The spirit of David Gordon lives on. In *Power, Employment and Accumulation* co-editors Jim Stanford, Lance Taylor, and Ellen Houston have assembled a worthy collection of recent work “dedicated to the memory of David M. Gordon, whose careful, creative scholarship and egalitarian social vision continue to inspire a legion of progressive economists around the world.”

This volume is based on contributions to a conference at the New School for Social Research organized by the Center for Economic Policy Analysis to commemorate Gordon a year after his untimely death in 1996. Gordon taught at the New School from 1973 to 1996, and he was the founding director of the center. All of the contributors to the conference and the book worked closely with him as student, colleague, and/or co-author. The former students represented in the book span three decades of graduate study with Gordon at the New School. One of the most significant of his virtues and accomplishments was precisely that Gordon devoted countless hours to his students in order to enhance and promote their work, thereby ensuring the staying power of heterodox economics through succeeding generations of well-trained progressive economists.

The book under review is indeed in the finest Gordonian tradition, showcasing the best of current thinking in heterodox economics. The underlying theme uniting the various essays in the book is that economies cannot adequately be analyzed in terms of the interaction of autonomous market forces; instead, non-market institutions, involving social structures and the exercise of power, crucially influence economic behavior and activity. Economists must therefore find ways to understand such “non-economic” forces, and incorporate them into their analysis. Each of the contributors to this volume has done this.

In an introductory chapter, co-editor Jim Stanford provides an excellent overview of the contents of the book. The remaining nine contributed chapters address a rich variety of topics, from diverse theoretical perspectives, utilizing different methodologies and techniques. Each chapter provides a good example of the application of heterodox economic analysis to an important contemporary issue with significant policy implications. Although they share an understanding of the importance of non-market forces, the various contributions do not reflect a common project or approach. Indeed, one might say that they are illustrative of the healthy heterogeneity of heterodox economics.

The contributed chapters are divided into three separate parts of the book, each reflecting a different area of focus of Gordon’s own work. Part I is entitled “Power, Work and Distribution”;
it contains articles by David Howell, William Milberg and Ellen Houston, by Juliet Schor and by Sam Bowles, and Herb Gintis. Howell et al. seek to explain the growth of wage inequality in the United States in the 1980s and 1990s. In a meticulous disaggregated empirical analysis they find little evidence for either the conventional technological argument (based on a skill-biased demand shift) or for one of Gordon’s arguments (based on the growth of a supervisory burden). Instead, they put forward a more nuanced explanation emphasizing the political/institutional differences between primary and secondary labor markets. Their explanation is quite consistent with the “low-road” hypothesis advanced by Gordon and other progressive economists, according to which U.S. firms in recent decades have increasingly preferred to rely on conflict, insecurity, and low wages rather than co-operation, security, and high wages for their workers.

Schor’s contribution highlights the little-studied trend toward “downshifting,” i.e. the growing tendency of workers (across the skill spectrum) to withdraw some of their services from the labor market in order to pursue more non-market activities. Bowles and Gintis address the prospects for more egalitarian politics and policies in contemporary capitalist societies, finding grounds for optimism in behavioral evidence for “strong reciprocity” and “basic needs generosity” amongst the general public.

Part II, “Power and the Macroeconomy,” includes papers by Thomas Palley and Heather Boushey. Palley develops an elegant theoretical analysis of alternative macroeconomic approaches: Marxist, Post-Keynesian, Kaleckian, as well as orthodox New Classical. Boushey focuses attention on the interaction between macro processes and the segmentation of labor markets. More specifically, she conducts an empirical analysis of differences in the unemployment–wage relationship for different categories of workers with different degrees of insulation from vagaries of the labor market, confirming that African-American workers are particularly vulnerable to changes in employment conditions.

Part III is devoted to “Power and the Global Economy”; it includes essays by Jim Stanford, William Milberg, Isabella Bakker, and Lance Taylor (Gordon’s successor as director of the New School’s Center for Economic Policy Analysis). Stanford develops a complex simulation model of the impact of globalization on wages and welfare in participating nations. He shows how conventional Walrasian analyses of globalization are highly dependent on a series of dubious assumptions (including notably the unproblematic clearing of labor and capital markets). His more realistic model, incorporating issues of conflict and power at the workplace and other such political/institutional considerations, leads to rather different conclusions: questioning both the naïvely optimistic views of neoclassically-inclined analysts and the excessively pessimistic outlook of some progressive critics of globalization. Milberg focuses attention on the evidence for growing inequalities throughout the world economy, which contradicts the implications both of traditional theories of trade and development and of more recent theories of “endogenous growth.” His own political-economic analysis suggests that the stagnation of wages for low-skilled workers in both rich and poor countries can be attributed to a combination of slow overall demand growth and labor market segmentation. (Milberg’s emphasis on the role of labor market segmentation dovetails with Howell et al.’s stress on the political/institutional differences between primary and secondary labor markets.) Bakker addresses the gender dimensions of globalization, providing a theoretical critique of “gender-blind” mainstream theory. Finally, Taylor argues that recent major episodes of financial crisis in various parts of the global economy are understandable only in terms of their
concrete institutional and political circumstances; rejecting the orthodox view that interference with free markets is the root cause of all such financial problems, he points to the need for judicious regulation of financial markets.

Among the varied articles reviewed I would like to highlight the empirically-grounded contributions of Howell et al., Boushey, and Milberg, for these reflect Gordon’s own determination always to subject theory to a rigorous empirical test. (Not to mention his readiness to discover, and report, that not only orthodox perspectives, but occasionally also heterodox perspectives, do not survive the test.) As this brief review suggests, however, there is something of importance to be learned from every one of the chapters of *Power, Employment and Accumulation*.

Thomas E. Weisskopf
*University of Michigan*
48109 Ann Arbor, MI, USA
E-mail address: tomw@umich.edu

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**Manufacturing Advantage: Why High Performance Work Systems Pay Off**

*Manufacturing Advantage* is a welcome relief from the cost-cutting/labor-slashing approaches to productivity growth that dominate the business press. The authors undertake an empirical study of high performance work systems (HPWS) in three industries: steel, apparel, and medical electronic instruments and imaging. They focus on manufacturing, rather than globalization of the information based “new economy.” They assert that it is manufacturing that fuels productivity growth, and therefore HPWS in manufacturing have important economy-wide implications. In doing so, they directly or indirectly tackle three debates of interest to *RRPE* readers: the role of discretionary effort in employment relations, the relationship between productivity and wages, and the benefits of a high-wage growth strategy.

HPWSs are in part a response by some companies to the dual challenges of increased international competition and the need for flexible production to meet customer demand. Worker participation plans have been both embraced and denounced by unions as power sharing in the case of the former and cooptation and speed-up in the case of the latter. The rich data base compiled by the authors allows for detailed investigations into the precise effects of HPWSs on various measures of worker satisfaction, wages, and productivity.

The authors first collected plant performance data from managers, then drew random samples of employees at each plant, and surveyed the workers about their experiences. This in itself is a major contribution, since cross-industry, firm-level studies are rare in the literature of work organization. The authors chose steel, apparel, and medical electronic instruments and imaging “because these industries differ widely on a variety of important dimensions: technical characteristics, production processes, gender and educational levels of the workforce, and