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INCREASING AMERICAN COMPETITIVENESS THROUGH STRATEGIC ALLIANCES

INTRODUCTION

Policy makers in the United States rightly are concerned about the ability of American firms to compete in the world economy. They note that if American products fail to match the price and quality of foreign goods, U.S. firms will lose ground and the living standards of Americans will suffer.

Many U.S. businesses, however, have discovered a very innovative and effective way to meet the challenge posed by intense foreign competition. These businesses pool their capital, technology, distribution networks, and other resources—sometimes even with foreign firms—in joint ventures known as strategic alliances. These alliances allow companies to operate as a team, with the strengths of one team member complementing those of another. In this way, the strategic alliance is better able to fund new research and development, gain access to state-of-the-art technology, and to penetrate foreign markets.

Example: America's Intel Corporation has entered a strategic alliance with Japan's NMB Semiconductor Company to manufacture a new type of computer chip for laptop computers. Intel will provide most of the capital and the design specifications for the chip, while NMB will be responsible for manufacturing it.

Example: America's International Business Machines (IBM) Corporation and Siemens AG of Germany have joined forces to manufacture new types of computer memory chips for personal computers. The companies will pool investment capital and production techniques to develop and produce these chips.

Unfortunately, it is sometimes more difficult for U.S. firms to form such strategic alliances than it is for foreign firms to do so. Ironically, this is not because of the unfair trade or investment practices of other governments, but because certain U.S. laws restrict the freedom of enterprises to engage in joint ventures. In particular, the antitrust

laws permit U.S. firms to sue their competitors and win heavy damages if these competitors engage in what are ruled to be monopolistic practices. But the definition of such practices is so vague and arbitrary that businesses often do not know before the fact what is legally permissible and what is not. Thus although current law does allow limited exemptions for strategic alliances in research and development projects, U.S. firms often will not enter into production or marketing alliances for fear of lawsuits.

Government Limits. The laws restricting alliances formed to compete more effectively are intended to protect the U.S. consumer from exploitation by monopolies. But if the consumer is indeed in danger, it is because of government limits on competition, particularly restrictions on foreign trade. If enterprises from anywhere in the world are free to sell their goods and services in the U.S. market, American companies engaged in strategic alliances would have little opportunity to dominate a market.

Some policy makers agree that strategic alliances make sense, but then go on to argue that government should take the lead in forming such joint ventures. But government officials are least able to determine whether a strategic alliance will help or hinder an industry. There are risks involved in any business venture, whether an enterprise acts on its own or in cooperation with others. The individuals who are in the best position to make that calculation, and have the incentive to make a wise decision, are those whose money or jobs are on the line. They are entrepreneurs and managers, not bureaucrats. And if they are to make good decisions that promote U.S. competitiveness, businessmen must be free to act on their judgment in forming strategic alliances.

To give businesses the maximum freedom of action, the Bush Administration wants to reform current antitrust laws for U.S. firms engaged in strategic alliances with other domestic firms or with foreign enterprises. Under the Administration's proposal, a competitor still could initiate legal action if it felt a strategic alliance was illegal, but it could be awarded only actual damages incurred. Today the firm would be entitled to triple damages.

Legislative Remedy. A bill offered in Congress by Representative Jack Brooks, the Texas Democrat, and Senator Patrick Leahy, the Vermont Democrat (H.R. 1604, S. 479) would achieve part of the Administration's objective by reducing the threat of antitrust lawsuits associated with joint ventures—but only for alliances involving other American firms. While this would be of some help, U.S. firms need to be put on equal footing with their competitors abroad, most of whom are not hampered by such stringent antitrust rules. Hence the Bush approach would do much more to improve the competitive position of U.S. firms.

Strategic alliances quickly are becoming a private sector alternative to meeting the competitiveness challenge. Yet U.S. government antitrust restrictions, if not preventing these alliances outright, create uncertainty in the business community. Joint production strategic alliances should be made an option for American businesses that are looking for ways to increase their international competitiveness.

