S Y M P O S I U M

Thinking Big, Thinking Small, But Thinking Internationally: Some Ruminations on the History of Business and Business History in the Twentieth Century

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Business historians' deliberations on twentieth century enterprise have often been devoted to size – the scale and scope of business. Size topics are better understood when an international dimension is introduced; yet, the international aspects of business growth frequently seem to be shortchanged. The present ruminations seek to remind business historians of the importance of not only considering "big" and "small" matters, but also including multinational enterprise in the course of their analysis. Accordingly, parts 1 and 2 of these ruminations are subordinate to and provide a preface to the discussion in part 3.

Part 1: Thinking Big

During most of the twentieth century, American economists and historians have chronicled the growth of ever larger business enterprises. From the Industrial Commission at the turn of the century, to the Adolf Berle and Gardiner Means study of 1932, to the work of Alfred Chandler in the last few decades, attention focused on the rise and significance of U.S. giant enterprises – on the emergence of managerial capitalism.

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Throughout the century, the expansion of big business has had its critics. The criticisms have been based on an underlying assumption: large-scale economic activity is inefficient. Why? Big businesses have power over price, "monopoly power." They can obtain monopoly "rents." They can suppress competition. Competition encourages innovation and stimulates progress. The American antitrust tradition is founded on the belief that "monopoly" (broadly defined) brings higher prices and lower quantities to the consumer and thus is inefficient in allocating resources.

More recently, there has been the principal/agency debate. An individual owner is assumed to act in his own interest, to seek the highest profits by decreasing costs and increasing revenues; it is assumed that this behavior is in economic terms "efficient." However, with a big firm, the owners (shareholders) delegate responsibility to managers, who are likely to act in their own interest and not necessarily in the interest of the principal. Managers seek higher pay for themselves, more power within the organization, more people reporting to them, and so forth. The assumption is that by definition, this creates inefficiencies.

Historically, there has also been a very strong political bias in the controversy over large and small: a "free" democratic people decentralize choice. A vital society required the vibrancy of individualism – expressed not only in the political participation of individuals but also in the free choices of units within the economic system. Big government – at the extreme, command societies – was as bad as big business; both suppressed the dynamics of capitalist development.

At the same time, as Chandler and others have shown, huge business enterprises can be efficient. Modern technologies have economies of scale, with lower unit costs accompanying larger output. There are also economies of scope. Large businesses have and can maintain profits to reinvest in research and development. A learning process develops within the business. A sizable on-going long-lived business can be more efficient than a smaller new one in bringing goods from a production locale to consumers dispersed over spatial distance. Large businesses, moreover, can offer the public a range of differentiated products.

In this rendition, if appropriate managerial structures followed strategies, big business brought efficiency, reduced prices, larger quantities, and greater varieties to the consuming public. Increasingly, the critique of large-scale enterprise came to be tempered by the recognition that with appropriate managerial design, such businesses could marshall resources so as to enhance (rather than to retard) technological progress and to give added choices to consumers. Moreover, managerial organizations could introduce incentive structures to overcome, or at least more than offset, the principal/agency problems.

Furthermore, the argument of William Baumol and his co-authors on contestable markets shows that because giant firms are multiproduct ones with significant resources, the barriers to entry and competition (which deter adoption of the most efficient methods and the most desirable products) are

lowered. Size no longer forms the basis for "monopoly." Perhaps, as Edith Penrose has suggested, economies of size have little to do with "monopoly," given diversification. Indeed, some authors have argued that if a big business is not efficient, if the principal/agency problem got out of hand, the firm would be a target for takeover (and dismantling).

Yet, the lingering claims over the continuing inefficiencies of size have failed to disappear. The challenges to largeness do persist as intimately identified with the notion of monopoly, even though large size and monopoly are far from identical. Attacks on oligopoly are assaults on "monopoly power," if not on monopoly *per se*. The fundamental question under debate is what, in fact, constitutes the "best" institutional structure for organizing resources and providing consumer satisfaction. While Penrose concluded her brilliant and influential 1959 book with the statement that there was no evidence to support the proposition often advanced at that time that "diseconomies of size" would arise at some point in the firm's growth, many scholars remained unconvinced – and the issue is even more germane today.

