Sector-by-sector targets can only be enforced if the MITI/MOF are powerful enough to guide Japanese firm behaviour in great detail. The bureaucracy in Japan would be forced to organize and monitor numerous buying cartels.[92] Firms would be forced to collude on how imported products are to be handled. Japanese firms would enhance their profits by buying cheaper foreign inputs and producing some products abroad, but they could continue to exercise their power over domestic pricing and marketing practices.[93]

Trade disputes between the U.S. and Japan typically take the form of complaints by U.S. producers that Japanese government policies and private practices exclude them from what are essentially cartelized Japanese markets. These corporations then enlist the U.S. government to assist them in prying open the market. The Japanese response to this foreign pressure is to co-opt the relevant industry to accommodate foreigners. This sets in motion successive demands by U.S. corporations to gain entry in Japan's other sectors. Japanese choose the solution that benefits Japanese producers as well as U.S. producers by forming the de facto government-supported producers' cartel. Thus, more and more U.S. corporations start lobbying to obtain protection.

Some results-oriented approaches might end up increasing the profits of selected U.S. firms in the Japanese market. Once established in Japan, foreign corporations may find it in their interest to bolster rather than remove entry barriers. Japanese consumers would not necessarily enjoy the full benefits of access to cheaper imported products. For instance, the Japanese Fair Trade Commission contended that a joint venture of Apple (U.S.) and Canon unfairly maintained higher prices of Apple computers in the Japanese market by various restrictive trade practices.[94] Instead of encouraging Japan in the direction of liberal trade, results-oriented policies, such as VIEs or quantitative import targets for specific commodities, have actually led to a market with *more* rather than less government and corporate control.

[92] For example, to implement the July 1986 Semiconductor Trade Agreement (STA) with the U.S., MITI established a production cartel, issuing quarterly "forecasts" of semiconductor demand and production that carried an implicit administrative imprimatur. In February 1987, MITI began issuing "requests" for production cutbacks. Thus, one effect of the STA, as with the automobile VER, was to increase MITI's control over the Japanese economy. See C.F. Bergsten and M. Noland, *op. cit.*, 1993, p.130.

[93] A striking feature of the Japanese market is the unusual degree to which *Japanese* MNCs dominate Japanese imports. In contrast, in U.S. and European exports to each other, the *exporting* country companies dominate the intrafirm sales.

[94] Robert Z. Lawrence, *op. cit.*, in Paul Krugman, 1991, p.12.