

APR 18 1994

# Japan Trading Corp.: Getting the Fundamentals Right

 RETURN TO DEPARTMENTAL LIBRARY  
 RETOURNER A LA BIBLIOTHEQUE DU MINISTRE

Executive Summary .....	3
Résumé .....	5
1. Introduction .....	8
1.1 Japan-U.S. Trade Conflict .....	8
● Bashing Japan Inc. ....	8
● Economic Nationalism .....	9
● Productivity Catch Up: The Real Issue .....	10
1.2 The Lesson From Japan's Economic Success: Getting the Fundamentals Right .....	11
● What Trade Response to Economies Catching Up? .....	12
2. Japan-U.S. Trade Issues .....	13
2.1 The Macroeconomic Issues .....	14
● Experience of Macroeconomic Policy Initiatives .....	15
2.2 The Microeconomic Issues .....	15
● Experience of Microeconomic Policy Initiatives .....	19
3. A Look At The Rising Sun: How Distinct? .....	21
3.1 The Distinctive Aspects of Industrial Structure in Japan .....	22
● The Network System: <i>The Keiretsu</i> .....	22
● A Flexible Labour Market .....	24
● An Assessment of the Network System .....	25
● Flexible Manufacturing .....	26
3.2 The Financial Sector in Japan .....	27
3.3 Agricultural Protection .....	29
3.4 The Low Level of Direct Foreign Investment in Japan .....	30
3.5 Industrial Growth in Japan .....	32
● The Neo-Classical Economic Explanation .....	33
● The Strategic Trade and Industrial Policy Explanation .....	35
● Early Japanese Industrial Policy .....	35
● Current Japanese Industrial Policy .....	37