Index

Acht, J.V. 71
agriculture 125–6
America see United States
American model 201
anti-hollowing out 93
Aoki, M. 65, 66, 67
Aoyama, K. 94, 96, 98
Arrighi, M. 191
Arty, V. 153
assemblers 66, 75–6, 100–101, 206
asset bubble 51–3, 117–19
automation 207
automobile industry 76, 85
  globalization 98–9
  keiretsu networks 66
  labour productivity differentials 206
  lean production 202
  modulization 99–100
  non-keiretsu 116
  relocation to US and Europe 96
  subcontracting changes 98–9
  technology exports 159
  transactional hierarchy 66
baby boomers retirement 169
bad hollowing out 82–3, 94
bad loans 118–19, 134
Bailey, D. 68, 103, 141, 145
balance sheet channel 40, 42–3, 56
bank lending channel 40–41, 42
Bank of Japan 31, 40, 50–55, 113
  window guidance 51–3
Bank of Japan Law 50, 55
banking keiretsu 68
banking sector mergers 128
bankruptcies 37, 71
Beamish, P.W. 72
Bernanke, B.S. 40, 41, 42
‘Big Six’ horizontal keiretsu 142
biotech-related technologies 170–72
biotechnology 163, 170–72
  R&D boundaries of the firm 172–5
  boards of directors 18–19
  bond market 113, 114, 117
  bonuses 21, 26
  Branstetter, L. 163
  Branston, J.R. 143
Bretton Woods compromise 108
Britain see United Kingdom
  bubble period 51–3, 117–19
  Burkett, P. 190–91, 192
  business system 157–8, 166–70
  and start-up activities 168–70
capital markets, repression of 114–15
car industry see automobile industry
cartels and growth correlation 36, 37
castle towns 101
catch-up period 111–12, 187–8
  innovation development 158–9
  postal savings system, role of 119–20
central banks 55
  see also Bank of Japan
chemical industry development 114–15
China 70, 93–4
  ‘China fear’ 93, 94
Chung, W.K. 180
clusters 145, 147, 148–9, 150
Coffey, D. 207, 208
Cold War 107, 191
Commerce Law 141–2
commercial banks 42, 46
community webs 147
competition 15, 94, 212
competitive ideal 9–10, 26–7
competitiveness concept literature 199, 203–5
Confucian values 182
corporate buyouts 127
corporate Japan literature 181

corporate sector see giant corporations; transnational corporations
corporate strategies 141, 143
corporate takeovers 129
Cowling, K. 64, 140–41, 146
creative destruction 42, 54, 55, 192
credit controls 51–3
credit creation 46–7, 48, 50, 51
credit crunch 134
credit economy 45–6
credit rationing approach 41–2, 47
credit theory 56–7
credit view approach 40–43, 47
cronyism 187, 189
cross-licensing 160, 161
cross-shareholdings 112, 120–22, 141–2
cultural analyses literature 182–3
cultural norms and values 12–13, 14, 20, 24, 182–3
Czinkota, M. 141
de-industrialization 134, 135, 136–7
see also hollowing out of industry
De Propris, L. 148
deductive methodology 45, 46, 49, 55–6
deflation 37
Denison, E.F. 180
deregulation 140, 142, 145
dirigiste post-war policy 110–20
asset bubble and aftermath 117–19
bank-based finance 113–15, 116–17
capital markets, repression 114
internal funds 115–16
postal savings system, role of 119–20
distribution system 22–4, 142
divide and rule tactics 63, 66, 76
domestic productivity growth 199–200
Dore, R. 182, 183, 193
Driffield, N. 148
Drysdale, P. 137
dual labour market 190–91
dualism between OF and ID sectors 142, 143
Dutch disease 138
East Asia, trade with 86–7
economic growth

cultural explanation 182–3
and financial sector link 43–7
government role in 24–5
