

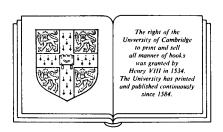
Government policy towards industry in the United States and Japan



Government policy towards industry in the United States and Japan

Proceedings of a conference co-organized by Chikashi Moriguchi and John B. Shoven and sponsored by the Center for Economic Policy Research of Stanford University and the Suntory Foundation of Japan.

Edited by JOHN B. SHOVEN Stanford University and National Bureau of Economic Research



CAMBRIDGE UNIVERSITY PRESS

Cambridge New York New Rochelle Melbourne Sydney



CAMBRIDGE UNIVERSITY PRESS

Cambridge, New York, Melbourne, Madrid, Cape Town, Singapore, São Paulo

Cambridge University Press
The Edinburgh Building, Cambridge CB2 2RU, UK

Published in the United States of America by Cambridge University Press, New York

www.cambridge.org

Information on this title: www.cambridge.org/9780521333252

© Cambridge University Press 1988

This publication is in copyright. Subject to statutory exception and to the provisions of relevant collective licensing agreements, no reproduction of any part may take place without the written permission of Cambridge University Press.

First published 1988

This digitally printed first paperback version 2006

A catalogue record for this publication is available from the British Library

Library of Congress Cataloguing in Publication data

Government policy towards industry in the United States and Japan / edited by John B. Shoven.

p. cm.

ISBN 0-521-33325-3

Industry and state – United States.
 Industry and state –
 Japan.
 Corporations – Taxation – United States.
 Corporations –
 Taxation – Japan.
 Shoven, John B.

HD3616.U47G7145 1988

338.952 - dc19

87-29490

CIP

ISBN-13 978-0-521-33325-2 hardback ISBN-10 0-521-33325-3 hardback

ISBN-13 978-0-521-02643-7 paperback ISBN-10 0-521-02643-1 paperback



Contents

List of contributors	<i>page</i> vii
Acknowledgments	ix
Chapter 1. Editor's summary	1
John B. Shoven	
Chapter 2. The corporate cost of capital in Japan and the	
United States: a comparison	21
Albert Ando and Alan Auerbach	
Chapter 3. The taxation of income from capital in Japan	51
John B. Shoven and Toshiaki Tachibanaki	
Chapter 4. Corporate tax burden and tax incentives in Japan	97
Hiromitsu Ishi	
Chapter 5. A closer look at saving rates in the United States	
and Japan	121
Michael J. Boskin and John M. Roberts	
Chapter 6. The Japanese current-account surplus and fiscal	
policy in Japan and the United States	145
Kazuo Ueda	
Chapter 7. Curing trade imbalance by international tax	
coordination	173
Iwao Nakatani	
Chapter 8. Picking losers: public policy toward declining	
industries in Japan	195
Merton J. Peck, Richard C. Levin, and Akira Goto	
Chapter 9. Corporate capital structure in the United States	
and Japan: financial intermediation and implications	
of financial deregulation	241
James E. Hodder	

v



vi Contents

Chapter 10. The Japanese bureaucracy in economic	
administration: a rational regulator or pluralist agent?	265
Masahiko Aoki	
Chapter 11. Japan's energy policy during the 1970s	301
Chikashi Moriguchi	
Chapter 12. Industry structure and government policies in the	
U.S. and Japanese integrated-circuit industries	319
W. Edward Steinmueller	



Contributors

Albert Ando Department of Economics University of Pennsylvania Philadelphia, PA 19104

Masahiko Aoki Department of Economics Stanford University Stanford, CA 94305

Alan Auerbach Department of Economics University of Pennsylvania Philadelphia, PA 19104

Michael J. Boskin Department of Economics Stanford University Stanford, CA 94305

Akira Goto Economics Department Seikei University Musahino-Shi, Tokyo 180 Japan

James E. Hodder Industrial Engineering and Engineering Management Stanford University Stanford, CA 94305

Hiromitsu Ishi Department of Economics Hitosubashi University Kumitachi, Tokyo 186 Japan

vii

Richard C. Levin Department of Economics Yale University New Haven, CT 06520

Chikashi Moriguchi Institute of Social and Economic Research Osaka University Ibaraki, Osaka 567 Japan

Iwao Nakatani Faculty of Economics Osaka University Toyonaka, Osaka 567 Japan

Merton J. Peck Department of Economics Yale University New Haven, CT 06520

John M. Roberts National Bureau of Economic Research 204 Junipero Serra Boulevard Stanford, CA 94305

John B. Shoven Department of Economics Stanford University Stanford, CA 94305

W. Edward Steinmueller Center for Economic Policy Research Stanford University Stanford, CA 94305



viii Contributors

Toshiaki Tachibanaki Institute of Economic Research Kyoto University Sakyo-ku, Kyoto 606 Japan Kazuo Ueda Institute of Monetary and Fiscal Policy Ministry of Finance Chiyoda-ku, Tokyo 100 Japan



Acknowledgments

The chapters in this volume offer many insights into government policies toward industry in the United States and Japan. I believe that they provide essential material to gain a better understanding of the economic interactions and performances of these two great economies. The conference and this book would not have been feasible without the financial support of Stanford's Center for Economic Policy Research and Japan's Suntory Foundation. It also would not have been possible without the planning of the conference co-organizer, Chikashi Moriguchi, the editorial assistance of John Karl Scholz, and the secretarial and administrative support provided by Karen Prindle.

John B. Shoven