Introduction: Leslie Hannah and Business History in his Time

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Leslie Hannah has played a pivotal role in the development of the business history discipline, in Britain and internationally, for almost five decades, not only as a leading researcher but also as an inspirational teacher, Director of the London School of Economics' (LSE's) Business History Unit, editor of *Business History*, Head of Department of the LSE's Economic History Department, Pro-Director and Acting Director of the LSE, Dean of City University Business School, and Chief Executive of Ashridge Business School. We are delighted to present him with this festschrift special issue. Readers will easily detect the admiration and the personal fondness its contributors feel for him.

A festschrift project to honour Hannah's career and academic contribution was initiated by Francesca Carnevali in 2010 (just prior to the illness which led to her untimely death) but at that point academic publishers had come to regard the festschrift as an obsolete format. However, this project was revived in 2016 on the initiative of James Foreman-Peck, who suggested that the festschrift could take the form of a special issue in *Business History*. With the enthusiastic support of *Business History* (and financial support from the Economic History Society Initiatives and Conference Fund), a two day workshop was organised at the University of Reading's Henley Business School with presentations from colleagues and former Ph.D. students who had worked with Hannah from the early 1970s to the 2010s. This special issue is the result of their contributions and we take this opportunity to thank them, their discussants, and the other workshop participants.

Our editorial introduction first gives some biographical background. It then briefly outlines the development of the business history discipline in Britain prior to the advent of the LSE's Business History Unit (BHU). We then discuss Hannah's academic contribution at the Unit and during his subsequent moves to the management of the LSE, City University Business School and Ashridge. Finally, we summarise the eight contributions to this festschrift special issue.

Hannah before Business History

Leslie Hannah was born in Oldham, Lancashire, in 1947. His antecedents were of Scots extraction, modest, and his was only the second generation to be fully literate. The paternal family had moved with the cotton trade. One of Hannah's parents left school at twelve, the other at fourteen. Their own household was loving but economically frankly poor. Hannah's father was only stably employed as a library janitor and was ill for a large portion of Les's childhood. The family lived in council housing and were on the dole when the father could not work. An outstanding performance on his 11+ exams brought a place at the Manchester Grammar School, renowned then and now, and by far the best education available in the city.

The opportunity was a gift. At the Grammar School, with the stimulus of first-rate and often inspiring teaching, high expectations, and very able fellow students, he really began to flourish. The experience opened doors, he thinks, in many ways and, perhaps also luckily, did not close others: he went off to school each day to a different place from the boys on the street with whom he played but the play and the friendship endured. He had, and benefitted from, growth and stability alike. The growth part played out soon enough in an open scholarship in History to St. John's College, Oxford, and a County grant to cover the otherwise unaffordable fees and living expenses.

Outstanding teaching continued, from his college tutor Keith Thomas and from, among others, the economic historians H.J. Habbakuk and Max Hartwell. His abilities were recognized. Hannah's interests turned distinctly towards the economic during his undergraduate years, perhaps partly through his choice of examination papers but partly from reflection on what had become of Oldham, once the home of about the richest working class in the world. He was active in the student council agitation that led to the establishment of a History and Economics degree programme the year after he took his degree. Seeking further education, he was accepted (rather to his surprise) to do a D.Phil. in Economics at Nuffield College, the post-graduate social sciences college in Oxford. Hartwell was one of his original supervisors but thought - given the eventual proposed thesis topic - that Hannah needed working economists in the role. Hannah soon left for a junior research fellowship at St. John's and the sustained supervision of George Richardson, one of the founders of the resource-based view of the firm and later an influential Chief Executive of Oxford University Press, and John Wright. [1] Hannah remained part of the Nuffield seminar culture, vibrant then and still, and became both friend and collaborator there with John Kay, of even more direct Scots extraction, who followed his trail to St. John's a year later. Their conversations and occasional professional collaborations have continued to the present.

Hannah left Oxford to take up a lectureship at Essex. The new university's faculty was in a first bloom of intellectual youth and Essex economics was in something of a Golden Age. Tony Atkinson (appointed at age twenty-six!), Christopher Bliss, and the econometrician Rex Bergstrom were the professors there. Juniors included Peter Hammond, Oliver Hart, William Kennedy, P.N. Junankar, and Peter Phillips, all of whom had subsequent careers of international distinction. Joseph Stiglitz visited. It was an intensely stimulating time and place for theorists and those with more empirical interests alike. Hannah moved to a tenured position at Cambridge only two years later in 1975 and remained there until 1978. By that time he had edited *Management Strategy and Business Development: An Historical and Comparative Study* (Macmillan, 1976) and was the author of *The Rise of the Corporate Economy* (Methuen and Johns Hopkins, 1976) and *Concentration and Modern Industry: Theory, Measurement, and the U.K. Experience* (Macmillan, 1977) (the latter with Kay). *Electricity Before Nationalisation: A Study of the Electricity Supply Industry in Britain* *to 1948*, the first of a pair of volumes, was in press with Macmillan and Johns Hopkins. LSE beckoned; and soon thereafter it appointed him, at the still unusually young age of thirty, to be head of its new Business History Unit and, five years later, foundation Professor of Business History. The posts represented a major opportunity for institution-building and the nurturing of individuals. He was notably successful at both.

