

par de vastes négociations, le processus consistant à réduire, des deux côtés du Pacifique, les pratiques de distorsion des échanges et de l'investissement.

Enfin, le Japon lui-même change. Son économie a été soumise à un ajustement capital après le renforcement du yen depuis le milieu des années 1980. Les taux de change affectent de façon prévisible les tendances d'achat des Japonais. Les importations de biens de consommation sont à la hausse. Les marchés financiers deviennent moins distinctifs. Étant donné les grands changements survenus dans les comportements japonais au cours des dernières années, on ne peut soutenir une approche entièrement nouvelle qui mettrait l'accent sur des objectifs prédéterminés plutôt que sur des règles convenues au niveau international.

Executive Summary

From the early 1960s, the Western policy community has been confounded by two questions concerning Japan. First, what accounts for the economic success of Japan? Second, how to deal with Japan's trade success? The Western response to Japan's re-emergence on the international scene has hit one snag after another. Informal trade restraints and bilateral "fixes" have largely by-passed the real problems.

There should be no mystery behind Japan's economic growth. Japan got most of its economic fundamentals right over an extended period of time. By seeking out examples of Japan's alleged trade and economic "deviousness" and cultural impediments, the West's response to Japanese trade success has been fundamentally flawed. Consequently, Japan-U.S. trade frictions have grown and economic nationalists in both countries have fed on them. This Paper argues that, rather than demonizing the Japanese, policy makers need to recognize Japanese strengths more honestly, target specific trading and investment distorting practices (which do exist), and accept that Western regimes also retain important protectionist features that, grosso modo, can and do distort trade and international investment flows. Further negotiations to liberalize these barriers are still required.

This Paper builds on a recently released companion document "And the Devil Take the Hindmost: The Emergence of Strategic Trade Policy" (No. 93/14). The objectives of the present Paper are to (a) discuss the nature of Japan-U.S. trade frictions and the measures adopted to resolve them; (b) review economic arguments that explain post-War growth in Japan; (c) discuss why bashing Japan with trade management measures will most likely not work; and (d) draw lessons from Japan's economic success and from the purported U.S. economic decline (which fuels Japan-U.S. trade frictions).