On January 4, 1993, Michael O. Leavitt was sworn in as the 14th Governor of Utah. As Governor, Mr. Leavitt is seeking to take Utah to a whole new level of performance. He is focusing on five objectives: making world class education the standard; building a stronger economy around quality, higher paying jobs; protecting Utah’s enviable quality of life; making government more efficient and effective, ensuring government does not grow faster than the private sector; and caring for the needy while developing principles of self-reliance and personal charity.

In the governor’s residence there is a large grandfather’s clock that was not working. The clock went tick...tick...tick; it didn’t tock.

So, I called around and found an old clockmaker, an Austrian gentleman, a fascinating man, and asked him to come to the residence to see if he could fix it. Well, he came on an occasion when my eleven year old daughter was downstairs and we took the opportunity to see what went on inside this big clock. It was a fascinating experience.

The clockmaker opened up the back of the clock and let me give you a little insight that I’ve picked up. I’m no engineer but it occurs to me that there is something wrong with this clock. This clock just goes tick...tick...tick; it doesn’t tock. So the clockmaker took out of his back pocket a small, black flashlight, opened up this huge door and looked way up inside the clock. Much to the interest of my eleven year old daughter, he went on to describe how this clock works. He described how with this particular clock, you would wind it and the spring would coiled uniformly and it would release the energy on a uniform basis to drive some very small wheels or gears. The gears would progressively get larger and when you got to the largest wheel—the largest wheel would then move the hands of the clock.

Well my daughter, standing on a chair, took her finger and moved the hands of the clock around and around. She told us to look at the gears of the clock, “They move when I move the hands. This is how you make this work,” she added.

The clock maker said to her, “You’ve got it backwards—it’s right that you can take the hands of this clock and make the gears work, but it really wouldn’t be serving its purpose. The purpose of the clock is to have the hands move when you’re not standing there moving them. So you can come back to take a look at it and see what time it is now as opposed to each minute having to move it.”

Well, she understood. He expressed to her that what you needed to make this work was that you had to have the spring or the heart of the clock uniformly wound, then you had to have gears that worked in a very well aligned fashion. And you needed to have hands on the clock that could move independently but in a very well disciplined way.

I tell you that story today because I think it has great bearing on economic policy and what drives the world. When we talk about industrial policy there is a tendency on the part of many to believe that we can stand at the hands of the clock and move it one click at a time. And in reality, it does make the gears work but it doesn’t perpetuate itself and it doesn’t ultimately do its job. For an economy to work, there must be, at its heart, a carefully wound spring. That spring has to be the marketplace. Government can act as the gears. Government can and must be very well aligned. And those who are in the marketplace need to be in a position that they are like the hands—that they can move independently but in a very disciplined fashion. But if we get it backwards, it doesn’t do its job.

I would like to argue today that industrial policy has its limits. Recently, Fortune magazine had the word dinosaurs in big letters and three little dinosaurs across the cover. One dinosaur had the name IBM on it, another GM, and the last had Sears and Roebuck on it. We know that many others could have been added. I read that article with some interest. I was astonished to think that we could in any way, shape, or form label three of the bluest of the blue chip companies in this country as dinosaurs. Now let me say up-front that I think those are fine companies, and I think they are smart folks and they’re well capitalized and they’ll figure their way back through this. This is not a commentary on my part on them, but that a major publication in this country would be talking about the strongest American companies as dinosaurs was alarming to me. I read the article and it...
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