Index

advertising, 169
aerospace, 61–62, 73, 241
aerial industry, 74, 160, 266
foreign competition and, 73
agriculture, 11, 153–156, 229
biotechnology and, 242
evolution of, 194
exports, 24, 56
government support, 54
manufacturing and, 229
shares in income and employment, 153–155
tariffs and, 198
Amtrak, 58
antitrust (see also legal framework, regulations), 49, 194–195
Arab embargo (see also oil prices), 8
Asean Countries
and Japan, 92
asymmetries
in information, 49, 50
in market access, 223
automotive industry, 160
Chrysler bailout, 55
government partnerships and, 216
joint ventures, 72–73
modernization and competition, 71–72
Basalla, George, 241
Bell, Daniel, 202–204, 228–229
Bell System (see also information), 50, 161
transistors and, 241
Bergsten, C. Fred, 29, 30
Bluestone, Barry, 116
Boeing, 24
Breyer, Stephen, 53
Bromley, Allan, 215
budget (see also debt, government, tax system), 186–187
deficits, 8, 27, 28, 29, 30, 31, 46
evolution of, 189
full employment and, 31
GNP and, 186
industrial policy and, 141
policy, 31, 32
structure, 189–193
Burton, Daniel P., 136
business cycles (see also recessions), 152, 158
Bush Administration (see also Republican administrations), 47
antitrust and, 217
federal debt, 187
NAFTA and, 224
Calinescu, Matei, 143
Canada (see also NAFTA)
GDP total and per capita, 179–181
capital equipment (see also capital flows,
high tech, manufacturing, technology), 7, 8, 9, 17, 153
capital formation, 129–130, 136
capital stock, 159, 162
per worker, 159
private, 17, 39, 64, 153
public, 17, 39, 56
capital flows (see also capital equipment, debt, investments), 172–174
dependence on foreign sources, 30
exports, 27, 172, 176
imports, 9, 18, 26–29, 172, 176
Carter Administration (see also Democratic administrations, stagflation), 8, 45, 47, 197–198
economic policies, 123
Economic Reports to Congress, 40–42

279
280  Index

Chalmers, David M., 199
China, mainland
  communist experiments, 181–182
  competitiveness and, 70
  GNP, 182
Clark, John M., 36
Clinton-Gore administration (see also
  defense, Democratic administrations,
  R&D system, Reich, Tyson), 207–
  208, 247
free vs. fair trade, 221–222, 223–224
government-business partnerships, 216
industrial policy, 207, 208
industrial policy and jobs, 226
NAFTA and, 224–225
priorities, 247
public services for manufacture, 217, 218
science and technology and, 215–218,
  219
  taxes, 226
Vision for the 1990s, 137, 143, 225
  workers’ training, 218
Cohen, Stephen, 117
Cold War, 3, 18
Commons, John R., 194
Common Market (see also European Union),
  79, 95–96, 103, 248
communications (see also electronics, infor-
  mation), 18, 19
radio frequencies and, 53
technologies, 64–65, 242
telecommunications, 218, 241, 242
tools and processes, 61
communism (see also China, Soviet Union)
  collapse, 34
  containment, 5
competitiveness (see also foreign trade), 20,
  21, 30, 68–69, 120
  aerospace and, 73
Japanese model and, 133–134
  main fields, 70
managerial decisions and, 74
manufacturing and, 134
  the state and, 87
  the strategies and the theories of, 123,
  220
the U.K. and, 236–238
conglomerates, 69
Conrail (Consolidated Rail Corporation), 58
construction, 11, 154–156
Consumer Price Index, 7
Corporation for Public Broadcasting, 58
current account (see also foreign trade, twin
deficits)
  balance, 9, 26
  deficit, 8, 26
  surplus, 9
debt (see also budget, capital flows, interest
  payments, twin deficits)
  public, 167–168, 187
  private sector, 168
  structure, 191
defense (see also budget, debt), 7, 18
  (D)ARPA, 60–61, 243
downsizing, 19, 73, 227
industries, 19, 62
NASA, 61–62, 243
outlays, 32, 37, 43, 46, 190–191
  procurement processes and, 57
R&D and, 59, 60, 63
deindustrialization thesis, 115–116
Democratic administrations, 7, 37
  consumption and, 37, 47
  tariffs and, 200–201
  tax policy, 36, 48
  traditional conceptions, 35, 36, 37
  welfare and, 48
Democratic center (see also Clinton-Gore
  administration)
  investment policy and, 133, 208
disposable income, 9
dollar
  value of, 8, 26, 27, 40, 46
Domar, Evsey D. (see also economic
development), 211
Dow Jones Averages, 162

