

This Paper places national competition policies along a philosophical spectrum ranging from the individualistic to the communitarian. Communitarians can allow certain cooperative or collusive business behaviour that individualists may consider restrictive of an individual's freedom in the market place. This Paper finds the U.S. at the individualistic end of the spectrum and Japan at the opposite end, while the EU is about in the middle.

The place a nation takes along this spectrum determines its choices for specific competition policy. In comparing the competition policies of the U.S., the EU and Japan, this Paper argues that:

- in the U.S., the approach is economic, in search of efficiencies that emphasize consumer welfare;
- in the EU, the system is political, in search of integration that stresses building a community out of subsidiary nations; and
- in Japan, it is legal, in search of fairness that emphasizes overall community welfare.

Trade policy has traditionally consisted of border and associated domestic measures that aim to increase the welfare of domestic and nationally-based corporations, and consumers. The rules-based trading system is directed at minimizing frictions in international commerce. The trade policy spectrum stretches from liberal and undistorted free trade to a trade restrictive approach.

In the last decade or so, the policy community has come to view the interaction of competition and trade policies as a new issue. In this Paper, we trace the trade and competition policy linkages that go back quite a bit in history. For instance, as Japan's trade policy in the 18th century shifted from a position of autarky to allow commerce with the West, the Japanese marketplace had to confront alien and aggressive U.S.-style individualistic competition. One fallout from such a liberal trade policy was that, in the late 19th and early 20th centuries, competition policy in Japan was modified to tolerate cartels among Japanese firms to face foreign competition in Japanese markets.

The Paper is organized as follows. Section 2 introduces the different philosophical approaches by focusing on the two ideal capitalist paradigms: individualism and communitarianism. Section 3 discusses competition