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Annotated Bibliography

For the convenience of our readers, the Michigan Yearbook of International Legal Studies publishes a bibliography of current research in the field. This bibliography is not intended to be comprehensive. Rather, its aim is to guide the reader who wishes to undertake further research.

GENERAL WORKS ON INDUSTRIAL POLICY AND RELATED ISSUES


This article examines the voluntary export restraint agreements under rules of international law. It begins with a brief historical overview of such agreements and then examines several specimens of so-called "VER" agreements in the context of international law and the General Agreement on Tariffs and Trade (GATT). Bernier contends that such agreements are disguised import restrictions negotiated to avoid Articles I and XI of GATT. He considers them a violation of international obligations, and maintains that they should be brought under multilateral regulation.


In this volume, sponsored by the 1980s Project/Council on Foreign Relations, Diebold warns that a failure to deal internationally with structural changes will seriously weaken both the world economy and international cooperation. The book, a basic text on the subject, explores the economic problem, various approaches to industrial policy, and the difficulties in adopting an industrial policy.


This thoughtful analysis of British industrial policy draws upon the example of other European countries and deals with the problem of industrial policy from both a political and economic perspective. The author makes references to specific programs, such as the National Enterprise Board. Grant stresses that the industrial policy problem is essentially a political one where policy makers must accept tradeoffs and choose among alternative strategies.

This report provides a broad overview of the industrial policies pursued by member countries in the 1970s. Although subtitled "A Comparative Study," its comparisons, as the Committee notes, must be illustrative rather than comprehensive due to the report's brevity. It includes material on the promotion of industrial expansion and structural adaptation, technological innovation, the efficiency of industrial management, and exports; the impact of general economic policies; small business; regional development; and social aspects of industrial policy. The study does not provide a survey of current policies, but it is useful to readers seeking background material on recurring problems and options in industrial policy.


This report is the first stage of a long-term investigation of policies for the stimulation of innovation (PSI). Volume I defines PSI, outlines the analytical methods used in the report, and describes the experience of member countries in evaluating measures and policies. Volume II contains detailed information about the measures adopted in several of the OECD countries.


The focus of this collection of essays is on the industrial policies of Canada, Europe, Japan, and the United States. Pinder, in the closing essay, acknowledges the need for industrial policies. The author, however, warns of potential dangers if such policies are allowed to interfere with the increasing economic interdependence of the international system. Citing the success of the European Community in equipping itself with the instruments and institutions for industrial policy making, Pinder calls for wider cooperation among European nations.

Santapillai, V. E. Assistance for Export Promotion. 4 J. World Trade L. 238–244 (1970).

Santapillai, Deputy Director of the UNCTAD/GATT International Trade Centre, notes that export expansion is a strategic element in accelerating economic growth in developing countries. The lesser developed countries often lack sufficient product market information. By undertaking extensive market research and by maintaining a constant two-way stream of information between industrialized and developing countries, the UNCTAD/GATT International Trade Centre provides a vital service in the attainment of economic development.

Shelton provides an overview of the pattern of government involvement in research necessary to solve economic problems of national interest, but which industry is unwilling or financially unable to undertake. This involvement ranges from direct subsidization of industrial laboratories to the creation of independent, ongoing governmental research projects. The author explains how the Commonwealth Scientific and Industrial Research Organization, the largest governmental research organization in Australia, defines its goals, chooses its projects, and facilitates the movement of innovation from laboratory to plant. In so doing, Shelton sets out a model for those countries which would like their governments to play an active role in technological research.


This history of the Japanese textile industry shows how Japan used industrial policies first to promote the textile industry, then to restructure it, and finally to move this industry toward higher value-added industrial segments. Although the author’s discussion is rather general in nature, his explicit linking of industrial policy and trade policy is helpful.

**FOREIGN INVESTMENT POLICIES**


Beck analyzes the Foreign Investment Review Act (FIRA) as an appropriate mixture of law and policy in Canada’s economic program. The strictly legal aspects of the program define the entities subject to FIRA, shape the regulatory process, establish procedures to ensure that the process operates fairly, require compliance with FIRA, and ensure enforcement of decisions by the Foreign Investment Review Agency. Policy decisions determine what ventures will be considered a “significant benefit” to Canada and the goals to be achieved. In the quickly changing world of business, Beck believes that this flexibility does not come at the cost of too little predictability.