HOW STRATEGIC ALLIANCES HELP U.S. COMPETITIVENESS

American policy makers have been increasingly concerned in recent years with the long-term competitiveness of U.S. firms. They worry that firms are not as inclined as their foreign developers to develop long-term business strategies and that they are less willing to make the investments and take the risks necessary to compete internationally. As a solution, some of these policy makers argue that special government subsidies, grants, or credits should be given to enterprises within those industries in which government officials believe there is the potential to be competitive. Some other policy makers favor trade protectionism, on the assumption that if U.S. businesses are protected from competition, they will have the chance to restructure and compete better. Still others would allow U.S. politicians to make deals with America's trading partners concerning export levels and market shares for businesses in each country.

Penetrating Foreign Markets. These policy makers all share the belief, implicitly or explicitly, that U.S. firms cannot compete effectively abroad without a close partnership with government. Yet many U.S. firms are finding ways to penetrate foreign markets without using taxpayers' money, special government favors and handouts, or trade retaliation. Typically these firms use joint ventures or strategic alliances. In these alliances, two or more companies combine resources in pursuit of a shared goal that likely cannot be achieved by either company acting alone. These strategic alliances can take several forms. Some are loosely-linked relationships in which the companies pool capital for joint research and development projects, and each firm is entitled to use any resulting products or discoveries. In other cases they are more extensive relationships, in which the companies pool capital, management, and technology. Sometimes the partners even create a new and separate company specifically for joint activities.

Strategic alliances enable firms to improve their competitiveness more quickly than if each company were to try to do so on its own. When a company acts independently, for instance, it often finds it difficult to raise sufficient capital to fund the expensive research and development needed to succeed in world markets. Similarly, one company may have a design for a new technology, but it may not have the facilities to manufacture it, and it may take that company years to assemble those facilities or to develop the needed manufacturing technologies. Yet there may be another firm with those facilities. Under a strategic alliance these firms would link up, bringing the product to market possibly many years before either company working on its own.

Arming the Competition. Strategic alliances do not, of course, guarantee success for the businesses involved. Like any other business strategy, an alliance may or may not be the best approach in a given situation. A poorly designed and administered alliance can backfire. Moreover, without careful precautions, one of the partners in an alliance may gain disproportionately and become a future competitor. Critics of strategic alliances with foreign firms point out, for instance, that they can result in U.S. firms giving away technology that can be used by foreign firms. This has indeed happened in the past. In the semiconductor industry, for example, the Intel Corporation and Motorola Incorporated eventually lost market share in low-end dynamic random access memory chips (DRAMs) when they entered into licensing agreements in the 1970s and 1980s with such Japanese companies as NEC Corporation and Hitachi Lim-

ited to manufacture the chips.[1] The Japanese companies subsequently used American technology to manufacture new computer chips based on Intel and Motorola designs.

The loss of valuable technology is always a potential risk associated with any partnership, whether between two domestic firms or with foreign firms. But with the proper contractual safeguards it is unlikely.[2]

In some cases, the loss of technology is hardly the issue anyway. Japan commands such an enormous technological lead in certain industries, such as manufacturing high-tech products, that it is U.S. firms that desire access to new technologies by taking on Japanese partners, and it is the Japanese firms that risk losing their technological lead. The latest technologies in audio equipment, laptop computers, video equipment, and other consumer electronics, for instance, are in the hands of the Japanese. It is through strategic alliances that U.S. firms have the best chance to prosper in these industries despite their shortcomings in technology.

While strategic alliances have existed for decades, there has been an increase in recent years—particularly in U.S.-Japan Alliances.

Example: Motorola Incorporated — Toshiba Corporation. Two of the world's leading electronics manufacturers, America's Motorola and Japan's Toshiba, forged a strategic alliance in 1986 to manufacture semiconductors. The alliance since has grown into a profitable partnership. Motorola gained access to dynamic random access memory (DRAM) chip production, while Toshiba gained access to Motorola's microprocessors, which are the "brain" chips of personal computers and other consumer electronics.[3]

Example: American Telegraph and Telephone Company (AT&T)—Nippon Electric Corporation (NEC). American semiconductor manufacturers have been falling behind the Japanese in low-end DRAM chips. Many Japanese companies have been developing new types of manufacturing equipment that are more advanced than American equipment, enabling the Japanese to produce very advanced semiconductors used in products ranging from digital telephones to high definition television.[4]

