economic and sociological arguments more thoroughly vetted than the political ones. More attention could be given to modeling both how and why governments intervened to support the respective patterns of development in Korea and Taiwan, and how U.S. foreign and commercial policy served to at least abet, if not trigger, the transitions to export-led growth. The work of Gary Gereffi, as well as work I have done on the disk-drive industry with David McKendrick and Rick Doner, will raise the question of whether so-called producer driven networks might not play a similar role elsewhere, and whether they were more prominent in Korea and Taiwan than is allowed; electronics are important in this regard, and dominated in Singapore. The argument also sits on an interesting but tough counterfactual: in the absence of the retail revolution in the U.S., do Feenstra and Hamilton think that these economies would not have entered the world market at all, or only less successfully?

Nonetheless, Emergent Economies is a wide-ranging and important book, a major accomplishment. It will have to be dealt with by all economists, political scientists, and sociologists working on Asia's rapid growth. It is commonly assumed that the decline of U.S. manufacturing employment is terminal and inevitable—with the possible exception of a small core of operations too inherently complex and/or technologically sophisticated to be done in low-wage countries. Josh Whitford argues, against the current, that the potentially-viable portion of the U.S. manufacturing base is widely underestimated, and that local and regional policy interventions can make a difference in preserving it.

The story begins with the reorganization of large, vertically integrated manufacturing corporations, which have externalized large chunks of the manufacturing chain and reinvented themselves as final purchasers and assemblers of parts and subcomponents in a networked production system. In a world of heightened, often global, competitive pressures, firms can more flexibly and efficiently purchase inputs than make everything themselves. In a networked production system, final assemblers (Whitford calls them original equipment manufacturers, OEMs) are no longer locked-in to particular processes or supply chains that they own, but can change suppliers to obtain cheaper and/or better inputs when designs, manufacturing processes, and/or competitive advantages change. This new flexibility and efficiency mean that activities that were once organized hierarchically within firms now must be coordinated across firms.

Global sourcing, demand fluctuations, and rapid product cycles make being a supplier much more precarious and risky than it used to be, as well. The conventional view of OEM-supplier relations is that they come in two flavors: collaborative, long-term relationships or arm's length market transactions. In the American context, the story goes, if OEMs maintain collaborative relations at all, it is only with suppliers who are too important to fail, because they produce uniquely critical or complex components that cannot be treated as commodities. Everyone else competes on price against low-wage global manufacturers— which is why the vast majority of the American supplier base is doomed.

Whitford argues that this story is wrong, based on more than 100 interviews conducted between 2000 and 2002 with managers at OEM and supplier firms in the American upper Midwest. Most OEM-supplier relationships, he finds, are not at the collaborative or market poles; rather, Whitford finds a large middle group of suppliers who must do a significant amount of collaborating (on design, for example), but also must compete on price. The modal pattern, he says, is neither collaboration nor market but rather a complex, “multidimensional” relationship that mixes elements of both collaboration and market. This is the portion of the supply base, Whitford argues, whose exit to low-wage countries is not preordained, who could stay in the U.S. by being better at collaboratively achieving incremental cost reductions than arms-length suppliers competing on price.
His analysis turns on two related observations. First, cost reductions can be achieved in different ways. Moving production to low-wage areas is one way; seeking productivity improvements is another. The latter approach requires open collaboration, a process of “joint inquiry,” involving OEM and supplier. Second, the question of whether an OEM treats a part as a commodity or as the object of collaborative inquiry is not determined in advance by the nature of the product but rather rests on the quality of the OEM-supplier relationship. In the right kind of relationship, open and collaborative inquiry can lead to a continuous process of incremental cost reduction—through customization, process improvements, and design changes— even in the manufacture of apparently mundane parts. The advantages of this kind of process, Whitford contends, can—and often do—outweigh the potential costs of switching to new suppliers who promise low costs but whose record of quality and on-time delivery is, at the outset, unknown.

In the OEM-supplier relationships Whitford examines, the collaborative aspects are partial and uncertain. Collaborationist factions within OEM firms are often overruled by other factions who simply demand a scour-the-earth-for-the-lowest-price approach. This creates uncertainty and undermines the trust required for successful collaboration. But Whitford argues that, even in the United States, which has no overarching institutional support for collaborative cross-firm relationships, local and regional institutions can make a positive difference. He suggests that the Wisconsin Manufacturers’ Development Consortium shows the way: the WMDC creates trust by signaling OEM commitment to a local supplier base, helps coordinate activities of suppliers and OEMs, provides training that can help better position suppliers (and OEMs) to collaborate, and serves as an “external support network” that strengthens the position of collaborationist factions within OEM firms. As a result, his supplier respondents report that the WMDC played a positive role in helping them stay afloat. Whitford concludes that the fortunes of American manufacturing are thus quite amenable to local and regional policy interventions that facilitate the right sort of interfirm collaborative networks.

The New Old Economy is an interesting book because it cuts against the grain of conventional wisdom about the future of American manufacturing, and because it attempts to provide concrete, practical policy suggestions for helping more of the existing domestic supplier base to survive. It is sure to stimulate important debates about the viability and potential future of high-wage manufacturing in the United States—a question with significant ramifications for a wide range of outcomes including stratification patterns, occupational change, and population shifts.


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The Hard Sell is based on the ethnographic study of the UK direct selling industry, with the special focus on the selling practices, the discrepancy between public image and private reality, internal culture and organizational structures of two home improvement companies, Mega Home Improvements and Big Products. John Bone’s book is not the first study of direct selling organizations. Its predecessor, Biggart’s Charismatic Capitalism, Direct Selling Organizations in America (1989), focused on the network direct selling organizations (NDSO), which deal mainly with cheap consumables. The reviewed book, by contrast, centers on Value Direct Selling Organizations (VDSO), which sell large, one-off purchases involving a considerable financial commitment. The main distinction between these two forms of contemporary direct selling business is a result of different demands of their particular product markets, which, in turn, lead to the development of distinctive cultures, forms and sizes of organizations. All direct selling companies tend to conduct business in the customer’s home, therefore they need to rely on social networks to widen their potential client base. The demands of the NDSOs’ product market lead this type of organization to appeal to women by presenting themselves as female friendly, more informal, less competitive and