



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-

ers—were being dumped in the United States. But there are no viable U.S. manufacturers of flat panels, Bovard says, and IBM, Apple Computer, and Compaq begged the U.S. International Trade Commission (ITC) not to impose prohibitive duties. The ITC did so anyway, “largely because Japanese imports prevented would-be U.S. flat panel producers from raising the capital to begin manufacturing.” The ruling prompted an exodus of production overseas. “We were going to produce our new Powerbook laptop computer in Colorado—but instead we are producing them in Cork, Ireland,” said Jim Berger of Apple Computer. “That is entirely because of the flat panel dumping duty.” Thousands of jobs may be lost as a result of the decision, Bovard claims.

The problem goes beyond the high-tech realm, he notes. In 1990, the ITC imposed dump-

ing duties on Japanese mechanical transfer presses used to mass-produce certain auto parts. Only two U.S. companies make such presses. According to John Scicluna of Ford Motor Company, the Japanese presses work twice as fast as the American ones and turn out higher-quality parts.

Because dumping is exceedingly hard to define, Bovard argues, antidumping laws are subject to manipulation. Foreign companies that sell products in the United States for less than they do at home or at prices less than the cost of production and an eight percent profit are considered to be “dumping” under U.S. trade laws. But determining such things as the true cost of production is difficult. In effect, Bovard asserts, the laws give the Department of Commerce the power to place de facto price controls on imports worth almost \$500 billion a year.

SOCIETY

Civilizing Suburbia

A Survey of Recent Articles

The 1990 census made it official: The United States has become a suburban nation. Nearly half of all Americans live in suburbs, only about one-third in cities. Yet some thinkers argue that terms such as *bedroom community* and *suburb* are no longer adequate to describe places that have been transformed from bucolic retreats into centers of commerce and industry. For all intents and purposes, many suburbs have become cities. Robert Fishman, a historian at Rutgers University and author of *Bourgeois Utopias* (1987), calls these areas “new cities” or “techno-suburbs,” while *Washington Post* reporter Joel Garreau has coined the term “edge city” (also the title of his 1991 book on the subject). As Fishman writes (*WQ*, Winter 1990), “The peripheries have replaced the urban cores as the heartlands of our civilization. . . . They have become a new kind of city.”

The defenders of the older urban faith have not been idle, of course, and indeed still domi-

nate the intellectual debate. The prevailing view, articulated by Columbia University’s Saskia Sassen in *The Global City* (1991) and recently in a Woodrow Wilson Center paper, “Urban Impacts of Economic Globalization” (April 1994), is that big cities with strong financial and service sectors still dominate the world economy. Directly attacking the “new city” camp in *American Quarterly* (March 1994), William Sharpe of Barnard College and Leonard Wallock of Hunter College insist that the suburbs of old are all too alive and all too well. Fishman and company are wrong to stress the merely “functional” (i.e. economic) characteristics of the so-called new cities, they contend, because what really matters is that they still lack true urban “diversity, cosmopolitanism, political culture, and public life.” For example, even though the black suburban population grew rapidly during the 1970s, studies show that old patterns of racial and class segregation persist in the suburbs.

Perhaps the most conclusive evidence that