British business history before the Business History Unit

While there are earlier examples of academic work in areas such as the industrial revolution, and financial history that could be said to fall within the domain of business history, the emergence of a business history discipline as such only really emerged during the inter-war years.[2] The Harvard Studies in Business History monograph series dates to 1931. N.S.B. Gras, appointed to the first chair, at Harvard, in 1927, writing what is probably the first published essay on the new discipline in 1934, identified the need to explore "the history of business enterprise – how business has been organized and controlled through administration and management. But no narrow treatment will be satisfying; we must understand the forces at work, not only within business, but on the outside."[3]

In both Britain and the USA, the initial forays into business history mainly mined the records of dead firms rather than living ones.[4] For example, two notable pioneering works, George Unwin's *Samuel Oldknow and the Arkwrights* (1924), and T.S. Ashton's *Peter Stubbs of Warrington* (1939), both focused on the industrial revolution. *John Jacob Astor* (1931), the inaugural volume in the Harvard series, concerned the career of a prominent merchant and investor whose fortune was established before the American industrialization. The main exception to this pattern was the banking sector, which pioneered the sponsored scholarly company history with Crick and Wadsworth's 1936 history of Midland Bank *A*

Hundred Years of Joint Stock Banking followed, in 1944, by John Clapham's *The Bank of England: A History, 1694-1914.* These established important precedents for commissioned corporate biographies charting the origins and development of living institutions. And, in common with many subsequent sponsored corporate biographies, they were commissioned to mark important anniversaries.

The advent of the sponsored corporate history had a number of important impacts on the British business history discipline. First, it gave companies an incentive to maintain historical archives – as without records, such projects would be impracticable. This helped the Business Archives Council, established in 1934, to recruit a growing number of British firms that saw value in preserving and cataloguing their business records (and, in some cases, even making them available for historical research). Secondly, the commissioned history provided the opportunity for business historians to devote considerable time to the study of specific companies, using the funding made available by the sponsoring firm.

Despite the publication of several major corporate histories during the 1950s and 1960s, including Charles Wilson's multi-volume history of Unilever, Donald Coleman's history of Courtaulds in textiles, and Peter Mathias's study of the Allied Suppliers retail group, the trend for scholarly corporate biographies only really took off from around 1970.[5] However, the growing academic interest in this new sub-discipline had been reflected in the establishment of its first British-based journal, *Business History*, in 1958. During the 1970s a rapidly expanding market for corporate histories was served not only by leading economic historians, but by corporate archivists and freelance historians, some of whom produced excellent scholarly studies.[6]

Yet there was a dearth of broader comparative work that sought to integrate the development of the modern British corporation and its implications, building on the precedent of Alfred Chandler's path-breaking *Strategy and Structure (*1962). Chandler had described the development of four US conglomerates since the 1920s and generalised about the role of M-form organisational structure in diversification strategies. Hannah's 1972 Oxford economics doctoral thesis on interwar mergers in British manufacturing was a similarly ambitious synthesis of business histories. Three papers rapidly emerged from this thesis and have aged well - on takeovers before 1950, a time series econometrics analysis of mergers, and a study of managerial innovation.[7] After these, in 1976, his revised thesis was published as *The Rise of the Corporate Economy*, destined to become, uniquely, a British business history best seller. It was adopted as a text on business courses and, in several hardback and paperback editions including a 1987 Japanese translation, sold tens of thousands of copies.

In *The Rise of the Corporate Economy*, Hannah established, 'the temporal and relative significance of the corporation in British manufacturing through the first half of the… [twentieth] century.'[8] He developed in it an agenda that he was to return to in subsequent work - the systematic factors that determined the growth of large firms, with a particular focus on developments during the interwar era. These he identified as a rationalization ideology driving managerial innovation, a positive (but largely passive) government attitude, and changes in British capital markets that encouraged mergers and acquisitions. *The Rise of the Corporate Economy* concluded with a chapter devoted to the welfare impacts of the corporate merger movement and the modern corporation – widening the discussion to embrace broader social and economic issues that are also addressed in several of the contributions to this special issue. And, in common with much of his recent work, the findings were underpinned by a detailed and original statistical analysis of merger activity and industrial concentration over the twentieth century presented in two detailed appendices.[9]

Throughout his professional life, Hannah cooperated in various ways with his postgraduate contemporary John Kay. One of the fruits of this cooperation emerged in 1977 with their co-authored *Concentration in Modern Industry: Theory*.[10] This introduced a 'numbers equivalent' index of industrial concentration, a theoretically more tractable generalisation of the Herfindahl measure, preferable to the variance of logs measure. Hannah and Kay's analysis showed that mergers (not the randomness of Gibrat's 'law of proportionate effect') were primarily responsible for the high concentration of British industry.

