

WHAT'S WRONG WITH

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the new economic conditions. The only consensus was against change. By 1780 Naples had lost its commercial and industrial center, leaving behind, among its 500,000 inhabitants, some 100,000 beggars and homeless, an army of 20,000 soldiers, and more than 30,000 lawyers."

Flexible-system production involves tasks which are more complex than high-volume standardized production, since "any work that can be rendered simple and routine is more efficiently done by low-wage labor overseas."

"Skill-intensive processes cannot be programmed according to a fixed set of rules covering all contingencies. The work requires high-level skills precisely because the problems and opportunities cannot be anticipated. The organization must be able to respond quickly to emerging and potential markets. Delicate machines break down in complex ways. Technologies change in directions that cannot be foreseen. The more frequently products and processes are altered or adapted, the harder it is to translate them into reliable routines."

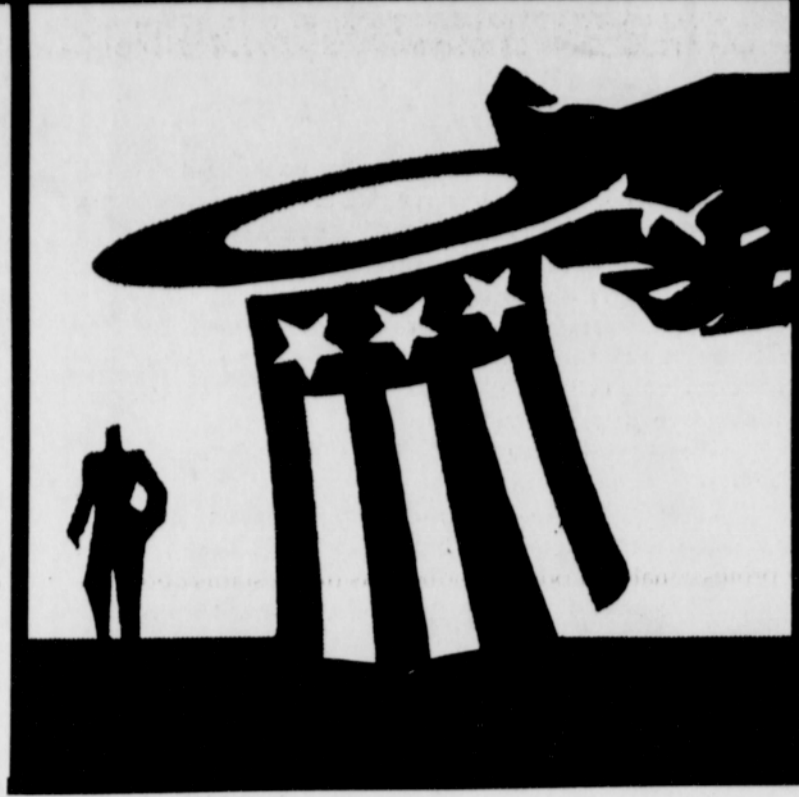
In flexible-system production the quality of work is often more important than the quantity. As machines and low-wage labor overseas take over the tasks that demand only speed and accuracy, workers' skill, judgement and initiative become the determinants of the flexible-system enterprise's success. Simple, hours and output worker performance accounting doesn't fit flexible-system production. "Tasks are often so interrelated that it becomes impossible to measure them separately; since each worker needs the help and cooperation of many others, success can be measured only in reference to the final collective result."

In high-volume standardized production there is a radical distinction between those who plan work and those who execute it. In flexible-system production long-term advance planning is often impossible. Response to a problem or a market opening must be quick. Problem-solving requires close working relationships among people in all stages of the production process, from sales/problem-identifier to design, production and delivery people. Solutions come from anywhere in the system, so there needs to be more collegiality than hierarchy.

Japan and Western Europe are moving as rapidly as possible to convert their older industries to flexible-system production, while moving their high-volume standardized production facilities overseas.

American managers and workers will have a hard time converting to flexible-system production. Management has been trained in planning and setting up linear production with clearly demarcated steps so that workers can perform tasks quickly and without much thought. Workers are not used to solving problems or collaboration and may lack necessary basic skills, like reading and math. Both groups and investors too may feel threatened by this kind of change. Just when American business needs to take risks in order to survive, the natural tendency to respond to threat by longing for the old ways, the ascendancy of conservatism, takes over. The result of this resistance to change has been a declining standard of living for American citizens. They have been paying higher prices, higher taxes, receiving lower wages and living in a deteriorating environment.

