
The book is a review of the present status of American institutions. It is claimed that they were unable to change in support of new requirements to the American economic system. The author finds that:

The structure and workings of American institutions in education, health care, social services support, and the legal and law enforcement sectors appear to be increasingly ineffective and in many cases are so inefficient that they present a major obstacle to the economic and moral revitalization of the country. They virtually act as an albatross around the neck of the economy and society itself, constraining its rebirth. In fact, the inefficiency of these institutions is largely the cause of government budget deficits and economic deficiencies. (p. 1)

Society itself is now assumed to have few, if any, rights. The rights of individuals to act, however wrongful, antisocial, or damaging their behavior, are now often interpreted to override those of society at large or of any group of society. (p. 1)

America's institutions—once the pride of this country and of the world—have, ironically now become our major problem. The S & L bank failures of the recent past are just the tip of the iceberg of institutional corruption and mismanagement. Institutions such as hospitals, banks, courts, and universities, were once respected because they were untainted and basically untouchable yet in recent years have often been found to be themselves the cause of the problem. Our health care problem, for example, is largely the result of inefficient, wasteful hospitals and greedy health care providers. Our law enforcement problems are often the result of overzealous and greedy lawyers or corrupt law enforcers. Our educational problems, similarly, are often the result of ineffective school and academic institutions. (p. 3)

As institutions have become more self-serving, they have come to dominate more of the political process. It is for this reason that health care, education, social services, and criminal justice have become the major focus of our political processes. At the same time, they now consume an unacceptably large proportion of our total output. (p. 5)

Regarding economics the following is said:

While U.S. world leadership is increasingly questioned on political as well as economic issues, its moral leadership was unquestioned ... until recently. America has attempted to maintain its political and to some extent economic leadership by extending foreign aid, foreign technical assistance, liberal immigration policies, and military or security guarantees. (p. 12)

Few of these attempts have paid off, and some have even contributed to U.S. economic and political problems. The American health care system is subject to some very critical remarks.

There is an urgent need to make quality health care, education, and legal services universally available and to make these services more efficient, affordable, and responsive to public needs.

The ills of our institutional service sector include lack of access, which is not due to lack of technology but lack of internal efficiency, institutional mismanagement, and outright waste and corruption. (p. 16)

Practically all our educational, social, health care, and law enforcement institutions are in financial trouble, notwithstanding the fact that for many years they have annually raised their fees, budgets, and other charges well in excess of the rate of inflation. Their overhead continues to grow well ahead of the rate of inflation, and services or service qualities often decline, directly or indirectly.

These institutions are increasingly pricing themselves out of the market, with the result that they depend more and more on public support, and an increasing number of the people they serve must rely on public financing for the services they require. (p. 36)

We spend more than twice as much as other industrialized countries on health care, education, and the legal and law enforcement sectors. For this we provide a lower-than-average level of health care, education, and legal protection than that provided by other countries, such as Japan and Germany, each of which spends less than 19 percent of their GDP on these three major institutions or well less than half of the U.S. expenditure in per capita GDP terms. (p. 16)

The problem is not basic operating costs, such as salaries, which in most cases are well in line with the rate of inflation or general rate increases. The problem is the increasingly high overhead costs, which include administrative costs, fixed cost for capital equipment, malpractice and other insurance, management, public relations, and more. (p. 36)

We have seen that we pay nearly twice as much on a per capita basis for health care as most industrialized nations and we receive neither universal nor the most
excellent of care. Even high medical technology, once touted as the American medical care advantage, has been shown to be less accessible in the United States in cancer treatment and bone marrow transplants than in other industrialized countries. Furthermore, expensive treatments are also less accessible on average. (p. 86)

Institutional management—from health care to education and law enforcement—has become a specialty, a new profession. Entire departments at universities are now training hospital managers, and hospital and health care administration has become a specialized career with a significant reward structure and self-serving objective. (p. 36)

The hospital or health care administrator now controls the hospital even if he or she has no medical training or experience. Similarly, school and university administrators are now being chosen from the ranks of those with pure administrative or management training and with little or no experience in education, research, or medicine. (p. 36)

K–12 and primary education in the United States have given rise to severe criticism (many of the foremost educators in the United States will be in agreement with some of the observations).

In 1993 we expected to spend close to $300 billion on primary education (K–12), in the United States, of which less than $2 billion (1 percent) was spent on technology such as computers and information systems and their applications. Less than half of the public expenditures for primary education go for teaching and education-related activities, even after the cost of facilities, services, and supplies, while only half of the remaining amount goes for actual teaching.

