INDUSTRY VITALIZATION

TOWARD A NATIONAL INDUSTRIAL POLICY

Edited by Margaret E. Dewar
Foreword by Harlan Cleveland

PERGAMON PRESS

INDUSTRY VITALIZATION

TOWARD A NATIONAL INDUSTRIAL POLICY

Edited by **Margaret E Dewar**
Foreword by **Harlan Cleveland**

PERGAMON PRESS
New York Oxford Toronto Sydney Paris Frankfurt

Pergamon Press Offices:

U.S.A.	Pergamon Press Inc., Maxwell House, Fairview Park, Elmsford, New York 10523, U.S.A.
U.K.	Pergamon Press Ltd., Headington Hill Hall, Oxford OX3 0BW, England
CANADA	Pergamon Press Canada Ltd., Suite 104, 150 Consumers Road, Willowdale, Ontario M2J 1P9, Canada
AUSTRALIA	Pergamon Press (Aust.) Pty. Ltd., P.O. Box 544, Potts Point, NSW 2011, Australia
FRANCE	Pergamon Press SARL, 24 rue des Ecoles, 75240 Paris, Cedex 05, France
FEDERAL REPUBLIC OF GERMANY	Pergamon Press GmbH, Hammerweg 6, 6242 Kronberg/Taunus, Federal Republic of Germany

Copyright © 1982 Pergamon Press Inc.

Library of Congress Cataloging in Publication Data
Main entry under title:

Industry vitalization.

Papers presented at a conference held at the Hubert H. Humphrey Institute of Public Affairs, April 1981.
Includes bibliographical references and index.
1. Industrial promotion--United States--Congresses.
2. Industry and state -United States- Congresses.
3. United States--Industries- Congresses I Dewar, Margaret, 1948-
HC110.I53I52 1982 338 973 81-23529
ISBN 0-08 028829 4 AACR2

All Rights reserved No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means: electronic, electrostatic magnetic tape mechanical photocopying, recording or otherwise without permission in writing from the publishers.

Printed in the United States of America

Pergamon Titles of Related Interest

Fusfeld/Haklisch Industrial Productivity and International Technical Cooperation
Fusfeld/Langlois Understanding R&D Productivity
Hill/Utterback Technical Innovation for a Dynamic Economy
Lundstedt/Colglazier Managing Innovation: The Social Dimensions of Creativity
Nelson Government and Technical Progress: A Cross-Industry Analysis

Related Journals*

Bulletin of Science, Technology & Society
Computers & Industrial Engineering
Economic Bulletin for Europe
Government Publications Review
* Long Range Planning
Work in America Institute Studies in Productivity

***Free specimen copies available upon request.**

Foreword: Vitalization without the "Re"

Harlan Cleveland

The University of Minnesota's Hubert H. Humphrey Institute of Public Affairs is in business to educate future leaders and to clarify the issues of leadership in our time. Industrial policy is obviously one such issue, current enough and choice enough to qualify as the topic for the 1981 Humphrey Conference. The Conference, on "Industry Vitalization: Toward a National Industrial Policy," was held in Minneapolis from April 26 to 28, 1981. It was the first stage of a continuing inquiry on industrial policy, part of a policy project directed by Dr. Margaret E. Dewar of the Humphrey Institute's planning faculty. Through such projects as hers, groups of graduate students and University of Minnesota faculty work together on issues that jump ahead of current politics to future policy. The Conference was funded by earnings from a major gift by the AFL-CIO to the Humphrey Institute endowment.

The papers collected in this volume by Professor Dewar were commissioned for delivery at the Industry Vitalization Conference, and revised thereafter in the light of the conference discussion. They cover a broad range of issues related to industrial policy, but in the nature of things they do not encompass all sides of any issue. But taken together they frame the policy issues, and offer some provocative ideas about what the government might do—or stop doing.

* * *

We do not now have a national industrial policy. Ad hoc tactics by the federal government—rescuing Chrysler, suing IBM and A.T. & T., embargoing selective foods and feeds, and jawboning the Japanese—serve both as evidence that we don't yet have, and that we badly need, a "strategic" sense as a nation of where we are trying to go, what we are trying to do.