Since the 1880s, American political history has been marked by competition between advocates of American business



DRAWINGS BY TIM CLARK

culture and civic culture, which is represented by government and the two party system. There has been a remarkably stable pattern of pendulum swing between these two cultures. When business is in the ascendancy there are demands for reduced government spending and regulation of business. This continues until the excesses of capitalism create so much pain that the pendulum swings back; industry is regulated, workers protected and social services improved. With the election of Bill Clinton the pendulum appears to be swinging back toward civic culture.

For various reasons this split between business and government (and labor) never happened in Japan and Western Europe (excepting Great Britain). In these countries there developed a partnership between business, government and labor. The importance of health care, education and training, social and job security were accepted as essential elements of economic strength. Government assistance to industry seemed vital to the well-being of the citizens. Strong unions were encouraged and earned participation in decision-making within industries and in decisions about economic policy. These systems have been much less adversarial than ours.

In the U.S., good data is maintained on under-utilized industrial capacity. No data is kept on un- or under-utilized human capacity. Poorly utilized human capacity not only doesn't appear on balance sheets as asset, it is clearly a loss in increased government services and loss of tax revenue which must be paid for. For instance, people working at minimum-wage jobs need subsidies in the form of foodstamps, childcare assistance, and often, other social services. As a taxpayer, I am tired of subsidizing low-wage employers in this way. The minimum wage must be raised to a living wage level.

Welfare programs in the U.S. (and Great Britain) have always been seen as having nothing to do with economic life. Their purpose was never to help the poor move into the economic mainstream. "Indeed, public housing, urban renewal, public hospitals, Medicaid, and foodstamps tended to perpetuate poverty by defining a separate welfare economy separated from the system of production." Recipients were and are stigmatized. In Japan and Western Europe public assistance, including free medical care, is delivered to citizens as a right. If workers are out of work, the failure is seen as systemic, not personal.

To successfully compete, the U.S. economy will require business, government and labor to work together. "The conservative vision of a market economy in which people are propelled solely by greed or fear is crippling the U.S. economy." Social justice is not a luxury which drags on national economic health. It is a vital component in achieving and maintaining prosperity.

The debate on the role of government in business is usually limited to questions of regulation vs. deregulation. This is too narrow. A wider question would be how can government reorganize the market to maximize business success while achieving social goals. For instance, in the debate over cleaner air the choices are often limited to regulation or not. This limitation precludes serious consideration of other options, like a system of transferable pollution permits which would make pollution more expensive, encourage innovation, preserve clean air and motivate symbolic analysts** to develop more efficient methods of doing the cleaning. Similar systems could be set up for automobiles which pollute.



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ECONOMY?

The savings and loan debacle resulted, again, from a too narrow view of government's role -- to regulate or not regulate. In the government's zeal to help the S&Ls make money, officials neglected to include risk to taxpayers in their calculations. The choice was framed as market freedom vs. government control. Actually, the choice was how best to protect depositors while allowing the S&Ls to make more profits. A solution might have been to allow the S&Ls greater latitude to invest deposits, but at the same time, reduce government deposit insurance and require the S&Ls to fully advise depositors of the increased risk.

Wall Street causes a lot of mischief in American industry. In their voracious appetite for short-term gains lawyers, investment bankers and arbitrageurs engage in hostile takeovers of established businesses, piling up huge debt to do so, and breaking up and selling off assets to cover debt and make large, fast profits for themselves. A clear example of this was a company in the Northern California redwoods. The company owned several thousand acres of the great trees and had been logging them in a sustainable way for generations. The town where the company and its mill were located was secure and profitable for everyone. One of these takeover sharks noticed the value of the uncut trees and began a hostile takeover. He was successful and ran up huge debt in the process. He immediately began cutting trees as fast as possible and running the mill around the clock. In a few years this sustainable system will be destroyed. The investor will move on, but the town and California taxpayers will be left to pick up the pieces.

Reich notes several ways the government could help to bring some order and limit destructiveness in Wall Street while preserving the benefits of "financial intermediation." Capital gains taxes could be increased on short-term deals and decreased on longer-term investments. He suggests a small tax on the sale of stock and the elimination of interest deductions on loans used for the purchase of stock. "Lawyers similarly could be constrained from speculative excess by placing limits on contingency fees they could collect from litigation over these sorts of financial transactions."

