

Problems of U.S. Industry

Made in America. Regaining the Productive Edge. MICHAEL L. DERTOUZOUS, RICHARD K. LESTER, ROBERT M. SOLOW, and the MIT Commission on Industrial Productivity. MIT Press, Cambridge, MA, 1989. xiv, 344 pp., illus. \$17.95.

Working Papers of the MIT Commission on Industrial Productivity. MIT Press, Cambridge, MA, 1989. In two volumes, variously paged; illus. Paper, \$30 each.

In 1986, the Massachusetts Institute of Technology formed the Commission on Industrial Productivity to examine the international competitiveness of the U.S. manufacturing sector. Its members were drawn from the engineering, physical science, and social science faculty at the Institute. Additional faculty from MIT and other academic institutions participated in working groups set up to study selected industries and human resource issues. Now the Commission has published its report, *Made in America*, and two volumes of working papers, which consist of detailed studies by the working groups.

The sectoral studies were part of the Commission's effort to provide a "ground-up" assessment of the causes of declining U.S. competitiveness. Rather than focusing on macroeconomic or trade policy, this report addresses issues at the level of the industry, the firm, or even the plant. The report also includes a detailed discussion of the contributions, both negative and positive, of U.S. higher education to the training of managers and engineers. It calls on business schools to improve the training of future managers in international management, human resources, organizational behavior, and technology-related issues, adding an important voice to a rising chorus of criticism and demands for reform of management education.

Despite the extensive research conducted by members and staff and the distinguished credentials of its members, the Commission's report contains relatively few novel insights or recommendations. The Commission recommends that private-sector managers and workers improve their cooperation, that managers and investors lengthen their time horizons, that firms invest more resources in training, and that firms develop

stronger and more cooperative relations with domestic competitors and with their customers and suppliers.

In view of the widespread agreement among expert reports on the private-sector actions that are necessary to improve national competitiveness, one wonders why their adoption appears to be so slow and incomplete. The Commission's answer that these problems of adoption reflect the "continuing influence of ways of thinking and operating that grew out of a mass-production model" is not entirely convincing. Presumably, managers and workers in other industrial economies have been able to break the chains that bind them to outmoded ways of managing and organizing work. The Commission relies to a surprising extent on psychological or cultural factors to explain problems of international competitiveness, without offering much direct evidence or discussing the influences that mold and change these factors. If these are indeed important surely they should have been considered more deeply.

The Commission's recommendations for public policy call for improvements in primary and secondary education, additional government support for research on civilian technology development, labor law reform, macroeconomic policies that support higher rates of capital formation and investment, and policies that reduce the burdens of defense-related R&D projects on the civilian economy without compromising national security. Although they have considerable merit, these recommendations do not receive extensive discussion and are somewhat vague. What elements of the National Labor Relations Act, for example, should be revised? What changes in defense procurement or R&D funding policies might reduce the burdens of these activities on industrial competitiveness, if such burdens indeed can be shown to exist? Just how would the Commission propose to improve primary and secondary education?

Some sense of the different outlooks that went into the Commission's consensus report is conveyed in the volumes of working papers, many of which include policy recommendations and conclusions that presumably reflect the views of only the particular working groups. The working papers

vary widely in quality, among the best being those covering workforce training and skills, the automobile industry, and the textile industry. All of the sectoral papers provide valuable information, but many of their arguments rely excessively on assertion rather than evidence.

Somewhat surprisingly, in view of the lack of discussion of antitrust policy in the Commission's public policy recommendations, many of the working papers cite U.S. antitrust policy as an impediment to actions that could improve competitiveness. Little if any evidence is presented in support of this view, however; the evidence cited in the case of the steel industry, for example, ignores the extensive protection of the U.S. domestic industry against imports that has been in force during much of the 1970s and 1980s. The international trade and investment policies of the U.S. government also come in for considerable criticism. The papers on the electronics industries, for example, argue in favor of potentially far-reaching restrictions on international transfer of technologies to foreign firms and restrictions on access to the U.S. market by foreign products and foreign investment. Several of the sectoral studies also use superficial cultural arguments to explain the decline of the industries or firms they are concerned with. Such arguments add little to the credibility of these studies.

In both the report and the working papers, the Commission expresses some skepticism about the competitive effectiveness of U.S. reliance on the small start-up firm for technological innovation and commercialization. The Commission argues that start-up firms in global high-technology industries like semiconductors or computers often have been unable to sustain the investments in manufacturing processes and product improvement that are necessary to meet foreign (especially Japanese) competition. Moreover, the need of start-up firms for capital has led them on numerous occasions to sell important technological assets to foreign firms, which employ the technology to drive U.S. firms out of the industry. High turnover among managers, technical staff, and workers within industries in which start-up firms play a prominent role contributes to underinvestment in managerial and worker skills, since the returns to such investment are too easily lost to competitors.

This is a broad indictment, and the Commission report and working papers do not provide abundant supporting evidence. Many of the most widely cited examples of U.S. licensing of foreign competitors—for example, RCA's licensing of Japanese producers to exploit its color-TV technology—do not involve small start-up firms. Why are

U.S. start-up firms apparently unable to interest larger U.S. firms in their innovations? Does this problem (if indeed it is one) stem from the behavior of small or of large U.S. firms? If the key weakness of the start-up firms is their small size or lack of vertical integration, why are their owners unable to undertake vertical and horizontal mergers to achieve a critical mass? Antitrust restrictions do not appear to be directly relevant to either of these issues.

