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Book Review: Langlois, Richard N. *The Corporation and the Twentieth Century: The History of American Business Enterprise*. Princeton: Princeton University Press. 2023. 799 Pp.

In early 2024, about two months after the 123-year-old American industrial stalwart United States Steel agreed to sell itself for \$14.1 billion, 29-year-old Microsoft Corporation reached a market value of three trillion dollars (Tom Dotan and Grant Charley 2024; Bob Tita and River Davis 2024). What forces were at work in the twenty-first century that would bring these two opposite events? The answer lies in the twentieth century with the rise and fall of the “Chandlerian corporation”. The timing of Richard Langlois’s masterpiece *The Corporation and the Twentieth Century: The History of American Business Enterprise* could not be better, since America is still feeling the aftershocks of the changes in the corporate landscape that occurred during the twentieth century.

Langlois, who has written two other books on business enterprise, has produced a brilliant study on how the American corporation grew, thrived, and almost destroyed itself during the twentieth century. When Alfred Chandler published his Pulitzer Prize winning book *The Visible Hand: The Managerial Revolution in American Business*, he changed how historians explored the American corporation. Langlois’s book is sure to do the same, as he is bringing a new perspective to the evolution of the American corporation. Chandler argued that the rise of the multi-divisional corporation (M-form) was due to the superiority of managers over market prices in coordinating economic activities. Langlois argues that this interpretation is wrong. Instead, he believes that the large M-form corporations endured in the twentieth century because of a “specific set of historical circumstances” (p. 5). These circumstances (or disruptions) would include government legislation, depression, war and finally the transistor.

Langlois’s starts his flowing narrative with the railroads and beginning of the managerial corporation. Due to their large networks and use of innovative technologies, the railroads used the M-form corporation to better manage the various aspects of their business (p. 30). Technology would play an outsized role in the transformation of the American corporation. According to Langlois, another key historical circumstance to the continuing evolution of the corporation was anti-trust law in the United States. While this would seem to harm the corporation, historical evidence shows that it did not. In fact, corporations would try to avoid scrutiny under laws such as the Sherman Anti-trust Act. When in *Northern Securities vs. United States* the Supreme Court held, that the Northern Securities Company (as a holding company) violated the Act, other companies dropped their holding company organization, and further integrated into more centralized organizations (p. 68). The Supreme Court, through such cases as *Standard Oil Company of New Jersey vs United States* (1911), *Aluminum Company of America (United States vs.)* (1945), and *American Tel and Tel (United States vs)* (1983), would continue its dominance on the corporate structure throughout the century.

During the twentieth century several new industries would be born that would bring the Chandlerian corporation to the forefront of America, and then lead to its demise. Langlois concentrates his narrative on these industries and traces each industry’s corporations through their evolution. Of ten or so major industries that Langlois wonderfully describes, the

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automotive industry comes to the forefront. Taking the differences between Ford Motor Company and General Motors in their early years, Ford quickly became a highly integrated firm due to its need for precision parts, while General Motors (due to its need to centralize management control over various divisions) evolved into an M-form. The twentieth century would see the automotive industry, along with many others, transform themselves many times structurally, but ultimately find that they were ill-suited to managing forces beyond their control.

Another significant aspect of Langlois's argument is how the Great Depression and World War Two would strengthen and stabilize the Chandlerian corporation. The Great Depression created a situation in which both prices and capital markets ceased to function effectively. Along with the intervention of the New Deal, corporations looked inwards for creativity. The Chandlerian corporation, with large research and development departments, was best suited to survive this economic catastrophe. Entering World War Two, the Arsenal of Democracy was dominated by the Chandlerian corporation (led by Detroit). Only large, centralized companies (such as GM, Ford, and Chrysler) had the engineering knowledge and managerial skills that could produce 1.9 million machine guns (p. 299), 11,358 Sherman tanks (p. 301), and 6,752 "flyaway" B-24's (p. 307).

Economic theory also plays a dominant role with Langlois's narrative. The theories of Louis Brandeis would dominate the debates of anti-trust law of both yesterday and today (pp. 98-100), Joseph Schumpeter and the idea of the "perennial gale of creative destruction" (p. 21) would wreak havoc on the American corporation. John Maynard Keynes would dominate the mid-twentieth century, to the point where *Time magazine* would declare in a headline "We are all Keynesians now" (p. 403). Finally, Ronald Coase's theories on de-regulation would have a key role in the later destruction of the Chandlerian corporation (pp. 477-478).

The era after World War Two would see profound change in the American corporation. General Motors would restructure itself again to bring peace with both labor and the government, the Federal Communications Commission would accidentally entrench the three major networks (ABC, CBS, and NBC) in American television, International Business Machines would rise as an industrial powerhouse in data processing, and William Shockley would invent the point-contact transistor.

Langlois brings his argument to its crescendo with the invention of the transistor and the integrated circuit. These technologies would lead to the creation of many new industries that would launch the rise of the less integrated, non-Chandlerian corporations of Intel, Microsoft, Dell Computers, and Apple. While these companies were creating massive amounts of new wealth, the old "Chandlerian" guard would struggle. The US steel industry would come under attack from newer, technologically advanced mini mills. Competition from Japan's Toyota, Nissan, and Honda would bring the domestic auto industry to its knees in the mid-1980s. Finally, modern technologies from Panasonic, JVC, and Sony would quickly bring about the demise of the US consumer electronics industry.

Coming full circle, Langlois brings the American corporation into the twenty-first century with the late twentieth-century establishment of the internet and founding of Amazon.com Inc, Google (now Alphabet Inc.) and the continuing Neo-Brandeisian anti-trust cases against them, led by Federal Trade Commission Chairwoman Lina Khan. In a study so in-depth one can find truly little to criticize. However, Langlois could have also included other industries such as mining or consumer products in his study. This is a very minor quibble. In the end, Langlois has created an in-depth researched and well-crafted re-interpretation of the complex history of the American corporation that should be of interest to the economic historian, business historian, or anyone in business.

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