

Administration, the yen soared.³⁶ For 1978 as a whole, it averaged 210 per dollar, 71 percent above its Bretton Woods parity, at one point breaking through the 200 mark.³⁷ Pressure was also brought to bear on Japan's through the G7 to adopt expansionary fiscal and monetary policies. The results were manifest in that Japan pushed interest rates to record lows and expanded its fiscal deficit to a high of 5.5 percent of GDP in 1978.

Accordingly, the resumption of movement in the round coincided with the re-emergence of external pressures on the United States and important developments in the international finance arena, most importantly the second major episode of yen revaluation.

The Results of the Tokyo Round

While the Tokyo Round resulted in broad tariff reductions, it is more noted for several supplementary agreements, namely the codes on dumping, government procurement, standards, and subsidies, as well as strengthened procedures that substantially expanded GATT's role in resolving trade disputes.

The nature of this outcome, involving a heavy admixture of beyond-the-border issues to the tariff exercise, come as no surprise in light of the U.S.-Japanese trade conflicts of this period—the United States countered what it saw as protectionism with its own protectionism and with an attempt to reach inside the Japanese border to counter the frustrating non-

³⁶ The Deutschemark also came under upward pressure but to a much lesser extent.

³⁷ For an account of this period from a capital market perspective, see Barry Eichengreen, "Globalizing Capital," *op cit.* pp. 141-145. Also see C. R. Henning, *Currencies and Politics in the United States, Germany and Japan*, Washington, Institute for International Economics, 1994, pp. 127-129. Henning describes the dispute between the United States and Japan as acrimonious, with the United States accusing Japan of maintaining an inappropriately competitive exchange rate and disguising the true extent of their interventions by using private banks.