



# Focus on Books

*Reviews of current books discussing subjects on the horizons of business activities, particularly those on controversial issues being encountered by both practitioners and teachers, will be considered for publication. Manuscript guidelines are available upon request.*

## **Ideology and National Competitiveness: An Analysis of Nine Countries**

edited by George C. Lodge and Ezra Vogel

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There have been a great many edited volumes in recent years comparing the industrial policies of individual countries, but few can match this one in its coherence of themes and depth of analysis. The coherence derives from the editorial efforts of George C. Lodge, of the Harvard Business School, and Ezra Vogel, of the Harvard Department of Sociology. Professors Lodge and Vogel asked the authors of the chapters in this book to focus on the role of ideology, which they define as "the collection of ideas that a community uses to make values explicit in some relevant context," (p. 2) in shaping the policy-making institutions of individual countries. The core hypothesis as stated by the editors is:

...each nation has an ideology, perhaps several. These are sets of beliefs and assumptions about values that the nation holds to justify and make legitimate the actions and purposes of its institutions. A nation is successful

when its ideology is coherent and adaptable, enabling it to define and attain its goals, and when there is the least distance between the prevailing ideology and the actual practice of the country's institutions. (p. 2)

The authors of the analyses were asked to consider two ideal ideologies: individualism and communitarianism. Individualism starts from the premise that society is no more than the sum of the individuals in it and the powers of the state over individual property, economic competition, scientific inquiry, religious practices, and so forth, should be strictly limited. Communitarianism, in contrast, starts from the premise that society is organic, more than the sum of its individuals, and has needs that transcend those of its individual members. Communitarianism, therefore, puts a greater stress on the participation of individuals in groups and the need for political institutions to assure that the interests of society as a whole are pursued.

There are nine chapters devoted to analyses of individual countries: Britain, France, Germany, the United States, Japan, Taiwan, Korea, Brazil and Mexico. Each chapter talks about the uneasy compromises between individualism and communitarianism in the dominant ideologies of the society. Some countries, such as France, have two or more ideological traditions associated with nonoverlapping groups. Individualism and communitarianism take very different forms

in each society. In Asian societies, individualism is weak, while in Western societies, especially the United States, communitarianism is either weak or creates internal conflict. Some effort is made to suggest that Asian communitarianism has been a great help to Japan and Southeast Asia in their rise to prominence in world markets, while Western individualism has been an impediment to meeting the Asian challenge: "In general, those countries with a coherent communitarian ideology have been able to best adapt to this international competitive economic system." (p. 305)

There are two problems with this analysis. First, there are many other factors besides ideological coherence and adaptability that can be used to explain the changes in economic competitiveness among the nine countries. For example, many of the authors in this volume cite currency exchange-rate policy as an important factor in trade competitiveness: countries with consistently undervalued currencies do better than countries with overvalued currencies. A significant part of the decline in U.S. industrial competitiveness in the last five or six years can be attributed to this factor.

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Others imply that the need of some countries to catch up with their industrial brethren has produced a variety of societal and institutional features that have led to more rapid economic growth. Thus, the timing of industrialization can explain both institutional structures and the rate of economic growth in recent decades. Indeed, it is possible to see ideological

change as driven by the above factors, rather than *vice versa*.

Second, the individualism/communitarianism dichotomy works well in analyzing ideological changes in some societies but not in others. Because they are ideal types, one would not expect to find them in pure forms anywhere. But in some of the cases discussed in this volume, there seem to be some real difficulties with using the two ideal types to describe the evolution of dominant ideologies. For example, in Taiwan, individualism as such does not exist. What *does* exist is what the author of that chapter calls familism, the promotion of the family interest. In France, the two competing dominant ideologies each contain elements of both communitarianism and individualism. The chapter on Brazil distinguishes between a macroideology that justifies the authoritarian regime and microideologies likely to be the source of controversies within the restored democratic regime. The most difficult problems of identifying dominant ideologies occur in countries with authoritarian regimes (Mexico, Brazil from 1965 to 1985, Korea, and Taiwan). Authoritarian regimes attempt to impose communitarian ideologies on society as a way of justifying themselves. They are always only partially successful, however. Opposition to authoritarian regimes can always be branded as selfish individualism, and the more repressive the regime, the less likely one is to see open displays of this opposition.

I am uncomfortable with the notion that Western capitalist societies must adopt more communitarian values in order to remain internationally competitive. There is certainly plenty of room for normative and institutional changes that remove incentives for the most destructive forms of egotism without moving much closer to the rather repressive Asian models. The authors in this volume are too quick to attribute institutional inertia to deep-rooted ideological commitments. They are correct, however, in arguing that those institutional changes that do take place are more likely to have positive effects when they are consistent with the distinc-

tive values of societies, and they give a great deal of evidence of the flexibility and adaptability of the value systems of all of the societies. In any case, there are still many areas of economic activity where individualistic norms result in very beneficial outcomes for society, especially in the new manufacturing and service industries that have arisen with the information age.

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Although I have been critical of some of the major themes in this book, I would still recommend it for the country chapters and the attempt (even if it's not entirely convincing) to find a common thread in the focus on ideological coherence and adaptability. Very fine chapters on Germany (Christopher Allen), France (Janice McCormick), Britain (Joel Krieger), the United States (George Lodge), Japan (Ezra Vogel), Taiwan (Edwin Winckler), Korea (Vincent Brandt), and Brazil and Mexico (Jorge Dominguez) stand by themselves and can be read with profit even by those who are relatively well-informed about these countries. □

George C. Lodge and Ezra Vogel (eds.), *Ideology and National Competitiveness: An Analysis of Nine Countries*. Boston: Harvard Business School Press. 1987, 350 pp.