The purpose of the 1981 Humphrey Conference was to help us all focus on where we are, and on what we—government officials, business leaders, labor leaders, and those of us in the business of policy research and analysis—might be doing to help.

The common objectives of most Americans are clear enough, if we keep the discussion at a high enough level of abstraction. We want economic

试读结束，需要全本PDF请购买 www.ertongbook.com

growth with social fairness. We want assured access to needed resources and energy; we want a steady growth in productivity as we use these resources to serve human purposes and meet human needs; we want a strong competitive position in the world markets by which, increasingly, are measured the success or failure of corporations, industries, and national governments in coping with interdependence.

The "re" in "reindustrialization" and "revitalization" has led us to focus on rushing rescue teams to the most beleaguered industrial sectors. Until recently "industrial policy" has meant mostly steel and automobile manufacturing, and heavy industry still predominates in the reports, the editorials, and the politics of "industrial policy." But most American jobs are not in heavy industry. Overwhelmingly, *new* jobs are not in manufacturing at all. "Today," says the Council of State Planning Agencies in a report published in March 1981, " 'industrial policy' should mean rebuilding the economy so that it is not the same economy." Even that proposition might be common ground among many who think about industrial policy.

From that point on, we are as a nation far from moving toward consensus. A national administration turned out of office a year ago thought government should act as facilitator, that government needs to correct market imperfections, protect disadvantaged social groups, and dislodge bottlenecks to higher productivity. A new administration says the economy will work best and industry will be healthiest if government gets out of the way. Yet another school of thought, which in an earlier era might have called itself "liberal," believes that government should more actively decide how investment should be channeled and into which industries.

The rhetoric often seems more clearly differentiated than the actions it leads to: in the most popularized case, nearly everybody backed the Chrysler rescue mission, though it is hard to find anyone, in Wodehouse's phrase, who is "gruntled" with the outcome so far. But the ideological battle, centered on the proper role of government in the scheme of things, has so far inhibited a search for consensus on the key questions at issue.

We thought the management of such an enterprise as our Conference owed its participants, at the outset, a couple of provocative questions as a basis for discussion. So I suggested that two key questions about industry vitalization are these:

1. The industries that become our "leading economic sectors" for the 1980s and 1990s will become obvious, one way or another. Should this happen by "planning," by "consensus," or by "accident?" In other words, do we the people care what sectors shrink or expand? And if we do care, what are our criteria for caring?

2. How should public policy operate to channel investment into the leading sectors, and away from the shrinking sectors? ("Public policy" can mean either doing something or doing nothing; both have pervasive effects and

constitute decisions about who wins and who loses.) In other words: How do we the people make sure that we do not, by design or by neglect, feed our problems and starve our opportunities?

This book addresses these questions, helps to clarify them, and even suggests some answers. The debate continues—and so does the policy research at the Hubert Humphrey Institute on industry vitalization.

Introduction: Toward a U.S. National Industrial Policy

Margaret E. Dewar

Financial difficulties in the auto and steel industries, declining industrial productivity, and the U.S. industry's shrinking share of domestic and world markets are causing great concern that the United States may be entering an era of industrial decline. Some voices emphasize that hundreds of thousands of workers have lost their jobs and that communities have been disrupted as autos, steel, and their supplying industries have closed plants and contracted operations in others. Others worry that the worst problems are in basic industries critical to national defense. In the view of others, the United States ought to maintain preeminence in the world as a manufacturing nation. Slow growth in productivity, some warn, means slow improvement in the standard of living. The concerns have stimulated a lively debate and have pressured the federal government to act.

The resulting policy discussions have had several recurring themes. First, most of the attention has focused on "*re*industrialization" and on *re*vitalizing industry. The emphasis has been on restoring the troubled sectors to strength rather than on capitalizing on new growth potential in other industries. Second, the attention concentrates on older manufacturing, most frequently the auto and steel industries, and neglects the sources of most new jobs in manufacturing and in other major sectors of the economy. Third, most of those who worry about industrial problems gaze with envy at Japan's success, seek to identify why Japan has done better than the United States, and look for ways that this country might learn from Japan.