The authors examine laws and regulations recently promulgated by the People’s Republic of China (PRC) to govern the conduct of business and investment in the PRC, especially the Joint Venture Law adopted in 1979. They pay particular attention to historical and cul-
tural factors which influenced the framing of the laws and analyze particular features of Chinese law relating to taxation, labor-management relations, and foreign exchange. They also discuss a number of difficulties still associated with doing business in China, such as the protection of intellectual property rights, dealing with the bureaucracy and the local labor force, and the settlement of disputes with Chinese venture partners. The authors conclude with some suggestions concerning the structuring and negotiation of a joint venture in China.


This analysis of the Foreign Investment Review Act (FIRA) concludes that it is inadequate to solve Canada’s problems regarding foreign economic control of its business because of FIRA’s failure to address potential expansion by existing foreign-owned firms. The comment criticizes the nonreviewable nature of the screening process to be conducted under FIRA. The comment includes some background to FIRA and a discussion of the costs and benefits of foreign investment in Canada.


In an effort to encourage foreign investment, Argentina enacted the Foreign Investments Act, and supplemented that Act in 1981 with a regulatory decree. Dahl reviews the general climate for foreign investment in Argentina, the fundamental principles of the Act (e.g., the distinction between foreign and domestic investors, methods of investment), the administration of the Act, and investors’ special concerns (e.g., remittance of profits, repatriation of capital, tax regulations).


The authors conclude that Canada’s Foreign Investment Review Act of 1974 (FIRA) is a legitimate experiment in economic nationalism, given massive U.S. investments and ownership in the Canadian economy. The authors claim that FIRA is not unduly burdensome to foreign investors. Under FIRA, the government scrutinizes takeovers, investments in new businesses, and expansions of existing businesses into new areas in accordance with national interests. The government also looks to guidelines based on the amount of foreign control in the entity which seeks to invest, take over, or expand in Canada. FIRA does not prohibit foreign equity participation, nor does it require local equity or a minimum percentage of Canadian ownership. For these reasons, the authors conclude that FIRA should not discourage investment in Canada too severely.

The article views Mexico's 1972 Law on the Transfer of Technology and the Use and Exploitation of Patents and Trademarks, and the 1973 Law to Promote Mexican Investment and to Regulate Foreign Investment as evidence of continuing "Mexicanization" of the economic growth policy of the Mexican Government. The author concludes that the legislation is responsive to Mexico's present needs and reflects a willingness to increase Mexican participation in foreign-owned businesses.


The authors examine the administration in Mexico of the Law on the Registration of the Transfer of Technology and the Use and Exploitation of Patents and Trademarks (1972) and the Law to Promote Mexican Investment and Regulate Foreign Investment (1973). Contrary to the belief of many at the time of enactment, the two laws have provided a flexible regulatory structure, thereby allowing a continuation of the traditional Mexican pragmatic approach to regulating foreign participation in the economy. The authors conclude that the Technology Law will force suppliers to negotiate at arm's length with sophisticated Mexican counterparts. The Investment Law rests on the premise that foreign investment should complement, not displace, Mexican investment.


The author examines Egypt's Law No. 43 of 1974, as amended, which sought to attract Western technology and Arab capital to help cure the ailing Egyptian economy. Through tax exemptions and other incentives, the law encourages foreign investment in selected industries and sectors. The General Authority for Investment and Free Zones, the entity responsible for approving investment proposals, is to favor investment proposals which "generate exports, encourage tourism, or decrease the need to import basic commodities, as well as [those] which require technical expertise or make use of patents or trademarks of worldwide reputation."


Tracing the development of twentieth century Mexican legislation controlling foreign investment in mining, the author demonstrates that the country's changing attitude toward foreign investment reflects intertwined political and economic events. He suggests that in reaction to periods of slow domestic growth, most developing nations
will enact harsh measures, such as expropriation legislation, aimed at gaining command of foreign-controlled industries. Although the author warns economic advisors to foreign investors of these hostile periods, he concludes that governments will tend toward fewer legislative and administrative restrictions and guidelines when the desire for economic development outweighs nationalistic tendencies.


This report compares the regulation of both incoming and outgoing direct investment for 21 member countries. It also includes statistical summaries on applications, authorizations, and refusals of foreign investment for those countries which have authorization procedures.


This succinct article substantiates the Philippines' declaration that it wishes to attract foreign investment by describing three basic investment acts as well as other advantages of doing business in the Philippines.