Collectively, this early body of work marked Hannah out as a particularly distinguished and innovative scholar who could take business history beyond the limitations of the corporate biography. He had the chance to develop this research agenda more widely in a new academic centre that was to play a pivotal role in the development of British business history, and he seized it.

The Business History Unit and Beyond

In 1978 Hannah was appointed as the first director of the newly formed Business History Unit at the LSE. Meanwhile he was continuing to work on a 'warts and all' history of the (then nationalised) electricity supply industry. This industry had unusual institutions and structure. Under the 1926 Act, Commissioners were intended to perform a regulatory and quasi-judicial function, while the Central Electricity Board, a 'public interest' corporation responsible to Parliament, was to be the executive and operating body that concentrated generation at the most efficient stations. Some persistent themes in Hannah's work can be noted in his two volumes (1979 and 1982) on this industry's history.[11] He maintained that by the 1930s, the divorce of ownership from control allowed the cultivation of engineering for its own sake independently of profitability - findings that were subsequently confirmed econometrically.[12] Hannah pointed to the low productivity and poor power station planning of the 1950s and 1960s that stemmed from the choices of key individuals and institutions. He also drew attention to the macroeconomic consequences of these poor industry decisions, directly affecting about eight per cent of British investment.

Perhaps the most ambitious project undertaken by the Business History Unit under Hannah's directorship was *The Dictionary of Business Biography*. An ESRC grant financed the appointment in 1980 of David Jeremy as Research Fellow and Dictionary editor. Jeremy and his team completed six volumes of the *Dictionary* (*DBB*) on time and on budget in 1984–1986 (Jeremy and Shaw 1984-6). Some 1,181 entries on entrepreneurs and managers were commissioned from a wide range of business historians, inevitably leading to some questions about selectivity biases. The entries nonetheless provided valuable data for subsequent research, and the exercise was appreciated and imitated in other countries.[13]

In the early years of the Unit, Hannah took over the editorship of the journal *Business History.* This period in Britain was turbulent and controversial, with the 1978-9 'Winter of Discontent', the arrival of Thatcherism, and cuts in university funding. Hannah's Inaugural Lecture on entrepreneurship - also published for a non-academic readership as a full-page spread in *The Times* - set out his methodological position and his views about where Business History ought to go.[14] It should be quantitative, economic, and business-school oriented:

> The kind of questions on which I would expect business historians to be able to throw some light overlap quite naturally with questions to which industrial economists or industrial sociologists address themselves.

Hannah identified business historians of the early 1980s as 'inveterate empiricists'. In his lecture he discussed how this approach should be widened, with appropriate concepts, and how it should not. It was not good enough to evaluate an industry or economy's performance on the assumption that its entrepreneurs were merely neoclassical firms responding automatically and optimally to external signals: with this approach, efficient choices are assumed rather than demonstrated. Instead businessmen should be recognised as potentially capable of innovating, of formulating new production techniques or developing new markets, so changing the signals in the economy. How well they do this is an empirical question. The ideas of Coase, Williamson, and Chandler all allow for this possibility by conceiving of the firm as an alternative allocative mechanism to the price mechanism, as the 'visible hand' of management.[15]

Hannah's comparison of the performance of Marks and Spencer with Woolworths yielded revealing evidence regarding the importance of education and training for British businessmen. For 50 years, Marks and Spencer frequently recruited new university graduates, while Woolworths did not. Woolworths failure to hire graduates cost them dear – at the time of this festschrift they have ceased trading, in Britain and virtually every other country they expanded into.

