Years and the Untold Story of His Conversion to Conservatism* (New York: Columbia University Press, 2008); Tami J. Freidman, "Exploiting the North-South Differential: Corporate Power, Southern Politics, and the Decline of Organized Labor after World War II," *Journal of American History* 95 (September 2008): 323-348; Phillips-Fein, *Invisible Hands*; Shane Hamilton, *Trucking Country*; Todd Holmes, "The Economic Roots of Reaganism: Corporate Conservatism, Political Economy, and the United Farm Workers Movement, 1965-1970" *Western Historical Quarterly* 41 (Spring 2010): 55-80; Kevin M. Kruse, *One Nation Under God: How Corporate America Invented Christian America* (New York: Basic Books, 2015); Bethany Moreton, *To Serve God and Wal-Mart.*

over visions of a moral America. The resurgence of conservatism was certainly about racial and cultural politics. Rather, recent work has demonstrated that free-market ideology was not merely a language through which to stitch together the multiple strands of conservatism. Ideas about free-market capitalism were a constituent part of modern conservative thought.

Taking the rhetoric of free-market capitalism seriously, scholars of business conservatism have placed ideas about the market on par with other forces, such as race and culture, that mobilized modern conservatives. Business conservatism, that is, was less a rhetorical cover for backlash than it was an ideological filter through which to cleanse the conservatism message of the ugliness associated with its overtly racist critiques of America in the sixties. Business conservatism was, as Philips-Fein and Burgin show, an old strain of political thinking that moved to the fore in the seventies in order to remake, even tame, right wing politics. Business conservatives helped legitimize the right in the wake of the sixties by placing ideas about free market capitalism at its center.

Van Andel and DeVos are part of the story about the rise of a particular vision of free-market capitalism as a moral as well as an economic order in the U.S. Alongside other studies of business conservatives, the examples of Van Andel and DeVos illuminate the ways that the language of free enterprise became available to politicians as a seemingly color-blind rhetorical tool. They also tell us how a relatively small number of businessmen and intellectuals so saturated American economic and political culture with ideas about the free market that such notions, once the province of the intellectual fringe, took on the air of not only good business sense, but also common sense. Business leaders facilitated a fundamental shift in the way many Americans thought about corporate power, the state, and the economy, making them central to understanding the history of the right in the postwar period. Translating complex academic thinking on matters of the economy into easily digestible, sometimes schmaltzy, adages, Van Andel and DeVos, as we will see, worked through Amway to produce a language of popular conservatism in which free markets were not only an economic imperative, but also a moral one.

The Center of Free Enterprise

Van Andel and DeVos were on the frontlines of conservatism in the 1960s and 1970s. In addition to their work with far-right think tanks and organizations, they had close professional and personal relationships with high-ranking Republican politicians, including Gerald Ford. The executives regularly communicated with Ford, who had previously represented their district as a Congressman, throughout his tenure at the White House. Upon Ford's confirmation as Vice President, Van Andel wrote a note of congratulations, which read, "In my opinion you did an absolutely beautiful job [at the confirmation hearing.] I was proud to say that I know you, and I would be proud to see you installed in the office of Vice President of the United States." Testifying to the close ties Van Andel had with Ford, Van Andel assured him that "I am not one of those who will contribute to your concern that, if you are confirmed as Vice President of the United States, I will cease calling you 'Jerry.'"[16]

Ford often visited Van Andel and DeVos at the Amway corporate campus during his trips to Grand Rapids, and the Amway executives were invited to the White House on several occasions. Ford and Van Andel, in particular, regularly corresponded about issues ranging from the state of Republican politics in Michigan, to the agenda for an RNP fundraiser to be held on Amway's yacht, (the "Free Enterprise"), to matters of national economic policy.[17] Van Andel

[16] Letter from Jay Van Andel to Gerald R. Ford dated November 14, 1973. Vice Presidential Papers, Box 244. FOR.
[17] Van Andel wrote letters to Ford expressing reservations about collective bargaining laws, about pardoning Richard Nixon, about campaigns and elections in Michigan's fifth district, and Michigan gubernatorial campaigns.

often wrote to L. William Seidman, Assistant to the President for Economic Affairs, to comment on the President's initiatives, such as the Conference on Inflation in 1974 and Executive Order 11821, which required all major legislative proposals to include a statement of inflationary impact, and to offer his own proposals on ways to stimulate the economy.[18] Betty Van Andel, Jay's wife, even wrote to the President to express her reservations about the Equal Rights Amendment.[19]

When Van Andel and DeVos were planning the grand opening for a New Center of Free Enterprise on the grounds of Amway's corporate headquarters in 1972, they asked Ford, then still a Congressman, to help secure Richard Nixon to perform the dedication. "I doubt if we can get the president," Ford responded, "but I will speak to him personally… If he can't make it, I

Van Andel often asked Ford to help him secure speakers, including Secretary of State Henry Kissinger for Republican fundraisers, for the Grand Rapids Worlds Affairs Council, and for Amway events. See: Letter from Gerald R. Ford to Jay and Betty Van Andel dated September 27, 1974. White House Central Files, Box 3255, Folder Van Andel, Jay. FOR; Letter from Gerald R. Ford to Jay Van Andel dated November 26, 1974. White House Central Files, Box 3255, Folder Van Andel, Jay. FOR; Letter from Jay Van Andel to Gerald R. Ford dated February 5, 1975. White House Central Files, Box 3255, Folder Van Andel, Jay. FOR; Letter from Jay Van Andel to Gerald R. Ford dated February 6, 1975. White House Central Files, Box 3255, Folder Van Andel, Jay. FOR. Van Andel wrote Ford to promote particular causes, for example in support of Hillsdale College. Letter from Roland L. Elliot to Jay Van Andel dated January 30, 1976. White House Central Files, Box 3255, Folder Van Andel, Jay. FOR; Memo from William Nicholas to James Connor Re: The President's Reading File dated January 3, 1976. White House Central Files, Box 3255, Folder Van Andel, Jay. FOR. One letter of particular interest expressed Van Andel's reservations about federal legislation to permit common situs picketing (or the ability to picket a construction site based on a grievance with a subcontractor) in the construction industry. Letter from Gerald R. Ford to Jay Van Andel dated October 28 1975. White House Central Files, Box 3255, Folder Van Andel, Jay. FOR. In response, Ford thanked Van Andel for his concern and stated "As you know, the situs question has a long history and is a complex and sensitive issue. Although President Eisenhower, and every succeeding President, has endorsed some form of common situs picketing legislation, I am vitally concerned that no such legislation be enacted unless carefully drawn to incorporate appropriate and essential safeguards." Ford included with the letter a copy of Secretary of Labor Dunlop's testimony before the House Education and Labor Committee describing the proposed bill. Ford closed, "I appreciate you sharing your informed views with me."

[18] Letter from L. William Seidman to Jay Van Andel dated December 18, 1974. White House Central Files, Box 3255, Folder Van Andel, Jay. FOR. Memo from Jerry H. Jones to L. William Seidman regarding Economic Proposals from Jay Van Andel. January 29, 1975. White House Central Files, Box 3255, Folder Van Andel, Jay. FOR; See also, Gerald R. Ford: "Executive Order 11821 – Inflation Impact Statements," November 27, 1974. Online by Gerhard Peters and John T. Wooley, *The American Presidency Project* (http://www.presidency.ucsb.edu/ws/?pid=23905).

[19] Letter from Gerald R. Ford to Betty Van Andel dated December 11, 1975. White House Central Files, Box 3255, Folder Van Andel, Jay. FOR. "Dear Betty," read the letter, "Your comments concerning the Equal Rights Amendment are very interesting and I will keep them in mind. The fact that an insufficient number of States have ratified the Amendment is indicative that many people share your views. You have made some excellent points." See Chapter Five for more on the feminism, gender politics, and the Amway Corporation.

will personally work on the Vice President. From there we will go to the Cabinet where we should definitely have results if the other two alternatives don't materialize." Demonstrating their close personal relationship, Ford closed the letter, "Betty and I enjoyed our evening in Jamaica and we were pleased the Van Andels and DeVoses did also."[20] Van Andel and DeVos clearly had an entré, if not direct access, to the highest echelon of Republican politics.

Ford ultimately helped Amway secure Governor William G. Milliken of Michigan as the featured speaker for the grand opening of Amway's Center of Free Enterprise. Ford also spoke, as did the *Today Show's* Hugh Downs, and Dr. Kenneth McFarland of the Freedoms Foundation.[21] President Richard Nixon provided a recorded greeting. The Center of Free Enterprise, a 55,265 square foot building connected to the corporate offices by elevated walkway, was built with $4 million of "entirely private funds," "to commemorate the millions of Americans, especially Amway distributors, who still believe in the free enterprise system which has made our country the economic giant of the world today."[22]

Offering a form of free-enterprise tourism, the Center contained exhibits from the Hall of Free Enterprise at the 1964 New York World's Fair, including "The Tree of Economic Life." The tree stood over ten feet tall and demonstrated how natural resources fed into various branches of the manufacturing economy to ultimately produce, through competition in the free market, "accumulated knowledge." As Amway literature described it, the Tree of Life

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[20] Letter from Gerald R. Ford to Jay Van Andel dated December 18, 1972. Congressional Papers Box R19. FOR.

[21] The Freedoms Foundation was founded by E.F. Hutton, Don Belding, Kenneth Wells, and Dwight D. Eisenhower in 1949 to "educate about American rights and responsibilities, honor acts of civic virtue, and challenge all to reject apathy and get involved." The foundation offers youth programs and gives awards to school systems, educators and students who promote "the ideals and principles of our free society" and to individuals who have performed outstanding acts of civic duty. Freedoms Foundation website: http://www.freedomsfoundation.org/. Kim Phillips-Fein discusses the Freedoms Foundation briefly, describing it (along with J. Howard Pew's and James Fifield's Spiritual Mobilization, Gerri von Frellick's Christian Citizen, and Bill Bright's Crusades for Christ) as an organization "which attempted in the early 1960s to build local political machines of Christians devoted to the conservative causes." *Invisible Hands*, 226.

[22] Amway Corporation, "Center of Free Enterprise Dedicated." Corporate Memorandum to Daniel J. Edelman, Inc., nd. Congressional Papers Box R19. FOR.

"dramatizes how and what we produce. In this analogy, you learn why the tree produces an abundant crop when it can grow in a climate of free competitive enterprise."[23] Other exhibits included a metal sculpture called "Mr. Both," that symbolized the citizen's dual role as a producer and a consumer, as well as an animated electronic display that illustrated how corporate funds flow through the economy in the form of wages, taxes, and profits. Corporations retained, according to the display, less than 6% of all income as profits; between 85% and 87% of income went to payroll and the remainder went to taxes. Between 1963 and 1969, however, the percentage of corporate income appropriated by the government grew annually such that the amount available for wages shrank. Corporate taxes, in this presentation, came not at the expense of the corporation but of the wage earner. Visitors to the Center of Free Enterprise could also watch a film in the Center's plush movie theater. Produced by the U.S. Chamber of Commerce, *It's Everybody's Business* "outlines the services provided by the taxes we pay – and emphasizes the need to keep our economy free of unnecessary tax burdens."[24]

Dubbed the Center *of* Free Enterprise, rather than the Center *for* Free Enterprise, the Center further reinforced the founders' vision of Amway as the epicenter of American free-market capitalism, as "Free Enterprise in Action." In addition to visual exhibits, the Center also housed the Free Enterprise Institute, which acted as a research institution and an educational center. The institute offered economic literature for sale, issued its own publications propagating the benefits of free market capitalism, and maintained a library open to visitors, Amway employees, and distributors. It designed literature and educational programs for school children

[23] Amway Corporation, "Center of Free Enterprise" (Ada: Amway Corporation, 1972). Congressional Papers Box R19. FOR.
[24] Ibid.

on the "free enterprise system and its great strengths."[25] Under the direction of a former public-school teacher, the Free Enterprise Institute created, as part of a joint initiative with Michigan State University and the University of Michigan, a summer workshop for teachers on how to incorporate lessons on free enterprise into existing economic curriculum. Michigan State and the University of Michigan granted graduate credit to students who completed the workshop, which took place on the Center's grounds.[26]

The Center of Free Enterprise also organized public events to demonstrate Amway's commitment to such principles. In 1976, for example, more than 32,000 distributors converged

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[25] For example, Amway published a version of the children's fable "The Little Red Hen." In the traditional story, which is a moral about work ethic, the Little Red Hen asks all the barnyard animals to help her plant grain seeds, mill the wheat into flour, and to bake the bread; they all refuse. The farm animals all volunteer to help her eat the bread, however, and this time the hen refuses. Because no one helped her make the bread, she and her chicks eat it all. In Amway's version, called "Amway Presents The Little Red Hen (Revisited)," the barnyard animals represent organized labor, the welfare state, and affirmative action. "'Who will help me reap my wheat?' asked the little red hen. 'Not I,' said the duck. 'Out of my classification,' said the pig. 'I'd lose my seniority,' said the cow. 'I'd lose my unemployment insurance,' said the goose. Then it came time to bake the bread. 'That's overtime for me,' said the cow… 'I'd lose my welfare benefits,' said the pig. 'If I'm the only one helping, that's discrimination,' said the goose." When the bread was done, "They all wanted some, demanded a share. But the red hen said, 'No.'… 'Excess profits,' cried the cow. 'Capitalistic leech,' screamed the duck. 'Company fink,' grunted the goose. And they hurriedly painted picket signs," which in the accompanying illustrations read: "Unfair!," "and marched around the little red hen singing," in a odd conflation of labor, the left, and the Civil Rights movement, "'We shall overcome,' and they did," because the farmer forced the red hen to redistribute the bread among all the animals. The farmer said, "You must not be greedy, little red hen. Look at the oppressed cow. Look at the disadvantaged duck. Look at the underprivileged pig. Look at the less fortunate goose. You are guilty of making second-class citizens of them." The story ends with an interesting twist, in that the hen realizes that sharing the bread is the right thing to do. "That is the wonderful free enterprise system; anybody in the barnyard can earn as much as he wants. You should be happy to have this freedom. In other barnyards, you'd have to give all five loaves to the farmer. Here you give four loaves to your suffering neighbors." So the hen, who represents private ownership, helps the less fortunate animals because living in a free society encouraged her to want to help others. Yet, gesturing at the ways that a redistributive system discourages individual initiative, the cartoon ends: "But her neighbors wondered why she never baked any more bread." Amway Corporation, "Amway Presents the Little Red Hen (Revisited)," (Ada: Amway Corporation, nd). Originally written by Doug Smith and illustrated by Piercell Merchandising Ltd. Printed in the October/November issue of *Michigan Challenge* (Michigan State Chamber of Commerce). Congressional Papers, Box R19. FOR.

[26] Jay Van Andel quoted in *Official Transcripts of Proceedings Before the Federal Trade Commission Docket No. 9023 In the Matter of Amway Corporation, Inc*., June 6, 1977: 1877. FTC. For other examples of free-market education in universities and among young people, such as Students in Free Enterprise (sponsored by Walmart) see Bethany Moreton, "Students in Free Enterprise" and "'Students Changing the World'" in *To Serve God and Wal-Mart*, 173-222; Bethany E. Moreton, "Make Payroll, Not War: Business Culture as Youth Culture" in Bruce J. Schulman and Julian E. Zelizer eds. *Rightward Bound*, 52-70. For examples of efforts to introduce free-market economic instruction in primary and secondary schools, see Phillips-Fein's discussion of the Business Roundtable and its interest in creating a "Sesame Street of economics" (193-194), or the U.S. Chamber of Commerce (under Van Andel's direction) project to produce an educational kit entitled "Economics for Young Americans" (204). Phillips-Fein, *Invisible Hands*.

in Washington, D.C. to attend an Amway-sponsored rally and demonstrate their faith in American capitalism. Linking free-market capitalism to notions of freedom and patriotism, Amway distributors participated in a "Bicentennial Re-Signing of the Declaration of Independence Project, to pay homage to personal freedom and our free enterprise society, and to show the world that, among Amway distributors, patriotism is not only alive and well, but fashionable." In addition to their symbolic re-dedication to the principles enshrined in the Declaration of Independence, at least as Amway interpreted it, distributors performed in the "Great American Dream Pageant," in which they reenacted great moments in American history through song, dance, and skits. Amway's own band, the Sanborn Singers, performed a song entitled "The Great American Dream," which offered a musical salute to "the principles on which those freedoms [which have made America great] depend – hard work, individual initiative, and the free enterprise economic system – the very principles on which a successful Amway distributorship is based." The pageant, as the *Amagram* described it, was "a panoramic history of our country that offers a message of hope and inspiration for all Americans."[27]

Amway's educative mission, as embodied in the Center of Free Enterprise, was part of a wider effort among pro-business organizations to influence Americans' views on the proper role of the state in the economy. As Elizabeth Fones-Wolfe, Kim Phillips-Fein, and Angus Burgin have shown, organizations including the U.S. Chamber of Commerce, the National Association of Manufacturers, the Committee for Economic Development, and the Foundation for Economic Education had been, as Fones-Wolfe puts it, "selling free enterprise" since the 1930s.[28] Amway's use of visual displays and materials aimed at children and families was of a piece with the kinds of public education programs that national organizations, as well as individual firms, had used to

[27] Amway Corporation, *Amagram* 17:1 (1976). ACA.
[28] Fones-Wolf, *Selling Free Enterprise*; Phillips-Fein, *Invisible Hands*; Burin, *Great Persuasion*.

inculcate workers on the merits of free enterprise, and thus the dangers of labor unions and the liberal state, for decades. What differentiated Amway's educational programs from those propagated by General Motors, General Electric, or National Cash Register, for example, was that Amway's commitment to free enterprise was not only a way to defend its position against unionized labor and a regulated economy; it was a fundamental part of the structure of direct selling work itself.

Promoting free enterprise was for Amway less about assuaging class resentment among workers or as a bulwark against the power of labor unions, neither of which was a central practical concern for direct sales firms, than it was about selling the virtues of direct sales work. Amway's use of independent contractors was already designed to evade both organized labor and the liberal state. Direct sales firms paid state and federal taxes, including corporate income and sales tax, but were already exempted from the burdens of payroll taxes and various forms of employee benefits mandated by the state. One estimate suggests that the use of independent contractors enabled direct sales firms to avoid as much as $500 million in payroll taxes in 1977 alone.[29] Additionally, the direct sales force was made up of hundreds of thousands of individuals with very little face-to-face contact with one another. Even when they did meet, it was typically in the form of a regional training session, a motivational meeting, or a celebratory corporate convention. The diffuse nature of the direct sales force thus insulated firms from the threat of unionization or collective action.[30] That is, executives at Amway promoted free enterprise for reasons that were not primarily about labor management.

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[29] Direct Selling Association cited in Biggart, *Charismatic Capitalism*, 65.
[30] Although organized labor was not a concern in regard to the sales force, direct sales firms did worry about unionization at their manufacturing and warehousing facilities. An undated copy of a speech delivered to corporate employees by one of Amway's founders, for example, discusses a failed attempt to unionize manufacturing workers. "We protected employees who informed us of what they felt was undue pressure. N.L.R.B. investigated and could not substantiate the charges. We therefore withdrew our charges. We will go to bat for any employee who fears he is being threatened." Casting labor unions in the role of the aggressor, and Amway as the protector of workers' rights

General Motors employed the language of free enterprise to justify its labor practices. The National Association of Manufacturers promoted free-market ideology in order to protect managers' authority and autonomy, and to bolster the public reputation of the business class. Amway, on the other hand, advocated ideas about free markets less as a public relations campaign than as a component of its business and employment strategy. Amway's brand of independent sales work, as described by its founders, both relied on the free enterprise system and also provided evidence of it. One might go so far as to say that, in addition to selling distributors on the benefits of direct sales work, Amway also sold them on the merits of free enterprise. Other firms, executives, and public intellectuals connected the rhetoric of markets, democracy, and business in the postwar period. But, more than any other, Van Andel and DeVos connected those themes not only in theory, but also in practice. Free market rhetoric was not a justification or extension of Amway's business – it was Amway's business.

Amway's founders were deeply committed to the ideology of American free enterprise. For Van Andel and DeVos – self-made millionaires each raised in a Christian Reformed, Dutch-immigrant household – spreading the virtues of free enterprise was not only about business; it

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and interests, the speech claimed that Amway proposed to have a vote to measure workers' true desire to have union representation. The International Chemical Workers, the International Brotherhood of Pulp, Sulphite and Paper Mills Workers would both be on the ballot, along with the option of "NEITHER," but Amway claimed ICW "is trying to drag its feet even though they asked for the election," and the pulp workers union "tried earlier and withdrew, but now want in again." "In any case," the speech went on, "your NEITHER VOTE is important to you and your family. By not voting you vote FOR some Union…When the Union Organizer comes to call, tell him to put his promises in writing… Every Union talks about what they are going to get for you. – More Promises. You ought to remember what they are going to take from you. If they get in here they will take from you $20,000 a year." Unknown, "Union Activities." Speech notes, nd, ACA. In 1973, United Auto Workers tried unsuccessfully to unionize the shipping, packaging, processing, material handling, and engineering employees at Avon's Springdale facility. An NLRB election took place on July 26, 1973 and, according to Avon's corporate newsletter *Management NewsBriefs*, "the union was soundly defeated in its attempt to organize this facility by a vote of 1046 to 265." Avon Products, Inc., "Union Defeated in July Election," in *Management NewsBriefs* 1:2 (July/August 1973). Avon Collection. HAG. Avon also included in the "Avon Development Program" for corporate management a "program of 3 two-hour sessions designed to examine the history of unions, the causes, their organization, and this operation. The third session focuses specifically on labor unions and Avon – the supervisor's role during an organization attempt and measures which can be taken to prevent unionization within Avon. A film is shown and discussed in each session." Avon, *Personnel Development Resource Manual* (New York: Avon Products, Inc., 1972), 10. Avon Collection. HAG.

was an act of evangelism. DeVos in particular published numerous books, including the national best-sellers *Believe!* and *Compassionate Capitalism: Helping People Help Themselves*, about the relationship among Christianity, free enterprise, and democracy.[31] Van Andel's and DeVos' investment in free market ideology was certainly motivated by a desire to protect their autonomy as business-owners, as well as their own personal wealth; but it was also more than that. Spreading the gospel of Christian free enterprise, fending off the creeping socialism of the liberal state, defending American democracy and individual freedom, and promoting Amway were, for Van Andel and DeVos, part of the same political, ideological, and spiritual project.[32]

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[31] Rich DeVos, *Compassionate Capitalism: Helping People Help Themselves* (New York: Plume, 1993); Richard M. DeVos with Charles Paul Conn, *Believe!* (New York: Berkeley Books, 1985). The central argument of *Believe!*, originally published in 1975, is that the American system of free enterprise, which was founded on the God-given right to individual freedom, is a blessing and that the central role of government is to protect it. "Very simply put," he stated, "free enterprise happens when the freedom of people is recognized as an inherent right stemming from the Creator, and that freedom is safeguarded (as ours is) in the structure of the government organization" (73). *Believe!* goes a long way in explaining not only DeVos' personal philosophy, but also how he viewed the world. The book blends ideological arguments, scriptural evidence, and academic theories. For example, DeVos would use the writing of B.F. Skinner and the story of Genesis to argue for the importance of accountability (38,42). For DeVos, freedom and accountability are the lynchpins that enable one to reconcile Christian principles of generosity with class and economic inequality. "If no one is answerable to anyone, if all behavior is equally rewarded for how good or bad he is, if no individual is held accountable for his own activity, a society simply cannot continue to function… There are a few principles of accountability that we would do well to remember. First *the more one has, the greater his accountability*. That not only makes good sense, but it has scriptural support as well, in a parable of the men with different numbers of talents" (43). "God holds every man accountable for his moral behavior… he is, in short, free to 'do this own thing.' God guarantees that freedom… Similarly, this country and its economic system offers the greatest possible freedom to its citizens" (47). Interestingly, DeVos objected to the labels of class if not necessarily to the existence of class and economic inequality per se. "We have these sacred labels that we worship. This job is 'professional' and that one is not. This person is worthy and that one is disadvantaged" (92-93).

[32] Van Andel and DeVos were not necessarily opposed to *all* government regulation. Van Andel, for example, supported some environmental regulations. He was involved in the National Parks Association, National Wildlife Association, Michigan Conservation Club, and Great Lakes Foundation. See Jay Van Andel Biographical Sketch (1973). His support for conservation, however, might be seen less as a contradiction to his position on small government than as an extension of his belief in Christian stewardship, or the idea that property and resources – including the planet – belong to God and that people are responsible for managing, or stewarding, his property. In the early 1970s, Van Andel argued in favor of passing federal regulation over the chemical products used in household cleaners that would be put down the drain. Van Andel made an environmentalist argument against the use of phosphates in household cleaners, which when flushed down the drain "result in playing a game of chemical Russian Roulette with our lakes and streams." On the one hand, Van Andel's opposition to phosphates was about stewardship and environmentalism. On the other, Amway's detergents were among the first biodegradable cleaners on the market, thus a prohibition against competitors' use of phosphates and other non-biodegradable products also had obvious advantages for Amway. Amway Corporation, "Asks Federal Control for All Products Discharged Into Drains," in *Amagram* 12:4 (1971). ACA. The point is not that Van Andel and DeVos were opportunistic or hypocritical in their support of some forms of government regulation over others. Rather, the point is that Van Andel's and DeVos' position on particular issues were simultaneously shaped by political, ideological, economic,

Historians of religion and the right have aptly demonstrated the relationship between faith and conservatism in the modern U.S. Early work on the building of the Christian right, for example Lisa McGirr's study of Orange County conservatives, has focused on the ways that the right mobilized religiosity, with its implicit sense of cultural traditionalism, to create a grassroots social-political movement in the 1960s.[33] Leveraging the language, culture, infrastructure, and social networks of evangelical Christianity, Southern California's "suburban warriors" helped create a version of conservatism that at once "appealed to traditional ideas, embraced a fundamentalist religious worldview and apocalyptic strands of thought," but also reveled in the

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and personal motivations. Moreover, their selective support of government intervention is of a piece with the ways in which the system of American free enterprise actually relies on an active state and an array of pro-business regulations. For more on the ways in which the free enterprise system is build on the scaffolding of state regulation, or what Bethany Moreton calls the "corporate populism" of federally-subsidized free enterprise, see Bethany Moreton, *To Serve God and Wal-Mart*.

[33] For a discussion of the history of religion in America more generally, see John T. McGreevy, "American Religion" in Eric Foner and Lisa McGirr, eds. *American History Now* (Philadelphia: Temple University Press, 2011): 242-260; Jon Butler, "Jack-in-the-Box Faith: The Religion Problem in Modern American History," *Journal of American History* 90:4 (March 2004): 1357-1378. As recently as 2004, scholars including Jon Butler were lamenting historians lack of attention to religion in the modern U.S. Critiquing what he referred to as "jack-in-the-box faith," Butler claimed that religion tended to appear at key moments in American historiography – the Scopes trial, the Civil Rights Movement, the resurgence of conservatism in the 1970s – rather than be considered as a central part of the main narratives of American history. As a result, according to that view, the persistence of religiosity in American culture seemed repeatedly to pop-up as a surprise, which precluded a fuller understanding of the persistent role that faith played in American culture, society, and politics across the twentieth century. In the decade since Butler's critique, as John T. McGreery has pointed out in a review of the field, historians of religion have had much success in their ability to insert religion in the main narratives of U.S. history. Historians now understand religion, as a motivating faith as well as an organizing principle, as central to the Civil Rights Movement specifically, but also to black culture and political resistance across the twentieth century. See for example: David L. Chappell, *A Stone of Hope: Prophetic Religion and the Death of Jim Crow* (Chapel Hill: University of North Carolina Press, 2003); Evelyn Brooks Higgenbotham, *Righteous Discontent: The Women's Movement in the Black Baptist Church, 1880-1920* (Cambridge: Harvard University Press, 1994); Thomas J. Surgue, *Sweet Land of Liberty: The Forgotten Struggle for Civil Rights in the North* (New York: Random House, 2008). Appreciating the role religion played in the history of immigration, populism, Progressive Era politics and social reform, women's history, intellectual history, and even Cold War foreign policy, historians have made clear the necessity of attending to religion in modern U.S. history. See for example: Robert A. Orsi, *The Madonna of 115th Street: Faith and Community in Italian Harlem, 1880-1950* (New Haven: Yale University Press, 1985); John T. McGreevy, *Parish Boundaries: The Catholic Encounter with Race in the Twentieth-Century Urban North* (Chicago: University of Chicago Press, 1996); Joe Creech, *Righteous Indignation: Religion and the Populist Revolution* (Champaign: University of Illinois Press, 2006); Kathleen Sprows Cummings, *New Women in the Old Faith: Gender and American Catholicism in the Progressive Era* (Chapel Hill: University of North Carolina Press, 2009); Victoria Bissell Brown, *The Education of Jane Addams* (Philadelphia: University of Pennsylvania Press, 2007); David A. Hollinger, *Science, Jews, and Secular Culture: Studies in Mid-Twentieth-Century American Intellectual History* (Princeton: Princeton University Press, 1998); William Inboden, *Religion and American Foreign Policy, 1945-1960: The Soul of Containment* (New York: Cambridge University Press, 2008); Andrew Preston, "Bridging the Gap Between the Sacred and the Secular in the History of American Foreign Policy," *Diplomatic History* 30 (November 2006): 783-812.

burgeoning consumer culture, the advancement of technology, and ideas about American prosperity and individualism.[34] It was a political and religious orientation that simultaneously relied on traditionalist beliefs, but was also distinctly modern. For Christian conservative voters, and for Van Andel and DeVos, faith and politics were in the postwar period utterly intertwined.[35]

While the version of the religious right embodied in Pat Robertson's Christian Coalition was a postwar phenomenon, historians have demonstrated that it had much older roots in American political culture. Scholars including Bethany Moreton and Kevin Kruse have illuminated a longer history of religion and conservative politics in the U.S. by tracing connections among late-nineteenth-century Populism, the backlash against the New Deal, and the post-WWII conservative resurgence.[36] Van Andel and DeVos thus represented one stage in a long history of the mutual construction of American religiosity and conservatism. Their worldview – in which faith in God, faith in free markets, and a certainty about the dangers of the liberal state, were inseparable – was a product of that history. Van Andel and DeVos were in the 1970s shaping American conservatism, but they had also been shaped by it.

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[34] McGirr, Suburban Warriors, 8.

[35] The history of religion and the right has emerged as a particularly robust subfield that bridges history of religion and political history. Along with work on black intellectual history and the Civil Rights Movement, the history of the Christian right has been arguably the most successful at placing religion at the center of the main narratives in U.S. history. See Dochuk, *From Bible Belt to Sunbelt*, Joseph Crespino, *In Search of Another Country: Mississippi and the Conservative Counterrevolution* (Princeton: Princeton University Press, 2007); Susan Friend Harding, *The Book of Jerry Falwell: Fundamentalist Language and Politics* (Princeton: Princeton University Press, 2001); Steven P. Miller, *Billy Graham and the Rise of the Republican South* (Philadelphia: University of Pennsylvania Press, 2009). For a historiographic discussion of how the history of the religious Right has forwarded the historiography on Religion in America, see McGreevy, "American Religion."

[36] Moreton, *To Serve God and Wal-Mart*; Kruse, *One Nation*.

The ABC's of American Capitalism

If Amway used the language of free enterprise to market direct selling work, Van Andel and DeVos also used direct selling as a platform to endorse their views on free market capitalism. At the same time that the corporate and political elite was reading Friedrich von Hayek's *Road to Serfdom* and Henry Hazlitt's *Economics in One Lesson* (but before Milton Freidman produced *Free To Choose* for popular audiences), Amway's *Amagram* regularly published lessons on free-market economics designed for the lay reader.[37] Throughout the seventies, the *Amagram* published pieces under serial titles such as "The Economic Facts of Life," "The Fallacies We Live By," and "The Voice of Business." Such articles were often excerpts from or reprints of publications from the American Economic Foundation, a libertarian organization best known for publishing the children's primer *How We Live: Economic Wisdom Simplified.*[38] If exhibits like the Tree of Life offered platitudes, articles in the *Amagram* often tackled complicated issues including monetary fluctuations, balance of trade deficits, and regulation of the domestic economy. In 1974, for example, an article called "The Fallacies We Live By: That Economic Controls Cure Inflation," explained that "The entire industrialized world, except Russia, is in the grip of inflationary forces and there is no end in sight… The

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[37] F.A. Hayek, *The Road to Serfdom* (London: Routledge Classics, 2001); Henry Hazlitt, *Economics in One Lesson: The Shortest and Surest Way to Understand Basic Economics* (New York: Harper & Brothers, 1946); Milton Freidman and Rose Friedman, *Free to Choose: A Personal Statement* (New York: Harcourt Brace and Company, 1979).

[38] Recent versions of this book, along with complementary test and activity booklets, are still available through online booksellers, especially those that specialize in materials for homeschooling. See Fred G. Clark and Richard Stanton Rimanoczy, *How We Live: Economic Wisdom Simplified* (Arlington Heights: Christian Liberty Press, 1996), available at rainbowresource.com or exodusbooks.com. Clark and Rimanoczy's version was published by Christian Liberty Press in 1944, 1960, 1967, 1969, 1975, 1988, 1992, 1995, and in several runs in the 2000's. The book begins by teaching middle school and high school students the formula for "Man's Material Welfare," which was also the topic of one of Rich DeVos' most popular speeches. Although it is unclear whether they were directly connected to the Christian Liberty Press, Van Andel and DeVos contributed to many educational projects through the Center of Free Enterprise and the Free Enterprise Institute. Van Andel, moreover, was a member of several local, state, and national organizations that promoted Christian education including: Grand Rapids Association of Christian Schools Development Council, Citizens for Educational Freedom, Grand Rapids Christian School Association, Ada Christian School Association, National Union of Christian Schools, Christian Education Society of LaGrave Church, and Evangelical Literature League. See Jay Van Andel Biographical Sketch (1973).

classic curative," the article continued, "is selective economic controls." Government intervention in the economy, although intended to curb inflation by keeping consumer prices down, "This is like trying to move a single marble in a jar full of marbles." The only effective strategy for managing the economy, according to Amway, was "a simple cure… *Stop trying to repeal the law of supply and demand.*"[39]

Other articles in the *Amagram* lamented Americans' lack of economic literacy. An article called "Public Illiteracy, Demagoguery, and Public Distrust," written by David T. Wendell, the Vice President of an investment consulting firm, bemoaned that while the U.S. provided "longer schooling for more of its people than any other society in history… the vast majority of its citizens are back in the Dark Ages as far as understanding how their economic system works." "The average person," Wendell claimed, "hasn't the foggiest notion that there is a vital link between profits and jobs, and between profits, technology and the standard of living." America's "level of economic illiteracy," moreover, was the fault of "public leaders – in government, education, labor and the press – supporting foolish economic proposals," that went against the principles of free trade and were sure to "cause untold damage and disruption." To remedy the problem of economic illiteracy, Wendell proposed to teach Americans the "ABC's of American Capitalism," (although Wendell's list of key principles actually went to "G") which included statements such as: "(a) [capitalism] is the fairest as well as the most fruitful [economic system] in the world, (b) it belongs not to the chosen few but to everyone… [and] (d) [it] preserves and promotes the almost unlimited freedoms of choice in daily living which has been denied to most other peoples [around the world.]"[40]

[39] American Economic Foundation, "The Fallacies We Live By: That Economic Controls Cure Inflation," in Amway Corporation, *Amagram* 15:2 (1974). ACA. Emphasis original.
[40] David T. Wendell, "Public Illiteracy, Demagoguery, and Public Distrust" in Amway Corporation, *Amagram* 15:8 (1974). ACA.

Enumerating his corrections to common misconceptions as well, Wendell framed capitalism less as a system of private profit than one of public good: "The profits of all U.S. companies together have gone up, on average, by less than 5 per cent a year since 1947. This is a little slower than the typical paycheck has increased and it is only about half as fast as the total government spending has risen." Rather than benefit at the expense of workers, corporations' "profits and jobs tend to move together… The cyclical recovery in corporate earnings during 1972 and 1973 was largely responsible for the best kept economic secret of both years – the creation of a record six million new jobs." Economic downturns and periods of unemployment, as Wendell suggested, were not the result of outsized corporate profits, but of the steady growth of government spending and taxation. "Over three out of every ten companies lose money every year. [Profitable firms see] an average net return of less than 5 per cent on sales and 10-11 per cent on invested capital – hardly the 'windfalls' people think." Moreover, "nearly half of all profits are collected and spent by the government. Another 100 million [individuals] also benefit from the dividends received by such stock-owning institutions as insurance companies, mutual funds, trust accounts, pensions and profit sharing plans." Wendell, in short, delivered the same message as the animated display that tracked the relationship among profits, wages, and taxes in the Center of Free Enterprise: "Virtually everyone including the government, is helped by the profits" generated by corporate firms. Corporate investment, not federal social programs or income redistribution, "lifts the nation's standard of living."[41]

Aligned with Amway's interest in educating the public, the *Amagram* offered simplified, but highly politicized, versions of basic economic principles. DeVos developed one such lesson

[41] American Economic Foundation, "The Fallacies We Live By." Van Andel's and DeVos' interest in economic education was an extension of their own political and economic views and served to bolster their reputation, along with that of the business class at large, by suggesting that corporate profit was in the public interest. At the same time, such language may have been of strategic, as well as ideological, use in that it enabled distributors to identify with business owners.

in a principle he called "Man's Material Welfare." Delivered in speeches around the country and reprinted in publications including *Enterprise* and *Modern Machine Shop Magazine*, as well as in the pages of the *Amagram*, DeVos offered a formula in which man's material welfare is a product of natural resources, transformed by human effort augmented by tools: MMW = NR + HE x T.[42] Articulating the basis of the production function on which classical economic theory, as well as the Marxist labor theory of value, is built, DeVos offered a theory of productivity (and American superiority), as he described it, stripped "of all finance, labor, management relations, and other underlying details which tend to confuse us." "Everything we touch, eat, breathe, or use comes from material resources," he explained, "each nation has its fair share… [and] we combine the natural resources with human energy" in the form of "physical and mental [effort]."[43] Given that "a Chinese or Russian can probably lay as many [bricks] in a day's [t]ime, give or take a few, as the average American bricklayer… the real difference in the success or failure of economic systems, capitalism or socialism, must be in our final part of the formula – tools." Tools alone, however, did not determine American productivity; the key factor was who owned the tools. Leaning uncomfortably close to Marxism, DeVos claimed, "when the tools are owned by the people, they are always used more effectively and are better cared for." But, unlike Marxists, DeVos identified "the people" not as a collection of workers, but as individuals within a system of private property. "Rent your house out for a year and see what it looks like 12

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[42] See Rich DeVos, "Man's Material Welfare = NR + HE x T. Transcript of Speech by Richard M. DeVos, President of Amway Corporation, Ada, Michigan Published in the September, 1977 issue of *Modern Machine Shop Magazine*," 1977. ACA; Rich DeVos "Man's Material Welfare = NR + HE x T, Transcript of speech by Richard M. DeVos," nd, ACA; Richard DeVos, "MMW = NR + HE x T, The System That Spells Freedom" in *Enterprise*, nd, ACA. The speech reprinted in *Modern Machine Shop* and *Enterprise* was a transcript of the speech recorded on film at the 16th Annual National Technical Conference sponsored by the National Screw Machine Products Association in 1977. Copies of the film, produced by the Dow Chemical Company, were also available for sale for $125 per print.

[43] Here, DeVos added: "One nation's resources may differ from those of the next country, but we all have some… We all used to think that Saudi Arabia was the world's largest kitty litter. The events of the past several years have proven to everyone that what they lack in grass is more than made up for in black gold." DeVos, "Man's Material Welfare" (1977).

months from today," DeVos offered as evidence. "When was the last time you washed your neighbor's car?"

Comparing the American system of capitalism to communism in Russia and China, DeVos stated, "The communists have never quite figured this out… letting the individual own the tools is the best incentive you can have." Again eliding the difference between individual and corporate ownership, DeVos claimed that communist and socialist regimes do "not let that happen because owning the tools of production leads to and protects personal freedom." Yet, according to DeVos, the "political upheaval, galloping inflation with recession/depression cycles, ener[g]y problems, raw material price increases and shortages, and all kinds of economic chaos," that characterized the seventies, combined with dangerous levels of "governmental interference has so clouded our sights that many people, including top people in government, have completely forgotten how the free enterprise system works." And, harkening back to the theme of economic literacy, DeVos predicted that "if we don't find a way to explain that system in simple English to future generations, we are through as a free people… The choice is so simple." Ending his speech with a characteristic flourish, DeVos closed: "We will either together carry the message of free enterprise to every corner of the land, or we will end up in slavery, a civilization to be found only in history books a century from now. Democracy will collapse when the government takes too much control of the treasury, or when the public votes themselves [as beneficiaries of] the largess from the treasury. The result of such actions leads to dictatorship."[44]

Van Andel and DeVos saw free-market capitalism as central to American democracy. The welfare state, from that point of view, threatened to erode the principles of independence and individualism on which political and personal freedom relied. Van Andel and DeVos were not, however, without concern for social issues such as poverty. Rather, they saw such issues as

[44] Rich DeVos, "Man's Material Welfare (1977).

best addressed through private aid, for example religious organizations or voluntary charitable contributions, or through the mechanisms of the market. Indeed, Van Andel and DeVos referred to Amway as no less than an "Anti-Poverty Program." But Amway was, according to its founders, a markedly different, and superior, kind of anti-poverty program than those created by the liberal welfare state. Amway was a way to combat poverty, both in one's own life and in American society at large, through individual action and initiative. Working as a distributor and recruiting others to do the same, Amway participants could, according to the founders, "make poverty a thing of the past if you wish to."[45] Offering a job to any citizen willing to work, regardless of one's education or previous experience, Amway's version of anti-poverty was built on the proverbial 'hand up instead of handout,' or as the founders phrased it: "feeding not bleeding."[46]

Amway's Anti-Poverty Program

Amway's founders offered their ideology of do-it-yourself security as not only a testament to the workings of the free market, but also a market-based alternative to the welfare state that ran on individual initiative rather than federal aid. Throughout the seventies, the founders traveled the country delivering commencement speeches, keynote addresses, and invited talks with titles such as "Success is Not Sinful," "Road to Greatness," "Selling America," and "Freedom and Free Enterprise: The Siamese Twins."[47] Such speeches, which the founders delivered to general audiences as well as to distributors, renounced dependence on the welfare

[45] Unknown, "Amway's War on Poverty and the American Way of Life," undated speech notes. ACA.
[46] Unknown, "Amway's Anti-Poverty Program," undated speech notes. ACA.
[47] Rich DeVos, "Success is Not Sinful: The Four Basic Stages We Go Through," speech notes, 1979. ACA.; Rich DeVos, "Draft Outline: Road to Greatness," speech notes, nd. ACA; Rich DeVos, "Selling America," delivered to Junior Achievement. 1974. ACA; Jay Van Andel, "Freedom and Free Enterprise," reprinted in *Michigan Challenge*, October 1975. ACA.

state as an illness and offered Amway as a potential remedy. DeVos, for example, lamented that "too many [Americans] seem willing, perhaps eager to allow this nation to deteriorate. They are unwilling to sacrifice, to work, to accept their share of the burdens… They prefer to turn to government for their needs – to take what is 'theirs' from those that are still willing to work, by inviting government to assume their burdens and obligations."[48] Van Andel similarly stated at a commencement speech at Northern Michigan University, "There's no such thing as a free lunch. The fact that you don't pay for the lunch doesn't make it free. Somebody picks up the tab – and that's why the government handouts are as spurious as free lunches." "REMEMBER," he added, "when someone gets something for nothing, someone else gets nothing for something!"[49]

Van Andel and DeVos often threw barbs at welfare recipients that, although usually implicit, drew on gendered and racialized images of those who collected welfare as black, single mothers. Speaking to members of the Junior Achievement – a program that sought to foster entrepreneurship and business literacy among young people – in 1974, two years before Reagan popularized the pejorative "Welfare Queen," DeVos delivered "a couple of little one liners… from people who had applied for welfare" to help the audience "understand something of their attitude." "And so here's a gal and she writes to the Welfare Department," DeVos quipped, "she says this is my eighth child. What are you going to do about it? Now here's a state of mind which says what are you going to do about my problem? What are you going to do to help me? Implying there is nothing she can do to help herself." "Now this is an attitude," DeVos added, common among welfare recipients: "Blaming some[one] else for their plight."[50]

[48] DeVos, "Draft Outline: Road to Greatness," speech notes, nd. ACA.
[49] Jay Van Andel, "Commencement Speech at Northern Michigan University," speech notes, nd. ACA. Emphasis original.
[50] DeVos, "Selling America" (1974).

In the same speech, DeVos also spoke against Affirmative Action. Speaking of welfare and Affirmative Action as part and parcel of the same dependency syndrome, DeVos revealed the ways in which he imagined welfare as a program specific to racial minorities. DeVos did distinguish between welfare recipients and racial minorities who stood to benefit from Affirmative Action, however, by suggesting that many respectable people of color shared his antipathy toward racial quotas. "One of the things any minority group is seeking," according to DeVos, "is just respect me for what I am. Don't give me any favors. I'm not asking for that and most of them [racial minorities] aren't asking for that. They're just asking for equal respect and equal opportunity." Employing the implicitly racialized language of "being poor by choice," "equal opportunity" over equality by fiat, and "barter[ing] incentive for the dole," Van Andel and DeVos articulated a view of the liberal state, as well as of the presumed social pathology of black poverty, that was increasingly common in the seventies.[51]

If the welfare system rewarded individuals who refused to work at the expense of those who did, the success of Amway proved, at least to Van Andel and DeVos, that the spirit of American independence was alive and well. "We built this enterprise," DeVos declared in a speech called "Selling America," – a recorded version of which won the Alexander Hamilton award for economic education from the Freedoms Foundation – "because we believed… that the average person in this country would far rather put forth some extra effort to get ahead than to sit home and wait for somebody from the government to give them a handout."[52] While social workers and liberal politicians "run around playing patty cake and they want to hold your hand," Amway offered the opportunity to work and earn. Speaking before an audience of members of Junior Achievement, DeVos described Amway not only as an alternative to federal aid, but as

[51] Ibid.
[52] Ibid.

superior to all other forms of social outreach. "I keep reading about the fact that the kids in college today go into the social field. You know they want to work for the welfare of others. Well if you got any guts you'll get into business. Because we provide more welfare than anybody else."[53] As much as DeVos and Van Andel spoke out against the dangers of the liberal welfare state, "Selling Success" suggested that they were not opposed to social outreach. Rather, they suggested that business *was* social outreach.

Some distributors, such as Stan and Ruth Halsey, shared the founders' vision of Amway as equal opportunity of the best kind. The Halseys, who were profiled in Charles Paul Conn's book about Amway success stories, *The Winner's Circle*, were in 1978 the first black distributors to qualify as Diamond Distributors. George Halsey grew up in an area of Wilmington, North Carolina that residents referred to as "The Block." "The call it a ghetto now," Halsey recounted, "but we didn't know that then!" George and Ruth met during their junior year at North Carolina A&T. After college, Ruth got a job as a teacher, but George had difficulty finding work. "'I used to read those signs on some of those doors that said EQUAL OPPORTUNITY EMPLOYER' he remembers. 'But when you go in there and try to get the job, you stay right where you started – at the end of the line.'"[54] George Halsey eventually joined the Greensboro Police Department, but struggled with racial discrimination within the department, as well as on the streets.

In contrast to his experience with self-proclaimed Equal Opportunity Employers and in the police department, where he was consistently denied promotion on account of his race, Amway, according to Halsey, was a truly color-blind alternative to employment discrimination.

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[53] Ibid. DeVos' *Believe!* also belied his distain for social researchers, policy experts, and academics. DeVos recounted an event when, speaking before a group of policy analysts, he scolded: "You're looking down your noses from you Ph.D. towers and somehow you're trying to find some little niche in society for the poor fellow who isn't bright enough, in your opinion, to get a college degree." DeVos, *Believe!*, 94.

[54] George Halsey quoted in Charles Paul Conn, *The Winner's Circle* (Old Tappan: Fleming H. Revell Company, 1979), 115.