In recent years, Vietnam has increasingly encouraged foreign investment to facilitate goals of industrialization. The author examines in detail a 1977 decree, Regulations on Foreign Investment, which he identifies as the centerpiece of Vietnam's broad, new economic policy. As in other socialist countries, foreign trade in Vietnam is a state monopoly. All foreign business transactions are carried out through special state export-import companies. The Ministry of Foreign Trade licenses export-import transactions in accordance with the economic plans formulated by the National Planning Committee. Quigley praises the 1977 Regulations for providing a sound legal framework that will encourage foreigners to take advantage of Vietnam's investment opportunities.


Given the history of foreign investment in Venezuela, the government's attempts to control natural resources, and its national development plans, the authors caution foreign businessmen against investing solely on the basis of the government's favorable attitude toward such investment and attractive financial incentives, such as favorable exchange policies. Rather, investors should carefully consider the growing opposition within the government to such foreign investment. One possible way to protect themselves, the authors suggest, is to invest in joint ventures.

The Joint Venture Law was promulgated by the People's Republic of China (PRC) on July 8, 1979 as a major instrument to facilitate the financing and the acquisition of technology considered crucial to the PRC's modernization plan. The author describes the development and the implementation of Chinese policy toward joint ventures using Chinese and foreign investments and then examines particular provisions of the Joint Venture Law, including: (1) the protection of property rights, (2) equity contributions, (3) ownership and management control, (4) repatriation of profits, (5) taxation, (6) technology transfer, (7) termination, and (8) dispute resolution. The author concludes by noting that while the Joint Venture Law has provided a general legal framework for foreign investment, substantial investment will not occur until the Chinese legal system becomes more developed. An appendix to this article contains an unofficial translation of the Joint Venture Law of the PRC.


The article examines the experience of the first three years under Law No. 43 of 1974 Concerning the Investment of Arab and Foreign Funds and the Free Zones. It was with this law that Egypt embarked upon a policy of encouraging foreign investment as a means to stimulate economic development. The authors conclude that amendments (Law No. 32 of 1977) have resolved most of the legal problems discovered by potential investors during the first three years of the policy of so-called economic openness.


The author discusses in detail the Law of the People's Republic of China (PRC) on Joint Ventures Using Chinese and Foreign Investment. The new law marks a departure from previous economic policy by opening the PRC to foreign investment. The Foreign Investment Commission of the PRC has already authorized several joint ventures with companies from Hong Kong, Switzerland, and the United States. The new law encourages joint ventures in order to bring advanced technology and equipment to China. This is seen as an integral part of the larger goal of achieving more rapid industrialization. Unlike most other developing countries, the PRC restricts neither the scope of joint venture activities nor the maximum proportion of investment contributed by the foreign partner.


This article provides an in-depth legal analysis of the Argentine
foreign investment legislation enacted in 1976 and 1977. What is most notable about this "cautiously encouraging" law is that investors' rights to remit profits and capital abroad are linked to the foreign exchange position of the country. The authors offer no predictions as to how the Presidency and the Ministry of the Economy will exercise their broad discretionary powers.


This article examines the content of the Socialist Republic of Vietnam's Foreign Investment Code of 1977, with particular emphasis on the following: (1) the definition of a foreign investment under the Code, (2) the activities which are open to foreign investment, (3) the approval procedure, (4) possible business arrangements, (5) guarantees against nationalization, (6) the repatriation of profits and capital, and (7) tax and labor obligations. The author concludes that tensions between Marxist purists and pragmatists in the Vietnamese Government are responsible for the vagueness of the Code's provisions. While the Code admittedly gives the government great flexibility in dealing with foreign investment, the Code's vagueness may deter the very investors whom the government hopes to attract.


This article reviews the effect that the industrial and trade policies of Canada and Mexico have had on trade relations with the United States. The author, a senior international economist with the Office of the U.S. Trade Representative, argues that Mexican and Canadian measures to encourage industrialization, to maintain control over energy resources, to foster native ownership of industry, and to improve trade balances with the United States often conflict with the goal of liberalization of North American trade. The article discusses prospects for a regional multilateral trade agreement.


The author analyzes Decision 24 of the Andean Common Market's foreign investment code and compares its impact on Venezuela, Chile, and, to a lesser extent, other members of the Andean Common Market. Among the implications of Decision 24 are increased attention paid to the developmental needs of host countries, a trend away from majority-owned foreign investment, and the increased difficulty of creating and managing foreign investment ventures.

**Labor Policies**


The author reviews the functions of corporate boards of directors in
light of the law passed in 1972 which provides for employee representation (co-determination) on the boards of large Swedish companies. He outlines the proper application of the Swedish Company Law to the duties of the board and its chairman concerning the convening of the board and the flow of information from the company to the board. Since the co-determination law makes no distinction between employee representatives and other board members, the author expresses particular concern over confidentiality of corporate information.


