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CONTENTS

The kaleidoscope *of competitiveness*

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Competitiveness has become one of the main "standards" governing the ever-changing interplay of interests at the international level. Trade liberalization, structural adjustments, the retooling of production, intelligent coexistence with our natural resources, the struggle to eliminate poverty –all are viewed, in one way or another, through the prism of competitiveness. This has transformed competitiveness into some sort of compulsory principle by which international status is measured and which influences the formulation and implementation of business strategies and national policies. The literature on competitiveness offers a wide array of definitions, ranging from ones that focus on economic aspects to others that attempt to link up the techno-economic, sociopolitical and cultural aspects of the competitive process. The differences among them lie in the way in which they look at the relationship between development and competitiveness. The author contends that it is possible to fashion a "map" of competitiveness: a network of key, inter-linked concepts whose objective remains the same regardless of how competitiveness is defined, i.e., to gain, hold onto, and expand one's market share. This map depicts an ordered yet flexible set of concepts –a territory and its roads– which can be adapted to the interests and objectives of the user and which, like a kaleidoscope, serves innumerable purposes and permits suitable concepts to be devised to cope with specific problems.

I

A concept and a map

There are words that have the gift of seeming to be extremely precise and specific while at the same time being extremely generic and loose; these concepts are highly operative and measurable but are at the same time exceedingly abstract and extensive. Be that as it may, they all have the knack of shaping behaviour and attitudes and, as tools of evaluation, of influencing our daily lives. One of these magic words is "competitiveness". Perhaps one way of comprehending the magical qualities of this word is to distinguish it from another: "competition".

Competition may be viewed as part of the economic struggle, and the ability to compete may be seen as a process which leads to rivalries between groups of merchants. We could, therefore, draw a distinction between "competition" and "competitiveness", with the latter being regarded as the set of skills and qualities required in order to engage in competition. Competition would thus be the result of competitiveness and would be subsumed into it.

This might be a valid explanation if it were not for the existence of a comprehensive perspective that encompasses both the result and the process. Competition may be understood as a process of confrontation among various sources of capital, i.e., among the powers of enhancement of value and economic expansion which the ownership of capital confers. Competition should be viewed "as an integral, inseparable part of the global process of capital accumulation"; it is, therefore, "the basic engine of the capitalist dynamic" (Possas, 1985). Furthermore, this confrontation among blocs of capital occurs in the marketplace, which is by definition the arena for capitalist competition.

Viewed in this way, competition and competitiveness would be interchangeable; their use would simply be a matter of preference. And the word "competitiveness" would be nothing more than a term that is currently in fashion, or, as it is defined in a Spanish-language dictionary of economic terms: "competitiveness –cacophonous term introduced in the 1980s meaning *ability to compete*, especially in external markets. In English: *competitiveness*"; this definition suggests that it is an exclusively economic term equivalent in meaning to "competition" (Tamanes, 1988).

Although we could take the view that the global process of capital accumulation encompasses all spheres of capitalist society –and on that basis deem the issue being considered here to have been resolved– we would be lacking an integrated concept of competition to aid us in understanding the new types of issues being addressed by a number of contemporary authors who are looking at competitiveness from a different angle.

We could draw a clear distinction between competition and competitiveness, or we could use the concept of global capital accumulation to join the two terms together –which might be of great help in understanding the multiple meanings currently attributed to the word "competitiveness"– if such a frame of reference were available. In any event, after having examined a portion of the voluminous literature on the subject, it appears worthwhile to present some of the different ways in which the term has been conceptualized, examine their connotations, and compare them with the facts. What does appear to be possible is to devise a "map" of competitiveness, rather than to develop any single concept of the term that would be valid in all cases.

Competitiveness can be better understood with the help of a map or a network of interlinked concepts whose objective remains the same regardless of how competitiveness is defined: gaining, holding onto and expanding one's market share. This map is similar to a kaleidoscope in that it represents an ordered yet flexible set of concepts that can be adapted

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to the interests and objectives of the person wishing to use it. And, like a kaleidoscope, the map serves innumerable purposes: it depicts a territory and its roads, as well as the unknown areas found along those imperfectly known roads, but it does not provide us with the specific elements needed to explore particular problems. To do that, we need to develop the appropriate concept.

II

Conceptualizations of competitiveness

An examination of the literature yields a wide array of definitions. At one extreme, there are definitions that reflect a greater concern with the economic aspects of competitiveness and that emphasize its most immediate and measurable manifestations; at the other extreme, there are definitions that seek to link up the techno-economic, sociopolitical and cultural aspects of the competitive process.