Part 2: Thinking Small

The concept of thinking small is elusive. "Small" can be judged in absolute terms – an owner-run firm with a handful of employees – or in relative terms, a business with 500 or 1,000, or even more employees. A small firm can have a single product and/or single production site and sell "nearby." (Production includes goods and services.) Alternatively, small can be determined by the size of assets, revenues, or market share – in absolute terms or relative to some measure. "Small" is moreover confusing for it is in some ways a static concept. We choose a point in time and say that we have so many small businesses. Do businesses that continue over decades endure as small?

Throughout the twentieth century, many have accepted the value of "small" (without pushing too hard on definitions). Those who have emphasized the inefficiencies of large size – Louis Brandeis, for one example – wanted to protect and preserve small business, which was seen as essential to competitive vigor.

Managerial reorganizations of giant enterprises, as chronicled by Chandler, sought to combine the advantages of small with those of big and also to deal with the principal/agency problem. Profit centers provided managers a means of measuring performance within large business and introduced incentive structures for cost reductions.

Likewise, as big business has emerged, it has been often observed that small enterprises did not vanish – new ones entered and many did in fact persist. In the late 1960s and early 1970s, when big business seemed preeminent, Robert Averitt and John Kenneth Galbraith wrote of America as a dual economy – with *both* large and small businesses coexisting. Certain sectors, they perceived, were more conducive to the smaller unit. In recent years, among business historians, there has been a proliferation of studies of small business, from the work of Mansel Blackford to that of Philip Scranton.

In addition, it has become clear that as some small businesses have grown large and big businesses further expanded, and as sizable enterprises seemingly dominated the horizon, the latter never internalized all functions, but instead relied on independent suppliers (including subcontractors) and dealers. There were many "small" businesses that started up, survived, and flourished, *because* of their business relationships with giant corporations. Indeed, big companies with complex products offered in different markets required other firms (usually smaller ones) to provide them with a variety of goods and services.

Four other concerns over size motivated Americans "to think small" in the 1980s and 1990s. The first was associated with questions on the efficiencies of "mass production." More attention has turned to batch production, lean production, just-in-time sourcing, and flexible production. Michael Piore and Charles Sabel's, *The Second Industrial Divide* (1984) has had immense impact, contrasting mass production with a new regard for "craft" methods. Yet, this discussion was only in part one of considering small business enterprise. Frequently, the process innovations (that were at the factory level) were adopted by huge multiplant companies.

The second concern was associated with new *product* technologies, for example in software and in biotechnology. Start-up firms – initially small – seemed more prone to risk-taking and to pursuing new ideas. But, the small firms became large: Intel, Microsoft, Chiron. And, here too, big businesses formed alliances with lesser ones – offering markets and sometimes venture capital, while maintaining and safeguarding (not suppressing) entrepreneurial initiative.

A third, and related concern, is crucial to the business historian. There are a pair of ways for a firm to become large: through internal growth or through mergers and acquisitions. Historically, the latter rather than the former has worried public policy makers. If a small "vital" and entrepreneurial company was "taken over," merged into and absorbed by a large enterprise, was there a loss to the economy? Were the resulting synergies and economies counter-balanced not only by the reduction in competition, but by the bureaucratic requirements imposed by the large organization? Was the focused, agile structure of the small buried in the fold of the big? And, was this particularly true if the acquirer lacked the core competencies of the smaller firm?