"From the first day we got into this business [in 1974], we've been treated strictly first-class," Halsey stated, "In this business, we don't care what color you are." The Halseys, moreover, felt a sense of responsibility as successful black Americans to set an example and to help other black couples succeed in Amway. According to Conn's narration:

> Somewhere along the way, it became important to the Halseys to succeed as an example to other black couples. 'When we went on stage at a rally to receive our fifteen-hundred-dollar award, we looked around and saw that we were the only black couple on stage. We went back home and determined to put it together. When I would show the plan to my friends, they looked at all those pictures in the *Amagrams*, and they would challenge me: 'Show me a black Direct.' And I finally started to tell them, 'Just wait til next month, and I'll show you one, and it'll be me!' We qualified as Directs about two months later.[55]

For George and Ruth Halsey, who helped more than forty black couples qualify as Direct Distributors, Amway delivered on the promise of equal opportunity *better* than the state.[56]

If the Halseys saw Amway as a form of equal opportunity, Lorraine Cooke shared Van Andel's and DeVos' vision of Amway as an anti-poverty program. Cooke joined Amway in February of 1972. By early 1973, Cooke was having difficulty selling and recruiting in her small community of Gun Lake, Mississippi and had, in her words, "sort of slowed up for a while." Cooke's interest in Amway returned, however, after she heard one of Paul Harvey's radio broadcasts. Harvey – a conservative pundit best known for his daily ABC radio shows *Paul Harvey News and Comment* and *The Rest of the Story*, which ran from the 1950s through the

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[55] Ibid, 118-122.

[56] Unfortunately, there is little in sources on Amway that speaks directly to issues of race. This is, in part, due to the ways that Amway framed free enterprise, and thus the Amway model, as a color-blind pathway to economic mobility. Although scholars are beginning to examine black conservatism, it is still an underdeveloped part of the historiography on the right. See: Michael L. Ondaatje, *Black Conservative Intellectuals in Modern America* (Philadelphia: University of Pennsylvania Press, 2000); Michael C. Dawson, *Black Visions: The Roots of Contemporary African American Political Ideologies* (Chicago: University of Chicago Press, 2003): 281-315; Angela D. Dillard, *Guess Who's Coming to Dinner Now? Multicultural Conservatism in America* (New York: New York University Press, 2001).

1990s – read Amway advertisements on his program and became an official Amway spokesman. "I heard him advertise," Cooke explained, "don't give them any welfare, give them a job.' So I looked for somebody that really needed a job and my sponsor and I put in ads in the paper [that read] 'help wanted.'" Cooke received approximately thirty responses to the ads, which she and her sponsor placed in the Kalamazoo Gazette and in local shopper guides. Of those who responded, most were not interested. Cooke was, however, able to sponsor three individuals as a result of that ad, including "two A[F]DC mothers and one unemployed lad."[57] Cooke paid for the new distributors' starter kits herself.

Lorraine Cooke's interest in putting Paul Harvey's message into action, however, was not shared by all distributors. Inspired by her success in sponsoring three presumably needy individuals, Cooke suggested to other distributors that they try to sponsor residents of predominantly black neighborhoods in Kalamazoo. At an opportunity meeting held by Betty and Tom Holdridge, Cooke recalled, "I made a suggestion that we go into the black section of Kalamazoo where we might be able to solicit, or sponsor some people that would need work." Cooke had done missionary work in the past and, in her words, "still had a kind of heavy yearning to go back to the black people."[58] Amway, in Cooke's mind, could be a benevolent act akin to missionary work through which she could provide, if not religious teachings, perhaps economic outreach. Unfortunately for Cooke, "the suggestion really was not received as well as I would have liked to have had it received." If Betty Holdridge did not refuse the suggestion outright, she clearly discouraged it. "We had a little upset in the black area of Kalamazoo," Cooke recalled, "and there was a little atmosphere of fear, I think." Holdridge, according to

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[57] Lorraine S. Cooke quoted in *Official Transcripts of Proceedings Before the Federal Trade Commission Docket No. 9023 In the Matter of Amway Corporation, Inc*., May 23, 1977: 726-727. FTC.
[58] Cooke's statement, if well-intended, is problematic in its own way. Describing Amway as an extension of her missionary work, and suggesting that she had a "heavy desire to go back to the black people," reveals a kind of paternalistic thinking that conflates blackness with poverty or need.

Cooke, “expressed fear” likely about going into what she imagined as dangerous black neighborhoods, and of inviting black residents into her own home.[59] Although Cooke clarified that she was never expressly prohibited from recruiting black distributors, and she did try to sponsor black Kalamazooans, it was clear to Cooke and others that the vision of Amway as an anti-poverty program had limits.

Van Andel’s and DeVos’ framing of Amway as an anti-poverty program simultaneously borrowed the language of social welfare, and rejected the liberal welfare state. Offering a vision of the public good in which corporate paternalism and the workings of the free market were supplemented by an army of right-thinking independent entrepreneurs, Van Andel and DeVos did not reject welfare capitalism per se. Rather, they rejected welfare administered by the state as inefficient, counterproductive, even dangerous to a democratic society. Independent entrepreneurship, particularly the kind offered through Amway, was for Van Andel and DeVos a way to provide for the general welfare that was independent of, and superior to, the liberal state. In the words of DeVos, Amway “is a do-it-yourself… self help program. And it’s the most tremendous solution to social and economic problems that was ever brought to the people on this continent.”[60] In the spirit of corporate populism and the ascending right, Van Andel and DeVos claimed that business was the only viable path to prosperity and social health.

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[59] Lorraine S. Cook, *Official Transcripts*, 733-734. Tom Holdridge was mentioned in Chapter Three as an example of a distributor who used direct selling to weather intermittent unemployment in the seventies. Cooke’s exact testimony reads: “… I guess the suggestion really was not received as well as I would have liked to have had it received. We had a little upset in the black area in Kalamazoo at that time just prior to that time and there was a little atmosphere of fear, I think. Q: You say it was not received, you are speaking about the Holdridges? A. Yes. Q. What did Betty Holdridge say? A. I can’t recall, except I do know she expressed fear. Q. Was the fear, did the fear include allowing black people into her home? A. Possibly yes, I can’t recall her definite words. Q. Did you feel restricted then to recruit black applications into the business? A. Not necessarily. Q. If you did recruit them would you take then in Betty Holdrige’s house? A. Absolutely…. Q. Even though she would not be pleased? A. Absolutely…. I found out later that there were blacks – I think Betty had a black person in her organization, too” (733-734).
[60] Rich DeVos, “Supplemented Version of CX1123 Complaint Counsel’s Partial Transcript of CX1118,” Transcript of undated audio recording, CX1123: 6759. FTC.

Conclusion

The founders' vision of Amway as an anti-poverty program brought together the main currents of Amway's marketing efforts in the seventies: the benefits of a distributorship as an immediate source of supplemental income; the failures of the mainstream labor economy to provide economic security; and the merits of private, market-based solutions over the liberal welfare state. Indeed all three were necessary ingredients in Amway's success in the seventies. Direct sales work was a form of labor noticeably free of the postwar welfare state. Rather than collect unemployment or a welfare check from the government, Amway claimed to offer the chance to "write your own check." Taken together, Amway's corporate marketing capitalized on the sense of financial anxiety felt by many Americans during the seventies; on the mounting power of conservative economic and political principles; and on the growing backlash among many white, middle- and working-class Americans against the liberal welfare state and its perceived excesses. That is, Amway's success in the seventies owed much to the ways in which it was able to connect its brand of independent work to many of the same themes that underwrote the resurgence of conservatism in the seventies. Moreover, Amway's brand of direct sales seemed to embody, even perform, the supposed virtues of capitalism as a moral order. Direct sales was free enterprise in action.

CHAPTER 5

"NOT AT HOME": AMWAY, AVON, AND THE GENDER POLITICS OF DIRECT SELLING IN THE 1970S AND 1980S

Introduction

In 1970, Normal Rockwell published a drawing of a young boy poking his head around a partly open door. Only about as tall as the doorknob, the boy looks to be around six years old. His shaggy mop of brown hair and happy freckled face seem as though he has just come in from playing. With his mouth wide open, he yells around the door, "Mommy, here comes Amway!" That picture, one of several images Rockwell produced for Amway, was commissioned for the 1970 Amway calendar and was, according to the Amway Corporation, "meant as a subtle reminder of how the entire family looks forward to regular visits from their dependable Amway distributor."[1] The calendar is also suggestive of how Amway executives tried to color the firm's public image with a particular kind of wholesome, nostalgic charm associated with the nuclear family in post-World War II America. Even the decision to hire Normal Rockwell, whose name was already synonymous with Americana, demonstrates Amway's interest in promoting a corporate image that was as much about family as commerce.

The Amway Corporation mobilized images of gender, marriage, and family in order to frame an Amway distributorship as a family business and as an extension of one's family life. Calling up a much older model of the family as a productive unit, Amway corporate literature constructed the image of a distributorship as a family enterprise in order to render the need for supplemental or a second income compatible with the cultural ideal of the patriarchal nuclear

[1] "Mommy, here comes Amway!" featured in Amway Corporation, *Amagram* 10:8 (1969). Binder 1-3/9023, Exhibit 114: 1700. FTC.

family, supported by a male breadwinner, that was dominant in the postwar period. Presented as a family business headed by an authoritative, entrepreneurial husband, an Amway distributorship allowed for women's participation in direct selling, but reframed their work as a commercial activity that affirmed, rather than challenged, the enduring relevance of familial patriarchy and the single-breadwinner model of the postwar nuclear family.

If Amway corporate literature attempted to align the corporation with a specific conception of the postwar nuclear family, it also aimed to recover the masculine history of salesmanship to counter popular perceptions of direct sales as a practice for women. Amway constructed a masculine image of the distributor, who most often worked with his spouse as part of a sales team, in contradistinction to female figures, such as the Avon Lady, which had come to dominate the sector by the 1960s. Yet, while Amway executives were trying to distinguish their brand of direct sales work from the culture of domesticity that characterized female-oriented direct sales firms, companies such as Avon were moving away from the language and culture of domesticity in favor of a more robust vision of female entrepreneurship.

At the same time that Amway was offering a Rockwell-esque vision of American family life, Avon was advertising the firm as "The Company for Women" and employing mottos like "You've Come a Long Way Baby," which has come to be associated with women's liberation and the sexual revolution. Through such slogans, executives aimed to harness the contemporary currency of "woman power" in order to present an image of Avon as a progressive corporation that championed the economic, political, and social advancement of women in the seventies. The examples of Avon and Amway thus highlight a key challenge that direct sales firms, as organizations that had historically relied on the work of women, faced in the changing landscape of work and gender politics in the seventies and eighties. The economic recession, women's greater representation in the workforce, the growing necessity of dual-income families, as well as changing conceptions about men's and women's roles in society and the economy, converged in ways that forced direct sales firms to reevaluate their public image.

Although they shared a fundamental concern about how changes in the gendered landscape of work would affect the reputation and future appeal of direct sales, corporate management at Avon and Amway reacted to such changes in very different ways. Amway's corporate management responded to the erosion of the single-breadwinner model of the nuclear family by largely denying it, by redoubling the firm's emphasis on family economy and its commitment to traditional gender roles. Avon executives, by contrast, tried to leverage the firm's long history as an employer for women in order to present Avon representatives as progressive, independent, even pioneering businesswomen poised to enter a new era in women's political, economic, and social advancement. If Amway revived an older vision of the patriarchal family as a unit of production, Avon tried to connect itself to the future of women's political and economic progress in order to rebrand its mode of direct selling as a promising, legitimate, professional career path for women interested in new work opportunities in the postwar period.

This chapter focuses on Avon corporate management and its efforts to negotiate changes in the gendered makeup of the U.S. labor force in the heated political climate of the seventies and eighties. As a female-oriented direct sales firm, the history of Avon stands as a counterpoint to that of Amway. In many ways, corporate management at Avon and Amway adopted and extended ideologies about gender that would seem to be diametrically opposed. Avon championed the changing social and economic roles of women; Amway denied them. Yet, in other ways, Avon and Amway both embraced the language of flexibility, independent entrepreneurship, and individualism. At the same time that Avon advocated for the advancement of women, the firm's rhetoric, strategies, and public initiatives most often did so by promoting individualistic remedies to gender inequality rather than large-scale structural ones. In this way, the rhetoric and gender politics of Avon echoed the emphasis on independence and individualism that had long characterized that of Amway. Taken together, the histories of Avon and Amway tell us much not only about the various ways direct sales firms mobilized gender in pursuit of corporate gain. They also illuminate the ways that the power of ideas about individualism, or what some scholars have called neoliberalism, came to influence not only conservative political projects like those pursued by the founders of Amway, but even left-liberal, progressive views on issues such as gender equality in the postwar period.[2]

Direct Sales and the Feminization of Labor

Comparing the history of Avon and Amway reveals new ways of thinking about gender and direct sales. Direct sales has most often been studied through the lens of women's history as a distinct form of women's commerce. Scholars of direct sales including Kathy Peiss, Allison Clarke, and Katina Manko have made important contributions to historians' understanding of direct sales, and of the relationship among gender, culture, and business.[3] Manko, for example, has argued that Avon's use of independent saleswomen shaped the company's organizational strategies, its corporate rhetoric, and its managerial practices as male executives attempted to

[2] Nancy Fraser has made similar critiques about feminism. Fraser points to the ways in which many strains of feminism, namely white middle-class feminism, in the late twentieth century abandoned a more assertive position on political and economic equality in favor of a cultural conception of feminism centered around diversity and individual rights. Nancy Fraser, *Fortunes of Feminism: From State-Managed Capitalism to Neoliberal Crisis* (New York: Verso, 2003).
[3] Alison J. Clarke, *Tupperware: The Promise of Plastic in 1950s America* (Washington, DC: Smithsonian Books, 2001); Kathy Peiss, *Hope in a Jar: The Making of America's Beauty Culture* (Philadelphia: University of Pennsylvania Press, 2011); Katina Lee Manko, "'Ding Dong! Avon Calling!': Gender, Business, and Door-to-Door Selling, 1890-1995" (PhD diss., University of Delaware, 2001). Although existing studies of direct sales address issues of labor, consumption, economy, business, and culture, most studies employ women's history as the dominant analytical framework. Manko positions her work as at the intersection of business history, social history, and women's history. Clarke's work, although also deeply interested in women and gender, could arguably be categorized as primarily a study of material culture.

construct an image of Avon as “the company for women.” Focusing on the experiences of salespeople as well as on the history of firm, Manko, Clarke, and Peiss highlight the ways direct sales opened up new opportunities for women as economic actors and entrepreneurs. Yet, at the same time, they argue, the culture and rhetoric employed by women-centered companies also reified prescriptive notions about white, middle-class femininity.

Most scholars of women and direct sales have focused on the period between 1880 and 1970. Manko and Peiss are most interested in, respectively, the founding of Avon and its innovative women-centered employment practices, and on the formation of modern beauty culture; they thus focus on the history of Avon in the late nineteenth and early twentieth centuries. Clarke’s work on Tupperware focuses specifically on the 1950s and 1960s. As a result, historians know a great deal about the connections among direct selling, domesticity, suburbanization, and beauty. But we know far less about how women-centered direct sales firms like Avon fared in the turbulent landscape of gender and labor politics of the 1970s and 1980s.[4]

An examination of Avon and Amway that extends into the 1980s not only updates the existing literature in terms of periodization, but also allows us to ask new questions about work and gender in the late twentieth century. More specifically, it enables us to see how direct sales firms oriented around women responded to women’s liberation, the erosion of the single-breadwinner model of the nuclear family, and the feminization of the U.S. labor market.

[4] Some scholars have examined global direct selling in the late twentieth century, but most have done so through the lens of Americanization. Lindsey Feitz has looked at how companies such as Avon and Mary Kay have attempted to export their business model and corporate image – along with particular ideas about female beauty – abroad. Feitz has even positioned Avon’s expansion into global markets as a geopolitical project. Lindsey Feitz, “Democratizing Beauty: Avon’s Global Beauty Ambassadors and the Transnational Marketing of Femininity, 1954-2010” (PhD diss, University of Kansas, 2010). Several international or transnational studies of direct sales come from the discipline of anthropology and employ ethnographic methods. See Jessica Chelekis, “Direct Sales in the Amazon: Gender, Work, and Consumption in Ponta de Pedras, Pará, Brazil” (PhD diss, Indiana University, 2011); Theresa Preston-Werner, “The World in a Bottle: Gender, Age, and Direct Sales in Costa Rica” (PhD diss, Northwestern University, 2012); Gina Maria Grumke, “Desire, Wage Labor and Resistance: An Ethnography of a Sales Unit of Mary Kay Cosmetics, Inc.” (PhD diss, University of Wisconsin-Madison, 2001).

Analyzing the cases of Avon and Amway, moreover, opens up a conversation that, in addition to being attentive to the experiences of women, considers the ways that direct sales firms drew on ideas about masculinity as well as femininity. A comparative study of Avon and Amway, in other words, translates a discussion about women into a discussion about gender.

The gender politics of direct sales work is crucial to understanding the success of direct selling in the latter half of the twentieth century, and particularly the critical period of the seventies and eighties. Direct sales, as we have seen, flourished in the seventies because it offered a form of supplemental, casual work well-positioned to capitalize on rising unemployment, the decline of the industrial labor market, and the sense of financial anxiety felt by many Americans during the economic recession. In addition to being aligned with the casualization of work in the labor economy at large, direct sales firms like Avon and Mary Kay had much to gain from the growing population of working women. Scholars of gender and work have noted the phenomenon some have referred to as the "feminization" of labor in the late twentieth century. By feminization, scholars mean both women's greater representation in the U.S. labor force, and the ways that deindustrialization, the growth of the service sector, and the trend toward casual, part-time models of work transformed the nature of work itself.[5] As Bethany Moreton puts it, "Casualization, 'flexibility,' part-time or temp work, and the erosion of benefits,

[5] Early scholarship, for example Julia Kirk Blackwelder's *Now Hiring: The Feminization of Work in the United States, 1900-1995,* conceived of feminization primarily in demographic terms. Focusing especially on job segregation, early work attempted to explain how and why men and women chose particular jobs and industries, and how those choices affected their professional and private lives. That literature was a crucial step in the historiography on work and gender, but tended to focus on the ways that labor demand (as well as racial and gender discrimination) led to changes in the demographic makeup of the U.S. labor force, and well as in the lives of women (and men). Only recently have scholars begun to think about feminization in a more capacious sense, as a process that redefined the dominant labor model in the postwar period. Julia Kirk Blackwelder, *Now Hiring: The Feminization of Work in the United States, 1900-1995* (College Station: Texas A&M University Press, 1997); Ruth Milkman, *Gender at Work: The Dynamics of Job Segregation by Sex During World War II* (Urbana: University of Illinois Press, 1990). For more recent scholarship on the feminization of work, see "The Family in the Store," and "Service Work and the Service Ethos," in Bethany Moreton, *To Serve God and Wal-Mart: The Making of Christian Free Enterprise* (Cambridge: Harvard University Press, 2009), 49-86; Erin Hatton, *The Temp Economy: From Kelly Girls to Permatemps in Postwar America* (Philadelphia: Temple University Press, 2011). For a more theoretical examination of the relationship among wage labor, capitalism, and gender see Nancy Fraser, *Fortunes of Feminism.*

seniority and tenure – the conditions that had once described most women's work in an industrial economy – became generalized to the workforce as a whole." Put under the stress of deindustrialization and the end of postwar prosperity, that is, the mainstream labor economy "came to look more like women's work."[6] Such conversations, however, have only begun to penetrate the literature on postwar deindustrialization, much of which has tended to focus on the decline of labor union power and the resulting effect on notions of masculine work and workers.[7]

Historians of politics, particularly those interested in the seventies such as Robert Self and Daniel Rodgers, have increasingly acknowledged the central role that ideas about gender and family played in the political realignment of the postwar period.[8] Scholarship on labor and deindustrialization in the seventies, however, has not fully addressed the ways that work in the U.S. was being remade through employment and labor models that replicated, indeed relied on, old familial patterns of authority and control. Historians have often noted that the best possibility for reviving labor unionism in the present lies in organizing service workers and other sectors typically gendered female.[9] That contradiction – that historians of labor and deindustrialization acknowledge the centrality of female labor in the present and future, but have left under-examined its role in the postwar period – is in some ways more reflective of the limits of

[6] Moreton, *To Serve God and Wal-Mart*, 50. Moreton shows also that the service sector relied on women workers, but also replicated familial patterns of authority and control. Firms such as Wal-Mart imported ideas about women's service and gender hierarchy (even ritualized gender humiliation) – notions that undergirded old models of the family as a productive, economic unit – in order justify the use of casual, low-pay, insecure (often female) labor while also remaining superficially committed to the ideal of the male breadwinner.

[7] See the debate between Jennifer Klein and Jefferson Cowie over the place (or lack thereof) granted to women in Cowie's *Stayin' Alive.* Jennifer Klein, "Apocalypse Then, and Now: Two Historians Trace Our Economic Mess and the Growing Inequality to That Dismal Decade – the 1970s" in *Democracy* 19 (Winter 2011); Jefferson Cowie, "Red, White, and Blue Collar: The Working Class Became More Diverse in the 1970s – But We Can't Wish Away the Fact that It Declined as Well. A Response to Jennifer Klein," in *Democracy* 20 (Spring 2011). Jefferson Cowie, *Stayin' Alive: the 1970s and the Last Days of the Working Class* (New York: The New Press, 2010).

[8] Robert O. Self, *All in the Family: The Realignment of American Democracy Since the 1960s* (New York: Hill and Wang, 2012); Daniel T. Rodgers *Age of Fracture* (New York: Belknap Press of Harvard University, 2011).

[9] For a discussion on women and the future of organized labor, see Nancy McLean*, Freedom is Not Enough: The Opening of the American Workplace* (Cambridge: Harvard University Press, 2008); Moreton, *To Serve God and Walmart*; Fraser, *Fortunes of Feminism.*

historians' definition of deindustrialization than it is a lack of attention to gender. As scholars have moved away from declension narratives in favor of thinking about the dual process of deindustrialization and reindustrialization, the rise of new "feminized" models of labor have become more visible.

As historians continue to grapple with the relationship among deindustrialization, labor, and gender, the history of direct sales can offer an instructive model. Existing scholarship on direct sales has already noted the ways that direct selling has replicated familial patterns of attachment and authority in order to foster a sense of loyalty and duty, even obedience, among direct sellers. Nicole Woolsey Biggart, for example, argues that direct sales firms have employed what she calls "family-management strategies," through which direct sales firms challenged the conventional distinction between the corporate world of work and the private sphere. Whereas conventional bureaucratic firms treat workers purely as laborers, rather than as complex individuals with multiple commitments outside the workplace, direct sales organizations, according to Biggart, have attempted to absorb aspects of a seller's personal life and turn them to productive ends. Direct sales organizations "employ a radically different strategy for controlling the tension between work and family," she argues, "*they manage the family*, making its powerful emotions and social unity organizational ends or actively manipulating the pull of family ties. The affective bonds of the authority relationship of the family are directed toward profit-making ends."[10]

Scholars of direct sales have described the familial aspects of direct sales as both real and metaphorical. As an economic act that most often took place in the home, direct sales blurred the boundaries between the domestic and commercial spheres even in a basic, spatial sense. Direct

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[10] Biggart, *Charismatic Capitalism*, 71. Emphasis original. See also Chapter Four, "Family, Gender, and Business," 70-97.

sales firms, especially networked organizations, have encouraged participants to sell to and recruit their family members. In the case of Amway, corporate literature explicitly identified the ideal distributorship as a married couple. Additionally, the networked structure of the organization and its emphasis on growth through replication were a kind of reproductive metaphor. Amway often illustrated its business model through a ritual called "drawing circles," in which a distributor would draw a series of circles connected to one another through a central hub in much the same way a genealogical chart would delineate ancestral ties. The vocabulary of direct sales often referred to members of one's downline in familial terms as part of an economic family tree. In Mary Kay, for example, representatives referred to one another as "sisters." In other organizations, the relationship between sponsors and recruits was likened to a multi-generational, and thus implicitly hierarchical, maternal bond. Representatives at Tupperware were referred to as "daughter dealers" and "mother managers." At Cameo Coutures, which sold lingerie, generations of sellers were similarly described as daughters, mothers, and even grandmothers.[11]

Attention to women, gender, and direct selling thus offers a new vantage point on the feminization of labor. Much historical work has focused on the rise of the service sector, as well as other modes of work typically gendered female, in the postwar period. Direct selling, however, had long relied on female labor, as well as what Biggart has identified as a distinctly female corporate culture modeled after the emotional and disciplinary bonds of the family as a productive unit, as a strategically advantageous, low-cost employment practice. Alongside the account of Amway in the previous chapters, the history of Avon in the seventies and eighties thus offers a case through which to bring together analyses of deindustrialization and the casualization and feminization of work. And it illuminates a piece of a larger story about how,

[11]Ibid, 85.

over the course of the postwar period, the mainstream labor economy increasingly looked to labor and employment strategies long common in direct selling.

Crisis in Opportunity

In the 1974 issue of the Avon *District Manager Newsletter*, which the corporation distributed among its national network of district managers, Avon Vice President Patricia Neighbors greeted readers with the message: "You've Come a Long Way Baby." Borrowing the slogan from a famous ad campaign for Virginia Slims cigarettes, Neighbors continued, "we [the women of Avon] have boundless galaxies of untapped energies and new ideas to explore." The issue of the newsletter cataloged a number of "firsts" for women in business, to which Neighbors added, "One by one, the traditional social and legal barriers are falling, amid cries of alarm and shouts of bravo. Women have become fire fighters, beat cops, truck drivers, union officials, lawyers, doctors and businesswomen, working for both economic and personal reasons." Celebrating recent achievements in the history of women in the workplace, Neighbors also made sure to point out that "for nearly nine decades, Avon has offered women an opportunity to achieve the degree of financial, personal independence they were willing to work for – at a moment when other opportunities were almost non-existent."[12]

As a mode of work historically open to women, "The Avon Opportunity," according to Neighbors, remained "unchanged." Indeed, Avon had relied exclusively on a network of independent saleswomen since David H. McConnell founded the company, then called the California Perfume Company, in 1886. Yet, when Patricia Neighbors described the Avon Opportunity as unchanged, she highlighted an irony in the story of Avon in the 1970s. On the

[12] Patricia Neighbors, "You've Come a Long Way Baby," in Avon Products, Inc. *District Manager Newsletter* 6 (September 16, 1974). Avon Collection. HAG.

one hand, Neighbors drew on a long history of Avon saleswomen to suggest that its representatives were a vanguard in the history of women's economic and social progress. On the other, her characterization of Avon as an unaltered occupation for women sat in tension with the rapidly changing social, economic, and political status of women in the seventies. "The Avon Opportunity is unchanged," she added, "but have we enlarged our concept of it to meet the widening concepts of work and today's woman?"

Amway corporate literature from the seventies advised direct sellers to leverage the economic recession in their recruiting efforts, to find "opportunity in crisis." Patricia Neighbors, by contrast, advised Avon executives to see the growing population of women workers in the mid-seventies as an opportunity, but one that also implied distinct challenges for Avon's labor strategy. If Amway advised distributors to look for opportunity in a time of economic crisis, Neighbors pointed to the feminization of labor and warned executives to beware of potential crisis in this moment of opportunity. According to Neighbors, "There has been some discussion and some concern expressed [among Avon's corporate management] that the wider choice of work open to women today might detract from the success of our business. Comments like: 'Women don't want to do door-to-door selling,' 'Women want to work full time,' 'Women can earn more money doing something else.'" If the Avon Opportunity was originally conceived at a moment when economic opportunities for women were, in Neighbors' words, "almost non-existent," then what would happen to Avon's reputation among women who now seemed to have more occupational choices than ever before?

Although she admitted that the Avon Opportunity might be in need of a cosmetic makeover, Neighbors remained convinced that its core appeal would remain intact. Critics of the Avon Opportunity suggested that women in the seventies wanted access to more professionally and financially rewarding work than an Avon distributorship could provide. Positioning herself as an intimate authority, Neighbors acknowledged that "much of this is true for some women; but to believe that the Avon Opportunity is losing its power to attract able, talented, motivated women is to take a limited view of what is really happening among women today." To be sure, an Avon distributorship "is not the answer to every woman's need or talent for employment, for income, for activity," she added.

> But the most important aspect of this opportunity is its flexibility… It CAN and DOES meet the needs of the woman who doesn't know how to get back to the world of work, who needs an entry point. It CAN and DOES meet the need of hundreds of thousands of women who have no training or work experience. It CAN and DOES meet the need of the more aggressive, dominant women who love a challenge – large or small. It CAN be part-time, full-time, over-time, and it DOES attract the quiet-minded, the service-minded, the social-minded, the sales-minded, the truly business-minded.[13]

Emphasizing flexibility and independence, long touted as among the defining merits of direct sales work, Neighbors insisted that the Avon Opportunity was capable of appealing to a generation of women who, in the seventies, had a greater variety of desires and choices than ever before. After all, she reminded the reader of the *District Manager Newsletter*, "Avon attracted all of us."[14]

Avon, as well as direct sales work in general, did continue to appeal to hundreds of thousands of Americans, both men and women, in the seventies and eighties. But Neighbors was right to suggest that Avon executives had to take note of the changing structures of work for women, as well as changes in gender roles and the nature of American family life and adapt the Avon Opportunity accordingly. Since the early 1960s, Avon corporate marketing had advertised the firm as "the company for women." But, as we will see, Avon's corporate management

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[13] Ibid.
[14] Ibid.

worried tremendously about how to carry that reputation forward into the seventies and eighties. In order to do so, they implemented significant changes to the firm's recruiting, employment, and marketing strategies, as well as its corporate principles. The story of Avon thus offers a window into how difficult it was for direct sales firms, which had long relied on the contributions of working women, to negotiate the turbulent landscape of gender and labor politics in the seventies and eighties.

Given the history of direct selling, it stands to reason that direct sales firms, and particularly those oriented around women, were poised to benefit from the growing number of women who entered the workforce in the 1960s and 1970s. In 1960 approximately 37% of women participated in the U.S. labor force; that figure grew to 43% in 1970, and 46% in 1975. By 1976 more than half of all women worked. By 1977 the 38 million American women who worked made up a full 40% of the total civilian labor force. The number of married women and married women with children – populations with whom direct sales had traditionally had much success – who participated in the workforce moved in-line with the size of the female labor force at large. By 1975 approximately half of all married women with a husband present worked, up from only 30% in 1960; by 1974, 46% of married women with children under age 18 participated in the labor force, up from 27% in 1960.[15]

Scholars of direct sales have generally assumed that the growth of the female labor force in the seventies was a clear advantage for direct sales firms. Scholars including Nicole Woolsey Biggart have explained the predominance of working women in the direct sales force as a

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[15] U.S. Department of Commerce and Bureau of the Census, Statistical Abstract of the United States 1977, 98th Annual Edition; U.S. Department of Commerce and Bureau of the Census, Statistical Abstract of the United States 1982-1983, 103rd Edition, 24. See also: Sharon R. Cohany and Emy Sok, "Married Mothers in the Labor Force," in *Monthly Labor Review* (February 2007). Division of Labor Force Statistics, Bureau of Labor Statistics (http://www.bls.gov/opub/mlr/2007/02/art2full.pdf).

product of the flexibility of direct selling as well as its lack of prerequisites.[16] Direct sales firms did not require sellers to have any particular education or training, sales experience, or even a prior work history. It was thus an easy way for many women to enter, or reenter, the workforce in the postwar period. More importantly, direct selling was a form of self-directed work that offered women distributors enough autonomy to manage their work and domestic responsibilities. As one Amway sales manual put it, a distributorship allowed women to "set their own hours and earn, to augment the family income and still be home the times they are needed."[17] Direct selling thus offered women a work situation compatible with the role of wife and mother. In as much as direct selling was a form of commerce that relied on social networks and personal relationships, direct sales work actually encouraged women distributors to integrate their private and professional lives.

The growth of the female labor force was thus an opportunity for women-oriented firms such as Avon, but one that brought with it a sense of potential crisis. One of the most significant challenges that direct sales firms faced was, as Patricia Neighbors suggested in the Avon *District Manager Newsletter*, that the opening up of the number and range of work opportunities available to women created new competition among employers that relied on female workers. As one direct sales executive noted, "we [direct sales firms] are now competing with employers – traditional employers – for the first time in a great way. A decade or two ago, the housewife who wanted to work part time basically could have gone into real estate perhaps, or direct selling." Beginning in the seventies, however, "traditional employers and the use of the temporary employment agencies… dramatically [increased]… their utilization of women by producing flex-time and part-time opportunities… These are changing the nature of the possible recruiting

[16] Biggart, Charismatic Capitalism.
[17] Amway Corporation, *The Amway Sales Plan* (Ada: Amway Corporation, 1963): 1. Binder 1-1/9023, Commission Exhibit 53: 111-240. FTC.

universe out there for our companies."[18] The growth of job opportunities for women, as well as the casualization of work at large, threatened to make direct sales only one choice among many for women who wanted to work part time.

In addition to competing in a newly expanded universe of opportunities for flexible, part-time work, direct sales also had to compete with firms that offered women more permanent, full-time positions. Women, and especially women of color have, as Alice Kessler-Harris has shown, "always worked."[19] Historians including Kessler-Harris, Nancy MacLean, and Ruth Milkman, among others, have established a long history of working women in the United States. They have traced the evolution of women's work from unpaid labor to wage work, and have demonstrated the persistent presence of women in factory, white-collar clerical, and professional work across the twentieth century.[20] Many contemporary observers, including some white feminists, misinterpreted the growing number of working women as the birth of a new population of workers in the sixties and seventies. In reality, that phenomenon represented less the creation of a new labor demographic than the heightened visibility of women workers, especially white, middle-class women, in the postwar period.

The 1960s and 1970s marked a period of change in the rhythm of women's professional lives, particularly that of white, middle-class women. Through the 1950s and 1960s, many middle-class women worked on a part-time or temporary basis. Some women worked until marriage, others moved in and out of the labor force around pregnancies and child-rearing. The difference in the seventies thus had less to do with first-time workers than with an increase in the

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[18] Anonymous quoted in Biggart, *Charismatic Capitalism*, 66.
[19] Alice Kessler-Harris, *Women Have Always Worked: A Historical Overview* (New York: The Feminist Press, 1993).
[20] Alice Kessler-Harris, *Out to Work: A History of Wage-Earning Women in the United States* (Oxford: Oxford University Press, 2003); Alice Kessler-Harris, *In Pursuit of Equity: Women, Men, and the Quest for Economic Citizenship in 20th Century America* (New York: Oxford University Press, 2003); Nancy MacLean, *Freedom Is Not Enough*; Ruth Milkman, *Gender at Work*.

number of women, especially white middle-class women, who intended to work on a permanent, full-time basis. The combined forces of economic recession, deindustrialization and the disappearance of high-wage blue-collar jobs, the breakdown of the single-breadwinner model of the nuclear family, as well as social changes brought on by the forces of women's liberation, coalesced to change not only the nature of women's work lives, but also what they looked for in a job.

That Avon had a reputation for offering part-time work, which had traditionally been a key draw of direct selling, presented a challenge in the seventies as more and more women sought full-time work. With more women now wanting, or needing, to take on permanent, full-time employment, executives at Avon feared that direct selling, as casual work, would lose its appeal. According to Avon Chairman David Mitchell, "there will always be a large number of women who want flexible earning opportunities in their communities that allow them time for other activities, such as raising a family. From a Representative's standpoint, their flexibility has always been one of the greatest appeals of selling Avon, and we're convinced that it will remain so." Nevertheless, Mitchell added, in "keeping with the trends," namely the 34% increase in women working full-time between 1970 and 1980, "we [at Avon] also see signs of growing interest in Avon as a full-time opportunity."[21] Whereas the flexible, part-time nature of direct sales work had traditionally been a key advantage for direct sales firms oriented around women, changes in the U.S. labor force in the seventies threatened to turn that advantage into a disadvantage. According to David Mitchell, Avon had to take steps "to ensure that selling Avon

[21] David W. Mitchell quoted in Avon Products, Inc., *1980 Annual Report* (New York: Avon Products Inc., 1981) Avon Collection. HAG.

products remains an attractive alternative to full-time employment… [so] that we will continue to benefit from the social and demographic changes taking place in the United States."[22]

The success of women-centered direct sales in the seventies was thus more complicated that it might first appear. For direct sales firms, changes in the demography of the U.S. labor force, in the shape of the American family, and in ideas about gender roles created as many challenges as advantages. As women gained greater access to the job market, Avon executives had to deal with competition for female workers. For perhaps the first time in the company's history, Avon executives and recruiters had to demonstrate that an Avon distributorship was a desirable occupation not only for homemakers, but also for career-minded "new" women of the seventies. This is all to say that direct sales firms did not automatically benefit from the growth of the female labor force in the postwar period. The economic climate of the seventies provided an opportune moment for the direct sales sector and firms such as Amway sought to capitalize on the recession in order to bolster the appeal of direct sales work. In much the same way, the growing number of women in the workforce was opportune, but also required direct sales firms such as Avon to reevaluate their place in the newly expanded labor force in the seventies. In order to maintain the appeal of work in Avon, executives created new employment strategies, new marketing campaigns, and new corporate initiatives that stressed Avon's historical support of working women, and attempted to tie Avon to the future of women's social, economic, and personal progress. Avon's emphasis on empowering women in the seventies was thus strategic as much as cultural or ideological.

[22] Ibid.

Opportunity Unlimited

Changes in corporate employment practices, most notably the opening up of new job opportunities for women, stimulated changes in women's economic and private lives, and in cultural conceptions about gender roles in the seventies. The history of Avon suggests that the reciprocal was true as well. Changes in women's lives and expectations required Avon to change its employment and management strategies to accommodate a new generation of working women as sellers as well as consumers. Avon had traditionally operated through a three-tiered system of field leadership, which industry experts have come to call the "Avon model," made up of Regional Managers, District Managers, and Representatives. District or Regional Managers, who were employed by the Avon corporation, performed recruiting, training, and managerial tasks on behalf of the firm. Avon representatives were independent distributors who acted exclusively as salespeople. Like Amway distributors, Avon representatives earned a commission on all products sold, plus occasional prizes and bonuses, and typically worked on a part-time, supplemental basis. Unlike Amway distributors, Avon representatives did not engage in recruiting. Because Avon was not a multilevel or networked direct sales organization, Avon representatives did not earn additional income through sponsoring.

By the mid-seventies, Avon corporate management recognized that, in order to compete with modes of employment that offered women better-paid, full-time, steady work, Avon needed to develop "new ways of enhancing the earnings potential of Representatives who are willing to commit substantially more time and effort to selling Avon products."[23] By 1980 Avon was already testing a new system of graduated discounts, meaning that rather than earn a flat percentage of all goods sold, an Avon representative could qualify (as Amway distributors did)

[23] Ibid.

for a higher percentage based on her sales volume. A graduated system of compensation, Avon executives hoped, would encourage and reward women who worked in Avon full-time.

In 1981 Avon also tested a program called "Opportunity Unlimited." Opportunity Unlimited (interestingly, a slogan Amway had used in its recruiting literature since the early 1960s), was a new system of field management whereby Avon added a level of independent contractor, called a Group Sales Leader, who, in addition to selling Avon products, also assisted District Managers in their efforts to recruit and motivate other representatives. "Under the Opportunity Unlimited program," as Avon explained it, "every district will have about ten Group Sales Leaders, each of whom will be a member of a team consisting of 20 to 30 Representatives." Opportunity Unlimited created a new level of middle-management in between the representative, who acted as an independent seller, and the District Manager, who acted as a managerial authority on behalf of Avon. The Group Sales Leader thus offered a way for women to advance within Avon without having to take on a full-time corporate role. This was a significant change in Avon's organizational strategy. It was, as Avon's Annual Report described it, "the most significant change in the way we operate since the two-week campaign was introduced in 1968."[24] Opportunity Unlimited was officially rolled-out in test markets in 1982. In 1992 Avon implemented Opportunity Unlimited nationwide and was beginning to introduce the new strategy in international markets.[25]

Traditionally, Avon representatives acted only as salespeople. With the implementation of Opportunity Unlimited, Avon adapted its nearly 100-year-old strategy to look more like that utilized at Amway. That Avon would do so spoke to the ways that changes in the labor economy

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[24] The two-week campaign replaced Avon's previous practice of issuing catalogs and filling orders on a monthly basis.
[25] Avon Products, Inc., "Special Report: Opportunity Unlimited," *Avon Management NewsBriefs* (June 1992). Avon Collection. HAG.

required female-oriented direct sales firms to rethink their position in the labor market. It also spoke to Amway's influence in the direct sales sector. Avon not only competed with more conventional employers for female workers; it also competed with networked firms like Amway that claimed to offer the potential for greater earnings. The success of Amway, especially because it was a networked direct sales organization, pushed Avon to adopt similar practices. In addition to Opportunity Unlimited, Avon was by 1989 considering for the first time offering representatives a multi-level marketing option as well.

If Avon changed its organizational structure to appeal to women who had more work options than ever before, it also changed its distribution strategy to better target working women as consumers. In the 1976 Annual Report, Avon described working women, who accounted for 42% of Avon customers in the U.S. and approximately 50% of its sales revenue in 1975, as ideal customers for cosmetics. "Because the working woman is out in public daily life, her appearance is important to her. And because her time is precious, she appreciates the time-saving convenience of shopping the Avon way. In a few minutes of spare time on the job or at home, she can easily select cosmetics, jewelry, toiletries and gifts that would take hours to find in stores."[26] Over the course of the 1970s and 1980s, Avon increasingly targeted working women as not only an indispensable labor demographic, but also a lucrative and important segment of the consumer market.

In July 1976 Avon published an article in the monthly corporate newsletter, *Management NewsBriefs*, to announce an upcoming study of "Working-Women Market Penetration," intended to help improve "techniques used in successfully increasingly our share of market with these high-potential customers. In this two-part study," according to the article, "we will first survey working-women consumers to determine what products they buy, which products they are

[26] Avon Products, Inc., *1976 Annual Report* (New York: Avon Products, Inc, 1977). Avon Collection. HAG.

buying from Avon, where they purchase their other cosmetics and why they prefer this alternative." The second portion of the study focused on saleswomen rather than consumers in order to determine how prepared representatives were to service working women as customers. Oddly, Avon corporate management assumed that representatives, all of whom worked as saleswomen, might be poorly informed about the needs and desires of professional women. On the one hand, Avon was at pains in the seventies and eighties to demonstrate that direct selling was an appropriate and rewarding occupation for career-women and homemakers alike, and to show that an Avon distributorship was a form of female entrepreneurship. On the other, Avon's internal research project proposed to "explore their [representatives'] knowledge (or lack of it) about selling to women who work, and what techniques they utilize to reach them."[27] Such a statement suggested that, despite all the marketing to the contrary, even members of Avon's corporate management still harbored notions that separated women's direct selling from "real" work.

Nevertheless, throughout the late seventies and eighties, Avon corporate management refocused its effort on selling to working women. The 1977 Annual Report states that over the past year, "Avon Representatives have [employed] many new ways of reaching new customers – working women, in particular. Working women are among the best Avon customers. They purchase more makeup, jewelry and fragrance than non-working women do, and they have more money to spend. Many efforts are to being put forth to help Representatives more effectively reach more working women, whether those women prefer to buy at home or work."[28] Female-oriented direct sales organizations had historically relied on cold-calling women at home – as suggested by the slogan "Ding, Dong! Avon calling!" – and inviting them to hostess parties. The

[27] Avon Products, Inc., "Study of Working-Woman Market Penetration" *Avon Management NewsBriefs* 9:5 (July 1976). Box 8, Series III: Personnel. Avon Collection. HAG.
[28] Avon Products, Inc., *1977 Annual Report* (New York: Avon Products, Inc., 1978), 8. Avon Collection. HAG.

rise in the number of working women, Avon executives feared, would mean that fewer women would be at home to receive such calls. Avon referred to that as the challenge of "not-at-homes." To reach women who were not at home, Avon designed new sales aids and promotional pieces to support a strategy it called the "Advance Call-Back," or notes that representatives could leave at a customer's doorstep. In 1977 Avon also increased its circulation of brochures, which representatives could use as "call backs" or distribute at an office, from 234 million to 271 million catalogs, a 15% increase over the prior year.[29]

Amway corporate literature from the seventies, as we have seen, suggested that the energy crisis and economic recession would increase the amount of time customers would spend at home. High gasoline prices combined with a reduced level of disposable income, Amway executives assumed, meant that families would engage in fewer leisure activities outside the home and were thus ripe to be called on. Avon executives, by contrast, assumed just the opposite. In an interview in 1980 David Mitchell argued that "the increase in the number of women working in the United States means that fewer customers are at home when Representatives call. So-called 'not-at-homes' are a challenge for some Representatives, but most of them are very innovative and resourceful in developing ways to reach their customers. They may call on customers evenings and weekends." Avon also encouraged representatives to reach women at their places of work. Acknowledging that many Avon representatives operated a distributorship in addition to a conventional job, Avon's management noted that many working women "were reached at their place of work through co-workers who also sell Avon, because we now encourage people with full-time jobs to be Avon Representatives."[30] If direct selling had traditionally encouraged women to assimilate their work and domestic lives, Avon in the

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[29] Ibid.
[30] Avon Products, Inc., *1976 Annual Report* (New York: Avon Products, Inc., 1977), 8. Avon Collection. HAG.

seventies increasingly encouraged women to integrate their direct selling into their full-time professional work. At an historical moment when many women were coming to terms with the duality of one's role as a working mother, or what feminists were referring to as the "second-shift," Avon suggested that its representatives might have even had a third shift.[31]

Throughout the seventies, eighties, and even into the early nineties, members of Avon's corporate management kept their finger on the pulse of women's changing status in the workplace. Avon's corporate archives are full of newspaper articles, U.S. Department of Labor and Small Business Administration studies, independent research reports, and various other sources that executives used to keep informed about the growing population of working women and the challenges they faced in the workplace. In 1988, for example, Avon compiled a press release entitled "Women's Work: Some Facts and Figures," which included statistics and observations from the *New York Times*, *Nation's Business*, *USA Today*, a research firm called Catalyst that specialized in studies on women and labor, and the Woman's Bureau of the U.S. Department of Labor. The care with which Avon corporate management studied working women demonstrated the degree to which executives saw working women as vital to the company's continued success. As both customers and representatives, working women were by the late 1970s Avon's key demographic.

Avon's keen attention to the changes in the private and professional lives of women stands in sharp contrast to Amway and its firm ideological commitment to gender traditionalism, or what Robert Self has called "breadwinner conservatism."[32] Throughout the sixties and seventies, as we have seen, Amway corporate literature offered a vision of a pioneering, entrepreneurial, masculine distributor – "Mr. Opportunity," as he was referred to in literature

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[31] See Arlie Russell Hoschschild with Anne Machung, *The Second Shift* (New York: Penguin Books, 2003), originally published in 1989.
[32] Self, *All in the Family*.

from the late 1960s – as an alternative to the culture of female empowerment that characterized women-centered firms such as Tupperware, Avon, and Mary Kay. Amway corporate literature emphasized that a distributorship was "a family affair," a business through which "husband and wife can work together to build security for themselves and their family."[33] With Mr. Opportunity positioned at the head of the family enterprise, an Amway distributorship was, as Amway framed it, also more than a business. It was an opportunity for married couples to work together toward a shared goal, to strengthen their relationship, and to demonstrate for their children the virtues of hard work and private enterprise.