Traub’s explanation of the codetermination regime in Austria differs from the U.S. model of arm’s-length negotiations between employers and employees. She describes the Austrian model where workers elect representatives to supervisory boards and participate in Works Councils. These councils are an outgrowth of a “social partnership” in which business, government, and labor work together to plan and implement economic and social policies.


After surveying the various codetermination procedures in use in European countries, the author focuses on the German Codetermination Act of 1976, which increased labor’s control of large corporations to near parity with the stockholders. He predicts that possible conflicts between the Codetermination Act and the constitutional protection of the right to property will be resolved. After years of experience with the legislation, this article may prove to be of little value to practitioners, although the constitutional discussion is still valuable.

**INDUSTRIAL POLICIES OF SPECIFIC COUNTRIES**


The author praises the success with which the Nigerian Government has implemented its “Indigenization Decree” of 1974 while also being fair to foreign investors. The decree restricted foreign ownership of many non-agricultural sectors of the economy. The transition of foreign-owned corporations to Nigerian hands has been smooth, marking Nigeria as an unusual example of an African state striving to meet domestic political demands while still respecting the rights of foreign investors.


This paper traces the contribution of economic planning since 1946 to the development of French industrial policy. The authors evaluate
each of the various "plans" beginning with the Fourth (1961–1965) and continuing with discussions of the Fifth, Sixth, and Seventh plans. The paper concludes with an evaluation of the Mitterrand Government's goals in industrial policy.


Eussner identifies the difficulties of formulating a common European Community industrial policy by examining the behavior of member countries and acceding countries regarding the shipbuilding industry. Since world demand for ships and repairs has fallen, Community members have been struggling with overcapacity. The European Commission, however, has been powerless to design a community-wide program to reduce capacity and upgrade facilities, because protectionist measures and subsidies for the industry are components of each country's industrial policy. The Commission's powers have been limited to half-hearted enforcement of competition and subsidy policies.


Member states of the European Economic Community are important trading partners with the Third World. The author explores the evolution of the Community's development policies vis-à-vis the Third World and concludes that they should be better coordinated at the Community level. He also analyzes the political impediments to further integration. Although the Treaty of Rome says very little about the Community's relations with developing countries, Faber suggests that broad treaty provisions could be read to accelerate greater coordination. The article describes a possible scheme for putting a fully integrated development policy into effect.

**FOREIGN INDUSTRIAL TARGETING AND ITS EFFECTS ON U.S. INDUSTRIES, PHASE I: JAPAN**


This report, prepared by the U.S. International Trade Commission, contends that although targeting may help certain industries, it does not necessarily improve the general economic welfare of the targeting country. The report includes a history of Japan's targeting and trade policies, the effects of those policies on specific industries and on the Japanese economy as a whole, and a review of the targeting tools Japan has used in the past (e.g., home-market protection, financial assistance, tax incentives, cooperative research and development programs, and antitrust exemptions).

The author analyzes the activities of public authorities that directly or indirectly affect the productivity, structure, and international competitiveness of industry. He states that “industrial policy appears as an artificial product of various aspects of economic policy which are of different weight in individual countries in accordance with the different importance attached to the various policy areas.”


Through a discussion of the Andean Group's sectoral programs for industrial development (SPID), this article explores the Group's attempts at economic integration. After a brief look at the basic concept of SPID, the article focuses specifically on the metalworking sectoral program. The authors conclude that this first SPID clarified many basic issues which will aid in the promulgation of future programs and help the Andean Group achieve industrial integration.


This article traces the development of Irish industrial policy for the past 25 years. The Industrial Development Authority has been the major agency promoting a policy characterized by the attraction of foreign capital, export-intensive industrialization, and state intervention. Multinational corporations have also made significant contributions to the process. The author cites the current recession as a significant factor prompting deeper involvement by the state in industrial policy and raises questions about the future viability of Ireland as an industrial location.


After studying the industrial adjustment problem in France during the 1970s and governmental intervention in the steel, textile and clothing, automotive, and electronics industries, Green concludes that although the French Government has officially repudiated the idea of an interventionist industrial policy, it is still involved in saving ailing industries (postponing restructuring), protecting domestic industries (especially “key” industries) through tariffs, quotas, import substitution, restrictions on inward investment, voluntary import restraint agreements, and the promotion of high-tech industries. The government is making policies designed to help French industries compete internationally in areas in which France has advantages, rather than seek to maintain a presence in every industry.

