

1990

Made in America: Regaining the Productive Edge

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Recommended Citation

Bottoms, Albert M. (1990) "Made in America: Regaining the Productive Edge," *Naval War College Review*: Vol. 43 : No. 1 , Article 31.
Available at: <https://digital-commons.usnwc.edu/nwc-review/vol43/iss1/31>

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laissez-faire toward industry. But it is more that than not. The question then arises as to whether the modern American business community with its MBA-focused, next quarter profit and loss statement fixation possesses the ethical and conceptual capabilities required to regulate itself. On the other hand, does Congress? Do we in the defense systems acquisition community?

The defense professional (in or out of uniform) can scarcely afford to be ignorant of procurement policy developments. William Gregory and the Twentieth Century Fund have provided a valuable contribution to understanding what is wrong and what the consequences may be if we don't fix the system.

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Dertouzos, Michael L. et al. *Made In America: Regaining the Productive Edge*. Cambridge, Mass.: MIT Commission on Industrial Productivity, 1989. 344pp. \$17.95

The harmful effects that could arise from an eroded capacity for timely industrial response have been repeatedly demonstrated during war games. The health of American industry is fundamental to our pursuit of viable national security policies.

Still, in real life, product lines such as consumer electronics, steel, and automobiles have all but disappeared from the American manufacturing base; and the disappearance of

American-made end items has been accompanied by atrophy in the supplier tiers. The implication for war is that our industry may not be able to produce. The implications for peace are found in our continuously worsening balance of trade, in our shrinking economic opportunities, and in the ultimate threat to our standard of living.

The authors of *Made in America* examine what went wrong with America's industrial productivity and propose ways to return the U.S. economy to the path of high productivity growth. Their proposals will require major restructuring of thought and practice in government, industry, labor, and education. The tone is positive and exciting—almost Rooseveltian!

The authors open with a multiple-count indictment of American industry: its inferior products; its inefficiency; its indifferent, ill-trained work force; the focus of its management on quick, short-term profits; and its design, engineering, and research community whose achievements have been surpassed in a growing number of fields. They document these charges through a series of industrial sector studies: automobile, chemical, commercial aircraft, consumer-electronic, machine-tool, semiconductor, and so on. They seek to establish causative factors, to identify "best practice," and to generalize indications of potentially corrective policies and actions.

Among these "best practices" are *simultaneous* improvement in quality,

cost, and delivery, with the operative word being simultaneous; staying close to both the customers and the suppliers; using technology for strategic advantage; and flatter, less compartmentalized organizations. The obstacles to the diffusion of "best practices" are complacency, adherence to outmoded practices, superficiality, and lack of commitment on the part of top management.

These things, the book says, are essential:

- Industry must both improve product quality and shorten the cycle from technological discovery to the marketplace. A key element is continuously educating and training the work force. Another is to abandon the adversarial relationship with suppliers. A third is to search worldwide for industrial "best practice" and incorporate it in our processes.

- Union leaders must become champions of cooperative and innovative industrial relations practices.

- Government must emphasize both reduction in the cost of capital for private investment and the pursuit of free trade. It must support education and training. It should also support research and development, including product and process engineering. And it must improve its own efficiency in military research, development, and procurement.

- The strategies for the universities have far-reaching implications for curricula and for the length of time required to receive adequate multidisciplinary preparation. Those

who adhere to Thomas Jefferson's belief that education is distinctly a local responsibility may have some qualms about the proposed federal role in education, but what is the alternative?

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Gansler, Jacques S. *Affording Defense*. Cambridge, Mass.: The MIT Press, 1989. 417pp. \$24.95

Since the mid-1980s, many books have been written on weapon system acquisition and the cost of American defense. Gansler's book is by far the best of the lot. It addresses the three basic questions facing American defense leadership: 1) how to determine what forces and weapons systems America needs, 2) how to procure those forces and systems within constrained budgets, and 3) how to keep special interests (in the public, Congress, a military service, or elsewhere) from preventing the accomplishment of the first two. Gansler explores the entire context of defense decision making. He identifies the fundamental cause of problems in weapons acquisition and suggests what actions must be taken to solve these problems.

Gansler provides ample evidence that short of revolution, there will be no quick fixes for the many serious problems in American defense. No reform effort within the defense establishment seems to have long-term staying power because special interest groups are able to sabotage