Amway developed such a strong reputation as a form of family enterprise that by the late 1970s the firm had to remind participants and potential recruits that single people could also be distributors. Amway published an article in the 1976 issue of the *Amagram*, for instance, entitled "Amway for Singles as Well as Duos." "Amway is primarily a business for married couples right? Right – up to a point that is. While a majority of distributorships are husband-and-wife businesses," the article clarified, "more and more young people and 'singles' are proving every day that Amway is *also* a great business opportunity for 'unmarrieds.'"[34] Because the article stated that Amway was open to single distributors, and was presumably trying to appeal to single people by validating their participation in Amway, one would expect the *Amagram* to offer an example of a single man or woman whose Amway business afforded him or her a real measure

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[33] Amway Corporation, *Your Career with Amway* (Ada: Amway Corp, 1972), 7-A. CX 61:915-1022. FTC.
[34] Amway Corporation, "Amway for Singles as Well as Duos," in *Amagram* 17:4 (1976). ACA. Examples of similar articles include "Singles, Too, Say Amway is Key to Success" in *Amagram* 19:6 (1987). ACA.; "Single? Amway! New Singles Sponsoring Brochure Now Available" in *Amagram* 18:4 (1977). ACA. In a speech delivered in 1973, Rich DeVos described "10 Points that Make Amway Special," and among the 10 points he included the possibility that single people could find love in Amway. "So if you're single wonderful. Don't worry, you'll find somebody once you get going in this thing." He joked that "We have a rule that if you're single and if you get in Amway you can't marry outside your own line of sponsorship because man, it gets all screwed up. You know, you're in this group and you marry somebody in that group. I'll tell you… That's the first thing you ask after her name. What group are you in? And it will save a lot of trouble on that one." Rich DeVos, "10 Points That Make Amway Special," speech transcript. 1973. ACA.

of financial independence. Instead the article cites the case of Ken Bergland and his sister Nanci Bergland, both single, who together ran a successful distributorship. Ken and Nanci, moreover, worked alongside their parents, distributors C.E. and Alice Bergland. In addition to the use of quotation marks around the words "single" and "unmarried," which hint at a pejorative tone, the choice to feature the Berglands demonstrates that even when claiming to value the contributions of single people, an Amway distributorship was supposed to be a family business.

That Amway remained committed to its vision of masculine entrepreneurship and the gendered-hierarchy of the family economy seems puzzling given the demographic realities of the workplace in the 1970s, especially in direct sales. Yet, Mr. Opportunity was necessary precisely because most active distributors were women. By the 1970s women accounted for more than 75% of the direct sales force.[35] Even within Amway, couples often joined together only to have the wife do most of the work while her husband maintained his full-time job. The language of family economy, along with ideas about patriarchal authority, allowed for women's participation in Amway but protected the illusion of domesticity by framing her work as something that occurred within, rather than outside, the marriage. Thus, rather than suggest a willful ignorance about the demographic realities of direct sales work, Amway's insistence on recuperating the masculine history of direct sales spoke precisely to women's greater representation in the workforce and the ways in which working women challenged traditional notions about gender, work, and family.

However, that a couple might need a supplementary or second income through Amway itself suggested the impracticability of the sole, male breadwinner model of the nuclear family. By the mid-1970s, deindustrialization, the decline of labor union power and falling blue-collar wages, the rise of the service sector, and soaring unemployed rendered less than 50% of the

[35] Biggart, *Charismatic Capitalism*, 105-106. See also Peiss, *Hope in a Jar.*

nation's jobs capable of producing sufficient income to support a family. In 1975, almost half of all married women worked, up from approximately 25% in 1960 and less than 20% in 1950. By 1975 more than 40% of married mothers worked.[36] One historian has argued that, by mid-decade, the traditional yardstick used by the Department of Labor to define a "typical" household – meaning a working father, a stay-at-home mother, and two children – might have represented as few as 7% of all American families.[37] Indeed, the very need to reassure both male and female distributors that their Amway work fit within the postwar ideal of the nuclear family, in which the father was the sole economic supporter, spoke to the fragility of the ideal itself. In other words, Amway's framing of a distributorship as compatible with the patriarchal family and its strict distribution of gender roles exposed the tenuousness of the postwar nuclear family as an ideal at the same time that it tried to protect it.

For Better or For Worse

Amway wedded itself to a vision of a single-breadwinner family that was becoming increasingly rare in the 1970s. Avon, by contrast, acknowledged, indeed fixated on, changes in the lives of women as well as in the gendered makeup of the U.S. labor force. In addition to modifying its labor and operational strategies to better address the needs of female sellers and consumers, Avon also produced new marketing campaigns that sought to leverage the firm's legacy as a company that had long valued the contributions of working women. Through corporate newsletters, communications with representatives, advertising campaigns, and projects of corporate philanthropy, Avon increasingly positioned its brand of direct sales work as not only

[36] Cohany and Sok, "Married Mothers in the Labor Force."
[37] Peter N. Carroll, *It Seemed Like Nothing Happened* (New Brunswick: Rutgers University Press, 1982), 279. See Chapter Fifteen, "New Combinations for Intimacy and Support: Beyond the Nuclear Family," 278-296.

part of the concurrent rise in the number of working women, but also as a corrective to the patriarchy of the traditional workplace.

Corporate executives at Avon sought to give the firm, which had traditionally celebrated women's domestic culture, a brand makeover by recasting "the company for women" as the company for working women. In the 1975 Annual Report, for example, Avon boasted of its record of offering "opportunities for women" as both independent representatives and corporate employees. "Women comprise over 66% of our U.S. management and professional staff. This includes 2,500 District Managers in the field and over 400 women – nearly 22% of our total management and professional staff – in other key positions. This means Avon's record of women in management is slightly higher than the national average."[38] In reality, men had dominated the managerial and leadership positions at Avon since the company's founding. The firm had no female corporate officers until 1973 when Phyllis B. Davis and Patricia W. Neighbors were named as Corporate Vice Presidents.

In addition to reiterating the company's special role in the history of working women, Avon's corporate literature also provided a space to highlight and discuss issues that affected women. The Avon *District Manager Newsletter*, for example, included regular features such as "Your Important Self," which offered members of the Avon field leadership team encouragement and advice on issues ranging from sales strategies to matters of personal improvement and gender politics. One issue from December 1976 advised representatives and managers to look into a new "service magazine… devoted to the woman 'in transition' from the role of homemaker to that of working professional." The magazine, in which Avon also advertised, "covers the spectrum of social and economic issues of interest to women today." It offered "great articles, features, fashion and beauty items… and absorbing department sections,

[38] Avon Products, Inc., *1975 Annual Report* (New York: Avon Products Inc, 1976), 25. Avon Collection. HAG.

including 'Money-wise,' and 'The Working Mother.'"[39] A February 1977 issue of the newsletter recommended "an action-packed 'money-book' for women," which was written by financial consultant Dee Dee Ahern and writer Betsy Bliss, called *The Economics of Being a Woman or, What Your Mother Never Told You About.* "Short and sweet," as Avon described it, *The Economics of Being a Woman* "comes straight-on with facts and advice about the sources of money, mechanics of bank loans, insurance compensation and pensions, estates and taxes, and money/marriage facts." Avon published the *District Manager Newsletter* in order to communicate with managers about developments at the corporate office, to highlight sales strategies that proved effective in the field, and to maintain a sense of connection between managers and the firm. At the same time, serial features such as "Your Important Self," also tried to present the *Newsletter*, as well as Avon in general, as a resource for women interested in professional and financial, as well as personal, improvement.

The *District Manager Newsletter* encouraged Avon participants to contribute their own thoughts on contemporary issues. One representative, for example, wrote in to share her thoughts on a recent "Dear Abby column," which explored the question of the best way to address a business letter in offices in which both men and women work and "'Dear Sirs' and 'Gentlemen' are [thus] out of date."[40] Another reader of the *Newsletter* contributed to the May 1976 issue a cartoon that also mused on the problem of gendered language. The cartoon showed women

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[39] Avon Products, Inc., "Your Important Self," *District Manager Newsletter* 8 (December 15, 1976). Avon Collection. HAG.

[40] Avon Products, Inc., *District Manager Newsletter* 3 (May 5, 1976). Avon Collection. HAG. The piece in the *Newsletter* read: "A secretary wrote to Abby requesting a practical solution for business letters to offices in which both men and women work, saying that obviously 'Dear Sirs' and 'Gentlemen' are out of date. Along came these suggestions and Abby's respective (not too respectful) reactions: 'How about "Greetings"? Sorry, it would never catch on. We'd have "old soldiers" fainting all over the place. The Romans used "Lectory salute," which means "Hail to the reader." Hail no! Most Americans have enough trouble with English! Why not "Gentlepersons"? Oh, well! What's wrong with a straight-forward friendly, "Howdy"? Not much worth – outside of Texas. The perfect solution is "Good Morning." Even if the recipient opens the mail in the evening?'" The Avon newsletter, which seemed to mock Abby's inability to take the subject of gendered language seriously, added its own suggestion: "Or, 'Dear Manager,' Why Not? She/he is!"

pointing into a manhole saying, "Hey Sam, I'll be down this 'person hole.'" The cartoon poked fun at the presumed absurdity of debates about gendered language, but also showed the degree to which such debates had penetrated popular culture. The contributing representative recognized as much in the note she included with her submission: "This changing world!"[41]

Avon was not necessarily, however, the beacon of gender equality it claimed to be. Scholars have rightly critiqued Avon, along with women-centered firms like Mary Kay and Tupperware, for claiming to offer opportunities for women as economic actors at the same time that the language and culture of direct selling also circumscribed such opportunities within a gendered subset of the consumer economy, a form of women's commerce that took place in the home. According to autobiographical writings, Mary Kay Ash formed her company as an explicit antidote to the sexism and patriarchy she witnessed throughout her professional life. "During my career," she wrote in *Mary Kay: The Success Story of America's Most Dynamic Businesswoman*, "I had faced and solved many problems that are unique to women in business. Much of the time I was actually handicapped or held back by outdated ideas of what a woman should and should not do when working with men." Ash founded Mary Kay in 1968, after nearly twenty years as a distributor for Stanley Home Products, because she thought, "just maybe, I could use my experience to help other women over these same hurdles." According to Ash, she envisioned Mary Kay as a distinctly female company, as a firm in which "women would be allowed to pursue unlimited opportunities."[42] Brownie Wise's writings include similar stories

[41] Avon Products, Inc., *District Manager Newsletter* 3 (May 5, 1976). Avon Collection. HAG.
[42] Mary Kay Ash, *Mary Kay: The Success Story of America's Most Dynamic Businesswoman* (New York: Harper & Row, 1987), xi-xiii.

about how the patriarchal culture of Stanley Home Products spurred her to create a different kind of corporate culture at Tupperware.[43]

As much as Ash encouraged women to succeed in business, she also reified old prescriptions about beauty and behavior, especially in the workplace. Ash demanded that women in her organization, indeed suggested that women in all professions, act and appear feminine. "A career woman should always dress in a businesslike manner," she wrote in 1981. "I am, for example, adamantly opposed to women wearing slacks on the job. We have made safety concessions in our manufacturing areas," she added, "but in all departments within Mary Kay Cosmetics, women employees do not wear slacks." Ash insisted that business women should "always wear dresses or suits… [and keep] well-groomed hair and nails."[44] Ash's insistence on what she thought to be proper, feminine appearance was, of course, an extension of the fact that Mary Kay was a cosmetics and beauty brand. Employees and saleswomen were expected to demonstrate the same standards of beauty that the company was selling to female customers. But Ash's instructions about what constituted proper female comportment also revealed the limits of her progressive gender politics, as well as that of her firm.

Avon's description of a "typical representative," which appeared in the 1975 Annual Report, also illustrates the tension between the language of empowerment and the language of domesticity common in direct selling. "A typical 'profile,' [of the average Avon Representative] is not easy to draw." Women "become Representatives for different reasons. Most are drawn by the opportunity to earn extra money, working at their own pace in their communities… And an increasing number become Avon Representatives because they want to change their lifestyles… by entering the workforce, building their self-confidence and sense of independence, while

[43] Clarke, Tupperware. See also Bob Kealing, *Tupperware Unsealed: Brownie Wise, Earl Tupper, and the Home Party Pioneers* (Gainesville: University Press of Florida, 2008).
[44] Ash, *Mary Kay*, 114.

realizing the satisfaction derived from running businesses of their own." At the same time, however, Avon also described the work of representatives in ways that characterized it as an act of female sociability rather than an act of labor. In the same 1975 Annual Report in which Avon touted the benefits of "running businesses of their own," Avon also claimed that many representatives "are attracted by the chance to meet neighbors and make new friends. Many are fascinated with cosmetics and wish to learn more about beauty, fashion, and grooming." Avon stressed, too, that the average representative was "a housewife and mother, like her customers."[45] Avon, in other words, proclaimed the power of women as salespeople, employees, and entrepreneurs while, at the same time, suggesting that their work was more closely aligned with their domestic and personal goals, rather than their economic and professional ones.

Avon marketing and corporate literature reinforced traditional notions of femininity and domesticity as often as it challenged them. In 1975 Avon board member Ernesta Procope spoke at an awards ceremony for top-performing Avon representatives called the Circle of Excellence Awards. Addressing a predominantly female audience, Procope spoke about a growing population of "new" women in the seventies, each of whom must adapt to her changing role in the workplace and in society at large. "The new woman in her changing role has shifted gears. She is located practically everywhere in the work world," she said, and Avon representatives had a special part to play as women moved from home to work. Procope put it to Avon representatives to "identify the problems" that career-minded women faced at home and at work and "deal with them head-on." Such problems included "male resistance to the 'flapping of females' wings' [and] resistance to female involvement in the economic life of the country." Procope warned, too, that while corporate doors previously closed to women "were ajar" for the first time, some corporations were merely "giving 'lip service'" to matters of gender equality in

[45] Avon Products, Inc., *1970 Annual Report*, (New York: Avon Products, Inc., 1971), 5. Avon Collection. HAG.

the workplace. Yet, in the same breath with which she celebrated the changing roles of "new women," Procope also offered the following advice to her "sisters": "Be feminine but not obnoxious, be forthright with integrity, be honest and willing to learn, be aggressive with charm." That Procope instructed women to seek out new opportunities, but also cautioned them to remain "feminine" while doing so, and to temper their ambition with "charm," illustrates the tension at the heart of Avon's support of gender equality in the seventies and eighties.[46]

Scholars have debated whether we ought to see in direct selling, as a mode of work billed as particularly suited to the needs of women workers, any emancipatory potential at all. On the one hand, female-oriented direct sales firms opened up new opportunities for women as entrepreneurs and employees and helped them develop a distinctly female subculture within the business world. For example, Alison Clarke argues that Tupperware's use of a nonprofessional female sales force and the party plan created a direct sales alternative to the patriarchy of conventional sales structures.[47] Nicole Woolsey Biggart has gone so far as to categorize direct sales firms as a "feminine" alternative to the competitive, masculine organization of bureaucratic firms. "Direct selling, with its stress on nurturing and cooperation, its absence of authority differences, is clearly feminine when compared with the bureaucratic firm."[48] On the other hand, women-centered companies reinforced traditional notions of white, middle-class femininity by constricting women's commercial activities to the domestic spheres. Some scholars have even argued that the tension between the emancipatory and retrogressive aspects of direct sales work was part of its appeal. Biggart has suggested that that contradiction enabled women to make a

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[46] Ernesta Procope quoted in Avon Products, Inc., "Women in a Changing Role – Can They Cope?," *District Manager Newsletter*, nd. Avon Collection. HAG.
[47] Clarke, *Tupperware*, 59.
[48] Biggart, *Charismatic Capitalism*, 91.

claim about their own independence or progressive gender politics without actually requiring them to challenge the status quo in any meaningful way.

Scholars of direct sales who have tried to read the contradiction between Avon's progressive and repressive tendencies have done so in order to determine the success or failure of direct sales as a pathway to women's liberation; or they have tried to determine Avon's "true" intentions with respect to gender politics. Alternatively, we might read the contradictory nature of Avon's appeal to women as a measure of how much the company struggled to maintain its reputation as "the company for women" in the seventies. Avon's preoccupation with establishing itself as a champion of women, particularly working women, was not only, or even necessarily, a measure of the firm's corporate philosophy or gender politics. It was a strategy to maintain its position as a preeminent employer of women. Read that way, the tension between Avon's progressive and repressive tendencies is an illustration of just how important, and difficult, it was for direct sales firms – as well as other corporations that relied on female labor – to respond to new business imperatives brought on by the feminization of labor in the postwar period. And it testified to how crucial working women were, as both sellers and consumers, to the success of direct sales firms. Avon corporate management understood that the firm's continued success was wedded, for better or worse, to the future of working women.

We Are Not Now, And Have Never Been a Member of NOW

In addition to new labor and distribution strategies, Avon executives also saw philanthropy and corporate citizenship as key to its reputation as "the company for women." According to a September 1977 newsletter, "during 1975-1976 management agreed that women would be a prime focus for Avon's Corporate Responsibility efforts. The reasons were basic," the article explained, “women are, and have traditionally been, the basis of our business. They are the majority of our customers, the majority of our Representatives and the majority of our employees and management staff. As a result of our broad involvement with women, we feel that we should support organizations which serve the overall interests of women.”[49]

Deciding which organizations to fund, however, was a potential minefield in the heated climate of seventies gender politics. Avon’s management acknowledged “it is virtually impossible to find a single organization or group that has a point of view compatible with the concerns or beliefs of all women.” Looking for a middle ground, Avon sought to support “a number of groups that are guided by the same general principles that guide Avon: elimination of discrimination, freedom of choice for women to pursue their lives as housewives or members of the work force, and the existence of equal opportunities for all.” In that vein, Avon provided financial assistance to a number of groups that were relatively innocuous politically, including: The Girl Scouts of America, the Junior League, Girls Club of America, Big Brothers/Big Sisters, and the YMCA. Aligned with its long tradition of celebrating domesticity, Avon also supported organizations such as The Martha Movement, which south to “upgrade the image of the role of the homemaker.” Avon supported organizations as well which sought to help low-income women and women of color including the Congress of Neighborhood Women, “a national movement for self-awareness and self-development by ethnic and lower income women,” and the National Council of Negro Women.[50]

Avon’s support of organizations like the National Council of Negro Women was part of a general program of philanthropy and corporate citizenship focused on serving the interests of women. It was also part of Avon’s effort to reach women of color as representatives and

[49] Avon Products, Inc., “Avon’s Position on Women’s Issues” *Avon Management NewsBriefs* 6:6 (September 1977). Box 8, Series III: Personnel. Avon Collection. HAG.
[50] Ibid.

consumers. Avon introduced a new line of products in 1975 called “Shades of Beauty,” designed specifically for women of color, as well as a line of hair care products called “Natural Sheen.”[51] For a beauty brand, expanding into the African American cosmetics category required a significant financial investment, including research and development for an entirely new line of products. Avon thus made a concerted effort to recruit and market to African American women. By the mid-1970s Avon was running several ad campaigns in publications like *Ebony.* Avon also developed a television advertising campaign aimed at African American audiences, including one commercial called “New Girl in Town” – a reference to the new product line as well as to a new cohort of black Avon representatives – with an all black cast. Avon’s corporate marketing team succeeded in attracting black representatives and consumers, as well as positive press about its progressive position on racial diversity. By 1986, *Black Enterprise* magazine voted Avon as one of the twenty-five best companies in America for African American women.[52] Supporting the National Council of Negro Women, advertising in *Ebony*, and producing a new line of cosmetics for women of color were thus part of a collective effort that was as much about financial profit as corporate responsibility.

Avon executives found that their efforts to associate the brand with progressive philanthropy could go too far, however, when in 1974 it supported a project affiliated with the National Organization for Women. Throughout the seventies and eighties, Avon tried to walk a fine line between empowering women and endorsing full gender equality. Avon’s relationship with women’s liberation and feminist politics was especially fraught. The word “feminism” rarely appeared in Avon literature. In order to speak to women of all political stripes, Avon had to negotiate a position somewhere in between gender traditionalists like Phyllis Schlafly on one

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[51] Avon Products, Inc., “Products for Dark Skin To Be Phased Into Line” *Avon Management NewsBriefs* 2:2 (December 1974). Box 8, Series III: Personnel. Avon Collection. HAG.
[52] Avon Products, Inc., *Outlook* (March/April 1986). Avon Collection. HAG.

of the ideological and political spectrum, and avowed feminists like Gloria Steinem and Betty Freidan on the other. The relationship between Avon and Freidan's National Organization for Women highlights the ways Avon struggled to find a progressive, but markedly nonpartisan, brand of gender politics. In the October 1974 issue of Avon's *Management NewsBriefs*, a newsletter circulated among corporate managerial and administrative employees, Avon published a piece called "Avon and NOW," in which the firm proudly announced its support of The Legal Defense and Education Fund of the National Organization for Women. Avon had offered the group, which pursued legal projects on behalf of women, unused floor space in Avon's office building, which the organization could use as a headquarters rent-free. "In thanking Avon for their help," the article stated, "NOW pointed out that the money used for rent has been put towards programs promoting equal rights for women. Avon has also provided support to this group by underwriting a portion of the costs of a research program, piloted in Florida, to determine what women need to know about their rights."[53] Avon was proud to declare its commitment to gender equality and its support of organizations such as NOW, which advocated for the rights of women.

Between 1974 and 1977, however, Avon changed its tune. In an article entitled "Avon and NOW, ERA, and IWY," published in 1977, Avon sought to correct "some erroneous information circulating about the National Organization for Women," and Avon's alleged association with it. Contradicting its earlier claims, Avon now denied having had any direct affiliation with NOW or its feminist politics. "Avon is not a member of NOW, and, therefore, is not in any way related to the position NOW may take on specific issues. Avon did not provide office space to NOW," the article equivocated, "but rather to the NOW Legal Defense Fund

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[53] Avon Products, Inc., "Avon and NOW," *Management Newsbriefs* 2:8 (October 1974). Box 8, Series III: Personnel. Avon Collection. HAG.

which is separate and apart."[54] Avon clarified that the Legal Defense Fund received funding from NOW but was not a subset of it. The office space, moreover, was not akin to a financial donation. It was merely an offer of "excess space" that Avon had been unable to sublease and therefore would have otherwise gone "unused."[55] Framed that way, allowing the Legal Defense Fund to operate out of the Avon offices was a gesture in the spirit of supporting women more so than an official endorsement of any particular political project.

Avon's effort to distance itself from NOW, while still supporting the Legal Defense Fund as an organization that fought against gender discrimination, demonstrates how difficult it was in the seventies for a firm such as Avon to claim to support women's rights without alienating those with strong opinions, whether for or against, the politics of gender equality. In the same breath that Avon denied having an affiliation with NOW, it also defended the organization. Avon noted that "NOW has been viewed by some as a group of radical feminists who have taken a controversial stand on issues such as abortion." Despite its reputation for radicalism, however, "the facts are that NOW is now made up of a wide range of women with varying points of view on the issues and they carry out a wide variety of worthy efforts to help all women." Struggling to appeal to representatives and employees with varying political affinities, Avon pointed out that "The current president [Eleanor Smeal] is a housewife and mother who is greatly concerned with improving [the lives] of homemakers and mothers." In its political affiliations as well as its marketing literature and corporate communications, Avon consistently struggled to balance, even temper, its support of women's economic and political advancement with the notion that women's primary role was that of wife and mother.

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[54] Avon Products, Inc., "Avon and NOW, ERA, and IWY," *Management Newsbriefs* 6:6 (September 1977). Box 8, Series III: Personnel. Avon Collection. HAG.
[55] Avon Products, Inc., "Avon and NOW."

That Avon had to explain in print its support of presumably radical causes and organizations suggests that there must have been a significant number of representatives and employees who opposed such an affiliation. In addition to NOW and the Legal Defense Fund, Avon also qualified its previous support of the Equal Rights Amendment and the U.S. Commission for International Women's Year. "In 1975," Avon stated two years after the fact, "Avon made a small contribution to a broad coalition of women's groups in New York State organized to educate the public about the Equal Rights Amendment." Characterizing Avon's interests as more educative than political or ideological, the article states, "The intent of our contribution was to help inform the public about an issue which is of major interest to women so that they could better make their own choices." That same year, Avon had also donated office space to the U.S. Commission for International Women's Year, which had been chartered by President Ford to identify key concerns among women. In defense of that support, Avon described the group as "non-partisan and politically neutral." Further distancing itself by placing its affiliation with IWY in the past, Avon added, "this [office] space has now been vacated."[56]

Avon's wavering defense of NOW pointed to the degree to which Avon's political and philanthropic efforts were not only an act of corporate citizenship, but also a means of reputation management, of image control.[57] In this way, Avon's vision of corporate citizenship was akin to Amway's in its purpose, if not its politics. Both were efforts to turn acts of corporate responsibility to productive, profitable ends. But there were important differences in the ways the two firms merged politics, public relations, and the pursuit of corporate profits. Avon was by the seventies a publicly-traded company listed on the New York Stock Exchange. Amway was a

[56] Avon Products, Inc., "Avon and NOW, ERA, and IWY."
[57] For a history of public relations and corporate image management see Roland Marchand, *Creating the Corporate Soul: The Rise of Public Relations and Corporate Imagery in American Big Business* (Berkeley: University of California Press, 1998).

private company run by the Van Andel and DeVos families. Amway's executives had more freedom to pursue political and philanthropic projects that aligned with the founders' interests whether or not they reflected the positions of Amway distributors or customers. Van Andel and DeVos, as we have seen, did use their personal wealth and their position as leaders of a major global corporation to further their own political, religious, and social prerogatives. Avon corporate management, by contrast, had to answer to a board of directors, investors, and financial analysts as well as sellers and consumers. The polemical nature of gender politics, particularly issues related to women's liberation, feminism, and the ERA, among others, added to the potential risk of a public relations misstep. Avon corporate management took that risk because transformations in the structures of work and gender, namely the feminization of labor, required firms that relied on women workers to engage with and adapt to issues in the political and personal lives of women.

Women of Enterprise

In 1987 Avon executives designed a public initiative called Women of Enterprise. Developed in partnership with the U.S. Small Business Administration, Women of Enterprise recognized self-employed women who had overcome challenges in their professional and personal lives, often on account of their gender, race, or class background.[58] The program was,

[58] The Women of Enterprise Award winners often shared a rags-to-riches tale, a story of overcoming significant obstacles to success, or a record of success in a traditionally male occupation or industry. Several were racial minorities. The list of award winners from 1988 demonstrates the type of professional and personal biographies Avon looked for. Laura Balverde-Sanchez, a Latina entrepreneur, mortgaged all the family's assets to purchase the El Rey Sausage Company, which was on the brink of bankruptcy. Despite having no prior experience in the meat industry, Balverde-Sanchez transformed El Rey into a $3.5M company. M. Charito Kruvant, owner of Creative Associates International Inc., was born in the mountains of Bolivia to parents of Indian descent. When Kruvant was eight, the family fled to Argentina to escape a military revolution. Kruvant also struggled with severe dyslexia. Sydney A. Stoeppelwert, President of Stoeppelwerth Enterprises/Tandem Routs was blind. Susan Terry, President of SKT Construction Inc., began her construction business after her husband died in an accident. Mary G. Winston, President of Winston Janitorial Service Inc., was a black women and daughter of Alabama sharecroppers. Terry

according to a 1987 press release from Avon, "the nation's first corporate-sponsored awards program for women entrepreneurs." Each year an advisory council made up of male and female executives from various industries selected five women who "demonstrated exceptional resourcefulness and determination in meeting the demands of business ownership."[59] The purpose of the program, as James E. Preston, President of Avon Beauty Division described it, was to "support the growing number of self-employed women" in the U.S. by identifying a "grassroots leadership team of mentors who can help women meet the challenges of "going it alone" in the business world.[60] In addition to recognizing five female business-owners, the Women of Enterprise program also bestowed one Avon representative with "an honorary award for demonstrating exceptional entrepreneurial spirit."[61] The women were presented with an award and a cash prize at a lavish gala in New York City, and were then expected to represent the Women of Enterprise program at appearances and in the media throughout the year.

Avon promoted the Women of Enterprise program as a "natural evolution" of Avon's history as a champion of women, as well as part of a broader surge in female entrepreneurship in

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Engebretson, who was selected for the honorary award given to an Avon representative, was a divorced single-mother of two. Avon Products Inc., "Profile: Laura Belverde-Sanchez," Press Release, 1988; "Profile: Terry Engebretson," Press Release 1988; "Profile: M. Charito Kruvant," Press Release, 1988; "Profile: Syndey A. Stoeppelwerth," Press Release, 1988; "Profile: Susan K. Terry," Press Release, 1988; "Profile: Mary G. Winston," Press Release, 1988. Box 15, Series V: Public Relations, Subseries B: Women of Enterprise 1987-1988. Avon Collection. HAG.

[59] Avon Products, Inc., "Millions of American Women Choose Self-Employment as a Life Strategy," Press Release 1988. Box 15, Series V: Public Relations, Subseries B: Women of Enterprise 1987-1988. Avon Collection. HAG. The 1988 Advisory Council of the Women of Enterprise Awards included: Nancy Austin, journalist and consultant; Cathleen Black, publisher of *USA Today*; Susan A. Davis, political consultant; Terry Louise Fletcher, co-creator/producer of "L.A. Law"; Patricia Harrison, President of the National Women's Economic Alliance; Marife Hernandez, President of Cultural Communications Groups; Carole S. Hyatt, President of Carole Hyatt Associates, Inc.; Coretta Scott King, civil right activist and President of Martin Luther King Jr. Center for Nonviolent Social Change; Sherry Lansing, entertaining executive; David Liederman, CEO Special Foods Company; Arther Lipper III, editor *Venture Magazine*; Thomas J. Peters, author *In Search of Excellence*; Donna E. Shalala, Chancellor of University of Wisconsin. Avon Products, Inc., "Women of Enterprise Awards Profiles: Advisory Council." Press Release, 1988. Box 15, Series V: Public Relations, Subseries B: Women of Enterprise 1987-1988. Avon Collection. HAG.

[60] James E. Preston quoted in Avon Products Inc., "Avon, U.S. Small Business Administration Honor America's Self-Employed Women," Press Release, 1988. Box 15, Series V: Public Relations. Avon Collection. HAG.

[61] Avon Products Inc., "Founder, First 'Avon Lady' Begins Company's 101-Year Tradition of Women's Entrepreneurship," Press Release, 1988. Box 15, Series V: Public Relations. Avon Collection. HAG.

the U.S. in the 1980s. Citing a contemporary issue of the *Wall Street Journal*, a 1987 press release produced by Avon claimed "Men fantasize about learning to fly. Women dream of starting their own businesses," and by the mid-1980s, "Increasingly, women are making the dream of entrepreneurship a reality."[62] According to the U.S. Census 28% of all businesses were owned by women in 1982, up from only 7% in 1977.[63] By 1986 the Internal Revenue Service estimated that there were approximately three million women-owned businesses in the U.S., up from 700,000 a decade prior.[64] Part-time self-employment among women was also gaining popularity, growing at a rate of 21% between 1979 and 1983.[65] Self-employed women in the 1980s tended to be white; only 7% of women-owned business in 1982 were run by women who self-identified as black or Latina. Nearly one-third of sole proprietorships owned by women were retail establishments; approximately one-half were service businesses.[66]

According to the 1987 press release, "3.4 million women [are] already self-employed, [meaning that] <u>women are starting businesses at twice the rate of men</u>."[67] A similar press release issued in 1988 claimed that self-employed women were "the fastest growing segment of the small business community." The woman entrepreneur "is more than a trendsetter," it read, "Already 3.7 million strong, women business owners generate a healthy $6.5 billion in revenues." Gesturing at a gendered conception of entrepreneurship in which women used self-employment to balance their multiple responsibilities, Avon added that women entrepreneurs

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[62] Avon Products, Inc., "Dear Lifestyle Editor," Press Release, August 5 1987. Emphasis original. Box 15, Series V: Public Relations, Subseries B: Women of Enterprise 1987-1988. Avon Collection. HAG.
[63] U.S. Census cited in Avon Products Inc., "Women's Work: Some Facts and Figures," Press Release, 1988. Box 15, Series V: Public Relations, Subseries B: Women of Enterprise 1987-1988. Avon Collection. HAG.
[64] Internal Revenue Service cited in Avon Products Inc., "Women's Work."
[65] *USA Today* cited in Avon Products Inc., "Women's Work."
[66] Women's Bureau of U.S. Department of Labor cited in Avon Products Inc., "Women's Work."
[67] Avon Products, Inc., "Dear Lifestyle Editor," Emphasis original.

"are a symbol of independence for the millions of capable corporate wives and mothers who struggle with the conflicting demands of families and nine-to-five jobs."[68]

Supporting female entrepreneurship was, according to James Preston, "a natural evolution of Avon's heritage… Spirited, entrepreneurial women have been selling Avon for 101 years." As Avon entered its second century, he added, "we want to reaffirm our commitment to helping women believe in themselves… We want to help them take planned risks, and to take advantage of the resources available to them… to achieve success."[69] A 1988 press release similarly connected Women of Enterprise to the company's early history, and more specifically to the legacy of Mrs. P.F.E. Albee, the "First Avon Lady." "Everyone is familiar with the famous advertising tagline, 'Ding Dong, Avon Calling,'" read the press release, "but few are aware that the company provided one of America's earliest earning opportunities for women." The press release described Mrs. Albee as "a forerunner of the modern American businesswoman." Indeed, all of Avon's early representatives, or General Agents as they were called in the late nineteenth century, were ground-breaking pioneers in women's history who "were earning incomes well before women won the right to vote in 1920!"[70]

A publicity campaign presented as an act of corporate citizenship, Women of Enterprise was able to call up Avon's long history as an employer of women and connect it to a modern, even progressive, message about the growth of female entrepreneurship in the 1980s. Even better, Women of Enterprise was able to do so while remaining at a distance from potentially polarizing gender politics or feminist causes. Women of Enterprise in this way succeeded where Avon's previous efforts to associate with women's political causes had failed. Women of

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68 Avon Products, Inc., "Women Entrepreneurs – They've Captured America's Fancy… But How Are they Doing?" Press Release, 1988. Box 15, Series V: Public Relations, Subseries B: Women of Enterprise 1987-1988. Avon Collection. HAG.
69 Avon Products, Inc., "Avon, U.S. Small Business Administration Honor America's Self-Employed Women."
70 Avon Products, Inc., "Founder, First 'Avon Lady.'"

Enterprise enabled Avon's corporate management to present a carefully crafted message about working women, and especially self-employed women, that stressed independence and achievement rather than equality. It thus allowed Avon to further its professed commitment to supporting the advancement of women without involving the company in relationships, like the one Avon formed with NOW in 1977, or causes that risked alienating Avon customers or representatives. Employing the language of self-employment and independence enabled Avon to frame Women of Enterprise as a program that was about fostering entrepreneurship among women, as well as entrepreneurship and small business in general, rather than promoting a specific vision of women's political, social, or economic equality in the 1980s.

The Women of Enterprise program was tremendously successful as an act of public relations. Avon's internal marketing research department estimated that publicity for the awards program created as many as "138 million media impressions" through television, radio, and print in 1987. Guided by numerous press releases produced by Avon and the Small Business Administration, national and local media outlets publicized the Women of Enterprise initiative, the awards ceremony, and other events, as well as the inspirational stories of each of the award winners. Avon's marketing department produced an internal report called "1987 Women of Enterprise Awards Media Report," which estimated that the program generated favorable, free publicity for Avon in "an estimated 3,255 print stories via wire service, newspapers and magazines; nearly 700 national and local television features; and approximately 1,245 radio newscasts." "Two of America's largest and most respected cable television networks – Cable News Network and ESPN – aired stories" which, according to the media report, "reached nearly 1.5 million viewers." Radio broadcasts reached another 2 million to 3.5 million listeners. To acquire that volume and breadth of exposure through traditional marketing, the report estimated, "would have cost approximately $390 million to purchase the same amount of advertising coverage."[71] When the marketing department repeated the media coverage study in 1988, it reported that publicity associated with Women of Enterprise reached "an estimated 50 million customers… through coverage in national magazines and newspapers," including an estimated 5 million readers of publications aimed at black and Latino audiences.

In addition to the slew of free advertising Avon received in return for the cost of sponsoring the program, the publicity generated by Women of Enterprise "helped reinforce the message that Avon is a contemporary company that offers women a chance to run their own businesses."[72] That such a message came from seemingly independent news and media outlets, rather than through conventional advertising, added to the value of Women of Enterprise as a marketing tool. An article in *Working Woman* (which had a similar "Entrepreneur of the Year" program that staffers called the "Harriet Alger award") cited Avon's Women of Enterprise awards as evidence that the company wanted "to motivate aspiring women entrepreneurs not only to sell Avon products but to create a national climate of approval for such self-starting women's efforts – whether in connection with Avon or in completely separate businesses."[73]

In addition to articles specifically about the awards program, Women of Enterprise spurred positive press about Avon in general, as well as its connection to the advancement of women. An article called "Women Entrepreneurs Applauded" in *Entrepreneur* magazine stated in December 1987 that many modern women "have realized that the idea of working for someone else and having a secure future may be a fantasy, and they've turned to self-

[71] Avon Products, Inc., "1987 Women of Enterprise Awards Media Report." Internal Report, 1987. Box 15, Series V: Public Relations, Subseries B: Women of Enterprise 1987-1988. Avon Collection. HAG.
[72] Avon Products, Inc., "1988 Report on Media Coverage." Internal Report, 1988. Box 15, Series V: Public Relations, Subseries B: Women of Enterprise 1987-1988. Avon Collection. HAG.
[73] Anne Mollegen Smith, "Editor's Notes" in *Working Woman*. nd. "The Ruse to Reward Horatio – and Harriet – Alger," *New York Times*. April 18, 1988. Box 15, Series V: Public Relations, Subseries B: Women of Enterprise 1987-1988. Avon Collection. HAG.

employment to escape the limitations of employment." Direct selling, particularly in operations oriented around women, the article continued, was one popular alternative to the "limitations of employment." "Helping women achieve this kind of independence," it stated, "has been a strong part of Avon's heritage."[74] In connection with Women of Enterprise, Avon was also referenced in more general articles about trends in women's employment, in female business ownership, and entrepreneurship and home-businesses more broadly. Such articles ran under titles including: "Home-Based Work Can Be a Profitable Adventure," "For Some Women, Home is Where the Business Is," "Home is Profitable Working Environment," and "What Do Women Want? A Company They Can Call Their Own: Record Number of Female-Owned Businesses are Starting Up."[75]

If Avon executives redesigned the firm's recruiting and compensation strategies to look more like those employed by Amway, they took a page from Amway's marketing playbook as well. Amway employed the language of entrepreneurship and independence to construct an image of an Amway distributor as a respectable businessman. That Amway did so in order to counter popular conceptions of direct sales as a form of women's commerce makes Avon's embrace of the language of entrepreneurship, self-employment, and business-ownership especially meaningful. Avon's corporate marketing and communications with representatives had always acknowledged the value of women as economic actors. By the late 1970s and 1980s, however, Avon was offering a much more robust image of the representative as a businesswoman that both echoed the language of entrepreneurship employed by Amway, and

[74] Unknown, "Women Entrepreneurs Applauded" in *Entrepreneur*. December 1987. Box 15, Series V: Public Relations, Subseries B: Women of Enterprise 1987-1988. Avon Collection. HAG.

[75] "Home-Based Work Can Be a Profitable Adventure," *Index-Journal* (Greenwood, SC). July 21, 1988; "For Some Women, Home is Where the Business Is," *Herald-Press* (Palestine, TX). July 17, 1988; "Home is a Profitable Working Environment," *Daily Tribune* (Bay City, TX). July 31, 1988; "What Do Women Want? A Company They Can Call Their Own: Record Number of Female-Owned Businesses Are Starting Up – and Succeeding" *Business Week* (December 22, 1986). Box 15, Series V: Public Relations, Subseries B: Women of Enterprise 1987-1988. Avon Collection. HAG.

also diverged from it. Through the Women of Enterprise program, as well as other modes of marketing and communications, Avon participated in constructing a new image of female entrepreneurship.

Home to Work

Comparing the gender politics of Amway and Avon tells us much about how ideas about entrepreneurship were gendered in the 1970s and 1980s. Avon, as well as other news and media outlets, often talked about female entrepreneurship as a solution to the particular problems of being a working mother. "For men, self-employment is a business decision – for women, it's a life strategy," read an Avon press release published in 1988.[76] Gail Blanke, Vice President of Community Affairs at Avon, similarly argued that "More women are choosing entrepreneurship as their life's strategy because they still face difficult economic and personal challenges… Within more conventional work structures, she may not find the flexibility she needs to juggle home and family." Whether a working woman answered to her boss or her family, Blanke added, "Her time and her choices are often defined by others."[77]

Carole M. Crockett, Director of the Small Business Administration's Office of Women's Business Ownership, described female entrepreneurship as "a means to achieve both financial and personal success… [and] a life decision." "Starting a business can be a positive alternative

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[76] Avon Products, Inc., "Millions of American Women Choose Self-Employment as a Life Strategy." Press Release, 1988. Box 15, Series V: Public Relations, Subseries B: Women of Enterprise 1987-1988. Avon Collection. HAG.

[77] Gail Blanke quoted in Avon Products, Inc., "Millions of American Women Choose Self-Employment." Interestingly, Arlie Hoschschild has made the opposite argument about the shifting boundaries between work and home in the late twentieth century. Writing in the late 1990s, Hoschild argued that many working women were reversing the roles of home and work. The office, for the woman Hoschild interviewed, became the place for stimulation, achievement, and fulfillment. Conversely, the duties of motherhood led women to think of home not as a respite from work, but as the site of onerous labor. Although Hoschild's argument seems to reverse that forwarded by Avon, both point to the porous, shifting boundaries between work and home in the late capitalism. Arlie Russell Hochschild, *The Time Bind: When Work Becomes Home and Home Becomes Work* (New York: Owl Books, 1997).

for ambitious and capable women" stymied by gender discrimination in the workplace, and by the fact that the structures of conventional employment were often incompatible with a woman's responsibilities as a wife and mother. Attracted to the flexibility and autonomy that self-employment can provide, according to Crockett, "Women become entrepreneurs to define and control their success. Self-employment offers them this control plus the flexibility they need to combine financial rewards with quality time for their families."[78]

Amway literature, as we have seen, offered individual enterprise as a pathway to financial and personal independence, freedom from the authority of a boss, and a chance to reach one's full potential without the limitations imposed by traditional bureaucratic work. Avon literature also claimed to offer representatives financial independence and personal flexibility, but most often assumed that women valued control and autonomy for reasons that differed from men's. Gail Blanke and Carole Crockett both suggested that, while the choice to become self-employed was for a man a business decision, it was for a woman a "life strategy" through which she could better address her economic and domestic responsibilities as well as her personal career aspirations. A 1988 Avon press release entitled "Women Entrepreneurs – They've Captured America's Fancy… But How Are They Doing?," for example, stated that "Women business owners, in particular, report not being in it only for the money, but rather, for the increased control over their work and family lives."[79] In contrast to the vision of masculine entrepreneurship forwarded by Amway, Avon suggested that female entrepreneurship was about flexibility rather than autonomy. In so doing, Avon corporate literature constructed an image of women entrepreneurs as encumbered by the demands of multiple, sometimes incompatible, demands. Even with the financial, personal, and professional flexibility one might achieve

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[78] Carole M. Crockett quoted in Avon Products, Inc., "Millions of American Women Choose Self-Employment."
[79] Avon Products Inc., "Women Entrepreneurs – They've Captured America's Fancy."

through self-employment, Avon suggested, women were never fully independent as economic actors.

Avon press releases sometimes used discussions of women's entrepreneurship in order to offer a broader critique of gender discrimination in the workplace, as well as in American society at large. Citing a Small Business Administration study called "The State of Small Business," one press release argued that "the road to success for women is not always paved with gold."[80] Another press release stated that although women were "now fully entrenched in corporate America," many working women "have encountered some unanticipated stumbling blocks that are making them re-evaluate their career paths. Some capable women found themselves stifled by limited opportunities for advancement. Others found the rigidity of the nine-to-five work day incompatible with their concept of child rearing."[81] Independent entrepreneurship and self-employment, that is, was one way to overcome the various personal and professional challenges women faced in workplaces dominated by men. Or, as entrepreneur Jeanette R. Scollard put it in a 1988 Avon press release, "The only way [a woman] can be a president of a company is to start her own."[82]

A press release entitled "Home-Businesses – The Future of the American Work Force?" pointed to an irony in the rise of home-based businesses among women. "When millions of American women first entered the job market a decade or two ago, it claimed, "they were enticed by economic opportunity and a new more challenging arena in which to demonstrate their skills. Feeling isolated and unfulfilled in the traditional homemaker role, women, frankly, couldn't wait to get out of the house!" Now, in order to overcome the obstacles they faced in the corporate

[80] Ibid.
[81] Avon Products Inc., "Home-Based Business – The Future of the American Work Force?" Press Release, 1988. Box 15, Series V: Public Relations, Subseries B: Women of Enterprise 1987-1988. Avon Collection. HAG.
[82] Jeannette R. Scollard quoted in Avon Products Inc., "Women Entrepreneurs – They've Captured America's Fancy."

world, many women were taking their professional careers *back* to the home. “Tired of company hassles and the conflicting priorities of personal and family ties,” the press release explained, “thousands of women are returning home to work.”[83] The irony of Avon’s celebration of home-based entrepreneurship was two-fold. Home-based businesses for women were nothing new. Women earned income through home-based economic activities going back to the days of industrial piecework and the agricultural family economy.[84] Additionally, Avon’s support of home-based entrepreneurship was particularly ironic coming from a firm that only a few years prior had fretted over the number of women who were “not-at-home” to be called on.

Opening a home-based business, as Avon described it, offered the benefits of working at home, reduced the start-up and overhead costs associated with small business ownership, and allowed women-owned proprietorships to “be grown slowly and steadily into a profitable venture.”[85] In much the same way that Amway offered a distributorship as a solution to economic insecurity brought on by recession and deindustrialization, Avon posited home-based businesses as an antidote to the particular problems many working women faced in the seventies and eighties. “Working at home also eliminates (or, at least, significantly reduces) the cost of commuting, parking, a business wardrobe and meals. In addition flexible work hours can help cut down on child care costs and alleviate a mother’s anxiety if the provider cancels unexpectedly.”[86] If the move from home to work helped liberate women from the drudgery and dullness of the life of a homemaker, then entrepreneurship – and going back home – could also liberate women from the limitations of corporate work.

[83] Avon Products Inc., “Home-Based Business.”
[84] See Eileen Boris, *Home to Work: Motherhood and the Politics of Industrial Homework in the United States* (Cambridge: Cambridge University Press, 1994).
[85] Avon Products Inc., “Home-Based Business.”
[86] Ibid.

Avon's description of the merits of a home-based business echoed many of the characteristics that firms like Amway had long claimed as among the benefits of direct selling, including minimal capital investment, low risk, flexibility, and individual autonomy. But Avon added to that characterization of direct sales, as well as home-based businesses in general, an overt appeal to working mothers. According to Phyllis Gillis, author of the book *Entrepreneurial Mothers* often quoted in Avon press releases, "building a business at home is the perfect way to blend working and mothering. It provides ready access to our children."[87] Carole Crockett of the Small Business Administration similarly claimed that "A home-based business offers mothers the ultimate control over their schedules and lifestyle [because]… for many working mothers, the rigid demands of a nine-to-five job are simply impossible to meet."[88] The Avon press release added that working for oneself, especially in a home-based business, offered working mothers benefits that were not only logistical and financial, but also psychological. "For some mothers," it read, "working at home delivers an important psychological benefit" by assuaging the "guilt and emotional conflict over leaving the children." Such feelings, according to Avon, "all but vanish when 'going to work' means *simply* walking out of the garage."[89] Once again tempering its progressive gender politics with a heavy dose of domesticity, Avon suggested that female entrepreneurship was not only about owning a business – it was also about managing the business of motherhood.

[87] Phyllis Gillis quoted in Avon Products, Inc., "Home-Based Businesses."
[88] Carole Crockett quoted in Avon Products Inc., "Home-Based Business."
[89] Avon Products Inc., "Home-Based Business."

Conclusion

In 1992 management released a statement of Avon's "Vision, Mission, [and] Principles." It declared Avon's continued "Commitment to Women." At Avon, according to the mission statement:

> we want to be known by Representatives as the Company that provides them with the very best ways to work, earn, grow and enhance self-esteem. We are committed to providing a broad range of business opportunities to attract Representatives who seek and value the flexibility we offer them… We will strive to create partnerships with our Representatives by providing multiple business approaches to satisfy their diverse needs and the specific demands of their markets. Together, we will build a reputation worldwide for providing, as no one else can, the products and service women seek – when, where, and how they want them."[90]

By the early 1990s, in other words, Avon had constructed a vision of female empowerment that was principally about flexibility and individualism rather than equality.