It makes no sense to try to decide which are the "true" or "correct" conceptualizations, inasmuch as all of them view competitiveness as an empirical phenomenon in the light of a given body of theory. What we can say is that the two extremes in this continuum of definitions reflect different interests, different concerns and different theoretical foundations; perhaps one complements the other. We can also say that their differences lie in the way in which they look at the relationship between development and competitiveness from their distinct vantage points, which are not only theoretical in nature but include strategies, policies and social values as well.

1. Conceptualizations with an economic emphasis

In the specialized literature, the predominant approach is an economic one which includes precise working definitions and focuses on the quantitative measurement of the components of the competitive process with a view to the use of comparative methods. The figure of Ricardo and international trade theory have shaped this approach to the analysis of competitiveness.

Let us consider a few examples: "competitiveness is the ability of a country, a sector or a particular firm to participate in external markets" (Feenstra, 1989, introduction); "competitiveness is the ability to derive profit from export activity" (Helleiner, 1989, p. 3); "since for a number of reasons (macroeconomic country analyses, a technological capacity for innovation, product quality, etc.) these factors are extremely difficult to measure in quantitative terms, we can look at the concept in terms of relative competitive positions that are clearly associated with international cost and price differentials or, more precisely, the relative changes in these indicators" (Durand and Giorno, 1987, p. 149); "competitiveness is the sustainable ability to realize gains and maintain market share and is thus defined in a way that has three major measurable dimensions: gains, market share and, through the use of the world "sustainability", the dimension of time" (Duren, Martin and Westgren, 1992, p. 2).

From an economic standpoint, understanding the concept of competitiveness requires not only an examination of domestic and external market shares but also a comparative analysis of production costs and prices, exchange and interest rates, market power and "non-price" dimensions, such as market data, product design, packaging, quality control, customer service, marketing and distribution. In short, it includes the efficiency of the exporting economy (sector, firm, country).

In the area of policy, research points to the importance of relating marginal national income to the marginal social cost of a given exportable product and its negative or positive externalities (Helleiner, 1989, pp. 7 and 16), i.e., the welfare implications or those costs that are not fully registered by the market and pricing system (Bannock, Baxter and Davis, 1987).

The use of this concept of competitiveness in the preparation of baseline studies and projections is its most common and practical application. There is no reason to object to this usage so long as we introduce the proviso of *ceteris paribus* and clearly set forth the relevant externalities. Seen from this perspective, the economic system remains linked to the other systems making up society via the concept of externalities; social costs are no doubt taken into account in the economic system, but because they are difficult to quantify they do not generate feedback for the economy in the form of information of fundamental importance for the viability, continuity and modification of the sociocultural system of which it is a part.

Industrial pollution, the use of forest streams as water sources, the socio-economic exclusion of large groups of poor people, and issues such as those of political representation, democracy and human rights cannot, according to another group of social scientists, be regarded as exogenous to the economy (when dealing with the notion of competitiveness) but must instead be viewed as elements of the sociocultural system.

Actually, there is nothing new about this critical observation. The consideration of economic contingencies in relation to cognition, culture, the social structure and public institutions has a long tradition in a number of the social sciences, including economics. It would seem that these disciplines have now "awakened" from their conceptual slumber. Or perhaps it would be closer to the mark to say that they have been called upon to deal with new types of empirical situations (see, for example, Zukin and DiMaggio, 1990). In regard to the various social sciences –such as anthropology, economics, political science, sociology and history– we may well ask if there are criteria that will allow us to draw fairly clear and sustainable boundaries between them. "On the basis of an analysis of world systems, the answer to this question is a resounding **no**. All the supposed criteria –level of analysis, object of study, methods, theoretical assumptions– lack practical validity or, if not lacking in validity, represent obstacles to the expansion of knowledge rather than stimulating its development" (Wallerstein, 1990, pp. 398-417).

The ascendancy of the economic perspective presupposes the existence of forces that are manipulated by "invisible hands" which are sufficiently powerful to maintain, reform and expand the existing sociocultural system. This hypothesis might be acceptable if, in fact, the world system functioned "properly", as it did during the first three decades after the Second World War. The fact of the matter, however, is that what sets the current world system apart is precisely the need to re-establish the basic assumptions underlying its operation, as is indicated by the high degree of randomness that obliges economic agents and Governments to engage in continual improvisations. What had been external to a given sub-system "became" internal, thus making it necessary to re-think the rationale of economic activity.

