partment. Mishel, research director of the Economic Policy Institute in Washington, and Teixeira, a sociologist with the U.S. Agriculture Department's Economic Research Service, share the Hudson Institute researchers' concerns about American competitiveness—but not their conclusions.

Workforce 2000 pointed with alarm to the fact that employment in technical and professional occupations, along with services, is increasing rapidly, while the labor force is growing slowly. It is true, Mishel and Teixeira say, that highly skilled occupations are in general growing fastest, but they account for only a small percentage of U.S. jobs. According to *Workforce 2000*'s own data, the top five such occupations, including law, medicine, natural and social science, engineering, and architecture, will provide just 6.1 percent of the nation's jobs in the year 2000.

U.S. Bureau of Labor Statistics projections, the authors say, indicate that overall pay levels will decrease in the coming years—hardly a sign of galloping demand for higher skills.

Meanwhile, the report neglects the expansion of lower-skilled service jobs. Jobs for cooks, waiters, household workers, janitors, security guards, and the like will account for nearly one-fourth of net new employment by the year 2000.

Will the *quality* of America's work force be adequate? The authors of *Workforce 2000* fretted about the growing number of undereducated women and minorities in the work force. "Only 15 percent of the new entrants to the labor force over the next 13 years will be native white males," they warned. Actually, say Mishel and Teixeira, about one-third of the entrants will be non-Hispanic white males, and another third will be non-Hispanic white females. The Hudson researchers reached their striking conclusion by looking at only *net* new workers, in effect not counting those who will fill existing positions. And *Workforce 2000*'s view of women as educationally deficient, Mishel and Teixeira add, "is belied by the fact that young women in the labor force are now more highly educated than men."

The real problem with the quality of the work force, as Mishel and Teixeira see it, has to do with education and training. It's not that the quality of U.S. education has declined, but rather that, with increased international competition, it stacks up poorly against the education in other advanced countries. "This is a competitive disadvantage that should be addressed," they say, "but it is a problem of the entire work force"—not just of new workers.

Another Bill For S&Ls

"S&L Borrowing Raised Interest Rates" in *The NBER Digest* (Sept. 1991), National Bureau of Economic Research, Inc., 1050 Mass. Ave., Cambridge, Mass. 02138.

Bills for the savings-and-loan disaster of the late 1980s keep turning up like unwanted relatives. The latest: higher interest rates *before* the crisis hit.

Between 1926 and '81, report economists John B. Shoven of Stanford, Scott B. Smart of Indiana University, and Joel Waldfogel of Yale, the average real interest rate on short-term Treasury bills was only 0.1 percent; but during the 1980s, it was 4.7 percent. Huge federal deficits, tight monetary policy, and people's slowness to adjust to the sharp drop in inflation were partly to blame. But the three economists say that the thrifts' thirst for cash also contributed. Lax federal regulation led many troubled S&Ls to undertake risky investments, financed by issuing high-interest certificates of deposit. Consumers, reassured by federal deposit insurance, snapped them up. Faced with this competition for credit, the federal government was forced to raise interest rates on Treasury securities. That probably forced up Treasury interest rates by a full percentage point, the authors estimate.

The result: Washington paid as much as $146 billion extra in interest during the 1980s. That amount is larger than the entire federal deficit in 1982.

Those Who Can't . . .

The Harvard Business School is the high church of American-style business management. Reporter Alison Leigh Cowan's account in the *New York Times* (Sept. 26, 1991) of the latest events at the school's strife-ridden *Harvard Business Review* makes one wonder if that helps explain the woes of American business.

Few people could have seemed better suited to the task of gunning the motor of the scholarly journal and popular business magazine than the Review*'s new editor, Rosabeth Moss Kanter, the Harvard Business School professor who is a nationally prominent management consultant and an expert on organizational behavior. So far, though, things seem to have become worse . . . .*

In recent months, tempers at the 69-year-old Review *have been running so high that two associate editors have quit in disgust. Hurt by staff shortages and internal political distractions, the bimonthly magazine has been coming out late . . . . Professor Kanter has proved so unpopular a boss that her two top subordinates . . . led an unsuccessful insurrection in April . . . .*

Exasperated by what they considered her self-centered management style and unrealistic goals for the magazine, they also said they wanted her office moved off the premises of the Review*'s headquarters in Boston, leaving them in charge.*

After spending much of the summer at her vacation home on Martha's Vineyard, where acquaintances said she was reviewing her options, Professor Kanter returned to the Review *this fall. The situation, however, remains volatile . . . .*

The [most] common view is that Professor Kanter is simply a difficult person who, for all her technical brilliance, still has a lot to learn about managing people . . . .

A star on the lecture circuit who earns up to $26,400 a day for appearances and a bestselling author, Ms. Kanter is one of the school's biggest draws with corporate chieftains . . . .

[S]he first came to Boston in the late 1960s, as a young sociologist studying communes and utopian societies at Brandeis University . . . .

Edison's Other Genius

"Thomas Edison and the Theory and Practice of Innovation" by Andre Millard, in *Business and Economic History* (Fall 1991), Dept. of Economics, College of William and Mary, Williamsburg, Va. 23185.

"Well, it's all gone, but we had a hell of a good time spending it!" Thomas Edison (1847–1931) exclaimed after losing his light bulb fortune in 1900 on a disastrous plan to mine iron magnetically. Henry Ford called his friend the world's greatest inventor and worst businessman, a reputation that has stuck unfairly, in the view of Millard, a professor at the University of Alabama, Birmingham. Edison, he says, pioneered many management techniques that are still in use today.

The inventor soon bounced back from his iron mining flop and rebuilt his empire around two new creations, phonographs and movie cameras. Unlike other inventors, Edison was not content merely to patent his ideas and then sit back and watch the money roll in. From the beginning, he saw that the future lay in organized research and manufacturing. His "invention factory" in Menlo Park, New Jersey, created in 1876, served as the model for the modern industrial-research laboratory, now followed by major corporations from Standard Oil to Sony.

In 1886, Edison expanded to a new laboratory in West Orange, New Jersey. He wanted to concentrate on mass production and marketing, and rightly predicted surging demand for such consumer goods as sewing machines and electric fans. During these years, Edison made product diversity his company's main goal, working on hundreds of different projects at once. Most of these "stunts" came to nothing,

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