This short note assesses the results of the Polish Government’s attempts in the 1970s to modernize its economy and ultimately to achieve a positive balance of payments through massive imports of foreign technology. It provides statistics on imports of technology through licensing agreements, technology documentation, industrial cooperation agreements, and turn-key plants for the period of 1971 through 1980. The author concludes that the government has been largely successful in modernizing Polish industry, but has failed to utilize fully imported technology to increase exports.


Canadian economist Fred Lazar views the framework of contingency protection measures in place in the United States as a serious obstacle facing the Canadian Government in its implementation of an industrial strategy. The article reviews four of the major U.S. contingency protection measures and concludes that the 1974 and 1979 Trade Acts may seriously impede the development and effectiveness of an industrial policy unless Canada responds by adopting measures to counter the potential American threat.


In this article, the former Canadian Minister of Finance reviews three policy initiatives of the Canadian Government to protect local industries and to improve the competitiveness of Canadian goods and services. The article compares the provisions of the Canada Oil and Gas Act, the Committee on Industrial and Regional Benefits, and the Foreign Investment Review Act with Canada’s obligations under Article III of the GATT and the Declaration on International Investment and Multinational Enterprises of the Organization for Economic Cooperation and Development. MacDonald concludes that to the extent that investment restrictions create internal barriers to “products,” the barriers may violate Article III of GATT. Other provisions which regulate foreign investment, however, merely assure Canadians the same business opportunities already available to foreigners.


This book examines the various industrial policy objectives and their implications in India in light of that country’s projected population, growth rate, lifestyle, food consumption, education, energy resources, and various other factors of industrial development. Throughout the book, the authors attempt to determine the rates of growth which India will have to sustain in several facets of its economy in order to ensure the minimum needs of the population, to
fulfill its strategic requirements, and to export sufficient goods and services in the twenty-first century. The authors support their assertions and conclusions with substantial statistical data.


After a brief introduction which traces Brazilian industrial policy from its origins in the sectoral Executive Groups of the 1950s to the establishment of comprehensive planning by supervisory agencies in the 1960s, the author turns to a detailed description of the government entities involved and the tools they employ. He discusses sectoral incentives in the form of tax credits and preferential duties on imported equipment, regional incentives in the form of nonvoting risk capital, public sources of low interest financing, public minority participation in private enterprises through subsidiaries of the National Economic Bank for Economic Development, and the use of customs duties to create a national market for domestic products.


This volume provides a complete survey of Canada's industrial policies, including the Foreign Investment Review Act, the National Energy Policy, the Export Development Corporation, the Enterprise Development Program, tax incentives, research and development programs, and provincial industrial policies. The description and analysis of each policy is related to the history of Canadian industry, the constraints on the Canadian economy (e.g., labor shortages, a lack of federal funding, a large debt owed to the United States, and restrictions under the General Agreement on Tariffs and Trade), and the goals of the Canadian Government (e.g., maintenance of a high standard of living, trading off regional development for modernization of the industrial base, Canadianization, self-sufficiency in energy, and formulation of national development plans without detrimental effect on provincial development plans).


After reviewing legislation aimed at encouraging multinationals to permit some degree of local ownership, the author concludes that the program has been less successful than desired. He blames this failure on external factors, such as U.S. tax laws which inhibit multinationals from encouraging local ownership, rather than on weaknesses in the legislation itself.


This note examines Canadian initiatives in response to difficulties caused by substantial foreign investment in the Canadian economy.
The initiatives include the establishment of the Canadian Development Corporation to develop and maintain strong Canadian-controlled and Canadian-managed firms, and the promulgation of the Foreign Investment Review Act to regulate the extent of foreign investment. The note focuses primarily on the impact of investments by U.S.-based multinational corporations. In addition, the note describes the energy field as an example of successful maintenance of control by Canadian business.


This article reviews a number of issues relating to state investment in private industry, including the history and extent of state holdings in private companies and the constitutionality of such activities under various provisions of the Basic Law of the Federal Republic. Concluding that the constitutional justification for government ownership of industry rests on serving vital public interests and carrying out public functions, the author analyzes the means of government control and the tensions between the interests of private shareholders and those of the state. He argues that state investments should be subject to all the requirements of the relevant private company laws and should behave in conformity with regulations governing competition and the market. He finds support for his position in Article 90 (1) of the Treaty of Rome.