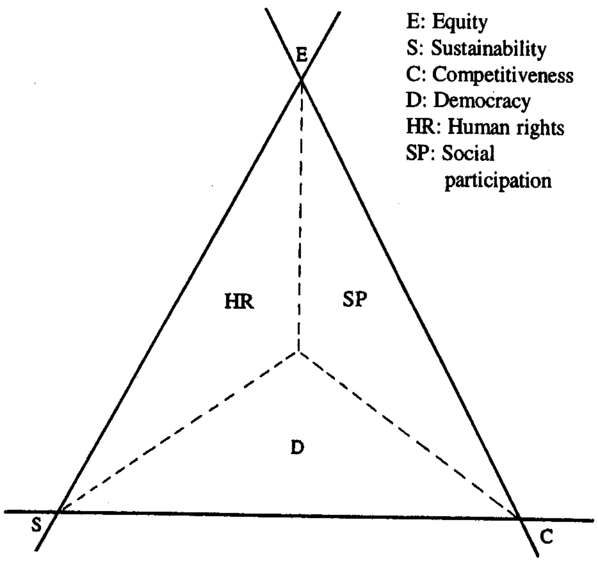
2. Conceptualizations with a sociocultural emphasis

The main thrust of this approach may be grasped by referring to the most basic criticism made of the preceding one: an economic conceptualization of the situation does not allow itself to be sullied by any other dimension of the social system, which means, in practice, that it does not permit the formulation of the "integrated strategy of economic and social reforms" required by an "innovative society" (Bradford, 1992, p. 18). The point of departure for the sociocultural approach (Buckley, 1971, p. 15) may be described as follows: For Latin America, the 1990s are a time during which the region's poor and its Governments are reaching towards broader objectives than would have been feasible in the 1980s. There are now new imperatives of social equity, international competitiveness and environmental sustainability which must be satisfied within a democratic framework marked by increasing social participation and a respect for human rights. In order to fulfil these new imperatives, an effort will have to be made to stimulate economic growth while at the same time consolidating recent achievements in the areas of economic stabilization and adjustment (Bradford, 1992, p. 3).

This approach, which was developed during the 1980s by ECLAC and is broadly summarized in ECLAC (1990), is based on the work of Fernando Fajnzylber and has been taken up by Colin Bradford at the Development Centre of the Organization for Economic Cooperation and Development (OECD). It may be summed up in two main points: i) new technological, organizational, institutional, legal, political and cultural imperatives are shaping contemporary thought and action and make it possible to design a particular future configuration for the sociocultural system; and ii) competitiveness is being given greater weight in terms of how it relates to other concepts (equity and sustainability) and social values (democracy, human rights and social participation) (see figure 1).

We might say that the authors of this proposal are performing the same function as ideologists and scholars did in other eras. They profit from past ex-

FIGURE I
The relationship between competitiveness and other concepts and social values



Source: Prepared by the author.

periences by making a critical analysis of them, they question the existing state of affairs, they take advantage of material and cultural opportunities, and they advocate the material expression of values inherited from Western culture. The implementation of this development model entails a change in societal attitudes and behaviour in all social segments as they head towards an innovative society (Bradford, 1992, p. 7).

Although we cannot rule out the possibility of a civilizing regression of sociocultural systems, the ideology of the proposed development model, which is buttressed by the principle of participatory democracy, is entirely compatible with competitiveness based on continuing innovations or, as F. Fajnzylber called it, authentic competitiveness. This raises a crucial question (which we will return to later on), primarily for those who would define competitiveness as the absence of power or coercion. Moreover, it is a more complex view of how the competitive process is configured, inasmuch as it does not focus solely on the structural determination of production but also includes, in addition to the issue of power, aspects relating to the control of national and international security, of credit and of knowledge, beliefs and ideas (Strange, 1988, pp. 24-29).

In this sense, competitiveness is not interchangeable with competition, nor can it boast a conceptual status of its own. In fact, it must struggle to defend its very identity and strive to form part of a body of theory in which: i) it is relevant to a problem area or issue for which it can provide a valid solution; ii) it is capable of providing an explanatory frame of reference; and iii) it is capable of furnishing hypotheses that lend themselves to simulation. This struggle also extends to the realms of ideology and praxis.

In the field of economics, the complexity of the meanings and viewpoints associated with the use of the term is evident. "Obligatory references in the recent literature to industrial policy, performance analysis and the outlook for industry notwithstanding, these authors do not hold the same view of competitiveness. The differences among them are born of their differing theoretical foundations, views of industrial dynamics and even ideologies, and they have implications for the evaluation of industry and of any policy proposals that may be formulated" (Haguenauer, 1990, pp. 327-328).