Before the First World War, the Birmingham University commerce degree to train the sons of local businessmen was attracting more Japanese and other foreigners than local candidates. In the 1920s (when Birmingham firms were wealthier than their Japanese equivalents), the largest donor to the new chair of commerce at Birmingham was not a local firm but Mitsui of Japan.[16] At the same time, the proportion of graduates in Japanese senior management was already higher than it was to be in Britain until the 1980s.[17]

Hannah attributed this deficiency to a cultural disdain for business and money making. His evidence included the entrepreneurial son of a German immigrant whose father died when he was nine. Sir John Ellerman became the richest businessman identified from the *DBB* in the period 1860-1980. When he died in the slump year 1933, he had control of a share of national resources comparable with the richest men of the 1980s such as the Westminsters or the Sainsburys. Yet few had heard of him then or now. More comprehensive evidence concerned the role of foreign-based multinationals in Britain, which was greater than in other major Western industrial economies. This dependence on immigrant entrepreneurs and firms in strategically important growth sectors dated from as early as the 1880s. Hannah's contention bore some resemblance to Martin Wiener's hypotheses about British decline (which other historians of Britain generally rubbished), though Hannah's approach was more nuanced and he insisted such British views were neither universally shared nor unchangeable.[18]

Hannah continued to explain how business history and the analysis he had developed for it could address Britain's contemporary problems. His report for the Social Science Research Council (as the Economic and Social Research Council was then called) explored ways of learning from the US experience of business historians contributing to business school teaching and resulted in new funding for teaching fellowships.[19] He was involved in successfully recommending a 'hard' electricity privatisation (with a competitive structure) to Mrs Thatcher's government.[20] His understanding of personnel management techniques (being developed on the employer side), informed a project on the growth of UK occupational pension plans, funded by Legal & General Insurance.[21] Occupational pension funds developed as a business institution in Britain at least up to 1940 in order to lock-in key employees and encourage investment in workplace skills.[22] Thereafter choice and competition in this field virtually ceased. Tax subsidies to insurance companies and pension funds diverted nearly two-thirds of savings to these financial institutions —a very high proportion by international standards. Hannah observed that this contributed, through biases in these institutions' investment policies, to the drying up of supplies of private investment capital to precisely those small businessmen and entrepreneurs that the tax measures were initially supposed to help. If politicians had paid more heed to the lessons of his institutional analysis for public/private interactions in crafting their reforms of the next two decades, they would have made more satisfactory pension provision for the current younger generation.

One of the policies pursued by Hannah as BHU Director was to recruit substantial numbers of doctoral students. Ph.D studentships and supervisions provided by or through the

BHU during his term as director launched the research careers of a number of successful scholars, including: James Bamberg, Francesca Carnevali, Roy Edwards, Tony Gandy, Francis Goodall, David Jeremy, Terrence Lapier, Wayne Lewchuk, Gregory Marchildon, Helen Mercer, Duncan Ross, Ratna Sudarshan, Stephen Tolliday, Timothy Whisler and Nuala Zahedieh. There were also a number of M.Sc. studentships linked to the Unit, one of which introduced Peter Scott to business history and – no doubt in common with many of the people listed above - changed his life. The BHU of the 1980s constituted a particularly conducive environment for postgraduate study. At a time when both Chandlerian business history and the new economic history were advancing what seemed to be increasingly reductionist research agendas, it provided a haven for scholars who had questions rather than pre-determined answers and believed that those questions could be resolved through the interrogation of archival evidence.

After giving up the directorship of the Business History Unit, Hannah became head of the Economic History Department at the LSE. This was already the largest European (and probably world) centre for PhDs in economic history when he took over and he went on to recruit a diverse range of eminent additional professors. In the official British government assessment, his department became the only UK department of economic history to achieve the top (5*) research ranking. The department's quondam students and research officers now hold many academic posts in the subject in Europe, America, Japan and elsewhere. Hannah himself also held visiting posts in the USA, continental Europe and Japan.

As head of the LSE Economic History department, Hannah was pressed to shoulder heavier administrative burdens.[23] From 1995 to 1997 he was Pro-Director of the LSE and Acting Director in the 1996-97 academic year. He then became Dean of London's City University Business School until 2000, when he was appointed Chief Executive of Ashridge

Business School. In the middle of these responsibilities in 2001, with Margaret Ackrill, he published a history of Barclays Bank (though his apparent productivity while an administrator was slightly misleading: the Barclays history and some articles had been largely written earlier.) In contrast to the hagiographic tone of many banking histories (and the often uncritical stance of some financial historians, then clustered in the Monetary History Group), *Barclays: The Business of Banking* painted a picture of a dynastic and conservative banking organisation that struggled to meet the changing demands of the banking marketplace without compromising what it considered to be the legitimate career ambitions of members of its constituent banks' founding families. Well into the post-war era, family connections were key to securing `special entry' to fast-track positions while even for outsiders social status and gender were prime determinants of promotion prospects. *Barclays* also notes that the banking merger wave and much subsequent corporate behaviour were motivated by a desire to restrict competition in order to raise profits and rewards for its senior managers (including the rewards of an easy life, protected from the pressures of competition).[24] The volume was especially distinguished for more thorough and meaningful quantification of profitability and changing bad debt experience than earlier bank histories and was awarded the Wadsworth prize in 2002.[25]

