

David B. Yoffie, Editor

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**B**eyond  
Free  
Trade

Firms, Governments, and  
Global Competition

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HARVARD BUSINESS SCHOOL

# Beyond Free Trade

Edited by David B. Yoffie

**I**F THE UNITED STATES HAS THE most advanced technology in telecommunications, why is it the world's largest *importer* of telecommunication products? Why is bauxite, mined in Ghana, the site of a world-class aluminum smelter, shipped to North America for processing? Why is Israel—not Japan, Korea, or Singapore—a leading exporter of microprocessor chips? Why is Holland the home for significant research and development in antifriction bearings when the country has virtually no market for, and little production of, the product?

As national economies have grown increasingly complex and intertwined, paradoxes like these have come to characterize world trade and global competition in the 1990s. Previous explanations of international trade relied heavily on market forces and extolled the benefits of free trade, but developments over the past two decades have created a vastly more complicated environment that theories of comparative advantage alone cannot explain.

In this revolutionary study, David B. Yoffie and a distinguished group of contributors uncover the surprisingly powerful hand that both multinational corporations and governments wield in determining the structure of global competition. Its broad-based research cuts across all industries—high-tech, low-tech, services, and raw materials alike—yet the findings all point to the same conclusion: firm choices and government policy have a substantial effect on international trade patterns. Proposing a new framework based on five variables (country advantages, industry structure, the organizational and strategic attributes of firms, government policies, and corporate inertia), Yoffie and his colleagues assert that policymakers and

*Continued on back flap*

# Beyond Free Trade

States, Governments, and  
Global Competition

DAVID M. COOPER



# Beyond Free Trade Firms, Governments, and Global Competition

Edited by

DAVID B. YOFFIE



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# Beyond Free Trade Firms, Governments, and Global Competition

DAVID B. YOFFIE

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