

Vernon R. *Sovereignty at bay: the multinational spread of U.S. enterprises.*

New York: Basic Books, 1971. 326 p.

[Harvard Multinational Enterprise Project, Harvard Business School, Harvard University, Cambridge, MA]

US enterprises have been rapidly developing a network of foreign subsidiaries whose existence and operations have constituted a growing challenge to the national jurisdictions of nation-states, a challenge for which existing international institutions are grossly inadequate. [The *Science Citation Index*® (SCI®) and the *Social Sciences Citation Index*® (SSCI®) indicate that this book has been cited in over 415 publications since 1971.]

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The writing of this book was part of an elaborate reaction to a case of acute frustration. Having taken on the task, in 1959, of teaching the problems of the manager in the international economy, I could discover only two kinds of books that seemed relevant to the task: standard texts in international trade and payments theory and a variety of treatises on the history of foreign direct investment. But neither was more than peripherally helpful. *Sovereignty at Bay* was the first in a series of books produced under the general aegis of the Multinational Enterprise Project at the Harvard Business School, a project that I created and directed.

The book, as it turned out, was published at just the right time. Four years earlier, Jean-Jacques Servan-Schreiber had stirred interest on both sides of the Atlantic with the publication of his *Le Défi Américain*,<sup>1</sup> a

plea to the Europeans to face the challenges of modern multinational business and to resist the American colossus represented by US-based multinational enterprises.

Numerous other publications of a more radical bent were contending that the multinational enterprise represented the latest manifestation of American imperialism. But at that time, there were scarcely any extensive empirical studies that could claim some measure of scholarly objectivity, which explored the economic and political nature of the multinational enterprises and the consequences of their operations. My claim to a reasonable measure of objectivity would not be universally acknowledged, but by and large the book is widely regarded as a relatively detached study of a phenomenon that easily evokes passion and controversy. The central picture it portrays is one of an incipient clash between two strong systems—a system of nation-states responding to the imperatives of its citizens, and a system of enterprises reacting to the increasing opportunities induced by technological change. The outcome, I asserted, could prove destructive if an international response to the clash was not developed.

Since 1971, a flood of such books has appeared exploring every nook and cranny of this complex subject. Practically all of them have felt obliged to cite *Sovereignty at Bay* as evidence of their having canvassed and mastered the early classics. In 1981, by invitation from the editors of *International Organization*, I published an article that looked backward at the book's conclusions, reassessing their validity.<sup>2</sup> One of my major regrets, as I pointed out in the article, was to have given the book its evocative title. Persons who had long forgotten the content of the book, I observed, still remembered its title, and, in remembering, they assumed—often erroneously—that they also remembered its message.

1. Servan-Schreiber J J. *Le défi Américain*. Paris: DeNoël, 1967. 343 p. (Cited 320 times.)

2. Vernon R. *Sovereignty at bay* ten years after. *Int. Organ.* 35:517-29, 1981.