Although it is clear that globalization takes different guises according to local economic contexts, it is also clear that deindustrialization processes, deverticalization, outsourcing, and organizational structure deverticalization of large firms occur on a global scale. This would not be a problem if small manufacturing firms absorbed the outsourced processes within the same regions. However, a substantial share of the outsourced production is shifted to low-wage countries, increasing the barriers to sustaining high-wage American manufacturing.

Notwithstanding the difficulties posed by three decades of deindustrialization and employment loss, Josh Whitford argues in this book that this is not a natural or insurmountable process, but rather political and highly differentiated, defined by choices made by firms, states and workers in different institutional and historical contexts.

The book describes American manufacturing after three decades of deindustrialization. The empirical data were collected between 2000 and 2002, in the middle of the US economic recession. It can be argued that these data may reflect too much volatility and exacerbated OEM–supplier relations, but they definitely capture the fundamental transformation that the sector was undergoing in response to this new historical context.

Whitford acknowledges three main bodies of literatures for understanding and providing useful elements for economic and policy making under this new reality: social embeddedness and networks, institutionalism and ‘varieties of capitalism’, and neopragmatist ‘learning by monitoring’.

However, he takes a critical view of the contradictory middle ground between trust building and defection in networks; between building labour, business and training systems with interlocking complementarities (as in coordinated market economies) and historical institutional factors that do not allow one to correct for low levels of interfirm trust. He argues that weak business associations and systems of corporate governance are not supportive of long-term information sharing for interfirm collaboration.

OEMs promote innovation processes to drive down costs, leaving margins untouched. Suppliers are willing to share information, but may hedge their collaboration if their bargaining power is at stake. In most cases, suppliers suffer by the OEMs’ incompetence and abuse of trust. All these problematic conditions define the middle ground.

The big question for Whitford is how and why descentralization and the reorganization of production have driven interfirm relations toward ‘contradictory collaborations’? At first glance, the cause seems the OEMs’ short-term interests in the OEM–supplier relationship, but more important are the ‘organizational screw-ups’ rooted in their interactions.

The first section of the book describes the organizational transformation of American manufacturing and establishes the core theoretical argument, that the economic coordination literature usually dismisses the systemic contradictions and the hedging behaviour by firms when searching for collaborative network forms of organizations.

Based on 102 qualitative and semistructured interviews, section two argues that there are systemic constraints on the willingness of OEMs and suppliers to collaborate. However, when states organize nonmarket institutions at the subnational or regional level in order to reduce behavioural uncertainties and develop credible commitments, interfirm collaboration is possible. A fundamental implication is that the transformation of American manufacturing seeks ‘new nonmarket collaborative relationship’ built upon organizational and business practices rooted in ‘old liberal market cultural practices’, giving rise to the main title of the book, ‘the new old economy’. The main mechanisms driving the relationships toward contradictory collaborations, according to Whitford, are: cost reduction, margin reductions, dangerous information sharing, diminishing the bargaining power of suppliers, abuse of trust by OEMs, shifting unremunerated risks to suppliers, and misguided use of online auctions.

Section three argues that the fragmentation of the American federal structure allows experimentation at the local and regional economic level; giving space for collaborationists to push forward the structural changes for institutions based on market economies but supported by coordination transactions mechanisms designed specifically for either local, state, or regional levels. Whitford characterizes the labour–business–state relations as public–private institutional building; furthermore, the industrial relations literature would seem to support his claim that, partial collaboration is highly feasible at the federal state level, even facing national and global changes in market, social, and regulatory environments.

To support his claim, he describes the Wisconsin Manufacturing Development Consortium, which is an OEM consortium working with the state’s manufacturing modernization service to upgrade the capabilities of suppliers and foster OEM–supplier collaboration. The argument is developed by introducing the Wisconsin Regional Training Partnership, which involves a union-management cooperation initiative with more than 100 unionized firms, the aim of which is to link new forms of work organization with new technological developments in collaboration with the state Manufacturing Extension Partnership.

The book contributes to the literature in three main ways: it opens up the ‘black box’ of constraints on social network formation; it explains why and how liberal and coordinated market economy institutions coexists; and it reveals that real learning by monitoring is only possible if the bargaining power of suppliers is not at stake.

The normative assumption underlying all this is that network formation and collaboration is a desirable model for American manufacturing, but the policy implication is that institutional building should focus on tackling the constraints on the formation of networks and collaborations, such as market, technological, competence, and most importantly, organizational uncertainties.
The book should capture the attention of researchers in academia and elsewhere, engaging them in critical theoretical debates and provides them with empirical evidence. For any postgraduate student interested in science, technology and innovation studies, this book is a useful point of reference as it grounds theoretical discussions in real-life organizational behaviour and change. Although it provides some of the foundations work for policy makers, it is not a ‘policy design’ type of book.

Whilst the author could not be expected to please all audiences, at least one refinement would be to explain in more detail why the analysis and normative approach focused on social networks and not on other forms of industrial organizations such as regional clusters, the ‘triple helix’ relationship, innovation systems, or even business-to-business relations (B2B), which also presumably require collaborative relations and which are not immune to conflicts and contradictions between their various components.

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Available online 17 September 2008