Following an analysis of the definitions of competitiveness, its conceptual uses and the issues it raises, other authors have concluded that "the evaluation of competitiveness calls for an approach that goes beyond traditional trade theory to determine the nature of the trade matrix and how it is influenced by corporate strategies and government intervention. Innumerable factors have been identified in addition to competitive pricing, and various levels of analysis have been presented. Some authors feel it is futile to research a new paradigm to take the place of traditional trade theory, but the political importance of devising a new 'strategic' trade theory has already been acknowledged. An important lesson to be drawn from this literature is that specific industrial sectors are of special importance. We need detailed case studies, prepared by business strategists, to complement the theoretically rigorous studies we already have, which are based on general equilibrium theory and are highly aggregated in terms of both macroeconomics and trade" (Abbot and Bredahl, 1992, pp. 19-20). These authors are uneasy about explaining the reasons for the patterns of production and trade observed between nations, although the discussion that has followed upon the debate concerning the Leontief paradox continues to be of key importance.

An exploration of the concept of competitiveness from what we may call a sociocultural standpoint goes far beyond the issue of international trade, although such trade is certainly a part of competitiveness.

For over a decade now, a number of authors have defended the idea of an explicit relationship between efficiency, productivity, competitiveness and rising living standards. Porter, for example, says: "My theory begins from individual industries and competitors and builds up to the economy as a whole ... The theory presented in this book attempts to capture the full complexity and richness of actual competition, rather than abstract from it ... I have sought here to integrate the many elements which influence how companies behave and economies progress. The result is a holistic approach whose level of complexity may be uncomfortable to some" (Porter, 1990, foreword).

It is worth taking a moment to examine two ideas that have been championed by this and other authors, both of which underscore the sociocultural perspective: one associates competitiveness with productivity, and the other regards competitiveness as a national ability rather than as an ability possessed by any one individual firm.

Productivity is the master key to competitiveness and is founded upon technological, organizational and institutional innovations. Although technological innovations may not be the "cause" of economic development, they are a core element of such development (Labini, 1989, pp. 22 and 33). These innovations do not come from empirical, random sources but are instead brought about by organizations commonly known as national innovation systems.

These systems entail what Dosi (according to Villaschi, 1992, pp. 51-76) identifies as three interlinked domains: the technological domain (the educational system, laboratories and research), the economic domain (the forms taken by production units) and the domain of socio-political institutions (which facilitate or hinder technological development). Innovation systems therefore need to be regarded as one component of the sociocultural system's feedback circuits.

For some authors, such as Helleiner, it makes no sense to talk about a country's competitiveness because companies and economic sectors are what really do the competing; the actors of international competitiveness are actually production units and sectors, and the entire environment surrounding a national system of innovation is disregarded. Fajnzylber sees the situation differently: "Companies are not the only ones competing in the international marketplace. Confrontations also occur between production systems, institutional schemes and social organizations, in which business enterprises are an important element but one that is integrated into a network of linkages with the educational system, technological infrastructure, relations between management and labour, the public and private institutional apparatus, the financial system, etc." (Fajnzylber, 1988, pp. 22-23). And to emphasize this point: "In sum, in today's world products not only compete with one another but are the manifestation of competition between different production, technological and educational systems" (Rosales, 1990, pp. 711-712).

In the final report of a seminar on international competitiveness coordinated by the Economic Development Institute (EDI) of the World Bank and held in the Republic of Korea in April 1990, one of the rapporteurs, Irfan ul Haque, states that it is not enough to understand the competitiveness of manufactured products in terms of their basic elements, such as price and quality, because, in actual fact, these products cannot easily be compared with one another; there is no direct relationship between price and quality, since it is quite difficult to specify the quality of differentiated products. Nor can competitiveness be defined simply as the ability to export or to generate trade surpluses, since this can also be accomplished by artificial means (e.g., lowering the exchange rate or reducing domestic expenses, such as wages) (Haque, 1991, p. 5).

Haque critically appraises the positions taken by Porter (1990) and Pérez (1989). Porter's interpretation is founded upon the absence of any universally suitable system of technological development, which means that each nation must devise its own system based on its own history, culture and values; however, technological advances bring about changes in modes of production and organization –sometimes radical ones– and a lack of adaptability in one of these elements may make it very difficult to realize the potential of the other.