While most discussions about industrial policy share these themes, the specifics of the debate over what should be done reveal sharply different philosophies. The Carter administration proposed an economic program in which government served as "facilitator." The proposals implied that the smooth functioning of markets produces the best outcome, but some markets do not work correctly without help. Government, therefore, should correct market imperfections and loosen bottlenecks to increase economic efficiency. Government should ease the hardships of workers who lose their jobs and of communities hit hard by declining industries; workers and communities adjust especially slowly to new market conditions. Government efforts should be targeted to assure that the right kinds of reactions to public programs are elicited in the private sector, responses that lead to growth and

greater productivity. Administrators can determine, the Carter approach assumed, what kinds of private sector activities ought to be encouraged and what programs stimulate business to behave in those desirable ways.[1]

The Reagan administration has a very different philosophy. The economy will work best and industry will be healthiest if government interference is kept to a minimum, they believe. To unshackle the private sector, government should cut taxes and eliminate or ease regulations. The uneven effects of such measures on different sectors are not of particular concern. Efforts to stimulate industrial growth and productivity should not be targeted at specific industries or aimed at encouraging certain kinds of economic responses rather than others; instead, a favorable climate for economic growth should be created.[2]

Interest groups and individuals outside government have suggested a range of other approaches. The point of view most distinct from the Reagan and Carter administration positions argues that government must take a far more active role in influencing investment and disinvestment in sectors of the economy if growth and productivity are to increase. Felix Rohatyn and others, for example, argue that the government must intervene to revitalize troubled manufacturing industries that play an important role in defense. Those industries are too important to be allowed to die. Government is, they assume, capable of "turning losers into winners," to use Rohatyn's phrase. A somewhat more radical view, espoused by Lester Thurow of the Massachusetts Institute of Technology, Michael Barker of the Council of State Planning Agencies, and others, holds that government should and can identify the future "winners" and "losers" and direct investment to the winners. Japan's industrial success, this group says, has been due in large part to just that sort of government planning and intervention. They believe that markets work too slowly and respond to the wrong signals in channeling resources to future growth ("sunrise") sectors and withdrawing resources from dying ("sunset") industries. Growth slows when "sunrise" sectors are starved for resources. Dying industries deprive healthier ones of capital and labor.[3]

An administration's specific responses to industrial problems do not necessarily reflect the stands taken in general policy statements. Notably, the Reagan administration has outlined aid for the auto industry, endorsed some assistance to the troubled savings and loan associations, plans to extend trade restrictions to help the textile industry, and will probably do something for the integrated steel manufacturers despite the administration's avowals that government is not in the business of helping industry that cannot help itself.[4]

The Reagan administration's performance is not surprising. Sectoral policy—encouraging investment in some industries or "sectors," groups of industries linked through markets, and discouraging investment in others—remains at the heart of the industrial policy debate largely because political pressures

from labor and management force government to respond to the pleas of its declining industries. The Carter administration backed aid for Chrysler and drew up a program to assist the steel industry. Within the Carter administration, capacity was growing to examine the problems of some industries and to identify the impediments to the growth of others. Policymakers in the Department of Commerce and in Congress were beginning to consider where investment should occur and how investment might be encouraged in some sectors and discouraged in others, with the hope that the government would not respond to crises in distressed industries on an ad hoc basis.[5]

As this brief examination suggests, industrial policy issues are especially pressing now and are likely to remain so. In an effort to offer ideas about what government should do, the chapters in this volume look at industrial policy questions in general, but especially at questions related to sectoral policy. What are the problems of our troubled industries? What are the solutions to these problems? How successful were past efforts to help troubled industries? How have U.S. policies affected other industrial sectors? What have been the effects of implicit sectoral policies such as tax policy, antitrust measures, trade policy, and government procurement? What are the industrial policies of other countries? What are the results of other governments' sectoral policies? What are the implications for sectoral policy in the United States? Should government try to influence which sectors shrink and expand or leave this to market forces? The discussion generated by these questions adds to understanding about how business and government interact. The chapters support some and challenge other assumptions behind the Carter, Reagan, and alternative approaches to industrial policy. Therefore, the discussion provides a stronger basis for evaluating and reformulating sectoral policy.

