



Anxiety about the future has already created inter-generational friction between baby boomers and others.

the newborns' net payout. (The forecast for women is depressingly similar.) This represents a "significant generational imbalance in U.S. fiscal policy," the economists say. To correct it, they warn, "a much more significant sacrifice by current generations than politicians seem to realize" will be needed.

## MITI Misfires

"Growth, Economies of Scale, and Targeting in Japan (1955–1990)" by Richard Beason and David E. Weinstein, Harvard Institute of Economic Research Discussion Paper #1644 (Oct. 22, 1993), Cambridge, Mass. 02138.

Economists and others impressed by postwar Japanese industrial policy claim that the famed Ministry of International Trade and Industry (MITI) shrewdly identified the semiconductor, automobile, and other industries as the economic stars of tomorrow and gave them the assistance they needed to flourish. What is usually ignored is the fact that virtually all industries received some government aid. To figure out how successful Japan's industrial "targeting" really was, economists Beason, of the University of Alberta, and Weinstein, of Harvard University, look at the assistance that was given only to selected industries. Analyzing the distribution of the various governmental goodies—corporate tax breaks, subsidies, loans, and trade protection—they conclude that MITI for the most part gave them to the "wrong" industries.

Mining and textiles, which had the lowest growth rates during the 1955–90 period of 13 industries studied, were among the big winners of special government assistance, the economists report. By contrast, the three fastest-growing industries—electrical machinery, general machinery, and transportation equipment—got benefits that were, for the most part, lower than average. "Despite all that is written about the targeting of Japan's semiconductor industry," the authors say, "electrical machinery overall received so little in benefits" that it appears that industrial policy must have taken more money out of the industry in higher taxes than it put back into it in benefits.

Whatever the chosen targets, the economists found scant evidence that Japanese industrial policy improved the affected industries' productivity (and therefore competitiveness).

To the extent that industrial policy spurred growth and investment, Beason and Weinstein write, it was in Japan's low-growth and declining industries—"mistargeting," they speculate, that may have been caused by the political pull of these industries.

## The Antidumping Boomerang

"U.S. Trade Laws Harm U.S. Industries" by James Bovard, in *Regulation* (Vol. 16, No. 4), Cato Institute, 1000 Massachusetts Ave. N.W., Washington, D.C. 20001.

Free trade advocates are often accused of putting the interests of American consumers ahead of the welfare of U.S. industries and workers. Bovard, a Cato Institute policy analyst, argues that all suffer from protectionist American trade policies.

Antidumping laws are a case in point. Although the laws are intended to protect U.S. industries, Bovard maintains that they increasingly prevent U.S. firms from getting foreign supplies and machinery that they need, and thus hurt U.S. competitiveness. In 1991, for example, the U.S. Department of Commerce ruled that Japanese advanced flat panel displays—the screens used in laptop and notebook comput-