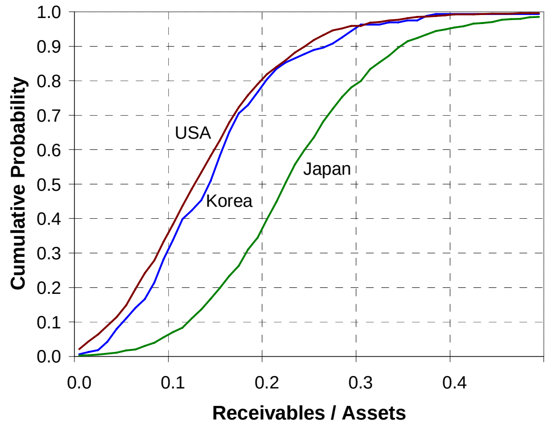

Figure 8: Receivables/assets for Korean firms

capital would have been very considerable. How was Korea able to overcome the financing constraints? In particular, how was Korea able to finance the large working capital requirements?

In answering these questions, first consider some evidence on Korean firms' balance sheets. Figure 8 adds the cumulative distribution of Korean firms' receivables/assets to those of the U.S. and Japan (already seen in figure 6). On this measure, Korean firms lie between Japan and the U.S., but closer to the U.S. However, the striking evidence comes from the distribution of *net* accounts receivable. Figure 9 superimposes the cumulative distribution curve for net accounts receivable (i.e. working capital) for Koream firms on those for the U.S. and Japan as seen already in figure 7. Korean firms carry much smaller net accounts receivable as compared to Japan and the United States. The ranking between Korea and the U.S. is reversed, with Korean firms having much smaller net accounts receivable. In particular, around 20% of Korean firms in our sample have negative working capital in the sense that accounts payable exceed accounts receivable.