economic growth literature 181–2, 187
economic integration 107, 108
economic theory 55–6
Economist, The 120
efficiency 27–8
electronics industry 99, 135
non-keiretsu 116–17
empirical methodology 45, 56
employment conditions 19–20, 27–8, 76, 186, 190–91
enterprise groups 16, 18
see also keiretsu
equation of exchange 43, 44
equity culture 128–9
equity holdings in keiretsu 66
executives’ salaries 21
exploitation of labour 187, 190–91
exports 63, 86–7, 159
farm sector 125–6
FDI see foreign direct investment
financial openness 87–8
fiscal policy 48
Fisher, I. 44
flying-geese catch-up strategy 111
Ford 99
foreign direct investment (FDI) 68, 69
inward 88, 89, 110, 126–7, 128–9, 148–9
outflow-inflow ratio 70–71, 126–7
outward 86–8, 89–90, 94, 124, 135, 142
trends 89
foreign-ownership of major corporations 121–2
foreign shareholders 122
foreign technology importation 68
Freeman, C. 202
Friedman, M. 43, 55
‘friendly and patient’ capital 121
Fukao, K. 137, 138
Fukao, M. 56
Fukui, Toshihiko 31, 51, 53–4, 55
Fukuoka Silicon Sea-belt Project 146
Fukushima, H. 136, 146
Index 219

Gallini, N.T. 160
Genay, H. 114
Gerschenkron, A. 110
Gertler, M. 40, 41, 42
Ghosn, C. 98, 99
giant corporations 62–3, 65–7, 68–9
see also transnational corporations
Gilchrist, S. 40, 42
Gilpin, R. 211
global capitalism 107, 109
global outsourcing 64, 71, 73, 77
globalization 82, 86–8
‘China fear’ 93–4
effects on small firms 71
foreign direct investment (FDI) 86–90
Japanese industry, import penetration and labour productivity 84
Japanese production 88, 91–3
political trilemma model 107–10
and subcontractor system 85–6, 98–100
Golden Straitjacket 107–9
good hollowing out 82–3, 94, 97
government-university-business collaboration triple helix 147
gross domestic product growth 32–3
H-mode 65
Hagedoorn, J. 173
Handa, J. 44
Hart-Landsberg, M. 190–91, 192
Harvey, C. 135
Hayashi, F. 56
heavy industry development 114–15
Hesei boom 73
hierarchical mode 65
Higa, T. 28
hollowing out of industry 70–3, 102, 134–8
effects on subcontractor system 96–8
government failure approach 138–40
strategic failure perspective 140–43
Honda 116
horizontal keiretsu 16–17
horizontal networks of small firms, Europe 75
hostile takeovers 98–9, 129
Howes, C. 203, 204
Hutton, W. 185–6, 193, 194
ID sector see inner-dependent (ID) sector
ideal competitive system 15–16, 27
IMF (International Monetary Fund) 42, 54
import penetration 83–5, 88
imports by region 86–7
incentive systems 66–7
income and wealth inequalities 74
inductive methodology 45, 49, 51, 55, 56
Industrial Cluster Project 147
industrial dualism 139
industrial hollowing out 70–73, 102, 134–8
effects on subcontractor system 96–8
government failure approach 138–40
strategic failure perspective 140–43
industrial policy 68–70
alternative framework 144–51
industrial regions 72
industrial research and development 161–2
industrial stagnation 70–73
industrial strategies 141
industrial structure 16–19
inefficiencies 27–8
infant industry protection 68, 111
information technologies 162
inner-dependent (ID) sector 112, 123, 139–40, 142, 143, 144
pork-barrel sector 124–6
innovation system 157–8
broad applicability 170–72
and business system 166
post-World War II 158–61
relationship with other systems 157
science-based 161–5, 170–72
institutional arrangements
distribution system 22–4