Although Avon's corporate literature and public relations material highlighted issues of gender discrimination and sexism in the workplace, it rarely translated such critiques into a more robust call for gender equality. Rather, Avon literature offered independent entrepreneurship and home-based businesses as a pathway that evaded, but did not necessarily dismantle, structural and cultural obstacles to women's advancement in business. In much the same way that Amway claimed to offer men the chance to escape the limitations of white-collar, bureaucratic work, Avon posited women's entrepreneurship as an individualistic remedy to the problems of patriarchy in one's own life.

This is not to say one ought to condemn Avon or its corporate leadership for a weak commitment to gender equality. Avon was, after all, a for-profit corporation. The firm had tried, moreover, to pursue a more aggressive political agenda in the mid-1970s but, as the backlash

[90] Avon Products Inc., "Avon Vision, Mission, Principles" 1992. Avon Collection. HAG.

against its alliance with NOW shows, employees and customers perceived that strategy as overly radical. Feminism, Avon discovered, was not good for business. The history of Avon in the 1970s and 1980s, thus demonstrates both how direct sales firms could adapt to social change, but also the hazards of doing so. By the late 1980s, Avon's corporate management had crafted a new vision of female empowerment that stressed flexibility and individualism rather than political activism as the solution to the problems women faced in the workplace. If Amway offered a distributorship as a form of do-it-yourself job security in the seventies, Avon suggested that female entrepreneurship could provide women with a vehicle for do-it-yourself gender equality. Comparing the gender politics of Avon and Amway thus presents a dichotomous picture of two firms with seemingly opposed political and ideological positions. Yet, through the language of entrepreneurship, as well as strategic changes in Avon's labor model, Avon and Amway seemed also to be moving closer together.

CHAPTER 6

"MAKE A LIFE, NOT A LIVING": DIRECT SELLERS, ENTREPRENEURUSHIP, AND THE MEANING OF SUCCESS

Introduction

"Would you be interested in an opportunity to achieve all your dreams while building a business of your own?" In 1970, William Stone and his wife sat in the living room of Bill Robbins, William's coworker at Bell Telephone Laboratories, and pondered this very question. "What do you want out of life?" Robbins asked the Stones, "Do you have any dreams?" On that Friday night, Robbins offered the Stones the opportunity to "achieve all [their] dreams" with Amway.[1] By selling a few products to their friends and family, and by convincing only six people to do the same, the Stones could be making $2,400 a month. Robbins assured the Stones that this could be done part-time with minimal investment; all the Stones had to do was sell $100 worth of merchandise per month – they could do that couldn't they?

Robbins regaled the Stones with Amway success stories to whet their material appetites. The Stones heard about Amway legend Charley Marsh, who had started out as a police officer in New York making $72 per week. Marsh had no special skills or education; in fact, he liked to spend most of his time watching television. Now, according to Robbins, Charley Marsh owned a beautiful home, a Cadillac, a Winnebago, and a Lear jet. He was making $100,000 a year and had recently purchased a vacation home with $50,000 in cash. For William Stone and his wife – an electrical engineer and a systems analyst at an insurance company – this was a tempting proposition. They thought about it over the weekend. "At the time my wife and I were looking

[1] William Stone quoted in *Official Transcripts of Proceedings Before the Federal Trade Commission Docket No. 9023 In the Matter of Amway Corporation, Inc*., May 19, 1977: 476. FTC.

for additional income," Stone later recalled, "we thought it sounded fairly exciting." So the Stones went back to Bill Robbins' house the following Monday night, wrote out a $10 check for a starter kit and, according to Stone, "the next evening, my wife and I went out and we started to show the program to a couple of our friends."[2]

Within two years, the Stones had amassed a sizeable sales force that spanned New York, New Jersey, Pennsylvania, Virginia, Kansas, California, and even Puerto Rico. They were considering sponsoring a distributor in Germany. Their organization was selling $15,000 worth of Amway products each month. In 1973 – on October 18, the day their son was born, to be exact – the Stones quit their corporate jobs, for which they had each been earning $13,000 a year, and dedicated themselves to Amway full-time. They moved to a new house. They traded in their old Volkswagen for a Lincoln Continental, and eventually traded in the Lincoln for a brand new Cadillac El Dorado. They travelled across the country attending Amway rallies and attempting to grow their organization. William liked to spend his time socializing at yacht clubs pitching "The Opportunity" to potential recruits. The Stones embodied the very image of success in Amway.[3]

In 1975 William Stone met with Walter Hazelman at a restaurant called Pier 66, which was part of a yacht club in Ft. Lauderdale, Florida. Hazelman was immediately impressed. "It is a big hotel on the beach and they had a big yacht basin," Hazelman recalled. "He [Stone] told me he had to have a meeting there and he was going to be in the restaurant… and he could meet me outside." Hazelman had never been to Pier 66 before, but he had passed by it and knew "it was a fancy place." Anyone who did business in such places, he thought, "sounded legitimate to me."[4] Following the example set by his own sponsor, Stone talked to Hazelman about all the wonderful

[2] Ibid, 460-461.
[3] Ibid, 462, 476, 489, 519, 520.
[4] Walter Hazelman quoted in *Official Transcripts of Proceedings Before the Federal Trade Commission Docket No. 9023 In the Matter of Amway Corporation, Inc*., May 20, 1977: 661-662. FTC.

things that could be achieved through Amway. Stone told Hazelman of "the money [the Stones] had made, some of the traveling he was able to do and the freedom [he enjoyed] when he gave up his [corporate] job."[5]

But at the precise moment that the Stones quit their well-paying professional jobs, they were making zero income from Amway. Stone did not belong to the yacht club in Ft. Lauderdale where he met Walter Hazelman, or to any of the other exclusive clubs where he arranged to meet with potential recruits. In fact, at the same time he was offering the story of his own success in Amway in order to seduce Hazelman, William Stone was losing money every day. Stone's business had been in decline for the past three years. By February 1975, the Stones had moved from New Jersey to Florida to escape creditors. They declared personal bankruptcy in 1976. Looking back on it in 1977, Stone could not even recall just how much money they had lost but, as he described it, there was no financial upside. "When I look back on it now," Stone said, "it was not an intelligent thing to [do]."[6]

As we have seen, direct sales firms flourished in the 1970s. The cumulative effects of economic recession, deindustrialization, and changes in the structures of work and family, produced an environment particularly hospitable to direct sales firms. Leading corporations such as Avon and Amway, moreover, capitalized on the economic and social context through marketing campaigns that cast part-time, temporary, supplemental work in direct selling as a mode of work well-suited to the needs of American workers in that period. This chapter, however, turns away from the profitability of direct sales firms to examine the experiences of direct sellers like William Stone. How much money did they make? What did it really take to run a successful distributorship? How did they conceive of direct selling as a category of work, and

[5] Ibid, 643.
[6] William Stone, *Official Transcripts*, 526.

of themselves as direct sellers? This chapter focuses on average sellers, their motivations and experiences, and what those experiences suggest not only about direct selling, but also about culture, capitalism and selfhood in postwar America.

Existing scholarship on direct sales has focused on its sociological and psychological dimensions, or what sociologist David Harris calls the "extra-economic" aspects of direct selling.[7] Scholars such as Alison Clarke and Nicole Woolsey Biggart have used direct sales, with its emphasis on culture and ritual, to demonstrate the social embeddedness of commerce and corporations.[8] Yet, few have seriously examined direct sellers as businesspeople. Biggart and Clarke have acknowledged the dual nature of direct selling as both a social and economic endeavor. They argue that direct sales offered economic opportunities to individuals who were either excluded from or ill-suited for conventional, bureaucratic work. However, neither pays significant attention to whether or not distributors actually made money. Scholars of direct sales have been more interested in the social than the financial aspects of direct selling, but their approach also reflects the limits of the sources. There is very little information on average earnings that is publicly available, particularly for the latter half of the twentieth century.[9] This

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[7] David Harris, "Of Prophecy and Profits: A Study of the Amway Worldview" (PhD diss, Harvard University, 1992).

[8] Nicole Woolsey Biggart, *Charismatic Capitalism: Direct Selling Organizations in America* (Chicago: University of Chicago Press, 1989); Alison J. Clarke, *Tupperware: The Promise of Plastic in 1950s America* (Washington, D.C.: Smithsonian Institution Press, 1999). See also Michael Gerard Pratt, "The Happiest, Most Dissatisfied People on Earth: Ambivalence and Commitment Among Amway Distributors" (PhD diss, University of Michigan, 1994). By focusing on the methods direct sales firms use to manage and motivate sellers, existing studies privilege the firm. This chapter, by contrast, tries to keep the direct sellers at the center of the narrative.

[9] In the nineteenth and early twentieth centuries, direct sales firms like J.R. Watkins Medical Products Company published in their weekly newsletters a record of salesmen's accounts, including the volume of sales, the amount of money collected, and the amount of outstanding credit the salesman owed the firm. Usually publishing account information for only the highest achievers, or what Watkins called the "Roll of Honor," the newsletter was used to recognize and motivate salesmen and to foster a sense of competition among sellers. See: J.R. Watkins Medical Company, "Watkins Roll of Honor" (Winona: J.R. Watkins Medical Company) December 18, 1919. Trade Literature Collection, NMAH. The Stanley Home Products Collection at the NMAH contains some information on sellers' earnings. In 1953, Stanley dealers, 97% of whom were married women with children, reportedly earned less than $2,000 a year; the average family income of Stanley dealers was in the range of $4,000 to $6,000. An external study reported that, of the sample of dealers interviewed, 34% earned less than $1,000 a year from direct selling; 31% earned $1,000-$2,000; 17% earned $2,000-$3,000. See Lazo & White, "Stanley Advertising Evaluation, Vol.

chapter asks how well distributors fared in direct sales financially and, in so doing, it takes direct sales seriously as an occupation, as an act of entrepreneurship, and as an "extra-economic" endeavor.

Focusing on Amway in particular, I use marketing and recruiting literature, internal corporate studies, documented interviews with distributors and, where possible, individuals' tax returns in order to determine how much money a select number of distributors earned from direct selling. I also use witness testimony delivered as part of a Federal Trade Commission investigation into the Amway Corporation in order to reconstruct the experiences of direct sellers themselves. The FTC's investigation of Amway, which was initiated after several disgruntled former distributors filed complains with the Commission, was part of a concerted effort in the 1970s to regulate networked direct sales organizations. The purpose of the investigation into Amway, along with organizations including Holiday Magic and Koscot Interplanetary, was to determine whether Amway was a legal networked direct sales organization or a pyramid scheme. After an extended investigation and a seven-month hearing, the FTC ultimately deemed Amway a legal organization, although the commission did require the firm to make some changes to its operating procedures and marketing materials. The hearing, which took place from April to October 1977, produced more than 6,500 pages of official transcripts, which include the testimony of more than one hundred witnesses.[10] Based on both financial data and personal accounts, this chapter reveals how difficult it was for a direct seller to earn substantial income

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II: The Stanley Dealer." Corporate Document, 1953. Stanley Home Products Collection, NMAH. In the case of Amway, the Federal Trade Commission investigation produced the kinds of financial information that was likely unavailable to scholars studying other firms.

[10] Witnesses included Amway executives and corporate employees, industry experts, and active and former Amway distributors. The distributors' stories in this chapter come from that testimony. When possible, I cross-referenced distributors' testimony with relevant exhibits, entered by the commission or by the respondent (Amway), such as personal tax returns. For a discussion of the investigation itself, see Chapter Seven. *Official Transcripts of Proceedings Before the Federal Trade Commission Docket No. 9023 In the Matter of Amway Corporation, Inc.* FTC.

through Amway. It identifies some of the common features that separated profitable distributorships from unprofitable ones. And, in the cases of unprofitable distributorships – like the story of William Stone with which we began – it explores the degree to which distributors were drawn to direct selling for reasons that were not primarily financial.

Direct Sellers

It is difficult, if not impossible, to present a definitive snapshot of a "typical" direct seller. Individuals participated in direct selling for various reasons, both financial and otherwise, and their experiences were similarly varied. Additionally, there is very little demographic information available on direct sellers in the postwar period. One of the first industry-wide studies of direct sales, a Harris Poll commissioned by the Direct Selling Association in 1976, described direct sellers as decidedly "middle American."[11] The Harris Poll reported that distributors' demographic profile mirrored that of the nation as a whole. Direct sellers in 1976 were reportedly more likely than the general population to have completed high school, but most did not have a college degree. Direct sellers tended to be politically conservative and were more religious than the average American. The racial and ethnic makeup of the direct sales force, according to the Harris Poll, tracked with trends in the total U.S. population, which in 1976 was 87% white.[12] And the median household income of direct sellers, which included income from a distributorship as well as other sources, was $13,840, or $800 higher than the median income of all families in the United States. Gender, of course, was the data point on which distributors most

[11] Harris Poll cited in Biggart, *Charismatic Capitalism*, 51-65.
[12] According to the U.S. Census, the total U.S. population in 1976 was 213.6 million, comprised of 185.6 million (87%) people classified as "white," 28.0 million classified as "Negro and other" (13%) and 24.5 million classified as "Negro" (11%). The median educational attainment of the total U.S. population age 25 or older was 12.3 years; 3.1 million people were high school graduates; 900,000 were college graduates. Female workers made up 36.5% of the total civilian labor force. U.S. Department of Commerce, "Statistical Abstract of the United States 1976, 97th Annual Edition," xiv-xv, xviii. https://www.census.gov/prod/www/statistical_abstract.html.

notably diverged from the national average. Whereas women made up 36% of the total civilian labor force in 1976, women accounted for approximately 80% of the direct sales force.[13]

Amway corporate records indicate that Amway distributors in the 1970s were fairly representative of industry-wide demographics. Direct sellers at Amway tended to be white, between the ages of twenty and fifty, and married with at least one child at home. Of the approximately 450,000 active Amway distributors in the U.S. in the early to mid-1970s, roughly 66% were men, 85% were married, and 65% were homeowners. The average age of all distributors was 38 years old. In terms of educational attainment, 33% of Amway distributors were high school graduates, another 25% had attended some college, 12% were college graduates, and 7% had a post-graduate degree. Twenty-five percent of distributors had experience, either prior to or concurrent with their work in Amway, in a professional, technical, or managerial position; another 25% had a background in clerical or service work. Geographically, 33% of Amway's sales force lived in a large city, 33% lived in a small city, 14% lived in a suburban community, and 20% lived in a rural area.[14] Amway distributors were also dispersed across the United States. The largest population of distributors resided in California, which in 1974 accounted for approximately 10% of Amway's total sales force, followed by Michigan, Pennsylvania, Texas, Ohio, Illinois, and New York.[15] Compared to the rest of the

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[13] Reports from the Direct Selling Association suggest that the demographic makeup of the direct sales force has remained remarkably consistent since the 1970s. Throughout the 1990s and up to 2013, women have accounted for between 75% and 80% of the direct sales force. Across the late twentieth century, roughly 85% to 90% of all direct sellers have worked on a part-time basis. And, despite the efforts of some direct sales firms to present an image of their sales force as racially diverse and multicultural – and in contrast to growing racial diversity among the U.S. population at large – even in the early twenty-first century, roughly 75% of direct sellers self-identify as white. See Direct Sales Fact Sheets for 1992 through 2013. http://www.dsa.org/research/industry-statistics.

[14] Amway collected demographic data from the information provided on distributors' annual renewal paperwork. The statistics cited are rough averages calculated from the data for fiscal years 1970, 1971, 1972, 1973, and 1974. Amway Corporation, "Annual Marketing Strategy Review," Prepared By Walt Penrose II on June 13, 1975, 12-15. CX515: 3096-3162. FTC.

[15] Amway reported the size of the sales force by state in 1974 as follows: California = 43,781 (10%); Michigan = 23,760 (6%); Pennsylvania = 22,808 (5%); Texas = 21,109 (5%); Ohio = 21,022 (5%); Illinois = 20,826 (5%); New York = 19,518 (5%). That only one state accounts for more than 5% of the total sales force suggests that distributors

industry, Amway distributors were more often male, but otherwise were very much in line with the demographic profile of the total direct sales force as well as the U.S. population at large. In the words of corporate biographer Charles Paul Conn, Amway distributors were “a small slice of America.”[16]

The direct sales force also tended to be comprised of part-time, casual workers. Given the limited amount of data available, and the fact that individuals worked anywhere from one hour per month to more than forty hours per week in direct selling, it is difficult to estimate average income for the direct sales force as a whole. Biggart has gone so far as to argue that statistics such as average annual or hourly income are not meaningful measures for this sector. Nevertheless, rough figures can help us understand how distributors fared financially, even if only in order of magnitude. For example, evidence shows that very few – perhaps fewer than 12% – have been able to support themselves on direct sales alone.[17] Although only mentioned in an endnote, Biggart estimates that distributors who worked less than twenty hours per week in direct selling in the 1980s likely earned between \$2,000 and \$8,000 per year; those who worked more than twenty hours reportedly earned between \$10,000 and \$20,000 per year.[18] Within

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were widely dispersed across the United States. Amway Corporation, “Annual Marketing Strategy Review” (1975), 131-144.

[16] Charles Paul Conn, *The Possible Dream* (Old Tappan: Fleming H. Revell Company, 1977).

[17] This figure is not specific to the 1970s. There is no precise data on how many distributors were able to support themselves exclusively through direct selling in the 1970s. But, based on data collected by the Direct Selling Association for the period between 1991and 2013, evidence suggests that on average 11% of distributors either self-identified as full-time distributors or spent 40 or more hours per week working in direct selling. Despite the lack of precise data, it is clear that the post-WWII direct sales force has been overwhelmingly made up of part-time workers. See Direct Sales Fact Sheets for 1992 through 2013. http://www.dsa.org/research/industry-statistics.

[18] Nicole Woolsey Biggart calculated average earnings based on ninety-five semi-structured interviews with industry participants, including distributors, executives, and trade association officials, which she conducted in the 1980s. Biggart’s interview subjects represented, either as a distributor or employee, the following direct sales firms: Mary Kay Cosmetics, Shaklee Corporation, Amway Corporation, A.L. Williams, and Tupperware. Biggart reported, “Income figures for distributors are difficult to confirm and, even where averages are available, difficult to interpret because distributors work variable schedules. Low average hourly income reported to me was about \$7, with a high figure of about \$25 for personal sales. People who had developed sizeable, active downlines could make considerably more. Annual averages appear to be modest, according to information given me by DSOs, typically \$2,000 to \$8,000 for part-time work of less than twenty hours a week. Active distributors working more than twenty-hours a week reportedly earn \$10,000 to \$20,000.” “‘Very successful’ distributors,” she says can make

Amway specifically, however, the average monthly sales volume per distributor between 1970 and 1974 was only $26 per month, including products distributors purchased for personal use.[19] That Amway distributors sold so little suggests that, within the range of incomes that Biggart identified, many distributors likely earned income closer to the lower end.

Even based on limited data, it is clear that most distributors have tended to earn very little money through direct selling. The question then becomes, if direct selling has tended not to be financially lucrative, why did so many Americans flock to it in the seventies and eighties? Existing scholarship on direct sales has pointed to a number of extra-economic factors to explain the appeal of direct selling. In her work on Tupperware, Alison Clarke connects the appeal of direct sales to women's desire to challenge the notion of separate spheres, and to the ways Tupperware harnessed contemporary themes in popular psychology and self-help.[20] David Harris points to what he calls the "Amway worldview" and its ability to tap into a growing fundamentalist impulse in postwar America. Harris argues that when distributors participated in direct selling, they entered a social and ideological space that he calls "the world of Amway." Attempting to counter derisive, or in his words reductive, characterizations of Amway as a "pseudo-religion," (a label that Biggart interprets not as reductive, but as a measure of the complexity and social power of direct sales organizations) he describes the "world of Amway" as "more than a business"; it was a "cultural movement mobilized by a thematic worldview." Noting many of the same aspects I have identified as the components of Amway's corporate

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$75,000 or more per year but, according to Biggart, they represent only "a tiny percentage" of direct sellers. Biggart, *Charismatic Capitalism*, 177, 181.

[19] The average annual sales per distributor, calculated as an arithmetic average, or total annual business volume divided by the total number of distributors, for the fiscal years (ending August 31) 1970, 1971, 1972, 1973, and 1974 are as follows, respectively: $244, $276, $286, $362, $406. The average of those figures is $315 annual sales per U.S. distributor, or $26.23 per month. Amway Corporation, "Annual Marketing Strategy Review" (1975), 101.

[20] Clarke, *Tupperware.* See especially Chapter Five: "'Parties Are the Answer': The Ascent of the Tupperware Party," 101-127 and Chapter Six: "'Faith Made Them Champions': The Feminization of Positive Thinking," 128-155.

ideology, Harris argues that the elements of the Amway worldview – "independence, success, opportunity, self-fulfillment, family, community, and nationalism" – tapped into an anti-modernity, fundamentalist streak in postwar American culture. [21] Michael Pratt, who also studies Amway, offers a psychological explanation in which direct sales firms use tools such as "sensebreaking" and "sensegiving" to foster "organizational commitment" by ensuring that distributors positively identify with the corporation.[22]

Nicole Woolsey Biggart, one of few scholars to examine the direct sales industry as a whole, argues that direct sales organizations have appealed to direct sellers for many of the same reasons that individuals participate in social movements. Employing the methods of Weberian typological analysis, Biggart argues that direct sales organizations exemplify a form of "charismatic capitalism" in which corporate culture, ideology, and carefully-designed rituals of recognition imbue direct sales work with social meaning.[23] Whereas bureaucratic firms appeal to employees as rational economic actors, direct sales organizations approach sellers as social beings hungry for a sense of purpose and belonging.[24] The logic of direct sales organizations, she argues, is based less on economic rationality than on what she calls "virtue rationality."[25]

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[21] Harris, "Of Prophecy and Profits," i.

[22] Pratt, "The Happiest, Most Dissatisfied People on Earth"; Michael Pratt, "The G., and the Ambivalent: Managing Identification among Amway Distributors," *Administrative Science Quarterly* 45:3 (Sep. 2000): 456-493.

[23] Biggart associates direct sales organizations with Weber's conception of a charismatic social order (versus traditional or legal-rational social orders) which, in Weber's framework, demonstrate a mode of leadership or social rule based on the presumption that the ruling individual has a gift of grace, as made manifest through supernatural, superhuman, or exceptional qualities, which have been endowed by divine order. See Max Weber, *The Theory of Social and Economic Organization*, ed. Talcott Parsons (New York: Free Press, 1947). Biggart argues that direct sales organizations do not employ a pure form of charismatic leadership; rather, they demonstrate "weakened" charisma that relies on having a central, charismatic leader; a sense of shared mission; and a perceived sense of duty to the leader or the organization. "It is in this 'weakened' sense that DSOs are charismatic. They have organizational ideologies that are missionary in character." Biggart, *Charismatic Capitalism*, 130, 133-134.

[24] Biggart identifies three primary means through which organizations imbue direct sales work with social meaning. Direct sales organizations present selling as an act that (1) offers a chance to create a new self through selling, (2) celebrates group membership, and (3) makes participants stakeholders in the organization. Biggart also identifies fourteen secondary sociological strategies or dimensions through which direct sales organizations accomplish each of the aforementioned: (1) self-transformation, (2) confessionals, (3) spiritual differentiation, (4) institutional ideology, (5) leadership, (6) guidance, (7) institutional completeness, (8) compartmentalization, (9) homogeneity (10) common efforts, (11) regularized group contact, (12) ritual, (13) sacrifice, (14) investment. See Chapter Six:

The history of Amway and its distributors, as we will see, supports much of what scholars have already noted about how direct sales firms use cultural, affective, and psycho-spiritual techniques, or what Biggart calls the "strategies of control" associated with charismatic capitalism, to motivate and manage a diffuse workforce of independent sellers. But looking closely at the stories of individual Amway distributors also suggests something else. Whereas previous scholars have been most interested in how direct sales firms attracted participants, I am interested in what distributors' stories can tell us about the meaning of success and class status in the postwar period. More specifically, I argue that direct sales firms sold participants on the ability to tell themselves a particular story about their class status and future prospects, as well as the enduring relevance of old themes of economic mobility and opportunity in advanced capitalism. The story of direct sales, then, tells us much about changes in the meaning of "success" in the postwar period. It offers a new entry point into the ways citizens experienced, psychically and culturally as well as materially and financially, major transformations in the structures of work and capitalism in the late twentieth century.

"Charisma and Control," in Biggart, *Charismatic Capitalism*, 126-159. See also, Chapter Five, "The Business of Belief," 98-125.

[25] Biggart argues that direct sales organizations' reliance on value rationality rather than economic rationality is one of the elements that separates them from bureaucratic firms. "Value rationality is a belief not in efficiency or profitability, Weber says, but in a substantive idea or goal such as 'duty, honor, the pursuit of beauty, a religious call, personal loyalty, or the importance of some 'cause' no matter in what it consists.' Organizations based on values exist to enact and further a systematized set of norms or an ideology. A central ideal serves both as a source of commitment to members and as a guide to action within the organization." Religious organizations, professional associations, and social movements are examples of organizations based on virtue rationality. "Network DSOs are unusual, maybe unique, in today's economy because they are large capitalist enterprises founded on value rationality." Biggart, *Charismatic Capitalism*, 100-101.

Amway Distributors

Distributors participated in Amway for a range of reasons. Some saw direct selling as a way to earn extra income or spending money. Joan Spradley, for example, joined Amway in 1969 in order to earn a "little bit of extra money" to pay for her daughters' piano lessons.[26] John Soukup also set a modest goal. He joined in 1972 with the hope of earning an additional $100 a month to supplement the family's income.[27] Larry Bryant, an industrial sewing machine mechanic who joined Amway in 1975, had a much more ambitious aim for his distributorship. He was among many distributors who imagined direct selling to be a lucrative, full-time occupation. Expecting to earn up to $40,000 a year, Bryant saw Amway as a way to raise his standard of living and to achieve financial security for himself and his wife.[28] Others, like Russell Borthem, turned to Amway out of real economic need. As a commercial pilot for National Airlines, Borthem experienced intermittent periods of unemployment because of labor strikes and layoffs at the airline; selling Amway and Rawleigh Home Products helped him make ends meet during the lean times.[29] Still others joined for reasons that were not financial at all. Marsha O'Neal Moore joined Amway because her brother-in-law tried to recruit her and, in her words, "I didn't want to hurt his feelings."[30]

If distributors' reasons for participating in direct selling varied, so too did their experiences. On one end of the spectrum were rare cases of individuals like Dexter Yager and Charley Marsh who did, as Amway corporate literature frequently publicized, leverage the

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[26] Joan Spradley quoted in *Official Transcripts of Proceedings Before the Federal Trade Commission Docket No. 9023 In the Matter of Amway Corporation, Inc*., May 26, 1977: 1313 (FTC).
[27] John Soukup quoted in *Official Transcripts of Proceedings Before the Federal Trade Commission Docket No. 9023 In the Matter of Amway Corporation, Inc*., May 24, 1977: 899. FTC.
[28] Larry Bryant quoted in *Official Transcripts of Proceedings Before the Federal Trade Commission Docket No. 9023 In the Matter of Amway Corporation, Inc*., May 25, 1977: 990. FTC.
[29] Russell Alan Borthem quoted in *Official Transcripts of Proceedings Before the Federal Trade Commission Docket No. 9023 In the Matter of Amway Corporation, Inc*., May 23, 177: 681-710. FTC.
[30] Marsha O'Neal Moore quoted in *Official Transcripts of Proceedings Before the Federal Trade Commission Docket No. 9023 In the Matter of Amway Corporation, Inc*., May 17, 1977: 218. FTC.

networked structure of Amway to make millions of dollars. Even more rare were those, like Jay Van Andel and Rich DeVos, Mary Kay Ash, and Frank Beveridge, who used their background in direct selling to found billion-dollar global corporations. On the other end of the spectrum, there were stories of people like William Stone for whom direct selling offered a road not to unlimited riches, but to financial ruin. It stands to reason, of course, that most distributors' experiences fell somewhere in between great wealth and financial disaster.

From the beginning, Amway's founders presented direct selling as an opportunity flexible enough to satisfy a range of financial goals, whether one wanted to earn additional income in his or her spare time or to develop a sizeable business that was capable of providing financial security and material comforts. In order to demonstrate how the Amway plan worked, corporate literature as well as individual sponsors often used the following illustration: "For illustrative purposes," reads the 1985 edition of the *Amway Business Reference Manual*, "we will assume you sponsor 6 distributors. Let's also assume that each of your distributors, as well as you, generate 100 PV [Point Value] in a month.[31] Your income (using PV, BV [Business Value[32]], and Performance Bonuses)" could equal $150 monthly gross income, or $1,800

[31] The *Amway Business Reference Manual* describes PV and BV stating "All Amway products are assigned two sets of numbers: Point Value (PV), which remains constant, and Business Value (BV), a dollar figure which changes with inflation. Amway uses the total monthly PV of the products purchased to determine the percentage of Performance Bonus paid to [direct] distributors who purchase products directly from Amway [rather than through a sponsor]. BV is the dollar value established for a product before any regional warehousing cost (known as surcharge) is added to arrive at the suggested retail price" (20). One distinction between PV and BV is that BV moves with inflation; PV puts an emphasis on units sold whereas BV moves with sales price. Amway Corporation, *Amway Business Reference Manual* (Ada: Amway Corporation, 1985), 20. ACA.

[32] The *Amway Business Reference Manual* describes the Basic Discount: "When you merchandise [sell] Amway products, you earn income in two ways, the first of which is your Basic Discount. The difference between the price at which you buy products from your sponsor and the price at which you sell them to your customers represents your immediate income – your Basic Discount. You receive this as soon as you are paid by your customers. The suggested discount varies with each product and ranges from 15% to 35%" (20). In other words, the Basic Discount is comparable to the way traditional retail establishments earn money by adding a "mark-up" on top of the original wholesale price of goods. It is a kind of sell-through commission; a distributor only earns a Basic Discount when he or she sells a product to a retail customers. Ibid, 21.

annually, before taxes and expenses.[33] But if "all six of your distributors each sponsor four distributors of their own, and let's say that everyone continues to do 100 PV a month," the direct distributor's income would, without any increase in what he or she sold personally, jump to $816 per month, or $9,792 annually. But, according to the illustration, "your business can grow even larger as you devote more time and effort to building it… [If] each of your six groups sponsors two distributors," which would bring the size of the direct distributor's organization from 30 participants to 78, "and everyone continues to do 100 PV a month," the direct distributor could realize $2,128 monthly gross income. In other words, a direct distributor who sold only $100 worth of products each month could, depending on the size of his or her downline, earn an annual gross income of anywhere from $1,800 to $25,656.[34] The purpose of that illustration, aside from outlining the multilevel mechanism of networked direct selling, was to show the flexibility of the Amway opportunity but also to demonstrate how sponsoring could multiply one's earnings – in this case more than fourteen times over – without any additional sales.

Yet, data shows that in the 1970s and 1980s, approximately one in 150 active Amway distributors "actually achieved the hypothetical monthly BV performance illustrated above in at least one month during the [prior] twelve month period."[35] That is, of the 450,000 Amway distributors active in the mid 1970s, approximately 3,000 – less than 1% – earned $2,000 gross

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[33] The *Amway Business Reference Manual* describes the Performance Bonus: "The second way you can earn income is through your monthly Performance Bonus on Amway products you purchase to merchandise. You earn a Performance Bonus each month based on total PV and BV of all products you've purchased during the month. This is a percentage bonus which varies according to your total monthly PB… the greater your total monthly PV, the greater your Performance Bonus." In other words, the direct distributor earns a Performance Bonus, which is calculated on a graduated scale depending on the total monthly volume of his or her group. In turn, the direct distributor has to distribute a Performance Bonus to each qualifying member of his organization, which gets subtracted from the direct's bonus. The direct distributor usually pays out less than he received from Amway, because the second-level distributors will each have a lower PV and BV and therefore will qualify for a bonus at a lesser percentage. For example, if five second-tier distributors each purchased enough to qualify for a 15% bonus, their direct distributor – whose volume would include the aggregate volume for the five second-tier distributors plus the direct's personal volume – might qualify for a 25% bonus. After paying each of the second-tier distributors their 15% bonuses, the direct would retain the difference as income. Ibid, 21.

[34] Ibid, 30-31.

[35] Ibid, 30-31.

monthly income in at least one month in the prior year. In fact, the average annual business volume per distributor for the years between 1970 and 1974 was $315, or $26 per month.[36] The average monthly gross income, meaning the income earned through Amway's bonus refund before expenses and taxes, of all active distributors in 1985 – the same year as the printing of the aforementioned illustration – was only $67.[37]

It is difficult to determine the average earnings of Amway distributors before 1980. According to the firm's attorneys, the Amway Corporation did not keep a record of, or even calculate, statistics such as average gross income, average net profits, or average retail sales. As part of its investigation, the Federal Trade Commission asked Amway to provide data points such as: the percentage of Amway distributorships that were profitable, the average volume of products purchased for personal consumption, the percentage of distributors who developed personal sales volume of $100 per month or more, and the percentage of distributors that attained gross income of $26,000 per year.[38] In response to each of the FTC's requests above, as well as many similar inquiries, Amway's attorneys stated that the "Amway Corporation does not compile or compute the requested information in connection with its business operations and has no business records or other information from which an answer to this Interrogatory may be determined."[39] In other words, Amway executives had no information related to average retail

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[36] "The Annual Marketing Strategy Review" reported Business Volume per distributor as follows: FY1970 = $244 ($20 per month); FY 1971 = $276 ($23 per month); FY1972 = $286 ($23 per month); FY1973 = $362 ($30 per month); FY1974 = $406 ($34 per month). Average BV per distributor is calculated as an arithmetic average equal to total business volume divided by the total number of distributors. Amway Corporation, "Annual Marketing Strategy Review" (1975), 102. ACA.

[37] As reported in the 1985 *Business Reference Manual*, "The arithmetic monthly gross income from Basic Discount ($31) and Performance Bonus ($36) for 'active' distributors as computed from company records and the survey was $67." An "active" distributor is one who sold products during at least one month during the prior year. Amway Corporation, *Amway Business Reference Manual* (1985), 29.

[38] See "FTC Docket No. 9023 Respondent Amway Corporation's Answers to Complain Counsel's Interrogatories," especially Interrogatories 44 through 64, CX900-CX934: 5843-5896. FTC.

[39] Ibid, 5843-5896.

sales, average gross income, or even whether or not most Amway distributorships were profitable. Did executives at Amway consciously decide *not* to collect such data?

Amway corporate management was not only unable to answer questions about distributors' average income, they had no way to calculate that data even if they wanted to. The logic of networked direct sales, as we have seen, insulated Amway from various labor costs and regulations. It displaced the legal and financial risk associated with labor management onto the workers themselves. In much the same way, networked direct sales also shifted the burden of retailing products onto its sales force. Amway's response to the FTC's inquiries suggests that between 1959 and 1975 Amway did not keep track of whether a distributor purchased a product for his own use, to pass on to another distributor in his downline, or to sell to a retail customer. From a business standpoint, the Amway Corporation recorded the same amount of profit on a product regardless of its final destination. Unless a distributor returned a product to the corporate office, Amway products generated revenue for the corporation when they left the warehouse regardless of whether a distributor re-sold the item or consumed it. When a direct distributor purchased goods from the Amway warehouse, that was, for the Amway Corporation, the point of sale. In that light, one might ask whether distributors ought to be considered as sellers or consumers.[40] That question, as we will see, was often difficult for even the distributors to answer. This is not to say that the dearth of information available on average earnings before 1980 was necessarily a result of callousness or lack of concern for distributors on the part of Amway's executives, although it did prove convenient in legal disputes. Rather, the point is that

[40] According to Gordon Teska, Vice President of Marketing, his department kept track of the size of the direct sales force, if not their average earnings. That the marketing department was responsible for surveying the size of the sales force (rather than the human resources or personnel department) also suggests the ways that direct selling blurred the boundaries between sellers and buyers, producers and consumers. Gorden Teska quoted in *Official Transcripts of Proceedings Before the Federal Trade Commission Docket No. 9023 In the Matter of Amway Corporation, Inc*., June 29-30, 1977: 2666-2734. FTC.

whatever their motives, Amway executives were able to evade questions about distributors' average earnings for reasons that were financial and operational.

Beginning in 1980, however, the Amway Corporation became more attentive to, and transparent about, the matter of average earnings. The FTC's final opinion on the matter of *FTC v. Amway*, which was rendered in 1979, required that Amway include in corporate literature more obvious disclaimers about average earnings, as well as statements about the percentage of distributors who were able to achieve examples given in corporate literature, such as the one from the 1985 edition of the *Amway Business Reference Manual* previously mentioned. In order to comply with the FTC's instructions, Amway hired an outside firm in 1981 to conduct a survey of average earnings for the previous calendar year.

Data from the consultants' report showed that approximately 60% of Amway distributors sold less than $150 worth of products per month in 1981; 20% sold between $150 and $350; 11% sold between $350 and $999; and only 9% of distributors sold more than $1,000 worth of products per month. Those sales figures included the value of the products a distributor purchased for his or her personal use.[41] The arithmetic average monthly gross income, meaning the income earned through Amway's bonus refund before expenses and taxes, was $67 in 1985.[42]

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[41] Amway Corporation, *Amway Business Reference Manual* (Ada: Amway Corporation, 1984), 35. ACA. Several distributors testified before the FTC about the average volume of products they purchased for personal use. Sixteen witnesses provided that information, and their answers ranged from $35 to $150, or an average of approximately $70 per month. See the testimony of Frank Cook = $75, Tr. 4742; Nancy Marshall = $35, Tr. 4761; Woodworth = $60, Tr. 4787; Carl Wespinter = $75-$100, Tr. 4884; Rivett = $60, Tr. 4971; Ruby Nieman = $75-$100, Tr. 5081; Patricia Hendrickson = $150, Tr. 5181; Clifford Gregory = $40, Tr. 5209; Glenda Lou Williams = $125-$150, Tr. 5325; Stanley Evans = $70-80, Tr. 5300-01; Marjorie Wakeman = $30-$40, Tr. 5446; Jean Burgess = $25-$40, Tr. 5460; Mary DeJean = $30-$40, Tr. 5501; Richard Wong = $80-$100, Tr. 5650; Sylvia AnnWolfe = $100, Tr. 5664. *Official Transcripts of Proceedings Before the Federal Trade Commission Docket No. 9023 In the Matter of Amway Corporation, Inc.* See also *In the Matter of Amway Corporation, Inc. et al.* Final Order, Opinion, etc. in Regard to Alleged Violations of the Federal Trade Commission Act. Docket 9023. Complaint, Mary 25, 1975 – Final Order, May 8, 1979, 666.

[42] Amway Corporation, *Amway Business Reference Manual* (1985). Even given that more data was available on average earnings after 1980, Amway's use of an arithmetic average is less than ideal. Because an arithmetic average is calculated as the total value of all goods sold during the 12-month period divided by the total number of active

In 1986, another survey conducted by an outside research firm showed that, excluding sales to other distributors in one's downline, "active distributors retailed and consumed an arithmetic average of $203 BV per month." As a result of that $203 of monthly retail sales, the average monthly gross income for active distributors in Amway was $76.[43] Most Amway distributors in the late 1970s and early 1980s, in other words, were earning less than $100 gross income per month.

The Winners' Circle

To be sure, some distributors did make substantial income through Amway. In 1979 Amway corporate biographer Charles Paul Conn published a book called *The Winner's Circle*, in which he offered the stories of successful distributors as examples of modern folk heroes.[44] While his description of direct selling as a heroic act is certainly hyperbolic, Conn rightly pointed out that some individuals did make significant income as Amway distributors. As of 1975, seven couples operated distributorships that qualified for Crown Direct Distributor status, the highest level conferred by Amway, meaning that each couple personally sponsored twenty or more groups with a monthly volume of more than $7,500 each in at least one month.[45] Between

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distributors, this figure is more akin to a per capita estimate than it is a telling indication of typical earnings. Although a very rough estimate, it does give a good sense of the scale of distributors' sales.

[43] Amway Corporation, *Amway Business Reference Manual* (Ada: Amway Corporation, 1986), 34. ACA.

[44] Charles Paul Conn, *The Winner's Circle* (Old Tappan: Fleming H. Revell Company, 1979), 151. *The Winner's Circle*, which profiled some of the most successful Amway distributors, was one of several celebratory corporate biographies of Amway written by Conn. See: Charles Paul Conn, *The Possible Dream* (Old Tappan: Fleming H. Revell Company, 1977); Charles Paul Conn, *An Uncommon Freedom: The Amway Experience and Why it Grows* (Old Tappan: Fleming H. Revell Company, 1982); Richard M. DeVos with Charles Paul Conn, *Believe!* (New York: Berkeley Books, 1975).

[45] Put another way, a Crown Direct Distributorship had to have more than $150,000 in volume for at least one month. As of 1975, the following couples operated Crown Direct Distributorships: Art and Ollie Charlton (MA), Frank and Rita Delisle (CA), Bernice Hansen (OH), Sterling and Evangeline Krause (MN), Charles and Elsie Marsh (FL), Dick and Bunny Marks (MN), and Dan and Bunny Williams (TX). Three distributorships qualified for the Triple Diamond Direct Distributor level – Bill and Jan Campbell (NY), Stan and Ruth Evans (CO), and Dexter and Birdie Yager (NC) – with 16 or more groups with a monthly volume of more than $7,500 each (more than $120,000

1971 and 1975, approximately 10% of all direct distributors managed an organization with total annual business volume of $100,000 or more.[46] During that period, approximately 10% of direct distributors received an annual performance bonus of $25,000 or more; nearly 40% received a performance bonus of at least $10,000.[47] In 1974, one distributor received a 3% Direct Distributor bonus of $56,178.92.[48] For some direct sellers, as these statistics show, an Amway distributorship *could be* highly lucrative.

Diamond distributors Thomas and Martha Zizic were among those for whom Amway was a profitable venture. Thomas Zizic, M.D., a rheumatologist, joined Amway in 1968 after being invited to an opportunity meeting by a "grateful patient." "I was on call at the dispensary," he recalled, "and took care of a young girl, six years old, who had a stone in her ear against the tympanic membrane. Following removal of the stone, the little girl's father said that he didn't know if I would be interested, but there might be a way in which I could develop a side line" as a

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volume combined) in at least one month. Sixteen distributorships qualified as Double Diamond Distributors with 12 or more groups at $7,500 BV ($90,000 volume in aggregate) in at least one month; 56 distributorships operated at the Diamond Direct Distributors level with 6 or more groups with at least $7,500BV ($45,000 volume in aggregate) for at least six months during the year. "Answer to Interrogatory No. 31", CX889A-N. FTC.

[46] The statistics listed here represent the share of direct distributors (not all distributors) who reached certain volumes. Direct distributors made up approximately 25% of all Amway distributors. "Answer to Interrogatory No. 42", CX905. FTC. Amway reported the following number of direct distributorships (% of all direct distributorships, % of all active distributorships assuming direct distributors represent 25% of active distributors) attained annual group BV of $1,000 or more: FY1971 = 1,084 (27.6%, 6.9%); FY1972 = 86 (10.8%, 2.7%); FY1973 = 66 (10.8%, 2.7%); FY1974 = 47 (10.6%, 2.7%). The statistic for FY1971 is based on the records of all direct distributors in that year, whereas the rest were calculated using a select sample, which explains why the difference in magnitude between the figure for 1971 and the others. "Answer to Interrogatory 54," CX917. FTC.

[47] Amway reported the following number of direct distributorships (% of all direct distributorships, % of all active distributorships assuming direct distributors represent 25% of active distributors) received an annual performance bonus of $25,000 or more: CY1971 = 51 (10%, 2.5%); CY1972 = 320 (8.7%, 2.2%); CY1974 = 381 (9.5%, 2.4%). Amway reported the following number of direct distributorships (% of all direct distributorships, % of all active distributorships assuming direct distributors represent 25% of active distributors) received an annual performance bonus of $10,000 ore more: CY1971 = 203 (40%, 10%); CY1972 = 1,409 (38.4%, 9.6%); CY1974 = 1,564 (39%, 9.8%). The statistic for 1971was a partial response based on a sample of 508 Direct Distributors, whereas the other years were based on the individual records of all 3,665 direct distributors in 1972, and all 4,006 direct distributors in 1974. "Answer to Interrogatory 55," CX918. FTC.

[48] In 1974, approximately 20 distributors received a 3% Direct Distributor bonus of at least $20,000; 10 received more than $30,000; 3 received more than $40,000; and 1 received more than $50,000. It is important to remember, however, that a direct distributor did not necessarily keep the entirely of the bonus, but meted out the shares due to the members of his or her organization. RX401 (10) cited in *In the Matter of Amway Corporation, Inc. et al. Final Opinion Order*, 660-661.

distributor. At the time, Zizic was serving as part of an Air Force medical team at the School of Aerospace Medicine in San Antonio, Texas. Zizic had graduated from Johns Hopkins Medical School and completed a rotation at the prestigious Mayo Clinic. After two years with the Air Force, Zizic recalled, he was "considering going into academic medicine, teaching medicine, which would entail a financial decrease, and I was already in debt for my medical school internship and residence training, and was going back for two [additional] years of postdoctoral fellowship at a very modest stipend." The opportunity to build an Amway distributorship thus appealed to Zizic as a way to "pay back my medical school debts, number one, plus I was looking for something that I could help [supplement] my income with" during the fellowship.[49]

Zizic was one of many who participated in Amway in order to underwrite his or her education. James McNeeley, for example, sold Amway to earn "a little extra money in the sales field while in school" in the late 1960s.[50] Selling Amway products to members of his family and to a few fraternities on campus helped McNeeley support himself and his wife while he worked toward a PhD in counseling and personnel services at Purdue University.[51] Steven and Wendy Case joined Amway in the mid-1960s while Steven was completing his undergraduate education and Wendy, a recent graduate of Parsons College, was taking graduate coursework in comparative literature.[52] Chuck Strehli also used Amway to fund his graduate education. Strehli

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[49] Thomas Macon Zizic, M.D. quoted in *Official Transcripts of Proceedings Before the Federal Trade Commission Docket No. 9023 In the Matter of Amway Corporation, Inc*., July 12, 1977: 4101-4102. FTC.

[50] James B. McNeeley quoted in *Official Transcripts of Proceedings Before the Federal Trade Commission Docket No. 9023 In the Matter of Amway Corporation, Inc*., July 8, 1977: 3589. FTC.

[51] After graduating from Purdue, James McNeeley let his status as an Amway distributor lapse until 1975, when he and his wife decided to go back into the direct selling business. By 1975, the McNeeleys had forty retail clients and averaged $200 to $250 in personal retail sales each month. During their best month, they reached $550 in personal retail sales. On average, their total organization sold approximately $1,100 in volume monthly. The McNeeleys, then, can be considered another example of a couple for whom direct selling was financially profitable. Ibid, 3594.

[52] Wendy Case quoted in *Official Transcripts of Proceedings Before the Federal Trade Commission Docket No. 9023 In the Matter of Amway Corporation, Inc*., July 7, 1977: 3345-3349. FTC.

and his wife, Jean, used their income from Amway to pay his law school tuition and their living expenses.[53]

For Tom Zizic, however, Amway was more than a means to supplement a student income. Amway had "a very dramatic effect" on Zizic's life. "First of all, when I was starting my fellowship I made $8,000 a year. This was basically after 12 years of college, medical school and internship and residency training." Like James McNeeley, Zizic credited Amway with enabling him to continue his postdoctoral studies without the financial pressure of living on a student's budget. In so doing, Zizic also pointed to one of the alluring aspects of direct selling. Amway not only provided him with immediate income, but direct selling – which required no special training, education, or credentials – was more financially rewarding than the prestigious medical career for which Zizic had spent half his life preparing. For individuals who, unlike Zizic, did not have the time or means to pursue specialized education, direct selling proposed to offer a quick and unobstructed path to professional and financial advancement.