AT&T announced in April 1991 that it would enter into a strategic alliance with NEC of Japan. AT&T is the world's largest telecommunications company. NEC is a large manufacturer of such consumer electronic products as personal computers, printers and televisions. Many of AT&T's products require innovative semiconductor components, and the AT&T-NEC alliance will give both firms an edge in developing the next generation in electronics manufacturing techniques. The pact, says Richard Koeltl, an AT&T Microelectronics official, "lowers risk and it lowers cost...it takes advantage of more engineers taking a look at all options."[5]

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1 "Making Deals — Without Giving Away the Store," *Business Week*, June 17, 1991, p. 96.
2 For more information on successfully structuring a strategic alliance, see Jordan D. Lewis, *Partnerships for Profit: Structuring and Managing Strategic Alliances* (New York, The Free Press, 1990).
3 "Making Deals—Without Giving Away The Store," *Business Week*, June 17, 1991, p. 97.
4 "An Alliance of AT&T With NEC," *The New York Times*, April 23, 1991, p. D4.
5 "AT&T, NEC Join Forces On Chips," *The Washington Post*, April 23, 1991, p. D1.

Significantly, AT&T is one of the largest supporters of the government-business consortium of American electronics firms, called Sematech. In this consortium, formed in 1987, U.S. companies and government agencies contribute capital for the development of new technologies. But Sematech has failed to make significant progress in this. While AT&T remains committed to Sematech, their strategy for quickly entering this innovative market includes strategic alliances.

Example: Apple Computer Incorporated—Sony Corporation. Trying to break into the booming laptop computer market, Apple in 1989 introduced a "portable" version of its successful desktop computer. But it weighed 17 pounds, cost $7,250, and it did not sell. Meanwhile, Apple's Japanese competitors were making state-of-the-art laptop computers weighing less than seven pounds with a price tag of between $1,000 and $4,000. Not surprisingly, Apple and other American firms have been losing market share in a rapidly expanding market. Sales for laptops grew by 32 percent in 1990. Meanwhile, desktop computer sales, the mainstay of U.S. firms, grew by only 3 percent.[6]

Recognizing its shortcomings in the booming market for laptop computers, Apple this August announced a strategic alliance with Sony. Under this arrangement, Apple will gain access to Sony's miniaturization and manufacturing techniques, while Sony, which produces mainly audio and video equipment and not computers, will be able to expand into laptop computers thanks to Apple's computer design know-how.[7] Similar agreements have been established by AT&T and Matsushita Electric Industrial Company, and between Compaq Computer Corporation and the Citizen Watch Company.[8] AT&T and Compaq will share their computer technology with Matsushita and Citizen in exchange for access to new memory chip and manufacturing technologies.

Example: Inland Steel Industries—Nippon Steel Corporation. The U.S. steel industry for many years has been losing market share to foreign firms. The U.S. government's response in the past was to provide "short-term" protection from competition. But despite receiving protection since 1969, the competitiveness of many U.S. steel companies has continued to erode. Some firms now are looking for foreign partners to help boost their competitiveness.

One such partnership takes the form of a new plant in New Carlisle, Indiana. The plant is 60 percent owned by Inland and 40 percent owned by Japan's Nippon Steel, the world's largest steel producer. The alliance creates a new company called I/N Tek.

The partnership gives Inland access to some of the most advanced state-of-the art manufacturing technologies. Nippon Steel benefits by gaining a production base in the U.S. and capital from the investment if I/N Tek is profitable. I/N Tek produces steel slabs that are shaped and cut to consumer specifications, and is the only specialty steel plant in the U.S. that operates continuously. The operating costs are 50 percent lower

6 "Surge in Japanese Competition Expected as U.S. Lifts Tariff on Laptop Computers," *The Wall Street Journal*, August 5, 1991, p. B2.

7 "Sony to Supply Apple Computer With Portable PCs," *The Wall Street Journal*, August 2, 1991, p. B3.

8 "Laptops: The Machines Are Tiny, The Potential is Huge," *Business Week*, March 18, 1991 p.118.

than a typical non-continuous U.S. facility. Moreover, a manufacturing process that takes most companies 12 days to complete is completed in just one hour at I/N Tek.[9]

Example: Intel Corporation — NMB Semiconductor Company. American semiconductor firms have been trying for years to increase their sales in the Japanese market. To this end, the U.S. government has been seeking to force the Japanese government to guarantee at least 20 percent of that country's market to U.S. suppliers. The Intel Corporation has been a major supporter of this initiative.