Pérez (1989) argues that periods of rapid growth (such as the 1950s and 1960s) have been marked by a dynamic alignment between the socio-institutional system and the demands of technological change, and the misalignment of these two spheres has slowed growth during the past two decades. According to this view, countries' international competitiveness began to decline because they clung to a technological paradigm which had ceased to be valid under the prevailing conditions. Their difficulties thus stemmed from their previous successes, since they remained wholly committed to an outdated paradigm because of past investments and existing institutions that were difficult to change or dismantle. The birth of a new paradigm –as has occurred as a result of recent advances in technology– redefines the conditions for competitiveness, and success will depend upon how adaptable each country's institutions are. Thus, it is not merely a question of creating new industries and products to take the place of the old ones.

According to Haque, however, the problem with this interpretation is that although it does emphasize the harmonization of technology and institutions, it does not account for the success attained by newly industrializing countries which have outpaced the traditional sources in manufacturing production (Haque, 1991, pp. 6 and 7).

Another rapporteur at the above-mentioned seminar highlighted the sociocultural perspective and firmly asserted that national competitiveness is not simply an economic or market-driven phenomenon. In his view, passive efficiency (i.e., in which prices are accepted as correct, with the expectation that competitiveness will automatically adapt to them) has not been the experience of countries such as the Republic of Korea, which has performed well in the world economy. Laws, customs, language, business habits and other national peculiarities play an important role in determining competitiveness and trade, and a broad, comprehensive view of society is therefore required (Bradford, 1991, pp. 18).

This approach is based on the idea of national competitiveness and points up the contradictory relationship existing among national institutions that have been created to disseminate a worldwide techno-economic paradigm within a given country; it looks at the history of the recently industrializing Asian countries and concludes that national strategies and policies are necessary in order to create sources of competitiveness.

3. A preliminary evaluation

Defining competitiveness as participation in the market is a good start; expanding that definition by incorporating the structure and behaviour of business firms and economic sectors is a step in the right direction and is no doubt very useful for purposes of techno-economic analysis. The possibility of delving further into the concept of (positive and negative) externalities in the light of the new paradigm of flexible production systems, together with many other theoretical contributions of industrial economics and strategic business activities, gives reason to believe that significant progress might be made in developing a more specifically economic interpretation of competitiveness. This would make it difficult to incorporate other dimensions of the social system, which today are just as important as the economic dimension, into an economic definition of competitiveness.

On the other hand, the concept of competitiveness as seen from a sociocultural viewpoint is too broad, and it is linked up with a conceptual construct (which is also seeking to win the status of a body of theory) that entails the loss of its operative character; its boundaries are vague and its internal structure is extremely fluid. Here, competitiveness appears to be a mixture of: i) a view of the contemporary world, steeped in social values, which accepts various combinations of organizational systems and markets; ii) concepts drawn from different schools of thought which, when joined together (although this is not yet clear), reach beyond the scope of concepts used in such areas as international trade theory; iii) life in the real world, where fierce battles are waged over market shares and where international regulations are not so "civilized" as to permit agents to try to incorporate the social values proposed by the model. In fact, this conceptualization of competitiveness, along with the concepts of social equity and sustainability, looks towards the future as a model, while seeking to acquire a prescriptive capacity with regard to present actions.

This is why we suggest thinking of competitiveness as a map, complete with territories and roads, which can be used to develop suitable concepts for dealing with particular questions. This is because, especially since the 1979-1982 crisis, competitiveness has become one of the main "standards" governing the ever-changing interplay of interests at the international level. Trade liberalization, structural adjustments, the retooling of the production sector, intelligent coexistence with our natural resources, the struggle to eliminate poverty –all are, in one way or another, viewed through the prism of competitiveness. This has transformed competitiveness –within the context of a broad, ambiguous conceptual environment– into some sort of compulsory principle which serves as a yardstick for the international evaluation of public and private bodies (including lending agencies) and which has influenced the formulation and implementation of business strategies and national policies.

The controversy that arose between the World Bank and Japan in the early 1990s underlined the fact that it was not a question of being for or against the idea of opening up countries' economies, but rather of how that should be done. Whereas in February 1990 the President of the World Bank said that market forces and economic efficiency were (in the past decade) the best ways of achieving the type of growth that serves as an antidote for poverty (Broad and others, 1990-1991, p. 144), Japan held that "in the 1980s both economic policy and theory were strongly oriented towards achieving efficiency. In this sense, it was a unique period. However, that period has come to an end. What we need now is a policy that strikes a good balance between efficiency and social equity in order to promote the well-being of the whole of society. The World Bank's structural adjustment approach should be altered to reflect this change in direction" (Japan, 1991).

