

# Preface

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The operations of multinational firms, spreading production and marketing activities across many countries, are studied mainly as competitive processes in international political economy literature. The strategies of these firms are studied as rationally managed rivalries for world market shares, leading to gains and losses that have cumulative effects. The main trend is seen to be toward the development of an oligopolistic global economy, in which the more successful enterprises are able to further increase their market strengths while bargaining more effectively with governments and with labour unions on issues affecting growth, employment and taxation. International competition policy cooperation between major governments is recognized to be difficult; it has developed between the European Union and the USA, but with strains, in a context of bargaining strengths that are tending to change to the disadvantage of the Europeans.

The oligopolistic trend is a problem of market failure, and demands investigation in conjunction with other internationalized market failures, including those in financial sectors that affect the evolution of structural interdependencies between real economies. While those interdependencies are shaped by the transnational production and marketing operations of multinational enterprises, the funding of all this activity favours the winners, but there are considerable diversions of investment into potentially destabilizing high risk speculation, as has been evident in the Enron case. This has had severe effects on the US economy.

Questions about international public goods tend to be obscured in perspectives focusing on the complex effects of global intercorporate rivalries. When attention is given to cross border public goods issues, however, the productive significance of intercorporate cooperation becomes evident. Firms are seen to have cooperative as well as competitive advantages, and functional balances between competition and cooperation can be considered attainable, with overall efficiencies according with concepts of social justice. Elementary contrasts between instrumental and relational cooperation have to be recognized, and the significance of relational assets, increasing with the latter, has to be appreciated. With the sharing of such assets, managements can become oriented more and more toward innovative complementary forms of entrepreneurship. The efficiency effects, with positive implications for overall welfare, and for the development of

dynamic balanced structural interdependencies between countries, can inspire efforts to promote alliance capitalism, that is because its collegial spirit can promise greater multiplications of productive innovations, with harmony, than those possible in an intensely competitive and less coordinated economy.

The potential efficiencies of coordinated entrepreneurial innovations, developing relationally through concerted applications of advanced technology, can be seen to open the way for further analytical development of the logic of internalization, on the basis of which functional benefits are achieved by firms through in-house operations. Collegial entrepreneurship, in line with Aristotelian concepts of civic friendship, can be regarded as a higher application of internalization logic, complementing that at the corporate level, and according with the systemic developmental imperatives of the vast pattern of international corporate activities.

Major trade conflicts, problems of excess capacity in steel and automobiles, and the widely noted costs of globalization have made alliance capitalism a concept of great significance for policymakers and corporate managements. It can indicate ways of working toward the development of a new international structural architecture, served by more efficient and more stable financial markets. This is one of the major themes which has engaged the attention of contributors to this volume.

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