INDUSTRIES IN TROUBLE

The first session of the conference dealt with industries in trouble. The current troubles of major industries are largely responsible for bringing industrial policy questions to public attention. Autos and steel, which directly employ millions of workers and are responsible for the jobs of millions of others in supplying firms, have been considered central to the health of the economy, although that does not seem true any longer. President Reagan termed autos "the one industry in this country that can cause a depression all by itself."[6] Both industries are viewed as vital to national defense. These giants are not the only industries with which Congress and the administration must deal. Among the others, parts of the textile, shoe, and apparel industries have suffered intermittent decline for decades.

The chapters by Friedman, Hirschhorn, and Miller on the auto, steel, and men's clothing industries, respectively, suggest several conclusions about the

dilemmas confronting policymakers.[7] First, of great significance to the Reagan administration's direction, even if government efforts succeed in slowing inflation, they cannot solve the problems of troubled industries except perhaps in a special case like the savings and loan associations. Slowing inflation is certainly important; inflation causes problems for all industries, including troubled ones. However, the root of difficulties lies outside inflation: in changes in demand for men's tailored clothing, for example; in the failure of steel management to invest in research and development and to adopt new technology; and in changes in auto demand because of rising oil prices. Correspondingly, potential solutions have little to do with easing inflation. Successful inflation policies will not reduce the pressures on government to do something for the distressed sectors.

Second, few troubled industries are homogeneous, although lobbying and policy discussion frequently present them as such. Within most troubled industries, some firms are healthy. For example, as Hirschhorn states, the nonintegrated steelmakers, often called minimills, and the alloy/specialty steelmakers have steadily increased their share of the domestic market and show consistent profits, while the integrated steelmakers are beset with difficulties. Some textile firms are consistently profitable, while others struggle to keep going. The characteristics of the healthy companies provide important clues about why the rest of the industry is in difficulty and about the ways that the troubles might be solved. But these lessons on the nature of the industry's problems and on how they might be handled generally differ considerably from the suggestions offered by lobbyists for the troubled companies. Indeed, some of the proposals to help the troubled firms would handicap the healthy ones even while the programs promise no long-term solutions to others' difficulties.

Third, the overwhelming thrust of the lobbying of troubled industries is to get government protection from change, usually through import restrictions. The industries' adjustment to new market conditions tends to come late and very slowly. Even if policymakers decided that the economy would be healthier if government encouraged disinvestment and eased the pain of adjustment, such a policy direction would only increase the pressures from the troubled companies. No industry advocates its own contraction.

Fourth, the distress of workers and communities affected by industrial decline requires that aid go beyond either restructuring an industry to put it back on a profitable footing or speeding up the departure of capital. What is good for the companies' profits or good for directing investment toward "winners" is not necessarily good for the workers. Workers and communities cannot adjust to rapid economic change quickly enough to prevent great hardship. In major industries now in trouble, workers may be powerful enough to get programs to preserve jobs. The United Auto Workers, as

试读结束，需要全本PDF请购买 www.ertongbook.com

Friedman's chapter shows, push for restraints on imports, as do the manufacturers, but also ask for "local content requirements" which would require manufacturers who sell in the United States to use U.S.-made components. Even if such a proposal does not find support and even if the spokesmen for workers ignore the difficulties of former constituents who have lost their jobs, policies have to reach beyond narrow notions of efficiency and market adjustment to consideration of the economic costs of unproductive labor and the social costs of joblessness and community decline. Indeed, politicians and administrators probably cannot ignore the pressure to address these problems for long.

Fifth, government policies may be able to transform the troubled segments of industries into healthy ones, to make industries competitive in international markets; but those results may come only at great cost. A critical question is: What is it worth to us to revitalize the distressed parts of an industry? Although that question probably cannot be answered adequately without a better sense of goals for an industrial policy, the public probably should not bear the cost of trying to make our losers into our winners with little regard for the nature of markets.

