

## Made in America: Regaining the Productive Edge

By Michael L. Dertouzos, Richard K. Lester,  
Robert M. Solow and the MIT Commission  
on Industrial Productivity  
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The debate over how to revive American industry, especially American manufacturing, has been going on for more than a decade now. During this period, we have seen the Cuomo Report issued by a group organized at the initiative of New York Governor Mario Cuomo, the Columbia Report issued under the auspices of the University of Columbia School of Business, the many impassioned pleas made by Harvard University Professor Robert B. Reich, the report of the President's Commission on Trade and Competitiveness, and numerous other reports on this issue.

Yet the fact remains that not even the combined force of all this expertise has moved American manufacturing toward a new competitiveness and a rebirth of productivity.

Issued by the MIT Commission on Industrial Productivity last May, *Made in America* is one of the most ambitious and widely read reports on this subject. The commission's 30 members formed specialist subcommittees and visited over 200 companies (including 150 factories) on three continents in an effort to see what ails American industry. And the result of this effort is an unsentimental, unemotional, lucid analysis clearly delineating how and why America has started to slip in the international competitiveness race.

Following this MIT Report, *Business Week* came out with an "Innovation in America" bonus issue in June 1989. Dealing incisively with many of the same issues, this was a scathing commentary on the crisis in American manufacturing. Other magazines have since followed suit. Still, the MIT Report remains the most comprehensive and authoritative work on

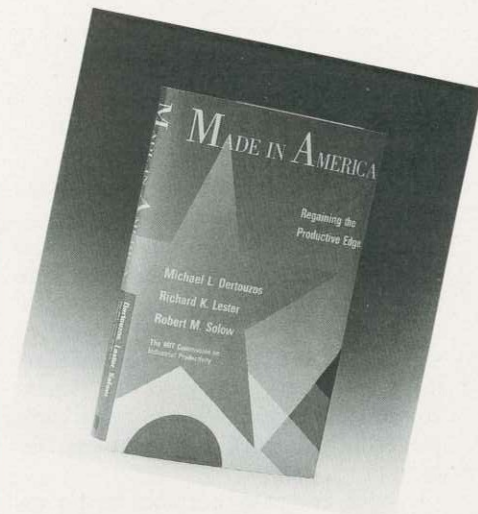
the issue. Likewise, the MIT group's five main recommendations have since been accepted as the most reliable pronouncement on the subject and have been discussed, in the United States and elsewhere, as indicating the best way for America to start the task of regaining its competitive position.

*Fortune*, *Business Week*, *The Economist* and other business magazines have run stories on the report, as have the Conference Board's periodical *Across the Board* and other trade publications. In Japan, it has been picked up by a wide range of publications including *Nihon Keizai Shimbun*, *Asahi Shimbun*, *Senken Keizai*, *Shoko Nippon* and *Diamond Sales*. Nor has the Japanese attention been limited to the print media. In January of this year, *Nihon Keizai Shimbun* invited two of the three authors (M. L. Dertouzos and R. K. Lester) and a team member, Professor Suzanne Berger, to Japan for a very well received public symposium on the report and its prescriptions for American industrial competitiveness.

Half of the book is given over to an analysis of the current situation and prospects for the eight industries studied (semiconductors, computers and copiers; consumer electronics; steel; chemicals; textiles; automobiles; machine tools; and commercial aircraft). These studies introduce the problems and the prospects thoroughly. Yet the most interesting part is the discussion of the five imperatives that the MIT group posits for a more productive America:

1. Focus on the new fundamentals of manufacturing.
2. Cultivate a new economic citizenship in the work force.
3. Blend cooperation and individualism.
4. Learn to live in a world economy.
5. Provide for the future.

All of these recommendations are explained in persuasive detail. Although there has been much lamenting over the death of American industry, the very fact that this report was issued—that a group of people was called together to study the weaknesses plaguing America and to issue this indictment of American practices—is itself proof positive that American



society, and by extension American business, is still very much alive and a force to be reckoned with. The country is imbued with a powerful resilience, and it is unlikely to stay down for long. The work is vivid testimony to the fact that, far from being totally devastated, American industry is even now looking for ways to get back on its feet.

The book is also "must" reading because of a point explicated at the start of the report:

To live well, a nation must produce well. In recent years, many observers have charged that American industry is not producing as well as it ought to produce, or as well as the industries of some other nations have learned to produce. If the charges are true, and the trend cannot be reversed, then sooner or later the American standard of living must pay the penalty.

Even though the MIT Report is a diagnosis of the United States, it is important that Japanese business leaders see the diagnosis as equally applicable to Japan—a nation that may well be next in line to contract the deadly virus of industrial complacency, if indeed it has not already contracted it. Japan is not immune from the problems afflicting the United States, and this report is well worth reading—not as an abstract study of what is happening in some far-off land but as a detailed set of prescriptions to forestall the same fate befalling Japan.

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