Business and Public Policy: The Uses and Limits of Strategic-Structural Analysis

Joseph A. Pratt
University of Houston

I have relied heavily on the works of Chandler and his students for guidance in both teaching and writing business history. I also have found these works quite useful in my adopted field of business and public policy, which I taught in several business schools for seven years. In this paper I will discuss what I consider significant contributions of the growing body of historical literature on the strategy and structure of modern economic institutions to the study of business and public policy, a field also taught under the headings of business and society and the social, legal, and political environment of business in various management schools.

To remain within the limits imposed, choices are obviously required to reduce a quite broad topic to a manageable one, and I have sought to focus the paper a bit more sharply than implied by the title by concentrating on four excellent books recently produced by the historians colony at the Harvard Business School: Chandler's *The Visible Hand* [4]; Chandler and Richard Tedlow, eds., *The Coming of Managerial Capitalism* [5], which is the casebook from the business history course taught as a second year elective in the M.B.A. program at Harvard; Tom McCraw's *Prophets of Regulation* [15]; and Richard Vietor's *Energy Policy in America Since 1945* [26]. Each of these books is important in its own right; taken as a whole, they constitute what might be categorized as the Harvard Business School foundation for the study of the history of business and public policy. I should also note before I begin in earnest that perhaps the most promising avenue for "extending Chandler" to the study of business and public policy is the one now being taken by these scholars, which is the comparative study of the evolution of the modern cor-

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poration and the modern state in various industrial nations. Today, I will leave the discussion of this emerging comparative perspective for a future session on the visible hand across the oceans, and I will concentrate instead on the uses and limits of strategic-structural analysis as applied to the study of the history of business and public policy in the United States.

Such a discussion inevitably begins with *The Visible Hand*, the best available synthesis of the emergence of the modern business enterprise in the United States. *The Visible Hand* does not profess to be a history of business and public policy. It contains only a limited treatment of government due to its focus on the managerial revolution in business, its emphasis on the years between 1870 and 1920 (an era of relatively limited government participation in economic affairs), and its treatment of markets and technology as the driving forces underlying the transformation of the economy in this era. Nonetheless, the book raises significant questions about the impact of several public policies--notably the chartering of corporation, railroad regulation, and antitrust--on the evolution of the modern business enterprise. When supplemented by the fuller treatment accorded these issues in *The Coming of Managerial Capitalism*, *The Visible Hand* provides a useful starting point for the discussion of the history of business and public policy in the United States.

Neither book includes an extended treatment of the changes in government chartering of corporations. Such changes were a significant aspect of broad changes in the legal environment of business which encouraged the rapid development of the modern business enterprise in the nineteenth century [7, 12, 22]. Yet the individual case histories of emerging corporations presented in each work make an important general point. As nationally active corporations began to emerge in this country, they sought ways to conduct business beyond the traditional boundaries defined by state charters. This point is particularly striking in the excellent case on Standard Oil in *The Coming of Managerial Capitalism*, since John D. Rockefeller pioneered in the creation of the trust to enable his growing combination of state-chartered companies to be centrally managed. This case makes two significant points about the history of business and public policy in the formative years of the modern corporation. Businesses were quite willing to test the limits of existing laws in the quest for profits and growth; also, state governments, which exercised most effective government powers over economic functions in these years, were ill-suited to respond to the rise of modern nationally active corporations. Indeed, a critical point made by Chandler is that in the United States, there was no tradition of strong central government before the emergence of big business. Thus government's early initiatives to regulate the behavior of these modern business enterprises were generally reactive. From the perspective of most businessmen of this era, government involvement in the economy was generally viewed as interference with accepted practices, as challenges to the autonomy they enjoyed over most aspects of business life in the late nineteenth century. Because such attitudes were firmly rooted in the historical realities of the late nineteenth century and reflected a broader philosophical and historical impulse toward limited government in the United States, intense controversy often accompanied the definition of new government powers over aspects of economic life.

