

2.3 Technonationalism: Protectionism in Disguise?

There is little doubt that the mood has become more protectionist in the United States and perhaps nowhere more so than in technology creation activities. The question, however, remains as to whether this growing sentiment has actually translated itself into technonationalist policies. One of the chief proponents of the view that trade in technology should be "managed" is Laura Tyson, the new Chair of the Council of Economic Advisors. In her book *Who's Bashing Whom: Trade Conflict in High-Technology Industries*, she argues that, although free trade is the preferred objective, the reality is that trade in these industries has little to do with pure market forces.

Tyson, who has recently come under criticism from Paul Krugman⁴⁵, argues that the U.S. must pursue a more active trade policy in high-technology industries which focuses on "opening foreign markets rather than closing the domestic market".⁴⁶ In a recent paper, Tyson acknowledges the potential link between "strategic" technology policies and protectionism when she notes that such measures as preferential procurement, aggressive R&D subsidies targeted at commercial technologies but limited to domestic producers, and local content restrictions can be "beggar-thy-neighbour" and constitute a form of "technological mercantilism".⁴⁷

Europe has had a dirigiste policy of subsidizing R&D for a number of years which has similarly restricted access to the research activities or results of nationally sponsored R&D programs. According to a recent article in *Business Europe*: "In determining EC priorities, Mr. Ruberti [the EC's new R&D commissioner] will pay attention to technologies identified in the U.S.A and Japan for funding."⁴⁸ This would seem to suggest that the Community is willing to use its R&D subsidies to counteract the impact of technology policies being pursued elsewhere.

Analysts in Europe have commented that international cooperation in R&D was strong in the late 1980s, but has since diminished due to the recession. There is now

⁴⁵ Krugman, an economist with the Massachusetts Institute of Technology (MIT) and one of the chief proponents of the 'new' strategic trade theory, recently published an article in which he makes a practical case for a trade policy based on the concept of free trade. See Paul Krugman, "The Narrow and Broad Arguments of Free Trade", *American Economic Review*, Vol 83:2 (March 1993), pp. 362-366.

⁴⁶ Tyson cited in *Inside U.S. Trade*, March 26, 1993, p. 8.

⁴⁷ Laura D'Andrea Tyson, "Managing Trade Conflict in High Technology Industries", M.C. Harris & G.E. Moore (eds.), *Linking Trade and Technology Policies* (Wash. D.C.: National Academy Press, 1992), p.74.

⁴⁸ The Economist Intelligence Unit, *Business Europe*, March 29-April 4, 1993, p.3.