

**"H**igh-tech fetishism" is creating a fractious and potentially dangerous set of disputes among the major industrial powers. Having their own high-tech industries, say authors Sylvia Ostry and Richard R. Nelson, will not necessarily help nations accelerate economic growth or reduce unemployment. A furious debate is now going on within and among nations over the fairness and usefulness of public policy on high technology.

*Techno-Nationalism and Techno-Globalism: Conflict and Cooperation* is a broad-ranging study of the technological competitiveness of nations. It examines the origins of trade and public policy conflict in the United States, Japan, France, and Germany; the friction between countries caused by shifts in competitiveness; the role of trade policy in both causing and attempting to resolve these frictions; and the scope for new initiatives aimed at strengthening international cooperation. The authors argue that the margin of the U.S. technology lead has been narrowing since the 1960s, caused in part by the rise of Japanese industry in a variety of high-tech industries, and in part by the rapid circulation of information and diffusion of technology. They show how changes in technical competitiveness have created new sources of economic conflict between nations. Because governments increasingly believe that long-term wealth creation depends on superior technical skills, they are inclined to provide direct or indirect assistance to potential technological winners. This raises the risk of trade and subsidy wars.

Technology now spreads quickly, reducing the time it used to take for competitors to catch up. The authors explain that to create adequate return on the considerable investment that high tech requires, firms must have ready access to foreign markets through trade and through direct investment. In addition to formal restrictions

on trade and investment, structural impediments have become a bigger problem. These arise from policy sanctioned by exclusionary links among and between producers, distributors, and financiers.

The authors examine the implications of increasing techno-globalism for national and international public policies, and look at where public policies need wider and deeper integration, and what other new approaches are needed to reduce friction among national systems. This book is part of the Brookings Integrating National Economies series.

## *The Authors*

**Sylvia Ostry** is chair of the Centre for International Studies at the University of Toronto. **Richard R. Nelson** is George Blumenthal Professor of International and Public Affairs, Business, and Law at Columbia University.

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