Since the early 1990s, Hannah's academic work has become more focused on international, comparative, business history. In 1990 the doyen of business history, Alfred Chandler, published his massive *Scale and Scope*, an attempt to generalise about British and German business developments in the first half of the twentieth century compared to those in the USA.[26] The book was controversial but provided a substantial stimulus, contributing to numerous critical assessments before and after Hannah had completed his administrative period.[27] Many British and German scholars criticised Chandler's international comparisons, largely by pointing out cases which did not fit the narrow paradigm, and Hannah has made an important contribution to this debate, as discussed in Daniel Raff's article in this volume .[28] His own work has also been a trigger for others. In a 2014 publication Hannah referred to information on nineteenth-century `business numbers' (standard statistical comparators) as a 'statistical dark age'.[29] This darkness has now been to some extent lifted for England and Wales by Bennett et al's analysis of the massive business data set that can be extracted from the 1891–1911 population censuses.[30]

Hannah's recent publications, which were also translated into German, Spanish and Japanese, reflect a strong commitment to, and enthusiasm for, comparative and quantitative research on Japan, Europe and the United States using the necessary primary sources. In them he presents a more positive view of British businesses before 1914 than the 'declinist' literature exemplified by Chandler's *Scale and Scope* (see especially Daniel Raff's paper in this festschrift). Hannah established that British business pioneered the divorce of ownership from control, and he presented an optimistic interpretation of the global spread of the corporation, and of stock exchange development.[31] His most distinctive contribution to the debate was unearthing new *quantitative* information which turned the Chandlerian analysis on its head.

Hannah conducted the research that lies behind all this in the Bibliothèque Royale (Brussels), the Bibliothèque Nationale de France (Paris), the Library of Congress (Washington), the Diet Library (Tokyo), the National Library (Beijing), the Commonwealth Library (Canberra), the Koninklijke Bibliotheek (The Hague), the Staatsbibliothek zu Berlin, the Niedersächsische Staatsbibliothek (Gőttingen), and the Istituto Nazionale di Statistica (Rome), as well as in French and British archival repositories.

Despite his "retirement", Hannah's research agenda remains an active project. His work clearly demonstrates the promise of business history in generating insights from empirical work that enable the development and testing of hypotheses about management, finance and economics. This approach is amply demonstrated in a variety of ways in the papers that follow.

The Eight Articles of This Festschrift

The special issue opens with a detailed discussion by Daniel Raff of an important series of lectures and papers delivered by Hannah during the 1990s and 2000s, key elements of which have not yet seen print, and which collectively represent a powerful critique of the “Chandlerian orthodoxy” regarding the determinants of international business success, as portrayed in *Scale and Scope.* These were much more than critical essays as they offered and applied a systematic and rigorous quantitative methodology for objectively re-examining the generalisations that Chandler had proposed. This involved creating an international panel of all manufacturing and mining firms with a 1912 capitalisation of $26 million or more and charting their success over time. He found that almost half these firms had disappeared by 1995 and only 19 percent were still in the top one hundred. Thus, the firms that remained market leaders in 1995 were hardly representative of Edwardian giant firms. More damningly for the Chandler model, big British firms had survived better than their U.S. and German counterparts and had also demonstrated superior growth performance. In a devastating *Journal of Economic History* article, Hannah also exposed the ‘Whiggish’ distortions behind the empirically untenable story that American Tobacco used more innovative Bonsack machines and perfected mass cigarette production faster than Wills and Imperial Tobacco in the UK.[32]

Hannah expanded his panel approach for his 2005 Clarendon lectures, again finding that Chandler’s ranking of long-term international big business success was inaccurate and that British big business had, in fact, done relatively well.[33] Moreover, it was hard to find long-term evidence that giant firms out-paced the growth rates of their economies. The lectures also included an important methodological critique regarding the tendency (unfortunately not confined to the business history literature) to search for evidence that supports a preferred hypothesis rather than mobilizing data and methods that provide a clean and even-handed test. Even much of the anecdotal evidence in *Scale and Scope* regarding British failure was shown to be mischaracterised or downright inaccurate (as also observed by other business historians when *Scale and Scope* was published). Moreover, there was no common measure of firm size for the three countries under discussion.

Attacking orthodoxy is generally a thankless task, but Hannah's work on the objective longitudinal comparison of giant firms represented an important corrective both to Chandlerian theory and to an all too common methodological approach relying on data that are consistent with, rather than properly test, hypotheses. It still does. Hopefully this body of scholarship will appear in print in the form of the scholarly monograph that it (and our discipline) deserves.