There would be howls of indignation from the business community denouncing "governmental subversion of the free market," but perhaps the pendulum is swinging far enough toward the civic responsibility pole to make such intervention possible.

"America's economic future now depends, in large part, on the speed and efficiency with which its labor force can be shifted into flexible-system production. Social programs that prepare Americans to meet the challenges and accept the insecurity of adaption are central to this transformation. Generous unemployment compensation, well-endowed education

LETTERS

TO THE EDITOR:

I really appreciated Harry Johnson's article in the January-February NCTE ("What's Wrong With Education?"). It's too bad that the people who need to read it most have little chance of seeing it, or of being able to understand it if they do.

For years, I have been dismayed by the so-called education system in this country. For years, I have been reading everything I could find about ways to improve it. For years, I've heard all the government-supplied rhetoric and exactly none of it made any sense. But it's all coming together now.

For a long time, I have been privately convinced that this government, which can do some pretty incredible things, is not so inept that it must raise a largely illiterate population. I am certain that just as our government tells us grownups what it wants us to hear, it sees to it that our children are being taught exactly what it wants them to know, and no more. An ignorant populace is easier to control.

This whole notion was strongly reinforced on two recent trips I made to New Zealand. The kids there are bright and articulate, friendly, and well educated. New Zealand's literacy rate is about 99%. The schools there are notably lacking in the glitz and high-priced real estate that is evident in U.S. schools -- and that U.S. critics are forever insisting we suffer simply from a lack of more of: "If we only had more money, we would surely have better schools." Of course, the parents of today's students were raised in American schools and cannot realize the travesty that the system has become.

We did not spend much time in the few cities of New Zealand, but we saw many rural schools and spoke to lots of kids and parents. The children are often barefoot and always enthusiastic. Even the teenagers we got to know are conspicuously eager to learn. Hard to imagine, right?

The schools themselves are generally wood-frame buildings with a modest play-yard alongside. The parents are all involved in PTA functions, and those events even include having the parents get together to paint the buildings. One thing is clearly obvious: the excellence of New Zealand's school system has little to do with affluence.

If we are truly interested in improving (read: overhauling; it's too late for merely improving) our schools, it seems such a simple solution to go to a country with an excellent system and ask for advice. It would seem, at a glance, that we aren't interested.

A more careful inspection, however, proves otherwise. There are far too many coincidences. Too many dead-end streets and too many lies. The end goal is a nation of sheep.

SKIP THOMSEN
Manzanita, Oregon

Reich talks a lot about "symbolic analysts." They comprise about 20% of the workforce. They are having and will have influence on the direction our economy takes and on our success in world economic competition. Symbolic Analysts are: problem-identifiers and problem-solvers, research scientists, design engineers, most kinds of engineers, public relations executives, investment bankers, lawyers, real estate developers, consultants of all kinds, planners, systems analysts, marketing execs, architects, cinematographers, publishers, journalists, musicians, professors.... They manipulate symbols and use analytic tools.

The education of children to become symbolic analysts must include four areas: Abstraction, System Thinking, Experimentation and Collaboration. Beyond school they need apprenticeships and OJT.

ABSTRACTION

Discovering patterns and meanings, simplifying, understanding and manipulation of symbols. Uses equations, formulas, analogies, models, constructs, categories and metaphors. Reinterpreting and rearranging data, new problems and choices. Education needs to focus on judgement and interpretation. Examine "reality" from many sides; visualize new possibilities. They are skeptical, curious and creative.

SYSTEM THINKING

Seeing the whole, understanding processes and linkages, larger causes and fundamental problems. Examine "why" the problem arises, connection to other problems; look at broad system of forces, variables and outcomes, unexpected relationships and possibilities arise from examining larger terrain.

EXPERIMENTATION

Holding certain parts of reality constant and varying others. Systematically exploring a range of possibilities and outcomes; thoughtful guesses and leaps and testing them against previous assumptions.

COLLABORATION

Working in teams. Communicating abstract concepts, finding consensus. Learning to present ideas and information, to ask for and accept criticism, negotiating, asking for help, giving credit to others, seeing things from others' perspectives, and learning in groups.