Dissatisfied with the progress of such government negotiations, however, Intel has recently joined in a strategic alliance with NMB semiconductor of Japan. The two companies will manufacture "flash" memory chips for such products as laptop computers. Most appealing to Intel is that the chips will be manufactured by NMB from Intel designs, then sold in Japan under the Intel label. The agreement thus will provide Intel with increased market share in Japan, access to NMB manufacturing techniques and distribution channels, as well as increased name recognition, all without government mandated trade agreements. NMB, which has in the past specialized in manufacturing memory chips, benefits from diversifying its activities and from increased investment capital from Intel.[10]

Example: International Business Machines (IBM)—Siemens AG. Developing new technologies can require massive infusions of venture capital. Yet even after the technology is developed, more capital spending is necessary to build facilities to produce the new product in large quantities.

A new generation memory chip, called the 16-megabit DRAM, illustrates how the need for large amounts of capital can pose problems for firms. This chip already has been developed by many companies, including America's IBM, Japan's NEC Corporation and Toshiba Corporation, and Germany's Siemens AG. Yet no single company so far has been able to produce the chips in large quantities.

But IBM and Siemens have combined forces to produce the chip jointly. By sharing production costs and spreading the risk between both firms, the alliance provides an opportunity for the two companies to take the lead by bringing new technology to market faster than their competitors.[11]

Example: LSI Logic Corporation—Sanyo Corporation. European, Japanese, and American companies aggressively are seeking to market the first high-definition television (HDTV). HDTV is considered likely to be the next generation TV, incorporating motion picture quality into a television set. Firms in different countries tend to have a competitive advantage in certain components needed for HDTV. But none has a competitive advantage in the entire production process.

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9 "Don't Merge, Joint Venture," *Forbes*, November 12, 1990, p. 37.

10 "Intel Amends Alliance With NMB IN Bid to Boost Chip Sales in Japan," *The Wall Street Journal*, April 9, 1991, p. B4.

11 "IBM, Siemens Reach Agreement To Make DRAM Computer Chips," *The New York Times*, July 5, 1991, p. A4.

In an effort to take the lead in this potentially lucrative market, LSI Logic and Sanyo announced this July a strategic alliance to produce one of the most important components, the semiconductors needed to decode the television signals. Sanyo is a large Japanese consumer electronics company. LSI Logic is an U.S. semiconductor manufacturer with production facilities in both America and Japan. Sanyo will design the chips and LSI Logic will manufacture them. The venture will provide the U.S. partner with valuable new technology in the semiconductor field, while Sanyo will reduce its investment costs by taking on a partner.

Example: Read-Rite Corporation—Sumitomo Metal Industries Ltd. Trying to break into the consumer electronics market, the California-based electronics firm Read-Rite Corporation has agreed to enter a strategic alliance with Japan's Sumitomo Metal to manufacture tape heads for VCRs and computer disk drives. The manufacturing facilities will be in Tokyo. Read-Rite will gain technology, production techniques, access to Japanese distribution channels, and increased name recognition in Japan.[12] Sumitomo will gain an experienced partner in electronics manufacturing and increased capital for the project.

WHY DOMESTIC ALLIANCES ARE IMPORTANT

Strategic alliances between U.S. and foreign firms can increase U.S. competitiveness, and provide direct access to foreign markets. But partnerships between two domestic firms also can help U.S. firms achieve economies of scale and increase their ability to compete internationally.

Example: Ford Motor Company — Excel Industries Incorporated. One explanation of the international success of many Japanese companies has been close, cooperative relationships between producers and suppliers. Japanese companies tend to purchase their supplies from the same companies that have proved successful suppliers over a long period. This allows suppliers to make heavy, long-term investments in new products in anticipation of purchases by their customers. U.S. companies, by contrast, often change their suppliers.

