

on and on. Executives apparently believe that bigger is better, that industries inevitably will become more concentrated as the world's markets become more integrated—and that only the few biggest firms in each industry will survive. “But there’s no evidence” to support that, contend management professors Ghemawat, of Harvard Business School, and Ghadar, of Pennsylvania State University. “It seems there is often a pathology involved.”

Business executives have long tended to subscribe to benign versions of Karl Marx’s view that a continually dwindling number of capitalists would eventually monopolize everything, Ghemawat and Ghadar observe. The famous “rule of three,” for instance, formulated by management consultant Bruce Henderson in the 1970s, was that a stable competitive market never has more than three significant competitors.

“Many business thinkers assume” that the theory of comparative advantage, originally propounded by English economist David Ricardo (1772–1823), “points toward industry concentration,” write Ghemawat and Ghadar. Studying Portugal and England, Ricardo showed that so long as Portugal was better equipped to make port and England to make cloth, then both countries would benefit by specializing. But his theory, say the authors, “simply predicts the geographic concentration of production, not concentration of the number of companies in an industry.” The port business is indeed centered in Portugal today—but more than 30,000 small companies and 70 shippers engage in this export trade.

Economies of scale are “perhaps the

biggest driver of industry concentration,” but those economies have to be very large to produce much concentration, Ghemawat and Ghadar assert. A big technological change, for instance, may allow fast-moving companies to drive out others.

But that does not often happen, they say, after studying data on more than 20 industries. Since World War II, “global—or globalizing—industries have actually been marked by steady decreases in concentration.” The oil industry, with more than 20 competitors of equal size now in the field, “is . . . far less concentrated today than it was 50 years ago.” And the auto industry, while much more global today, “hasn’t become more concentrated” than it was then either (despite the loss of competitors in the 1990s, with the Daimler-Chrysler deal and other international mergers).

Even when a wave of mergers does reduce competition, as has happened recently in the aluminum industry, “it is often unclear whether the trend makes economic sense” for the firms, Ghemawat and Ghadar maintain. “To profit from dominating in a concentrating industry,” a company must do such things as cut production costs, reduce risk, or increase volume—and these are often easier said than done. The expenses entailed in the deals may outweigh the actual savings that result. But managers, biased in favor of mega-mergers, may irrationally go ahead anyway, Ghemawat and Ghadar assert. Even if the particular industry is becoming more concentrated, they advise, managers would do better to stop first and think hard about alternative strategies. Size, after all, isn’t everything.

SOCIETY

Spinning the Spinsters

“‘The Best or None!’ Spinsterhood in Nineteenth-Century New England” by Zsuzsa Berend, in *The Journal of Social History* (Summer 2000), Carnegie Mellon Univ., Pittsburgh, Pa. 15213.

In the eyes of some historians, 19th-century New England spinsters were pioneering profeminists who spurned marriage in the name of autonomy and feminine empowerment. Berend, a sociologist at the University of California, Los Angeles, says that portrayal is

all wrong. In her study of diaries and letters of some 40 white, middle-class, Protestant spinsters of the period, she found that, though the women elected to remain single, they regarded marriage as the highest expression of God’s will and “earthly happiness.”

By the early decades of the 19th century, Berend says, friendship and “mutual esteem” were no longer regarded as a sufficient foundation for marriage, as they had been by 17th-century Puritans. The evangelical movement of the 19th century changed that. Love—understood as God’s will—became the only legitimate basis for marriage.

Seeing love as a “spiritual union,” Berend explains, “enhanced the expectation . . . of finding completeness or wholeness” in marriage. But this exalted view of matrimony also risked putting it out of reach. “It became socially and personally acceptable not to marry,” Berend points out, “if marriage involved compromising one’s moral standards.” As Louisa May Alcott, the author of *Little Women* (1868–69), advised, “If love comes as it should come, accept it in God’s name and be worthy of His best blessing.

If it never comes, then in God’s name reject the shadow of it.”

Though less desirable than wedlock, spinsterhood was not deemed a terrible misfortune. It was rather a morally responsible alternative that let women stay true to their ideals and still fulfill God’s mandate to better the world. Love, says Berend, could be “directed toward missions other than marriage and family.” Having rejected their suitors because their feelings did not rise to the level of love, spinsters set out to become teachers, charity workers, and doctors.

Contrary to the interpretation of today’s feminists, Berend concludes, “female self-direction, in the world of 19th-century spinsters, was not an ultimate good but a stepping stone to a life of usefulness and service, a life in accordance with God’s purposes.” The spinsters aimed not for autonomy but salvation.

The Anatomy of Grade Inflation

“Grade Inflation: What’s Really behind All Those A’s?” by Lisa Birk, in *Harvard Education Letter* (Jan.–Feb. 2000), Gutman Library, 6 Appian Way, Cambridge, Mass. 02138.

It’s no secret that today’s teachers hand out more high grades than yesterday’s did. Though SAT scores haven’t significantly improved in recent decades, 39 percent of the students taking the SAT last year reported having an A average; in 1984, only 28 percent did. But what’s the underlying reason for the grade inflation? It’s not that teachers are simply going easy on the kids, contends Birk, a freelance writer based in Cambridge, Massachusetts. It’s rather that they are using grades to do too many things.

“Teachers,” she says, “tend to give grades for many different reasons: to measure content mastery, to chart progress, to motivate students, and to provide information to a variety of audiences, from students to parents to college admissions boards.” As a result, the meaning of an A on a report card is murky: It could mean the student mastered all of the assigned material, or merely that the student tried hard—or something else entirely.

Teachers often use grades to reward effort, or to penalize lack of it, Birk notes. In a 1997 survey of teachers by H. Parker Blount of Georgia State University, 82 percent said they used such a carrot-and-stick approach. But stu-

dents and their parents may misinterpret an A or B as high achievement—and consequently not get the help they need, Birk points out. Grade inflation also masks the failure of many schools in high-poverty areas.

Is there a better alternative to grades? Under a pass/fail system, one teacher told Blount, most students would do only “the bare minimum to pass.” Narrative descriptions of students’ work, instead of grades, would enable teachers to offer more complex progress reports—but also would be very time consuming. “And, for better or worse,” Birk says, “college admissions boards and employers often prefer grades and numbers over narratives.”

Nevertheless, thanks to the standards-based reform movement, she notes, there is increasing pressure “to clarify exactly what grades mean.” She believes that the Boston Arts Academy, a pilot school in Boston, has a promising approach. “Twice a year, teachers evaluate student achievement with a grade and every other aspect of the learner with a narrative.” Students who try hard may not win A’s, but their effort is noted—and they and their parents find out where they really stand.