

line in figure 4, as suggested by the theory. We also report the Herfindahl index for sales, defined as  $\sum_i s_i^2$  where  $s_i$  is the sale of firm  $i$  as a proportion of total sales in the sample for that country. The index is higher for the U.S. than for Japan, consistent with the evidence from the elasticities that small and medium sized firms play a more prominent role in Japan.

### Automobile Industry

The elasticities for the automobile industry in the United States and Japan are obtained from regressions of the form (24) for firms in NAICS category 3361–3, and are reported below in table 3.

	log payable	log sales	$R^2$	obs
Japan	0.492 (0.136)	0.494 (0.137)	0.956	91
USA	0.104 (0.217)	1.105 (0.248)	0.932	41
Table 3. Automobile Industry				
Dependent variable: log receivable				

The elasticity of receivables with respect to payables in Japan is almost 50% in the auto industry - living up to the received wisdom of the multi-layered production chains of the “Toyota model”. However, the regression results for the United States is out of line with all the other regressions so far. The elasticity with respect to sales exceeds 1, and the sum of elasticities exceeds 1.2. To get a sense of why the results are so out of kilter with the rest of our results, we plot below the accounts receivable and payable for the auto industry in the U.S. and Japan.