The second paper, by John Kay, develops themes that relate to several of Hannah's research contributions, but especially his classic first monograph, *The Rise of the Corporate Economy.* Kay charts the rise of the dominant Anglo-American conceptualisation of the corporation – as a nexus of contracts – together with its (mainly adverse) impacts on corporate behaviour and public policy. Kay notes that the contracts perspective fails to account for, or even address, the legitimacy of corporate activity, while also bearing little relation to how strong corporations really achieve success. Meanwhile a more powerful and realistic body of analysis, drawing on the work of Edith Penrose and developed in organisational theory, corporate strategy, and business history, which sees the firm as an economic and social institution, has become increasingly marginalised in British and North American corporate and public policy discourse.

The nexus of contracts model, mainly built on the work of the Chicago School, drew on the arguments of Milton Friedman, agency theorists, and transactions costs economics to reject analysis of the firm as an institution in favour of a legalistic view of the corporation as being essentially nothing more than the contracts it enters into, with no collective interest (or collective responsibility). This conceit entered popular discourse via notions such as 'shareholder value' and the idea that it was important to incentivise senior managers with profit-linked bonuses. Only in the wake of the 2008 global financial crisis was the real cost of this vision of the corporation demonstrated, most graphically in the behaviour of investment banks whose leading executives' self-interest threatened not only their companies' survival, but that of the international financial system. The denouement was a bail-out which demonstrated that we are all their 'stakeholders' – in the sense that we must pick up the bill for their mistakes.

Peter Temin explores similar themes in his article on taxes and industrial structure. He examines the problematic nature of current American political economy in the long-term tendency for business elites to create and defend 'property rights' through political lobbying, including property rights over control of the democratic system. Government action can create property rights in such diverse areas as telecommunications, excessive tax allowances, and the ability for shareholders to enjoy the debt-clearing benefits of bankruptcy without having to bear the full costs of liquidation. As the power to create such rights is largely in the hands of elected politicians, big business and the rich have considerable incentives to mould the legislature.

This process was underpinned by the ideology of 'political conservatism' drawing on the writings of Ayn Rand and Friedrich Hayek but having deeper roots in a view of the state as being primarily an institution designed to protect property rights (as evidenced early in the early history of the Republic by fierce conservative resistance to federal efforts to end property rights in slavery). More recent manifestations include the creation of property rights in deregulation – the right to have losses caused by weakly regulated financial markets transferred to the national debt and therefore to the wider public through state-funded bail-outs.

Temin's paper also explores how a formally democratic system can systematically create property rights for economic elites while simultaneously removing property rights – such as state education, or universal health care – from the masses. In line with the Investment Theory of elections, the wealthy and big business (in a largely deregulated political system, with regard to donation limits and political advertising) saturate the public with messages promoting the conservative position. Other strategies, such as the gerrymandering of constituencies and measures that make it harder for poorer people to vote, further strengthen conservative control over the legislature.

James Foreman-Peck's article explores an aspect of Hannah's contention that Europe represented a more integrated market than the USA at the turn of the twentieth century.[34] Greater European integration stemmed in part from intra-European shipping being a cheaper and more effective channel of integration than American railways. But America had different resource endowments to Europe as well - abundant oil and water but scarce skilled labour. Hence, America's initial entrepreneurial efforts focused on developing distinctive steam automobiles (which were lighter vehicles than their European counterparts and were typically powered by liquid fuel). These steamers were also substantially simpler (and therefore cheaper) than internal combustion engine cars.

Because Europe had more integrated transport networks and better roads, competition between manufacturers in road trials winnowed out steam cars and improved internal combustion cars more quickly than in the United States. The U.S. followed Europe, even though steam car production there at first out-paced internal combustion (or electric) cars. The pace of innovation affected by integration impacted other aspects of car development as well, such as the steering gear, with the US lagging Europe. By about 1904, the competition in the US between power sources for cars had been decisively won by internal combustion, as it had been some years earlier in Europe.

Some of Hannah's more recent work has examined the divorce between corporate ownership and control and the development of the London Stock Exchange as a market for corporate securities.[35] Dimitris Sotiropoulos and Janette Rutterford explore the demand-side of this process through an analysis of financial diversification strategies for British private investors over the period 1870-1914. Their key questions are whether investors managed financial risk and allocated their wealth across alternative assets; the extent to which financial innovation in corporate governance was matched by parallel innovation in individuals' portfolio selection strategies; and the extent to which investors drew on expert advice.

They show investment theory and practice to have been relatively sophisticated by pre-computer era standards. Naïve diversification, through equally-weighted portfolios, was already being recommended in the 1870s, while the use of correlation strategies of spreading savings across international markets gradually gained ground until, by 1914, only Markowitz-style mathematical optimisation strategies were absent from investors' armoury of risk-minimisation techniques. Data on 507 individual investor portfolios reveal significant diversification, at least for relatively wealthy investors. Global naïve diversification strategies are shown to have worked well relative to standard naïve diversification. Moreover, investors' naïve diversification strategies are found to be by no means sub-optimal compared with what could have been achieved using Markowitz diversification. Meanwhile active investment strategies appear to have been avoided in favour of "buy and hold" approaches.

