Foreword

This volume is intended to assist understanding of the ways in which the dynamics of the USA's economy interact with those of its political system. The complexities to be explored have assumed great significance for entrepreneurs, policymakers, and the nation as a whole because of the difficulties of recovery from the 2000/2002 recession and because of the well publicized cases of large-scale high-risk managerial fraud during the recession which have affected general confidence in the political economy. During the prolonged boom that preceded the recession numerous prominent observers affirmed that the USA had become a 'new economy' in which stock price increases, at high ratios in relation to earnings, were helping to finance higher productivity that was sustaining those increases. Since the onset of the recession questions have been raised about the management of monetary policy: should efforts have been made to dampen the speculation that was pushing stocks to unsustainable levels? These questions were often expressed in terms that revealed concerns about broader issues in the management of economic policy, including those related to the costs of globalization that had been dramatized by the Seattle protests against the World Trade Organization in 1999.

During the boom of the 1990s the USA was becoming, more and more, a knowledge-based economy: production functions were being changed by widening ranges of applied frontier research. This has continued, at a slower pace, during the current recession, and while this has been happening government roles in support of technological development have become more significant for overall growth. Increases in those roles have been advocated, especially to enhance the USA's structural competitiveness. General emphasis on limiting governmental functions in the economy, however, dating from the 1970s, has continued, to allow wide freedom for market forces.

A major consequence of the widened scope for market forces has been that corporate managements have in effect become more responsible for providing 'public goods' – serving the common interest through their production specializations. What has become especially important, then, is the balance between competition and cooperation in the pattern of corporate activities. Competition drives efficiencies, but cooperation also generates efficiencies, and these tend to become more significant as firms become more

interdependent in the development of their production capabilities, because of continuing technological advances.

Consideration of the logic of developing entrepreneurial complementarities, however, has to reckon with concentration trends, active through booms and recessions. These trends raise issues for anti-trust policy, and have implications for shifting balances between competition and cooperation. There are also issues for foreign trade policy, and for firms expanding into international markets. All the questions for different policy areas and for entrepreneurial decision making moreover relate to problems in the USA's involvement in the world economy, especially because of its massive trade deficits.

The diversity of corporate specializations and of economic policy areas necessitates collegial research for work on American macromanagement. Our contributors have collaborated with much goodwill for this purpose, providing expertise for collective learning in an endeavour which we hope will help the development of increased corporate responsibility for concerting innovative forms of entrepreneurship, in the public interest, and the development of more knowledge based as well as more dedicated policy level performance, also in the public interest.

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