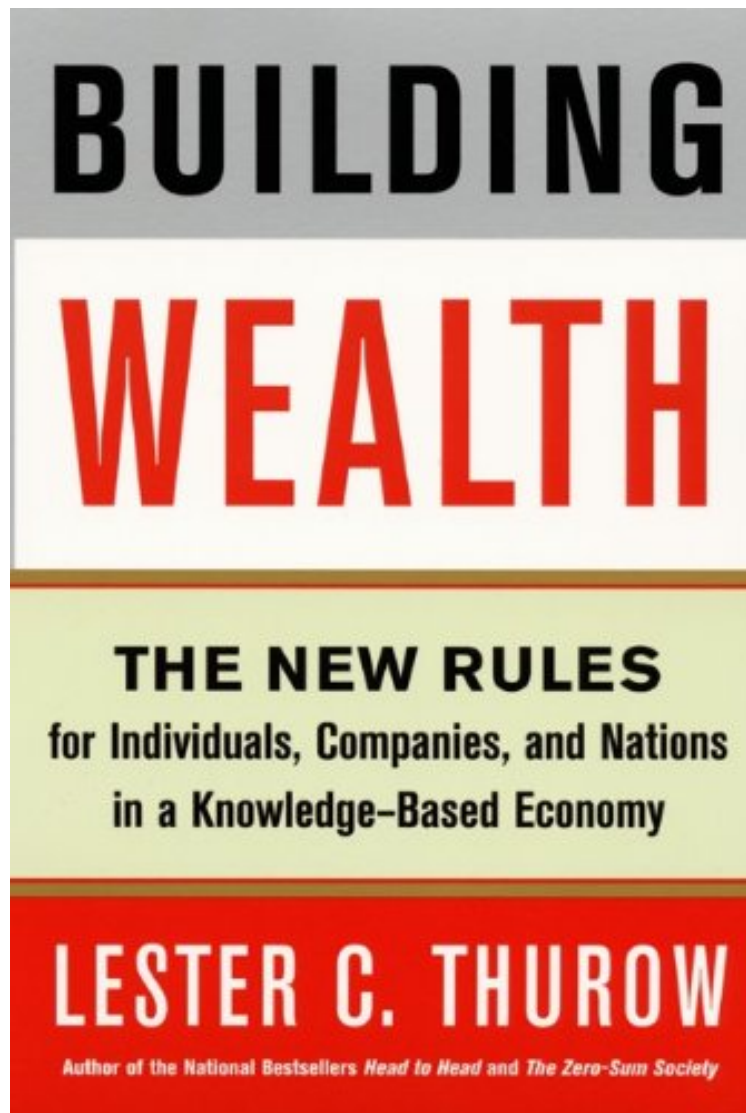


(Library ebook) Building Wealth: The New Rules for Individuals, Companies, and Nations in a Knowledge-Based Economy

## Building Wealth: The New Rules for Individuals, Companies, and Nations in a Knowledge-Based Economy

*Lester C. Thurow*

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**Lester C. Thurow : Building Wealth: The New Rules for Individuals, Companies, and Nations in a Knowledge-Based Economy** before purchasing it in order to gage whether or not it would be worth my time, and all praised Building Wealth: The New Rules for Individuals, Companies, and Nations in a Knowledge-Based Economy:

50 of 54 people found the following review helpful. The ivory tower economist at workBy hsmith3@ibm.netLester Thurow has performed a service to non-academics by raising the blinds in his ivory tower and letting us peek in to see

how academic economists such as Ravi Batra at Southern Methodist University and Harvard's Robert C. Merton and Stanford's Myron S. Scholes can make so many serious mistakes when they take their craft out of academia and into the real world. Batra has been predicting an imminent depression for fifteen years and Merton and Scholes threatened world bond markets last year when they lost billions of dollars at Long Term Capital Management. Thurow himself had a previous unpleasant confrontation with the real world when he predicted in his 1992 book, *Head to Head*, that Japan would rule the world economically and the U.S. would end up a third class economic power in the 1990's. The first insight Thurow provides into ivory tower economics is his open distrust of the real world when it contradicts numbers he has access to. He is unwilling to believe that America led the world in productivity in this decade. He trusts numbers showing that "total factor productivity has not grown at all" and wonders, "Which perspective is real: the rapid technological change we feel, see and smell, or the slow productivity growth we measure?" Instead of urging economists to spend more time in the outside world, Thurow argues that Americans should spend "the sums necessary to get better statistics." Thurow shows the same preference for numbers as opposed to reality when he rehashes the numbers that make it seem as if "real wages have been flat or falling" since the 1970's." Cox and Alm in *Myths of Rich and Poor* showed in great detail earlier this year that an accurate comparison of real wages requires looking beyond the wage and seriously flawed CPI numbers. Cox and Alm compare the real things that workers owned in 1971 with what they enjoy today, such as air conditioning, automobiles, washing machines, dishwashers and hours of leisure. In the real world, the poor today are living better than the average worker was in 1971. And the average worker is enjoying a life his 1971 peers could not have hoped for. Thurow shows us the ivory tower economist in his lab treating economics the way a chemist or biologist does research. If a chemist runs an electric current through water, hydrogen and oxygen will appear. If governments provide the right amount of education, infrastructure and research money, Thurow suggests, new, big companies will appear. He seems to be unaware of the little deal makers, salespeople and distributors who make things happen: the plumber or printer bidding on a job; the salesperson building relationships and educating customers about new products and the owners of warehouses and trucks without which even Internet commerce would be impossible. Thurow's ignorance of the world outside his ivory tower is equally apparent in his view of the past. He maintains that, "For all of human history, the source of success has been the control of natural resources." He ignores traders such as the resource poor Phoenicians, Venetians and Dutch who built wealth with their knowledge of navigation, deal making and by developing mathematical models to improve record keeping and calculate compound interest. Because there were no government economic programs or public schools Thurow asserts that "for a long period of time (500 to 1150 AD) technology was regressing." In fact, the improvement of harnesses in the eighth century, introduction of iron shoes for horses, the horse's replacing of slow oxen and especially the invention of the wheeled plow changed the medieval rural resident from a subsistence farmer to an entrepreneur. The invention of the camshaft around 970 AD enabled millwrights to mechanize industries which had been operated by hand or foot and the invention of the mechanical clock probably changed western Europe more than the steam engine. Certainly the economic catastrophe that Batra and Thurow see right around the corner may actually appear, but *Building Wealth* should be a warning to government and corporate leaders not to depend on ivory tower economists to find a solution.

