but was covered up during the colonial and KMT regime, is ironically surfacing once again during this search for Taiwanese identity.

Far from offering earth-shattering discoveries about Taiwanese nationalism, however, Hsiau's unique stance on Taiwanese cultural nationalism offers readers an alternative perspective on this subject. But most importantly, this book offers a comprehensive overview of the development of Taiwanese nationalism and, most critically, the dilemma and paradox that this island nation is facing today.

University of British Columbia, Vancouver, Canada

MIKE K.K. YANG

INTERNATIONALIZATION, CORPORATE PREFERENCES AND COMMERCIAL POLICY IN JAPAN. By Hidetaka Yoshimatsu. New York and London (U.K.): St. Martin's Press and Macmillan Press Ltd. 2000. xi, 267 pp. (Tables.) US\$75.00, cloth. ISBN 0-312-23124-5.

A large amount of literature exists that documents the significant role the Japanese government has played in Japan's achieving extraordinary high economic growth since World War II to the 1970s. One principal reason for the government policy success is that the incentives of all economic units, for example, firms, banks, households and workers, were well aligned along the path of high economic growth, achievement of which appeared to all to be equivalent to maximizing everyone's welfare. *Internationalization, Corporate Preferences and Commercial Policy in Japan* shows that such an alignment of incentives among various economic units began to disintegrate as Japanese firms' internationalization began to accelerate from the late 1970s to the late 1980s and into the early 1990s.

Some Japanese firms and industries, such as automotives and electronics, were much more successful than others in internationalizing their operations and found themselves in a position to promote trade liberalization. Others, such as firms in the textile industry and farmers in the agricultural sector, have been unsuccessful in coping with internationalization and their businesses have been seriously hurt by almost unstoppable cheap imports that consumers have found attractive in the generally stagnant Japanese economy.

Facing these incoherent and divisive domestic situations, both politically and economically, the Japanese government policy initiatives since the 1980s have been mostly driven by domestic and international politics, including the impacts of the trade negotiations between the U.S. and Japan.

After the introduction (chapter 1), chapter 2 discusses briefly the hypothesis that the more internationalized that firms are, the more preference they have for government policy for trade liberalization. Following a brief discussion of the mechanisms of how businesses influence government

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policy (chapter 3), three case studies are presented, each discussing the following industries' role in trade policy decision-making processes in Japan: the auto industry (chapter 4), the electronics industry (chapter 5) and the textile industry (chapter 6). Chapter 7 discusses the role the Keidanren (Japanese Federation of Economic Organizations) played in Japan's policy-making on deregulation, liberalization of agricultural imports and increasing the transparency of Japanese standards and certification systems. The book concludes with chapter 8.

The core of the book, chapters 4 and 5, presents some anecdotal evidence, using the case studies of Japanese auto and electronics industries, that multinational firms have had significant influence on the Japanese government's policies towards trade liberalization in their own industries. Needless to say, this is in their own interest, since these firms are typically engaged in massive amounts of highly profitable intra-firm trade between their head offices in Japan and their foreign operations. Such intra-firm trade involves, for example, exporting semi-finished goods to, and importing final products from, overseas affiliates. Such intra-firm trade has been accelerated by an increasing number of corporate alliances between Japanese and U.S. firms.

The case study of the textile industry (chapter 6), on the other hand, discusses the significant influence of the struggling firms in this industry on the Japanese policy to restrict textile imports. Of course, it is not clear that such restrictions will be sustainable given the Japanese consumers' preferences towards imports.

The book contains interesting details about the roles played by industry associations, the Keidanren and other organizations in formulating Japanese trade policies. It shows that while Japan's two industries, auto and electronics, which have been successful in internationalizing their operations, were quite influential in promoting trade liberalization, the opposite is true of the textile industry, one of the major declining industries in Japan.

The book does not shed light on the possible implications of the decadelong stagnation of the Japanese economy in the 1990s for Japan's trade policy. The auto industry, for example, can no longer be viewed as homogeneous as before, since Toyota and Honda are the only remaining Japanesecontrolled auto assemblers. The incentives of Toyota and Honda cannot align well, for example, with the incentives of Mazda (controlled by Ford), Nissan (controlled by Renault) and Mitsubishi Motor (controlled by Daimler-Benz-Chrysler) in their preferences for trade policy, even though all of these firms are highly internationalized. In the U.S. and Canada, for example, considerations of employment and the benefits of low prices to consumers play the predominant role in trade policy, including decisions involving foreign firms' operations in their territories. So far the Japanese government has not been clear about their policy preferences in this regard.

University of British Columbia, Vancouver, Canada

MASAO NAKAMURA