I. THE MEANING OF INDUSTRIAL POLICY

Despite the recent use of this term by economists, perhaps as an analogy with agriculture, there are many ways of defining industrial policy. 'Industrial policy' may in one sense be regarded as the combined effect on industry of a variety of macro- and micro-economic policies, including monetary, budgetary and fiscal policies, anti-trust policy, policy for government purchases and policy for wages and prices, etc. It is in this way that the United States, for example, has tackled its industrial control.¹

Alternatively, a systematic list can be made of the objectives, the instruments and the measures adopted by or imposed on the aggregate of business interests in relation to their industrial activities. The aim will then be to establish a continuing systems analysis showing the strengths and weaknesses of industry as a whole, its principles of change, the constraints placed on it and the long- and short-term effects on industry as a whole² of the direct or indirect measures taken by public and private business interests. Following the United States, the French Government recently turned its attention to the identification in this sense of the major issues of industrial policy.

Finally, it is possible to regard the appearance of industrial policies as the reflection of a 'general view that is both systematic and consistent, of development problems and a mutual balance between the various industrial sectors'.³ In this sense, while 'industrial policy has been formed progressively by adding limited measures, it is still only based to a small extent

² See para. 135 in the above-mentioned Report: 'The methods used by Government to identify the main problems that it would like to discuss with industry, and in general to pinpoint the principal issues of industrial policy, are still rather crude. What we need to do is to employ the systems analysis approaches that have worked so well in our military and educational planning.'
on a general analysis... it is not a specific policy. It is rather an approach which uses economic forces to ensure the effective and smooth development of industrial activity.\textsuperscript{1}

If we adopt the first approach, it is unrealistic to speak of the appearance in Western Europe of industrial policies, since from 1945 onwards they have formed an integral part of the reconstruction programmes and the accelerated growth policies of almost all the Western European economies.\textsuperscript{2}

If, on the other hand, like many observers, we hold that it is too late to introduce systematic and consistent measures into the industrial system and that it is only possible to take effective action at the two extremities, the declining sectors and the ‘peak’ activities, we favour two basic features of industrial policy in Europe in the last few years – an emphasis on:

(i) \textit{international competitiveness} in national industrial activities rather than simple quantitative growth;

(ii) the \textit{flexibility} of the national industrial system, in preference to protecting and preserving outdated activities.

Regarded in these terms, it can be reckoned that there was no real industrial policy in Western Europe before the 1966 recession. It will therefore be the more difficult to assess its content and efficacy; its content because the authorities concerned have themselves seldom attempted to clarify their industrial policies; its efficacy because there are no adequate statistical indicators to show the respective effects of industrial policies and other simultaneous measures. Thus, foreign trade statistics, a review of the actions taken to modernise the structures of firms through mergers and the establishment of new plants, statistics of productivity indicators, do not at present make it possible to measure the technical progress achieved in industry as a result of adopting given industrial policies.

\textbf{II. THE NORTH AMERICAN INDUSTRIAL SYSTEM AS A MODEL FOR EUROPE}

The North American industrial system has been used as a model and has played a major role in the forms and objectives of industrial policies in Western Europe in the last few years. For example:

(a) the composition of industrial output, which has been studied over a long period by the European countries, is attributable to the structure of American production;

(b) the size of the big American enterprises sets a target for the merging of European firms;

(c) the rate of introduction of advanced technologies into American industry is taken as an objective by European managements;

\textsuperscript{1} See G. Colonna di Paliano, op. cit., p. 27.