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NATION'S AND FIRM COMPETITIVENESS

Although one can assess the competitiveness of a firm or industry, assessing the competitiveness of a nation is more difficult. What criteria underlie a nation's international competitiveness? For a nation to be competitive, must all of its firms and industries be competitive? Even economic powerhouses like Japan and Germany have economies in which large segments cannot keep pace with foreign competitors. Does a nation have to export more than it imports to be competitive? Is a competitive nation one that creates jobs for its citizens? Although this ability is important, the creation of jobs in itself is not the critical issue; what matters most is the creation of high-paying jobs that improve a nation's standard of living. If the goal of domestic policy were to maximize jobs, today we would have thriving horse-drawn-carriage and blacksmith industries. By keeping the same jobs we have always had, we discourage the development of new high-skill jobs that add to the stock of knowledge and generate innovation and growth. Finally, is a competitive nation one in which wage rates are low? Low wages are not the key to exporting. If they were, nations such as Haiti and Bangladesh would be great exporters. The truth is exactly the opposite. High-wage nations such as the United States are the world's largest exporters. Clearly, none of these explanations for national competitiveness is fully satisfactory [1].

A primary economic objective of a nation is to generate a high and increasing standard of living for its people. Accomplishing this goal depends not on the vague notion of maintaining national competitiveness, but rather on achieving high productivity of its employed resources. Over time, productivity is a major determinant of a nation's standard of living because it underlies per capita income. Besides supporting high incomes, high productivity allows people the option of choosing more leisure instead of working long hours. Productivity also creates the national income that can be taxed to pay for public services that enhance the standard of living.

International trade allows a nation to increase its productivity by eliminating the need to produce all goods and services within the nation itself. A nation can thus specialize in those industries in which its firms are relatively more productive than foreign rivals and can import the goods and services in which its firms are less productive. In this way, resources are channeled from low-productivity uses to high-productivity uses, thus

increasing the economy's average level of productivity. Both imports and exports are necessary for rising productivity. This conclusion contradicts the sometimes popular notion that exports are good and imports are bad. No nation can be competitive in, and thus be a net exporter of, everything. Because a nation's stock of resources is limited, the ideal is for these resources to be used in their most productive manner. Even nations that are desperately bad at making everything can expect to gain from international competition. By specializing according to their comparative advantage, nations can prosper through trade regardless of how inefficient, in absolute terms, they may be in their chosen specialty [2].

Competitiveness refers to the extent to which the goods of a firm or industry can compete in the marketplace; this competitiveness depends on the relative prices and qualities of products. If Toyota can produce a better automobile at a lower price than General Motors, it is said to be more competitive; if the U.S. steel industry can produce better steel at a lower price than Brazil's steel industry, it is said to be more competitive. Governments are concerned about the competitiveness of their firms and industries because it is difficult for uncompetitive ones to survive.

The long-run trend in a firm's productivity (output per worker hour) relative to those of other firms is a key indicator of changing competitiveness. If the productivity of Honda workers increases at a faster rate than the productivity of Ford workers, then Honda's cost per unit of output will decrease over time relative to Ford's cost per unit. How much physical output a worker produces, on average, in an hour's work depends onwhat the output is; the worker's motivation and skill; the technology, plant, and equipment in use, as well as the parts and raw materials; the scale of production; how easy the product is to manufacture; and how the many tasks of production are organized in detail.

The structural characteristics of an economy also influence the competitiveness of a firm or industry. These characteristics include an economy's assets, such as infrastructure, and institutions, such as the educational system. These factors determine whether a nation's business environment is fertile for developing competitiveness for its firms and industries.

ЛИТЕРАТУРА

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