Presumably we have now gained enough experience to enable us to adopt a more mature position, as opposed to the simplistic strategies championed by some international agencies during the 1980s. Strategies which were supposed to achieve growth simply by opening up markets and launching countries into export activities are no longer defended even by their creators (the World Bank, including the International Finance Corporation (IFC) and the International Development Association (IDA)). Moreover, rigid dichotomies that led to the formulation of strange oppositional constructs –a strong State versus a minimal State, a market economy versus an intervention-based economy, import substitution versus export promotion– have now been discredited.

A study of actual events shows that, even though competitiveness is implicit in the liberalization of national economies, countries have in fact maintained protectionist and incentive schemes through which they all seek to achieve their national objectives. What is more, deregulation and privatization have not done away with the State's role in economic development because institutions have not been created that are capable of providing the necessary support for innovation, international trade, transnational investment or bilateral and multilateral negotiations, especially in developing countries.

III

A map of competitiveness

The map of competitiveness has two poles: structural world power, and the development of countries or regions seeking to achieve growth and development through their integration into the world at large (see figure 2).

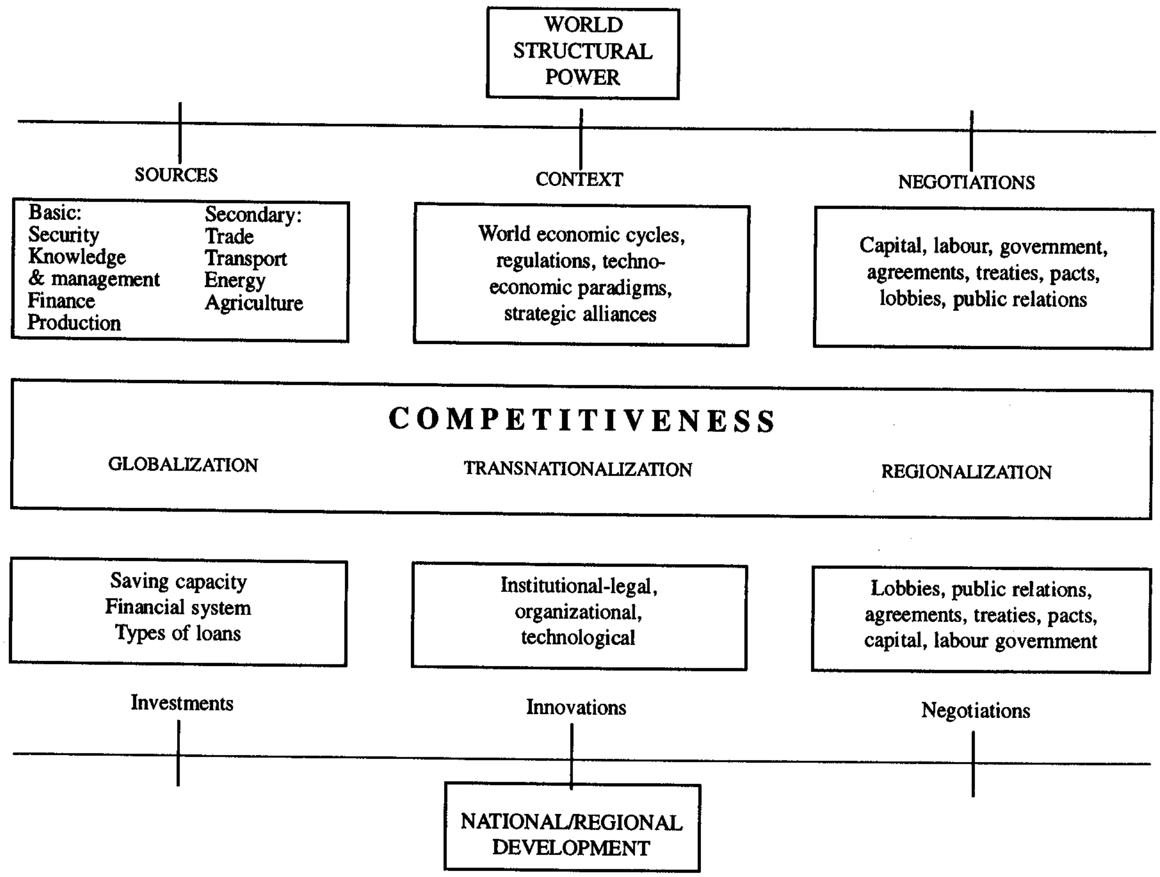
The concept of power is a vital component of the competitiveness map. The context in which competitiveness arises and is structured, along with its sources, is one in which it mixes and overlaps with the components of power; this is why a broadly-defined concept of negotiation is included, it being assumed that there can be no power without some sort of negotiation.