Eastern Europe (see also communism, Soviet
Union)
  European Union and, 80, 102
  Germany and, 104–105
  economic development
    <catching up> and <surpassing>, 232
    Germany vs. U.K. and, 236, 237
    growth and change, 210, 211, 212
    Harrod-Domar model and, 211
    optimal control models, 213–214
    planning and, 211, 213
    prescriptions, 207–208
Index 281

- foreign trade (see also capital flows, competitiveness, GNP, NAFTA, tariffs, twin deficits), 22
- balances, 8, 26
- deficits, 9, 46
- expansion, 20, 22, 24
- exports, 19, 21, 22, 24–25, 157–158, 161
- imports, 19, 22, 24–25, 158
- services and, 25, 171
- strategy in, 35, 122, 202
- structure, 24, 25, 158
- theories, 220–221
- world markets and, 20–22

- France (see also European Union)
  - competitiveness, 73, 104
  - GDP total and per capita, 179–181
  - manufacturing in, 177–178
  - R&D and, 86
  - role of the state, 83, 249
  - savings and growth, 135
  - scientific workforce, 109

- Germany (see also European Union), 5, 7, 9, 80, 94, 234–236
  - banks, 97–98
  - competitiveness, 69, 71, 73, 80–81, 110, 236–237
  - education and workforce, 234
  - employment patterns, 98–99
  - income tax, 56
  - international comparisons, 237, 239
  - investments abroad, 135
  - <organized capitalism> in, 96–97
  - population, 111
  - productivity, 101, 159
  - R&D, 86
  - role of the state in, 83, 96–97, 249
  - savings and growth, 135
  - scientific workforce, 109

- Ginsberg, Eli, 227
- GNP
  - budget deficits and, 29
  - employment and, 31
  - end use, 185
  - foreign trade and, 22, 158
  - growth rates, 7, 8, 9, 38, 41, 45, 47, 152, 158

- sciences and, 229, 242
- structural problems and, 212–213, 228–229
- the state and, 242–243
- U.S. vs. U.K. and, 236–238

- education
  - differences and jobs, 227
  - government credits and, 54
  - workers’ training, 218
  - workforce and, 107

- Eisenhower administration (see also Republican administrations), 37
- Economic Reports to Congress, 42–43
- Sputnik and, 248

- Eisner, Robert, 29, 30, 31, 32
- electronics (see also communications, information)
  - competitiveness, 70, 71, 85
  - investment patterns, 69
  - reorganization of the industry, 129
  - technological development, 105–106, 242
  - technological transfers, 241

- employment (see also Employment Act, labor force)
  - budget and, 31
  - nonfarm, 18
  - postwar phases and, 5–7, 225–226
  - potential, 40
  - targets, 38
  - unemployment, 40
  - Employment Act, 37, 38

- Environmental Protection Agency (see also regulations), 52

- Eucken, Walter, 96

- Europe (see also European Union)
  - competitiveness, 70, 73
  - firms, 25
  - role of Germany, 104

- European Union (see also Common Market), 103–105
  - Eastern Europe and, 80, 102
  - organization, 103
  - origins and development, 95, 102
  - trading partners, 92
  - world leadership and, 81

- Ford administration (see also Republican administrations), 44
- Economic Reports to Congress, 44
- federal debt, 187
Index

international comparisons, 93, 101, 110, 113, 237, 239
per capita, 152, 156–157
postwar phases, 5–7, 225–226
projections, 41
public debt and, 32, 33
real, 7, 17, 31
structure, 11, 18
theory, 17
Gotbaun, Victor, 136
government, federal and state (see also budget, debt, defense)
agencies, 58–63
credit programs, 53–55
economy’s performance and, 114
employment in, 11, 154–156, 172, 183–184
enterprises, 57–58
goals and instruments of, 123–124
income distribution and, 49
industry consortiums, 61, 63
legal framework and, 48–49, 82–83
market failure and, 49
procurement processes, 56–57, 62
receipts and expenditures, 186
services and, 170
sponsored enterprises, 54, 57–58
technological change and, 59–63
Great Society, 39, 43
Group of Seven, 177–181

