

Editor's Introduction

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William Lazonick leads off this issue of *Enterprise & Society* with another installment in his long-term effort to integrate business history and economic theory. After analyzing the contributions of Oliver Williamson, Alfred D. Chandler, Jr., Edith Penrose, and several other economic theorists, he focuses on what he calls "historical-transformation methodology." Lazonick argues vigorously for development of a robust theory that can explain both the innovative enterprise and its profound role in economic development. As one reviewer noted, if ever adopted by economists, Lazonick's methodology would make their field "a more useful discipline for answering big questions about growth as well as more practical questions about the fine-grained nature of enterprise innovation." We are pleased to be able to publish this article now, because Lazonick is working as guest editor on a special issue of *Enterprise & Society* on the subject of business history and economic theory. The call for papers can be found at <http://www.eh.net/lists/archives/h-business/mar-2001/0055.php>, the H-business archive at Eh-Net. The submission deadline is fast approaching: March 31, 2002.

Two of the three other papers in this issue are analyses of British public policy. Julian I. Greaves discusses the government's problematic policy toward the cotton textile industry in the 1930s. The precise forms intervention should take were not obvious, and the industry itself was not unified on the issues. Intervention, therefore, arrived rather late in the decade and was limited in scope; yet, according to Greaves, it did represent a fundamental change in attitude. Tim Rooth and Peter Scott examine government policy toward inward foreign direct investment in Britain in the period 1945–1960. They find that exchange and import controls generally were effective in stimulating foreign, especially American, firms to invest directly during this era, with results beneficial to Britain.

Morris Bian's article is a study of management practices, incentive mechanisms, and the provision of social services in a Chinese state-owned enterprise, the Dadukou Iron and Steel Works. He argues forcefully that the formation of the basic institutional arrangement of the

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state enterprise system in China was stimulated during the Sino-Japanese War, much earlier than other historians, who view the system as emulating the Soviet model, have argued. Bian places great stress on the crisis of war as the catalyst that shaped this radical institutional change.