The fourth concern was based on the "limits to organization." By the 1980s and 1990s, many big businesses were "downsizing." The initial downsizing affected blue collar workers; but then there followed a substantial downsizing in lower, middle, and even top managerial positions. There was, perhaps, a point beyond which managerial enterprises could not continue to grow and remain efficient, where diseconomies did in fact come into play. General Motors reached over 800,000 employees. Other major companies topped 500,000. By the mid-1990s, GM had sharply reduced its personnel, as had other mega-enterprises. Conglomerates began to shed unrelated businesses. Is roughly 350,000 employees the limit to efficient management? Is

there a point beyond which it is impossible for humans to design effective organizational forms, that is, managerial structures? Does that point differ, depending on what technology is used, on what goods and services are produced, or is that outer limit of size independent of processes or products? And, if a firm – through efficiency – is able to maintain and increase output (and revenues) with fewer employees, is this true "downsizing"? Is the "organizational" constraint (the administrative constraint) on size a function of the numbers of employees? And, is this a question associated with "core competencies"? Do "conglomerates" – i.e. the combinations of unrelated businesses – pose different perils relating to size, increasing the organizational constraints? And, how hierarchial can management be? And, should we be considering managerial and non-managerial employment in discussing organizational constraints?

"Thinking small," or "thinking smaller," was also encouraged in the 1980s and 1990s by the great technological revolution in information transmission – with computers and telecommunication innovations – which had positive externalities and affected all aspects of the economy. In the mid-1990s, we still have little inkling on how these changes will shape efficient business administrative structures (although we know they will change the composition of employment); some economists believe that with the resulting lowering of transaction costs, perhaps what was once efficient when a firm internalized an economic activity is so no longer; consequently, bigness (associated with economies of scale and scope) may not be necessary. Yet, the mega-mergers of the summer of 1995 – beginning with Disney/ABC and Westinghouse/CBS – set the wheels of this discussion turning once again, as did the merger surge beginning at the end of 1995. So, too, the Telecommunications Act of 1996 opened up new controversies on the effects of "size."

Thinking small has received encouragement as new businesses in computers, software, and biotechnology emerged as highly innovative. The long-standing debate has resurfaced on whether a small (new entry) firm was more proficient than the large bureaucratic one in breaking new ground in technology – in technological "leaps." Was entrepreneurship stifled in managerial organizations? Is administrative restructuring adequate to spur innovation within giant enterprise? Questions arose as to whether there were different answers to these questions vis-à-vis new processes and products – the first perhaps more amenable to the large; the second to the small; or possibly vice versa. As the American economy shifts from a manufacturing (industrial) to an "information" (service) economy, clearly the composition of employment alters; what impact does this shift have on business size? In the past, many believed that small was more appropriate in the service sector (including information as well as other service sectors) than in industrial activities. Yet, is this true? Increasingly, in recent years, large size has pervaded "services." From banking to health care, in the United States, large is becoming the norm; is this norm "efficient"?

Part 3: Thinking Internationally

The "thinking big, thinking small" interchange of ideas on U.S. business history had its counterpart across the Atlantic and the Pacific, as during the twentieth century enterprises grew large in western Europe and Japan. Giant state-owned production units were the norm in the Soviet Union. The United States was far from alone in the rise of big business, albeit the growth in firm size took on different characteristics in different nations. When after World War II, the U.S. occupation forces in Germany and Japan, respectively, broke up I.G. Farben's huge chemical complex and the *zaibatsu* holding companies, the approach was in keeping with the conviction of U.S. policy makers that political and economic democracy were associated. American antitrust values were extended abroad. The values continued to be extended (as a part of U.S. foreign policy) into countries that had been allied with the United States in the Second World War – through Marshall Plan aid and then, subsequently via U.S. influence on the predecessor organizations of the European Union.