Hadley, Arthur T., 194
Halcon, Harold G., 54
Hansen, Alvin, 115, 204
Harrison, Bennett, 116
Harrod, Roy (see also economic development), 211
Hart, Gary, 120
Hayes, Robert H., 89
health care, 139
high tech (see also electronics, labor force, sciences, technology)
cooperation, 24, 67
developments, 105–106
future, 145
government partnerships, 216
imitation and adaptation, 241
impact on earnings, 108–109
industries, 64

international comparisons, 92
leadership in, 80
products, 23
state efforts in, 67
Hong Kong
competitiveness, 70, 93
housing, 48, 54
human capital (see also labor force), 10, 53, 137, 168–169
investments in, 170, 218
theories on, 138–139
Humphrey-Hawkins Act, 41, 214

Ibuka, Masaru, 241
income distribution, 39, 159
poverty rates and, 159, 225
industrial policy (see also Clinton-Gore administration, competitiveness), 35, 81, 119, 120, 122–123, 207
ad-hoc institutions, 124
deindustrialization and, 114–115
democratic approaches to, 119–123, 136–137, 141
dirigisme and, 88
implications of, 137–138
increased investments in, 141
tariffs and, 199
<technological> policy and, 219
<winners> and <losers> and, 53, 138, 141
industries (see also industrial policy, input-output relationship, technology), 11, 154–156
defense-oriented
interindustry relations, 159–160
R&D outlays and, 59, 63–64
structure of, 11
inflation, see dollar, money supply, stagflation
information (see also communications), 19, 60–61, 160–161
networks, 61, 243–245
technologies, 64–65, 230, 241, 244–245
input-output relationship, 13, 14, 15, 16, 238, 240
interest payments (see also debt), 29
interest rates, 29
share in total federal outlays, 191–192
Internal Revenue Service, 52
investments (see also capital equipment, capi-
Index 283

Jasinowski, Jerry J., 116
Johnson, Chalmers, 86, 125, 267
Johnson administration (see also Democratic administrations, Great Society, income distribution), 7, 39
Economic Reports to Congress, 39
federal debt and, 187
Kahn, Alfred, 116
Kennedy administration (see also Democratic administrations), 7, 37, 38, 39
Economic Reports to Congress, 38
federal debt and, 187
Kessler, David A., 50
Keynes, John Maynard (see also economic development)
Keynesian framework, 211
Keynesian policies, 8, 31, 32, 141, 247
Kilborn, Peter T., 28
Kindleberger, Charles P., 117, 118, 144
Korea, South
competitiveness, 70, 71, 92
Kosters, Marvin H., 107
Kraus, Willy, 96
Krugman, Paul, 29, 30, 31, 140, 202, 204, 221
Kuwait, 47
Kuznets, Simon, 213, 240
labeling standards, 50, 51
consumers’ protection and, 196–197
labor force (see also manufacturing)
business cycles and, 152
<contingent> workers in, 227
distribution patterns, 11
education of, 107, 109
employment, 10, 18, 64, 106–107
equal opportunity, 50
hourly earnings, 108
industrial policy and, 226
OSHA and, 53
productivity, 7–9, 11, 20, 44, 46, 153, 159
professional elite in, 142
scientific core of, 109
structural changes in, 106–107, 157
technological changes and, 227, 230
unemployment, 7, 9, 38, 152, 158
vocational training, 139–140
women in, 169

tal flows, industrial policy, manufacturing, R&D system), 9, 10, 17
abroad, 27, 135
budget deficits and, 30
consumers’ spending and, 36
European Union and, 105
infrastructural, 140, 218
incentives, 55–56
income from capital and, 56
international comparisons, 110, 117
postwar phases and, 225–226
rates of return, 27, 36
structure, 153
trade deficits and, 31
underinvestment, 116–117
Iraq, 47
iron and steel industry, 127–128, 145
Gary works, 128
role of tariffs and, 199–200
Italy (see also European Union)
competitiveness, 69
GDP total and per capita, 179–181
manufacturing output, 178
scientific workforce, 109
Japan, 5, 7–9, 133–134, 238, 239
capital formation, 136
competitiveness, 69, 70, 71, 73, 79–81, 110
employment patterns, 88
European Union and, 105
government debt, 33
GDP, 93, 101, 110, 111, 113, 179–181
industrial policy, 87
international comparisons, 238, 239, 250
investments abroad, 135, 176
joint companies, 72–73, 93
manufacturing, 90–92, 130–132, 178
MITI and role of the state, 83–85, 86–87, 88, 93, 98, 110, 124, 143, 249
multinational companies, 23
population, 111
productivity, 89, 159
R&D, 86
savings and growth, 135
scientific workforce, 109
subcontracting, 91
technological race and, 245–246
trade limitations and, 176
world trade and, 22, 92–93, 111, 134
Index

