Comments on "The American Miracle"

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Hannah's analysis of the so-called American Miracle between the 1870s and the middle of the twentieth century contains interesting structural approaches, which, if they do not completely replace the traditional notions of "first movers" and "stragglers," at least largely supplement them in wide areas. It also permits a differentiated view of international shifts in industrial and economic leadership. These changes, possibly influenced more by political and social than by technological and organizational factors, stress the special role of productivity conditions, with the productivity of the tertiary (service) sector seeming to play the decisive role in economic rise and fall. Since the general analysis is open to international comparisons, some comments regarding the German economy may serve to deepen the international perspective.

Methodologically, I would like to know more about the basis for the various productivity ratios used in the paper. To what extent have distortions due to exchange rate fluctuations and divergences from purchasing-power parities influenced the whole picture? I also have questions about the effects of different working hours, which were mentioned only briefly.

In order to come to reliable conclusions about the productivity of the tertiary sector, it is advisable to take a closer look at the various areas it comprises. Apart from the traditional fields of commerce and banking, the public sector offers a wealth of suggestive elements. The public sector's share of GNP in all industrialized Western countries has risen considerably in the past few decades; the figures for the United States (from 6 to 26 percent) and Germany (from 15.7 to 41 percent) between 1913 and 1950 show how sharp this increase has been. Such growth makes clear the considerable influence that the public sector has had on the total productivity of the tertiary sector, an influence it evidently continues to exert. Germany in particular, with its marked inclination toward bureaucratic structures, whether in business or government, provides a good example of the possibly contrary tendency shown by productivity in the public segment of the service sector. At the same time, that tendency may serve to illustrate the interpretation put forward in the essay that the formation of big American corporations was an instrument to balance the failure of the market rather than an attempt to introduce a rational system.

Nevertheless, the privatization of parts of the public sector has been a major topic of political discussion in Germany for years, and the latest examples of privatization in telecommunications and the railroads seem to point the way to the future. Yet the tendency toward privatization, always dependent on the political balance of forces, is also observable in many other industrialized countries, particularly France and Britain. It will be up to future researchers to assess the effects of this development on the productivity of the tertiary sector.

In contrast to the conventional view that the United States achieved world leadership in GNP about 1890, a closer examination of the productivity situtation reveals a quite different picture, showing that America gained its leading position considerably earlier. In opposition to the traditional view of nations vying with each other for supremacy, Hannah offers a new approach, explaining the predicted decline of the U.S. economy in a manner at once less drastic and more subtle.

Even if we accept the essay's assumption that a country's economic position in the twentieth century is significantly determined by the attendant social and political circumstances, the thesis that both Germany and Japan adopted American diversification strategies to overcome their economic backwardness, only to drop them after attaining a certain degree of maturity, seems somewhat misleading. In fact, neither country achieved its status as a deconcentrated and diversified economy after World War II of its own accord. The postwar period was characterized by the Allies' efforts to achieve a balance of forces, and their deconcentration measures vis-à-vis the conquered countries were a means to this end. Thus, according to this interpretation, the economic and political conditions of the successor states of Germany and Japan were induced by measures taken by the Allies, above all by the United States, rather than emerging automatically or as a result of the intentions of the countries affected.

If so-called soft factors such as social conditions are to be regarded as explaining a country's economic position better than such traditional hard factors as technological progress, the significance of education and (industrial) training requires a more differentiated examination. In Germany in particular, there has been an intensive discussion of the cost, duration, and financing of training periods, which often seem to be out of proportion to the output achieved. In this connection, moreover, the single European market is already showing a capacity to exert certain homogenizing influences. If education and training is seen as a key element of economic development, changes in the productivity of this sector ought to have visible repercussions on the global production situation described earlier.