government participation 24–5
industrial structure 16–19
labour market 19–22
institutional matrix 109–10
institutional sclerosis 106
integration-cum-nation-state axis 108, 109, 110
intellectual property rights (IPRs) 160–61
inter-area networks 146–7
interest rate policy failure 39–40
credit view approach 40–43
economic growth-financial sector link 43–9
internal funds 115–16
internal growth 62, 75
international capital markets 117
international competitiveness 198–9, 200, 201, 202
International Monetary Fund (IMF) 42, 54
International Motor Vehicle Programme (IMVP) 206–7
internationalization strategy 69
interventionist industrial policy 68
investment funds, Japan Post as major source 119–20
inward foreign direct investment (FDI) 88, 89, 110, 126–7, 128–9, 148–9
see also foreign direct investment; outward foreign direct investment
Italy 151
Itami, H. 85, 103
Ito, M. 71, 145, 149, 153
Ito, T. 137, 142
J-mode 65–7
James, B.G. 76
Japan Post (postal savings system) 119–20, 126
Japan Telecom Holdings 127
Japanese corporation (J-mode) 65–7
Japanese disease 106, 124, 138–9
job rotation within firms 19, 25, 166
Johnson, C. 68, 139
Jorgenson, D.W. 35
just-in-time delivery 85
Kaldor, N. 204
Kanagawa 72
Kashyap, A.K. 40, 42
Katz, R. 140, 188
keiretsu 16–18, 65–6, 68, 120–22
‘Big Six’ 142
control by giant corporations 66
equity holdings 66
globalization, effects of 71–2
hierarchical mode 66
new (overseas) 69–70
keiretsu banks 113
Kester, C.W. 117
Kitagawa, F. 136, 146, 149, 150
Kitakamigawa 148
Kiyotaki, N. 42
Knowledge Cluster Initiative 147
Kobayashi, H. 70, 86
Koito Manufacturing 103
Koizumi, Prime Minister 126
Koo, A.Y.C. 63
Kotani, H. 136
Krugman, P. 40, 42, 187–8, 198, 199
kudoka see hollowing out
labour productivity 83–4
labour relations 187, 190–91
labour system 18, 19–22, 166, 167
labour unions 21
land prices 56, 118
land reform 125
Lazonick, W. 183–5
lean production 201, 202, 206, 209, 211–12
legal system 157
Legewie, J. 135, 153
lending channel 40–41, 42
‘level up’ industries 83–4
leverage buyouts (LBOs) 127
Liberal Democratic Party (LDP) 120, 124–5, 129
liberalization 107, 141–2
lifetime employment 19, 166, 167, 190
Lipsey, R.E. 70
liquidity trap 40
loan growth quotas 51, 52, 53
‘local content’ requirements 96
local unions, constitutions 22
Long-Term Credit Bank of Japan 127
long-term employment see lifetime employment
long-term interest rates 40
loyalty 15, 19
Lupardus, K. 28
Luria, D. 208, 209
managed trade, benefits of 202–3
managerial capitalism 184
manufacturing sector
de-industrialization see industrial
hollowing out
employment figures 71, 134
operating rate 37, 38
shift overseas 135–6
market-coordinated capitalism 184
market liberalization 107, 141–2
Martin, R. 150
Martin, S. 63
Maruyama, M. 142
mass/local politics policy choice 107, 108
mass-production system 201
material consumption 12, 20
matrix of institutions 109–10
Matsushita Electric Industries 116–17
Matsuura, K. 145
Mazda 98, 99
Meltzer, A.H. 41
mergers and acquisitions (M&As) 127–8
Mieno, Yasushi 51, 53–4
Ministry of Economy, Trade and Industry (METI) 140, 147
Ministry of Education, Sports, Science and Technology (MEXT) 147
Ministry of Finance 55, 117, 139
Ministry of International Trade and Industry (MITI) 68–9, 140, 141, 142, 144–5
modulization 99–100, 101
monetary policy of central banks 55