LaFolfe, John J., 124
legal framework (see also antitrust, regulations), 48–49
government interventions, 49–50
property rights, 48
Lesourne, Jacques, 104
Lewis, Arthur, 211
Little, Ian M., 213
Lundine, Stan, 124

Mccaw, Thomas K., 199
machinery and equipment, 128–129, 145, 229
Magaziner, Ira C., 115, 121, 122, 124
manufacturing (see also capital equipment, electronics, high tech, industries, technology), 11, 13, 17, 19–20, 160, 161–162, 204
capital formation, 129–130
comparative international patterns, 89, 99, 101, 111
deindustrialization, 115, 117
employment, 64, 68, 125–128, 130
establishments, 18, 92, 161
exports, 19, 134
hourly earnings in, 108, 131–132
imports in, 20
industrial policy, 122–123, 226
modernization and competitiveness, 71–74
outputs, 125, 127, 130–131, 162–163
productivity, 20, 89, 159
public services for, 217
ranking in, 127, 162–163
scientists and engineers, 107, 109
shares in income and employment, 154–156
small firms, 67
smuggling, 241
structure of, 68–69
Marshall, Alfred, 118
Marshall Plan, 7, 94–95
mining, 11, 17
shares in income and employment, 154–156
Mondale, Walter F., 120
money supply, 8
inflation, 7, 8, 9, 27, 43, 44, 45
Muller-Armack, Alfred, 96

multinational enterprises, 23, 24, 134–135, 222–223
NAFTA (North American Free Trade Agreement), 102–103, 224–225
national debt, 26–33, 135
net exports balance, 9
New Deal (see also Democratic administrations), 132–133, 141, 189, 195–196, 198

Nixon administration (see also Republican administrations), 7, 47
Critique of Great Society, 43
Economic Reports to Congress, 43–44
federal debt, 187
wage and price controls, 43–44, 47
Norton, R. D., 115

Okun, Arthur M., 40
oil prices, 8, 24, 25, 26
organized capitalism (see also Germany, Japan), 79–81, 83, 110, 144–145
Germany and, 96–98
Japan and, 83–87
Ozawa, T., 91

Perry, Joseph M., 200
population, 111, 161
Porter, Michael E., 87, 97
postal service, 58
postwar phases, 5–7, 225–226
radio frequencies, 53
Rahn, Richard W., 116
R&D system (see also defense, manufacturing, technology), 58, 63
development of manufacturing and, 217–218
industries’ outlays, 59
industry-oriented, 137, 216
institutional outlays, 65
patterns of allocation of, 65–66
state and regional distributions, 66–68
structure of outlays, 59
U.S. vs. industrial competitors, 86
Reagan administration (see also Republican administrations), 8
Economic Reports to Congress, 45–46
federal debt and, 187
industrial competitiveness, 120
Index  285

