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### Title

Innovation Ethnocentricity and the Decline of American Competitiveness

### Permalink

<https://escholarship.org/uc/item/642357h6>

### Journal

New Management, 6(1)

### Author

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### Publication Date

1988-07-01

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# Ethnocentricity and the Decline of American Competitiveness

John L. Graham

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One of the main concerns of Congress and the American people these days is that life is getting better in Japan faster than it is in the United States. Many in management circles place the blame on the American worker. That is, auto workers in Nagoya are more productive than auto workers in Detroit. While there may be some validity to this, the problem really has little to do with American workers and how hard they work.

Instead, the comparative decline in the quality of American life is primarily a result of the ethnocentricity of our educational and scientific communities. Hard work does produce more goods, but it doesn't make life better. What *does* makes life better is new ideas. Today, our scientists are producing fewer innovations and our educators are disseminating fewer new ideas. So the quality of American life declines relative to our more innovative competitors. How can this be?

A year ago, at the behest of Congress, a group of industry and academic leaders convened to discuss the causes of our burgeoning trade deficit. Among other things, the symposium concluded that a key part of the problem was the rapid diffusion of innovations in foreign countries. That is, it used to be that when an American company had a new idea, it took a long time for foreign competitors to imitate the innovation. American companies thereby enjoyed a substantial competitive edge in the world marketplace. But now, the Sonys, Sam-sungs, and Siemens of the world can accu-

rately copy an American product or production process in a matter of days, stealing our innovations before we recoup our investments in them. Such reasoning is given support by reference to the Japanese Silicon Valley espionage a few years back. Such reasoning also leads to President Reagan's proposed "gag order" regarding superconductivity breakthroughs made in government-owned and -operated laboratories. However, such reasoning will also lead to further decline in America's competitiveness and in our quality of life because it rests on the false premise that America produces innovations while other countries do not.

People in other countries *do* produce new ideas. Our competitive *disadvantage* results not from our neighbors ability to copy our ideas, but rather from our *inability* to copy theirs! That is, Japanese scientists have access to Japanese ideas *and* American ideas. Alternatively, American scientists have access only to American ideas. This is true in all scientific and educational fields. And it's an American problem, not a Japanese, German, or Korean problem.

Two examples well make the point. Recently, a *Business Week* cover story looked at a key breakthrough in the field of superconductivity by K. Alex Muller, a physicist from IBM's Zurich research labs. Americans are now about a year behind other scientists in this fast evolving field because when Muller reported his results "U.S. scientists missed the paper when it was published last April because Muller chose a

German journal not widely read in the U.S." Similarly, American scholars ignore foreign marketing journals. Thus, a recent review of international marketing stated:

The investigation is limited to articles and papers published in journals and conference proceedings that are reasonably accessible to both academicians and practitioners. Thus, although journals such as the *Revue Francaise du Marketing* contain relevant articles, they were considered too inaccessible for inclusion in the investigation.

"Too inaccessible!" This is sad commentary, indeed, on the limits of American marketing science (my own field).

Such problems are in large part due to relaxed foreign language requirements at all levels in our educational system. Fewer than half of U.S. colleges and universities now require foreign language study for the bachelor's degree, down from nearly 90% in 1966. So American scientists can talk to IBM 6400s and can read computer printouts, but American scientists cannot talk to French colleagues or read German scientific papers. And, even worse than our lack of language ability, is our lack of desire. We don't think it's important to keep up with innovations in other countries. Indeed, we really do believe that American scientists have a monopoly on new ideas.

Of course, a minority of governmental leaders recognize that people in other countries do come up with good ideas. Last year, Richard L. Armitage, Assistant Secretary of Defense argued in favor of permitting Fujitsu to buy Fairchild *because* the Japanese could contribute new technologies to their American subsidiary that would, in turn, be available to the U.S. military—a reverse technology flow! But the ethnocentric Reagan Administration won out, the Fairchild/Fujitsu deal was shelved, and technology flowed in neither direction.

The President's paranoia regarding superconductors, superconductivity, and the like will only make things worse. Rather than spending government resources *protecting* our ideas, American dollars and energies would be better spent learning foreign languages and thereby *trading* ideas with our neighbors. Creativity results only from a free flow of ideas, and President Reagan's policies will halt that flow at our borders.

So, in the United States, even if people work harder, life still won't get better unless we begin to pay attention to scientific developments in other countries. And we can do that only if we reinstitute foreign language requirements at all levels of our educational system.

Vol. 6, No. 1, Summer 1988

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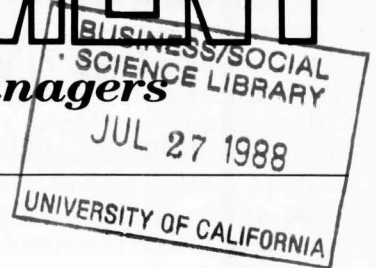
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John Wiley and Sons, Inc.

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# NEW MANAGEMENT

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