monopoly capitalism 62–4
Moore, J. 42
moral hazard 112, 114, 118
Morgan, A. 148
Motohashi, K. 35
Mowery, D.C. 160
multi-locality production processes 146
multiple sourcing 75–6
Murakami, Mr 31
Nakane, C. 14
Narin, F. 161
nation-state-cum-mass-politics axis 108, 109–10
nation state policy choice 107, 108
national competitiveness 198
national innovation system 157–8
broad applicability 170–72
and business system 166
post-World War II 158–61
relationship with other systems 157
science-based 161–5, 170–72
national unions 21–2
negative de-industrialization 137
negative freedom 142, 144–5, 153
negative shocks affecting economy 73
Nelson, R.R. 164
neoclassical efficiency argument 36
neoclassical growth theory 35
neoclassical trade theory 35
new industrial policy 144–51
new (overseas) keiretsu 69–70
New Regionalism (NR) perspective 149–50
Newcomb, S. 44
Nikkei Weekly 72
Nippon Broadcasting System (NBS) 129
Nissan 76, 98–9
Noguchi, Y. 118
nominal GDP growth 32–3
nominal short-term interest rates 40
non-bank loan 118
non-group stockholders 19
non-hierarchical modes of production 65, 66, 75
non-keiretsu firms 116–17
nontradable sector 122
North, D.C. 109
obligations 12, 13, 19, 24
OF sector see outer-focused (OF) sector
official discount rate (ODR) 31, 40
offshore affiliates 72
Ogawa, K. 56
Ohkawa, K. 181, 194
Okazaki, T. 120
‘one-set’ principle 114
open competition (open kompe) in subcontracting 100, 101
Osaka 72
Ota cluster, Tokyo 135–6, 146
outer-focused (OF) sector 112, 123–4, 139–40, 142, 143
outsourcing 95–6
R&D-related services 174
see also subcontractor system
outward foreign direct investment (FDI) 86–8, 89–90, 94, 124, 135, 142
see also foreign direct investment;
  inward foreign direct investment
overseas bond market 117
overseas expansion 69, 71, 77, 88–93
overseas production ratio 69, 76, 88
overseas relocation 96, 135–6
overseas subsidiaries 91–2
overtime hours 27–8
Ozawa, T. 72, 138, 139, 140, 143
patent and trademark registrations 38, 39
patent protection 159, 160–61
Patrick, H. 114, 117, 180
perfectly competitive ideal 9–10, 26–7
pharmaceutical industry 127–8, 173
Piore, M. 68, 141
political trilemma model 107–10
pork-barrel sector 112, 124–5
Porter, M. 150, 188, 189, 211, 212
Posen, A.S. 54, 55
positive de-industrialization 137
positive freedom 153
post-war economic growth literature 179–81
postal savings system (Japan Post) 119–20
Prescott, E.C. 56
price-cost margins 63
private distribution systems 23
production abroad 88, 91–3
productivity growth 199–200
profit maximization 13
progressive capitalism, Japan as model 179–86
  change of view 186–9
proprietary capitalism 184
protectionism 122–6
‘quantitative easing’ policy 50
quantity equation 43
quantity theory 43
radical literature 190–91
rank hierarchy system 66–7
rationed markets 53
Reaganism 107, 183
real estate lending 51, 118
real GDP growth 32–3
real interest rates 40
recession 39–42, 49, 50–54
Regional Cluster Plan 147
regional development banks 151
regional industrial development 149–51
reimports 71, 77, 92–3
relocation overseas 96, 135–6
research alliances 173
research and development (R&D) 72–3, 159–60
  biotechnology, boundaries of the firm 172–5
  industry funding 159–60
  shift overseas 136
research and development-related services, outsourcing 174
research methodologies 55–6