tax reform, 45  trade deficit and, 30
welfare, 133  undersaving and, 116
recessions (see also business cycles), 8, 38,  Schlecht, Otto, 96
43, 45, 47, 114, 173, 198, 246–247  Schultz, Charles L., 123, 185
regulations (see also antitrust, legal frame-  sciences (see also high tech, labor force,
work, tariffs)  R&D system, technology)
bank safety and, 196  international comparisons, 109
business operations and, 51  modern economic change and, 229
deregulation, 197  research funding, 65–66
environmental protection and, 52, 61  scientists and engineers, 107
financial markets, 52  Securities and Exchange Commission, 52
objectives, 49–50  Sematech (see also electronics), 61, 63, 71,
prices and, 43–44, 51  138, 216
reforms of, 44–45  Servan-Schreiber, Jean-Jacques, 248, 249
&amp;social, 197–198  services, 11, 13, 150, 164–172
Reich, Robert B.  business and professional, 168–169
on America’s vitality, 117, 144  classifications, 165, 166, 229
on competitiveness, 122  employment in, 165, 166, 170
on industrial policy, 115–116, 120–121,  financial intermediaries, 167
123, 267  foreign trade and, 25, 171
don labor, 140  government and, 170
on &market ideology, 124–125, 204  interlocking with industry, 164, 204
Republican administrations  investments in, 170–171
investments and, 47  personal, 169
tax policies, 36, 45, 48  retail, 167
traditional conceptions, 35, 36, 37  shares in income and employment, 154–
welfare and, 48  156
Rivlin, Alice M., 183, 197  Singapore
Rohatyn, Felix G., 124, 136  competitiveness, 70, 93
Roobeek, A., 250  Sligher, Sumner H., 227, 240
Roosevelt administration (see also Democ- small business
ratic administrations, New Deal), 196  capital markets and, 68
Rosenbaum, David E., 36  innovation and promotion, 67
Rostow, W. W., 212  Smith, Adam, 143–144
Roth, William V., 124  state’s agenda defined, 187–188
Russell, Robert W., 124, 142  Smyser, W. R., 98
Russia (see also communism, Soviet Union)  Social Security, 141–142
European Union and, 80  Solow, Robert M., 212
Germany and, 94, 104  Soviet Union (see also communism, eco-
St. Lawrence Seaway Corporation, 58 nomic development, Russia), 7, 34,
Samuelson, Paul A., 27  144
collapse, 34, 79, 80, 110, 181  competitiveness, 73
S&L industry, 55  planning model, 88, 181–182, 213, 214
savings (see also investments), 17, 18  republics (C.I.S.), 18
budget deficit and, 18, 30, 31  Sputnik, 60, 136, 241, 248
international comparisons, 110  threat, 7, 42, 133–134
trade balance and, 26, 27  trade, 102
national debt and, 135–136  Spain
rates of, 47  competitiveness, 73
Index

stagflation (see also Carter Administration), 8, 197, 247
state, see government, Smith
Stein, Herbert, 31, 32, 136, 214, 219
Sweden, 56

Taiwan
competitiveness, 70, 93
tariffs (see also competitiveness, industrial policy), 23, 198–202
GATT, 175, 201, 221
industrial policy and, 199
nontariff barriers, 23, 27, 176, 201
states, 198–199
Taussig, Frank, 199–200
tax system, 27, 55
cuts in, 39
income and, 189–190
income from capital and, 56
investment and, 36, 226
reform of, 38, 40–41, 45
sales and, 51
surcharge, 40

technology (see also electronics, information, input-output relationship, manufacturing, R&D system), 207, 208–209
biotechnology, 242
Clinton-Gore administration and, 215–218, 219
directions of change in, 59–60, 105–106
<disembodied,> 212
industrial policy and, 137–138
infrastructures, 62, 243–245
input-output relationship and, 240
interindustry clusters and, 230
jobs and, 227–228
leadership in, 65, 69–71, 74
maturity and stagnation, 115
national priority, 136
progress in, 144
scientists and engineers in, 109, 229
transfers, 62
various industries, 127–129
Tennessee Valley Authority, 58
Thurow, Lester C., 117, 123, 204
on empire builders, 125
on investments in people, 139

on New Deal, 132
on professional elite, 142
on 21st century, 145
Tobin, James, 141, 185, 212
trade unions
and international trade, 122
Transportation (see also aerospace, automotive industry), 11, 17, 58, 160, 218
Trezise, Philip, 87
Truman administration (see also Democratic administrations)
Economic Reports to Congress, 37
federal debt, 187
Tuttle, Frank W., 200
twin deficits, 26, 30, 175, 187
Tyson, Laura d’Andrea (see also competitiveness, foreign trade)
critique of free trade, 121–122, 274
on capital inflows, 177
on economy’s unraveling, 117
OTA’s proposals and, 221–222
<strategic> trade policy, 122, 202

United Kingdom (see also European Union)
competitiveness, 73, 79, 104
<decline> trajectory, 115, 118, 145
economic development, 118, 145, 233–234, 237
GDP total and per capita, 179–180
income tax, 56
investments abroad, 135
manufacturing, 177–178, 249
public debt, 33
R&D, 86
scientific workforce, 109
utilities (see also industries), 11, 13, 17, 49–50

Vietnam War, 7, 8, 39, 40, 42
wage and price controls, 43–44
welfare, 191–192
Wescott, Robert F., 120
Wheelwright, Steven C., 89
Williams, Earle C., 172
Zysman, John, 117