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The New Competitive Advantage: The Renewal of American
Industry (review)

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content and ideas stimulate us to ask more questions and to undertake more investigation.

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Michael H. Best. *The New Competitive Advantage: The Renewal of American Industry*. New York: Oxford University Press, 2001. xvii + 286 pp. ISBN 0-19-829744-0, \$65.00 (cloth); 0-19-829745-9, \$21.95 (paper).

In 1990 the Japanese held larger shares than the United States in the markets for semiconductors and integrated circuits; the opposite was true a decade earlier. One reason for the change was the growth of the consumer electronics market, which then emphasized standardized, mass-produced circuits. With the move to personal computers, however, demand increased for design-intensive chips, a shift that restored American leadership. Michael Best wrote *The New Competition* (1990) to explain America's lost supremacy; *The New Competitive Advantage* is his *mea culpa*.

The crux of Best's argument is the "productivity triad" (pp. 9–15): business model, production system, and skill formation. The business model "captures the technological uniqueness" of both enterprise and regional development; the production system is "constituted by production capabilities anchored in enduring principles of production and organization"; skill formation involves educating the "requisite numbers and types of graduate engineers" (p. 14). Ideally, all three are present. Best introduces the triad in the first chapter and discusses it in detail in the next three. In chapter 2 he emphasizes the evolution of technology management; in chapter 3 he presents the entrepreneurial firm as the agent of change; in chapter 4 he describes three models of innovation.

Best applies the framework developed in the opening chapters to the resurgence of the Massachusetts economy (chapter 5), the Malaysian electronics industry (chapter 6), and Northern Ireland (chapter 7). The latter two are missing at least one part of the triad. The final two chapters provide a denouement. He discusses some policy implications in chapter 8, and the final chapter is a plea for sustainable growth—that environmental issues be included in industrial policy discussions.

The goal Best sets is "to present an analysis of regional growth dynamics in which technology is integral" (p. xii). The "capabilities

and innovation perspective” adds the notion of “systems integration” to those of interchangeability and flow that were prominent in his earlier book. He defines this pivotal idea in the 7-page glossary: “The third fundamental principle of production and organization. Operates at the technical and organization levels. It means the organization capability to redesign production to exploit design changes in sub-systems in ways that take advantage of interactive effects” (p. 262). Best’s argument is couched in terminology that is familiar to a much smaller group than his intended audience: hence the glossary. He makes the reader come to him. Before one can understand why he believes there was an American industrial resurgence, one must understand the inner workings of the productivity triad, and the rhetoric is off-putting to the noncognoscenti. A reader who does not invest the time to digest Best’s analytical schema will remain skeptical; that is unfortunate, for there is much here that deserves discussion. Is the concept of “systems integration” as important as Best argues? In what contexts?

Best provides no “sensitivity analysis” to indicate how he would modify his conclusions if parts of the argument were altered. Nor is it clear how general a concept triad analysis is. Many of the examples Best cites come from the consumer electronics industry, as should be expected in discussing the industrial renewal of the 1990s. What of other industries? He presents a typology of production systems (PS-1 to PS-5) that is, in some sense, evolutionary. PS-5 introduces systems integration; Intel is the example. Steel is relegated to PS-2, while autos are part of PS-3 or 4. Both have approached the possibility of renewal over the last decade through the adoption of an “if you can’t beat ’em, join ’em” globalization strategy. It is not clear where such a strategy fits into Best’s schema. Are open systems a necessary and/or sufficient condition for an industry to have a comparative advantage? Over how broad an area?

Best refers to PS-5 as reflecting the “new competitive advantage,” which is “about the emergence of business models and production systems that seamlessly integrate technology management and innovation” (p. 90). Would we be better off if the entire world were Intel? This is something of a puzzle, for he describes entrepreneurial firms in a way that might lead one to expect regional firms of moderate size, an expectation furthered by his discussion of skill formation. There he notes that, for the growth of an entrepreneurial firm to translate into regional economic growth, an expansion of the “ requisite engineering/technological skill base” (p. 106) is necessary. Yet a firm like Intel is multinational and draws on a global labor pool. Best discusses the advantages of a global technology pool, but what of the increasing geographic mobility of labor?

In sum, this book is full of ideas that merit the attention and discussion of business historians, but much of the argument remains vague. Business historians would be well advised to involve Best in further dialogue.

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Ann Satterthwaite. *Going Shopping: Consumer Choices and Community Consequences*. New Haven, Conn.: Yale University Press, 2001. 386 pp. ISBN 0-300-08421-8, \$39.95.

Ann Satterthwaite, a city planner based in Washington, D.C., brings the perspective of a practitioner concerned with the built environment to this study of commerce and culture through the lens of shopping. For business and economic historians, Satterthwaite's study is useful both as a historical synthesis about shopping and consumerism and as a narrative that foregrounds the current thinking among city planners on commercial development.

Satterthwaite divides her study into six comprehensive chapters, each best read as a stand-alone essay. Turning to the historical context, she explores subjects such as the evolution of shopping from ancient times to the present; the community-building role played by shopping in traditional settings such as city neighborhoods and country crossroads; and the ways in which consumers have responded to shopping opportunities over time. As a planner, she complements this historical discussion with three chapters on the future of shopping and the role that planners might play in the re-creation of people-friendly shopping environments. For the most part, Satterthwaite focuses on the United States, though she draws on occasional comparisons with England, Norway, France, or Japan.

Satterthwaite's volume is full of intriguing facts and enticing ideas, but its topical arrangement sometimes results in the repetition of the basic themes. A larger issue, however, is Satterthwaite's agenda as a planner, which often seems heavy-handed. Generally, she embraces the "small is beautiful" ideal in its many manifestations, including the contemporary "simplicity movement." In this respect, Satterthwaite echoes radical critics of consumerism such as Juliet B. Schor and, when offering alternatives to the "dilemma" of contemporary commercial culture, puts forth solutions that have a distinctively upper middle-class twist.