Cooperative relationships like those in Japan are especially useful for industries in which the constant quality of components is vital. The automotive industry is a case in point. American automobile manufacturers tend to suffer from serious quality control problems. American consumers well know that Japanese automotive companies, by contrast, maintain high quality levels. Assurance of quality is particularly important in the redesign of a car model or the development of a new car model. Quality problems slow down new products and lead to embarrassing recall problems.

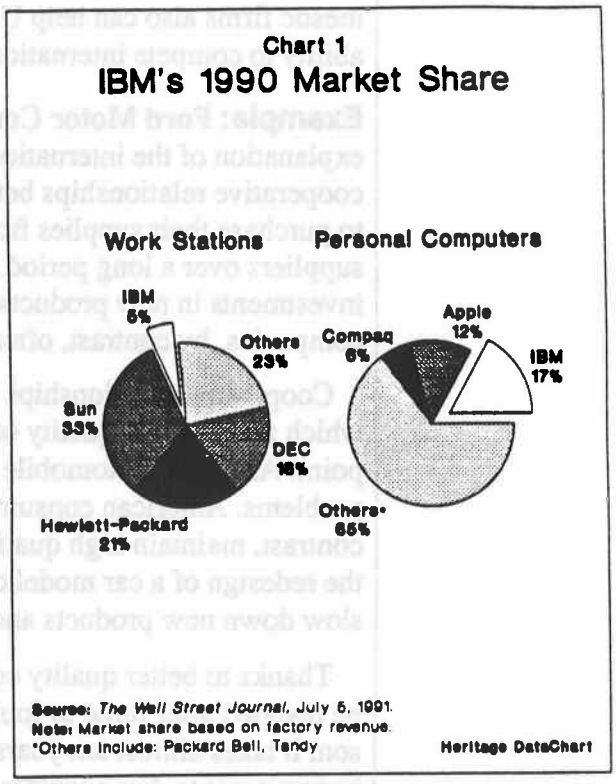
Thanks to better quality control, it is possible for the average Japanese automobile to be restyled after three to four years, to adapt to changing consumer tastes. By comparison, it takes almost ten years for the average American automobile to undergo major improvements. For example, the Ford Taurus was introduced in 1985, but it is not ex-

12 "Sumitomo Metal, Read-Rite of U.S., To Establish Joint Manufacturing Venture," *Japan Digest*, July 17, 1991, p. 4.

pected to receive significant re-design until 1995. The Acura Integra and Lexus's coupe and sedan models, made by Honda and Toyota, have undergone changes every few years with new models being introduced nearly every other year.[13]

One of the difficulties with constant innovation is in production techniques. While Ford may have many new body styles on its drawing board, for instance, getting new component parts like body panels and glass to fit snugly in the new style is often difficult. In an effort to overcome this problem, which is common among American automakers, Ford has began to adopt the Japanese strategy of developing long-term relationships with its suppliers. Ford has established such a partnership with Excel, a U.S. firm which manufactures auto parts. Ford has agreed to purchase most of its glass products from the firm, provided that Excel works together with Ford in the development stage of its new body styles. Thanks to this closer relationship, Ford assures that its design requirements take into account the capability of Excel, while Excel is guaranteed long-term business and so has the incentive to invest in products specifically for Ford.[14] Both companies thus can become more competitive.