Recently, Chandler has applied his analysis of managerial capitalism to western Europe and Japan; and his efforts to do so have stimulated controversy among business historians from many nations on "thinking big, thinking small." This has been a wholesome debate, which has highlighted variations and made us all more conscious of what is and what is not unique in the national stories. Leslie Hannah, for example, has queried whether there were not distinct paths in capitalist development rather than a single American "model" path. There have been many discussions on where the "large" and the "small" fit into the business histories of individual countries, especially those that have not had America's antitrust traditions. What kinds of managerial structures related to efficient (or inefficient) mobilization of resources? How do we evaluate efficiency? Are there differences by industry? How do we consider the family firm? How long can and do family firms persist, with or without sizable administrative structures? Francis Fukuyama has recently written on the role of "trust" (confidence) in the creation of economic prosperity. (His work should be compared with that of Mark Casson's). How is trust associated with the growth of business activities? Are there business "cultures" that are unique to national histories? Where do the private enterprises, the government-owned ones, and then the newly privatized businesses fit into comparative histories? In the national comparisons, the state is viewed not only as an owner of firms, but as a rule maker as well. There have been many debates on what kinds of economic policies in different countries have improved economic welfare and which impair national performance. Because policy is domestic, this drives (or at least encourages) *national* studies and *national* comparisons. Indeed, analysis has tended to be fettered to national frames of reference – to comparisons of the business histories of firms in different countries.

The deliberations by business historians on thinking big, thinking small – even as they have become enriched by the numerous comparative studies –

have, in fact, seemed to shortchange multinational enterprises (MNEs). The giant businesses of the twentieth century are, in the main, international. My own research, as well as that of others, has shown that historically the most innovative companies have expanded outside their home nations very early in the course of their growth. Companies cross borders. They engage in exports, yet far more important they make direct investments abroad, extending their operations far beyond their home country's borders. Markets are contestable not only because of multiproduct corporations, but because businesses are multinational. MNEs form many varieties of domestic and international alliances – based on where they do business as well as their products, processes, competition, suppliers, and customers. MNEs have corporate cultures, often associated with the parent company's nationality, although certainly not exclusively defined by home country conditions. We typically label the nationality of MNEs by their headquarters nation. Often comparative studies have discussed American, German, and Japanese MNEs, for example.

Yet "comparative" and "international" research on business firms are *not* identical. The first compares firms *within nations* – considering each *domestic* industry by the businesses that operate within it. The comparative approach looks at the firm and nation jointly. The more difficult and more challenging second approach focuses on the evolving *firm's* global interactions, its behavior as it invests, operates, and establishes its presence over borders. This approach deals with the internationalization of industry (including goods and services); it considers the spread of the firm's operations and the impact. The international approach is very aware of the asymmetry between firm and nation. It covers (in most cases) vast spatial dimensions that pose distinctive problems for the enterprise's corporate governance. Extended administration by definition creates costs. Operations of a firm under two or more national sovereignties adds further costs and complexities to business strategies and structures. The firm that operates across borders uses different monies and conforms to diverse rules and regulations. In response, business activities are typically altered in a significant manner. While a MNE's "nationality" is conventionally referred to (as noted above) by the place of its headquarters, the national designation provides only a beginning in our understanding of the nature of the MNE's activities.

The internationalization of business has *not* been confined to the post-World War II years, nor to the 1980s and 1990s. What were the new industries in Britain in 1914 (those introduced in the prior thirty years)? They were the telephone, the portable camera, the phonograph, the electric street car, the typewriter, the elevator, and the automobile. In every single case, these were spurred by American multinational enterprise. MNEs opened numerous new mines and made agricultural ventures viable on a global scale in the early twentieth century; MNEs brought the output of oil wells, mines, and farms into international trade, often serving as the conduit between the producer and the distant consumer. In the 1920s and 1930s, innovations in the chemical, electrical, automobile, oil, and synthetic textile industries were moved

worldwide through MNEs that participated in foreign direct investments, licensing arrangements, and alliances. Likewise, power, light, and telephone systems were spread around the world by MNEs. Similarly, in the post-World War II years, the expansion of MNEs, as in the past through direct investments, licensing, and alliances, has provided a transmission mechanism for the international diffusion of technology – in manufacturing, mining, and other sectors. Services, whether trading, banking, or other ones, have a long history of multinational business organization. Geoffrey Jones has shown how British banks established in many parts of the world offered the model for the spread of modern banking systems. Today it is impossible to even think about the pharmaceutical, automobile, consumer electronics, computer, telecommunications, or oil industries – much less banking and insurance activities – for instance, without taking into account American, Japanese, British, German, French, Dutch, Swiss, Swedish, and Canadian MNEs.