Hannah's recent work has also explored the links between corporate law and corporate governance (especially in two joint articles with James Foreman-Peck).[36] This theme is further explored by Ron Harris and Naomi Lamoreaux in their analysis of the contrasting development of corporate law in Britain and the USA during the late nineteenth and early twentieth centuries. They find that the move from special to general incorporation laws from the mid-19th century (in British terms the shift from private acts to registered companies) marked a divergence between Britain and the USA, despite their shared common-law systems.

The common law literature suggests that such statutory differences would diminish over time as litigation would reach converging resolutions. However, in practice, case law accentuated Anglo-American differences, with British courts taking a laissez-faire view of any arrangements that were not directly contrary to law, while U.S. courts refused to ratify agreements that appeared to be at odds with statute. This reflected concern regarding the power of big business, shared by both U.S. legislators and judges, in contrast to the British emphasis on freedom of contract, while maverick judges were constrained by Britain's strict rules of statutory interpretation. Yet tight control over contractual aspects of corporate law did not prevent laxity in other respects, with some states – especially Delaware – being notorious for their insufficient legal safeguards against corporate abuses.

By the 1920s some U.S. judges were moving to the view that corporations should have greater contractual freedom, but were reluctant to challenge decades of accumulated precedents. Indeed, convergence remained principally driven by the enactment of new statutes rather than re-interpretations of existing ones. Ironically, by the time U.S. law began to converge with British practice, in the mid-twentieth century, Britain was moving towards greater regulation. The implication of Britain's emphasis on freedom of contract was to give British directors greater control over their enterprises, an environment which may have had positive consequences for young entrepreneurial firms, but was also likely to have protected older companies experiencing the advanced stages of corporate rigidity.

Another of the key themes running through Hannah's work – the interaction between market mechanisms, economic theory, and institutions – is explored in Martin Chick's article on the aims and objectives of 1978 Meade Committee report on the structure and reform of direct taxation, commissioned by the Institute of Fiscal Studies. The economist James Meade was invited to review a tax system that was widely recognised to be in need of an overhaul, in light of its inconsistencies, negative incentive impacts, and more recent distortions arising from the rapid inflation of the 1970s. His committee produced a report that in some ways acted as a harbinger of Thatcherism, contrary to many of the authors' intentions, judging by their politics. It argued for a shift from taxing income to taxing expenditure, to improve incentives for earnings and investment, which might in turn boost productivity.

This article's main focus is on the report's reception and impacts in the light of the long-term trend of rising income and wealth inequality from the end of the 1970s (after six decades of falling inequality). The Conservative Party were initially hostile to the report but, once in government, selectively introduced those recommendations that shifted tax from high to lower incomes (principally via a switch in the burden of tax from income to expenditure). Meanwhile they rejected taxation on wealth or income flowing from wealth, an approach which might have gone some way towards neutralising the regressive impact of their tax system changes. As such, by emphasising the need to move away from income taxation, the Meade report can be seen as starting a shift to regressive taxes that contributed to a return to levels of income inequality not seen since the inter-war years. However, as the article notes, the Conservative government fundamentally disagreed with Meade's views on redistribution. When making their tax changes they focussed on incentivisation. The Report's impact was thus largely one of influencing the intellectual climate of decision-making rather than legitimising the 1980s tax system changes.

Interactions between political interventions, market mechanisms, and institutions also form the subject of Anthony Gandy and Roy Edwards' study of the Industrial Reorganisation Corporation (IRC) and the rationalisation of the British electrical/electronics industry during the late 1960s. The 1964-70 Labour government sought to `nudge' corporations towards scale economies and rationalisation through mergers, via intervention short of nationalisation. To this end, they established the IRC, which would act as a "state merchant bank." However, the IRC appears to have viewed economies of scale and scope as stemming from the organisation, rather than plant, level. More importantly, it failed to understand the product market and the fact that success in industries such as electronics primarily stemmed from developing strong, innovative, products.

The impacts of this perspective are explored through a study of the 1967 IRC-sponsored GEC /-Associated Electrical Industries (AEI) merger, based on the IRC's perception that Arnold Weinstock could improve the fortunes of the British electronics/electrical sector through superior corporate organisation and financial control. IRC was successful in orchestrating this merger, though the authors argue that this not only had a negative impact on the sector, but even failed to meet the IRC's, and the government's, specific objectives. Exports were vetoed and overseas sales organisations cut, on the grounds that they offered insufficient margin. Meanwhile the merged GEC showed little top-level interest in products, assuming that scale effects would be sufficient to improve its fortunes. Even in these terms the merger appears to have been a failure – with a GEC insider characterising the merged entity as a constellation of 180 medium sized enterprises.