Even after he joined the faculty of Johns Hopkins, Zizic still relied on the income he earned through Amway. "When I first started at Johns Hopkins [in 1971] my income was $15,000 a year as an instructor and our Amway income was more than that. So it allowed us not only to pay off our debts, but to purchase our home."[54] Throughout the late 1970s, Zizic was a faculty member at both Johns Hopkins and the University of Maryland Medical School, and served as Associate Director of the Rheumatic Disease Unit at Good Samaritan Hospital. A highly accomplished medical researcher, Zizic published in more than a dozen scientific journals, contributed to four textbooks, delivered presentations at international medical

[53] Jean Strehli quoted in "Chuck and Jean Strehli: Double Diamond Direct Distributors," in Amway Corporation, *Amagram* 13:11 (1972): 1. Binder 1-6/9023, Commission Exhibit 695: 4823-4830. FTC. The Strehlis' story was also cited in Chapter Two as an example of how some distributors saw their Amway business as an important part of their marriage. The Strehlis are featured in Conn, *Winner's Circle*, 108.
[54] Thomas Macon Zizic, M.D., *Official Transcripts*, 4108.

conferences, and served as President of the American Society of Rheumatic Disease. Although a successful doctor like Zizic may challenge many people's assumptions about the professional and class status of those likely to join Amway, he actually credited his accomplishments to the professional freedom that his income from Amway helped to provide. Throughout his career, Zizic was "able to refuse some offers at other universities at considerably more income because, thanks to our Amway income, I have been able to stay in the position that offers me the greatest research and educational opportunities rather than [move to] some university that pays me $20,000 or $30,000 to get me there with a less ideal academic environment for myself and my career."[55] Amway provided a level of financial security through which Zizic was able to pursue his passion for teaching and medical research.

Many successful Amway distributors similarly claimed that the income earned through direct selling granted them greater freedom in their primary profession. Steven Case, for example, was in the early 1970s working in the sales department for General Electric in Phoenix, Arizona when his division was purchased by the Honeywell Corporation. In order to retain his position, Case would have to relocate to a Honeywell facility in Wellesley, Massachusetts. Honeywell offered him a substantial pay increase, but the Cases did not want to leave Phoenix. According to his wife, Wendy Case, the income they earned through Amway allowed Steven to take a job that, although it paid only half of what Honeywell was offering, would keep them in Phoenix. "[W]e were able to stay there with a [pay cut of more] than 50 percent in salary because of the advancement of our Amway business up to that time," Wendy Case explained, "which allowed the income, to be able to stay in Arizona."[56] The income they earned through Amway

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[55] Ibid, 4129.
[56] Wendy Case, *Official Transcripts*: 3349. Eventually, the Cases' income from Amway surpassed not only the income he earned in Phoenix, but the salary he had previously earned at General Electric. According to Wendy Case, by 1977 the income they earned from Amway was "approximately 50 percent higher than it was at its highest

provided Steven Case with the ability to make a decision about his life and career without worrying about the financial consequences. Amway, that is, gave the Cases options.

Balancing a full-time professional career with one's work in Amway was challenging, and it often required a collective investment from the whole family. When the Zizics first began working in direct sales, Tom was devoting fifteen to twenty hours a week to their Amway business, on top of the time he dedicated to his medical career. His wife, Martha, also spent considerable time managing retail sales and administrative duties. By the late 1970s, the Zizics spent a total of twenty-five to thirty hours per week working in their Amway business. In addition to holding a weekly opportunity meeting and maintaining regular contact with their distributors, the Zizics held a clinic each quarter during which they demonstrated how to use products, alerted distributors to new items, and provided general sales training. But their dedication paid dividends; the Zizics' annual monthly income, after paying out bonuses due to members of their organization, amounted to between "$3,500 and $4,000 a month, plus approximately $10,000 at the end of the year in terms of profit sharing [and a] training bonus, so approximately a little over $50,000 a year."[57] Tom Zizic's gross income from Amway was more than twice what he earned as a doctor. Even after paying business expenses and taxes, the Zizics' Amway business realized a net profit of approximately $33,000 a year.[58]

The Zizics managed their Amway distributorship as a formal business. They incorporated as T.Z. Associates for tax purposes, they paid themselves a $30,000 a year salary, and

– at his highest salary on the job before coming full-time into the Amway business." Working at their previous jobs – Wendy as a part-time teacher at Parson College and Steven in a prior position as a college counselor – "We were not earning a lot of money. I was an educator and he was doing… administering and counseling work on the college level. I was earning $5K a year and he was earning a little more than that… we were earning a combined income about $12K-$14K a year… My husband's highest salary was about $16K." By 1977, the Cases were earning $24,000 a year in Amway, before taxes and expenses (3355, 3400).

[57] Thomas Macon Zizic, M.D., *Official Transcripts*, 4107.

[58] Ibid, 4118-4119.

contributed $6,000 a year into a tax deferred profit sharing plan.[59] T.Z. Associates had a company car and maintained an office suite in a local commercial development, which the Zizics used to host opportunity meetings and to store inventory. They even employed a part-time secretary to greet the Zizics' distributors. The Zizics were among those who succeeded in Amway because they dedicated a significant amount of time and effort to operating their business, which included servicing retail customers each month, and because they managed their Amway distributorship in an organized, professional manner.

Managerial skills, business acumen, and a hands-on approach to training and motivating distributors were often factors that set successful Amway distributors apart from the rest. Robert and Alice Williams, for example, were very careful about whom they agreed to sponsor. Williams assessed each potential recruit in order to determine whether the individual possessed what he thought to be necessary qualities in a successful distributor. Williams viewed his role as a sponsor as a kind of human resources officer. Indeed, Williams had "in fact, on several occasions," refused to sponsor someone. As a CPA in private practice, Williams took the legitimacy of the Amway sales plan seriously and, if he suspected an individual misunderstood the networked direct sales model or planned to use it as a get-rick-quick scheme, Williams refused to sponsor him or her. Williams also refused to sponsor anyone he deemed lazy, unambitious, poor at communicating, or otherwise unqualified for the position. Despite the literature that proclaimed Amway an opportunity available to anyone regardless of education, experience, or skillset, Williams was very discerning about who he allowed to join his

[59] "We have our own corporation, my wife and I," Zizic explained, "so we actually pay ourselves a salary that is obviously completely taxable, $24,000 a year which we have paid ourselves for the last four years, and about $6,000, we put into a tax deferred profit sharing pension plan, and about $3,000 the corporation pays us in terms of leasing our home and a Mercedes that was purchased by the corporation for our business, and servicing and gas and so on." Ibid, 4107.

organization. If one seemed unlikely to succeed, Williams turned him or her away "rather than wasting their time and my time."[60]

Once they agreed to sponsor someone, Bob and Alice Williams invested significant time and energy into training the new distributor. "When we show the business to someone," Williams explained, "one of the commitments that we make… is to be able to show them how the… business is done," and to lead by example. The Williams reportedly spent several weeks with each new distributor in order to train them "how to present the plan, how to demonstrate the products, the various details of establishing and operating their business," until the Williams felt confident the new distributor was equipped to manage his or her own distributorship. "In most businesses," Williams explained, "they [a new member of the organization] work for you. In this business," by contrast, "we literally go to work for [them]."[61] Whereas other distributors stressed the value of independence and autonomy, the Williams valued teamwork and what in the corporate world would be called career development. The Williams – who in 1976 earned $7,900 in cash revenue, even after paying bonuses due to the members of their organization – credited much of their success in Amway to their hands-on approach to sponsoring and to their dedication to actively managing their salespeople.

The McNeeleys, too, took their role at the head of a large organization seriously. James McNeeley saw his work in Amway as an extension of his professional counseling work. McNeeley, the Director of Placement Services for Virginia Polytechnic Institute and State University of Blacksburg, explained "my whole graduate study and professional full time efforts has been geared to basically counseling individuals and groups, particularly in the area of career planning, in job placement." Although it is unclear whether McNeeley ever recruited the students

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[60] Robert E. Williams quoted in *Official Transcripts of Proceedings Before the Federal Trade Commission Docket No. 9023 In the Matter of Amway Corporation, Inc*., July 12, 1977: 4211. FTC.
[61] Ibid, 4208-4209.

he counseled, which could have raised concerns about his professional ethics, he saw little distinction between the kind of work he did at the University and his duties as an Amway sponsor. According to McNeeley, "whether it is in my full time position or with Amway, I basically talk to them and counsel with them about goal setting" in their career. Using the motivational skills he acquired through ten years of experience as a counselor, James McNeeley built an organization with an average volume of $1,100 per month.[62]

If the McNeeleys focused on motivating their sales force, Steven and Wendy Case focused on sales training. By 1977, the Cases had developed on organization of 175 distributors, 61 of which they personally sponsored. In order to ensure those distributors would be successful, the Cases held a regular training meeting in their office every Wednesday from 9:00 to 10:30 in the morning, and then again in the evening from 8:00 to 9:30. On the third Monday of every month, the Cases offered a new distributor orientation session. In addition to training their sales people, the Cases also demonstrated sales techniques at events they organized for retail customers. Wendy Case regularly arranged a "home care clinic," during which she demonstrated how to use Amway cleaning products, and a "pretty party" where customers could sample all of Amway's skin care and cosmetic products.[63] Like the McNeeleys and the Williams, the Cases invested significant time and effort into ensuring that their distributors were well-prepared to sell products and to manage their own Amway business.

In addition to managerial skills, those who succeeded in Amway also focused on retail sales. Harold Hunt, for example, was an experienced salesman. Hunt's primary job was as the Judge of Probate Court in Cullman County, which was an elected position. Hunt was born on a farm in Holly Pond, Alabama and had grown up peddling eggs, vegetables, pulpwood, and other

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[62] James B. McNeeley, *Official Transcripts*, 3594, 3609-3611.
[63] Wendy Case, *Official Transcripts*, 3356-3359, 3397.

items produced on the family farm, at the local market. He thus understood well how to talk to customers, how to market and sell goods, and how to manage accounts long before he joined Amway in April 1969. Without doubt, one of Hunt's other roles, that of Baptist minister for Holly Pond, also developed his interpersonal skills. Hunt and his wife, who were recruited by a friend in Florida, were attracted to Amway because they "were looking for something to supplement our income – inflation had taken a big bite out of my salary and of course, farm income was very poor at that time, so when our friend mentioned to us extra income, [w]e became very interested in the business."[64]

The Hunts approached their Amway business, first and foremost, as a retail venture. They dedicated at least one day a week to servicing retail clients, of which they had more than fifty. The Hunts' personal retail sales averaged approximately $250 per month, but some months was as high as $1,000. Selling at first to friends and neighbors in their small community, the Hunts eventually became known as a supplier of Amway products in other parts of the county. Their retail business was so successful that, rather than work to drum up new business, they took on new clients by referral. "Oftentimes," Hunt explained, "we had someone move into Callum [City] from another area of the country who had used the product and they will find out we are in the business and give us a call and ask us to service them. That is basically it. That is how we get our customers."[65]

Like the Hunts, the Cases and the Zizics also focused on retail sales. In addition to working with distributors, the Zizics personally serviced between five and fifteen customers, who provided them with $100 to $300 per month of retail sales volume. They serviced one commercial account, a day nursery in Baltimore, which regularly purchased $50 to $75 worth of

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[64] Harold G. Hunt quoted in *Official Transcripts of Proceedings Before the Federal Trade Commission Docket No. 9023 In the Matter of Amway Corporation, Inc*., July 13, 1977: 4403. FTC.
[65] Ibid, 4405.

products each month.[66] The Cases personally sold an average of $700 to $800 worth of products at retail per month.[67] Wendy Case, in particular, prided herself on the level of service she provided to her retail customers. According to Case, “we provide the service of home delivery of the product at a time convenient to the customers.” In contrast to the impersonal service one might get through a traditional retail outlet, Case often delivered in the evenings and on Sundays. “We delivered an order after a night meeting,” Case recalled, “[because] someone wanted to wash their hair at 10 o’clock at night, and we delivered. Some people say on Sunday… [they] have to polish their car to start a new job on Monday,” so the Cases would drop off some Amway car wax right away.[68]

Unlike many of the most successful Amway distributors, such as the Cases and Zizics, the Hunts had as many retail customers as members of their distributing organization. Their entire group consisted of roughly forty to fifty distributors, fifteen of whom the Hunts had personally sponsored. In total, the Hunts’ organization averaged $3,600 in volume per month. After paying out bonuses due to members of their organization, the Hunts realized, before taxes and expenses, gross profit of $500 to $1,000 per month.[69] Amway provided the Hunts with $6,000 to $12,000 gross annual income in addition to what Hunt earned at the probate court. Their version of financial success in Amway was clearly different from the Zizics’, whose business was triple the size of the Hunts’, but it was success nonetheless.

Taken together, the stories of the Zizics, the Williams, the McNeeleys, the Cases, and the Hunts demonstrate not only that some distributors did find financial success in Amway, but also highlight some of the features common among profitable distributorships: a focus on retailing, a

[66] Thomas Macon Zizic, M.D., *Official Transcripts,* 4104, 4156.
[67] Wendy Case, *Official Transcripts*, 3352.
[68] Ibid, 3363-3371.
[69] Harold G. Hunt, *Official Transcripts*, 4418, 4425.

significant investment of time and effort, hands-on management, and an attentive eye to the finances of the business. At the same time, the various levels of income realized by the couples profiled here – which ranged from $6,000 to $50,000 a year – highlight the diverse ways that Amway distributors defined financial success. When the McNeeleys first started out as working students in the late 1960s, they hoped to earn $20 to $30 a week. Steven Case and Tom Zizic, on the other hand, each defined financial success as the ability to make personal and professional choices independent of his salary. In this way, Case and Zizic also show that some distributors did enjoy the sense of financial freedom and independence that Amway claimed they would.

Given the statistic that in the late 1970s fewer than 1% of active distributors earned income of at least $2,000 per month in any one month per year, it is clear that the stories highlighted here are exceptional. They were also necessary to the functioning of the organization because they offered real evidence that some people, no matter how few, did strike it rich through Amway. Moreover, if we are to assess how well Amway delivered on its promises to distributors, we have to acknowledge that it did provide at least some distributors with not only significant income, but also with many of the personal and professional benefits the company advertised. That some distributors, even if only a small number, could achieve financial security, professional freedom, and material comfort through direct selling was also a necessary part of Amway's appeal to other distributors. Distributors like the Zizics offered evidence that people could succeed in Amway. Tom and Martha Zizic and Bob and Alice Williams often appeared before large audiences at Amway rallies and meetings to deliver motivational speeches. Offering themselves as personal testimonials, couples like the Zizics and the Williams were, as we will see, part of Amway's promotional machinery.

At the same time that the aforementioned stories confirm that financial success through Amway was possible, they also challenge the notion that Amway was an opportunity open to anyone, regardless of skill or experience, to earn money in one's spare time. All the couples profiled here were well-educated and most had prior experience in business, sales, or accounting. They each spent between fifteen and twenty hours per week working on their Amway business. Moreover, for most of them, Amway was always a secondary source of income. Those who did make money in Amway very often did so in addition to maintaining a traditional, full-time, corporate job. Even Amway's success stories point to the fact that, contrary to claims made in Amway literature and by many individual distributors, direct selling was best approached as a profitable side line, a secondary investment. Direct selling was not, on the whole, a viable full-time career.

Spinning Plates

Hard work and managerial skills, moreover, did not guarantee one's success in Amway. Claude and Jean Johnson were experienced business owners by the time they joined Amway in 1968. The Johnsons were recruited by a man named George Eastman, who had given the couple private dance lessons. Claude Johnson recalled, "At the time [I joined], I was a real estate broker and my wife had two beauty shops." The Johnsons liked the idea that they could start another business "with very little money." Approaching their new distributorship in the same way they began their other businesses, the Johnsons "took $3,000 each and put [it] into a bank account under the [name]… Claude and Jean Johnson Amway Distributors."[70] In the four years they

[70] Claude Johnson quoted in *Official Transcripts of Proceedings Before the Federal Trade Commission Docket No. 9023 In the Matter of Amway Corporation, Inc*., May 31, 1977: 1440. FTC.

spent working in Amway, the Johnsons developed an organization of 175 people, 14 of whom they had sponsored personally.[71]

Despite the fact that the Johnsons owned three other businesses, Amway began to take up a significant part of their personal and professional lives. According to Johnson, Amway "changes your life-style all right, because… [you are] a head of a group and responsible for supply and complaints… and people are coming in all of the time and picking up products and stuff like that, and really in our case our life was not our own because we had people coming in and out at all times of the day and night."[72] At one point, the Johnsons even "built a [96 square foot] room onto the house… which was used exclusively [to store] the Amway products." In addition to the dedicated space in their home, the Johnsons also devoted three or four nights a week to holding opportunity meetings. "[S]ometimes," Johnson recalled, "those meetings… lasted up until… 12 o'clock at night."[73] Suggesting that since joining Amway his life was no longer his own, Johnson pointed to a consequence of flexibility that went unacknowledged in Amway corporate literature. Blurring the boundaries between work and sociability, between one's personal and professional life, a distributorship was not only about bringing one's social life into one's work, but also about bringing work into one's private life. Amway distributors did not, to borrow from Amway's corporate literature, have to punch a time clock; but there was also no way to clock out.

At their peak in 1970, the Johnsons reached a total group volume of $15,000 a month, for which they qualified as Ruby Direct Distributors. But, according to Johnson, "the volume began to go down slightly after that and then in the latter part of 1970, my wife became pregnant and we had a child in July of 1971." On top of being a new parent, Johnson was hospitalized six

[71] Ibid, 1445-1446.
[72] Ibid, 1446.
[73] Ibid, 1447.

times for pneumonia that year. As a result, the Johnsons had to reduce the amount of time they spent working on their Amway business; the effect on their income was almost immediate. "I explained to my wife," Johnson recalled, "[that] keeping the volume up is just like these guys in the circus that have these plates on a stick up there, and they spin them around and they get them to go up and then go down, and then if they don't keep juggling this one over here it is eventually going to fall… and that is just the way our Amway business was."[74] Maintaining a profitable distributorship required constant effort. If Amway corporate literature framed recruiting as a way to earn additional income without any extra effort, the Johnsons suggested just the opposite. The larger an organization one amassed, the more work it required.

The Johnsons started out as an Amway success story. They had a large organization with significant volume. After only eight months in the business, they qualified as Direct Distributors. Two years later, they qualified as Ruby Direct Distributors. But the Johnsons ultimately discovered that their success was difficult to maintain. One of the alleged benefits of Amway's networked model, according to marketing material, was that sponsoring enabled one to build an organization that was self-sustaining. As a distributor's organization – and hence his income – grew, his level of effort did not. Indeed, Amway literature often characterized the end-goal of a distributorship as an easy retirement during which one continued to draw dividends from his distributorship while enjoying his leisure years. The Johnsons' story suggests otherwise.

Betty and Thomas Holdridge's story, like the Johnsons', is an example of a distributorship that, while it looked profitable at first glance, actually illustrated just how difficult it was to make any substantial income through Amway. The Holdridges joined Amway in 1964 after Shirley Gunnett, a casual acquaintance of Betty's, made an unannounced visit to their home and convinced the Holdridges to attend an opportunity meeting later that night. When they

[74] Ibid, 1448-1449.

arrived at the Gunnetts' house, Betty Holdridge "looked at her house and I knew Shirley and [her husband] Clare were not making very much money in the past. They had very bad money problems before, and all of a sudden they had built onto their house and had built new drains and furniture, [bought] a big Buick with bucket seats and I knew they had to be making money."[75] At the time, Holdridge's husband, Tom, was working as a machine repairman at National Water Lift. She had previously worked as a switchboard operator and a receptionist but, since having children, only worked part-time during the Christmas season. The Gunnetts showed them the sales plan and explained that "we could make a thousand dollars easily part-time," as Holdridge recalled, "[But] I thought they [the Gunnetts] were certainly making a lot more if they could do all that they were doing."[76]

When they first started their Amway business, Tom devoted twenty hours per week to Amway on top of his job as a machine repairman. Betty worked a full forty-hour week in Amway doing bookkeeping and paperwork, managing products, servicing clients and distributors, and going to meetings. By 1968 the Holdridges had amassed an organization of more than two hundred distributors. In August 1968 they qualified as Direct Distributors and Tom quit his corporate job to work in Amway full time. In Holdridge's words, "It was our life, we ate slept and drank it. We got up in the morning and went to bed and it was Amway all the way… I spent a good 60 or more hours a week doing nothing but Amway."[77]

Their hard work paid off, at least at first, and the Holdridges' business realized, after paying out refunds due to their distributors, a gross profit of $7,816 in 1969.[78] Their business

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[75] Betty Holdridge quoted in *Official Transcripts of Proceedings Before the Federal Trade Commission Docket No. 9023 In the Matter of Amway Corporation, Inc*., May 23, 1977: 743. FTC.
[76] Ibid, 743. For more on Clare and Shirley Gunnett, see Conn, *The Winners' Circle*, 46-50.
[77] Ibid, 755.
[78] U.S. Tax Form "Schedule C: Profit or (Loss) From Business or Profession, Sole Proprietorship" for Thomas and Betty Holdridge, 1969, RX1052. FTC.

doubled in size in the next year with $14,543 in gross profits in 1970; [79] $17,970 in 1971;[80] and $15,766 in 1972.[81] During the Holdridges' best month, their organization exceeded $15,000 in volume, for which the Holdridges received a bonus check for $6,090.70. Holdridge was so proud that she "showed it to everyone we tried to sponsor, because that was the biggest check we ever made and I wanted them to see it… to show them they could also do it, that in a month they can make this kind of money."[82] The $6,090 check was not for the Holdridges alone, however; they still had to deduct the portion of the bonus that was due to the members of their organization. In fact, the Holdridges found that cash receipts did not necessarily add up to great personal income. Their distributorship was profitable. But, as they discovered, taxes and expenses cut their profits at least in half. Of the $7,800 they earned in cash revenue in 1969, their first year as full-time direct distributors, the Holdridges' net income was only $1,361.50.[83]

Jack Eargle, a distributor from South Carolina, similarly experienced how hidden expenses could erode one's earnings in Amway. When Martha Ann Johnson showed Eargle and his wife the Amway sales plan in 1975, she gave them the impression that "the expenses you would have in this business… [were] tax deductible. She [Johnson] didn't say anything about how much expense you would incur in this type of business." In addition to standard business expenses such as stationary, freight and shipping, and telephone service, Amway distributors also incurred unconventional expenses that included traveling throughout the county, state, and

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[79] U.S. Tax Form "Schedule C: Profit or (Loss) From Business or Profession, Sole Proprietorship" for Thomas and Betty Holdridge, 1970, RX1053. FTC.
[80] U.S. Tax Form "Schedule C: Profit or (Loss) From Business or Profession, Sole Proprietorship" for Thomas and Betty Holdridge, 1971, RX1054. FTC.
[81] U.S. Tax Form "Schedule C: Profit or (Loss) From Business or Profession, Sole Proprietorship" for Thomas and Betty Holdridge, 1972, RX1055. FTC.
[82] Betty Holdridge, *Official Transcripts,* 763-764.
[83]U.S. Tax Form "Schedule C" (1969) for Thomas and Betty Holdridge. FTC. Schedule C reports on taxable profits after allowable expenses and deductions. Because Amway distributors often deduct items including a portion of their rent or mortgage to account for a home office, and for the business use of their personal vehicle, their cash profit would have been somewhat greater than the net profit reported for tax purposes.

sometimes out of state, to try to recruit new distributors; childcare and babysitting for the nights and weekends couples spent at opportunity meetings; and the cost of traveling to and attending Amway rallies and conventions across the country. According to Eargle, "the most expense we had was actually going and trying to sponsor couples, insofar as the gasoline you would use and traveling and staying in motel rooms and meals and what have you, going to all these rallies and seminars, you know, out of town… It was just a tremendous amount of expense that you would incur in this business."[84] In fact, during the year that they participated in Amway, the Eargles never made a cent. Despite selling $200 worth of retail products each month, and having an organization with up to $2,700 in monthly volume, Eargle stated, "We never made a profit, because our expenses were a lot more than we made."[85]

Mary and Michael Rovena were similarly surprised at the expenses associated with running an Amway distributorship. Since joining Amway in 1967, the Rovenas developed an organization of approximately 300 distributors, including 50 they had sponsored personally. Despite the size of their organization, however, the Rovenas' distributorship was never profitable. "There were direct expenses incurred in the Amway business," that the Rovenas had not anticipated including "payments to Amway for… literature, product specification brochures, product advertising brochures, name tags to leave on doors, labels to use, [and] all of the various things that Amway itself provided for a distributor's convenience and use."[86] As Rovena suggested, distributors had to use official Amway literature – which ranged from product brochures to recruiting literature to advertisements to letterhead – that could only be obtained by purchasing it from the Amway Corporation. Gordon Teska, Vice President of Marketing at

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[84] Jack Eargle quoted in *Official Transcripts of Proceedings Before the Federal Trade Commission Docket No. 9023 In the Matter of Amway Corporation, Inc*., May 25, 1977: 946. FTC.
[85] Ibid, 964.
[86] Mary Rovena quoted in *Official Transcripts of Proceedings Before the Federal Trade Commission Docket No. 9023 In the Matter of Amway Corporation, Inc*., June 1, 1977: 1605. FTC.

Amway, testified that in 1977 Amway produced approximately 700 different pieces of product information, recruiting literature, and sales aids. Amway did not make a profit on the sale of starter kits to new distributors, but it is unclear from Teska's testimony whether Amway profited from the sale of marketing material.[87] Still, industry experts such as Michael Granfield have cited the lack of advertising and promotion as one of the advantages of the direct sales model. Utilizing the person-to-person sales strategy in which the sellers identify potential customers, and demonstrate and endorse products, direct sales firms purportedly avoided the high cost associated with media campaigns and product advertising, as well as securing shelf space in retail outlets. Mary Rovena's story suggests that, rather than eliminate the need for advertising and marketing, the direct sales strategy may in fact have enabled firms to pass on those costs to the distributors.[88]

Like the Rovenas, Nancy and Bayliss Johnson claimed that their business expenses, which included renting a space and paying for refreshments each time they hosted an opportunity meeting, far exceeded the revenue that their Amway business produced. One of the most substantial costs, according to both the Rovenas and the Johnsons, was that associated with Amway rallies. Rallies were not mandatory, at least not officially, but Nancy Johnson reported feeling pressured to attend even though she and her husband could not afford the $200 to $250 in travel expenses it cost to do so.[89] The Rovenas "were told by [mega-distributors] Kay Fletcher and Dan Williams," both frequent speakers at rallies, "that going to Amway rallies was the most

[87] Gordon Teska quoted in *Official Transcripts of Proceedings Before the Federal Trade Commission Docket No. 9023 In the Matter of Amway Corporation, Inc*., June 29-30, 1977: 2699. FTC.
[88] Michael E. Granfied quoted in *Official Transcripts of Proceedings Before the Federal Trade Commission Docket No. 9023 In the Matter of Amway Corporation, Inc*., July 1, 1977: 2926-2927. FTC. Granfield was Associate Professor of Business Economics at UCLA School of Management. Amway passes on to distributors the cost of bad debts, or accounts that cannot be collected. Gordon Teska testified that the ultimate risk of nonpayment falls on distributors' shoulders. Gordon Teska, *Official Transcripts*, 2747.
[89] Nancy Johnson quoted in *Official Transcripts of Proceedings Before the Federal Trade Commission Docket No. 9023 In the Matter of Amway Corporation, Inc*., May 25, 1977: 1117. FTC.

important thing, that these rallies were sources of motivation and sources of knowledge for the distributors and we were to try to get as many people to go as possible."[90]

Scholars have identified rallies and conventions as a central feature of the culture of direct sales. Tupperware Jubilees, Mary Kay Seminars, Stanley Home Products Conventions, Shaklee International Conventions, Amway Rallies, and other similar gatherings help direct sales firms cultivate a sense of camaraderie and shared identity among otherwise independent workers. Rallies and conventions are often extravagant, spectacular events. Tupperware Jubilees of the 1950s and 1960s were five-day affairs, which brought together as many as 2,000 Tupperware managers and distributors from across the country.[91] Mary Kay Ash has described her company's annual Seminar as "a multi-million dollar extravaganza that has been called the Academy Awards, Miss America Pageant, and Broadway opening all rolled into one."[92] Corporate conventions are ritual-heavy. Many direct sales firms have their own set of songs, poems, slogans, and sometimes even an official band. Tupperware had "The Tupperware Choraliers" and Amway had the "Sanborn Singers." Mary Kay consultants sang songs like "I've Got That Mary Kay Enthusiasm" and "If You Want to be a Director, Clap Your Hands."[93] Rituals that celebrated distributors' shared identity as members of a distinct community were one way that direct sales firms used corporate culture to foster an emotional connection and sense of company loyalty among distributors.

Amway rallies featured motivational speeches delivered by the company's founders, by mega-distributors like Dexter Yager, and by famous guests from among the who's who of the

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[90] Mary Rovena, *Official Transcripts*, 1607.
[91] For more on Tupperware Jubilees, see Clarke, *Tupperware*, 141-148.
[92] Biggart, *Charismatic Capitalism*, 135.
[93] Mary Kay Ash, *Mary Kay: The Success Story of America's Most Dynamic Businesswoman* (New York: Harper and Row, 1981), 45. "I've Got That Mary Kay Enthusiasm" was sung to the melody of a hymn. "If You Want to Be a Director, Clap Your Hands," ended with the lyrics, "if you want to be a director, you've got to be a 'perfector,' so do all three, clap your hands, stomp your feet, and yell *hooray*!"

Christian right. Ronald Reagan, Dale Evans, Paul Harvey, and George Bush are only a few of the well-known figures who have appeared at Amway rallies. Speeches delivered by successful distributors were, as many Amway participants noted, particularly powerful. Borrowing many of the themes and conventions common in contemporary self-help and popular psychology, people narrated dramatic rags-to-riches stories and tales of self-transformation through Amway. Yager, for example, told distributors that, before he joined Amway, he drove a beer delivery truck, drank up to two cases of beer a day, and had a severe stutter. Now, thanks to Amway, he had a garage full of luxury vehicles and traveled around the country as a public speaker.[94] Speaking in a mode that was both motivational and confessional, distributors often told stories of escaping from the confines of corporate work, the stresses of living paycheck-to-paycheck, or the dreariness of an unfulfilled life.

For example, Kay Fletcher described the rut he was in before he joined Amway. "I got off work at 4… I watched the television from 4:15 til 10:30. I ate my supper watching TV."[95] Fletcher was wasting his life in front of the television, he claimed, "because I couldn't stand to think about the circumstances I was in." After achieving financial and personal success through Amway however, Fletcher had a new zest for life and felt proud that his children could now look to him, not as a couch potato, but to be inspired by his example. Vede Coleman told audiences that Amway had made her "more fulfilled as a person and a woman than I ever have been in my

[94] Dexter Yager, Sr., *Don't Let Anybody Steal Your Dream* (Charlotte: InterNET Services Corporation, 1978); Dexter Yager with Doug Wead, *Millionaire Mentality: Financial Freedom Can Be Yours* (Penville: Freedom Distributing Company, 1983); Conn, *The Winner's Circle.* Nancy Johnson recalled seeing Yager at a rally in Charlotte. Yager "talked about his home and the life from which he had come and the life he had now and how well he enjoyed being rich… And he would say, 'sure, it's nice to be able to live like this and some day all of you people out there will be able to" live like millionaires, too. Nancy Johnson, *Official Transcripts*, 1082-1083.
[95] Kay Fletcher, "Supplemented Version of CX1021, Complaint Counsel's Partial Transcript of CX1101," Transcript of undated audio recording. CX1021: 6230-6231. FTC.

life."[96] Ruth and Roger Krause similarly claimed that "Amway changed our lives."[97] Demonstrating one of the "strategies of control" that Biggart identifies as a feature of charismatic capitalism, speakers at Amway rallies underscored the ways in which one could create a new (and improved) self through direct selling.

Amway participants described coming away from rallies with a sense that they were a member of a community of people with shared interests and values. Amway rallies made people feel like they were part of something bigger than themselves. They provided a mechanism through which to produce a sense of belonging and meaning through collective rituals, shared experiences and mythologies, or what Robert Bellah has called "habits of the heart."[98] At rallies as well as in smaller meetings among distributors, motivational speakers framed Amway as a way to achieve a greater sense of meaning in one's life. Mariana Johnson, for example, asked an audience of distributors, "Are you looking for purpose?" According to Johnson, Amway provided her with a sense of purpose as her children grew more independent. Amway offered her "something to do, something to work for, and something to love."[99] According to Bunny Marks, "there [are] very few people in this world that are excited about anything, because they don't have anything to be excited about."[100] But Amway gave people something to be passionate about. In the words of Al Blinko, Amway "put urgency in your life."[101]

[96] Vede Coleman, "Supplemented Version of CX1031, Complain Counsel's Partial Transcript of CX1106," Transcript of undated audio recording. CX1030: 6255. FTC.
[97] Ruth Krause, "Supplemented Version of CX1021, Complaint Counsel's Partial Transcript of CX1101," Transcript of undated audio recording. CX1021: 6222. FTC.
[98] Robert H. Bellah et. al., *Habits of the Heart: Individualism and Commitment in American Life* (Berkeley: University of California Press, 1985). See also Arlie Russell Hochschild, *The Managed Heart: Commercialization of Human Feeling* (Berkeley: University of California Press, 1983).
[99] Mariana Johnson, "Supplemented Version of CX1115, Complain Counsel's Partial Transcript of CX1112," Transcript of undated audio recording. CX1115: 6709-6710. FTC.
[100] Bunny Marks, "Supplemented Version of CX1116, Complain Counsel's Partial Transcript of CX1113," Transcript of undated audio recording. CX1116: 6715. FTC.
[101] Al Blinko, "Supplemented Version of CX1041, Complaint Counsel's Partial Transcript of CX1088 and CX1089," Transcript of undated audio recording. CX1041: 6377. FTC.

Rallies and conventions nurtured a sense of belonging, a feeling that one was participating in something greater than oneself. Although the element of community and belonging would seem to go against much of the language of independence and do-it-yourself-success common in Amway, the affective aspects of Amway met a need of a different kind. The sense of belonging, along with a general ethos of energy and enthusiasm, fostered at Rallies was enough to keep some distributors active in Amway despite meager income or flagging interest in sales. Gerald Fackbell, who became a distributor in 1970, described Amway rallies as having a "contagious atmosphere." Despite the fact that Fackbell never made a profit, he stayed in Amway through 1971. During that time he "went to every rally that they had anywhere close." From his home in Baton Rouge, he "went as far as Mobile to one, Appaloosa and New Orleans several times." Fackbell "went to as many of these meetings as I possibly could… because of the enthusiasm of the rally, which was excellent." Seemingly more interested in consuming the spectacle and fervor that characterized direct sales rallies, rather than in the selling itself, Fackbell knew all the formulaic elements of Amway rallies: "the speaker would always have an excellent history of how well they had done in Amway, how much money they were making, how they bought new cars or new houses or quit their job or went full-time."[102] Fackbell estimated that, in the year he participated in Amway, he attended as many as twenty-five rallies.

It is unclear whether Amway profited from rallies and conventions. Individual distributors who hosted large rallies for their own organization, like the Yagers did, certainly earned money from the events, although it is unclear how much. But, whatever profit they generated for the corporation or hosts, extra-curricular activities like rallies were for distributors an added business expense. In addition to paying to travel to more than seven rallies in two

[102] Gerald Fackbell quoted in *Official Transcripts of Proceedings Before the Federal Trade Commission Docket No. 9023 In the Matter of Amway Corporation, Inc*., June 1, 1977: 1566-1577. FTC.

years, Mary and Michael Rovena purchased a $200 tape recorder at their sponsor's suggestion. The Rovenas were told "that we should get a tape recorder to tape what was said by whoever was at these rallies, so that we could in turn take the tapes home, play them back to ourselves, [and] become motivated."[103] The motivational power of Amway rallies, that is, was supposed to extend beyond the event itself, to keep an animated image of the company alive for them. All told, the Rovenas, who reportedly never earned a profit through direct selling, spent nearly $2,000 on rallies during the two years they participated in Amway. Contrary to claims that one could start an Amway business with an amount as small as $10 for a starter kit, the Johnsons and the Rovenas discovered that operating an Amway distributorship required a much more significant financial investment.

Like the Johnsons and the Rovenas, Betty and Tom Holdridge quickly realized that the income they earned from Amway was not alone enough to support their family. Tom Holdridge went back to work at National Water Lift but was laid off soon after. He went to work for a small ink company part-time, while remaining active in the Amway business. When his job at the ink company ended, he again worked full-time in Amway until 1971, when he took a job as a builder for Ridge Homes. Amway was, for the Holdridges, a mixed blessing. One the one hand, they made the mistake of overestimating what they could earn through a distributorship, or perhaps underestimating the hidden costs of operating that distributorship. On the other, their income from Amway was substantial. In 1970 and 1971, the years when Tom was intermittently between jobs, the Holdridges' distributorship realized net profits of $4,260 and $8,248, respectively.[104]

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[103] Mary Rovena, *Official Transcripts*, 1607.
[104] U.S. Tax Form "Schedule C" (1971) for Thomas and Betty Holdridge.
U.S. Tax Form "Schedule C" (1970) for Thomas and Betty Holdridge. After her husband left the Amway business all together in 1972, Holdridge began to downsize the distributorship. The business reported a profit of $4,241 in 1972 and only $2,181 in 1973. Holdridge soon stopped recruiting distributors and only continued to serve her existing customers. By the summer of 1977, Betty Holdridge was receiving approximately $200 a month from Amway before expenses, which were no longer a significant cost since she was no longer recruiting or advertising.

The Holdridges' experience shows that an Amway distributorship, if not necessarily the path to riches corporate literature claimed, could be an important source of much needed income. Although they regretted Tom's decision to quit his corporate job almost immediately, the additional income they realized from their Amway distributorship may have helped them navigate a two-year period during which Tom was not steadily employed. At the same time, when Betty Holdridge said she "ate, slept and drank" Amway, she illustrated just how much time and effort one had to invest in order to make money through direct selling. During the three years when they were actively sponsoring distributors, the Holdridges showed the plan to "literally hundreds" of people. "You wake up every morning," Holdridge explained, "and everybody you saw on the street you approached… I mean you just went no place, not even a party or dinner or out for the evening [without] approaching people… we asked everybody, just everybody."[105]

The Holdridges' story shines light on one of the dangers inherent in networked direct selling. The complicated logic of a networked organization created a sense of commotion and achievement that obscured the bottom line. Money and products constantly changed hands as they moved from the corporate warehouse to the direct distributor to distributors downline in the organization and, finally, to the retail customers. Tom Holdridge quit his corporate job because the $6,000 bonus check and the volume of products that flowed through him to his distributors created the illusion of a robust business. Joan Spradley, who joined Amway with her husband Les in 1969, recalled the first $2,000 refund check they received. "We had photostated a copy of that check," Spradley said, and Les kept it as "proof that he had done that much business in a

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"I am still in Amway," she explained, "I do not sponsor anyone. I do not call myself an active Amway distributor. However, I take care of the people that have been in Amway a long time and who still want to pick up product from us, and I still keep my customers that call me. I don't go out and service them, but if they call me… I deliver to them right away." Although her Amway distributorship is no longer a source of meaningful income, Betty Holdridge still valued her customers and took pride in fulfilling her commitment to them. Betty Holdridge, *Official Transcripts*: 758.

[105] Ibid, 750.

month… [H]e was awfully proud of it, it was the first check he had ever had in his life for that sum of money."[106] Confident that their business would continue to grow, the Spradleys bought office furniture, a typewriter and adding machine, a mimeograph machine, and hired a telephone answering service to keep up with their organization, which at its largest consisted of 300 distributors. In order to service so many distributors, the Spradleys had to keep at least $1,500 worth of inventory on hand. Filling orders, re-stocking products from the warehouse, and paying monthly refunds to all the members of their organization must have kept them extremely busy. However, the Spradleys were operating at the very limits of their financial capacity. Some months they spent all their capital on inventory. Spradley reported that when products were backordered, or when they could not collect payments quickly enough, it "caused us serious financial problems."[107] In such cases, the Spradleys sometimes bounced checks, which suggests they had no financial safety net either personally or in their business accounts. Being positioned at the head of a large organization, managing paperwork and processing payments for thousands of dollars worth of products – regardless of how much income one actually received from the sale of those products – led many distributors to believe they were more successful than they were.

The complicated way products and money circulated through the organization, combined with Amway's use of special terminology, created a great deal of confusion among distributors. Distributors talked about their business using Amway-specific labels such as "Business Volume," "Product Volume," and "Bonus Refunds" rather than common accounting terms like revenue, gross income, or net profit. In fact, many distributors who testified as part of the FTC hearings were unable to answer, or even comprehend, questions posed in simple business terms.

[106] Joan Spradley, *Official Transcripts*, 1336.
[107] Ibid, 1317, 1324, 1325.

Even well-educated, successful distributors like James McNeeley, the career counselor from Virginia Polytechnic Institute, had difficulty answering questions about income and profit. When asked how much profit his distributorship generated on average, McNeeley responded, "I have trouble calculating that average. I have calculated some of the extremes." His most successful month in 1977 produced "about $450 after paying refunds to distributors… Last month, in June," he added, "we will have earned about $150."[108] Perhaps because most distributors were accustomed to celebrating their most profitable months in Amway's pin-granting ceremonies, or to using their largest refund check as a prop to recruit new distributors, McNeeley had no sense of his average monthly profits.

McNeeley was one of many distributors who did not understand the fundamental difference between gross earnings and net profits. When pressed on the matter, he admitted, "I don't know the differentiation that you are using. To me they are similar; they are the same. I use those words synonymously." When asked what terminology – gross income or net profits – he used when explaining the Amway sales plan to potential recruits, McNeeley again confessed, "I don't [differentiate] because I don't know the difference… I am confused on those terms. I don't know."[109] Harold Hunt, who also managed a profitable distributorship, was confused by questions about the cost of goods sold, and about the difference between gross and net income.[110] Barbara Miller was unable to provide any financial information, or even to estimate her monthly or annual sales volume.[111] When Richard Ossinger was asked financial questions, he could only respond using Amway-specific language. The questioning attorney asked at what point in the sales process distributors earned profit on retail sales. Ossinger answered, "They make a profit

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[108] James McNeeley, *Official Transcripts*, 3605.
[109] Ibid, 3640-3641, 3645.
[110] Harold Hunt, *Official Transcripts*, 4426-4427.
[111] Barbara Miller quoted in *Official Transcripts of Proceedings Before the Federal Trade Commission Docket No. 9023 In the Matter of Amway Corporation, Inc.*, July 13, 1977: 4494. FTC.

by virtue of the volume of business that is generated. That is our performance bonus schedule." Still confused, the attorney asked whether the volume of business reflected wholesale profits, to which Ossinger replied, "No… [It is] simply the volume of the business… We have a business volume or BV figure, and it is based on the BV figures, the business volume figure."[112] After several rounds of unproductive examination, one of Amway's attorneys objected to the line of questioning.

Amway's use of specialized terminology created a protective layer of mystification around its business practices. Attorneys in the trial were unable to obtain necessary information from witnesses or through data requests during deposition because their questions did not adhere to the way Amway or its participants talked about the business. For distributors, too, Amway-specific terminology created a sense of mystification about their own finances. When asked about the financial aspects of a distributorship, Amway participants were very often unable to provide basic information or even to understand the questions being asked. Each one could clearly and immediately define Amway-specific terminology such as "the living room plan," "the curiosity approach," or the "dream sheet."[113] Each knew the details of Charley Marsh's or Dexter Yager's life story. But, when asked questions such as whether a member of one's downline was considered a buyer or a seller, Walter Bass, one of the original Ja-Ri distributors, responded, "I don't understand the question at all. Buyer and seller?"[114] Witnesses' inability to communicate using standard accounting or sales terminology frustrated the witnesses as well as

[112] Richard Ossinger quoted in *Official Transcripts of Proceedings Before the Federal Trade Commission Docket No. 9023 In the Matter of Amway Corporation, Inc*., July 8, 1977: 3700-37004. FTC. The confusing exchange between Ossinger and the attorneys went on for four full pages.

[113] Distributors described holding opportunity meetings and showing the Amway sales plan in people's home as "the living room plan." "The curiosity approach" was a recruiting strategy whereby the distributor piqued a prospect's interest by making vague, cryptic references to an opportunity, or a new business investment. Distributors often asked prospects to make a list of all their goals and desires, which might include a big house, a new car, a trip to Hawaii, or a certain level of income. They called that list a "dream sheet."

[114] Walter Bass quoted in *Official Transcripts of Proceedings Before the Federal Trade Commission Docket No. 9023 In the Matter of Amway Corporation, Inc*., May 16, 1977: 121. FTC.

the attorneys. The attorneys were partly to blame; their questions indicated how poorly they understood the world of Amway and the logic of networked direct selling. But the confusion also signified the ambiguity of distributors as economic actors who did not fit neatly within the conventional categories of buying and selling, working and consuming.

As an extension of their work in direct selling, Amway distributors actually did a great deal of consuming. They consumed products and sales aids, and the experience of going to rallies. Distributors were also encouraged, both by sponsors and executives, to consume motivational literature and other avenues for self-improvement whenever possible. According to Steve Butterfield, a former member of Dexter Yager's group, all the distributors in Yager's organization were expected to purchase two motivational books and two motivational tapes each month.[115] Amway regularly published lists of recommended reading, all available for sale through Amway, which included works from famous names in self-help such as Norman Vincent Peale, Dale Carnegie, W. Clement Stone, Og Mandino, and Robert Schuller.[116]

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[115] See Steve Butterfield, *Amway: The Cult of Free Enterprise* (South End Press, 1999). Dexter Yager was an especially prolific writer. He published more than ten motivational books between 1978 and 1995, which he strongly encouraged all the members of his downline to read. Yager's books include: Dexter Yager with Doug Wead, *Millionaire Mentality: Financial Freedom Can be Yours* (Penville: Freedom Distributing Company, 1983); Dexter Yager Sr., *Don't Let Anybody Steal Your Dream* (Charlotte: InterNET Services Corporation, 1978); Dexter Yager with Ron Ball, *Dynamic People Skills* (Tyndale House Publishing, 1996); Dexter Yager and Ron Ball, *The Mark of a Millionaire* (Tyndale House Publishing, 1990); Dexter Yager and Ron Ball, *Everything I Know At the Top I Learned at the Bottom* (Tyndale House Publishing, 1991); Dexter Yager and John Mason, *The Pursuit: Success is Hidden in the Journey* (Charlotte: InterNET Services Corporation, 2005); Dexter Yager, *The Business Handbook* (Charlotte: InterNET Services Corporation, 1985); Dexter Yager, *Dexter's Business Builders* (Tyndale House Publishing, 1995); Dexter Yager and Ron Ball, *Ordinary Men, Extraordinary Heroes* (Tyndale House Publishing, 1992); Dexter Yager, *A Millionaire's Common Sense Approach to Wealth* (Charlotte: InterNET Services Corporation, 1991); Dexter Yager, *Basic People Skills: Everyday Skills for Success* (Charlotte: InterNET Services Corporation, 2002); Dexter Yager and Doug Wead, *The Magic Makers* (Yager/Wead, 1982).

[116] See Norman Vincent Peale, *The Power of Positive Thinking* (New York: Prentice-Hall, 1952); Dale Carnegie, *How to Win Friends and Influence People* (New York: Pocket Books, 1998); W. Clement Stone, *The Success System That Never Fails* (New York: Pocket Books, 1989); Og Mandino, *The Greatest Salesman in the World* (New York: Bantam, 1974); Robert H. Schuller, *You Can Become the Person You Want to Be* (Hawthorne Books, 1973). A 1975 publication also recommended: Leslie Giblin, *How to Have Confidence and Power in Dealing with People* (New York: Penguin Putnam Inc., 1956); K. Thomas Finley, *Mental Dynamics: Power Thinking for Personal Success* (New York: Prentice-Hall, 1966); Richard Bach, *Jonathan Livingston Seagull: A Story* (New York: Scribner, 1970). See: Amway Corporation, *Professional Sponsoring Step-by-Step* (Ada: Amway Corporation, 1975), 24. CX69: 1647-1672. FTC.

If distributors were counseled to read widely in the category of self-help and inspirational literature, the direct sales industry also spawned a whole consumer category specific to direct selling. Advice literature for salesmen, as well as general success manuals, has a long history in American commercial culture. Existing scholarship on the history of self-help has aptly demonstrated the ways in which salesmanship, religion, and medicine shaped twentieth-century American therapeutic culture. They have pointed to the eighteenth-century writings of Protestant ministers, proponents of Mind Cure and New Thought, and to sales literature as the forebears of the modern self-help genre. Direct sales firms played a particular, but perhaps under-recognized, role in that history.

