picking of winners is a hazardous game. Firms have to take on the market competition; bureaucrats cannot do it for them.

Countries with advanced economic sectors such as Japan, the U.S., the EU and Canada confront the issue of raising productivity through research and development, innovations and the production of new knowledge. There is a vigorous debate on whether large-sized companies or concentrated markets provide the best milieu and spurs to achieve these objectives. The current thinking is that competition can help foster efficient and innovative firms that need not necessarily be large in size.[169]

A deepening of the thinking in the Triad countries that most business transactions have to go through the market system rather than the regulatory and government guidance system would broaden the scope for the application of competition policy. In sum, we see a widening and deepening of cooperation among the competition authorities in the Triad countries on investigating violations and the enforcement of national competition laws.

The international trading system would benefit from a better understanding among the Triad countries of how best to respond to these issues in a symmetrical and coordinated manner. Recognizing, understanding and respecting the key motivations behind the differences between the Triad are essential steps to avoiding conflict and to developing a coordinated and globally effective competition policy.

Also critical is understanding that none of the Triad has the "best" or "ideal" competition policy. For example, the failure of the Japanese system to address adequately the lack of transparency in *keiretsu* corporate governance is serious. But the litigious and confrontational nature of the U.S. legal system (including antitrust law with treble damages, contingency fees and multiple entry points for litigation) makes many observers uneasy and arguably chills legitimate market activity. Moreover, all the "major" systems include questionable sectoral

[169] See I. Prakash Sharma, "Optimal Patent Term and Trade: Some Considerations on the Road Ahead", **Policy Staff Paper**, No. 93/12, Ottawa: Department of Foreign Affairs and International Trade, October 1993, pp. 64-5.