**Theme:** 1.

**Reading:** The Emergence of Managerial Capitalism

**Author:** A. D. Chandler.

**D:** Managerial Capitalism is the placing of the decision-making process of production and distribution in the hands of professional management teams in place owner/managers.

-Emerged in the U.S.

-Railroad; birth of bureaucracy, synchronisation of time.

-American Growth:

-Rail road.

-Population explosion.

-Immigration.

-Antitrust legislation.

-Rationalisation (J.D. Rockefeller: oil refineries).

-British Growth:

-Industrialised before transport/communication revolution.

-Moderate scale achievements.

-German Growth:

-Home markets dominated by U.S. / specialised in complex machinery.

-Financial innovation/No capital markets in Germany: banks on supervisory board.

-Japan:

-Hydro-electric power until 1950’s.

-Electrical machinery → diversification → appliances etc.

-East Asia: more efficient outsourcing.

**U.S.A. vs. Britain**

Britain’s development was slower because:

1. Geography: domestic market grew at slower rate, thus less incentives to exploit economies of scale.

2. History: Britain industrialised before transport/communication revolution. Businesspeople became complacent in slower moving, smaller scale processes.

3. Culture/Education: Attitude towards business enterprises was that they were family estates and they should manage them themselves and pass them down to their heirs.

4. Absence of Antitrust legislation: less pressure was put on British companies to construct hierarchies or alliances/mergers to avoid control regulations. I.e. no. of persons controlling enterprise.