Direct sales firms have, since the nineteenth century, openly marketed independent sales as a mode of self-improvement. Early direct sales firms promoted the idea that independent salesmanship was character building. Nineteenth and early-twentieth century literature published to aid salesmen contained advice about how to exude confidence, how to make a good impression, and how to assess, approach, and influence others. Early advice literature sometimes proffered guidance on goal setting, time management, and how to overcome objections. In other words, many of the themes and conventions popular in self-help and success literature of the twentieth century developed out of nineteenth-century literature on salesmanship. The rise of direct selling how-to literature in the post-WWII period was not a new phenomenon; it was an extension of a much older discussion about the relationship among personality, self-improvement, and salesmanship.[117]

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[117] See Irvin G. Wyllie, *The Self-Made Man in America: The Myth of Rags to Riches* (New Brunswick: Rutgers University Press, 1954); Steven Starker, *Oracle at the Supermarket: The American Preoccupation with Self-Help Books* (New Brunswick: Transaction Publishers, 1989); Micki McGee, *Self Help, Inc.: Makeover Culture in American Life* (Oxford: Oxford University Press, 2007); Kate Bowler, *Blessed: A History of the American Prosperity Gospe*l (New York: Oxford University Press, 2013). See also Walter Friedman, *Birth of a Salesman: The Transformation of Selling in Americ*a (Cambridge: Harvard University Press, 2004); Alison J. Clarke, "'Faith Made Them Champions': The Feminization of Positive Thinking," in *Tupperware*.

How-to and advice literature aimed at direct sellers grew out of that tradition but, by the 1960s, books such as *How to Make Big Money in Direct Selling* (1963), *Your Future in Direct Selling* (1965), *How to Earn Top Dollar in Direct Selling* (1969), and *How Women Can Make Up to $1000 a Week in Direct Selling* (1963) were specific and widespread enough to be considered a distinct subgenre.[118] By the late twentieth century, direct sellers had access to an overwhelming number of books published expressly for them.[119] Written by authors who ran the gamut from distributors to sales and management experts to psychologists and professional researchers, books for direct sellers usually provided basic information about the industry and how it worked, blended with inspirational stories of successful distributors and concrete tips and strategies for operating a distributorship.

[118]Henry Flarshein, *How to Make Big Money in Direct Selling* (Engelwood Cliffs: Prentice-Hall, 1963); Foster E. Goodrich, *Your Future in Direct Selling* (New York: Richard Rosen Press, 1955); Anthony B. Canning and Dorothy Waring, *How to Earn Top Dollars in Direct Selling* (New York: Fell, 1969); Claire Cox, *How Women Can Make up to $1000 a Week in Direct Selling* (Princeton: N.J. Van Notrand, 1963). Books on direct selling were published before the 1960s, but were not yet part of a distinct subset of either sales or self-help literature. For an example of early work specific to direct selling, see H.J. Bligh, *How to Begin As a Direct Salesman* (Chicago: National Specialty Salesman Publications, 1929). JWH; Elmer Wheeler, *Tested Direct Selling* (New York: Prentice-Hall Inc., 1942).

[119] For example, Gerald D. Oliver, *How to Create a Fortune Sponsoring Distributors: Everything You Need to Know to Build a Successful Multi-Level Sales Organization* (Springfield: Britton Press, 1980); Gini Graham Scott, *Strike it Rich in Personal Selling: Techniques for Success in Direct Sales, Multi-Level, and Network Marketing* (New York: Avon, 1985); Michael Malaghan, *Making Millions in Direct Sales: The 8 Essential Activities Direct Sales Managers Must Do Every Day to Build a Successful Team and Earn More Money* (New York: McGraw-Hill, 2005). See also behavioral and motivational psychologist Shad Helmstetter's Network of Champions. Helmstetter, who had already authored a best-selling work on a motivational principle he called "Self Talk," offered versions of his behavioral theories tailored specifically for direct selling. Based on a conception of the mind as a computer, Shad argued that the brain takes in negative feedback and translates that negativity into a "mental program" that continually reproduces feelings of self-defeat. As a remedy, "Self Talk" consists of positive affirmations through which one can re-program one's inner thoughts. In the copy of Network of Champions I read, the previous owner had already underlined passages. The reader, I assume an Amway distributor, also left a 3x5 notecard on which he or she had copied down twenty-five items from Helmstetter's self-talk script, including "I am motivated," "I have goals," "I have a business to build," "I like working the plan," and "I believe in Amway." The reader also wrote down: "24. I am a Diamond," and as an act of positive thinking or visualization, "25. I am a DD [Double Diamond] Dec 13 1997 Done Deal." Shad Helmstetter, Ph.D. *Network of Champions: What's Right About America – and How to Be a Part of It!* (Chapel & Croft Publishing, 1995). See also: Shad Helmstetter, Ph.D. *American Victory: The Real Story of Today's Amway* (Chapel & Croft, 1997); Shad Helmstetter, Ph.D., *What to Say When You Talk To Yourself: Powerful New Techniques to Program Your Potential for Success!* (New York: Pocket Books, 1982); Shad Helmstetter, Ph.D., *The Self-Talk Solution* (New York: Pocket Books, 1990).

Indeed, as we have seen, several direct sales firms, especially women-centered organizations such as Avon and Mary Kay, have specifically advertised direct sales work as a way to improve one's self esteem, social and interpersonal skills, and even one's physical appearance. Mary Kay, for example, has explicitly marketed its brand of direct sales work as a program that is as much about personal improvement and self-esteem as commerce. In her self-titled autobiography, Mary Kay Ash described work in Mary Kay as a way to make oneself into a happy person. "You see – the funny thing about putting on a happy face," Ash says in reference not only to wearing cosmetics, but also to one's ability to create a persona as an enthusiastic salesperson, "is that if you do it again and again, pretty soon that happy face is there to stay. It becomes the real you."[120] Tupperware, as Alison Clarke shows, created its own brand of self-help that melded contemporary ideas about the power of positive thinking with Tupperware's own ideology about domesticity and female entrepreneurship; she calls it the "feminization of positive thinking."[121] Nicole Woolsey Biggart, too, has noted the important role that positive thinking, visualization, and self-transformation – all central elements of the postwar culture of self-help – play in direct sales. Yet, existing scholarship has not fully explored the degree to which direct selling represented a distinct subset of the larger genres of self-help and howtoism. Direct sales did more than reflect the culture of self-help; they actively produced a new subgenre within the self-help industry.

By the 1970s several founders of direct sales firms including Jay Van Andel, Rich DeVos, Mary Kay Ash, and Mary Crowley emerged as self-help authors in their own right. Van Andel and Ash most often wrote books that blended the genres of autobiography, corporate

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[120] Ash, *Mary Kay*, 56.
[121] Chapter Six: "'Faith Made Them Champions': The Feminization of Positive Thinking," in Clarke, *Tupperware*, 128-155.

biography, and inspirational literature.[122] Ash also wrote books on management, particularly about how to run a company according to her philosophy of managing by the "Golden Rule."[123] Although their credibility as management experts and self-help gurus relied on their success in direct selling, direct sales executives tended to write books for a general audience rather than specifically for distributors. Mary Crowley, the founder of Home Interiors and Gifts, published five books between 1976 and 1985, in which she discussed her principles as a Christian businesswoman and offered advice to women about how to succeed in business and in life.[124] Rich DeVos also shied away from corporate history and tended to publish broader motivational texts such as *Hope From My Heart: Ten Lessons for Life*. A prolific writer, DeVos also published books such as *Believe!* and *Compassionate Capitalism: Helping People Help Themselves* that merged self-help with Christianity and conservative ideology.[125] Signaling the degree to which works by direct sales executives had crossed over into mainstream self-help, both *Believe!* and *Compassionate Capitalism* were national bestsellers.

Taken together, the convoluted logic of networked direct sales and the fact that participating in Amway required one to purchase corporate literature, tickets to rallies, sales aids,

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[122] Jay Van Andel, *An Enterprising Life: An Autobiography* (New York: Harper Business, 1998).
[123] Mary Kay Ash's books include: Ash, *Mary Kay: The Success Story of America's Most Dynamic Businesswoman* (New York: Harper and Row, 1981); Mary Kay Ash, *Mary Kay on People Management* (New York: Warner Books, 1984); Mary Kay Ash, *The Mary Kay Way: Timeless Principles form America's Greatest Woman Entrepreneur* (Hoboken: John Wiley & Sons, 2008); Mary Kay Ash, *Mary Kay: You Can Have It all, Lifetime Wisdom from America's Foremost Businesswoman* (Prima Lifestyles, 1005); Mary Kay Ash, *Miracles Happen: The Life and Timeless Principles of the Founder of Mary Kay Inc.* (New York: Harper Collins, 1981).
[124] Mary C. Crowley's books include: Mary C. Crowley, *A Pocketful of Hope* (Old Tappan: Fleming H. Revell Co, 1981); Mary C. Crowley, *You Can Too* (Old Tappan: Fleming H. Revell Co, 1979); Mary C. Crowley, *String of Pearls: Secrets of Wisdom and Fulfillment* (W. Publishing Group, 1985); Mary C. Crowley, *Women Who Win* (Old Tappan: Fleming H. Revell Co, 1979); May C. Crowley, *Think Mink! How You Can Achieve the Self-Confidence, Excellence, and Dynamic Faith That Motivates this Remarkable Christian Businesswoman* (Old Tappan, F.H. Revell Co, 1976).
[125] DeVos' books include: Rich DeVos, *Ten Powerful Phrases for Positive People* (New York: Center Street, 2008); Rich DeVos, *Hope From My Heart: Ten Lessons* (Nashville: Thomas Nelson Incorporated, 2000); Rich DeVos, *Compassionate Capitalism: Helping People Help Themselves* (New York: Plume, 1993); Rich DeVos, *Simply Rich: Life and Lessons from the Cofounder of Amway* (New York: Howard Books, 2014); Richard M. DeVos with Charles Paul Conn*, Believe!* (New York: Berkeley Books, 1975).

and a slew of motivational tapes and books, all raise questions about the degree to which direct selling was also an act of consumption. On one hand, distributors' experiences demonstrate that direct selling was hard work, which required a significant investment of time and effort. On the other, Amway distributors regularly engaged in various acts that looked more like consumption than labor. In the most basic sense, distributors purchased and consumed Amway products. They purchased and consumed official Amway sales aids and literature. They purchased tickets to and consumed the experience of attending rallies and conventions. One might even say that those who attended Amway rallies consumed Amway's corporate culture and the sense of belonging that it offered. Across the twentieth century, as we have seen, direct sales firms frequently came up against the conventional categories that the state, as well as many individual Americans, used to comprehend labor and the economy in the United States. Direct sellers also fit poorly within conceptual categories in which producer and consumer, buyer and seller were assumed to be mutually exclusive.

"It Was Not an Intelligent Decision"

One of the most striking, even puzzling, elements in the stories of Amway distributors is how often they remained committed to direct selling in the face of apparent financial losses. William Stone, the man who tried to recruit people at yacht clubs, for example, was already losing money in Amway at the time he decided to leave his full-time, corporate job as an engineer for Bell Telephone Laboratories. When asked to explain his decision, Stone – a well-educated professional man with a wife and a new baby – replied, "I quit Bell Telephone Laboratories while my wife was pregnant with the second baby to go into business… I was not aware at that time of how much money we were going to lose or how bad our business was at that point. But I did quit at that time, yes."[126] Although Stone did not know how much money he was losing at the time he quit his corporate job, he did know that he was losing money. Stone admitted that it "was not an intelligent" decision. But, practicing the kind of visualization common in direct selling as well as contemporary currents in positive psychology, popular psychology, and self-help, Stone explained that at that time he could "see a future" for himself in Amway. He believed strongly that "if I had more time to conduct the business," without the distraction of his corporate job, "I would be able to spend more time traveling and visiting the groups that we had in depth… I thought I could build the business faster."[127]

Stone's story of failure in Amway, with which this chapter opened, was even grimmer than it first appeared. By the time he was offering the example of his own success in Amway in order to seduce people like Walter Hazelman, Stone's business had been in decline for the past three years. Desperately in need of income, Stone had taken a job as a night-shift security guard with the Pinkerton agency, for which he earned $3 an hour. Every night, Stone worked for Pinkerton from 11:30 pm to 7:30 am the next morning. He slept from 8:30 am to noon. From noon to 8:00 in the evening, on only three and a half hours of sleep, Stone "was working in the [Amway] business… calling people up… approaching people and holding opportunity meetings." He tried to recruit people "at diners, the beach, the yacht basin, restaurants, [and] stores" in hopes of resuscitating his Amway business.[128]

If Amway corporate literature framed direct selling as a way to escape the financial pressures of wage work, William Stone's story suggests just the opposite. Amway distributors were fond of sharing stories of men like John Wooten. Before joining Amway, Wooten worked five part-time jobs to make ends meet but, after only nine months in Amway, he had been able to

[126] William Stone, *Official Transcripts*, 525-538.
[127] Ibid, 581-582.
[128] Ibid, 553, 548, 556.

quit all of them.[129] By contrast, William Stone had actually taken on a second job in order to continue working in Amway. Stone spent his days telling other people how they could make money by becoming an Amway distributor, and about how he traded in his corporate job in engineering for the freedom and independence of running his own business. And he spent his nights working as a security guard in order to stay financially afloat. Finally, in late 1975, Stone and his wife looked at each at other and asked, "what are you really doing?" After three consecutive years in the red, they quit Amway. According to Stone, he realized that "there was no sense in my own mind to bang my head against the wall at that point."[130]

William Stone's story is a striking, and perhaps extreme, example of a failed distributorship. For many distributors, like Larry Bryant and Lorraine Cooke, it became clear very early on that they were unlikely to earn significant income from direct selling. Cooke, who was also working as an Avon representative at the time she joined Amway in 1972, initially had trouble selling Amway products in the small Gun Lake, Michigan community where she lived. She "discovered that another distributor had done a might[y] fine job of covering that area very closely." Facing local competition, or what some critics and industry experts have called "saturation," Cooke only earned $10 to $20 per month selling Amway. She quit after one year.[131] Larry Bryant, who joined in 1976, only worked in Amway for six months. Bryant estimated that within that short period he talked to "between eight hundred and one thousand people total" but only sponsored four. Based on the volume of those four people, in addition to his own retail

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[129] Nancy Johnson described hearing John Wooten speak at an opportunity meeting. Nancy Johnson, *Official Transcripts*, 1052.
[130] William Stone, *Official Transcripts*, 555.
[131] Lorraine Cooke quoted in *Official Transcripts of Proceedings Before the Federal Trade Commission Docket No. 9023 In the Matter of Amway Corporation, Inc*., May 23, 1977: 715. FTC. Cooke did eventually sponsor a few distributors but her Amway business, even combined with her Avon sales, never provided significant income. After her husband was injured in a car accident in 1973, Cooke quit both Avon and Amway in order to take a full-time job as a school bus driver. Although Amway corporate literature often described the income from a distributorship as a safeguard against misfortunes exactly like her husband's car accident, Lorraine Cooke's experience in Amway suggests that was not necessarily so.

sales, Bryant estimated that in 1975 he made only "$3 or $4 a month." Discouraged, Bryant decided "It was not worth what it took to make it work to me… so I just told my wife… to get rid of [all the leftover inventory], to throw it away, put it in the garbage." The endeavor as a whole, he said, "We just sort of chalked it off as an experience."[132]

While Bryant and Cooke quickly abandoned direct selling, many distributors continued to work in Amway even after they had suffered significant financial losses. By the time the Rovenas quit Amway in 1969 they were, in Mary Rovena's words, "in terrible debts." They had a pile of unpaid medical bills for their daughter, who had recently suffered an illness, and, according to Rovena, "we were in debt for reasons of having to borrow money to be able to stay in Amway [and] pay our expenses."[133] In the five years Robert Linceum worked in Amway, he amassed more than $10,000 in bank debt. Linceum, who joined Amway in 1969, quit a job in sales at Proctor and Gamble in 1970 to work in Amway full-time. That decision cost him not only a steady paycheck, but also led Linceum to take out more than $10,000 in bank loans to pay his basic living expenses. He reported that, because he was not earning enough in his Amway business to house and feed his family, "I borrowed it from the banks and paid it back with the sale of Proctor and Gamble stock and some money I inherited."[134]

John Soukup also paid a high price for his time in Amway. Soukup quit his job as a corporate manager for Beneficial Financial, where he had worked for the past 25 years, to work

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[132] Larry Bryant quoted in *Official Transcripts of Proceedings Before the Federal Trade Commission Docket No. 9023 In the Matter of Amway Corporation, Inc*., May 25, 1977: 999, 1009. FTC.
[133] Mary Rovena, *Official Transcripts*, 1612-1613.
[134] Robert Linceum quoted in *Official Transcripts of Proceedings Before the Federal Trade Commission Docket No. 9023 In the Matter of Amway Corporation, Inc*., May 26, 1977: 1193. FTC. By August of 1971, Linceum recalled, "it became obvious to me that we were very much in debt. We were not realizing an income from this business that was adequate to provide for my wife and my three children. And I was in the process of losing a home and I said, 'I better get busy.' So I went looking for a job." Ultimately, Linceum was offered a job with Levi Strauss that required him to relocate to Tulsa, Oklahoma. He had intended to keep managing the distributorship and "during this period, I did, in fact, still continue to take moneys from what I was making at Levi Strauss and try to keep that business going." After some members of their organization registered complaints, however, their sponsors "John and Elaine McGuire because disenchanted" with him and, with the cooperation of Amway's corporate office, "terminated" the Linceums as distributors in 1974 (1223).

full-time in Amway in September 1974. "Well, primarily, I left Beneficial to build Amway," Soukup explained, "because I could see at this time Mr. [Ken] Yokel," one of the successful distributors who occupied a kind of folk hero status among Amway distributors, "apparently was a success and others, and I felt I was just as intelligent or capable as they were, and I should be able to do the same thing."[135] Soukup had difficulty meeting the sales and recruiting quotas necessary for him to earn sufficient income. When he expressed his concern to his sponsor, however, Yokel replied, "Well, you are not working hard enough. So, if you get out and work a little harder and put more time in, you can do it." Soukup received similar advice from his wife, Flora. "[M]y wife was after me to do the same thing. She said she was quite convinced, because she had a lot of faith in me, probably more than I did, if I could get into this thing and really put the time in, we could get it up where we wanted it."[136] The message Soukup received, from both his sponsor and his wife, was that any failure reflected not a flaw in the Amway plan, or even a lack of skill on Soukup's part, but a lack of faith and hard work. Soukup's story highlights one of the reasons why so many distributors stayed in Amway, even quit a corporate job to dedicate themselves to it more fully despite apparent financial losses: the notion that success was a product of faith.[137]

Indeed, faith in Amway, faith in American free enterprise, and faith in one's own abilities were central features of Amway's corporate culture and ideology. Going back to the nineteenth

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[135] John Soukup quoted in *Official Transcripts of Proceedings Before the Federal Trade Commission Docket No. 9023 In the Matter of Amway Corporation, Inc*., May 25, 1977: 919. FTC.
[136] Ibid, 919-920.
[137] The emphasis on success through faith has much in common with the messages about self-mastery and manifesting blessings coming from prosperity gospel churches and preachers, which was gaining much traction in postwar American culture. Like direct selling advice literature and other modes of self-help, the prosperity movement, as Kate Bowler shows, also grew out of the tradition of nineteenth-century ideas about self-mastery coming from movements such as New Thought. Bowler describes the prosperity movement as developing out of "three intersecting streams: pentacostalism; New Thought (an amalgam of metaphysics and Protestantism…); and an American gospel of pragmatism, individualism, and upward mobility" (11). More work could be done on the parallels between direct selling and the prosperity movement. Bowler, *Blessed*.

century, most direct sales firms have peddled some version of a faith-based philosophy of success. Decades before Norman Vincent Peale published *The Power of Positive Thinking* or the advent of positive psychology, direct sales firms told men that faith and confidence, supplemented by hard work, assured success in salesmanship.[138] In the 1930s, Fuller Brush Men had the optimistic motto "Fine and Dandy."[139] Mary Kay Cosmetics stressed the necessity of "the 'You can do it!' spirit."[140] Dexter Yager instructed Amway distributors to eliminate from their life all traces of "stinkin' thinkin'"[141] In his best-selling book *Believe!*, Rich DeVos affirms that "almost anyone can do whatever he really believes he can do." "[T]he most powerful sentence" in the English language, he adds, is "I can."[142] The emphasis on positive thinking and visualization within direct sales culture was a powerful part of the appeal of direct selling in the postwar period. It certainly had a strong influence on distributors who, like John Soukup, remained optimistic, even faithful, about their chances in direct selling, despite all evidence to the contrary.

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[138] An issue of the Fuller Brush Bristler, the company's newsletter, stated that "the Fuller Man should be taught to have faith in himself and I know of no better way to do this than to insist gently but firmly on his completing the Fuller Correspondence course." An article designed for a salesman's wife advised women to "Send your Fuller Man out each day in good humor, having faith in himself… and he cannot be anything but successful." Fuller Brush Company, *The Fuller Bristler* 9:7 (Hartford: The Fuller Brush Company, 1925). Trade Publication. HAG. A J.R. Watkins poster advertising opportunities for salesmen stated, "Put your faith in the House of Watkins and sell its products in full confidence… Success and prosperity are attainable in this business by all who work steadily and faithfully." The J.R. Watkins Medical Company, "A Great Opportunity for Men" (Winona: J.R. Watkins Medical Company, nd). Poster. Trade Literature Collection, NMAH.

[139] Albert E. Teetsel, a Fuller Brush Man from New York popularized the slogan. Alfred C. Fuller, *A Foot in the Door: The Life Appraisal of the Original Fuller Brush Man as Told to Hartzell Spense* (New York: McGraw-Hill Book Company, Inc., 1960).

[140] The notion that faith can overcome all obstacles is such an important part of Mary Kay's corporate philosophy that the bumblebee, which allegedly should not be able to fly, has become a kind of corporate mascot. According to corporate lore, "aerodynamic engineers studied this creature and decided that it simply *should not be able* to fly! Its wings are too weak and its body too heavy for flight. Everything seems to tell the bumblebee, 'You'll never get off the ground.' But I like to think that maybe – just maybe – our Divide Creator whispered [the Mary Kay motto] 'You can do it!'; so it did!" Mary Kay employees and representatives often wear bumblebee pins as a sign of shared identity and belonging. Ash, *Mary Kay*, 9, 10.

[141] Dexter Yager in Mike Wallace, "Soap and Hope," *60 Minutes* (CBS News), January 1983.

[142] DeVos, *Believe!*, 22-23.

John Soukup, however, walked the fine line between positive thinking and denial. Soukup's salary at Beneficial Financial was $13,000 a year. His annual retail sales in Amway was only $3,600. In fact, while working full-time in Amway, Soukup supported his family using money from his savings. "I had some savings that I had built up," he explained "and that is primarily what I used to support myself with… After that time I had built up a higher volume in Amway, but I still wasn't clearing any worthwhile money out of it, not when I stopped to figure out the expenses… I was not making any money."[143] Soukup's Amway business did improve in late 1975, shortly before he quit Amway. He did not describe it as lucrative, however; he merely stated "the last few months I was not losing money in Amway." Soukup quit Amway in 1975 not, as one would assume, because he was losing money. Rather, his distributorship was revoked because he violated a rule against "cross-sponsoring," meaning that Soukup had tried to sponsor someone who had previously participated in Amway under a different sponsor. Even still, Soukup believed he could have been successful in Amway. Had he not been terminated, he claimed, "I would probably go over as a direct distributor in February or March at that time… and no doubt I would have if I had not run into problems" with the corporate office.[144]

Soukup was among the many distributors who, despite negative experiences in Amway, remained committed to direct selling as an occupation. After quitting Amway in 1975, Soukup began selling Rawleigh Home Products and Amzoil. By late 1977, he was still supporting himself on his income from direct selling, although he was also withdrawing $5,000 to $6,000 a year from his savings account to pay basic living expenses.[145] In part, he was able to do so because he already owned his home, his children were grown, and he had no other dependents.

[143] John Soukup, *Official Transcripts*, 920.
[144] Ibid, 921.
[145] Ibid, 922.

One must wonder then, whether direct selling was, for this former bank executive, more akin to an expensive hobby than a second career.

Although disenchanted with their experiences in Amway, distributors commonly left only to join another direct selling operation. Larry Bryant, the man who threw all his Amway products and materials in the trash, signed on to be a distributor with a new direct selling organization, Old World Products, which had been founded by a former Amway distributor. "I quit Amway," Bryant explained, because he thought that Old World offered "better opportunities at that time, more money."[146] Nancy and Bayliss Johnson, who left Amway in 1975 more than $1,500 poorer than when they started, also joined Old World; so did Jack Eargle.[147] Perhaps Bryant, Johnson, and Eargle had so thoroughly absorbed Amway's messages about positive thinking, faith, and success, that they were unwilling or unable to admit defeat. Perhaps, rather than see their failure as a measure of some personal defect, they put all the blame on Amway. Or maybe Amway's depiction of all the rewards one could reap through direct selling was so enticing that they were willing to take the risk with another company. Whatever their reasons, Bryant, Johnson, and Eargle gave up on Amway, but not on direct selling.

Roger Laverty, who worked in Amway with his mother, Irene, lost more than $1,000 in Amway in 1974 and 1975. Despite his lack of financial success, however, Laverty remained committed to his direct selling business. After he was laid-off from his job as a computer technician at Modular Computers in August 1976, he was so confident in his ability to earn money in direct sales that he did not look for other work. When asked about that decision, and specifically about how he expected to support himself through activities in which he was continually losing money, Laverty explained that he had only been working in direct selling part-

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[146] Larry Bryant, *Official Transcripts,* 999. Bryant did make some money with Old World, but eventually quit that, too. In his words, "I decided my spare time was more important."
[147] Nancy Johnson, *Official Transcripts,* 1148-1154.

time. Able to dedicate his full effort to direct selling, he reasoned, he was sure to make a profit. "My Rawleigh business has increased this year," he said – although his Rawleigh and Fuller Brush businesses resulted in a combined net loss of $707.88 in 1976 – "so this year… I had enough capital to support me, so I could give it [another] six months to a year."[148]

Roger Laverty may have been able to support himself on a minimal income from his Fuller Brush or Rawleigh Home Products businesses. Unmarried and living with his mother, Laverty could likely survive on a limited budget. He and his mother also supplemented their combined earnings by renting out a room in their home. But Laverty's testimony suggests that what he gained from his direct selling business was as much social and psychological as financial. When asked about his present occupation, Laverty described himself as "self-employed." When pressed about whether he had another job, Laverty insisted, "I am employed in my own business… I do have a job, but not working for anyone else." For Laverty, "self-employed" was a job category in and of itself. It was a professional title, moreover, that carried with it a sense of status. The alternative, at least for Laverty, was to admit he had been laid-off from Modular Computer. In that respect, direct selling offered Roger Laverty meager income but, more importantly, the ability to describe himself as "self-employed" rather than "unemployed."[149]

Many Amway distributors were attracted to the label of independent entrepreneur. Jack Wayne Hearne, who joined Amway in 1974, had held a number of jobs since he graduated from high school in 1966. He served two years active duty in the Navy Reserves, worked as a lumber salesman for the South Carolina National Bank, and as a banker for United Insurance Company. Hearne did not like banking, however, and in 1975 realized that he wanted to, in his words, be

[148] Roger Laverty, *Official Transcripts*, 890.
[149] Ibid, 871.

"in business for myself."[150] Hearne had already tried to pursue a career as an entrepreneur through more conventional means. He and his wife, Carrie, opened a florist's shop in 1975 and a convenience store in 1976. Neither was a success, however, and by 1977 the Hearnes had closed both businesses. Nevertheless, being self-employed remained an important goal for Hearne. When asked in 1977 to state his profession, Hearne proudly replied, "I have been in business for myself for the past two and a half years."[151]

In official Amway literature, a distributor was called an "Independent Business Owner." As an entrepreneur, a distributor was his own boss. But many Amway distributors also referred to themselves in more creative ways. According to Dan Williams, Amway distributors are "dream builders… We are in the business of helping professional, semi-professional people too, to start their own businesses."[152] Tom Zizic, too, described himself as being "in the business of helping professionals and non-professionals develop multiple incomes."[153] When Dick Marks spoke at an opportunity meeting, he asked the host simply to "introduce him as a successful person first and foremost."[154] But the most popular label among distributors, and perhaps the most meaningful one, was entrepreneur.

Amway distributors were not in fact entrepreneurs, at least not in the conventional sense. Sociologists and economists have defined entrepreneurship in various ways, but most point to

[150] Jack Wayne Hearne quoted in *Official Transcripts of Proceedings Before the Federal Trade Commission Docket No. 9023 In the Matter of Amway Corporation, Inc*., May 20, 1977: 623. FTC.
[151] Ibid, 623.
[152] Dan Williams, "Supplemented Version of CX1116, Complaint Counsel's Partial Transcript of CX1113," Transcript of undated audio recording. CX116: 6734. FTC.
[153] Tom Zizic, "How I Talk to 'Prospective Prospects," 5. Transcript prepared by counsel supporting the complaint of CX1105, undated. CX1033-Q. FTC.
[154] Dick Marks, "Supplemented Version of CX1116, Complaint Counsel's Partial Transcript of CX1113," Transcript of undated audio recording. CX116: 6738. FTC.

risk, innovation, and ownership as its defining characteristics.[155] In the classic, although now largely outdated, definition once forwarded by Joseph Schumpeter, the function of the entrepreneur is "to reform or revolutionize the pattern of production."[156] More recent scholars have since defined the entrepreneur as one who undertakes the risk of a business or enterprise. Some sociologists, most notably Max Weber, have forwarded an alternative understanding of entrepreneurship that has less to do with ownership than autonomy. Defining the role of the entrepreneur in opposition to that of the managerial bureaucrat, Weber describes it as "the only type… able to maintain at least relative immunity from subjection to the control of rational bureaucratic knowledge."[157] More recently, scholars have posited a definition of entrepreneurship that hinges not only on risk, ownership, and innovation, but also success. An entrepreneur, according to sociologists Glenn Carroll and Olga Khessina, is one who successfully founds a new enterprise or organization.[158]

Entrepreneurs are inventors; they create new products, new ways of doing things, and new ideas. Entrepreneurs bear risk; they invest new money in ventures. Distributors met none of those requirements. Individuals could start a distributorship with very little money. They did not design or manufacture products. They did not create a new brand. They did not even cerate any of their own marketing material. Ironically, direct sales firms pointed to the low start up cost, lack of risk, and the support of an existing corporation as the key benefits of the direct sales plan. The characteristics that supposedly made a distributorship a special kind of business opportunity

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[155] For a more expansive overview of taxonomies of entrepreneurship, see Martin Ruef, "Who is an Entrepreneur," in *The Entrepreneurial Group: Social Identities, Relations, and Collective Action* (Princeton: Princeton University Press, 2010): 3-17.
[156] Joseph Schumpeter, *Capitalism, Socialism and Democracy* (New York: Harper and Row, 1942), 132.
[157] Max Weber, *Economy and Society: An Outline of Interpretive Sociology* (Berkeley: University of California Press, 1968): 225.
[158] Glenn Carroll and Olga Khessina, "The Ecology of Entrepreneurship" in S. Alvarez, R. Agarwal, and O. Sorenson eds. *Handbook of Entrepreneurship Research: Disciplinary Perspectives* (New York: Springer, 2005): 167-200.

are the very same ones that disqualified direct sellers from entrepreneurial status. In that light, direct selling was not entrepreneurship; it was its antithesis.

If direct sellers were not entrepreneurs, they were not employees either. As we have seen Amway distributors did not have the security of a wage, the protection of a labor union, or any of the other financial benefits or legal protections one would enjoy under the umbrella of a corporate employer. On the other hand, Amway distributors were not fully independent either. Although not employed by the Amway Corporation, distributors were still subject to its bureaucratic rules. They did not set their own prices or policies. They could not design their own marketing materials or offer special promotions. And, most importantly, they did not actually *own* an Amway distributorship; they could be terminated. If a direct seller violated corporate policies Amway had, and did practice, the right to revoke his or her distributorship.

There were several ways to "get out" of Amway. One could simply not renew their annual application for a distributorship, in which case one could return any unsold merchandise to Amway for a partial refund. Downline distributors would then be absorbed by one's sponsor or by another distributor in the region. Rather than quit completely, some distributors let their organization shrink through attrition, servicing fewer and fewer customers and distributors until their organization eventually dwindled to only a meager number of customers. Others, like Roger Linceum, were "terminated." In Linceum's case, he had already taken a full-time corporate job, but intended to keep managing the distributorship in his spare time. Several members of his organization registered complaints with the Amway corporate office that he was unresponsive as a sponsor. After the complaints, Linceum's sponsors, John and Elaine McGuire, "became disenchanted" with him and, with the cooperation of the corporate office, "terminated" the

Linceums as distributors in 1974.[159] The Amway corporate office revoked Linceum's status as a distributor and reassigned all his downline distributors to the McGuires.

Claude and Nancy Johnson were also forced to leave Amway. Contrary to the concept of self-employment, business ownership, or private entrepreneurship, the Johnsons did not in fact own their own Amway business. As their volume dropped off, and perhaps also their level of commitment to servicing distributors and customers, members of their organization began to complain. Ultimately, the Johnson's sponsor George Eaton, along with his sponsors Marvin and Vera Jean Jones, "de-sponsored" the Johnsons. "De-sponsoring," as Johnson explained it, "means that the sponsor with the Amway Corporation steals the business you have built up and takes all of your distributors, and everything, and they give it to your sponsor, so that leaves you, whenever you are de-sponsored, just a distributor, where you first started."[160] No longer trusted to fulfill his duties as a sponsor, the Amway corporate office re-assigned all of the Johnsons' distributors to George Eaton.[161]

When pressed on how to make the status of "Independent Business Owner" square with the many restrictions imposed by the Amway Corporation, however, distributors insisted that they were entrepreneurs. When an attorney asked Gerald Fisher whether he felt constrained by Amway's rules and regulations, Fisher insisted that he did not because he was self-employed. Upon further questioning, Fisher only reiterated how proud he was to own his own business. Presented with the puzzle of how one could be an entrepreneur while working on behalf of a large corporation, Fisher did not seem to register a contradiction at all. When pressed again on

[159] Robert Linceum, *Official Transcripts,* 1223. Lorraine Cooke was disciplined for hanging her own product advertisements in the local laundromat. Roger Laverty, who sold both Amway and Fuller Brushes, was disciplined for designing business cards and a stamp that read "Amway and Fuller Brush." Russell Borthem, Claude and Jean Johnson, Robert Linceum, and John Soukup all had their distributorships revoked for violating Amway's corporate policies, which was mostly likely reported to Amway's corporate office by another distributor.
[160] Claude Johnson, *Official Transcripts*, 1438-1439.
[161] Ibid, 1438-1439.

how one could be self-employed, but still have to adhere to so many corporate restrictions, Fisher stated, “Well, I don’t quite understand what you are referring to… I don’t follow.”[162]

On one hand, Gerald Fisher was so intent on seeing himself as a business owner that he was unwilling, or unable, to acknowledge all the ways in which direct selling was definitively *not* entrepreneurship. On the other, Fisher’s understanding of himself as a self-employed, independent businessman may have relied on an alternative conception of entrepreneurship. Fisher as well as many other Amway distributors may have been pointing to a new kind of entrepreneurship in the seventies, one based on day-to-day autonomy, the presumption of individual (if not large-scale corporate) risk, and a certain class status. Rather than discount direct sellers’ perceptions of themselves and their work as misguided, what if we take their claim of entrepreneurial status seriously?

By the early twenty-first century, many new kinds of work and workers had emerged to challenge traditional occupational categories. Uber drivers, on-line etsy dealers, independent contractors, and other modes of quasi-independent work have signaled the need to reevaluate what we mean by entrepreneurship. Recent scholarship on the sociology of work has already begun to stretch the definition of entrepreneurship to reflect changes in the nature of business ownership and independent work. Martin Ruef, for example, has argued for an understanding of entrepreneurship as a cooperative activity rather than a solitary one, which requires the effort, investment, and cooperation of multiple individuals. Entrepreneurship, according to Ruef, is best conceived on a continuum that includes roles for “owner-managers, investors, employees, unpaid family members, and other helpers” who collectively contribute to the founding of a new

[162] Gerald Fisher quoted in *Official Transcripts of Proceedings Before the Federal Trade Commission Docket No. 9023 In the Matter of Amway Corporation, Inc*., July 6, 1977: 3333-3334. FTC.

enterprise.[163] Alternatively, Gina Neff has posited a theory of "venture labor," or "everyday entrepreneurship" through which employees produce through their daily work the technological or process innovations that Schumpeter once attributed to an individual entrepreneur.[164] This is to say that direct sellers' understanding of themselves as entrepreneurs in the seventies seemed to predict a recent move among academics and researchers toward a more capacious definition of entrepreneurship.

Expanding the definition of entrepreneurship risks conflating risk with precarity. Those who celebrate the rise of flexible work arrangements, for example, often assume that independence is necessarily an asset. But what looks like autonomy to certain classes of workers is insecurity to others. Nevertheless, the permanent temp economy, the growth of independent contracting, and the prevalence of autonomous, if not truly independent, forms of work do call for new ways of conceiving of work and workers that move beyond the categories of employer and employee, owner and labor. Biggart has argued that direct sales organizations represent a different kind of corporate form and practice a different type of capitalism. Engaging in an ambiguous mode of work that has never fit neatly into existing occupational categories, direct sellers are also a different kind of worker, and perhaps a different kind of entrepreneur.
This is not to advocate for a single definition of entrepreneurship. Rather, it is to point out that direct sellers have talked about entrepreneurship in multiple registers. The history of direct sellers helps us examine how some American citizens have interpreted, even adapted, the meaning of entrepreneurship – as an occupational category, a marker of class status, and a label of personal identity – in the postwar period. Direct selling thus might well offer a new, more expansive way of thinking about work, class, and identity in the late capitalist economy.

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[163] Ruef, *The Entrepreneurial Group*, 15.
[164] Gina Neff, *Venture Labor: Work and the Burden of Risk in Innovative Industries* (Cambridge: MIT Press, 2012), ix.

Conclusion

To distributors Tom and Joy Trozera, Amway was "a different kind of business and we love it." In most corporations, employees work for wages; a paycheck is their primary motivation. But, according to the Trozeras, Amway was different because it fostered a definition of success that "isn't [only] making money." "We've made money," they clarified, but Amway also offered the Trozeras something more than money. Amway offered them "the opportunity to make a life instead of a living."[165] On the whole, as we have seen, Amway was not a promising way to earn a living. Most distributors never earned enough to support themselves solely through direct selling, and only a rare few succeeded in striking it rich through Amway.

But, as the Trozeras suggested, Amway might have been a fruitful way to create a life, particularly for anyone who wanted to build a life or identity around the ideal of independent entrepreneurship. Whether one earned $30 or $3,000 a month, Amway enabled distributors to make an equal claim on a particular class status associated with business ownership, self-employment, or entrepreneurship. The status of entrepreneur, moreover, was for Amway distributors not an empty label. Distributors worked very hard. They marketed and sold products, they performed bookkeeping and administrative tasks, and they risked rejection every time they tried to recruit a new participant. Couples invested in offices, equipment, and sometimes even support staff. Distributors for whom direct selling was a supplemental job often spent all their spare time working in Amway. Distributors did not just claim the status of entrepreneurship. They actually performed it. Amway thus sold more than soap. It sold participants the ability to tell themselves and others a story about themselves, their class status, and their future prospects.

[165] Tom Trozero, "Supplemented Version of CX1030, Complaint Counsel's Partial Transcript of CX1103," Transcript of undated audio recording. CX1030: 6238. FTC.

For many distributors, that is, direct selling was a vehicle through which to produce and consume a particular narrative about the nature of work, class, and identity in late capitalism.

CHAPTER 7

THE PYRAMID SCHEME PROBLEM: LEGAL, REGULATORY, AND POPULAR CRITIQUES OF DIRECT SALES IN THE 1970S AND 1980S

Introduction

On September 28, 1972 Walter Mondale stood before the U.S. Senate and declared the pyramid sales plan to be "the 'consumer fraud of the 1970s.'"[1] The Democratic Senator from Minnesota claimed, "we find ourselves in the midst of an epidemic of vicious chain selling enterprises, which [have] taken over $300 million in investment money from the American public." Pyramid sales organizations, according to Mondale, practiced:

> A wide variety of deceptive, high-pressure sales techniques… to recruit new investors, including the planting of shills in the audience, who prominently display wads of large bills and promise the potential investor that the road to easy riches is at hand… with the result that the potential investors cannot make a rational choice.[2]

Mondale's impassioned plea to the Senate to combat what he saw as "perhaps the most serious pending consumer fraud problem" facing the country may have been hyperbolic; but it was not entirely unwarranted.

Nurtured by the same social and economic factors that had facilitated the success of the Amway Corporation, and perhaps encouraged by the examples of Amway itself, direct sales was by 1974 a $5 billion industry with nearly two million active participants. Amway had a sales force of over half a million Americans and was by 1980 a $1 billion business. The widespread

[1] Walter Mondale quoted in *Congressional Record: Proceedings and Debates of the 92nd Congress, Second Session.* 118, 25 (September 27, 1972 – October 4, 1972): 32660-32662: 32660. This particular phrase appears in the transcripts in quotations. The record does not indicate the source of the quote, but Mondale may be referring to a statement from William J. Casey, Chairman of the Securities and Exchange Commission.
[2] Ibid, 32660.

embrace of direct sales as a commercial and social phenomenon, however, was matched by equally widespread concerns about its legal and ethical standing. By the mid-1970s, the success of direct sales had created a phenomenon ripe for exploitation. The diffuse nature of direct sales work, the lack of immediate contact among participants, the way recruiting tapped into one's social and familial relationships, and the way direct sales skirted many major business regulations, allowed a number of fraudulent investment schemes to operate under the guise of direct selling.

By 1972 the American public's inability to distinguish a fraudulent pyramid scheme from a legitimate networked sales organization was beginning to provoke serious concerns among politicians, legislators, and regulatory authorities. In addition to Mondale's Pyramid Sales Act, which he proposed three times only to have it repeatedly die in committee, the Federal Trade Commission initiated major investigations of networked organizations, including the Amway Corporation. States and individuals brought criminal suits against not only networked organizations, but against individual participants as well. Congress and the Internal Revenue Service struggled to comprehend, categorize, and try to regulate independent direct sales work and workers. In the realm of popular culture, journalistic exposés, published personal accounts, and media coverage raised questions about direct sales and its relationship to the public good, consumer rights, and even to the meaning of work and consumption in American culture. By the 1980s, direct sales seemed to be under attack from all sides.

Ultimately, direct sales would emerge from a decade of legal challenges stronger than it began. Legal and regulatory bodies ultimately proved unable to curb the growth of networked direct sales. Due to the ambiguous nature of direct selling as a mode of work, legislators interested in more closely regulating – and taxing – direct sales as a category of independent work were similarly unable to do so. By the end of the 1970s, attempts at regulation had dome more to legitimize networked direct sales organizations and their employment practices than undermine them. After withstanding the scrutiny of the Federal Trade Commission and the Internal Revenue Service, and defeating proposed labor regulations unfavorable to direct sales firms, Amway and its ilk entered the 1980s with the official stamp of approval from the federal government. Moreover, that stamp of approval was contingent on legal categories of business and labor that the direct sales industry helped to create. In this way, the legal and regulatory history of direct sales highlights the contingent, porous, and constructed nature of the boundary between "legal" and "illegal," "ethical" and "unethical" in business.

If networked direct sales was tried in the state courts and before federal regulatory bodies in the 1970s, it was tried in the 1980s in the court of public opinion. Critics operating in the arena of popular culture depicted networked direct sales as a close cousin to chain letters and Ponzi schemes. Others challenged the rah-rah culture of direct sales as akin brainwashing, which made direct sellers an easy target for jokes and parodies. More important than the veracity of critiques of direct sales, however, was the currency they wielded among popular audiences. That currency lay in popular critics' ability to tap into larger social anxieties about economic inequality and the power of greed and materialism in advanced capitalism. Although jokes about direct sales often had a tone of triviality about them, they actually spoke to some of the most pressing cultural and economic concerns of the day.

Robbing Peter to Pay Paul: A Genealogy of Pyramid Schemes

The term "pyramid scheme" did not gain widespread currency until the mid-1970s. Pyramid-esque schemes and similar swindles had already existed in various forms – ranging from phony investments to inheritance scams to chain letters – for centuries, but they only emerged as a distinct, identifiable, nameable phenomenon in the early 1970s. Moreover, it was only after pyramid schemes were linked to the rise of networked direct sales that authorities were able to name, classify, and attempt to regulate them. The 1970s were, quite literally, a defining moment in the history of pyramid schemes and of direct sales.

In the eighteenth century, there was no specific name to describe pyramid-esque investment schemes. Rather, they would have been considered part of a larger category of financial speculation that included securities fraud. Such schemes were often referred to as "bubbles" to characterize the way they grew right up until the moment when, either exposed or no longer sustainable, they ultimately burst.[3] In the nineteenth century, pyramid-esque schemes were referred to as "robbing Peter to pay Paul," to describe the way operators used money invested by new participants to pay earlier investors.[4] The origin of the phrase is not known, but Mark Zuckoff has suggested that it may refer to an anecdote in which the English church sold the

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[3] For example, in 1710, a Scotsman named John Law sold phony stock in a venture to develop French Louisiana in what came to be known as "the Mississippi Bubble." The term "bubble" was also used to describe abrupt but temporary increases in the price of securities. Usually, the inflated price was the product of the popularity of a stock or commodity, rather than any real increase in its actual value. The Tulipmania that struck Amsterdam in the 1630s and the South Sea Bubble in Britain in the 1710s are two of the most well known examples. Both are better characterized as an early example of a market panic than as a forerunner to pyramid schemes. The point is that although pyramid-esque schemes such as the Mississippi Bubble existed as far back as the eighteenth century, they were considered to be part of a larger category of financial speculation rather than a distinct form of investment scheme. See Mike Dash, *Tulipmania: the Story of the World's Most Coveted Flower & the Extraordinary Passion it Aroused* (New York: Random House, 1999).