"It is impossible to study political economy, especially international political economy, without devoting particular attention to the role of power in economic life. Each (national economic-political) system reflects a different mixture in terms of the weight assigned to the basic values of wealth, order, justice and liberty. What determines the nature of this mixture is, basically, a question of power" (Strange, 1988, p. 23). Power and competitiveness are closely related, largely because they stem from the same basic sources: security, knowledge, finance and production (see Müller, 1992, pp. 12-25).

Paying attention to the sources of power in a specific context is only part of the competitive process. To go beyond this point we need to examine the types of negotiations that play a key role in each particular situation, once there is a basis upon which to decide what can and what cannot be changed. For example, negotiations between Brazilian producers and associations of United States orange-juice consumers regarding certain characteristics of the product, with a view to competing in the United States market, may at a given point in time turn out to be the

FIGURE 2

A map of competitiveness



Source: Prepared by the author.

most decisive element in determining the success of one of Brazil's competitive strategies.

"World structural power" refers to that power which shapes the globe's techno-economic and socio-political structures and which decides how other States, institutions, firms and economic processes should operate (Strange, 1988, pp. 24-29). Those wielding this type of power can be identified by the leading roles they play in the world of today: Canada, France, Germany, Italy, Japan, the United Kingdom and the United States (the G-7 nations); North America, Western Europe and Japan (the "Triad", as Ohmae (1985) calls them); China and Russia; transnational corporations; the IMF and the World Bank; NATO and the Pentagon –to give just a few examples (see Plano and Olton, 1982).

It is just as important to know what actors hold structural power as it is to know how they wield it or, in other words, what the sources of power are. With regard to competitiveness, the question is: What are the sources of competitive capacity? Here we might say that competitiveness is a manifestation of structural power or a combined effect of control over sources of power and the ability to manage key negotiations in a given context. Furthermore, we need to consider the feedback effect which competitiveness has on structural power –without, however, identifying one concept with the other.

The map indicates that competitiveness permeates all the relevant processes and is one of the ways in which developed countries connect, at the national or regional level, with those seeking to attain development. In their efforts to achieve, maintain and increase their competitiveness, developed and developing countries should take into account three basic trends at the international level which serve as a frame of reference for their strategies: globalization, transnationalization and regionalization (SELA, 1991, pp. 20-24). The core of structural power –i.e., the central group of actors that hold sway (the Triad, for example)– appears as an interconnection among the national States that possess the most advanced sources of power and competitiveness. The three above-mentioned trends provide an indication of the kinds of conditions that must be met by firms, sectors, economies and regions if they are to attain a dynamic form of integration into the contemporary world.

It is in this context that the current move to modify the role of the national State in the world market –and, hence the role of the State in the nation– arises as a result of the globalization and transnationalization processes. This tendency is, however, counteracted by the emergence of regional groupings of countries (regionalization). In other words, there are factors that erode the autonomy of national States in their efforts to control their global demand and to implement strategies and policies for achieving national objectives. At the same time, the opposing trend is no longer manifested solely as a strategy for reestablishing the strength of national States, but is also reflected in an effort to organize a supranational entity (i.e., a regional entity).

One of the factors that erodes the autonomy of national States is the transnationalization process. This process is generated by the activities of enterprises which have organized their strategies, controls, investments and procedures into complementary networks which span the entire planet and which are seeking to optimize their productivity and profits. It should be noted that the multinational corporations of the 1950s, 1960s and 1970s are no longer at the centre of this process; truly transnational organizations have taken their place (Wendt, 1993).

The other factor is globalization. This phenomenon is an outgrowth of the more open nature of national economies: of the increasing mixture of external flows and stocks with domestic ones, whether in the areas of production, marketing, finance or services. In this sense, globalization subsumes transnationalization and is associated with the concept of interdependent interests, as opposed to the notions of subordination or imperialism. [1]

Regionalization or the formation of blocs entails a redistribution of power among the countries both within a bloc and between blocs. The European Union represents the most advanced regionalization process; most of the other blocs are actually instances of the commercial coordination of long-standing spheres of influence, which may or may not eventually become economic blocs.

Key negotiations at the national or regional level are a fundamental part of a regulatory system that will afford better control over the circuit of socio-economic indeterminateness. The alliances formed among the major actors of the sociocultural system –business, labour and government– are one example of this.

