by managers taking the long view. They bought and sold companies chiefly in the interest of reshaping "product portfolios." Consider chemicals (including pharmaceuticals), a $210 billion industry in 1987, as compared with the $127 billion auto industry. Reshaped by mergers and acquisitions and reinvigorated by heavy research-and-development (R&D) outlays, the U.S. chemical industry held its own against foreign competitors. Between 1987 and '91, exports rose from $25 billion to $44 billion.

"Stable-tech" industries, ranging from fabricated metals (e.g., cans) to farm equipment, suffered the most during the decade. The high-tech industries were able to respond to rising competition by boosting R&D spending to develop new products and markets. Stable-tech companies that were able to find similar opportunities generally managed to fend off unwanted suitors: oil companies moved into petrochemicals; companies such as 3M and Corning Glass moved into fields such as fiber optics. But other industries, such as steel, aluminum, and nonelectrical machinery, were battered by the merger-and-takeover wave. Corporate raiders such as Asher Edelman and Samuel Heyman contributed to the chaos, says Chandler, but corporate managers pursuing long-term goals were again the chief players. The problem was that in the superheated markets of the 1980s, investment banking houses and other financial intermediaries collected huge fees, costing industries hundreds of millions of dollars and forcing reductions in R&D and capital investment.

In a third *Business History Review* article, Berkeley economist Bronwyn H. Hall reaches similar conclusions with regard to firms that went through leveraged buyouts (in which so-called junk bonds or other forms of debt were used to take a company private) or big increases in debt loads. The action, she says, was focused in the stable-tech sector. Overall, she suggests, such a freewheeling "market for corporate control" has a salutary effect on business.

In all three sectors, Chandler concludes, the past few decades have taught business the dangers of unplanned growth. The stable-tech industries learned the hardest way. But "the United States is not going the way of the United Kingdom in terms of long-term competitive strength," he writes. Late-19th-century Britain failed "to make the long-term investments in production, distribution, and above all in management essential to compete globally. . . . Today American companies remain powerful competitors in the most dynamic and transforming industries of the late 20th century."

The Ugly Truth About 'Lookism'

"Beauty and the Labor Market" by Daniel S. Hamermesh and Jeff E. Biddle, in *The American Economic Review* (Dec. 1994), American Economic Assoc., 2014 Broadway, Ste. 305, Nashville, Tenn. 37203.

Now there is proof: women do face discrimination in the workplace on the basis of their looks. Economists Hamermesh and Biddle, of the University of Texas, Austin, and Michigan State University, respectively, have the evidence to prove it. But there is a surprise: men face even greater discrimination.

In three extensive surveys (two done in the United States in 1971 and 1977, and one in Canada in 1981), interviewers not only obtained the usual labor-market and demographic information but also rated their respondents' physical appearance, from homely to drop-dead good-looking.

Hamermesh and Biddle's analysis shows that, other things (such as education, health, and marital status) being equal, the five percent of women judged homely or quite plain earn about five percent less than those with "average" looks. The unlovely male, however, pays a penalty of about *nine* percent. At the other end of the scale, good-looking or beautiful women earn about four percent more than ordinary-looking ones. Men who are "10s" (or thereabouts) get an earnings bonus of five percent.