This article describes the National Industrial Development Plan as a means to diversify the Mexican economy by protecting and encouraging domestic industries still attracting foreign investment through low labor costs and duty-free importing of parts. Some of the drawbacks of the Plan include tax incentives limited to one year and the requirement that Mexicans have majority ownership of the company. The government is notorious for rejecting and rewriting technology contracts on terms unfavorable to the investor, and the energy cost savings are limited. Although Sanders views the Plan as an improve-
ment over previous Mexican regulation of foreign investment and as an intelligent scheme for spending oil revenues, he doubts that the Plan will encourage more foreign investment.


This brief summary of the patent laws of Egypt, Kenya, Nigeria, and the signatory states of the Malagasy Agreement focuses on patent infringement protection. The author, with admittedly no empirical support, concludes that inadequate legal protection in the Malagasy states, expropriation in Egypt, and barriers to the removal of royalties in Nigeria will keep technology out of these countries. He suggests that cooperation is needed between host countries and foreign corporations to encourage technological investment.


The author defends the Nigerian Enterprises Promotion Act of 1977, which the federal military government implemented as a step to indigenize the country’s economy. Critics assailed the Act as being discriminatory and harsh, and argued that it would ruin the country’s economy because it causes an exodus of foreign investors. Tobi acknowledges the Act’s potential for initial instability but stresses that the protection of business is an attribute of sovereignty. He notes that the National Assembly can always re-examine the Act if it wishes to attract more foreign investment.


This collection of essays by international scholars analyzes national industrial policies in France and Belgium, employment policies in European Community countries, trade unions and industrial processes in Western Europe, and employer associations in France and Great Britain. The last part of the volume examines European Community law with respect to industrial policy, the so-called age of petroleum, textile policy, and French electronics policy.

U.S. Industrial Policies and Related Issues


Abernathy, Clark, and Kantrow explore how American industry might regain the competitive edge it lost in the mid-1970s. They conclude that in the 1950s and 1960s, American business, satisfied that it had created the most efficient manufacturing style in the world, settled into a comfortable maturity and directed all of its innovative efforts into marketing and finance. The authors believe that the auto industry’s so-called de-maturity—a process involving the tearing
down of barriers which separate management from the other functions of production, redirecting creative energy into the development of new technology, and meshing this technology with a dedicated work force that is encouraged to develop improved methods of production—may provide a model antidote to the whole of American manufacturing society.


Coauthors Barry Bluestone and Bennett Harrison describe the extent and consequences of plant closings and private disinvestment on workers, their unions, and their communities. After reviewing the reasons for America's economic stagnation in the 1970s, Bluestone and Harrison offer a critique of traditional liberal, conservative, and "corporatist" strategies toward reindustrialization. The authors propose a "radical industrial policy" directed by and designed for the benefit of workers.


Examining the old capital-intensive industrial base of America together with the rising high technology information industry, the authors argue that current reindustrialization efforts are misdirected. Contrasting the lack of coherent policy in the United States to planning in France and Japan, they propose a national policy directed principally at an increasing government commitment to train engineers and engineering teachers and to improve math and science teaching at the elementary level. Only the government leg is missing, they suggest, in an industry-university-government arrangement. In a collection of essays at the end of the book, representatives from all three sectors confirm these views.


The discussion of the 1962 Trade Expansion Act includes a history of the Act and foreign precedents. The administrative framework, the qualifications, and the remedies are reviewed. The author examines some of the problems encountered when attempting to assist failing industries under the Act, and concludes with a number of suggestions to assist the process of economic recovery.


This comment explores the 1976 amendments to the 1971 DISC legislation that tied tax deferral benefits to growth in export earnings and favored smaller corporations. The amendments responded to the crit-
icism that the original DISC legislation did not in fact increase exports but merely conferred a windfall on large corporations with existing export operations.


This report reveals that the U.S. machine tool industry has some competitive advantages in specialty tools, but it does not fare as well against foreign competition in standard tools. This is primarily because major tool-producing countries enjoy lower labor and input costs, lower exchange rates, and easier access to capital. It predicts that future development in the field will be related to flexible manufacturing systems and computer-assisted design and manufacturing. The report also contains an analysis of the machine tool industries in 13 other countries and reviews the involvement of each government in the industry.


This U.S. International Trade Commission report concludes that the U.S. robotics industry is quite competitive internationally, and projects significant growth in the market for domestically produced robots through 1988. The U.S. robotics industry has, however, incurred large losses for the past four years due to underutilization of capacity, increased expenditures for research and development, and the entry of new producers into the market. The report contains a review of the robotics industries of 13 other countries and describes some of the tools these governments use to promote robotics.


