cluding many of our graduate students of business administration being groomed for Big Business, were looking at business through the socialist-tinted spectacles of John Kenneth Galbraith, who proclaimed in *The New Industrial State* that Big Bureaucratic Planning was inevitable. "By all but the pathologically romantic, it is now recognized that this is not the age of the small man." Given his personal preconceptions and wishes, and living in the first great period of corporate conglomeration of the 1960s, Galbraith failed completely to see that the Age of Big Business was already dying.

Revolution of Littleness

The "Revolution of Littleness" had already begun in business around the world, but especially in the United States. This Revolution was first clearly sighted and proclaimed in 1976 by Norman Macrae in *The Economist.* But its realities are still largely unnoticed. The early realities of even the most sweeping revolutions are normally unseen. Even the scientific and Industrial Revolutions were a hundred years old or more before many people began to realize that something of profound significance was happening. Our traditional preconceptions and our situationally limited views of the broader developments in society conspire to hide the newness and scope of such changes until they are so advanced that they become suddenly obvious.

Our Revolution of Littleness has gone unnoticed by most people both for these usual reasons and because our headlines and network stories paint the opposite picture. Most experts and politicians providing these stories are too versed in and rewarded for the traditional ideas about the Age of Big Business to see how rapidly the tide is now running against Bigness. So are many of our Big Businessmen, but they learn very quickly when the tide starts sweeping them away.

Mega-Mergers versus Little Realities

The great increase in mergers in the last few years has been the most misleading appearance. Businesses last year put up approximately $80 billion for mergers. Many of these were very Big Mergers indeed in which very Big Businesses bought up much smaller ones. U.S. Steel's $6 billion take-over of Marathon Oil was the Big Headline of business news for weeks. On the surface this certainly shows Big Steel getting much bigger. But look beneath the surface. This move itself shows that, just as the United Steelworkers have claimed angrily, U.S. Steel is trying *desperately* to diversify away from the steel industry.

The really big story in the steel industry, as Jeff Blyskal shows in

Forbes (January 4, 1982), is diversification away from steel *and* the rapid rise in profitability and growth of the smaller steel companies. The most efficient and rapidly growing steel producers in the U.S. (and in some other countries, like Italy) are generally small and slim-and-trim, with low debt-to-equity ratios and small, highly skilled, highly productive and non-unionized work forces. Over the last five years U.S. Steel has ranked 18th in growth and 21st in return on equity in the American steel industry. Once-huge Kaiser is quitting steel entirely. Some governments, notably Mexico, are pouring billions into huge, centralized steel mills. But these mills will almost certainly be uncompetitive White Elephants kept alive, if at all, by vast subsidies.

This might still mean that, even if steel is getting littler—decentralizing, U.S. Steel will get bigger. But that is not even the plan. U.S. Steel hopes Marathon, with its vast oil reserves, will provide 51% of its corporate sales and 83% of profits. Marathon, they hope, will make up for their overall shrinkage in steel sales. Those of us who believe the market forces unleashed by the deregulation of oil and natural gas will destroy OPEC's monopolistic pricing suspect this merger will prove as disastrous as most mergers do.

Of course, we must be careful about generalizing from steel to our whole economy. Those still mesmerized by Bigness might insist that steel, tires, and autos are "dying" because of foreign competition, so they are symptoms of the "de-industrialization" of America. Actually, there is no "de-industrialization" going on, not even in the steel industry. There is only change, above all a shift to smaller, more specialized producers and to mills processing the vast quantities of scrap steel. Even basic steel production may eventually resume growth.

Prospects for Growth

Once inflation is wrung out of the economy and interest rates come down, the new tax incentives (decreased marginal rates, more rapid depreciation, and investment credit) will probably lead to investment in new production technologies. But this investment will very likely be in the smaller and newer firms, using much automation and small, nonunionized—thus flexible and productive—work forces. (Even without the new incentives, industries like textiles and watches went through this process in the 1960s and 1970s.)

But the skeptics have a serious point. So let's look at the other extreme, that of the very new, high technology world of computers. Here there is indeed a giant to fixate the glare of the believers in Bigness. IBM remains huge and formidably creative, efficient and profitable. It is