Collectively, these eight articles reflect the wide-ranging impacts of Les Hannah's work on the broad business history discipline. From his first, path-breaking, articles and monograph, to his current research projects, he has demonstrated the importance of business history not only as a self-contained discipline, but in relation to broader economic, societal, and political issues. This is an important research agenda, which is still being vigorously pursued.

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[1] See Richardson,'Organisation'.
[2] Kipping, Kurosawa, and Wadhwani, `A revisionist historiography of business history.'
[3] Gras, `Business History.' 385.
[4] Gras, `Business History.' 392.
[5] Wilson, *History of Unilever*; Wilson, *Unilever*; Coleman, *Courtaulds*; Mathias, *Retailing Revolution*.
[6] For examples of these studies, see Hannah, `New issues in British business history.'
[7] The three papers were 'Mergers', 'Managerial Innovation' and 'Takeover Bid'. The Takeover paper became one of the most frequently cited articles in *Business History* and was updated in 'The Shareholder Dog'.
[8] Carstensen, `Rise of the Corporate Economy,' 287.
[9] No-one had previously measured the effects of mergers or industrial concentration before 1950.
[10] Hannah and Kay '*Concentration*'.
[11] Hannah '*Electricity Before Nationalisation'*; Hannah, '*Engineers, Managers*'
[12] Hannah *'Electricity Before Nationalisation'* p224. Foreman-Peck and Hammond 'Variable Costs' Table 2 showed that this reorientation had indeed begun to raise (variable) costs: NESCO stations were 8%–13% more costly than comparable selected stations in 1935–37.
[13]Amatori, 'Entrepreneurial typologies; Slaven and Checkland, *Dictionary of Scottish Business Biography*; Ross and Smith, *Canada's Entrepreneurs*.

[14] Hannah Entrepreneurs ' Times; Hannah 'Entrepreneurs' Economica.
[15] Coase 'Nature'; Williamson'*Institutions*'; Chandler '*Visible Hand*'
[16] Smith 'Education for Management ' : Keeble ' British Management'.
[17] Yonekawa 'University Graduates'
[18] E.g. Hannah Cultural Determinants'. Wiener '*English Culture'*. Keith Joseph, Margaret Thatcher's closest ministerial ally, was so impressed Wiener's book that reputedly he gave a copy to every member of the Cabinet.
[19] Hannah *New Horizons*
[20] Hannah et al '*Electricity Privatisation'*.
[21] Hannah '*Inventing Retirement*'.
[22]Achenbaum 'Review of Inventing Retirement'
[23] At a difficult time when the School was at the forefront of the Committee of Vice Chancellors and Principals' pressuring government to introduce student fees. Many staff not uncontroversially then believed there were egalitarian justifications.
[24] For a more detailed review, see Scott, `Barclays'.
[25] The Wadsworth Prize is awarded annually by the Business Archives Council for a book judged to have made an outstanding contribution to the study of British business history.
[26] Chandler, *Scale and Scope.*
[27] For instance ''In effect, Chandler has been engaged less in an examination of the intrinsic character of British and German enterprise than in a perfectly legitimate exploration of the comparative implications of his admiration for the large-scale integrated firm, with its professional administrators, that first emerged in the United States in the years before the First World War.' Supple 'Scale and Scope : Alfred Chandler' 512
[28] He produced a long critical analysis of Scale and Scope which was delivered at the Milan World Economic History conference and subsequently circulated in Britain in samizdat formunder the title of Delusions of Durable Dominance. A Japanese version was published by his former student and Tokyo University professor, Kazuo Wada as *Miezaru te no hangyaku*, Yuhikaku, Tokyo, 2001 (English title: *The Invisible Hand Strikes Back*). For more detail on this and other relevant texts of Hannah's, see Raff's paper in this *festschrift*.
[29] Hannah 'Corporations in the US and Europe 1790-1860' at 865.
[30] Bennett et al., 'Population of Non-Corporate'.
[31] Hannah and Kasuya, 'Enterprise Forms'; Hannah, 'Global Corporate Census'; Foreman-Peck and Hannah, 'Diffusion and Impact'; idem, 'Some consequences'.
[32] Hannah 'The Whig Fable'. Butterfield in *The Whig Interpretation of History* described this approach as producing 'a story which is the ratification if not the glorification of the present.'
[33] The Clarendon Lectures are annual series organised by the University of Oxford.
[34] Hannah, 'Logistics, Market Size'.
[35] Hannah, `The London Stock Exhange;' idem, `A global corporate census;' idem, `The divorce.'
[36] Foreman-Peck and Hannah, `UK corporate law;' idem, `Some consequences.'