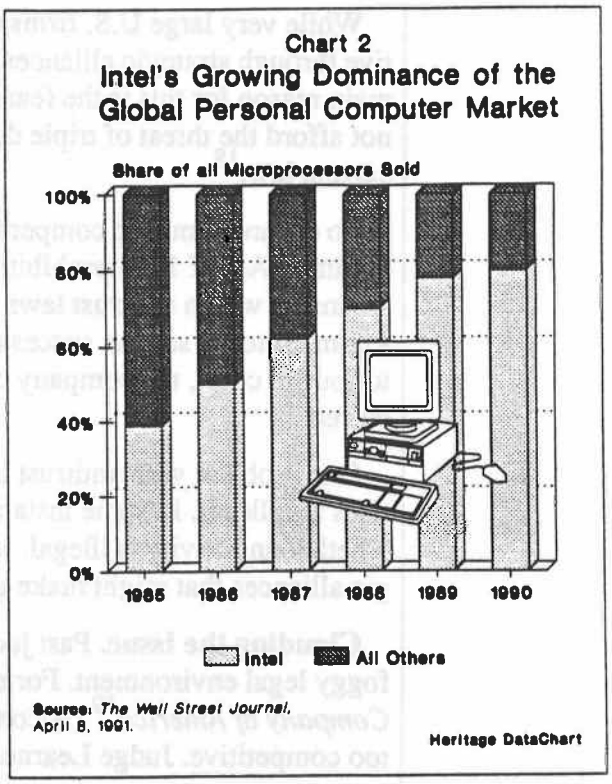
Example: International Business Machines Corporation—Apple Computer Incorporated. The growth of the personal computer (PC) market has slowed in the past few years. One reason for this is that too many incompatible PC systems and slow innovation in software for the operating environments, like MS-DOS for example, have confused and frustrated potential customers. The two computer giants, IBM and Apple, have set the standards for the PC industry, yet the systems are virtually incompatible. In addition, an increasing number of smaller companies have been selling cheaper PCs based on IBM's design. IBM thus is losing market share within a more confusing market for consumers. Moreover, Apple has problems in consistently producing innovative hardware.



To overcome these problems, IBM and Apple this July announced a strategic alliance to develop a uniform standard for PCs. This alliance has been attacked by some economists and business experts as tending to promote a monopoly. Yet the alliance is more likely to increase

13 *Car and Driver*, October 1991, p. 89-92.
14 Lewis, *op cit.*

competition. One reason for this is that IBM and Apple are entering the alliance not out of strength, but out of weakness. Based on factory revenue, IBM had only 5.1 percent of the world market share in 1990 for computer work stations. In the PC market, IBM had only a 16.9 percent share.[15] Apple had even a smaller share of the PC market. IBM and Apple thus are far behind the combined market control of their rivals, such as Sun Microsystems Incorporated (SUN), Hewlett Packard, and Digital Electronic Corporation (DEC) in Workstations, and the combined market control of Compaq, Packard Bell, Tandy, and others (see Chart 1). The IBM-Apple alliance is likely to increase the competitiveness of both companies by lowering the costs of developing new products.



Challenge to Computer Giants. In addition, the alliance is likely to challenge two near-monopolies in the PC industry. Microsoft Corporation and Intel Corporation command an overwhelming share of the world market in their respective product lines (see Chart 2). For example, Microsoft, a software company, provides the operating system for 90 percent of the world's PCs and supplies most of the application software to run on Apple systems. Operating software configures the computer so that it can run programs. Application software are the programs, such as word processing and spreadsheets. Intel provides nearly all of the microprocessors used in IBM and compatible PCs around the world.[16] Microprocessors are the main computer chips that tell the computer what to do and how to do it. The IBM-Apple alliance will produce new types of software and microprocessors, increasing competition for Microsoft and Intel.

Further, IBM will work more closely with Apple in developing new products. IBM might even agree to sell Apple products through its distribution channels. Apple, in turn, will consider selling IBM hardware while working to develop a way to make Apple and IBM PCs more compatible. Moreover, the two companies will establish a jointly-owned subsidiary to develop and produce future generations of operating systems.[17] By combining the expertise of both companies and sharing the risk of next gen-

15 "IBM and Apple Open New Front in PC Wars With Strategic Alliance," *The Wall Street Journal*, July 5, 1991, p. A1.
16 *Ibid.*
17 "IBM and Apple Give Up Rivalry To Preserve Grip on Their Industry," *The New York Times*, July 4, 1991, p. A1.

eration technologies, IBM and Apple are likely to increase their competitiveness domestically and internationally.

HOW AMERICA'S ANTITRUST LAWS FRUSTRATE STRATEGIC ALLIANCES

While very large U.S. firms thus are finding better ways to become more competitive through strategic alliances, smaller enterprises rarely consider such ventures. The main reason for this is the fear of legal action. Many innovative small firms simply cannot afford the threat of triple damages, called treble damages, that now exists under current law.[18]

To ensure domestic competition, the Sherman Antitrust Act of 1890 and the Clayton Antitrust Act of 1914 prohibit the monopolization of an industry by one firm. One means by which antitrust laws were designed to accomplish these ends is by allowing a competitor to sue the successful company for "unfair" monopolistic practices. If victorious in court, the company can collect up to three times the damages actually incurred.