The author examines the current shortcomings in U.S. export promotion policies by asking small and medium-sized American industrial firms whether American business schools should include international trade and foreign languages in their curricula and whether the U.S. Department of Commerce should match assistance programs to different classes of firms. Concluding that companies need the assistance of the public sector to compete successfully abroad, the author recommends changes in U.S. Department of Commerce programs and in university curricula. A list of potential future research topics is provided.

Arguing that past administrations, both Republican and Democratic, have followed economic policies too tolerant of transfer payments, subsidies, and regulations which discourage work, savings, and productivity, the author advocates national economic planning through incentives to the private sector. Davis describes how such planning could be achieved without increased bureaucracy and how it could transform the U.S. economy from a military industrial complex into a "humanistic-industrial complex." The author concludes that intelligent planning and appropriate incentives can solve America's worst economic and social problems.


The author discusses congressional objectives in creating the DISC and the practical effects of its allowed tax deferral. Feuchter rejects suggestions that the DISC has been a wasteful handout to large exporters and concludes that small businesses would be encouraged to "think export" if a time frame were built into the act to assure the continued existence of the DISC.


This book describes the short and controversial life of the Industrial Reorganization Corporation (IRC) from 1966 to 1971. The materials published include press statements, the IRC White Paper, and excerpts from Annual Reports and Accounts summarizing the projects in which the IRC was involved. The book also gives an account of IRC operations by including a series of ten case studies covering the IRC's most important areas of involvement.


Heenan advocates a "split-level approach" to economic policy. The lower level consists of a mixed or regulated economy in which companies are encouraged to compete by the removal of burdensome regulations and the promotion of greater productivity. The upper level consists of cooperative projects and policies involving business, government, and labor. Business' new role would include assumption of a more public role, better communications through a business roundtable, lending top executives to local government to help solve pressing problems, mandatory public service, and opening executive seminars to government officials. Government's new role would include simplification of regulations in order to free business initiative, assistance to multinationals through tax incentives and strong export
assistance, loosening antitrust restrictions, designing a cohesive system of national goals, promotion of high-technology industries and general productivity, stimulation of investment through tax relief, and requiring compulsory national service. Labor's new role would include maintenance of a cooperative relationship with management, concentration of efforts on job security, and an emphasis on worker participation, education, and training.


This report discusses the current utilization of foreign trade zones, which are areas close to ports of entry in the U.S. These zones are considered to be outside the customs area for purposes of tariff laws but are still subject to other public interest, health and safety laws. Both domestic and foreign manufacturers use these zones to cut tariff costs on imported components in order to reduce unit costs, but the zones are controversial. Proponents claim that they help to create jobs and sales in the U.S. markets as well as to attract foreign investment and to cut the trade deficit. Opponents claim that the zones reduce tariff revenues, promote imports which increase unemployment and the trade deficit, and promote the sale of products with little domestic content.


The so-called “cost criterion provision” of the 1974 and 1979 Trade Acts allows U.S. authorities to construct an artificial value of allegedly dumped imports into the U.S. if the foreign firm sold “substantial quantities” in its home market at prices below cost “over an extended period of time.” According to the author, manipulation of this provision contradicts economic theories and business practices, and violates at least the spirit, if not the letter, of the GATT. Repeal of the provision is recommended. Should this drastic step be impractical, Kawahito suggests two alternative cost criteria as well as interpretive measures to reduce the effect of the expanded cost criterion provision. Increased effort at gathering accurate information on foreign producers would also assist authorities in resolving the problem.


Rejecting the idea of a centralized national industrial policy to pick economic winners and losers, the authors insist that an industrial policy nevertheless already exists. In arguing their point, the authors provide illustrations of ways specific policy decisions affect business strategy. To achieve the goals of consistency, continuity, and “complementarity” (coordination of policy tools with industrial strengths
and weaknesses), they propose increased involvement of economic strategists at all levels of agency planning. Sectoral groups should monitor the condition of industry and seek to promote its competitiveness. The lack of centralized decision making is designed to avoid bureaucratization while ensuring representation of all interests in the formulation of industrial policy.

The author advocates a procedure whereby the U.S. Government would share with industry the risks in underwriting long-term projects to exploit domestic energy resources using new technologies. The aim is to reduce the dollar drain caused by oil imports.

The authors examine the effect of the contemporary competitive world market on U.S. industry and analyze the failure of traditional industrial policies and commercial strategies in this market. They conclude by advocating a forward-looking, internationally oriented industrial policy to encourage U.S. productivity.

This article examines the effectiveness of existing U.S. export promotion programs. The author identifies various problems, such as a lack of national commitment to exporting, a lack of coordination between programs, and insufficient financing for sales to LDC’s. He recommends the establishment of one policy-making entity to coordinate and monitor export promotion. Mullin further recommends a reconsideration of the defeated Export Development Credit Fund.