3 of 6 people found the following review helpful. One Tiny Criticism  
By T.R. Catanzarite  
I've read many of Professor Thurow's books. I agree with him on most issues, and believe that he is accurate in his explications of the requirements for the economy. His prose style is also lucid, if undistinguished. His book, "Building Wealth," is an explanation of a brave new world to arrive in a global economy. But I believe that he does not take something into consideration that would wreck a future economy for the planet. He does not consider evil in the world. I believe that there is very little evil in him, and that is why he overlooks it. I will illustrate it by one small example. Professor Thurow is an advocate for all the new technologies that the world will require for its continued existence, and possible increasing affluence. When he mentions biotechnology and the probable ability of scientists to increase intelligence in people, as he does a number of times, I have to restrain myself from bursting into laughter because the thought invariably pops into my head: Of course we will increase intelligence in human beings if and when it can be done---and thereby create worse villains than we have ever had!

TRCO of 0 people found the following review helpful. Lester  
Thurow explain in simple terms how the creation of wealth ...  
By Pitufli  
Lester Thurow explain in simple terms how the creation of wealth has evolved over the years. We are now living in a "knowledge based economy". Its not what you have but what you know that adds value.

There is no doubt that we are in the middle of a transition to a knowledge-based economy. Breakthrough technologies in microelectronics, biotechnology, new materials, telecommunications, robotics, and computers are fundamentally changing the game of creating wealth. While these new industries are growing explosively, existing industries such as banking and retail are being transformed beyond recognition. As a result, a new global economy is emerging to replace existing national economies. What will it take for individuals, companies, and entire countries to succeed in the new economics of the twenty-first century? Rather than focusing on spending, Lester C. Thurow argues that we must emphasize investment in basic knowledge, education, and infrastructure. Only by committing ourselves to building communal wealth can we maximize opportunities for building personal wealth as well. *Building Wealth* is an

indispensable guide to surviving -- and thriving -- in the economies of the twenty-first century.

.com The world is on the verge of another industrial revolution, driven by knowledge this time, not the steam engine or electricity, according to noted MIT economist Lester C. Thurow. In his book, *Building Wealth: The New Rules for Individuals, Companies and Nations*, Thurow writes that "Knowledge is the new basis for wealth. This has never before been true. In the past, when capitalists talked about their wealth, they were talking about their ownership of plant and equipment or natural resources. In the future when capitalists talk about their wealth, they will be talking about their control of knowledge." This means that the Bill Gateses of the world will be on top, not the Rockefellers, Carnegies, or Morgans. To ready themselves for this new economy, companies and nations need to build what Thurow calls a "wealth pyramid," using building blocks such as a solid social organization, entrepreneurial skills, and education that encourages creativity and curiosity. The United States is better positioned than Europe or Japan to do well in the new economy, Thurow contends, but he warns of weaknesses even here. He puts companies like Intel on top in the knowledge-based global economy and places a question mark next to firms like Wal-Mart. Will the traditional retailer fall to the onslaught of lower-priced Internet competitors, or will it survive because people's herding instincts make them still want to drive to a Wal-Mart store? *Building Wealth* is a worthwhile read for anyone concerned about the wealth of nations and individuals, by the author of such economic bestsellers as *Head to Head* and *The Zero Sum Society*. --Dan Ring  
From Library Journal  
The rules of global economy from MIT economist Thurow.  
Copyright 1999 Reed Business Information, Inc.  
From Booklist  
Thurow, an economics professor at MIT and former head of the Sloan School of Management there, is also an author who is successful at packaging ideas and selling books. He is still probably best known for *The Zero Sum Society* (1980) and for his columns in *Newsweek*, but his most recent title was *The Future of Capitalism* (1996). There he used the geologic concept of tectonic plates as a metaphor to demonstrate that today's economic forces are grinding up against each other and creating convulsive change. Now his analogy is the pyramid, a symbol of durability and strength. Thurow argues that the Japanese, Europeans, Americans, and Third World nations each lack at least some of the essentials necessary to build the "wealth pyramid" in the new knowledge-based economy. Each layer of the pyramid must be in place before the next can be built. At the foundation is social organization. Then come--in order--entrepreneurial skills, breakthrough-generating knowledge, skills and tools that can be used to exploit knowledge, and natural and environmental resources. Market wealth is the apex of Thurow's pyramid. Thurow marshals a wide array of facts, arguments, and examples to illustrate and bolster his case. He also has a penchant for making provocative statements that seem to invite controversy and attention; for example, he spends as much time explaining the economic arguments for plowing snow versus spreading salt as he does substantiating his assertion that Japan's current economic woes are the equivalent of America's Great Depression. David Rouse