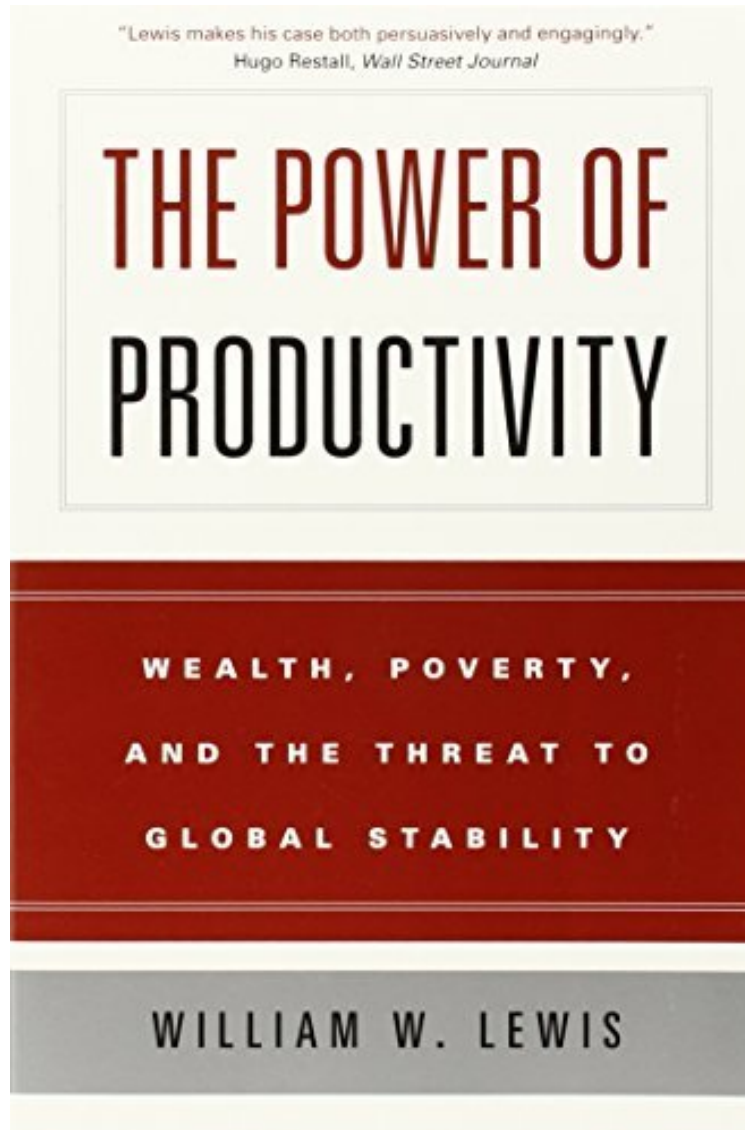


[Free pdf] The Power of Productivity: Wealth, Poverty, and the Threat to Global Stability

The Power of Productivity: Wealth, Poverty, and the Threat to Global Stability

William W. Lewis

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William W. Lewis : The Power of Productivity: Wealth, Poverty, and the Threat to Global Stability before purchasing it in order to gage whether or not it would be worth my time, and all praised The Power of Productivity: Wealth, Poverty, and the Threat to Global Stability:

0 of 0 people found the following review helpful. Great analysis hard to fallow adviceBy Slobodan BlazeskiWhile author did great work showing why there is such a great divergence in productivity and consequently economic well being, unfortunately achieving growth is far more difficult in practice. Take just Japan as example where author

suggests rising productivity in retail, construction food processing. Which government will survive with so many people on the eve of the retirement losing their jobs/businesses. And that's for one of the richest countries in the world. For the countries without resources, landlocked or with boiling ethnic/religious strife even the best policies will do little good. Easterly Elusive quest for growth might be the most realistic read why the things are as they are. 38 of 39 people found the following review helpful. **INNOVATION IN ECONOMIC THINKING, HIGHLY ACCESSIBLE TEXT** By Denis Benchimol Minev In this book, William Lewis sums up the conclusions drawn from ten years and a sequence of studies that try to determine what makes a country have better economic performance than another. In this innovative text, he argues that it is not the traditional macroeconomic variables, or even the traditional labor (education, hours worked, work ethic) and capital inputs, but rather the productivity of each of the major industries in those countries. Ok, so far, not an earthshattering finding. However, most interesting is his conclusion as to what leads to high productivity; not education, not access to finance, but good old free competition. He shows how, in markets sheltered from competition by barriers or regulation, productivity remains low and so do the returns on capital and labor. The studies are drawn from developed (Japan, US, Europe) and developing nations (Brazil, India, Korea) and go in depth into particular industries in order to understand the factors that drive productivity. No book in recent publication is as insightful on the true engine that drives development. The author was the leading partner at McKinsey in charge of the McKinsey Global Institute, McKinsey's thinktank. Using McKinsey resources, which are unique and unavailable to any other economist, Lewis was able to analyze conditions that could only previously be seen from afar by economists. His training as a physicist also helped him synthesize phenomena, drawing the overarching themes behind productivity. I highly recommend this book, it will breathe new life into economists that may be losing hope that development is not possible in certain places due to such factors as environment or culture. It is accessible to non-economists as well, so I hope policy-makers would have a chance to read it and follow some of its good advice. 33 of 35 people found the following review helpful. **Extremely insightful and informative** By T. A. Kelly This is certainly one of the most thought-provoking and significant books I have read in the last 10 years. As a retailer, I found it to be an enlightening vindication of price-competition and the consumer (as opposed to producer) mentality. It is a well-researched testament to how important retailing productivity really is to the health of our economy, and to why the US economy is so much more productive than other, seemingly as advanced, economies like Japan and Germany. The difference, Lewis concludes, is that while Germany and Japan have arguably more refined and productive manufacturing industries, the United States is light years ahead in terms of productivity and efficiency in retailing, which comprises a huge part of any economy. I can certainly understand why some reviewers might be upset by his conclusions, because Lewis does gore a few oxes in the process: big government, mom-and-pop retailers, and any entity that would seek to control or maintain prices are likely to be upset by this book. The most provocative conclusion is probably Lewis' refutation of Robert Reich's thesis in *The Work of Nations*: that education on and of itself will lift lesser economies out of poverty. Lewis, professionally trained as a physicist, very astutely and rationally argues that it is not education, but productivity, both in manufacturing and in retailing, that will lead these economies out of darkness, and productivity in a given job is a skill that can be learned quite easily without any formal education whatsoever, simply by imitating best practices from around the world; the example used most convincingly in the book is that of Mexican home-builders working in Houston, TX. One surprising footnote, however: in his conclusion, Lewis actually DOES make a rather strong argument for the need for liberal education in the poorer nations, but not for the reasons you might suspect. The linchpin of his argument is that competition- free, unfettered, unrestrained, unadulterated competition- is what drives economic growth, and that the only way it really develops without tampering or interference by special interests is when a culture develops a mindset that the consumer, not the producer, comes first. Most Americans take for granted that the whole world thinks this way, but Lewis reminds us that this is not at all the case, and that education and the cultivation of critical thinking may be the only way to shift the focus from producer to consumer in poorer nations. One thing a reader may find a bit odd about this book is that it was apparently dictated, for the most part, using voice-recognition software, and it shows. It actually helps the book flow more seamlessly, but I sometimes found the conversational air to be a bit off-putting and longed for "harder edges" in the text. That, however, is a very small complaint in comparison to the outstanding quality of the scholarship, research, and thought contained in this volume.