Such was certainly the case in the first venture of the federal government into the regulation of economic affairs through an independent regulatory commission, the Interstate Commerce Commission. The railroad industry, Chandler's "first big business," was also the first regulated business. *The Visible Hand* and *Coming of Managerial Capitalism* focus on the internal workings of the railroads which called forth various efforts at private and public regulation, notably the pressures generated by high fixed costs and the uncertainties created by stock manipulation. They include little on the actual design or implementation of railroad regulation itself. As a student of the managerial revolution, Chandler's sympathies clearly lie with Albert Fink, the dean of the cost accountants who favored a form of government sanctioned self-regulation through traffic associations managed by financial specialists from the railroads. This opinion that government enforced self-regulation would have yielded the most efficient railroad system in the long-run is shared by many others, including Tom McCraw in his section on Massachusetts state railroad regulation under Charles Francis Adams in *Prophets of Regulation* [15]. Both Chandler and McCraw suggest a conclusion of broad usefulness in the historical evaluation of public policy: regulation which slights the goal of economic efficiency undermines its own long-term ability to fulfill competing goals of "justice" and "equity."

Yet both authors stop short in their discussion of a crucial question for railroad regulation: was self-regulation with the oversight of a "sunshine commission" a realistic option of the political system of the time or is it simply a refuge for historians weary of the study of inefficiency regulation by independent commissions? If government-sanctioned self-regulation was politically feasible, why was it not attempted? Could railroad managers and owners have swayed the polity with a more effective presentation of their case? I am certain that my great-grandfather in Pineland, Texas, was not quite as comfortable as was Charles Francis Adams with the weak commission approach, and my reading of American history in this volatile era is that some form of coercive regulation of the railroads was likely given the political environment of the time. Nonetheless, the recreation and discussion of regulatory options realistically available to politicians in various eras of our history are quite useful contributions to political discourse by historians, and business historians might prove especially informative in recapturing and evaluating in historical perspective the options offered by contemporary businessmen such as Albert Fink during the debates on various regulatory initiatives.

Chandler does not include such issues in his treatment of the antitrust laws, which, in my opinion, is the least satisfactory section on public policy in his work. He notes that antitrust hastened the consolidation of American business, but he seems too eager to dismiss antitrust as largely irrelevant to his broader topic, the managerial revolution in America. Several questions remain: How did the actual enforcement and the fear of potential enforcement of the antitrust laws affect corporate decision-making? To what extent did these laws redraw the boundaries within which modern business competed? Chandler argues that "markets and technology and not antitrust laws have determined why the automobile, rubber and oil industries have always been concentrated and that the furniture, apparel, and leather industries have almost never been" [3, 4]. Yet one can readily agree with this broad conclusion and still want to know much more about the impact of antitrust, particularly on market structure. Vertical integration and large scale need not necessarily lead to highly concentrated industry. A comparison of the United States oil and steel industries suggests--at least to me--that antitrust at the state and federal levels succeeded in deepening oligopolistic competition in a way that helped make the oil industry significantly more competitive and more efficient in the long-run than the steel industry [17]. Antitrust seems best viewed not as a kind of competitor for influence with the forces of "markets and technology," but rather as a new departure in government policy that redefined the boundaries within which markets and technology were allowed to determine competitive practices.

Tom McCraw's chapter on Louis Brandeis in *Prophets of Regulation* [16] provides a useful addition to Chandler's treatment of antitrust. McCraw takes a perverse--and infectious--delight in showing that Brandeis fundamentally misunderstood the transformation of the economy in the late nineteenth century, and that his inability to acknowledge the changes brought by the rise of big business led him to an antitrust policy inappropriate for the age in which he lived. In a sense, McCraw is highly critical of Brandeis for not having read *The Visible Hand*. Yet McCraw's criticism of Brandeis is more than a historian taking unfair advantage of hindsight to point out shortcomings of previous generations. The changes which Brandeis failed to comprehend had been in motion for at least a quarter of a century before he became a leading proponent of antitrust as a way to restore traditional competition. Brandeis's inability or unwillingness to see the economy as it was instead of as he wished it to be doomed his romantic vision of antitrust. He asked the question of the 1840s--could public policy fundamentally alter the rise of big business--not that of the 1900s--to what extent could antitrust encourage fairer trade practices and greater competition among the large, modern businesses that had grown to dominate the American economy. By asking the wrong question, he assured his own ineffectiveness, even as he secured his place in the pantheon of liberal reformers. Historians might do well to answer a variant of the second question rather than to debate a variant of the first one.