Primary education has not only become heavily bureaucratic but is overcontrolled. Teachers are being asked to do the most creative work that we have. In most school systems the number of nonteaching staff (administrators, custodians, security personnel, and more) far outweigh the number of teachers, teacher's aides, and others with a direct impact on education. Teachers are told what, when, and how to teach. Their contact with students is largely confined to the classroom, and contact with parents generally occurs only at PTA meetings and other “official” forums. Teachers spend an inordinate amount of their time on administrative functions. In fact, paperwork in most U.S. schools has doubled every ten years for the past several decades. (p. 97)

College costs are becoming a political issue that will not go away as they continue to escalate and as research funding, private contributions, and tuition support programs decline. In addition, colleges have been unable to clean up their administrative inefficiencies. They are surprisingly often among the worst or least effectively managed institutions, even those who train administrators in effective business management. Colleges are among the few U.S. enterprises whose overhead and administrative costs have consistently increased, even after massive investment in advanced technology designed to reduce administrative costs. (p. 108)

In many cases, fund-raising has become an end to itself. As it gains in importance, an increasing percentage of the funds raised are spent on fund-raising. In the past, fund-raising was done by academics as an integral part of academic public relations. Today these institutions employ hordes of well-paid, full-time professional fund-raisers. (p. 208)

In some instances, senior management has grown by 1,000 percent over a few years, with most of the new positions aimed at fund-raising. Not only does this significantly increase the cost of fund-raising, but the internal competition and positioning of fund-raisers often confuse, or even discourage potential donors or sponsors. (p. 209)

Regarding education in engineering where the author has comprehensive experiences, the following is observed:

Many of the problems now being addressed by engineering students and faculty do, in fact, have little practical relevance. This is due in part to the fact that an ever-increasing percentage of the engineering faculty has little, if any, real engineering experience, with a vast majority of new engineering faculty stepping directly from ethereal doctoral research to engineering faculty positions. Few have ever applied their work or experienced engineering problem-solving situations at the practical level.

Therefore, it is not surprising that graduating engineering students find it difficult to adjust to the industrial engineering environment and, as a result, often end up in organizations that are oriented toward research or technology development. This limiting situation has caused many sectors of U.S. industry to suffer under slow and ineffective transfer of technology at a time when rapid technology development is essential for competitiveness. (p. 124)

Engineers are usually not taught, nor do they acquire, basic characteristics of leadership, such as a sense of priority, conviction, and an ability to convince others. They often have difficulty convincing even themselves. Most important, current engineering curricula are narrowly focused, which does not offer students the opportunity to develop a broad vision, a prerequisite not only for focusing one’s own direction but also for creating believers in the cause. (p. 143)

Prevention vs. care is mentioned as follows:

In recent years, American legal, health care, and educational institutions have concentrated on curing the ills of American society, such as crime, deteriorating health, and educational failures. Most of these efforts have been ineffective because they address the effects and not the causes or symptoms of these ills. Precautionary measures and preventative approaches could be much more effective and significantly cheaper than the
reactive methods now employed. Many societies have found that crime prevention is more effective than crime fighting, prevention of illness more effective than treating diseases, and prevention of apathetic illiteracy more effective than remedial education, training, and economic support of the uneducated. (p. 185)

The United States is the only developed country with no federal or universal gun control. Most developing nations also impose gun control. Illegal possession of a gun is punished severely in most countries, sometimes by death—not by a slap on the wrist, which is the usual punishment in the United States. (p. 158)

The author summarizes his main views in a postscript:

Institutions built America but now endanger its fundamental values. The American Constitution relies on the health care, educational, and criminal justice institutions to protect its basic promises. For over two hundred years these institutions evolved in the image of the tenets of the Constitution as bodies that care and protect as well as help people to take advantage of opportunities.

In recent years, though, many of our major institutions have started to deviate from their basic tasks and have become largely self-serving. They similarly are now consuming an inordinate amount of resources that society cannot afford, all at a cost to other essential needs of American society. This cannot continue lest we endanger our own quality of life and future. Our economy is booming now, but there are many danger signs as more and more of it is based on service industries of which health care, education, and law enforcement constitute an increasing and abnormally large portion and of our GDP. (p. 323)

To assure continued growth and leadership of the U.S. economy, to revitalize U.S. society, and reestablish American values and moral standards requires a return to basics, a reinvention of the American system, and, most important, the restructuring of the institutions that have taken over the heart, soul, and resources of the great American society. (p. 324)

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