The pervasiveness of MNEs throughout the twentieth century ought to prompt us to think internationally – and *not* merely in a comparative manner. We must not only consider exports from Country A, or migration of managers and labor to Country B, or the movement of capital in the form of loans. Rather, as business historians, we need to think about *firms* that through time are regular conduits of tangible and intangible exports and imports (*within the firm*), firms that frequently dispatch personnel over borders and then back home again, and firms that mobilize capital to be allocated inside the firm domestically and internationally. We need to view these firms over borders as moving a package of learning and knowledge, as forming a tissue of economic activity not confined within a single nation. Businesses must have governance structures – managerial organizations – for this endeavor. David Hounshell in his commentary on this paper turns our attention to the globalization of research and development, which is very important. It is the large firm that is able to have within its sphere of operations research and development establishments in more than one country. How is the "efficient" diffusion of R&D affected when it occurs *within* an individual firm and continues to be controlled through the administration of that firm?

There is a serious difficulty in "thinking internationally" because of the truly awkward asymmetry as we write on the history of nations and of firms. We are comfortable with and used to the history of nations. Yet, efficient economic organization of resources may well be different when evaluated on a national versus a worldwide basis. Global social welfare and national social welfare may not coincide. In this century competition has *not* been confined to national, but rather has existed among international enterprises with investment inside *and* outside their headquarters country – and with broad linkage effects in host and third countries. The reality is that of the presence of MNEs throughout the century.

Some headquarters country laws follow MNEs abroad in an extraterritorial fashion (see Wayne Broehl's commentary on this paper on U.S. legislation on corruption). National laws on taxes, competition policies, and

other matters – along with national policy making – are often frustrated by the asymmetry of MNEs and the nation state. Legal structures as well as governmental policy making are fundamentally national.

Recently, a book was published entitled *Managing the World Economy* (1994, edited by Peter Kenen). That phrase is inappropriate. There is not now – and has not been at any time in the twentieth century – international government that can establish rules and policies comparable to those of nation states. There are international organizations, but there exists no mechanism to manage the world economy. By contrast, all through the twentieth century, international firms – typically headquartered in the leading industrial nations – have marshalled resources and created enterprise-governance that moves over national boundaries. There is and has to be business administration to allocate the economic resources within MNEs.

In his commentary on this paper, Leslie Hannah notes that the share of MNE business abroad is far larger for European-headquartered companies – especially those headquartered in Switzerland, Holland, and Sweden – than for American ones. Hannah pushes us to look at the share that is foreign over time. Thus "large" business abroad can be defined not only in absolute terms (the amount of business done abroad), but also relative to the business of the firm at home. This opens up our more general question on how does the "thinking big, thinking small" discussion in parts 1 and 2 of this essay apply to MNEs?

As we study enterprises that invest abroad, we must reconsider our thinking about the big and the small. A MNE at home (in the nation of the parent firm) may be a giant; in a host country (the country that is the recipient of the multinationals' investment), it may be a small business, or it may be huge. At home, a firm may operate in an oligopolistic setting; abroad, in a particular host nation, it may be without competition. In many countries, as U.S. automobile companies (for instance) expanded globally, they stimulated the emergence of new parts suppliers and dealerships, often small businesses. Multinational oil companies created the basis for gas station owners (small businesses). MNEs provide markets for and venture capital to small firms in related activities – benefiting both the giant and the new enterprise. These are but a few of many examples of the large MNE and its relationship to the small firm.