The disparity between rich and poor countries is the most serious, intractable problem facing the world today. The chronic poverty of many nations affects more than the citizens and economies of those nations; it threatens global stability as the pressures of immigration become unsustainable and rogue nations seek power and influence through extreme political and terrorist acts. To address this tenacious poverty, a vast array of international institutions has pumped billions of dollars into these nations in recent decades, yet despite this infusion of capital and attention, roughly five billion of the world's six billion people continue to live in poor countries. What isn't working? And how can we fix it? *The Power of Productivity* provides powerful and controversial answers to these questions. William W. Lewis, the director emeritus of the McKinsey Global Institute, here draws on extensive microeconomic studies of thirteen nations over twelve years—conducted by the Institute itself—to counter virtually all prevailing

wisdom about how best to ameliorate economic disparity. Lewis's research, which included studying everything from state-of-the-art auto makers to black-market street vendors and mom-and-pop stores, conclusively demonstrates that, contrary to popular belief, providing more capital to poor nations is not the best way to help them. Nor is improving levels of education, exchange-rate flexibility, or government solvency enough. Rather, the key to improving economic conditions in poor countries, argues Lewis, is increasing productivity through intense, fair competition and protecting consumer rights. As *The Power of Productivity* explains, this sweeping solution affects the economies of poor nations at all levels— from the viability of major industries to how the average consumer thinks about his or her purchases. Policies must be enacted in developing nations that reflect a consumer rather than a producer mindset and an attendant sense of consumer rights. Only one force, Lewis claims, can stand up to producer special privileges— consumer interests. The Institute's unprecedented research method and Lewis's years of experience with economic policy combine to make *The Power of Productivity* the most authoritative and compelling view of the global economy today, one that will inform political and economic debate throughout the world for years to come.

From Publishers Weekly Lewis, founding director of the McKinsey Global Institute and former partner at McKinsey Company, offers a detailed look at the local economies in several parts of the world including the U.S., Japan, India and Brazil. Based on the Institute's 12-year survey and analysis, Lewis concludes that the great economic disparity between rich and poor countries will ultimately have a negative impact on all nations. Lewis and his team examined individual industries within a country to evaluate the productivity per employee. The specific country-by-country distillations are easily understood, regardless of one's familiarity with economic theory, and readers will not be surprised by Lewis's discussion of the thriving Japanese economy, successful largely because of its domination of the automobile market. However, the more detailed analysis of Japanese business, which is limited by government policy including restrictive land regulations that have kept larger retailers like Wal-Mart away, is quite informative. The author's examination of American domestic productivity is also clear and accessible: in the 1990s, growth occurred in only six sectors, including four technological areas— security brokers, microprocessors, computer assembly and mobile telephone services. As evidenced by the tech bubble, slowed growth in these fields has hurt the economy. Lewis concludes by explaining how various factors, including education, government controls and cooperation among countries, will play a part in future international economic stability. This is an insightful treatment of a complex issue that deserves a wide readership. Copyright © 2001; Reed Business Information, a division of Reed Elsevier Inc. All rights reserved. "The question Lewis set out to answer was why poor countries are poor and rich ones rich. It had been asked before, and answered by looking at the big differences between nations: history and culture, capital markets, labor markets, etc. Lewis's approach was to look at specific businesses. He made a point not to focus on export industries, like cars in Japan and software in India. Each is only a sliver of that country's employment. . . . This is a valuable book. . . . Lewis confirms much of the free-market canon, and in a way that the free-marketeers have generally not done and some of them refuse to do. They should read it." -- Bruce Ramsey, *Liberty*