absolute advantage in world markets. The U.S. leadership in technology and productivity meant that the U.S. also led the world in per capita income and prosperity. This fact has been a matter of national pride in the U.S.. Moreover, this technological leadership was taken for granted by most people in the U.S.

Japan, the EU and the newly industrializing countries (NICs) emulated the U.S.. Most of them have been catching up to U.S. productivity and per capita income levels. These latecomers have benefitted from access to U.S. technology and the U.S. market. Hence, the popular perception in the U.S. that the nation has been hoisted on its own petards. The erosion of U.S. domination in a few manufacturing industries has led to the fear of a large scale deindustrialization and the loss of well-paying jobs. Most of these jobs are thought to be lost to Japan.

- **Economic Nationalism**

Japan bashing is more than an economic problem, however. The overall objective is to restore U.S. leadership of world commerce. This is in essence economic nationalism. The economic nationalists in the U.S. want their government to do two things.

First, the U.S. must implement an industrial policy. Economic nationalists claim that strategic trade and industrial policies in Japan and Europe have been largely successful. U.S. corporations cannot take on these competitors without U.S. government money and protection. The end of the Cold War, it is feared, brings with it a reduction in U.S. defence spending. Many U.S. corporations, who depend for their R&D financing on this money, are hurting. Their R&D has important spillovers in the rest of the U.S. economy. Consequently, in this view, many successful U.S. industries will now lose out in competitive world markets. The U.S. government should actively implement an industrial policy to make up for the loss of U.S. defence contracts and in response to the "predatory" behaviour of Japan and others. Otherwise, high technology industries and well-paying jobs will go offshore.

Second, the U.S. government must open up markets in high income countries, Japan in particular. While Japanese firms enjoy relatively unhindered access to the U.S. market (the "strategic" theorists admit to few domestic protectionist exceptions), the government in Japan, in this view, is reluctant to address many deeply imbedded "structural" barriers to "fair" trade into Japan. Despite the absence of legal barriers to trade, collusive behaviour among firms and a highly cartelized distribution system in Japan effectively shut out many foreign products, even when imports would be cheaper and/or of higher quality than the Japanese version. Foreign direct investment is similarly choked off by local business and government collusion. The barriers to establishing local subsidiaries inhibit follow-on intra-firm and other exports to Japan. U.S. corporations are denied entry into the lucrative Japanese market.