[4] For more on early schemes, see Jay Robert Nash, *Hustlers and Con Men: an Anecdotal History of the Confidence Man and his Games* (New York: M. Evans and Company, 1976) and David E. Sarna, *History of Greed: Financial Fraud from Tulip Mania to Bernie Madoff* (Hoboken: John Wiley & Sons, 2010). For a cultural-intellectual history of Wall Street and especially about ideas about speculation, see Steve Fraser, *Every Man a Speculator: a History of Wall Street in American Life* (New York: Harper Collins, 2005).

land around St. Peter's cathedral to fund repairs on St. Paul's.[5] The biggest Peter-to-pay-Paul scheme of the nineteenth century was perpetrated by William Franklin Miller who, through a company called the Brooklyn Syndicate, swindled New Yorkers out of over $1 million in 1899.[6] By the early twentieth century, the term "endless chain" had begun to supplant the somewhat cumbersome Peter-to-pay-Paul. Whereas Peter-to-pay-Paul described the way schemers moved money around, the term "endless chain" emphasized the way pyramid-esque schemes relied on a presumably never-ending series of new investors. Although people continued to use the term "endless chain" in the 1970s, it was quickly overshadowed after 1920 when Charles Ponzi, whose scheme reached investors from across the nation, cheated Americans out of over $7 million in less than twelve months.[7] After 1920, Ponzi's name quickly came to stand in for any

[5] Mark Zuckoff, *Ponzi's Scheme: The True Story of a Financial Legend* (New York: Random House, 2005): 104. That pyramid-esque schemes had their own moniker demonstrates the degree to which popular vernacular acknowledged such schemes as a distinct form of investor fraud. That people coined a term to separate Peter-to-Paul schemes from other kinds of swindles – such as chain letters like the Spanish prisoner con or inheritance scams like that involving the ersatz estate of Sir Francis Drake – speaks both to the specificity of pyramid-esque schemes and to the pervasiveness of similar confidence games and financial scams that existed in the nineteenth century. That the term so aptly described the central characteristic of such schemes, namely the way perpetrators maintained the pretense of success by shuffling money around, also suggests that people understood the phenomenon quite well.
[6] See Zuckoff, *Ponzi's Scheme,* 105-106. Miller offered investors in the Franklin Syndicate the opportunity to earn an unheard of return of 10% per week. He began with twelve investors, each of whom invested $10 and expected to receive a return of $1 per week payable within ten weeks. Miller, or course, never invested a cent. Rather, once he had collected enough money in new investments to cover what he owed the twelve original Pauls, he repaid them with the promised interest. As word spread that Miller was actually fulfilling his promises, new depositors rushed to invest with the man people were calling "520 Percent Miller." Most striking about the story of 520 Percent Miller is that it demonstrates many of the defining characteristics of a modern pyramid scheme. Miller satisfied enough investors in the early stages to make the scheme appear legitimate, enabling it to continue for approximately one year. Even the nickname "520 Percent Miller" reveals much about the way Peter-to-pay-Paul schemes worked. The moniker referred to what people thought they would receive annually, which, with compound interest, should have been more like 12,000%. That investors assumed that 10% per week at 52-weeks-per-year would equal 520% speaks to the level of financial literacy of many of the investors. Historians such as Steve Fraser have pointed to World War One and the issuance of Liberty Bonds as the American public's first lesson in public financing. Very few average Americans participated in the stock market before the 1920s. Moreover, the exclusivity of the world of corporate finance was actually part of 520 Percent Miller's appeal. Get-rich-quick schemes such as Miller's tapped into a strain of populist sentiment by purporting to democratize the world of finance and capital. Miller claimed to offer regular folk – in particular, the German, Swedish, and Dutch immigrants in his Brooklyn neighborhood – the opportunity to participate in a world otherwise inaccessible to them. See Fraser, *Every Man.*
[7] There is very little historiography that speaks to the specific category of pyramid schemes as a cultural and economic phenomenon. There is an almost inexhaustible body of literature written by business scholars, lawyers, consultants, and economists. But they tend to focus on the specific strategies that schemers employ and the financial cost to individuals and states with little consideration of questions of meaning or historical context. They are often written from the perspective of consumer protection. See James Walsh, *You Can't Cheat an Honest Man: How*

get-rich-quick scheme that appeared to operate in the style of a pyramid. In 1957, the term "Ponzi scheme" first appeared in the *Encyclopædia Britannica*, permanently establishing its place in the American lexicon.[8]

The term "pyramid sales plan" had already been circulating in the 1950s, but it did not have the negative connotation of a scheme until at least the mid-1960s. Direct sales firms often described their operations as pyramid plans. For example when Be-Safe Products placed an ad for file alarm salesmen in a 1964 edition of *Specialty Salesman* magazine, the company

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Ponzi Schemes and Pyramid Frauds Work… and Why They're More Common Than Ever (New York: Silver Lake Publishing, 1998); Tamar Frankel, *The Ponzi Scheme Puzzle: A History and Analysis of Con Artists and Victims* (New York: Oxford University Press, 2012). A number of articles on pyramid schemes were published in the wake of Bernie Madoff's scheme. See Michael Berkowitz "The Madoff Paradox: American Jewish Sage, Savior, and Thief" in *Journal of American Studies* 46:1 (2012), 189-202. See also Ron Chernow, "Madoff and His Models" in *The New Yorker* (March 23, 2009). There is a larger body of historical work on the broader category of scheming and confidence men. See Ann Fabien, *Card Sharps, Dream Books, and Bucket Shops: Gambling in 19th Century America* (New York: Routledge, 1999); Karen Halttunen, *Confidence Men and Painted Women: A Study of Middle-Class Culture in America, 1830-1870* (New Haven: Yale University Press, 1986); Michael Petit, *The Science of Deception: Psychology and Commerce in America* (Chicago: University of Chicago Press, 2013); James W. Cook, *The Arts of Deception: Playing with Fraud in the Age of Barnum* (Cambridge: Harvard University Press, 2001); Stephen Mihm, *A Nation of Counterfeiters: Capitalists, Con Men and the Making of the United States* (Cambridge: Harvard University Press, 2009). What historical literature on pyramid schemes exists focuses on particular cons or con artists such as "Match King" Ivar Kreugar, the Swedish monopolist who lost between $50 and $100 million in a complicated, international, multi-company investment scheme in the late 1920s; or on Oscar Hartzell, the small town Iowan who convinced more than 700,000 Midwesterners to help him recover the vast estate of Sir Francis Drake for an unknown American heir in the 1930s. See Frank Partnoy, *The Match King: Ivar Kreuger: The Financial Genius Behind a Century of Wall Street Scandals* (New York: Profile Books, 2009) and Richard Rayner, *Drake's Fortune: The Fabulous True Story of the World's Greatest Confidence Artist* (New York: Anchor Books, 2003). Charles Ponzi has garnered the most attention by far. Scholars disagree about Ponzi's original motives. Many business writers, for example financial journalist James Walsh, consider Ponzi to be an unscrupulous loser who shuffled money around without knowing what he was doing. Others have called him a financial genius and a criminal mastermind who elevated an old confidence game to the level of criminal artistry. Still others have focused less on his financial acumen or faulty moral compass than on the way his ability to embody an immigrant success story appealed to so many of his investors. Alternatively, Marc Zuckoff depicts Charles Ponzi as a man whose ambition and narcissistic tendencies outstripped his sense of ethics. Of the mostly biographical works on notorious con men, journalist Mark Zuckoff's *Ponzi's Scheme* is the best in its class and is the definitive work on Charles Ponzi. It is superbly researched, thoroughly documented, and written in a cinematic style worthy of a Hollywood blockbuster. Most of the information in this chapter on Ponzi is from Zuckoff's work.

[8] The 1957 volume defined it as "a form of fraud in which belief in the success of a fictive enterprise is fostered by payment of quick returns to first investors from money invested by others." The American public began to transform Ponzi's name into a cultural object as early as 1920. His name regularly appeared on the joke or observation pages of newspapers, often without any further explanation of his crime. Increasingly detached from the man himself, the term Ponzi came to stand in for almost any kind of unethical behavior in finance and as common shorthand for describing a variety of financial crooks. The frequency with which Ponzi's name was invoked in the early 1920s speaks to his widespread notoriety. It also highlights the growing frequency and visibility of financial scheming in the early decades of the twentieth century and the ways in which financial scheming made a certain kind of financial knowledge an increasingly regular part of cultural life.

described itself as the "'Be Safe' Pyramid Plan."[9] Amway also used the image of a pyramid in much of its literature through 1964, which suggests that there was not yet anything inherently negative about the idea of a pyramid itself. Even in its earliest publications, Amway had tried to separate itself from get-rich-quick schemes. But it did not make any explicit effort to distinguish itself from a pyramid scheme until the early 1970s. To the contrary, the company saw the pyramid in positive terms as a way to represent distributors' growth potential. In a 1964 publication entitled "Amway: The American Way to Success," the company described its business plan as a way to "pyramid your profits through Amway's chain sponsorship program."[10] That 1964 publication, however, was the last time Amway would associate itself with a pyramid. The next year, Amway replaced that image with the satellite shape it called "the circles." Beginning in 1972, Amway began to include in its literature explicit statements denying any resemblance to a pyramid scheme.[11]

Changes in the way Amway defined and used the term "pyramid" are a measure of the term's evolution in popular usage. In the late 1950s and 1960s, the term "pyramid" was innocuous enough for Amway to use it in a positive light. Between 1965 and 1970 it accumulated sufficient negative connotations for executives to want to distance Amway from the idea of a pyramid; only after 1972 was the term so heavily freighted with assumptions about fraud that executives felt compelled to explicitly refute the organization's resemblance to a pyramid of any kind. In 1972 even Walter Mondale rarely used the term "pyramid scheme." In his first speech before the Senate, Mondale employed the term only once. He preferred the term

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[9] "'Be-Safe' Pyramid Plan" in *Specialty Salesman* (June 1964): 34. JWH.

[10] The use of the term "chain sponsorship" is also interesting given that a chain letter investment opportunity is one form of pyramid scheme.

[11] The 1972 Manual, *Your Career with Amway*, featured a section under the headline: "Amway: Not a 'Pyramid' or 'Chain' Sales Plan." It explained: "The Amway Sales and Marketing Plan cannot be compared to the 'pyramid' or 'chain' plans which some direct selling companies have operated. They are not the same," followed by a list of characteristics that made Amway legitimate. Amway Corporation, *Your Career With Amway* (Ada: Amway Corporation, 1972). Binder 1-2/9023 Commission Exhibit 61. FTC.

"pyramid sales plan," "pyramid operation," or "pyramid function," suggesting that the word "pyramid" was still only loosely wedded to "scheme."

Mondale was uncertain about using the term "pyramid scheme" because, in 1972, it did not yet exist as a clearly defined legal or conceptual category. The Federal Trade Commission issued the first, and still prevailing, official definition of a pyramid scheme in 1975 as part of the Final Decision Oder in the case of Koscot Interplanetary. The FTC defined a pyramid scheme as a particular form of fraud in which operators "force participants to pay money in return for two things. First, is the 'right to sell a product,' second is the 'right to receive, in return for recruiting other participants into the program, rewards which are unrelated to the sale of product to ultimate users" (emphasis original).[12] According to the official legal definition, the key characteristic of a pyramid scheme was that profit was derived primarily from recruiting rather than from retail.

The definition issued by the FTC emphasized recruiting as the element that set pyramid schemes apart from other forms of investor fraud, most notably the Ponzi scheme. A Ponzi scheme operation is similar to a pyramid scheme in that the earnings of existing investors come from the funds contributed by subsequent investors rather than from any real profits generated by the company.[13] However, participants in a Ponzi scheme do not necessarily have to recruit new investors, although they may do so by word-of-mouth. Participants are most often promised a fixed return on their investment. For example, in the original Ponzi scheme of 1920 investors were promised a 50% return on their investment payable in 45 days. Put another way, a Ponzi

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[12] Federal Trade Commission. In parts, the Federal Trade Commission is quoting directly from the decision of Koscot. Those phrases appear in single quotation marks.

[13] The Securities and Exchange Commission defines a Ponzi scheme as: "an investment fraud that involves the payment of purported returns to existing investors from funds contributed by new investors. Ponzi scheme organizers often solicit new investors by promising to invest funds in opportunities claimed to generate high returns with little or no risk. In many Ponzi schemes, the fraudsters focus on attracting new money to make promised payments to earlier-stage investors and to use for personal expenses, instead of engaging in any legitimate investment activity." (http://www.sec.gov/answers/ponzi.htm#PonziWhatIs). Ponzi schemes fall under the purview of the SEC while the FTC monitors pyramid schemes, suggesting that, according to legal definitions, Ponzi schemes are fundamentally about investment and pyramid schemes are fundamentally about commerce.

scheme operates under the guise of a legitimate investment in securities while its close cousin, the pyramid scheme, operates under the auspices of a retail sales organization.

That the Federal Trade Commission felt compelled to establish a legal distinction between pyramid and Ponzi schemes illustrates that by 1975 authorities had come to see the pyramid scheme problem as a discrete issue worthy of special attention. Rather than fall under the category of fraud, the FTC definition named the pyramid scheme an entity in and of itself. Moreover, the FTC definition linked the pyramid scheme to the rise of networked direct sales and, therefore, identified it as a distinctly late-twentieth century phenomenon set apart from all its previous incarnations. Mondale intimated as much when he called pyramid sales “the consumer fraud of the 1970s.”[14]

In order to regulate or prosecute pyramid schemes, the Federal Trade Commission had to create a new conceptual and legal category of fraud that acknowledged the peculiarities of the pyramid scheme problem. The connection between pyramid schemes and networked direct selling required that the FTC separate pyramid schemes from Ponzi schemes and other forms of fraud because networked direct sales were legal. By definition, Ponzi schemes were inherently fraudulent because of the way they redistributed funds. Pyramid sales plans, on the other hand, could be legitimate. The job of the FTC and legislative authorities, then, was not simply to identify and prosecute pyramid schemes. Rather, legal and regulatory bodies had to find a way to distinguish legal pyramids from illegal ones. Pyramid sales plans straddled the boundary of legality in business in ways that made pyramid operations a special kind of problem. In order to address that problem, the FTC had to construct a new legal and conceptual category of fraud.

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[14] Mondale, *Congressional Record* (1972), 32660.

The FTC and the Creation of a New Legal Category of Fraud

Despite the long history of financial fraud in America there was, in 1972, no comprehensive, federal law that specifically targeted pyramid schemes. Nineteen states had some form of law that dealt with pyramid schemes but most states prosecuted them on charges of false advertising, mail fraud, securities fraud, tax fraud, or money laundering. Even in 2009, Bernie Madoff, the notorious mastermind behind the biggest, longest-running Ponzi scheme known to date, was convicted on charges such as wire fraud, perjury, and theft, rather than under a law that prohibited pyramid or Ponzi schemes wholesale. As Mondale pointed out in 1972, 1973, and again in 1975, the federal government could investigate an organization suspected of fraudulent activity but had no blanket power of injunction. An individual state could bring suit against a suspected pyramid scheme but, given the diffuse nature of such organizations, that may have done little to bring down the operation as a whole. The federal government could bring a protracted investigation through the Securities and Exchange Commission or the Federal Trade Commission, but had no power to shut down the operation in the interim.

Mondale's Pyramid Sales Act of 1972 proposed to make illegal all pyramid schemes, to attach civil and criminal penalties to those who operated the scheme, and to require participants to pay restitutions to any person whom they directly recruited into the organization.[15] The bill

[15] Mondale's concern over pyramid sales was part of his long-time interest in the rights of consumers. During his ten-year term in the Senate, Mondale repeatedly introduced or supported consumer advocacy bills such as the Truth in Packaging Bill in 1964, the Meat Inspection Act of 1967, and the Fair Warning Act that was later incorporated into Lyndon Johnson's National Traffic and Motor Vehicle Safety Act. As a consumer advocate, Mondale saw pyramid sales organizations as a form of false advertising. Indeed, his use of the term "pyramid sales" over "pyramid scheme" suggests that he saw the pyramid problem as being principally about consumption rather than securities. The basic vice of pyramid sales, as he saw it, was the combination of high-pressure sales techniques, misleading claims about potential profitability, and the emphasis on recruiting rather than sales. Pyramid schemes, as explained by Mondale, were inherently based on misrepresentations and exploitation. With reward tied to recruitment rather than sales, one's ability to profit was entirely dependent on how early in the scheme one invested.

passed the Senate but failed to make it beyond the House Committee on Commerce.[16] The following two fared no better. The only noticeable difference between the bills was that, in the later versions, Mondale paid more attention to "legitimate" pyramid sales organizations. In 1972, Mondale acknowledged that not all direct sales organizations, not even all networked ones, were fraudulent. Later versions specifically excluded pyramid plans in which participants were compensated for sales to consumers, rather than to one another, or through retail commission. This was not merely semantics. What Mondale was struggling with, and one key reason none of the bills were enacted into law, was the lack of clarity about what separated a legitimate pyramid plan from an illegitimate one.[17]

The Federal Trade Commission similarly struggled to locate the boundary between legal and illegal pyramid sales. However, if Congress saw the pyramid problem as an issue of consumer rights and truth in advertising, the FTC saw it as an affront to the principle of free trade. At the same time that Mondale was pushing for the passage of the Pyramid Sales Act, the FTC initiated investigations into several organizations: Holiday Magic, Koscot Interplanetary, and the Amway Corporation. Each of these cases was a landmark decision in the history of pyramid scheme regulation and in the history of direct sales. It was through these three cases that the FTC developed an official, legal definition of a pyramid scheme and established the guiding rules that separated legal pyramid sales from illegal pyramid schemes.

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[16] See: Senate Bill 1939, *Congressional Record: Proceedings and Debates of the 93rd Congress*, First Session. 119, 14 (May 30, 1973 – June 6, 1973): 17860-17866; Senate Bill 1509, *Congressional Record: Proceedings and Debates of the 94th Congress*, First Session. 121, 9 (April 17, 1975 – April 24, 1975): 1363.

[17] Highlighting the peculiar problem that legal pyramid sales posed for legislators, Mondale cautioned that "Federal legislation must be aimed squarely at the fraudulent pyramid sales operation, and not the many legitimate corporations which sell products or services using commissions, door-to-door selling techniques, or legitimate franchise arrangements." In 1973, Mondale provided more specific parameters that separated legitimate pyramid sales organizations from fraudulent ones. In his speech before the Senate, he noted that, "payments based on sales at retail to ultimate consumers are specifically excluded from coverage as an illegal activity." The text of S1939 also expressly allowed for pyramid sales organizations in which compensation was based on commission. "The term 'compensation' as it was used in the bill, 'does not include payments based on retail sales to ultimate consumers." Mondale, *Congressional Record* (1973), 17860-17866. See also, Senate Bill 1509, *Congressional Record* (1975), 1363.

The FTC began investigating Holiday Magic Inc. in 1967. Founded in 1964 by William Penn Patrick, Holiday Magic sold cosmetics, toiletries, cleaning supplies, and other home products through a network of distributors throughout the United States. The company enjoyed phenomenonal growth in its early years. In the company's first month in operation, it recorded $16,000 in gross revenue. By 1966, Holiday Magic was reporting monthly revenue in excess of $2 million. It had also attracted the attention of the authorities at the FTC. After a four-year investigation, the FTC issued a complaint against Holiday Magic for violation of Section Five of the Federal Trade Commission Act and Section Two of the Clayton Act. More specifically, the FTC charged Holiday Magic with unfair trade practices based on price discrimination, marketing and price controls, deception and misrepresentation, and operating a marketing plan in the nature of a lottery. On October 15, 1974 the FTC found Holiday Magic guilty on all counts and ordered the organization to "cease using its open-ended, multilevel marketing plan… [and] to make refunds to requesting distributors of monies unlawfully obtained."[18]

Interestingly, the term "pyramid scheme" is nowhere present in the FTC's Final Decision Order in the case against Holiday Magic. Because there was not yet any federal legislation that specifically prohibited pyramid schemes, nor any legal precedent whereby the FTC could determine if Holiday Magic was one, the FTC could only charge that Holiday Magic's multilevel marketing plan made false claims about how easy it was to recruit people, and about the likelihood of making gobs of money through an "endless chain" of recruiting, or what the Commission called "geometric progression." The Commission reasoned that geometric progression was a mathematical impossibility because at some point the pool of available recruits would dry up. Because profits were linked to recruiting, those who joined Holiday Magic

[18] *In the Matter of Holiday Magic, Inc. et al. Order*. Docket 8834. Complaint, January 18, 1971 – Decision, October 16, 1974.

at the beginning might have a good change of building a sizeable downline and therefore of making significant money. But those who joined later had virtually no chance at all. Walter Mondale made the same argument before the Senate, stating that "if one person recruited six 'friends' into his scheme, and if [each] friend obtains six more friends, and if this process were repeated for a total of nine times, the number of people in the chain would total 10,077,696."[19] Having proven that endless recruiting was impossible, the FTC decided that any claims to the contrary were inherently misleading.

One of the key factors in the Holiday Magic case was that distributors' profits, as well as that of the firm, were linked to recruitment rather than sales. Holiday Magic participants had to meet established monthly volume criteria in order to advance to the next level in the organization, which was standard in the networked direct sales industry. For example, if an entry-level Holiday Girl or Organizer purchased $5,000 worth of product in a single month, he or she qualified to advance to the level of Master. What was different about Holiday Magic, and what raised the hackles of the FTC, was that Holiday Magic's requirement for advancement was based not on the amount of sales to consumers, but on the amount of product purchased from Holiday Magic. Furthermore, one had the option to meet the requirement through a lump sum investment. Holiday Magic called this the "buy-in" method, whereby an Organizer could pay a one-time fee of approximately $3,000 as an alternative to purchasing the $5,000 in products.[20]

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[19] Mondale, *Congressional Record* (1972).

[20] Holiday Magic's requirement was based on retail list price without respect to the distributor's discount. So a Holiday Girl or Organizer could purchase $5K worth of product for $3,500. That the "buy-in" method required an investment $500 less than the "work-in" method indicates that Holiday Magic preferred and encouraged distributors to make the lump sum payment. Distributors could also qualify through a combination of work-in and buy-in by purchasing fewer than $5000 worth of product and then making up the difference in cash. I also interpret the label "Holiday Girl" as a way to encourage new male distributors to participate at the level of Organizer at least. One piece of Holiday Magic literature advised participants: "Once your prospect enrolls [as a Holiday Girl] try to upgrade him to the Organizer level… Kid him (with caution) by such comments as 'Of course you're not going to trot down the street with that Holiday Girl kit in your hand. Don't you really think you ought to be an Organizer so you can sponsor other businessmen like yourself into the program right away?'" The Holiday Girl moniker made it

Even more problematic was that one could buy their way into any level of the organization at any time. A participant could bypass the lower levels of the organization and, based on an upfront fee, join Holiday Magic at the higher levels of Master or General. One could rise through the organization, in other words, without necessarily selling any products.

In addition to citing the "buy-in" practice as evidence that Holiday Magic's success was predicated on recruitment rather than sales, the FTC also focused on the number of additional, non-sales-related fees Holiday Magic charged participants as they moved up the ranks. In order to become a Master, one had to purchase an additional $250 worth of sales aids. To become a General, one had to pay for and complete an instructional course. Additionally, when one advanced to the level of General, he broke away from his sponsor to be the head of his own organization. Because the new General would no longer be contributing to his former sponsor's sales volume, Holiday Magic required the new General to pay a "Release Fee" of $2,500 to his former sponsor and to recruit a "Replacement Master" to take his place in his former sponsor's organization. Every new General had to either buy a certain amount of product or pay a lump sum fee along with a one-time instruction fee to Holiday Magic, had to pay a $2,500 release fee to his former sponsor, and had to convince another distributor to advance to the level of Master as a replacement, which would trigger a whole other round of payments and qualifications for the replacement master. Put another way, one's ability to move up the ranks at Holiday Magic was predicated on both making a substantial upfront investment and on one's ability to convince another participant to do the same.

Importantly, the FTC's argument was a means to proving deception rather than a way to indict Holiday Magic as a pyramid scheme. Regardless of how confident authorities were that

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practically impossible for men to stay at the lowest level without being embarrassed. Whereas the higher-level labels, "Master" and "General" by comparison connoted a sense of masculinity and power one might associate with the military. Commission Exhibit 90U: 776 cited in *In the Matter of Holiday Magic, Inc*.

Holiday Magic's success was "predicated upon the exploitations of others who have… virtually no chance of receiving the kind of return on their investment implicit" in the company's claims, the FTC's ability to investigate and prosecute such a scheme was hamstrung by a lack of legislative tools or clear legal precedent.[21] That the FTC knew Holiday Magic's pyramid scheme operation to be unethical by design was not the same thing as proving it to be illegal. In this way, Holiday Magic is an example of how existing legislation and precedent, or lack thereof, circumscribe the ways legal and regulatory authorities pursue questions of legality in business.

Although Holiday Magic did not provide grounds for prohibiting pyramid schemes wholesale, it did establish a baseline from which the FTC could differentiate multilevel marketing plans that were based on sales from those based on recruiting, and it established that the former were inherently deceptive. The Holiday Magic decision also facilitated the FTC's subsequent case against Koscot Interplanetary, thus enabling the FTC to further sharpen its understanding of pyramid schemes as a category of fraud. Glenn Turner founded Koscot Interplanetary in August 1967. Koscot, short for "Kosmetics for the Communities of Tomorrow," sold cosmetics, toiletries, and related personal items using a multilevel marketing plan.[22] Turner had previously worked for Holiday Magic and built Koscot largely in its image. Citing the decision against Holiday Magic, and especially that Turner had modeled his organization on it, the FTC easily made a case against Koscot for restraint of trade, price discrimination, price fixing, and for making misleading and exaggerated claims in order to recruit distributors.

Although Koscot and Holiday Magic were essentially found guilty on the same set of charges, there were a number of key factors in the Koscot case that made the FTC's argument

[21] Ibid.

[22] Turner intended for the "K" to help his "kosmetics" stand out in the crowded field of the cosmetics industry. He later used the "K" again in another fraudulent scheme called Kash is Best, that claimed to be a discount buying club.

against it especially strong. First, Koscot did not actually have any products to sell for the entire first year of its operation. Koscot's attorneys argued that its inability to obtain a sellable product was due to factors "beyond Koscot's control," implying that the manufacturer was at fault. Nevertheless, financial statements showed that one hundred percent of the company's revenue for 1967 came from recruiting. Even in the second year, Koscot reported $2.7 million in revenue from recruitment compared to a measly $255,00 in gross product sales. Between 1967 and 1972, retail sales never accounted for more than 42% of Koscot's annual revenue.[23] Moreover, Koscot distributors testified that the company was regularly unable to fulfill product orders. Koscot's inventory accounting substantiated their claims, showing that between 1969 and 1973, the value of finished goods Koscot kept on hand was consistently less than that due to distributors. Even more damaging to Koscot's defense, the ratio of goods on hand to outstanding orders grew more distorted every year. In 1969, Koscot had enough products to fulfill 86% of its orders, in 1971 that figure dropped to 54%, and by 1973 Koscot had only enough inventory to satisfy 15% of the outstanding orders due to distributors.[24]

As the FTC argued, Koscot's initial lack of a product offering, its inability to fulfill product orders, and the fact that retail sales accounted for less than half of the company's total revenue all pointed to the fact that Koscot was not primarily a retail sales operation. Rather, the FTC determined that "the sale of cosmetics was merely incidental to the marketing of distributorships."[25] Koscot's primary product was the sale of the distributorships themselves.

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[23] *In the Matter of Koscot Interplanetary, Inc. et. al. Order*. Docket 8888. Complaint May 24, 1972 – Final Order November 18, 1975: 1120.

[24] Ibid.

[25] "The record supports finding that for approximately a year following the establishment of Koscot and the institution of its marketing plan, respondents were engaged solely in the marketing of distributorships; that, thereafter, the sale of cosmetics was merely incidental to the marketing of distributorships; that except for a relatively few distributors in the early stages of the program, the distributorships conferred few, if any, effective legal rights upon the holdings and were virtually worthless; that members of the public were induced to purchase distributorships by a variety of misrepresentations as to their value and as to the income likely to be realized; and

This was an important development in the FTC's efforts to construct a legal definition. Koscot established that the hallmark of a pyramid scheme was that its primary source of revenue came not from selling retail products, but from selling "the right to sell a product."

The second factor that made the FTC's case against Koscot especially strong was that Koscot had already filed for bankruptcy in July 1972. Holiday Magic was supposedly still profitable at the time of the investigation, therefore the FTC had to construct a largely hypothetical argument about geometric progression in order to show that it would eventually fail and was, therefore, inherently deceptive. Koscot, on the other hand, had already failed. Thus, the FTC was freed of the burden of disproving the claims Koscot made about potential earnings through unlimited recruiting because the Koscot scheme had already collapsed. Furthermore, the bankruptcy had triggered class action proceedings against Glenn Turner Enterprises, of which Koscot was a subsidiary, in Pennsylvania and criminal proceedings in Florida.[26] Facing a number of pending lawsuits, Glenn Turner and his associates declined to testify on their own behalf out of fear that their testimony before the FTC might be used against them in subsequent criminal trials. The FTC was in this way doubly free of the burden of proof. Not only had Koscot's bankruptcy already proven that its multilevel marketing plan was doomed to fail, Koscot and its attorneys also essentially accepted the charges without waging a defense.

A third distinguishing factor was that Koscot was only one in a chain of schemes perpetrated by Glenn Turner. Turner also operated a scheme that purported to sell distributors the right to market a self-improvement course called "Dare to Be Great, Inc.," a discount membership club called "Kash in Best," and a number of other affiliated organizations all under

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that distributorships were encouraged to recoup their losses and to make profits by recruiting others by deceptive means." Ibid, 1131-1132.

[26] In September 1975, Turner and three former associates pleaded no context to federal misdemeanor charges of violating SEC regulations.

the umbrella of Glenn Turner Enterprises. By the end of 1972, Turner Enterprises also had investments in at least twelve different foreign corporate entities. As if running a host of worldwide pyramid schemes were not enough, Turner was embezzling money through weekly transfers, usually amounting to ten percent of total revenue, from each of the subsidiaries into Turner Enterprises, which he alone controlled. Particularly damning to Koscot's defense, or lack thereof, was that Dare to Be Great had become a regular feature in the press in the early 1970s as part of a rash of pyramid scheme activity.

Pyramid schemes, Ponzi schemes, chain letters, and other breeds of swindling flourished in the 1970s and 1980s.[27] One scholar has estimated that American investors lost over $1 billion to Ponzi and pyramid schemes in 1976 alone.[28] In addition to those selling more traditional direct sales products such as cosmetics and housewares, operations like United Buyers Union ran what they called a "plus income program," in which participants were told they could obtain large discounts on goods and services by buying a discount club membership. In United Buyer's version of the scheme, the membership cost $300 to $500 per month. Potentially more lucrative, however, was the opportunity to sell the memberships. For $411.50, which the participants could pay in $65 monthly installments plus financing charges, United Buyer "nominators" could earn $75 for each person they recruited into the organization and $25 for each person nominated by someone they had recruited. Like other networked organizations, United Buyers Union maintained a multilevel hierarchy, each tier with a new investment fee but also a greater commission per recruit. Between May and October of 1972, United Buyers Union bilked 5,000

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[27] For more on major Ponzi, pyramid, and investment schemes from 1970 to the present, see Frankel, *Ponzi Scheme Puzzle* and Walsh, *You Can't Cheat an Honest Man.*

[28] Aggregate data for losses in pyramid schemes are difficult to find, and only account for losses to schemes under investigation. Tamar Frankel estimated losses of $1 billion in 1976 using data drawn from court cases. See Frankel, *Ponzi Scheme*, 7.

consumers in the Los Angeles area out of over $2 million.[29] A nearly identical operation called Galaxy Foods cheated over 800 people out of $3.7 million on Long Island in 1973.[30] In a related scheme, a number of operations, for example one called Rainbow's End, offered similar memberships in discount travel clubs.[31] Technology and telephony were also fertile ground for pyramid schemes because the allure of the tech market made wild earnings claims seem more plausible. In the early 1980s, Daniel Vesley defrauded what the *Washington Post* described as "persons too numerous to mention" by selling distributors the opportunity to market a (nonexistent) fuel-saving device called "Ther-Vac."[32] A number of other schemes claimed to sell long-distance calling cards or the opportunity to lease pay phone booths.

Investment clubs that operated through the logic of chain letters were also common in the 1970s and 1980s. In 1979, a reporter for the *Washington Post* attended a party for a chain letter scheme that, in the reporter's words, was "sweeping through the fashionable homes of Washington's black middle class." Dr. Kenneth Smothers, a 34-year-old psychiatrist, had invited more than 100 people to his home to sell them on the Circle of Gold plan, in which participants would buy a list of twelve names for $100, and recruit two friends, each of whom would contribute $100. The original investor would keep $50 from each of them, thus breaking even. The other $50 would go to the first name on the list, and the original investor would add his name to the bottom of the list. Theoretically, as names moved to the top of the list, investors stood to collect $50 fees from an untold number of total strangers. Some in attendance at Dr. Smothers' party suggested that they did in fact receive money from the Circle of Gold plan.

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[29] Myrna Oliver, "L.A. Firm Accused of Pyramid Scheme in Suit by Younger," *Los Angeles Times*. October 5, 1972: C1.
[30] Will Lissner, "Pyramid Scheme Under Fire," *New York Times.* December 16, 1973: 131.
[31] Myrna Oliver, "No Pot of Gold in This Club, Judge Rules 'Rainbow's End' Group Told to Stop Operating Pyramid Scheme," *Los Angeles Times*. May 11, 1983: C1.
[32] Unknown, "U.S. Alleges Fraud in Marketing Scheme" *Washington Post*. March 17, 1983.

"Almost every night, promoter-investors gather over white wine and hors d'oeuvres and flip charts in the intimate setting of a private home," the *Post* reporter observed, "waving envelopes stuffed with $50 bills as to sell their friends and colleagues what, authorities say, is a highly questionable chain letter that not only may violate federal lottery and mail fraud statutes but inevitably picks a lot of pockets."[33]

Investment clubs were such a problem in the early 1980s that police began organizing raids on investment and pyramid parties in California. In 1980, Orange County police raided a meeting of participants in a scheme called "Speedy Seven." The police seized $41,000 in cash and checks that participants had invested at that party alone.[34] In March 1980, the *Los Angeles Times* reported that county police broke up six such gatherings on a single day, five of which had over 100 people present. Police Sergeant Romayne Shaw stated, "We're getting 15 to 20 locations a day… We just can't get to them all." In the same article, Lieutenant William Mossman claimed his office had received over 300 calls a day about pyramid schemes, chain letters, and investment club parties.[35] Detective Jeff Richards of the Burbank Police Department even fielded a call from an angry husband: "Hey," the caller shouted at Richards, "my wife just pulled all our savings out of the bank and went off to a pyramid meeting. What are you guys going to do about it?"[36] As these statements suggest, Holiday Magic and Koscot were not isolated cases of consumer fraud. Rather, they were part of a major surge in get-rich-quick, pyramid-esque, fraudulent activity in the 1970s and 1980s.

Taken together, Glenn Turner's notoriety, Koscot's significance as representative of a larger problem facing the American public, and Koscot's clear status as fraudulent, all helped the

[33] Art Harris, "Pyramid Scheme Promises Fast Cash: 'Circle of Gold' Plan Attracts D.C.'s Black Middle Class" *Washington Post*. July 15, 1979: A1.
[34] Gary Jarlson, "Deputies Raid 'Speedy Seven' Game" *Los Angeles Times*. June 3, 1980: OC_A1.
[35] Richard West, "Police Planning New Raids on Illegal Pyramid Meetings" *Los Angeles Times.* May 22, 1980: A3.
[36] Richard West, "Pyramid Scheme Sweeping California," *Los Angeles Times.* May 21, 1980: B1.

FTC to make a decision in the Koscot case that would strengthen its position against pyramid schemes. Whereas the text of the Final Decision Order against Holiday Magic remained focused solely on the case at hand, the judge presiding over Koscot took the liberty of reflecting on the threat pyramid schemes posed to society at large. In addition to making a number of colorful barbs mocking Turner's character, the judge included in the Final Decision Order long expository statements about pyramid schemes, multilevel marketing, and the obstacles that had prevented the FTC from acting sooner and with more authority. The judge decried the fact that the FTC heard the Koscot case only after it had already declared bankruptcy and, therefore, any punishment the court rendered would be effectively toothless. Echoing Walter Mondale, the judge criticized the courts' inability to act on pyramid schemes until after they had already committed serious harm.[37] Although mostly a personal statement and therefore insufficient as a legal precedent, the judge did suggest that the selling of distributorships ought to be grounds for finding fraud even without having to prove deception.[38]

As in the case of Holiday Magic, however, the legal tools available to the FTC through the Clayton Act and the Federal Trade Commission Act only allowed for the FTC to find pyramid schemes guilty on charges of deception and misrepresentation rather than because the

[37] "We [the commission] think that the failure to act more promptly can be traced to the previous inability of relevant authorities to obtain summary relief against the practices involved. The necessity to prove that a marketing plan, manifestly deceptive on its face, has in fact resulted in injury to numbers of consumers is a lengthy process. Only where the law condemns the mere institution of such a plan, without the necessity to demonstrate its consequences, is meaningful relief likely to be obtained." Koscot, 1182.

[38] "…the right to sell product in an entrepreneurial chain is also likely to prove worthless for many participants, by virtue of the very nature of the plan as opposed to any particular dishonest mechanism of its perpetrators. That is so, argue counsel, because the mere presence of a lucrative right to sell franchises will encourage both a company and its distributors to pursue that side of the business, to the neglect or exclusion of retail selling. The short-term result may be high recruiting profits for the company and select distributors, but the ultimate outcome will be neglect of market development, earnings misrepresentations, and insufficient sales for the insupportably large number of distributors whose recruitment the system encourages…At the very least we can conclude that a company which offers its distributors substantial rewards for recruiting other distributors, and charges them substantial amounts for this right, creates overwhelming barriers to the development of a sound retail distribution network and meaningful retail sales opportunities for participants." Ibid, 1181.

scheme was, in the judge's words, "manifestly deceptive on its face."[39] Constrained by the existing legal tools and powers at its disposal, the FTC was not able to establish through *Koscot* new laws prohibiting pyramid schemes wholesale. Yet, *Koscot* did strengthen the Commission's ability to try pyramid schemes in the future by establishing a guideline by which to determine what one was. In this way, a future case would still have to be tried based on proven harm to participants, but it could also be measured on its potential to do harm by virtue of its status as a pyramid scheme.

Federal Trade Commission v. Amway, Inc. et al., 1979

That the FTC was using Koscot as the definitive example of a pyramid scheme is evident from the Commission's later decision regarding Amway in 1979.[40] By the time the Amway hearings began in 1975, the Commission had a clear set of guidelines against which to judge the organization. After a four-year investigation, the FTC charged the Amway Corporation in March 1975 on counts similar to those at issue in the Holiday Magic and Koscot cases. This time, however, the attorneys arguing on behalf of Amway also had the *Koscot* guidelines on which to base their defense. Amway's attorneys were able to refer to Koscot as the definitive example of a pyramid scheme and then point to all the ways Amway diverged from that definition. If the *Koscot* definition helped the FTC establish a set of rules with which to determine what a pyramid scheme was, the Amway decision established the criteria through which to determine what a pyramid scheme was not.

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[39] Ibid, 1182. "What compels the categorical condemnation of entrepreneurial chains under Section 5 is, however, the inevitably deceptive representation (conveyed by their mere existence) that any individual can recoup his or her investment by means of inducing others to join."
[40] *In the Matter of Amway Corporation, Inc. et al. Final Order.* Docket 9023. Complaint March 25, 1975 – Final Order May 8, 1979.

In an effort to distinguish Amway from Koscot, Amway's attorneys argued that the Amway sales plan was designed to encourage recruiting but never to the exclusion of sales. Whereas Koscot charged new distributors sizeable up-front fees, new Amway distributors were only required to purchase a $15 sales kit. Moreover, Amway had a number of safeguards in place to ensure that distributors remained engaged in selling products to retail customers. First, Amway required distributors to buy back unused products from their recruits upon request in order to discourage a practice called "inventory loading," whereby a sponsor would pressure his recruits to buy an unmanageable amount of inventory to boost the sponsor's sales figures. Second, Amway required each distributor to sell at wholesale or retail at least seventy percent of his purchased inventory, meaning that a distributor could not meet the sales requirement for advancement simply by purchasing products for himself. The seventy-percent rule was intended to make a buy-in path to advancement, like that available in Holiday Magic and Koscot, impossible. Third, Amway required each sponsoring distributor to make at least one retail sale to each of ten different customers each month. As Amway's attorneys argued, these policies were specifically intended to deter distributors from engaging in recruiting alone.

Although the FTC did find Amway guilty of price fixing and misrepresenting the income to be earned through recruiting, the Commission ultimately found that Amway did not meet the criteria for a pyramid scheme established in *Koscot.* As a result of the decision, Amway had to change a few corporate policies, most notably to include in its recruiting literature actual average earnings figures and statements clarifying that the earnings claims made by some distributors were illustrative rather than representative. Amway also had to change its pricing policy by moving away from a fixed retail list price to a suggested one. Yet, in general, Amway withstood the scrutiny of the FTC without having to make any major changes to its business plan, its sales strategy, or its recruiting practices.

Moreover, the FTC verdict provided a legal decision that Amway could use to support claims that it operated a legitimate business. The FTC decision clearly stated that the "Amway Sales and Marketing Plan is not an illegal 'pyramid scheme.'" Given the existence of the buy-back rule, the seventy-percent rule, and the ten-customer rule, the FTC determined that the "Amway plan is significantly different from the pyramid plans condemned in *Koscot*… [and] *Holiday Magic.* Specifically, the Amway Plan is not a plan where participants purchase the right to earn profits by recruiting other participants, who themselves were interested in recruitment fees rather than the sale of products."[41] The FTC exonerated Amway on charges of operating a pyramid scheme; it also effectively endorsed it as a legal business. Amway could now point to the FTC decision as evidence that it was a legitimate sales organization, and one that was recognized as such by the federal government. By positioning Amway in contradistinction to Koscot, Amway's attorneys not only evaded potential regulatory penalties, they also established Amway as the new archetype of a legal pyramid sales operation. The FTC determined that the set of safeguards Amway put in place, which came to be known as the "Amway rules," were sufficient guidelines with which to define a legal networked organization.[42]

Aside from those specific measures cited by Amway's attorneys, however, Amway and Koscot were remarkably similar. Both employed the same high-pressure sales techniques and exaggerated earnings claims that Mondale saw as a danger to consumers. The FTC hearings investigated such practices at length through the testimony of active and former Amway distributors, a significant number of who testified before the Commission that Amway engaged

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[41] Ibid.
[42] See Debra A. Valentine, "Pyramid Schemes." Prepared statement of General Counsel for the U.S. Federal Trade Commission, presented at the International Monetary Fund Seminar on Current Legal Issues, May 1998.

in questionable business practices. For example, Amway distributors testified that they had been instructed not to use the name "Amway" in their initial recruiting pitches. Rather, they often lured prospects to an Opportunity Meeting with a vague investment opportunity, only revealing later that the opportunity was Amway. Distributors also testified that, after one convinced a friend to attend an Opportunity Meeting, it was common practice to insist on picking them up in case they had second thoughts, and even to unplug the phone so the friend could not cancel. Distributor Walter Stone testified, as we have seen, that although he was personally on the verge of bankruptcy, he used to schedule his prospect meetings at Pier 66 in Ft. Lauderdale in order to present the illusion that he was a rich and successful member of the yacht club there. Yet, while putting on airs or unplugging one's phone perhaps pushed the boundaries of ethics in business, they were not technically illegal.

The testimony of distributor Nancy Johnson spoke to the degree to which Amway participants often resorted to social pressure and emotional manipulation to recruit and maintain their downline. Johnson testified that she had previously declined a number of invitations to join Amway. But when her minister called her at home and asked if she could use a little extra money, Nancy Johnson found herself unable to politely refuse a leader of her church. After several months in Amway, Johnson approached her sponsor complaining that, in order to hold Opportunity Meetings several nights a week, she was spending more money on babysitting fees than she was earning. Her sponsors, the Biddles, told her:

> You [have] two choices in life, involving your children. Now, a child depending on age from seven to nine o'clock at night is going to bed and they are going to sleep and you have already cared for them during the day, you saw to their milk and baths, et cetera, and they are in the bed sleeping. Now you have the choice that you can let little Johnny grow up and tug on your apron string one day and say, 'Why can't I go to college?' and at that time you tell little Johnny, 'Well, son, I am sorry you can't go to college, but I want

> you always to remember that I love you so much that I stayed home and watched you sleep.' Now that [is] one way of life you can choose, or you could choose another way of life and afford the expense at the present time for babysitters, get out, work the business, so that you will be able to afford the things as your children grow up that they need, such as education.[43]

The story the Biddles told Nancy Johnson played on her sense of herself as a mother and her desire to provide for her children in order to keep her dedicated to her work in Amway despite her financial losses. Even more striking, Johnson further testified that this was a common tactic among Amway distributors, including Nancy Johnson herself. "I have heard other distributors state it," she testified, "It was a story that was told over many times by many people and I told it over myself."[44]

Amway distributors overwhelmingly testified that, just as Mondale suspected, Amway recruiting relied on psychologically and emotionally laden tactics that would seem to potentially cloud participants' abilities to make a rational consumer choice. Yet, aside from requiring Amway to amend its recruiting literature with footnotes about average earnings, the Commission's actual decision did very little to address what critics such as Mondale saw as the truly unethical aspects of networked direct selling. The Commission observed that networked direct sales organizations frequently resorted to social pressure and emotional manipulation, and preyed on the desires and even the insecurities of participants. Networked direct sales organizations such as Amway may have caused some participants emotional, psychological, or social harm, but those were not the kinds of harms the Federal Trade Commission was designed to remedy. As questions of ethics rather than law, such practices fell outside the boundaries of the Commission's purview. In this way, the legal and regulatory history of networked direct sales

[43] Nancy Johnson quoted in *Official Transcript of Proceedings Before the Federal Trade Commission, Docket No. 9023, In the Matter of Amway Corporation, Inc*. May 25, 1977: 1069. FTC.
[44] Ibid, 1069.

highlights how the legal process influences the ways regulatory bodies address questions of legality and ethics in business. Further, as the Amway example shows, the boundary between legal and illegal, ethical and unethical, in business in not only porous and contingent, but corporations themselves often have a strong hand in its construction. Moreover, while courts could assess Amway's legality, they could do little to tackle the problems of coercion and manufactured consent. Although they were always a part of the court's interest in regulating pyramid schemes such concerns, as we will see, would have to be addressed instead in the court of public opinion.

The IRS and the Reclassification of Direct Sales Work

At the same time that the Federal Trade Commission was assessing the legal status of direct sales firms as consumer organizations, the Internal Revenue Service was interested in direct sales firms as employers. More specifically, the IRS raised questions about the legal categorization, and therefore the tax status, of direct sellers. Direct sellers had fallen under the classification of independent contractor since the 1930s, when the National Association of Direct Selling Companies succeeded in using that administrative label to exempt direct sales work from the Social Security Act and the Fair Labor Standards Act enacted as part of the New Deal. The decision to classify direct sellers as independent salespeople rather than corporate employees was one of the great innovations of early direct sales executives, and one that set the trajectory for the direct sales industry for the next fifty years. By the 1970s, however, U.S. tax authorities doubted whether independent contractor status accurately captured the relationship between direct sales firms and their distributors. Were direct sellers truly independent workers, or was the label of independent contractor merely a convenient way for direct sales firms to avoid paying employment taxes?

The contest between the IRS and the direct sales industry began in 1972 when the U.S. Department of the Treasury brought suit against Queen's-Way to Fashion, Inc. for unpaid employment taxes. Queen's-Way, which sold women's apparel through the party plan, was founded in 1952 by Mabel Westerberg. At issue in the Queen's-Way case, as stated in the Opinion of the trial judge, "was whether or not many thousands of individuals and groups or organizations of individuals engaged in distributing and selling plaintiff's products at retail, and solely on a commission basis, are employed by [Queen's-Way] or independent contractors and, therefore, whether or not the commission they received are 'wages,'" and thus subject to the Federal Insurance Contribution Act, the Federal Unemployment Tax Act, and the IRS statute on Collection of Income Tax as Source of Wages.[45] If direct sellers were not independent contractors but employees who received taxable wages, as the IRS claimed, Queen's-Way was liable for $2.4 million in unpaid employment taxes for the years 1968, 1969, and 1970.

With the assistance of the Direct Selling Association, Queen's-Way to Fashion fought a five-year court battle against the state's allegations. Neil Offen, then President of the DSA, described *Queen's-Way* as "the biggest issue [facing the direct sales industry] in the early 1970s." "[W]hen the IRS started to attack the independent contractor status of salespeople" it threatened, according to Offen, "the very lifeblood of the industry." Just as direct sales executives in the 1930s interpreted Social Security and minimum wage laws as detrimental to the industry's model of labor management, executives in the 1970s similarly understood that the Queen's-Way decision threatened to fundamentally alter the status of direct sales firms as

[45] *Aparacor, Inc., Formerly Queen's-Way to Fashion, Inc. v. the United States*, 556 F.2d 1004, Federal Circuit 1977.

employers. The tax and employment status of direct sellers, in Offen's works, "really was a life-and-death issue for the industry."[46]

Queen's-Way ultimately won the case against the IRS. In 1977 the presiding judge ruled that direct sellers were independent contractors. "There is not here the relation of employer-employee," according to the judge. "The plaintiff-solicitor is too free; there is no itemized control by the alleged employer. There is an ultimate object – the sale of the product on a commission basis – and the manner of attainment of that object, however, is totally left to the individual solicitor."[47] Queen's-Way distributors, in other words, were not employees in the legal sense of the word because they had too much autonomy in their daily work to qualify as such. Distributors worked solely on commission. They received merchandise shipped C.O.D. from Queen's-Way for the full retail price. Upon selling the merchandise, the distributor received a commission, or what direct sales firms usually refered to as an "override," rather than a wage. In addition to not being paid a salary or hourly wage, the court noted, distributors did not receive any other compensation or benefit typical in an employer-employee relationship, such as paid vacation, sick leave, health insurance, or a pension. The court's logic was in this way circular. Direct sales firms had since the 1930s used the label of independent contractor in order to avoid providing sellers with a salary and benefits. Now, in the Queen's-Way case, the absence of such benefits was being used to justify to firm's claim that direct sellers were independent contractors.