The Overseas Private Investment Corporation (OPIC) is a U.S. Government corporation located in Washington whose purpose is to facilitate U.S. investment in foreign countries. In 1972, Congress authorized OPIC to extend its operations to Yugoslavia and Romania. The author describes the three programs OPIC administers to lessen the difficulty and financial risk U.S. corporations might otherwise encounter by investing in these countries: (1) the Political Risk Insurance Program which insures investors against inconvertibility of local currency and loss due to expropriation, war, or revolution; (2) the Finance Program through which OPIC issues loans to investors and guarantees loans made by other financial institutions; and (3) the Pre-Investment Assistance Program which provides financial support
to investors in order to conduct investment surveys and feasibility studies.


The author analyzes what he sees as the source of America's current economic problems: the pervasive structure of managerialism in American economics and politics. Beginning with a synthesis of recent U.S. social, political, and economic history, Reich examines the rise and success of managerialism during the years between 1870 and 1970. Reich then examines the failure of modern America to maintain its international economic position and to adapt to global industrial changes because of its continued commitment to managerialism. Finally, Reich prescribes some concrete steps by which business, government, and labor can shift their emphasis from managerialism to long-term investment in human capital, thereby placing the U.S. back on the road to economic adaptability and growth.


These hearings examine the role of tax cuts in industrial policy. Dr. Amitai favors a "semi-targeted" approach in which government tax incentives would channel private investment to the infrastructure and capital goods sectors. Felix A. Rohatyn insists that the U.S. must develop an industrial policy which will restructure basic industries in order to make them competitive internationally. For this purpose, he recommends a Reconstruction Finance Corporation to provide equity capital to basic industry. Philip M. Klutznick, Former Secretary of Commerce, recommends that industry and government cooperate in research and development ventures, and that the government increase public spending and job formation. The mayors of several major U.S. cities plead for maintenance of federal programs in any industrial policy that help to stimulate development.


The author points to the long-term decline of many industries in the United States and other major economies of the North Atlantic area. Using comparative economic analysis, he shows how the newly industrialized nations of East Asia have prospered as the industrialized West has declined. Scott recommends a revitalization for the United States based on the implementation of an industrial policy and the adoption of a new way of thinking. In this approach, government will have to concede certain ground gained in welfare reforms, and corporations will have to take back some of the responsibility for the rights and security of their employees.

This private industry study charts the Japanese success in penetrating the world semiconductor market through targeting tactics and a protected domestic market. After analyzing the pertinent data, the study calls on the U.S. Government (1) to announce that targeting practices will not be allowed to undermine U.S. technological and economic leadership in this sector, (2) to monitor such targeted sectors, (3) to demand that U.S. semiconductor firms receive similar commercial opportunities in Japan as domestic firms, and (4) to seek enforcement of Japan’s multilateral obligations particularly under the General Agreement on Tariffs and Trade.


After reviewing the technological background of the semiconductor industry and the remedies available for violation of trade secrets under U.S., Japanese, and international law, the authors conclude that U.S. allegations have not been well-substantiated, but that countervailing duties on Japanese products would be an appropriate remedy for proven charges.


Sorrentino, Chief of the Division of Investigation and Reports in the Employment and Training Administration of the U.S. Department of Labor, traces the history of the Trade Adjustment Assistance Program (started in 1962 and revised in 1974 and 1981) which provides for the support, retraining, and relocation of workers who are unemployed because of the increase in imports resulting from trade concessions. Although the 1981 amendments emphasized retraining and relocation, the author contends that the Act was underinclusive, vague, and difficult to administer. He predicted that the Act would not be renewed in late 1983 and stressed that the displaced worker has been ill-served by vested interests, indecision as to whether such assistance should compensate the worker or help him adjust to job displacement, and the current replacement of such legislation with domestic content legislation as a preferred legislative solution.


These hearings present differing views on the definition and goals of a U.S. industrial policy from representatives of academe, local government, industry, banking, environmental groups, the Commerce
Department, members of Congress, and the U.S. Department of Housing and Urban Development.


This volume is a collection of papers presented at the Wharton/Reliance Symposium in Philadelphia in 1981. Representatives of business, government, and labor give views on alternative economic policies, consensus building, and specific policy changes in the areas of capital formation, energy, international trade, retraining of workers, regulation, and the allocation of funds. Although the book delves into complex economic theory, the papers do discuss specific industrial policy tools.