retail establishments 22–3
retirement of baby boomers 169
Ries, P. 99
Rifkin, J. 201
Ripplewood Holdings 127
Rodrik, D. 107–8
Rose, A. 137
Rosenberg, N. 160
Rosovsky, H. 180, 181, 194
Rover Task Force 145
Rowley, I. 93
Rowthorn, B. 136, 137
Ruigrok, W. 66, 76, 141
Sabel, C. 68, 141
Saitama 72
Sakakibara, M. 188
salaries 20, 21
Schumpeter, J.A. 114
science-based innovation 161–5
  and changing boundary of industries 170–72
  start-ups 165
  university-industry collaboration 163–5
science linkage 161–2
Index

self-interest 12, 13, 20
services sector 136–8
shareholder activism 122
shareholder capitalism 129
Sheard, P. 76
Shinsei Bank 127
Shoko Research Institute (SRI) 83
Singh, A. 203, 204
small firms 18, 94, 125, 145
bankruptcies 136
in *keiretsu* partnerships 66
moving overseas 135, 153
as suppliers 95–7
webs 146
social corporatism 77
social status 14, 15, 20–21
Soete, L. 202
speculation 118
stable shareholder allies 142
stake-holding economy 186
start-ups 165, 168–70
Stein, J.C. 40
Stein, L. 153
Stevens, G.V.G. 70
Stiglitz, J.E. 54
stock market 114, 129
strategic decision making 64, 65–6, 141, 143
strategic failure 64, 140–43
structural gap between OF and ID sectors 139–40
structural reform 34–9, 51, 54, 55
subcontractor bullying 96
subcontractor system 65, 85–6
exploitation of labour 190–91
globalization, effects of 85–6, 98–100
hollowing out 96–8
new structure 100–101
open competition 100, 101
origins and logic 94–6
qualitative changes 98–100
quantitative changes 96–8
trends 97–8
Sugden, R. 64, 140, 146
Sumitomo Electric Industries (SEI) 160–61
Sunley, P. 150
superexploitation of labour 187
suppliers 95–6, 101
*see also* subcontractor system
Suwa/Okaya machine manufacturing cluster, Nagano 145
Suzuki, S. 149
Sweden 77
Taira, K. 139
Takeuchi, H. 188
Tashiro, H. 93
Thame, J.J. 76
technology exports 159
technology importation 159
temporary employees 19
Thatcher-Reaganism 107
Thatcherism 183
Thornley, C. 207, 208
Thurow, L.C. 200
Tokyo 72
total factor productivity growth 35, 137–8
Toyota 76, 101, 116, 201
Toyota Production System 85, 94
tradable sector 122–3
transnational corporations 62, 64, 68, 143
collection of policy 141, 142
collection over *keiretsu* partners 66
collection over suppliers 141
dominance of 61–4, 69–70
overseas networks 69–70
transnational monopoly capitalism 62–4
triple helix of government-university-business collaboration 147
truth 65, 183, 186
trust-based capitalist economy 183, 186
Tsuru, S. 115–16
Tyson, L. 199
unemployment 37, 72, 74, 85, 135, 137
unions 21–2
United Kingdom
de-industrialization 138
market-coordinated capitalism 184
neo-liberalism 183
‘new labour’ movement 185
Rover Task Force 145
Thatcherism 183
Van Tulder, R. 66, 141
velocity decline 43, 44
vertical enterprise groups 17
vertical keiretsu 65–6, 95, 135–6, 141, 145
vertical specialization 87
vision of Western capitalism 9–10, 25–9
wages 20, 21
Wall Street Journal 128
Washington Consensus 107–9
webs of small firms 146, 147
Weinstein, D.E. 117
Wells, J.R. 136, 137
Werner, R.A. 41, 43, 44
Western capitalist vision 9–10, 25–9
Whittaker, D.H. 73
window guidance credit controls 51–3, 55
window watchers 20
Womack, J. 75, 206
women workers 20–21, 25–6
work hours 19–20, 27–8
World Bank 54
Woronoff, J. 141
Yafeh, Y. 117
Yamaichi Securities 127
Yen appreciation 87, 123–4, 138–9, 140, 144