

**Rival Capitalists: International Competitiveness in the United States, Japan,
and Western Europe.**



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The analysis of the relationship between the White House and Congress—‘Good Cop, Bad Cop’ (p. 122)—and of the lobbying and legislative processes is illuminating. As ‘War Stories’ (pp. 69–90), he gives three varied examples: the textile dispute with China; the unfair subsidization of Canadian lumber; and the problems of winning contracts for the construction of Japan’s Kansai airport.

Nivola concludes with some useful mid-range solutions: strengthening escape clauses in such a way as to reduce the opportunities of unfair trade redress; defining more precisely dumping measures and subsidies; challenging trade barriers with a view to making managed trade more remote; strengthening the methods of resolving trade disputes; and raising the political stakes at home where trade is involved and clarifying institutional responsibilities to obtain better trade regulation. He finishes by quoting Representative Byron L. Dorgan as having said it was ‘almost a shameful thing, to be labeled a protectionist’ (p. 149). At this the author characteristically comments: ‘that agreeable generalization may not last forever, but neither should it be dismissed prematurely as *passé*’.

Anthony McDermott, Financial Times

Rival capitalists: international competitiveness in the United States, Japan, and Western Europe. By Jeffrey A. Hart. Ithaca, NY: Cornell. 1992. 308pp. Index. Pb.: \$18.65. ISBN 0 8014 9949 6.

What explains success or failure in the competition between states for world market shares? The question has already generated many books and widely divergent answers. In America especially, bookstores are bursting with books—of highly variable quality—on what is to be learnt from the Japanese. Jeff Hart’s careful comparison of postwar changes in US, Japanese and West European (especially German, French and British) competitiveness, however, makes a serious contribution to current debates about industrial policy.

Hart puts his main emphasis on what he calls state–societal arrangements which affect the capacity to innovate and to diffuse new technologies. He draws on the neo–corporatist exploration of the tripartite relationship between government, business and labour, but finds it more applicable to small states than to large ones. This relationship has also been weakened by organized labour’s universal loss of bargaining power in a period of deflation and rising unemployment.

For evidence, Hart draws on the experience in each of his five countries of three sectors—steel, cars and semiconductors—in all of which US firms have lost significant ground to Japanese firms. Thus he overlooks sectors like aircraft, chemicals and pharmaceuticals, insurance, software and financial services in which the reverse is true. The book therefore shows a slight bias in favour of the trade warriors now dominating economic policy debates in the United States. But its analysis of change does demonstrate the value of an eclectic, political economy approach that can appreciate and acknowledge the contribution of macroeconomic factors on the one hand and of cultural factors on the other, without finding either sufficient. Not everyone will agree with his conclusion, that, to compete effectively, the United States (and Britain, presumably) has to choose between the German and the Japanese models. Both have run into trouble since research for the book was done. US firms, moreover, have made something of a comeback in semiconductors without adopting the Japanese model of state–societal arrangements.

A more serious criticism is that Hart—like many others—focuses on the wrong unit of analysis. It is not in the end national economies that compete for sales. It is firms. And within any country there are some firms that succeed and others that fail. Even British industry has its success stories. Sure, state–societal arrangements matter inasmuch as they shape the context within which firms—and increasingly foreign-owned firms as well as homegrown ones—operate. But, as the success of Japanese car factories in both the United States and Britain shows, corporate strategies and competence matter too.

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