One problem with antitrust laws is that they are ambiguous concerning which practices are illegal. In some instances, businesses literally cannot find out before the fact whether an activity is illegal. Many firms, therefore, rightly are wary of potential strategic alliances that might make good business sense.

Clouding the Issue. Past judicial decisions on antitrust issues only cloud the already foggy legal environment. For example, in a 1945 case, *United States v. Aluminum Company of America*[19] (Alcoa), an appeals court decision penalized a firm for being too competitive. Judge Learned Hand wrote in his opinion:

> [Alcoa] insists that it never excluded competitors; but we can think of no more effective exclusion than progressively to embrace each new opportunity as it opened and to face every newcomer with new capacity already geared into a great organization, having the advantage of experience, trade connections and elite of personnel.[20]

Thus Alcoa was punished not because it used illegal means to attempt to "monopolize" its industry, but because it used experience and aggressive business strategies to take advantage of market opportunities. This landmark decision has been the basis of many other court decisions and its perverse view of efficiency has held back many firms.

But even if there were a problem in the past with monopolies, it does not seem to be a problem today. With an integrated international economy, firms rarely find it possible to dominate a market. They quickly encounter rivals, both domestic and foreign, if

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18 "The Antitrust Ball and Chain Hobbling High Tech," *Business Week*, July 29, 1991, p. 34.
19 148 F.2d 416 (3rd Cir. 1945).
20 148 F.2d 416 at 427.

their prices go beyond what is acceptable to buyers and sellers in the market. Normally the only way this built-in check in a free market can be frustrated is by government restrictions on imports or by laws that thwart firms from organizing to improve their competitiveness, as is the case with the U.S. antitrust laws.

THE NEED FOR ANTITRUST REFORM

Policy makers increasingly have come to understand the importance of strategic alliances. Past antitrust reform acknowledged the importance of research and development partnerships. The National Cooperative Research Act of 1984, for example, changed the antitrust laws by allowing joint research ventures an exemption from treble damages.[21] Now several lawmakers want to amend the 1984 act and have introduced legislation that would end treble damages in the case of practices associated with strategic alliances. H.R. 1604, introduced by Congressman Jack Brooks, the Texas Democrat, and S. 479, introduced by Senator Patrick Leahy, the Vermont Democrat, would allow the same environment for strategic alliances that now exists for joint research and development projects. Both bills, however, would discriminate against foreign partners by keeping current antitrust policy for U.S.-foreign joint ventures.

The shortcoming of the Brooks and Leahy approach is that restrictions on foreign partnerships not only would result in retaliation on American firms doing business overseas but would rob American businesses of one of the most beneficial aspects of strategic alliances—access to foreign technology.

The Bush Administration has a rival proposal to amend the antitrust laws. In a letter to Congress this April, the Administration outlined its proposal for antitrust reform. Similar to the Brooks and Leahy bills, the Administration's proposal would extend the more lenient antitrust treatment to U.S. alliances with foreign firms.

CONCLUSION

As the world grows more economically interdependent, firms must adopt new business strategies to remain competitive. Strategic alliances with companies from other countries are one of the latest and most promising of such innovations, and they offer enormous opportunities for U.S firms to improve their competitiveness.

Strategic alliances are intended to achieve goals that can not efficiently be met by a single company acting alone. If administered prudently, the exchange of information and technologies can be the deciding factor in winning new markets, without closely-guarded corporate secrets being lost.

U.S. firms need to be able to engage in strategic alliances. If they are held back from doing so by the antitrust statutes, they will be more inclined to support further government regulatory policies, such as trade protectionism, and to press for more government subsidies.

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21 P.L. 98-462 [S.1841]; October 11, 1984.

Giving U.S. Firms a Chance. While the bills now before Congress are on the right track, they would not improve the environment for the alliances that appear to hold most promise for U.S. firms. By preventing joint production alliances between U.S. and foreign firms, these bills would continue to discourage many of the most beneficial ventures. By making it easier for U.S. firms also to enter into alliances with foreign partners the Bush Administrations' reform proposal would give U.S. firms far greater opportunity to respond to increased international competition.

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