**1998-Text 2**

Well, no gain without pain, they say. But what about pain without gain? Everywhere you go in America, you hear tales of corporate revival. ①What is harder to establish is whether the **productivity** **revolution** that businessmen **assume** they are **presiding** **over** is for real.

The official statistics are mildly discouraging. They show that, if you lump **manufacturing** and services together, productivity has grown on average by 1.2% since 1987. That is somewhat faster than the **average** during the previous decade. ②And since 1991, productivity has increased by about 2% a year, which is more than twice the 1978-87 average. **③**The trouble is that part of the recent **acceleration** is **due to** the usual **rebound** that **occurs** at this point in a business cycle, and so is not **conclusive** **evidence** of a revival in the **underlying** trend. ④There is, as Robert Rubin, the treasury secretary, says, a “disjunction” between the mass of business anecdote that points to a **leap** in productivity and the picture **reflected** by the statistics.

Some of this can be easily explained. ⑤New ways of organizing the workplace -- all that re-engineering and **downsizing** -- are only one **contribution** to the overall productivity of an economy, which **is driven by** many other factors such as joint investment in equipment and machinery, new technology, and investment in education and training. Moreover, most of the changes that companies make are **intended** to keep them **profitable**, and this need not always mean increasing productivity: **switching** to new markets or improving quality can **matter** just as much.

Two other explanations are more **speculative**. First, some of the business **restructuring** of recent years may have been ineptly done. Second, even if it was well done, it may have spread much less widely than people suppose.

⑥Leonard Schlesinger, a Harvard academic and former chief **executive** of Au Bong Pain, a **rapidly** growing chain of bakery cafes, says that much “re-engineering” has been **crude**. In many cases, he believes, the loss of **revenue** has been greater than the reductions in cost. ⑦His colleague, Michael Beer, says that far too many companies have **applied** re-engineering in a mechanistic fashion, **chopping** out costs without giving **sufficient** thought to long-term profitability. BBDO’s Al Rosenshine is blunter. He **dismisses** a lot of the work of re-engineering consultants as **mere** rubbish -- “the worst sort of ambulance chasing.”