In attempting to recover a useful historical context for the study of business and public policy, business historians working in the tradition of Chandler could profitably move beyond his treatment of specific public policy issues and seek instead to extend his analysis of structural change to encompass the organizational adjustments made by modern corporations in the 20th century in response to the growing demands of public policy. We need to know more about how corporations sought to manage their political and regulatory environments, and how they organized to do so. Here the work of Richard Tedlow [23] on the history of public relations serves as a useful starting point. Yet there is surprisingly little published research on the organization of the legal, public relations, regulatory, and lobbying functions of important corporations. Records for such research are, of course, far from abundant, but the works of such scholars as Paul Tiffany [25] on the steel industry and Gus Giebelhaus [10] on oil suggests that chapters from this aspect of business history can be reconstructed.

Another step toward a better understanding of the organizational response of business to political and regulatory pressures would be a fuller literature on the evolution of trade associations, which for a brief moment in the post-World War I era seemed on the verge of asserting control over a variety of functions which subsequently became the domain of government. One natural area of research for business historians in light of the current call for more market-like regulation or no regulation at all would seem to be the actual workings of these trade associations, including their relationship to individual businesses as well as to government agencies. These private organizations occupy an interesting position in our history, emerging to prominence after it was clear that individual corporations could not coordinate various crucial functions yet before government emerged to attempt such functions [8, 18]. In the historical literature, such studies would occupy an equally interesting slot: the point at which Chandler's organizational synthesis meets Ellis Hawley's work on the "associative state." [13, 1] Again, such histories would be forced to address the questions earlier posed by Albert Fink: How would self-regulation through trade associations work in an increasingly complex and interdependent economy and an increasingly open and diverse political system? Could the government assure the legitimacy of self-regulation in the eyes of consumers and workers while also retaining the power to intervene in the interest of equity?

The recent effort to explore the history of associative approaches to business-government relations is but one significant aspect of a wave of excellent research on the strategy and structure of regulation in America. Although Chandler's work makes little direct contribution to this literature, it does present a systematic approach to the study of the history of economic institutions that has proved suggestive to numerous other scholars. As recently as a decade ago, there was a distinct scarcity of histories of significant regulatory agencies or governmental functions written by organizational historians with an eye for the evolution of strategy and structure; instead, most of our understanding of regulatory history came from more general studies about political reform written by political historians and political scientists. Yet in the last decade a variety of quite useful organizational histories of various government agencies and functions has appeared.

Two of the best such studies have come from the Harvard Business School's variant of the field of business and public policy, where Tom McCraw and Richard Vietor have combined their training as historians and their classroom work in business and public policy to provide an often missing long-term perspective to the issues raised by government regulation. McCraw presents *Prophets of Regulation* as a study of regulatory strategy; it is that and more. In analyzing the evolution of regulation in America, McCraw relies heavily on the study of four men who had a lasting impact on the nation's understanding of regulation as well as on the strategy and structure of particular agencies, Charles Francis Adams, Louis Brandeis, James Landis, and Alfred Kahn. Throughout, McCraw's work is informed by his conclusion that market-like regulation, based when possible on cooperation between business and government and designed to make maximum use of economic incentives, has the best likelihood of yielding effective regulation over the long-term with the minimal distortion of economic activity.

This conclusion is certainly not unique to McCraw; economists such as Charles Schultze [20] have argued persuasively for the greater "public use of private interest," but McCraw's work adds historical dimensions missing from the previous analyses of economists. McCraw shows that options other than command and control regulation were available historically; Adams and Landis, for example, designed regulatory strategies that made use of market-like arrangements after acknowledging that markets alone could not solve the problems of the nineteenth century railroads in Massachusetts or the securities industries of the early 1930s. McCraw's work also helps place the evolution of regulation in its proper historical perspective by showing the influence of the political environment of the different eras in shaping regulatory options.

Yet McCraw's history also suggests a potential problem with cooperative approaches to regulation. Cooperation implies a measure of equality between the parties involved. Well into the twentieth century, government agencies had little real power or traditional authority with which to forge a cooperative working relationship with the much stronger institutions in the private sector. In such a situation, confrontation might have been inevitable. McCraw suggests that the threat of coercive regulation, which he calls the cocked gun behind the door, could have provided a strong incentive for the cooperation of business with government regulators. Yet how long would an unused threat remain an effective incentive for cooperation? In the intensively competitive economic environment of the early twentieth century, cooperative approaches to regulation might have faced a fate similar to that of the private pooling arrangements which rose and fell so quickly in the previous era before regulation. Unfortunately, we have relatively few historical case studies of cooperative regulation to study, since the adversarial approach to regulation has been so deeply engrained in our political culture.

