

INEXORABLE BECAUSE IT IS DRIVEN BY A FUNDAMENTAL CHANGE IN THE GLOBAL BALANCE OF ECONOMIC FORCES.

SO LONG AS THE UNITED STATES WAS THE WORLD'S PREDOMINANT ECONOMIC POWER AND ENJOYED A SUBSTANTIAL TECHNOLOGICAL ADVANTAGE OVER ITS RIVALS, IT WAS DRIVEN BY SELF-INTEREST AND MAGNANIMITY ALIKE TO PURSUE A POLICY OF LIBERAL TRADE. THE UNITED STATES IS STILL THE WORLD'S LARGEST RICHEST AND MOST DYNAMIC MARKET AND IS LIABLE TO REMAIN SO FAR THE FORESEEABLE FUTURE. BUT AMERICAN ECONOMIC AND TECHNOLOGICAL LEADERSHIP HAS NOW BEEN CHALLENGED ON THREE SUCCESSIVE FRONTS: FIRST, BY THE RESURGENCE OF A REVITALIZED EUROPE FROM THE ASHES OF WAR; SECOND, BY THE RISE OF AN EXTRAORDINARILY DISCIPLINED AND DYNAMIC JAPAN; AND THIRD, BY THE RECENT EMERGENCE OF THE NEWLY INDUSTRIALIZED COUNTRIES, PARTICULARLY ON THE PACIFIC RIM.

THE MASSIVE BUDGETARY AND TRADE DEFICITS OF THE LATE SEVENTIES AND EIGHTIES HAVE SHAKEN AMERICAN SELF-CONFIDENCE. AT THE SAME TIME, THE DECLINE OF MAJOR INDUSTRIAL SECTORS SUCH AS STEEL, AUTOMOBILES, TEXTILES AND MACHINE TOOLS, ONCE CONSIDERED THE HALLMARKS OF A MAJOR INDUSTRIAL POWER, HAS ALTERED AMERICA'S PERCEPTION OF ITS SELF-INTEREST.