International negotiations are a crucial component of competitive integration. Agreements, treaties, pacts and lobbies are essential mechanisms of international competitiveness. According to Kramer, one of the least-studied aspects of the "Asian tigers'" success story is how deftly they have handled their trade relations with the United States with the help of a versatile and sophisticated lobby in Washington, D. C. Not long ago, Taiwan managed to perform the feat of maintaining its position as the principal beneficiary of the Generalized System of Preferences (GSP), despite the opposition of United States trade officials, who sought to alter its status in each new round of GSP revisions. Figures for 1983 compiled by the United States Department of Justice show that the Republic of Korea spent US$4.5 million on 47 high-powered attorneys or public relations experts, while Taiwan spent US$2.5 million on 39 public relations experts. They have also entered into coalitions with complementary interest groups within United States society. In view of the fact that protectionist measures raise prices and hurt product quality, the Koreans and Taiwanese have followed the lead of Japanese automobile manufacturers in forming alliances with consumer protection groups and representatives of retail store chains (Kramer, 1991, pp. 41-42).

It is worth taking a moment to look at what may be a "world model" in the making and to analyse what such a model has in store for us. Geopolitical and ideological changes, coupled with the modifications being made in strategies for boosting competitiveness and productivity, are posing new regulatory challenges at the world and national levels. These challenges are being faced within an uncertain envi-

[1] For a critical analysis of interdependence, especially in North-South relations, of competitiveness as the new ideology, of the rationale of war, and of the contradictions associated with globalization, see *Manière de voir*, 1993.

ronment in which agents are continually improvising in order to cope with the problems that arise. It is difficult to bring into general use a development model which is still in the process of being formed, an unfinished model such as this, since although the courses of action to be pursued at the microeconomic and sectoral levels have been delineated, they have not been defined at the macroeconomic level, which includes such aspects as social security and unemployment. The principal difficulties lie in the generalization of the promises held out by this model: social participation, social equity and environmental controls. These are areas of difficulty for developed countries, and even more so for developing countries, since they call for sweeping changes in the internal environment.

The relationship between world structural power and the development processes being pursued by, for example, the countries of Latin America and the Caribbean is enveloped within a competitive "force field" in which three major interlinking currents of force are channeled: globalization, transnationalization and regionalization (see figure 2). The countries that hold power are the leaders of these currents. Thus, as viewed from the vantage point of the region, competitiveness would be a country's capacity to adapt to the world power structure by taking part in global, national and regional decision-making processes. This capacity can become a reality, not as in the "inward-looking" model of industrialization but rather through integration into the new division of labour based on subsectoral specialization, since this division of labour is conducive to intra-sectoral investment and trade, which are the "core of modern trade theory" (Cohen, 1992, p. 35).

In order to position themselves within this competitive "force field", developing countries have three sub-systems at their command: investment, innovation and negotiation. This does not mean that each country in the region should establish all three sub-systems, but rather that each should develop the national capacity to link up the sub-system (or part thereof) that it does have with those available in other countries of the region. The development of instantaneous communications services and of data processing networks make international intra-sectoral "trade" of this sort perfectly possible.

The objective of forming an innovative society in the region which is competitively integrated with the rest of the world is linked to a capacity for not only technological but also organizational, institutional and legal innovation. An understanding of this sub-system, together with an understanding of the predominant techno-economic paradigm in the relevant national economies, will facilitate the selection of the innovations needed in order to permit the application of one or more competitive strategies. The important point is for these innovations to become the main driving force behind the effort to achieve the objectives of competitiveness; these innovations will serve as the parameters for attempts to adjust the key negotiation and investment sub-systems.

It must be remembered that even though protective mechanisms and temporary incentives for products, firms and sectors which are designed to create and expand a nation's or region's ability to compete may, in principle, run counter to the spirit of economic liberalization (globalization and transnationalization), they are not at odds with the forces governing international competitiveness so long as (and it appears that this will be the case) these mechanisms are negotiated at both the domestic and external levels.

A final consideration is that each country of the region is finding it increasingly difficult to continue with a mode of production that destroys the environment and to carry on with a model of social organization that, by leading to a concentration of wealth and an increase in poverty, heightens the asymmetries existing between one social group and another. Today, this perverse polarization is regarded as an obstacle to economic growth; this is especially true of poverty, defined as the absence of a market and the lack of social power. The application of technological and organizational innovations that will boost productivity and consolidate a pattern of authentic competition requires a redistribution of power within the countries' societies, together with the incorporation of poor and indigent sectors into the holders of power. In the world of today, the reorganization of the socio-political structure and its linkage with systems of innovation are imperative in order to achieve national/regional development in today's competitive world.

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