

Holstein says future can be bright if we accept change

In the end, brainpower wins in this world, and America has the world's greatest supply of that, if it can only be unleashed and channeled to create a real recovery." So says William J. Holstein in his latest best-seller, "The Next American Economy: Blueprint for a Real Recovery."

After surveying the current landscape, the author comes to an alarming conclusion: "The result today is that the United States is faced with competitors that have been consciously managing their economic expansions for decades and doing it with an eye toward winning in global markets."

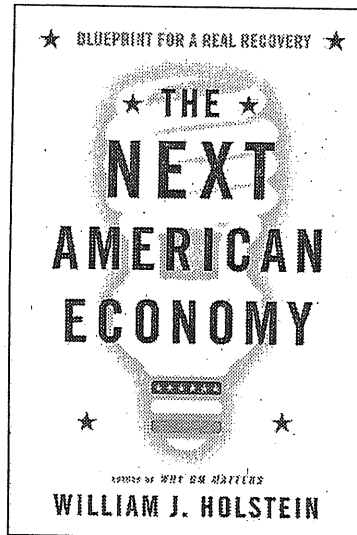
Holstein should know what he is talking about. He has written extensively for Business Week, U.S. News and World Report, the New York Times and Fortune. His previous books include "Why GM Matters," "Manage the Media" and "The Japanese Power Game." He began his career as a correspondent for United Press International, where he covered the modernization of China and the rise of Japan as an economic power.

"The Next American Economy" is built around a series of case studies in which Holstein examines different industries, companies and educational institutions – pointing out why they are game-changers, how they successfully overcame challenges they continue to face, and the lessons they have for other regions of the country.

It is also refreshing to note that Holstein interviewed several of the individuals he profiles in the book. This gives his writing an air of intimacy and credibility that is often missing from similar efforts where most of the information is gleaned primarily from previously published sources.

Holstein begins his book with a brief historical overview of global economic growth since World War II, followed by an explanation of how advances in technology typically fuel economic expansion. He then describes his vision of the "ecosystems" of the future and follows this with a detailed plan he feels will help the United States become stronger and more stable – politically as well as financially – than it was prior to 2008.

In chapter two, "From Steel to Advanced Robots," Holstein describes the transformation currently taking place in Pittsburgh. Once a powerhouse of the American economy and an engine of job



"The Next American Economy: Blueprint for a Real Recovery" by William J. Holstein. New York: Walker and Company, 2011. 231 pages, \$26.

creation, the city has been struggling for the last 40 years or so to find its place in the economic arena. Holstein is obviously enamored with a strategy pioneered at Carnegie Mellon and goes to some lengths to demonstrate how collaboration between academia, the government and the private sector is exploiting the commercial potential of various emerging technologies.

"Cars equipped with autonomous driving would be able to take over on long stretches of interstate highway so that the driver does not get groggy," Holstein explains. "If Pittsburgh can persevere to create an advanced robotics industry, it will establish that even cities perceived as being in the Rust Belt can successfully transform themselves and create wealth for future generations.

"The way the money flows to would-be entrepreneurs is key," he adds. "There must be a precise calibration of funding to create the right set of incentives for entrepreneurs."

Personally, I found chapter five, "How Winning Companies Innovate Internally," to be particularly intriguing. Here, Holstein describes how "Gorilla Glass" brought Corning back from the edge of bankruptcy. Gorilla Glass is incredibly strong and scratch-resistant. The story of how it was developed and marketed is a textbook case illustrating the awesome potential of innovation to shape

economic destiny. The clarity with which Holstein explains the complex chemical and physical processes involved in manufacturing Gorilla Glass is a testimony to his linguistic prowess and serves to broaden the appeal of the book to a wide array of readers.

"The problem isn't so much finding brilliant scientists and researchers as it is creating a climate that encourages the right sort of risk taking," Holstein writes. "After only a year or so on the market, Gorilla became a hit and was in 35 different cellphone models sold by eight companies."

Like many of his contemporaries, Holstein sees education as vitally important to any realistic plan for generating and sustaining financial security for more Americans.

"Companies in many industries cut jobs no longer as critical as they once were because of advances in information technology. This permanent, brutal shift in the job market helps explain why so many displaced workers have turned to the retraining programs," he observes. "The debate about how to retrain workers, mainly in their 40s and 50s, who have been displaced is critical to the future of the whole economy."

After working through a dozen or so other vignettes outlining how innovation can lead to greater prosperity, Holstein is understandably optimistic; i.e., ultimately, he is undaunted in his faith in the American tradition of turning adversity into opportunity.

"All these examples show that we have the power to leapfrog over existing technologies," he concludes. "By 'leapfrog,' I mean invent new technologies and industries that render existing models obsolete. The knowledge about how to do this exists. Real wealth creation cannot be controlled, but it can be directed."

"Decline is not inevitable," he adds. "Reward is distinctly possible."

In the final analysis, Holstein paints a portrait of the future filled with hope instead of pessimism. But we have to be willing to embrace the notion that how things will work in the future will be markedly different from how they worked in the past.

— Reviewed by Aaron W. Hughey, Department of Counseling and Student Affairs, Western Kentucky University.