This brings me to the critical point of these ruminations: How should the business historian shape his or her thinking about large and small as he or she thinks internationally about the history of firms? Are the dangers that antitrust authorities have perceived sharply reduced when we introduce the international dimension, when we "open" the national economy? Or does the multinational firm create for us greater alarm that international cooperation, cartels, and alliances between big firms may sap competition and thus make antitrust all the more necessary? (Major antitrust suits in the United States in the twentieth century against Standard Oil, American Tobacco, Du Pont, General Electric, and Alcoa, each involved international businesses – and each was extraterritorial in its applications.) How should we alter our studies of (and

our evaluations of) national economic policy when firms are international? In the 1996 New Hampshire primaries, candidate Patrick Buchanan denounced big MNEs that had no loyalty to America. His populist rhetoric has a long history and needs to be considered by business historians. What is the relationship between domestic and foreign technological change (new processes and products), competition, and cooperation when our vantage point is international and when the international activities are *within* the firm and our focus is the MNE? Is there more or less flexibility for the emergence of entrepreneurs at home and abroad with the presence of MNE? Is the MNE better able to stimulate small business innovation in the context of its home market than in that abroad? (IBM assisted Microsoft, which in turn became a MNE. Nissan is followed by its Japanese suppliers in America – and at the same time encourages innovation in independent small business suppliers in the United States. On the other hand, so far no Japanese electronics producer has been able to provide a stimulus for an American software giant. Can we explain this through a theory of MNE behavior?). What happens to dispersion of standards when MNEs internationalize industry?

Some "small" firms moved quickly over borders. A number of small companies from Britain, France, Holland, and Sweden (in particular), early in their history became international. The one-to-one identification of big business with MNEs may be an American myopia. Yet, as the enterprise extends internationally, does it not by definition become large or at least larger? It may have started "small," but as it is able to spread *as a firm* (through foreign direct investments) beyond a single locale does that not imply a growth in size? And, in turn, does that not open the door to the previously posed questions of efficiency and managerial expertise as the MNE copes with the resulting problems of great size?

How do we think about "large" and "small" in terms of change in (growth or contraction of) businesses in an international context? When MNEs "downsize" and/or split in parts, the outcome is rarely small business. The break-up of Standard Oil and American Tobacco (both MNEs) in 1911 did *not* result in small businesses; nor in more recent years has that been the case with the government mandated break-up of AT&T, and even more recently in 1996 the three-part division of the same enterprise. Indeed, if the new AT&T tri-furcation occurs as contemplated (and at the time of writing it appears to be going forward), the future will see three large international firms. While the dissolution of large businesses rarely results in small ones, small firms, on the other hand, do grow in size – and this is particularly true of those that venture internationally and survive over the decades. In some industries, at any historical point, there may be both giant and relatively small MNEs coexisting. Ultimately, I believe that when we consider business over borders over time, our typical subject matter is that of big enterprise.

Fortune in its lists of the largest "500" *U.S.* industrials and service firms used often (not always) to include subsidiaries of foreign companies, reflecting the internationalization of the American marketplace. In May 1995, when for

the first time *Fortune* combined industrials and service companies on a single "500" roster, the magazine explicitly stated that it was omitting subsidiaries of foreign companies. Its list thus, for example, excludes Shell and BP from the "U.S." oil industry; Seagram's from the U.S. beverage industry, and a half dozen leaders in U.S. pharmaceuticals. By contrast, A&P – 54 percent owned by the German Tengelmann group – remained on the list as an "American" firm. The text of the same issue of *Fortune*, however, was filled with comments on foreign-owned firms in the American market – from SONY to Lever Brothers. Can we really – legitimately – omit foreign MNEs that invest in this country when we discuss the history and experience of business in the United States? Internationalization has become pervasive in the United States (and worldwide). Quintessential "American" companies – such as Burger King and MCA/Universal Studios – that have international outlets and enormous international sales have, in turn, become foreign-owned. Surely, it is inappropriate to look at even the most "American" of firms solely in national terms. *Fortune* justified its exclusion of foreign subsidiaries because the comparison would be of the U.S. sales of a foreign company with the global sales of a U.S. one. This, of course, gets to the heart of the asymmetry to which we referred earlier – that of nation and of firm. Throughout the twentieth century we need to consider not only American-headquartered MNEs but those MNEs headquartered elsewhere. We also need to be sure that when we talk about sales, we are not merely talking about exports and imports but also the domestic and international sales of the foreign affiliates of a particular MNE.