McCraw argues that cooperative approaches to regulation more sensitive to economic conditions would yield more efficient results, a broad conclusion reenforced by two recently published histories of specific types of regulation, Peter Temin's history of the Food and Drug Administration [24] and Richard Vietor's study of energy policy since 1945 [26]. These two excellent histories agree that regulators paid a high price for their failure to place greater emphasis on economic considerations in their design of public policy. Both also show clearly how the political climate in specific eras of reform shaped the choices made by regulators and how such choices continued to influence regulatory policy long after the political climate had changed. These books leave the reader with the conclusion that better regulatory strategies would have enabled the society to reap greater benefits from regulation while also allowing for a more efficient economy. They could thus be used to write a historian's brief for deregulation or at least reregulation.

Vietor's complex and comprehensive treatment of fossil fuel policies in the post-World War II era also points toward what I consider the most significant remaining area of research in the history of business and public policy awaiting more attention from organizational historians, the study of the structure of government functions. In analyzing numerous largely uncoordinated government policies toward the oil, gas, coal, and synthetic fuels industries, Vietor's book points up the confusion of purpose caused by the haphazard organization of energy-related government agencies. His historical account makes a strong case that the structure of the public sector has been one of the foremost problems in defining and implementing coherent public policy.

In studying the history of energy policy, as well as that of pollution control, safety and health, and most other regulatory issues, the historian cannot help but be struck by the lack of basic information about the structure of governmental functions. Thus, one clear task for organizational historicals is research on the nuts and bolts of regulatory structure. How are regulatory functions defined, and why are they so often dispersed in numerous agencies? How have specific regulatory agencies been organized, and are there examples of particularly effective management structures that might be widely adaptable to the needs of various regulatory agencies?

Answers to such questions as they apply to individual agencies should hasten the emergence of a broader analytical framework for the study of regulation. As of now, however, the history of public policy seems to be in roughly the same situation as was business history in about 1960: case studies of individual organizations and functions go forward without a set of generalizations capable of making the whole greater than the existing case studies. Generalizations about "regulation" seem unlikely to prove very useful until they are placed in the context of the evolution of government's broader involvement in economic life. The structure of the most significant government functions seems to be the logical place to begin.

The study of the structure of the public sector could profitably go forward on at least three levels: (1) the broad assumptions about the organization of government in the United States; (2) the categorization of the various functions which government has assumed over the last two centuries; and (3) the structure of decision-making in individual government agencies. Each of these historical problems has previously received the attention of a variety of scholars; but the study of business and public policy will be greatly aided by movement toward a clearer understanding of these related issues and an effort to build generalizations which can encompass a variety of case studies produced by scholars from numerous academic fields [16].

The broad assumptions about the structure and functions of government in this country are easy to identify, yet their impact on public policy is often slighted. The United States was both blessed and cursed with a federal system built around a series of checks and balances designed to prevent the centralization of political power. While many nonhistorians might easily overlook the significance of federalism, the transition from the states to the federal government as the focus of decision-making on most regulatory issues is a fact of our history that has left a lasting mark on functions of government as varied as the control of pollution to the balancing of the supply and demand for oil. Equally important has been the impact of checks and balances, particularly the influence of judicial review in shaping the decisions of "independent" regulatory commissions and the tendency of legislatures to reach back into the affairs of regulatory agencies in response to political crises. Finally, the broadly held traditional assumption that the roles of government should be limited played a powerful historical role in constraining the responses of the United States government to the changed conditions brought by the rise of national and international corporations.

The second level of analysis of the structure of the economic powers of government is less studied, but nonetheless of critical importance it the study of business and public policy is to become more systematic. Generalizations about "regulation" have proved of limited usefulness in analyzing specific regulatory issues; those about specific regulations have been of little use thus far in building a broader set of generalizations. What seems essential is a set of historically defined categories within which to analyze the changing functions of government.

Figure 1 is my own best effort to develop simple categories within which to discuss the changing economic roles of government.