GOVERNMENT INTERVENTION ON BEHALF OF TROUBLED INDUSTRY

The United States government has a substantial history of assisting industries in trouble. The second session of the Conference examined that experience. Jantscher's chapter on the merchant marine and shipbuilding industries, and the discussions of fisheries and agriculture at the Humphrey conference,[8] suggest a number of conclusions. Perhaps most important, efforts to help these industries have not accomplished their stated goals. Programs failed to make the merchant marine, shipbuilding, and fisheries into prosperous industries. Programs aimed at preserving the family farm failed to stem the exodus from agriculture. However, they may have had the unintended result of reducing the risk enough and providing high enough profits to stimulate the investment that led to today's prosperous large farms and agribusinesses.

Government aid programs failed to turn around the fortunes of the fisheries, the merchant marine, and shipbuilding for a number of reasons. Generally, efforts to help have been ad hoc and piecemeal. The direction of efforts has changed often. Government rarely made a full commitment to solve problems; programs principally served to relieve political pressure for a time. Further, the causes of industry problems proved remarkably hard to under-

stand. When programs were based on wrong definitions of problems, they failed to help. Even when industry representatives and policymakers did know what the problems were, they could not devise solutions that would produce results which could help. Implementation problems thwarted efforts which showed great promise for easing industry difficulties.

The experience suggests the pessimistic conclusion that such government intervention has little chance of success. Nothing about the current difficulties of important industries or the governmental processes for handling the problems will keep the same factors from interfering with the effectiveness of programs. The failure of efforts to help suggests that government should aid troubled industry principally to ease the difficulties of the groups that have trouble adjusting to the change—workers, communities, and perhaps the owners of durable capital equipment. The aim of such aid should be to facilitate eventual adjustment to new economic conditions.

Even when government should not help on economic-efficiency grounds, political pressures will often compel intervention. Therefore, such government assistance ought to be more effective in solving industry problems to avoid wasting more public money. Jantscher's study suggests several ways to do so. Government should not subsidize a single factor of production. In the merchant marine, wage subsidies have promoted excessive use of shipboard labor and discouraged labor-saving innovation. Aid for one industry should not increase costs for another industry. Requirements that the maritime industry operate U.S.-built ships helped the shipbuilding industry, but burdened the merchant marine. Subsidies to a troubled industry should be subject to frequent review; legislation should include termination dates so that some positive action by Congress will be required to keep a program in existence.

More generally, the experience of government assistance for troubled industry and current appeals for help suggest that much more knowledge and analysis should contribute to the efforts to help. Government intervention must be based on a much better understanding of the reasons for the problems. Government cannot rely just on the industry's assessments of its own difficulties but must have some independent source of analysis. "Industry analysis" should accompany policy analysis to improve understanding of how an industry will respond to a program. The industry analysis should consider cultural, institutional, and political as well as economic factors. Policymakers should also analyze the implementation problems which programs may encounter and should redesign programs to increase chances of successful implementation.

Furthermore, industry analysis should be initiated before political pressures to help become overwhelming, in order to inform the design of later programs. The goal of the industry analysis should be to help reduce losses in efficiency while addressing critical equity issues.

GOVERNMENT AND HEALTHY INDUSTRIES

While the U.S. government has rarely tried explicitly to aid the growth of healthy industry, government policies have nevertheless influenced those industries' fortunes. Such government actions have constituted an unintended sectoral policy. The third session of the Humphrey conference looked at the experience of healthy industries. The chapters by Egan and by Erickson and Maitland detail the effects of government actions on the semiconductor industry and on commercial jet aircraft, computers, forest products, frozen foods, metal cans, and pharmaceuticals.[9]

The chapters suggest that the effects of government activity have been profound for some young industries. Government procurement has often been important in providing "thin specialty markets" for new industries. Buyers in such markets are willing to pay high premiums for superior performance in a few dimensions and to accommodate some performance deficiencies.[10] Procurement decisions have reflected no desire to choose future growth sectors. Instead, the creation of thin specialty markets has been the by-product of public actions directed at other goals, most commonly defense or NASA activities. For example, the military and NASA were the semiconductor companies' principal customers during the 1950s and early 1960s.