In view of the realities of a mature economy within a competitive global environment in which technologies move rapidly across national boundaries, the praise accorded the entrepreneurial start-up firm in recent years may well be excessive. The issue needs empirical research. In calling attention to it the Commission makes an important contribution.

The Commission's report can be criticized for uncovering more questions than it resolves, but the problem of international competitiveness is an extraordinarily complex one that no single report is likely to resolve definitively. The report's integrated analysis of the problem and its forceful communication of its general recommendations to a broad audience make it an important contribution to the national debate on competitiveness.

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Long-Term Accommodations

Beyond the Barricades. The Sixties Generation Grows Up. JACK WHALEN and RICHARD FLACKS. Temple University Press, Philadelphia, 1989. x, 310 pp. \$29.95.

The 1960s, it appears, are destined to be with us, if not always, at least for a long time to come. Now a generation distant, that culturally seismic decade continues to be a source of interest and comparison. Even national politics continues to reverberate with the aftershocks of the youth culture of that time, as pundits question whether Vice-president Quayle is representative of his age cohort, the notorious "Sixties youth" now not-so-comfortably middle-aged. A point of light amid the nostalgia and the loathing, *Beyond the Barricades: The Sixties Generation Grows Up*, by Jack Whalen and Richard Flacks, provides a demonstration of the power of an interpretative, ethnographic social scientific approach for understanding the complexities of change in contemporary American society and culture.

Whalen and Flacks, now sociologists at,

respectively, the University of Oregon and the University of California at Santa Barbara, were both political activists in the '60s, and they write to advance a thesis. They claim that the fate of youthful political commitment is more significantly affected by historical change than by some inherent properties of the life cycle such as an allegedly natural turn from idealism to conservatism. The authors' central theme is the intersection of history, understood as the ebb and flow of possibilities for engaging in "collective action" to alter the contours of everyday life, and individual life experience. Their central thesis is that the experience of '60s youth—or at least that influential segment they describe as having been politically activist—is important because it represents the most intense living out of one of the distinguishing features of modern life: the capacity "to reformulate one's identity," and thus to redefine the meaning of adulthood (p. 2).

The authors focus on a target population of 17 student activists identified from their indictments following a famous "bank burning" incident at Santa Barbara in 1970, plus a comparison group of fraternity and sorority members opposed to the student riots at the time. On the basis of open-ended interviews conducted during the 1980s with the members of each group, Whalen and Flacks attempt to delineate the process of change that the members of the two groups underwent between 1970 and the late '80s. The importance of such a "life history project" for Whalen and Flacks is that it enables them to elicit the thought processes by which their subjects have constructed the meaning of their life courses as they moved from radical activism to their present state of uneasy compromise with the dominant society.

This is something none of the conventional studies conducted on similar populations by means of survey methods has been able to do. Unlike most of these studies, this one puts the ethical dilemmas and moral deliberation of participants in social change at the center of attention. Whalen and Flacks do, however, draw upon available survey data to corroborate or qualify their findings as they present them. This methodological self-awareness gives the reader a sense of being admitted to an exciting process of research, following the leads and advancing some conclusions while having to admit inconclusiveness about others. It is this effective blending of social engagement with openness of argument that gives the book its freshness. It also makes the book exemplary social science writing.

Both activists and non-activists are personalized, and the histories of a number of

the subjects are traced in some detail. Beginning with firsthand accounts of the apocalyptic and traumatic events of the Isla Vista student riots and bank burning of 1970, the book follows the activists as they confront the waning of activism during the 1970s and come slowly to develop long-term accommodations to the distinctly unactivistic '80s. The far more conventional life trajectories of the non-activists provide contrasts that overall are quite stunning.

It is commonplace to announce the failure of the hopes of the student New Left. Whalen and Flacks present a more nuanced conclusion. Contrary to popular mythology, the activists they studied have virtually all remained visibly faithful to their youthful ideals. They remain committed to egalitarianism and self-determination and reluctant to place pragmatic success ahead of service to humanity and "meaning" in life. Far more than the comparison group, the activists remain outside of mainstream vocational tracks and family involvements. On the other hand, the activists report considerable difficulty in achieving, after several decades, a satisfactory mediation between the things they value most and the conduct of their everyday lives.

The primary reason for this ambiguous outcome, the authors conclude, was the unexpected ebbing of the tide of "collective action" that accompanied the equally unexpected massive changes in American economic, social, and political life that have marked the past two decades. But the radicals' difficulties are also directly related to their "anti-institutionalism," which the authors argue has condemned members of the New Left generation to having to work out an accommodation between ideals and reality in a context of relative isolation, cut off from collective memory, experiment, and learning. Whalen and Flacks argue, however, that this failing was itself rooted in the institutional and cultural context of American society. This has been a context in which the desire for "liberty," accompanied by a sense that "history can be escaped . . . so that the individual can make his or her own life," has often overshadowed the realization that "liberty is not possible unless history-making is democratized," as in the "collective deliberation and action embodied in protest" (p. 9). In this surprising way, and even among '60s youth, its avowed antagonists, America's individualistic culture has prevailed, working against the society's capacity for collective learning and self-transformation.

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