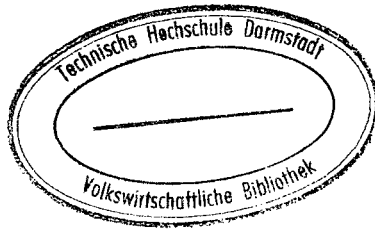


# The Competitive Advantage of Nations

Michael E. Porter



**M**

# Contents

Preface	<i>xi</i>
1 The Need for a New Paradigm	<i>1</i>
Conflicting Explanations 3 · Asking the Right Question 6 · Classical Rationales for Industry Success 11 · The Need for a New Paradigm 12 · Toward a New Theory of National Competitive Advantage 18 · The Study 21 · A Broader Concept of Competitive Advantage 29	
<b>PART I FOUNDATIONS</b>	
2 The Competitive Advantage of Firms in Global Industries	<i>33</i>
Competitive Strategy 33 · Competing Internationally 53 · The Role of National Circumstances in Competitive Success 67	
3 Determinants of National Competitive Advantage	<i>69</i>
Determinants of National Advantage 71 · Factor Conditions 73 · Demand Conditions 86 · Related and Supporting Industries 100 · Firm Strategy, Structure, and Rivalry 107 · The Role of Chance 124 · The Role of Government 126 · The Determinants in Perspective 129	

- 4 The Dynamics of National Advantage 131  
 Relationships Among the Determinants 132 · The Determinants as a System 144 · Clustering of Competitive Industries 148 · The Role of Geographic Concentration 154 · The Genesis and Evolution of a Competitive Industry 159 · The Loss of National Advantage 166 · The Diamond in Perspective 173

## PART II INDUSTRIES

- 5 Four Studies in National Competitive Advantage 179  
 The German Printing Press Industry 180 · The American Patient Monitoring Equipment Industry 195 · The Italian Ceramic Tile Industry 210 · The Japanese Robotics Industry 225
- 6 National Competitive Advantage in Services 239  
 The Growing Role of Services in National Economies 240 · International Competition in Services 247 · The Relationship Between Services and Manufacturing 252 · National Competitive Advantage in Services 254 · Case Studies in the Development of Competitive Service Industries 267

## PART III NATIONS

- 7 Patterns of National Competitive Advantage:  
 The Early Postwar Winners 277  
 American Postwar Dominance 284 · Stable Switzerland 307 · Sweden's Choices 331 · Renewing German Dynamism 335
- 8 Emerging Nations in the 1970s and 1980s 383  
 The Rise of Japan 384 · Surging Italy 421 · Emerging Korea 453
- 9 Shifting National Advantage 481  
 The Slide of Britain 482 · Crosscurrents in America 507 · Postwar Development in Perspective 535

10	The Competitive Development of National Economies	543
	Economic Development 544 · Stages of Competitive Development 545 · The Stages and the Postwar Economies of Nations 565 · Postwar Economic Progress in Perspective 573	
<b>PART IV IMPLICATIONS</b>		
11	Company Strategy	577
	Competitive Advantage in International Competition 578 · The Context for Competitive Advantage 584 · Improving the National Competitive Environment 591 · Where and How to Compete 598 · Tapping Selective Advantages in Other Nations 606 · Locating the Home Base 613 · The Role of Leadership 615	
12	Government Policy	617
	Premises of Government Policy Toward Industry 619 · Government Policy and National Advantage 625 · Government's Effect on Factor Conditions 626 · Government's Effect on Demand Conditions 644 · Government's Effect on Related and Supporting Industries 654 · Government's Effect on Firm Strategy, Structure, and Rivalry 657 · Government Policy and the Stages of Competitive Development 671 · Targeting 673 · Government Policy in Developing Nations 675 · The Role of Government 680	
13	National Agendas	683
	The Agenda for Korea 685 · The Agenda for Italy 690 · The Agenda for Sweden 699 · The Agenda for Japan 704 · The Agenda for Switzerland 712 · The Agenda for Germany 715 · The Agenda for Britain 719 · The Agenda for the United States 723 · National Agendas in Perspective 733	
	Epilogue	735
	Appendix A. Methodology for Preparing the Cluster Charts	739
	Appendix B. Supplementary Data on National Trade Patterns	745
	Notes	773
	References	815
	Index	833