Figure 1
AN OVERVIEW OF THE ECONOMIC FUNCTIONS OF GOVERNMENT

INDUSTRY-SPECIFIC REGULATION OF "PUBLIC" FUNCTIONS	INDUSTRY-WIDE POLICIES	GOVERNMENT-DIRECTED ACTIVITIES
National Transport --ICC --CAB --FCC	Competitive --antitrust (FTC) --tariffs --export subsidies	Defense --war powers --post WWII
Energy --Federal Power Commission --Texas RR Comm --AEC (NRC/DOE) --State Utility Comm.	Investment --tax structure --RFC --R & D	Macroeconomic planning --monetary --fiscal --Federal Reserve
Finance --state banking & insurance --SEC --FDIC --Federal Reserve --Comptroller	Environment/Health --food and drug --EPA --OSHA --CPSA	Social Welfare --Social Security --War on Poverty
		Public Ownership --TVA/BPA --NASA
	Labor/Management --mediation --NLRB --EEOC	Government Promotion of Growth

Industry-specific regulation has been various labelled "old" and "economic" regulation. Both labels fit, but both also obscure an important general characteristic of this category of government involvement in the economy. The areas covered by economic regulation in the United States are generally those areas which industrial societies throughout the world treat as public goods. Instead of public ownership of such activities (as in many other capitalist economies), we chose the half-way house of regulation, and moved inexorably into the morass of rate regulation [16].

Industry-wide regulations have been grouped together by various observers as "noneconomic" or "new" regulations. Again, such labels are deceptive. Since at least the 1890s, the United States government has sought to define general policies toward all businesses in several crucial areas. Competitive policies to define the proper level of competition in both domestic and international markets were the focus of such concern until the 1930s. In that decade, investment policies and the mediation of labor disputes arose as important problems. Finally, in recent decades, environmental quality has become a matter of increased public concern.

The government-directed segment of the economy expanded most rapidly in the post-World War II era. These relatively new functions of government have an increasingly significant impact on the overall business environment, but they employ substantially different strategies and structures than do the regulatory functions.

The distinction between single-industry and cross-industry regulatory functions seems particularly important, since these two types of regulation generally produce quite different strategies and structures. Single industry regulation has involved government deeply in the affairs of several specific industries and has usually included rate-setting; cross-industry initiatives generally have involved basic redefinitions of the legal boundaries in which most industries operate, and they have included many of the most heated disputes between business and government in areas such as antitrust, labor relations, and pollution control. Historians need to develop a clearer understanding of such differences before venturing broad generalizations about the regulatory process. This problem of comparing apples and oranges can affect even the best existing accounts of regulatory history; McCraw's overall conclusions, for example, are drawn primarily from his case studies of single industry regulation and seem in need of expansion to include cross industry regulations.

My own efforts to summarize these varied functions is a part of a synthetic work I am writing with Louis Galambos on the evolving system of decision-making on economic issues in the United States since the late nineteenth century. My categories seem fitting for my purposes; others might need to organize these functions in different ways. What is essential, I believe, is that historians studying various aspects of the history of business and public policy begin to build a framework within which to place specific case studies. For my purposes, the most valuable starting point has been *Regulation and Its Reform* by Stephen Breyer [2], the work of a subtle mind trained in both economics and law with a healthy dose of historical understanding. This book offers a systematic discussion of the similarities and differences among various regulatory functions. It thus offers economic analysis with obvious relevance to the history of business and public policy.

A final level of structural analysis that organizational historians have begun to provide is the study of the management structure of specific government agencies. Too little is known about the evolution of decision-making systems in the various types of regulatory agencies to even venture an educated historical guess about common patterns of change over time in management structure in single industry and cross-industry agencies. McCraw's excellent chapter on James Landis and the organization of the S.E.C. can serve as a model for future studies. This sort of analysis should be quite comfortable to business historians, who would be tempted, no doubt, to look for variations of the familiar U-form and M-form in the the public sector.

Yet here the "lessons" of business history might prove misleading, for the process of structural change had been quite different in the private and public sectors. Instead of the now familiar pattern of corporate structural adjustment initially described in *Strategy and Structure* [3], the historian interested in the organization of government functions must grapple with the implications of a much less decisive process of reorganization. My research on the evolution of the various government agencies concerned with water pollution control and a year spent working on a project on "the Institutional Origins of the Department of Energy" suggests that structural changes in the organization of both functions proceeded quite slowly, constrained by a variety of political pressures with little equivalent in corporate history [28]. In the case of the DOE, for example, in 1977 many--but not all--federal government functions related to energy were simply decreed to be in one agency with most offices in the Forrestal Building. Organizational issues were more-or-less allowed to work themselves out, with considerable confusion and duplication of lines of authority. If the DOE was in any way typical of the reorganization of government functions in the past, then the historian faces a most difficult challenge in analyzing the evolution of the decision-making in public sector agencies. The organizational charts will not be as simple and clean as those of private corporations; the confusion of purpose and the overlaps in authority will not look too familiar to historians of large corporations [11, 14].