Based on the lack of supervision and direct managerial control, as well as the system of commission-based compensation, the court ruled that a distributorship was not employment as defined by IRS statutes or federal employment legislation. Rather, Queen's-Way seemed to

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[46] Neil Offen quoted in Robert R. Morris, *Direct Selling Association, 1910-2010: 100 Years of Connecting People, Products and Opportunity* (Washington, D.C.: Direct Selling Association, 2014), 64, 67.
[47] *Queen's-Way to Fashion Inc. v. United States*, 1977.

function more like “a supplier to individuals and groups of individuals acting as independent enterprises, each with its own clientele, and each capable of providing distribution services for a variety of products and other suppliers.” Based on its finding of fact, the court ruled that the relationship between the direct sales firm and its distributors “represents a radical departure form the traditional common law concept of an employer-employee relationship.” This was a major victory of Queen’s-Way, but also for the DSA and all direct sales firms because it set a clear legal precedent. More than relieving one firm from the burden of paying millions in back-taxes, the Queen’s-Way decision reaffirmed the use of independent contractors, which had been at the heart of the direct sales strategy since the 1930s.

The Queen’s-Way decision was crucial to the preservation of the direct sales labor strategy, but did not necessarily preclude similar trials in the future. Fearing that the IRS would continue to litigate against other direct sales firms, or that a change in the tax code or legal classification of direct sellers would render the *Queen’s-Way* decision irrelevant, Neil Offen and the members of the DSA determined that they needed more than legal precedent; they needed protective legislation. In cooperation with executives from the real estate and construction industries, both of which also relied on the use of independent workers, the DSA began in the mid-1970s to lobby for some measure of legal protection that would guard against any future efforts to reclassify direct sellers as employees.

After ten years of lobbying, the DSA succeeded in including in the Tax Equity and Fiscal Responsibility Act of 1982 the following clause:

> Section E: Employment Taxes - Provides that real estate agents and direct sellers shall be considered nonemployees for purposes of the employment taxes. Sets forth requirements for such classification. Sets forth procedures for determining an employer’s

> liability for employment taxes which were not withheld or reported.[48]

Section E of the Tax and Equity bill, which was introduced by Leon Panetta and supported by Dick Gephardt and Bob Dole, functioned as a safe harbor clause for industries that met certain criteria to be protected by statute from future reclassification by the IRS.

Section E, and the resulting addition of Section 3508 of the Internal Revenue Code, firmly established direct sellers as "statutory non-employees," or part of a category of worker specifically excluded from the definition of employee by statute. Section 3508 stated that "the tax treatment of services performed as a qualified real estate agent or a direct seller… will not be treated as an employee, and the person for whom the services are proffered shall not be treated as an employer."[49] Section 3508 also included specific criteria, which the Direct Selling Association helped to construct, to determine whether one qualified for the direct sales exemption. It defined an independent direct seller as one who sold consumer products on a buy-sell or deposit-commission basis, engaged in sales activities outside a brick-and-mortar retail establishment, was paid a commission independent of the number of hours worked, and who operated according to a written contract that stated the salesperson would not be treated as an employee for Federal tax purposes. Section 3508 defined an independent direct seller according to three basic measures: the type of activity performed, the type of pay received, and the existence of a written contract that defined one as a non-employee.

As in the case of the *Federal Trade Commission v. Amway*, leaders within the direct sales industry managed in the case of *Queen's-Way* to translate a legal challenge into a legal

[48] HR.R.4961 Tax Equity and Fiscal Responsibility Act of 1982, Conference Report No 97-530, 97th Congress, 1982. See also Hale E. Sheppartd, "Direct Sellers Hit by IRS Worker-Classification Audits: An Analysis of the Obscure Rules and Strategies Applicable to These Workers," *Taxes: The Tax Magazine* (August 2012): 45-59.
[49] Internal Revenue Code Section 3508(a).

affirmation. Amway survived the FTC's investigation not only in tact, but also with the official endorsement of the FTC that it operated a legitimate networked sales organization. Neil Offen and the Direct Selling Association similarly leveraged the decision in *Queen's-Way* to obtain not only a legal precedent that defined direct sellers as independent contractors, but also legislation that resulted in the creation of a special tax exemption for direct sales firms. That protection, moreover, validated the industry's use of casual labor by translating the ad hoc definition of independent contractor direct sales executives created in the 1930s into a legal category of work. If the FTC's efforts to regulate pyramid schemes in the 1970s provided the direct sales industry with a clear definition of a legal pyramid scheme, the IRS's attempts to tax direct sales work similarly produced a firm definition of independent contractor status.

The DSA's efforts in the 1970s and early 1980s was reminiscent of those of the National Association of Direct Selling Companies in the 1930s, but there were key differences that reveal much about the evolution of the direct sales industry. The NADSC was able to obtain the independent contractor exemption for direct sellers because the industry was not among the National Recovery Administration's or the Senate and House Labor Committee's most pressing concerns. Relative to manufacturing, agriculture, or other sectors, direct selling was not in the 1930s large enough to warrant debate about how best to categorize its workers. By the 1970s, however, direct sales was a significant sector of the consumer economy. With firms like Amway and Avon at the helm of a $7 billion industry, the direct sales sector wielded significant economic and political power as manufactures as well as corporate citizens. Although they relied on independent sellers, firms such as Amway and Avon maintained corporate offices, manufacturing facilities, and distribution centers. They employed thousands of administrative and industrial workers. To challenge the basis of their low-cost sales strategy and thus threaten the financial health of a robust sector in the consumer and labor economies – particularly in the context of unemployment, downsizing, and capital flight in the 1970s – was for politicians a losing proposition. Individual sales executives, most notably Jay Van Andel and Rich DeVos, also enjoyed significant political clout in the 1970s and they would certainly have used it to ensure the passage of legislation favorable to their industry. In short, the NADSC succeeded in the 1930s because direct sales was too small to matter. The DSA in the 1970s, by contrast, succeeded because it was too big to ignore.

"Soap and Hope": Popular Critiques of Direct Sales in the 1980s

If the direct sales industry demanded the attention of politicians and legislators, it similarly captured the interest of the media and popular press. If legal and regulatory bodies focused in the 1970s on questions of free trade, truth in advertising, and employment and tax law, critics operating in the realm of popular culture focused on questions of ethics within the evangelistic culture of networked direct sales. Beginning in the 1980s, Amway in particular captured the attention of media outlets ranging from national television programs such as *60 Minutes* and the *Phil Donahue Show* to journalistic exposés to editorials in local newspapers. Particularly as the state of the economy shifted from the disappointing seventies to the booming eighties, Amway – with its emphasis on personal transformation through independent entrepreneurship, its faith in free enterprise and positive thinking, and its penchant for over-the-top rallies and events – functioned as a key entry point for popular critics interested in interrogating the culture of capitalism in the 1980s.

Popular fascination with the Amway phenomenon was due largely to the fact that its ideology of personal salvation through free enterprise, which seemed to many critics suspicious if not utterly laughable, was unquestionably a financial success. In 1983, reporter Mike Wallace of *60 Minutes* investigated Amway for that very reason. Wallace wanted to know what it was about Amway that spoke so strongly as to attract over one million distributors not only to sell soap, but to see themselves as engaged in an activity that transcended work or salesmanship as a lifestyle in and of itself. As Wallace introduced the segment to his Sunday night audience, he suggested that the answer was hope.

> Soap and Hope is the story of Amway. It got its start as a shop-at-home company dealing mostly in soap and soap products and has now become a one and a half billion dollar a year enterprise. But there is more to Amway than soap. What they're really selling is hope. The hope of getting rich beyond your wildest dreams. Others insist, however, that Amway is just a clever marketing scheme to enrich a few lucky people. Whatever it is, it has gotten a million people into selling soap and it begins with some old-fashioned motivation.[50]

The camera then cuts to a scene from an Amway rally held in Charlotte, North Carolina hosted by mega distributors Dexter and Birdie Yager. The scene features an unnamed distributor at the main podium working more than 10,000 avid Amway devotees into an absolute frenzy. Over the sound of the screaming crowd, the speaker shouts, "Some of you, right here this weekend, you're gonna leave this weekend and for the first time in your life, you're gonna… realize 'I've got wings! I can fly! I am a winner! I'm gonna do it because I have freedom in America!" Demonstrating how leaders in Amway had mastered the tools of mass motivation and wed them to old tropes about success and Americanism, that scene – half rock concert, half big tent revival – encapsulated what many saw as the most fascinating, and potentially the most concerning, aspect of the Amway phenomenon. "That is the world of Amway," Wallace narrated over more shots of frenzied distributors, "A world where a business meeting is not just a business meeting but a celebration."

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[50] Mike Wallace, "Soap and Hope," *60 Minutes* (CBS News), January 1983. Audio-Visual Collection. LOC.

Celebrating business was not exclusive to Amway distributors. Rather, Amway offered one window into a particular version of 1980s capitalist culture that was enamored with business and material success. This was, after all, the decade that birthed the movie *Wall Street* with its famous motto, "greed is good."[51] Films such as *Wall Street, Working Girl,* and others in a cache of films in the 1980s that glamorized the world of high finance and corporate excess, offered a new backdrop for old stories about success and self-transformation in American culture.[52] They relocated Horatio Alger onto the trading floor. They represented a moment in American culture that celebrated business, saw material success as an admirable personal and cultural trait, and venerated corporate executives as cultural icons. It was a decade in which one, if asked about his personal heroes, might answer: Lee Iacocca.

Indeed, *Iacocca: An Autobiography* was the number one best selling nonfiction book of 1984.[53] The *Publisher's Weekly* lists of best selling books of the 1960s and 1970s tended toward the categories of politics, health and housekeeping, and sex and womanhood. Bestsellers of the 1980s, on the other hand, frequently featured such titles as Milton Friedman's *Free to Choose* or Thomas J. Peters and Robert H. Waterman Jr's, *In Search of Excellence: Lessons from America's Best-Run Companies*.[54] Friedman's work even had a ten-part television companion piece of the same title that appeared on PBS in 1980, further demonstrating the degree to which

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[51] Oliver Stone, *Wall Street*. Twentieth Century Fox, 1987.
[52] Mike Nichols, *Working Girl*. Twentieth Century Fox, 1988.
[53] Lee Iococca, *Iococca: An Autobiography* (New York: Bantam Books, 1984).
[54] Milton Friedman and Rose Freidman, *Free to Choose: A Personal Statement* (New York: Harcourt Brace and Company, 1979); Thomas J. Peters and Robert H. Waterman, Jr., *In Search of Excellence: Lessons from America's Best-Run Companies* (New York: Harper & Row, 1982). In the 1960s and 1970s, the Publisher's Weekly list of best selling non-fiction books included titles such as Irma Rombauer's *The Joy of Cooking*, books published by *Better Homes and Gardens*, or John F. Kennedy's *Profiles in Courage*. Charles Schultz, the cartoonist known for the Peanuts comic strip, had at least one best-selling publication for three years running. Books on sex and womanhood such as Helen Gurley Brown's *Sex and the Single Girl*, and Alex Comfort's *The Joy of Sex* were also frequently on the bestseller list. http://publishersweekly.com/pw/home/index.html. Irma S. Rombauer, *Joy of Cooking* (New York: Scribner, 1931); John F. Kennedy, *Profiles in Courage* (New York: Harper & Brothers, 1956); Helen Gurley Brown, *Sex and the Single Girl* (New York: Pocket Books, 1963); Alex Comfort, *The Joy of Sex* (New York: Simon & Schuster, 1972).

ideas about corporate management and free market economics had become part of the American zeitgeist. In other words, although the celebration that the Yagers called "Free Enterprise Weekend," was atypical in its size and fervor, it was in fact highly characteristic of mainstream culture in the 1980s.

Wallace's segment, which he called "Soap and Hope," introduced the home audience to a view of Amway usually accessible only to insiders. He showed them the Amway headquarters in Ada, Michigan and the Center of Free Enterprise, which Wallace described as "a kind of shrine to the capitalist system." He detailed the Amway Plan and showed the audience the perks of becoming a successful Amway distributor. "Amway talks of luxury cars. Of lavish homes," Wallace narrated, "The Amway elite can use the company's jet planes. Go on trips aboard one of Amway's super yachts. Trips to Amway's own Caribbean Island. All of this for those who succeed in Amway."[55] Moving between shots of Amway's massive corporate headquarters, its private island, and then back to the Yager rally, Wallace implied that those ten thousand distributors were really cheering about the chance to be rich.

Much of the Wallace interview, however, focused on the Yagers themselves. A former beer salesman and the daughter of a mill worker, Dexter and Birdie Yager were as much icons of success in Amway as the company yacht, the *Free Enterprise*. In their twenty years in Amway, the Yagers built their distributorship into a half million dollar a year operation. All ten thousand of the recruits at the Charlotte rally were part of their organization. With Wallace in tow, Dexter took the home viewer on a tour of his riches, which included five Rolls Royces, a $350,000 motorcoach, a host of antique cars, a horse farm, and a tennis court all on the 300 acre property in Florida he called Yager Estates. Yet, during their interview Dexter and Birdie repeatedly emphasized that the real rewards of their work in Amway were not material. They claimed they

[55] Wallace, "Soap and Hope."

learned to think positively, to help others, and "to see life through everybody [else's] eyes in Amway." Dexter explained his organization's success as a byproduct of his love for his business and his distributors, "That's cuz I love 'em. It's cuz I really love 'em. They're like my kids."[56] Yet, Wallace repeatedly pushed back. "You know that sounds like Amway literature," he chided, "when you started with Amway, didn't you say hey, we want to be rich?" Wallace asked the Yagers to reflect on Amway, on their wealth, and on how possible it really was for others to reach the same level of achievement. The Yagers, for the most part, were responsive. However, when Wallace mentioned unfavorable statistics, for example that four out of five Amway distributors quit within a year or that "maybe one in 80,000 people make more than just a minimum living in Amway," the Yagers deflected, either claiming not to have seen such data or responding with a coy adage rather than offering a firm defense.[57]

One particular standout moment in the interview occurred when Birdie likened her husband to Jesus. Reading back from a speech at a rally in 1981, Wallace asked Birdie to clarify what she meant when she had said, "There's something about this business that no one can put their finger on because you can't put your fingers on God… I want every one you people to have the kind of partner I have… [Dexter] is the greatest person I have ever known. When I look at him I see Jesus. I want you to listen to him, I know you'll see Jesus, too." Turning to Birdie, Wallace put it plainly: "Now, come on?" But Birdie stuck to her words. "Mm hmmm," she nodded. "Now, I don't mean the physical form of Jesus. I mean the spirit of Jesus… I see [in Dexter] what Jesus stood for and what he believed in, his giving and loving spirit." Wallace pushed back, suggesting that "there's much more preoccupation with money and worldly goods in Amway than there is in Christianity." But Birdie argued that "Jesus spoke [and] most of the

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[56] Dexter Yager in Wallace, "Soap and Hope."
[57] Wallace, "Soap and Hope."

time he spoke about money."[58] Taken aback, Wallace let out a surprised, "oh?" At this point, Dexter confidently confirmed that, "[Jesus] gave us many business principles." When the Yagers so boldly drew on Christianity to justify, or elevate, the Amway business to the level of a religious and spiritual pursuit, they performed one of the aspects that many critics found particularly odious about Amway, namely the ways in which it seemed to merge spirituality with materialism.

Overall, Wallace went rather easy on the Yagers. Rather than force a point or engage in an antagonistic interview, Wallace let the content of his questions stand as sufficient criticism. Although he rarely pushed further than one or two follow-up questions, Wallace raised the issues of materialism, gender inequality, the use of anticommunist and patriotic rhetoric, overt religiosity in the pursuit of business, high turnover, the emphasis on recruiting over products, and the tendency among Amway distributors to behave in ways that some might identify with a cult. Moreover, Dexter and Birdie Yager seemed to be performing many of those very tendencies. They talked about Amway as a way of life. They claimed to love their downline as they did their children. And they spoke of American free enterprise as "the only hope in the free world."[59] They seemed, as Wallace noted, to be echoing Amway's literature and corporate ideology. For critical viewers at home on a Sunday night, they may have seemed also to embody the very kind of accusations about materialism and corporate brainwashing that made Amway a target for skepticism and public ridicule.

At the same time, however, Birdie and Dexter Yager's faith in free enterprise and personal transformation were characteristic of contemporary culture. Although the Yagers expressed those ideas with perhaps more fervor than many, the ways in which they saw belief in

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[58] Birdie Yager quoted in Wallace, "Soap and Hope."
[59] Dexter Yager in Wallace, "Soap and Hope."

American free enterprise, in Christian principles, and in themselves as utterly entangled, as making up a coherent system of cultural, spiritual, and material ethics was in fact a fundamental part of the American 1980s. The Yagers' interpretation of the bible as a source of financial advice, for example, had much in common with the prosperity gospel, and messages of health and wealth popular among millions of American Christians by the 1980s.[60] The critical fascination that Mike Wallace and his viewers had with the culture of Amway was, on the one hand, rooted in the entertainment value its seemingly extreme celebration of business and materialism offered. On the other, it was an opportunity for the wider public to reflect on the ways in which Amway represented a particularly exaggerated form of American culture.

Wallace questioned the likelihood that one could strike it rich in Amway by juxtaposing the Yagers and their claims with the stories of disgruntled former distributors such as Nancy Johnson.[61] Segueing from a scene in which Dexter Yager insisted that anybody can make it in Amway, Wallace's voiceover asked, "But can anybody?" Nancy Johnson had been a distributor for eight months before she decided it was a losing proposition, at least for the vast majority of distributors. "When you go to these rallies you have to pay to get in 'em. You have to pay your expenses to get there. You have to get off your regular work to get there and that's a lot of money going out just for some motivation to come back in."[62] Johnson was voicing another

[60] For an excellent study of the American prosperity movement from its roots in the late nineteenth century, to the pentacostal revivals of the mid-twentieth century, and through the efflorescence in post-1960s America of the prosperity gospel, and prosperity gospel churches and preachers, see: Kate Bowler, *Blessed: A History of the American Prosperity Gospel* (New York: Oxford University Press, 2013). Bowler defines the prosperity gospel as centering on the themes of faith, wealth, and victory – all of which have parallels to Amway's ideology of economic mobility and self-improvement through faith in free enterprise. The prosperity gospel, as defined by Bower, "(1) conceives of *faith* as an activator, a power that unleashes spiritual forces and turns the spoken work into reality. (2) The movement depicts faith as palpably demonstrated in *wealth* and (3) *health*. It can be measured in both the wallet (one's personal wealth) and in the body (one's personal health), making material reality the measure of the success of immaterial faith. (4) The movement expects faith to be marked by *victory*. Believers trust that culture holds no political, social, or economic impediment to faith, and no circumstance can stop believers from living in total victory here on earth" (7).

[61] Nancy Johnson also testified before the Federal Trade Commission as part of the Amway hearings.

[62] Nancy Johnson in Wallace, "Soap and Hope."

common criticism of Amway, namely that it forced participants to buy books, audiotapes, and motivational tools which themselves accounted for a major line of business for mega distributors such as the Yagers. "The marketing of these items runs into the millions of dollars a year," Wallace narrated over a shot of distributors buying books and tapes, "And that cash goes not to the Amway Corporation but to high level distributors who run these rallies – paid for by the hopeful Amway novices who come to those rallies by the thousands." Former distributor Julie Greenwood similarly complained that her sponsor told her that the rallies and tapes were paramount to her success in Amway, stating, "We continued to be excited and listen to tapes and buy tapes and go to functions and now we're $8,000 poorer."[63] Some, for example Amway critic Steve Butterfield, have speculated that the Yagers' millions in fact came from motivational materials and the fees associated with national rallies rather than through the retail channels of the Amway plan.[64] Charging $15 per person, the Yagers grossed at least $150,000 at the Charlotte rally in attendance alone.

Interviews with other former distributors further challenged the Yagers' and Amway executives' claims that anyone could be a success in Amway. Bruce Craig, the Assistant Attorney General from Wisconsin argued based on his own investigation of the 20,000 Amway distributors in Wisconsin that Amway's earnings claims were gross exaggerations.[65] Craig estimated that only one percent of all distributors made the $1,200 a month figure Amway used in much of its literature at the time. Moreover, Craig claimed that even distributors who earned,

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[63] Julie Greenwood quoted in Wallace, "Soap and Hope."
[64] Steve Butterfield, *Amway: the Cult of Free Enterprise* (Boston: South End Press, 1985).
[65] As the Assistant Attorney General for the state of Wisconsin, Bruce Craig brought a suit against Amway in July 1982. The suit alleged that a particular distributorship operating in Wisconsin, called World Wide Diamond, was significantly misrepresenting earnings by claiming they could expect to earn in excess of $12,000 a year and that they failed to disclose the group's association with Amway. The suit ended in a consent judgment against Amway and a permanent injunction that required the World Wide Diamond group and others operating in Wisconsin to disclose actual sales, income, and expense figures. For more on this case, see Kathryn Jones, *Amway Forever: the Amazing Story of a Global Business Phenomenon* (Hoboken: Wiley & Sons, Inc., 2011): 78-80 and State of Wisconsin v. Amway Corporation, Inc. July 28, 1982.

on paper, $14,000 a year in Wisconsin actually lost an average of $918 after expenses. Upon hearing that statistic, Wallace shouted, "Wait a minute! The direct distributors who make a gross income on average of over $14,000 wind up losing almost $1,000 after business expenses?" "On average," Craig replied, "yes." Wallace took that figure to Rich DeVos and Jay Van Andel, whom he also interviewed in the segment, but they claimed that Amway did not at that time keep such data on record.

In fact, DeVos and Van Andel responded to numerous allegations by claiming ignorance on the earnings or behavior of individual participants. Because Amway participants were independent distributors rather than corporate employees, the Amway Corporation was not required to keep track of how much money each one made or lost. Indeed, one of the key benefits of the independent distributor system was that the Amway Corporation was only partially responsible for the actions of any single distributor. If a distributor made false claims in the act of recruiting, or forced members of his downline to buy motivational tapes or attend expensive rallies, Amway could always take the position of ignorance. As Van Andel stated to Wallace, "They're not our employees and we can't tell them or enforce things beyond a certain degree."[66] In the same way that the networked direct model enabled the Amway Corporation to cede much of its recruiting and management functions to its sales force, it also allowed them to abdicate much of the corporation's legal and ethical responsibility for their actions.

Mike Wallace's investigative segment granted proponents and detractors of Amway shared airtime. Wallace allowed DeVos and Van Andel to respond to critical statements, although the executives tended to deny such claims wholesale rather than provide convincing counter evidence. Yet, even without making an explicit judgment about Amway, Wallace and *60 Minutes* aired examples of the very aspects of Amway that made so many in the general

[66] Jay Van Andel in Wallace, "Soap and Hope."

audience so nervous, namely their overwhelming enthusiasm, their tendency to speak in greeting card-esque corporate adages, and distributors' intense commitment to positive thinking and to Amway as a way of life. To the eye of a critical viewer, Dexter and Birdie Yager could have seemed like greedy narcissists; Van Andel and DeVos may have appeared indifferent to the plight of those whose faith in Amway had cost them substantial amounts of money; and the frenzied throngs at the Yager rally may have looked like brainwashed zealots.

Yet, while the home audience may not have acknowledged it at the time, the image of Amway that circulated among the mass public in the early 1980s was in fact an exaggerated form of mainstream culture. A New York performance artist named Ann Magnuson noted as much when she called on Amway as a cultural metaphor through which to critique contemporary culture, positioning it alongside the Moral Majority, Nancy Reagan, and Chicken McNuggets as symbolic representations of America in the 1980s.[67] Whether invoked by a popular journalist or an avant-garde artist, Amway was not an eccentric side show somehow set apart from mainstream culture. It was a microcosm of it. The culture of Amway reflected and projected one vision of 1980s American society in its most concentrated form and, thus, popular criticisms of Amway and networked direct sales contained within them implicit critiques of culture and capitalism in the 1980s.

60 Minutes was only one source of negative images about Amway. Unhappy with his portrayal in "Soap and Hope," Rich DeVos agreed to appear on the *Phil Donahue Show* in 1983 in order to do damage control. Unfortunately for DeVos, the format of the show was ill suited for the kind of respectable public speaking he wished to do. In fact, DeVos hardly got the chance to speak at all given the heated nature of the show, as well as accusatory statements from members of the studio audience and telephone callers. In 1985, an English professor named Steve

[67] Maureen Dowd, "Youth – Art – Hype: a Different Bohemia," *New York Times*. November 17, 1985.

Butterfield published a scathing exposé about his years in Amway as part of the Yager organization. The book, called *Amway: The Cult of Free Enterprise*, described Amway as spreading "the gospel of capitalism and cleanliness," through a "marketing and motivational system, a cause, a way of life, in a fervid emotional atmosphere of rallies and political-religious revivalism."[68] Detailing his own trajectory in Amway from skeptic to devoted convert to awakened escapee, Butterfield offered what he saw as a cautionary tale of the "cultist potentiality of Amway as a political movement."[69]

Criticism of networked direct sales was not limited to Amway alone, although it bore the worst beating by far. A number of articles echoed the criticisms aired on *60 Minutes*.[70] In one of the more colorful examples, a 1986 editorial piece written in a Canadian newspaper after airlines first banned smoking on commercial flights suggested that along with crying babies and people with colds, "the last group requiring total separation is Amway, Mary Kay Cosmetics, Tupperware and pyramid-style salespeople. There's nothing worse than sitting beside an attractive, friendly person who seems to be a joy to talk to during a long, lonely flight only to be informed of the wonderful things they can sell you (that'll improve your life as it has theirs) and then have them spread out their success graphs across your folded-down dinner tray."[71] By the mid-1980s, as the editorial on air travel suggests, direct salesmanship had become recognized as a cultural symbol capable of communicating a particular vision about free enterprise and the merits of material success. Direct sales workers were even recognized as a distinct personality type.

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[68] Butterfield, *Amway*, 1,2.
[69] Ibid, 7.
[70] See Associated Press, "Amway, a Flag-Waving Free Enterprise; the American Way" *Boston Globe.* June 29, 1980: 1; Jacqueline Trescott, "Amway: Distributing the American Dream," *Washington Post*. June 9, 1975: B1; Barbara Bry, "Amway: the Controversial American Dream" *Los Angeles Times.* October 9, 1979: E1.; N.R. Kleinfield, "Amway's Direct Sales Foster Zeal, Success, and Criticism," *New York Times.* September 17, 1977; Russell Chandler, "Firms Turn Selling into a Religion," *Washington Post*. November 24, 1986: WB33.
[71] Robert Davis, "Smokers Not the Only Offenders," *Toronto Star*. July 8, 1986: N4.

A satirical piece published in 1985 called, “You’re on the air with Dr. Frieda,” took shots at Amway along with call-in radio shows, pseudo psychology, and gender stereotypes. The fictional account, which has strongly feminist overtones, features a relationship expert named Dr. Frieda B. Youandme. After answering a number of inquiries about sex and relationship problems, Dr. Frieda fields a call from an anonymous woman, whom the reader can only assume is Frieda’s mother, unhappy with the quality of the doctor’s advice and with the way young Frieda has turned out. “Oh Frieda, Frieda, Frieda! I had such high hopes for you,” the caller laments, “You were such a pretty little thing… [this] is no way for a nice girl to make a living. You should get married again, Frieda, maybe have a few kids, sell Amway products.”[72] On the one hand, examples such as “You’re on the air with Dr. Frieda,” speak to the tremendous growth of the Amway phenomenon and the ways in which Amway executives translated their own corporate ideology into a common cultural idiom in the 1970s and 1980s. On the other, they reflect a growing backlash against that phenomenon and perhaps even a larger social grievance about the ways in which Amway chipped away at the distinction between salesmanship and personality, or commerce and sociability.

If Amway encapsulated a particular ideological profile in the 1980s, it was one that was easily mocked. In 1989, Amway distributor Janet K. Rauch was featured in Michael Moore’s film about the closure of a General Motors plant and the effect massive layoffs had on economic and social life in Flint, Michigan.[73] Offering a different commentary on the Amway personality, Moore’s film “Roger and Me,” suggests that Amway was a last resort, a desperate ploy for those who had run out of all other options. Interviewed by Moore, an overly tanned Pat Boone suggests

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[72] Martha Smith, “You’re on the air with Dr. Frieda, star of radio’s rubber room,” *Providence Journal*. August 16, 1985: C-01. Dr. Frieda B. Youandme is obviously a play on the feminist children’s books and songs from the mid-1970s. Marlo Thomas, *Free to Be You and Me* (Philadelphia: Running Press Book Publishers, 1974).
[73] Michael Moore dir., *Roger and Me* (Warner Brothers) 1989.

that Amway might be a remedy to the unemployment in Flint. Boone proposes that "It's maybe no accident that the Amway business, for one, is in Ada, Michigan, offering anybody for… very little money a chance to start earning dollars." Putting a groan-inducing veneer of optimism on widespread industrial unemployment in the state of Michigan, Boone speculates that "folks [might] wind up saying, hey, you know the best thing that every happened to me was when my job at the plant phased out because I was only going to go so far… and now I've got my own business."[74]

Needless to say, the film presents Amway as less an opportunity than a symbol of the failures of capitalism in the 1980s. Seeing many of her friends and family laid off and concerned about her husbands' future with GM, Janet Rausch threw herself whole-heartedly into Amway. As Michael Moore's camera lens portrayed it, Amway transformed Rausch, who had been the founder and host of the first feminist radio show in Flint, into an Amway salesperson obsessed with "color consulting," or telling people what season of colors best suited their skin tone. Moore, who learns from Rauch that he is an "autumn," juxtaposes scenes of Rauch with one in which laid-off auto workers try to get jobs at Taco Bell, and scenes in which a woman named Rhonda Britton shows Moore how she raises rabbits from her home to support herself selling, in her words, "pets or meat."[75] Compared to Rauch's platitudes about success and opportunity in Amway, the rabbit lady actually seems the more realistic of the two. Celebrating free enterprise appears so incongruous in the context of deindustrialization and massive unemployment in Flint as to border on self-delusion. In this light, Amway becomes not a pathway to financial independence or personal fulfillment, but an occupational option of last resort on par with fast food and skinning rabbits. Whereas celebrants such as Dexter Yager saw Amway as the

[74] Pat Boone in Moore, *Roger and Me*.
[75] Rhonda Britton in Moore, *Roger and Me.*

embodiment of the promise of the free enterprise system, Moore saw the necessity of Amway work as a symptom of free enterprise's failures.

Moore was one of few popular critics of Amway or networked direct sales who, like the Internal Revenue Service, considered it to be an issue fundamentally about work. For the Federal Trade Commission, networked direct sales posed a problem that was principally about restraint of trade. For Walter Mondale, pyramid sales were a threat to consumer rights. To Mike Wallace, members of the audience at the *Donahue Show*, and cultural observers in the vein of Dr. Frieda, Amway represented a particular kind of materialist culture and personality that was characteristic of the 1980s. Yet, popular critics did not suggest that pyramid schemes and pyramid sales might be a labor problem. Networked direct sales organizations, whether legal pyramid plans or illegal schemes, enlisted participants not only as investors but as salespeople. Most distributors saw themselves as engaged not in an act of consumption, but in an act of work. Indeed, many even saw themselves as engaged in an act that transcended work: a form of independent entrepreneurship that was as much about self-improvement as economic utility. The IRS came close to posing a critique of work, but was more interested in the tax status of direct sales work than in what the nature of the work itself suggested about the character of labor in the postwar economy. For the IRS, direct sales work was an administrative problem, not an ethical dilemma or a symptom of a larger structural flaw in the labor economy. Of all the voices featured here, only Michael Moore suggested that networked direct sales and pyramid schemes signaled a larger problem related to the disappearance of work in the postwar economy.

Moore was wrong in that respect. As we have seen, Amway represented less a disappearance of work than a transformation of it. To be sure, the availability of high wage, blue collar, manufacturing jobs Moore was mourning had declined noticeably by the late 1980s. They had not so much evaporated, however, as been transformed into the very kinds of temporary, supplemental, casual work on which Amway relied. That Amway did in fact represent what was increasingly becoming the dominant mode of labor in the postwar period makes the singularity of Moore's critique stand out in even sharper relief. In this light, the dearth of critical voices interested in connecting the rise of networked direct sales to changes in the nature of work, to growing economic inequality, and to corporate capitalism's inability to fulfill the promise of widespread prosperity implicit in the American dream, was less an oversight than a marked silence.

The exaggerated nature of Amway culture and the ease with which it could be mocked enabled popular critics to focus on the failings of individual participants rather than on capitalism writ large. When critics ridiculed Amway as a cult of free enterprise, they focused on the way Amway appealed to people's unsatisfied personal and material desires rather than on the social or economic system that had left them vulnerable to such appeals in the first place. Popular criticisms of Amway thus contained within them an implicit critique of capitalist culture in the 1980s, but also an unwillingness to inquire deeply into the inequities and failures of the capitalist system itself.

That line of thinking was, in some ways, bad for Amway. The corporation never shed its negative image as a cult of overly eager distributors pushing soap and hope. Indeed, the satirical article with which we opened in the Introduction – the piece in which Russia acquired an Amway distributorship, which ran in the *Onion* in 2001 – demonstrates the staying power and cultural resonance of popular critiques of Amway.[76] On the other hand, the tendency among popular critics to ridicule Amway rather than to seriously interrogate it may have insulated the company from more rigorous censure. Popular criticisms of Amway and networked direct sales often

[76] Unknown, "Russia Acquires Amway Distributorship" *The Onion* 37:9. May 9, 2001.

lacked analytical punch, focusing more on Amway as a cultural phenomenon than an economic or occupational one. Rather than see the appeal of direct sales as a response to the precarity of economic life in late capitalism, critics focused instead on mocking Amway "personalities." In doing so, popular critics suggested that Amway was problematic not so much because it was symptomatic of the social and economic stresses of the postwar period but because of the weaknesses of its participants.

Conclusion

Previous chapters illustrated the tremendous success of direct sales in the post World War Two period. This chapter has traced a concurrent rise in criticism about direct sales, especially networked direct sales in the 1970s and 1980s. Public attitudes toward direct sales were always ambivalent. Widespread embrace of direct sales coexisted with a deep sense of skepticism and unease about its pyramid-esque form, its use of intense methods of persuasion, and for what it suggested about the culture of capitalism and work in the late twentieth century. Throughout the 1970s, federal and regulatory bodies attempted to address the problem of pyramid sales with some measure of success, as demonstrated by the Federal Trade Commission's ability to take a stronger position on pyramid schemes through the precedents established in *Holiday Magic* and *Koscot Interplanetary*. However, the kinds of ethical questions that networked direct sales raised were better addressed in the realm of popular culture than in courts of law. Popular sources such as *60 Minutes* and Michael Moore's *Roger and Me*, cast networked direct sales as a problematic manifestation of what many saw as the worst aspects of capitalist culture in the 1980s. Here, Amway represented a vision of American culture that celebrated materialism and greed, venerated business, and in which a brand of individualist free market principles had bled into all facets of personal and spiritual life. In this way, the popular critiques of Amway that arose in the 1908s were as much about the nature of social and commercial life in America as they were about the ethics of business.

CONCLUSION

"SO OLD SCHOOL IT'S NEW": DIRECT SELLING IN THE NEW ECONOMY

In 1997 sitting President William J. Clinton delivered the opening remarks for the annual meeting of the Direct Selling Association. "I am delighted to have this opportunity to talk to so many of the salespeople who help make our economy grow and help keep the American dream alive for millions," he said in a prerecorded address. Connecting to the themes of patriotism, opportunity, and individual responsibility common in the direct selling industry, Clinton continued, "In America if you work hard and play by the rules, if you take responsibility for yourself and your family, you should have all the opportunity you need for a better future – that's America's basic bargain. It's what I work to promote as President and it's what the work of direct selling works to promote each and every day." Direct selling, as described in the President's address, was a force for economic and social good in America in the 1990s. "You strengthen our country and our economy," Clinton stated, "not just by striving for your own success, but by offering opportunity for others… Your industry gives people a chance after all to make the most of their lives and to me that's the heart of the American dream. I thank you," he closed, "for keeping it strong for so many millions of people and for expanding it to more people every day."[1]

[1] William J. Clinton, "Opening Remarks to the Direct Selling Association Annual Meeting," 1997 quoted by Direct Selling Association. http://directsellingfacts.com/timeline. See also: https://youtu.be/5N-jDwjmvxo; https://youtu.be/jpjq51NBT24.

By the late-twentieth and early-twenty-first centuries, the direct sales industry had come a long way since 1910, when a group of loosely-affiliated companies came together to found the Agents' Credit Association. Direct selling was by 2013 a $33 billion industry with a total sales force of nearly 17 million individual distributors.[2] It was made up of more than 200 firms in the U.S., including billion-dollar global corporations such as Avon Products, Inc., the Amway Corporation, Herbalife Ltd., Mary Kay Inc., Tupperware Brands Corporation, Forever Living Products, and Nu Skin Enterprises Inc. Of those, several – Avon, Herbalife, Tuppperware, and Nu Skin – were publicly-traded corporations listed on the New York Stock Exchange. Even the well-known billionaire Warren Buffet wanted to be involved in direct selling. Buffet's investment firm Berkshire Hathaway acquired Pampered Chef, the largest direct seller of branded kitchenware in the U.S., in 2002. Direct sales was by the late-twentieth century, clearly big business.

In addition to growing in size and scope, the direct sales industry had also achieved a new level of public visibility, as Bill Clinton's endorsement suggests. By the late-twentieth century, the direct sales industry was backed by a political lobbying organization through the Direct Selling Association, by the economic importance of direct sales firms as manufactures as well as retailers, and by the financial and political clout of individual firms and businessmen like Jay Van Andel and Rich DeVos. If the Direct Selling Association (then called the National Association of Direct Selling Companies) and its member firms stood before bodies such as the National Recovery Administration to argue for the value that their industry brought to workers and the American economy in the 1930s, politicians and public figures of the late-twentieth century now came before the DSA to openly sing its praises.

[2] World Federation of Direct Selling Associations, "Global Direct Selling – 2013 Retail Sales," Published July 28, 2014. http://www.wfdsa.org/about_wfdsa/?fa=globalStats.

In addition to Clinton, politicians Newt Gingrich, Dick Gephardt, Bob Dole, and John McCain were among those willing to endorse the direct sales industry in the 1990s and 2000s. Gingrich described direct selling as "part of the great and exciting adventure of being part of America, of being part of a free market, of having a chance to improve your life."[3] McCain credited direct sellers for "bring[ing] to life the meaning of hard work and initiative… Direct selling," he said in 2007, "offers an unlimited potential for the growth and prosperity of our free enterprise system."[4] Over the course of the twentieth century, the direct sales industry evolved into an important economic sector and one that increasingly attracted, even demanded, the attention of those among the highest levels of political power in the United States.

In addition to politicians, business experts and media outlets were by the early 2000s similarly touting the merits of direct selling. In 2006 *Entrepreneur* magazine called direct selling, as a mode of business well-suited to the age of social media, "the wave of the future in business."[5] *Fast Company* described direct selling as "so old-school it's new." As e-commerce changed the face of the retail industry in the early twenty-first century U.S., according to *Fast Company*, the combination of e-tail, direct selling, and brick-and-mortar stores "is the perfect marriage for the next wave of retail."[6] *TechCrunch* asked whether direct selling would be "the next driver of startup commerce companies."[7] In 2010 the *Wall Street Journal* published in cooperation with *Direct Selling News* a forty-page special supplement dedicated to direct sales as

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[3] Newt Gingrich, "Opening Remarks to the Direct Selling Association Annual Meeting," 1995 quoted by Direct Selling Association. http://directsellingfacts.com/timeline/.
[4] John McCain, "Opening Remarks to the Direct Selling Association Annual Meeting," 2007 quoted by Direct Selling Association. http://directsellingfacts.com/timeline/.
[5] Rod Nichols, "Deciding if Network Marketing is Right for You" *Entrepreneur* (March 27, 2006). http://www.entrepreneur.com/article/84228.
[6] Hil Davis, "So Old-School It's New: Direct Sales and the New Recipe for Retail," *Fast Company* (December 6, 2012). http://www.fastcompany.com/3003725/so-old-school-its-new-direct-sales-and-new-recipe-retail.
[7] Jeremy Liew, "Is Direct Selling the Next Driver of Startup Companies," *TechCrunch* (April 14, 2012). http://techcrunch.com/2012/04/14/direct-selling/.

"The Ultimate Social Business Model."[8] Particularly after the onset of economic recession in 2008, media outlets such as *USA Today* also brought new attention to direct selling as a "recession-proof" remedy for economic duress and job insecurity.[9] Merging trends in social networking, independent contracting, home-based businesses, and the sharing economy, direct sales seemed to many contemporary observers and business experts to offer a blueprint for twenty-first-century capitalism.

Yet, as we have seen, direct selling was not new. To the contrary, direct selling was an old mode of business and labor with roots in the nineteenth-century market economy, as well as other modes of informal economy and casual labor that persisted across the twentieth century. How, then, are we to make sense of a sector that at once drew on one of the oldest traditions in American work and commerce, but also seemed to have predicted many of the trends associated with labor and business in what scholars have variously referred to as postmodern, postindustrial, or post-Fordist capitalism? If direct selling, as an organizational form as well as a labor management strategy, was ideally suited for the new economy, then exactly what about the new economy was new?

The history of direct selling in the post-World War II period is a story of both change and continuity. Between 1945 and the present, trends in the direct sales sector mapped remarkably well onto major transformations in American society, politics, economy, and culture. The persistent appeal of direct sales work in the latter-half of the twentieth century, and particularly after 1970, was aligned with deindustrialization, the casualization and feminization of work, the ascendance of conservative free-market ideology, the power of therapeutic self-help culture, and

[8] Wall Street Journal and Direct Selling News, "The Ultimate Social Business Model: Why Now is Prime Time for direct Selling," 2010.
[9] Charisse Jones, "Direct Sales (like Avon, Mary Kay) Offer Recession-Proof Jobs," *USA Today* (May 15, 2009). http://usatoday30.usatoday.com/money/industries/retail/2009-05-13-direct-sales-jobs-recession-unemployment_N.htm.

changing notions about the relationship among class, work, and selfhood in what some have called the age of neoliberalism. The story of direct sales, then, suggests that changes in the economy and society do not only call for new corporate forms, business strategies, or modes of labor – they also revive old ones.

Yet, the version of direct sales that the media commented on in the early 2000s was also changed. Demographically, the direct sales industry in the U.S. today looks much as it did at mid-century. It is still predominantly made up of casual workers, with part-time sellers accounting for 90% of the total sales force. According to one estimate from the Direct Selling Association, approximately half of all distributors work in direct selling between five and twenty hours per week. The sector is still overwhelmingly female, with women accounting for between 75% and 85% of direct sellers between 2005 and 2012. Direct selling has gotten more racially diverse and multicultural in its language as well as its demography since the early 1970s. But the direct sales force has remained largely white; 74% of all direct sellers self-identified as white in 2010. Distributors still reported the desire for additional income as their primary reason for working as a direct seller, followed by an interest in running one's own business.[10]

Operationally, however, direct sales firms have changed a great deal since 1945. Signaling the influence of Amway's networked direct sales structure, 99% of all direct sales firms offer a multilevel marketing option. Direct sales has gone global. Over the course of the 1970s and 1980s, direct sales firms became increasingly involved in international markets. Amway began to expand beyond North America as early as 1971, first in English-speaking markets including Australia, the United Kingdom, and Ireland, and later throughout Europe, Asia, and Latin America. In 1987, retail sales from Amway's international markets surpassed

[10] See Direct Selling Association, "DSA Fact Sheet" for the years 1992 through 2013. http://www.dsa.org/research/industry-statistics.

those of the United States. Amway now has operations in more than eighty countries, including a $9 billion division in China. Avon currently operates in more than 125 countries around the globe. By the mid-1990s, international markets accounted for 60% of Avon's retail sales.[11] Perhaps influenced by the strength of American direct sales brands operating within their borders, entrepreneurs in Brazil, Germany, Sweden, Peru, Japan, Mexico, and South Korea, among others, founded their own generation of direct sales firms. Natura Cosmetics of Brazil, cosmetics and appliance company Vorkerk & Co. (parent of JAFRA cosmetics in the U.S.) of Germany, Oriflame of Sweden, and beauty and household products brand Miki Corporation of Japan are some of the billion-dollar direct sales corporations founded internationally since the late 1960s.[12] All together, the hundreds of firms that made up the global direct sales industry produced $178 billion USD in retail sales in 2013, of which approximately 20% came from the U.S. market.[13]

In addition to becoming increasingly global, direct sales firms have since the 1990s tried to incorporate e-commerce into their sales and recruiting strategies. Direct sales executives struggled in the early years of the Internet age to harness the power of technology and e-commerce without undermining their existing business model. In many ways, e-commerce did threaten to erode the advantages of the direct sales model by making it possible for conventional firms to significantly reduce their cost of labor and physical infrastructure. If e-commerce reduced or eliminated the need for conventional firms to sell in brick-and-mortar facilities or through dedicated sales employees, then all sales firms would be operating according to a model

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[11] See Avon Products, Inc., *Annual Report* for the years 1990 to 2000. Avon Collection, HAG.
[12] Natura Cosmetics S.A. was founded in 1969, Vorwork & Co. KG in 1983, Oriflame Cosmetics S.A. in 1967; Miki Corporation in 1964.
[13] World Federation of Direct Selling Associations, "Global Direct Selling – 2013 Retail Sales," Published July 28, 2014. http://www.wfdsa.org/about_wfdsa/?fa=globalStats.

that looked very much like direct sales. Surprisingly, the Internet has thus far had less of an effect on the direct sales industry than many predicted.

As of 2009, the Direct Selling Association estimated that more than 70% of all direct sales still took place using the same face-to-face strategy that had always defined the sector. That figure, moreover, remained steady from 1999 to 2009.[14] According to industry research, the percentage of sales that took place via the Internet increased from 3% in 1999 to approximately 23% in 2009, but the increase in web sales came at the expense of telephone transactions rather than face-to-face interactions. Although it is still unclear how the Internet will affect the direct sales industry in the long run, statistics such as those provided by the DSA suggest that person-to-person selling will remain a viable business strategy. The ubiquity of the Internet may even enhance the appeal of face-to-face selling as a more personal alternative to e-commerce. Or, as in the case of Amway, firms may find new ways to use social media, mobile technology, custom applications, and other tools of the Internet age to enhance the relationship between the distributor and his or her customers. When Amway first introduced an e-commerce site in 1999, for example, it only allowed customers to communicate with their distributor or to refill a prior order. Intent on keeping distributors at the center of the firm's sales strategy, Amway executives implemented an e-commerce strategy in ways they hoped would augment rather than replace the work of distributors.

What the future holds for the direct sales industry in the twenty-first century is still undetermined. What is clear, however, is that direct selling began the new century on strong footing as an industry aligned with the prevailing currents of late capitalism. Paralleling the way direct sales capitalized on structural and cultural changes in the 1960s and 1970s, direct sales

[14] See Direct Selling Association, "DSA Fact Sheet" for years 1999-2009. http://www.dsa.org/research/industry-statistics.

organizations reflected similar changes at the turn of the twenty-first century, including globalization and the Internet start-up trend. While twenty-first century direct sales firms will mostly likely utilize the Internet to conduct business in a new way, the ideology of direct sales constructed in the post-World War II period has so far remained in tact; direct sales work is still precarious work dressed up as entrepreneurialism. This brings us back to the puzzling question: what is new about the new economy? And how can direct sales be both an extension of a centuries-old tradition of independent salesmanship, but also the wave of the future? Assessing the continuities and discontinuities in the long history of direct sales offers a new vantage point on twenty-first-century capitalism and the ways it has rediscovered, revived, and adapted old modes of labor and business, and engendered new ones. As the future of the direct sales industry comes into focus, we may be able to see more clearly those aspects of twenty-first-century labor and capitalism that, like direct selling, are so old-school as to seem new again.

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