Today's literature on national economic growth contains much discussion about technological innovation and mere adaptation; perhaps, when viewed in an international context, this is misplaced. Surely, progress involves the combination of innovation and adaptation, the absorption of the existing and the improving upon it. Studies of MNEs offer a fascinating framework to consider the imitation/innovation process.

Thinking internationally commands us to study the history of competition and cooperation from far more than a national vantage point. International business alliances have a long history. How do we evaluate partial relationships, sometimes cooperative in one product line or in one technology, but competitive in another product line and different technology? How do international markets affect the large and small arguments on competition and cooperation? What does business history in an international context offer to the discussions on increases in social welfare? Where does our thinking internationally fit as we consider, in a dynamic fashion, how the adoption of the most efficient methods of manufacture and distribution occurs? Are there such major differences between industrial sectors, so as to make the matter not congenial to generalizations? How do we break away from many of our nation-state blinders to focus on the MNE and its role in national and global development?

I am struck by the fact that the "batch production," "lean production" so touted by the advocates of smallness, has been promoted by and in recent

years diffused through MNEs. So, too, the new product technologies are all linked in with international business. Small innovative firms expand, using their international associations. When firms spin off divisions to downsize, the outcome is rarely purely domestic business (and in times past when antitrust did carve domestic companies out of international ones, often the former in time grew to be multinational just as the giant had been).

Sociologists (Immanuel Wallerstein, Terence Hopkins, and others) write about "commodity chains," interorganizational networks clustered around a product, linking households, enterprises, and states within the world economy. They maintain that businesses gain "a competitive edge through innovations that transfer competitive pressures to peripheral areas of the world economy." (The quotation is from the introduction to Gary Gereffi and Miguel Korzeniewicz, *Commodity Chains and Global Capitalism*, 1994, p. 3). And, just as Chandler, in his analysis of the large integrated firm, challenged divisions between raw material production, industry, and service, so too the sociologists are now arguing this more generally. The student of international business history has long appreciated the international integration of these sectors within the single multinational enterprise – and in the single MNE's dealings with other firms, albeit the notion that the principal force behind internationalization is one of domestic competitive pressures is likely to be disputed by business historians. It has become very fashionable to debate the path dependency arguments of Paul David and Brian Arthur. As we consider choices, standards, and "first mover" advantages, where does the international context fit? Does the best always triumph?

My fundamental argument is that business historians must embrace more than a national perspective, deal with more than national markets, and move beyond the confines of national boundaries, to consider much more than national comparisons. Business history must deal with the complex worldwide relationships through time and their consequences. Business historians must acknowledge that the history of international firms is far more than merely comparative; it is integrative. And, that this is not something new. International firms operate in a global economy. National government policies are national, albeit nations may attempt to extend their laws extraterritorially. Major businesses are not solely national. The absence of coincidence between firm and nation – however difficult it is to study – has to be recognized; it should not, for simplicity, for nationalism, or for convenience, be ignored. We need an awareness of the historical evolution of MNEs, whether we are talking about the myth of the market (in William Lazonick's terms) or the paths of nations (in Hannah's formulation). Thinking big, thinking small, considering change and what is most efficient in different time periods, studying innovation and imitation in processes and products within the framework of business history, explaining managerial strategies and structures, is not a domestic matter – and has never been at any time in the twentieth century.