Once the strategy and structure of private institutions and the strategy and structure of governmental institutions have been examined in enough detail to warrant generalizations about changes over time in each, the final and most difficult step will remain. In most regulated industries, critical decisions affecting operations are not made exclusively in the familiar confines of the corporate M-form or wholly in the decision-making structure of the regulatory agency, but rather in a combination of two or more institutions. Within this gray area of overlapping authority between public and private institutions are made many of the decisions that determine the health of individual companies, of numerous industries, and of the economy as a whole.

One useful starting point for studying the strategy and structure of decision-making in this gray area would be the histories of industries characterized by considerable overlapping authority. A good case study to begin with might be the utility industry in the years since about 1960, a period that has been marked by a far-reaching array of regulations over fuel, pollution control, siting, and hiring, in addition traditional regulation of rates. In this extreme example of a decision-making system plagued by overlapping and shared authority over critical factors, numerous managers in both the utilities and the variety of regulatory agencies which affect them have a partial veto over important decisions, but it is most difficult to make an affirmative choice over many items of vital interest to the utility [19]. Many other industries are only slightly less constrained than the utilities. Although many observers see this as clear evidence of the need for regulatory reform, I am suggesting only that we need to develop a fuller understanding informed by organizational history of how decisions are made in this gray area and whether they could be made more effectively under alternative forms of decision-making.

Another promising point of departure for the study of this gray area might be periods of regulatory discontinuity; that is, periods when regulatory rules changed within an industry, leading to adjustments in the existing system of decision-making. Here, many of the industries now undergoing regulatory reform are likely candidates for historical study. Indeed, the banking and communications industries have already produced several excellent recent histories designed in part to place on-going regulatory changes in historical perspective [6, 9, 21, 27].

Still another approach to the study of the history of decision-making in the gray area in which various economic institutions share authority is the study of the emergence of new government functions and their absorption into existing corporate decision-making systems. McCraw is here suggestive. He describes the impulses that produced railroad regulation, anti-trust, securities regulation, and the deregulation of airlines as background for his accounts of the regulatory strategies adopted by his four chosen regulators. The political forces that led to various expansions of governmental power are, of course, the standard fare of traditional political history, but organizational historians might do well to continue to explore the next step in the development of public policies toward business, the step in which legislative mandates are mandates are implemented by regulators after Congress has passed new laws. This will require a focus quite similar in some respects to that of Chandler: concentration on the often slighted details about the organizational strategy and structure of both the regulated and the regulator. Of particular interest would be case studies of responses to regulatory change by corporate managers.

As organizational historians seek to extend Chandler into this gray area, they will no doubt be forced to ask some familiar questions about the flow of information, the structure of decision-making, and the process by which strategy is defined and implemented.

They might also be forced to take a closer look at the historical relationship of public policy and changes in markets and technology. The on-going deregulation of transportation and communication as well as the impact of cogeneration on public utilities suggests that regulatory policies in these areas served to constrain temporarily the rise of new competition based on new technologies before finally being overwhelmed by such technical changes. In this sense, regulations originally justified on the basis that the industries in question were "natural monopolies" subsequently proved inflexible in adjusting to technological changes that introduced the potential for new competition. To be fair, the effective management of technical changes over decades is a most difficult assignment for regulators buried under a heavy caseload and immersed in the detailed analysis of rate structure. Of course contemporary critics of regulation cite such potential problems in adjusting to long-term economic and technical changes as clear evidence of the desirability of deregulation, which removes any barriers to competition by doing away with the regulation.

The research of organizational historians on the history of business and public policy should seek to contribute to the on-going debate on regulatory reform while avoiding the present-mindedness which characterizes much of the political and economic literature on this subject. Historians can analyze changes over time in the strategy and structure of regulation without losing sight of a point often lost in the current rush to deregulate: most existing regulation was put in place only after clear, persistent political pressures to adjust deficiencies in unfettered markets. The problems which initially called forth regulation will not necessarily be solved by the abolition of inefficient regulations. In this sense, one of the most lasting contributions available to historians will be the discussions of the realistic options faced by regulators in the past. Such discussions should not be limited to the option of market-like regulation or no regulation at all. The more efficient management of the diversity of functions performed by government under the general rules of regulation will no doubt require a variety of strategies and structures.

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