Even when government has not purchased the products of a new industry, its actions have occasionally spurred private sector demand and therefore given such industries an enormous advantage in making their products known and in earning revenues at early stages of product development. For example, food rationing during World War II increased the demand for new, relatively unrestricted frozen foods.

Government funding for research and development (R&D) has frequently accompanied government purchasing during the early growth of an industry. As Egan shows, the semiconductor companies received enormous amounts of R&D money from the military and from NASA in their early years.

For mature, healthy industries, the effects of government policy have been more diverse. The chapters have little praise for the effects of government activities. For instance, government procurement has imposed boom-and-bust cycles on some industries. Uncertainty about getting contracts and the short-term nature of contracts have caused problems for others. Trade policy has handicapped some industries. Tax policies have reduced the supply of capital to the semiconductor industry and therefore have inhibited vital innovation in that industry.

The history of the haphazard impact of government actions on these healthy industries suggests that government officials should develop systematic means for identifying the economic impacts of public policies and should find ways to moderate the injuries they inadvertently inflict. Acciden-

tal negative effects become too costly in an economy with slowing productivity.

As in efforts to help troubled industry, government should have a better understanding of the character of industries. That means government should employ a contingent of industry analysts to make assessments of the problems that industries face and the ways that government policies affect them. In addition, government should institutionalize procedures for economic-impact analyses of proposed government actions. Policymakers would then look systematically at direct and indirect effects of their actions and might become more sensitive to the consequences for industry. Again, an industry's own assessment of its problems and of the effects of government activity are not reliable enough to be the only source of information.

INDUSTRIAL POLICY IN OTHER COUNTRIES

Other countries have tried policies now under debate in the United States. Advocates of government intervention to direct investment toward selected industries point to the Japanese efforts as the best example of what the United States has to do. West Germany sets another good example, many believe, although its experience has received less attention than Japan's. Great Britain's difficulties, in contrast, show what the United States should not do, the pitfalls this country should avoid. The chapters by Trezise, by Menden, and by Blank and Sacks examine the record of industrial policy in those countries.[11]

The most striking conclusion of these chapters is that the success of Japan's and Germany's economic growth cannot be attributed to their industrial policies. The Japanese government has not been able to pursue a consistent policy to direct capital and labor to certain industries and out of others. Trezise's review of the Japanese record of activities discloses that little attention has been paid to sectors with high growth potential. In West Germany, Menden feels, the keys to success have been a very productive manufacturing sector with strong exports in high-technology goods; a strong currency; liberal trade policies; and a disciplined, hard-working labor force.

In Japan, West Germany, and Great Britain, a great deal of aid has gone to troubled industries. Pressures to help declining sectors seem as inexorable there as in the United States. In Japan, the bulk of public investment in industry has gone to ailing but politically important sectors, and trade policies have protected weak, vulnerable sectors. In 1970 in West Germany, two-thirds of federal subsidies and tax allowances went to help declining industries.[12] In Great Britain, the major result of industrial policy has been a succession of bail-outs, despite proclaimed intentions to target growth sectors and regardless of the party in power.

Great Britain's industrial policy has more obviously failed in view of the chronic troubles of the British economy. That nation's experience in industry policy may be an even more relevant example for the United States than are those of Japan and West Germany, Blank and Sacks warn, because the United States and Britain share traditions of constraint in state intervention in the economy, a weak state role in directing private sector activities. That tradition may have been the source of some of the difficulties encountered by British industrial policy. The two countries also share a sense of the importance of preserving their world economic leadership; recapturing that role of preeminence or hanging on to it have been themes in both countries. Blank and Sacks argue that the effort to restore Britain's place in the international economy and particularly to defend the international reserve currency status of sterling has strained the economy and interfered with industrial policy.

Britain's experience suggests some problems that may be generic in implementing industrial policy. Efforts remained ad hoc; no institutional innovations occurred to make it possible for government to deal with problems consistently or for officials to learn from the past. Political goals predominated over economic ones. Although plans and goals were formulated, crises always came up to change the direction of policy. As domestic economic problems worsened, each new government reversed the policies of the old.

The experiences of all three countries suggest that the United States would not succeed in an industrial policy to direct investment toward winners and away from losers. Political realities would ensure that the major result of such an effort would be to help troubled industry on a larger scale than ever before because more government resources would be committed to the industrial policy effort.

IMPLICATIONS FOR INDUSTRIAL POLICY

The chapters show clearly that the United States has had a sectoral policy of sorts which has influenced investment and growth in some industrial sectors, disinvestment and decline in others. The components of that industrial policy have included fiscal and monetary measures, defense and NASA procurement, regulations to promote health and safety, trade policy, programs to help troubled industry, and many other government activities. This industrial policy has been ad hoc, accidental, and piecemeal.

Continuing the policies of the past would mean that the United States still had a sectoral policy, but an unsatisfactory, incoherent, and inadvertent one. Ineffective aid for troubled industry would be more expensive than before and more important politically, because larger industrial sectors are distressed. Aid to troubled industry would dominate sectoral policy. The accidental side effects of a variety of government policies would continue to have

tremendous impacts on healthy industries, not necessarily in ways that encourage growth and productivity.

An implication of the chapters in this volume is that the United States should not try to pick "winners" toward which to direct investment. Government may or may not be capable of identifying the growth sectors of the future, but government certainly cannot conduct a consistent policy of directing investment toward those sectors. The approach would degenerate into helping losers. The United States has been very unsuccessful at helping ailing industries in the past and may do no better in the future.

Neither of these alternatives is satisfactory. Instead, the government needs to assist in the adjustment of troubled industries and the workers and communities affected by them to new economic conditions but should very rarely try to revitalize a distressed sector. Government's major role should be to cushion the impact of industrial decline on workers and communities so that the transition to new industries can be less painful. The government needs to understand more clearly the impact on industry of its many activities and should seek to reduce ill effects. Such a moderate approach which seeks to correct errors of the past but does not attempt a dramatically new solution would be consistent with political traditions in this country and be most likely to receive support over a long term.

NOTES

1. The White House, "Economic Growth for the 1980's" and "Fact Sheet: Economic Program for the Eighties," Aug. 28, 1980.
2. David A. Stockman and Jack Kemp, "Avoiding a GOP Economic Dunkirk," *Wall Street Journal*, Dec. 12, 1980, p. 28; Christopher Conte, "The U.S. Message for Ailing Industries," *Wall Street Journal*, April 6, 1981, p. 20.
3. Felix Rohatyn, "The State of the Nation's Industry—All Talk and No Action," *Washington Post*, July 20, 1980, p. G4; Lester C. Thurow, "The Productivity Problem," *Technology Review* 83, 2 (Nov./Dec. 1980): 40-51; Neal R. Peirce and Carol Steinbach, "Reindustrialization—A Foreign Word to Hard-Pressed American Workers," *National Journal*, Oct. 25, 1980, pp. 1786-88; Ezra F. Vogel, *Japan As Number One* (Cambridge, Mass.: Harvard University Press, 1979), pp. 232-33.
4. Conte, "The U.S. Message," p. 20; Timothy D. Schellhardt and Burt Schorr, "Reagan's Aides Stress Block Grants to States in Preparing '81 Agenda," *Wall Street Journal*, Aug. 21, 1981, p. 21; Kenneth H. Bacon, "Reagan Plans to Ease 34 Car Rules, Sees $1.4 Billion Industry Saving Over 5 Years," *Wall Street Journal*, April 7, 1981, p. 2; "Proposal to Give S&Ls Many Rights of Banks Is Favored By Reagan," *Wall Street Journal*, Aug. 4, 1981, p. 45.
5. See the work of the Office of Technology Assessment of the Congress and of the Office of Industry Policy, the Bureau of Industrial Economics, and the Office of Technology Strategy and Evaluation in the Department of Commerce.
6. Conte, "The U.S. Message," p. 20.
7. These conclusions benefited from the comments of Timothy J. Hauser, senior international

试读结束，需要全本PDF请购买 www.ertongbook.com