The Globalization of Corporate Governance
– External and Internal Mechanisms of Control –

By Ronald Dore

This article first appeared at the conference entitled "Corporate Governance and Firm Organization: Nexuses and Frontiers," at Bocconi University on Dec. 5-7, 2002, and is edited and reprinted here with the permission of the author.

Anti-globalization is, of course, a nonsense. Nothing short of a civilization-destroying nuclear winter will stop the endlessly ramifying effects of the innovation process which makes transport and communications ever easier and cheaper and thereby increases the proportion of cross-border relationships in the totality of relationships which the world's inhabitants maintain. But that is not to say that nation-states should give up trying to shape the national and international institutions which affect the ways their citizens interact with the rest of the world. Nor that they cannot choose to protect national cultures from outside influence, as the French do when they sacrifice free market principles to impose quotas on the import of American soap operas. The combination of trade union protectionists, passionate environmentalists, third world sympathizers and miscellaneous antinomian activists who came so spectacularly together in Seattle may simply be taking "globalization" as a new focus for frustrated feelings of indignation and hatred to replace "capitalism" and the "multinationals." But they do provide a useful counter-thrust to the "end of history" celebrants of a homogeneous future world of Anglo-Saxon capitalism and American-style democracy.

Corporate Governance: The Should Question

But why should such convergence be resisted in the sphere of corporate governance? Why should nation-states seek to create or preserve legal frameworks fostering distinctive national modes of corporate governance different from those of the globally dominant American model? There are two answers to those questions: the outcomes argument and the preconditions argument.

The outcomes argument is simply this. Economic systems are embedded in societies with distinctive values to which their citizens may be attached. Corporate governance institutions, embodying views of the relative importance of property rights and other human rights, affect, for example, the liberty vs. equality trade-off. How much inequality of income and life chances can be tolerated to achieve greater economic freedom and economic efficiency? Is economic efficiency important as a precondition for the nation's prestige in the international system or is it important for individual welfare? The general consensual views on these matters are rather different in Scandinavia, say, or in Japan, from what they are in America.

The preconditions argument is this. Economic textbooks may assume a universal human nature with a narrow range of motives and valued objectives, but the range is in fact quite wide. The variations are, moreover, still nationally distinctive, both in explicit ethical systems and in the moral implications of dominant patterns of kinship, friendship and economic exchange. Hence, institutions built on the assumption of one dominant pattern of motivations may work quite differently in a society with different patterns. Institutions are best made if tailor-made to local values, not taken off the shelf.

The Can Question

There is a prior question: not whether convergence should be resisted, but whether it can be resisted. One can separate at least five main convergence-inducing forces.

i) Trade dependency is real dependency. The so-called Structural Impediments talks which were the culmination of a decade of Japan-U.S. trade frictions, resulted in many changes in Japanese law and administrative practice (such as rights of shareholders and implementation of anti-trust) at American insistence, the American negotiators using, not only retaliation threats but fairness arguments based on "level playing field" analogies.[1] They were a result of the fact that Japan needed American markets more than America needed Japan's. Similarly, to keep its access to American markets, China had to agree to American terms for its admission to the World Trade Organization (WTO). And the strength of the American farm lobby was such that those terms had to include the blunting of an important mechanism by which Europe, Japan and South Korea had secured greater equality of income distribution in their period of rapid industrialization, namely subsidizing agricultural prices.

ii) Financial dependency. "What the Chinese do in corporations financed from their own savings is their affair. But if they want foreign investors to provide finance, they have to assure them that what those investors consider adequate systems of corporate governance are in place." Such was the response to arguments about corporate governance appropriate to China of a leading American shareholder activist – and frequent visitor to China to advise on corporate governance. China still has capital controls and it makes sense to distinguish between its own and foreign savings. In most other countries, however, such controls have been dismantled, often under pressure from firm believers in the Washington consensus in the International Monetary Fund and World Bank. Where there are no such controls, the degree to which corporate

Abstract:

Much of the literature on corporate governance assumes that there is one universally valid prescription for good governance – or at most assumes a single choice between pro-shareholder and pro-stakeholder prescriptions. It is, however, not only "who gets what" outcomes which have to be taken into account in choosing governance systems, but also different preconditions for effectiveness, affected by national cultures and employment systems. One dimension of variation is, the relative need for, and efficacy of, externally imposed disciplines on management on the one hand, and the internal controls of conscience and peer pressures on the other. Internal control mechanisms seem to work in community-like firms such as those of Japan. Will China turn out to have similar possibilities?

governance institutions favor the interests of shareholders may determine not only their ability to attract foreign capital, but also their ability to keep their own savings at home. The rethink of capital liberalization which began after the East Asian crisis is obviously relevant here.

iii) Cultural and ideological pressures come in many forms. A stagnating economy's envy of a dynamic one explains a lot about the arguments for adopting "global standards" (i.e., American standards) propounded by Japanese and German "reformers" in the latter half of the 1990s. The international prestige of American universities explains why, in Europe, Latin America and Asia, university and government economics departments are increasingly staffed by Ph.Ds from American economics graduate schools with a bias towards accepting all the assumptions of liberal free-market economics and all the prescriptions of the Washington consensus. And these constituent elements of direct American cultural hegemony are backed by the diffuse influence on popular and elite cultures of Hollywood, Disneyland, American literary fiction on the one hand, and the awesome strength of American military and diplomatic power on the other. In the run-up to war on Iraq, we are most conscious of the awesome weight of America's military power – a defense budget equal to the world's next nine biggest spenders if you believe Paul Kennedy (*Financial Times*, Feb. 2, 2002), the next 15 biggest if you believe Thomas Friedman (*International Herald Tribune*, Feb. 4, 2002). The economic power – by which America bought cooperation from Pakistan and Uzbekistan for the Afghan war, for instance – is impressive too. But, to use Joseph Nye's terms,[2] there is both hard power – the ability to coerce others to give you what you want by military and economic pressures, and soft power – cultural and ideological influence; the ability to make others want the same things as yourself. The two intimately interact. Fear and admiration go together in that "prestige" is being the object of either or both.

iv) That power and prestige is highly relevant also to the fourth constraining factor, the web of international agreements and the organizations they have spawned to regulate the growing volume of cross-border transactions. The Basle Agreement administered by the Bank of International Settlements is a good example. Nation-states may have their own system of prudential regulation to maintain the confidence without which no financial system can survive – government guarantees, deposit insurance, "convoy system" rallying round to rescue endangered banks (or hedge funds like Long-Term Capital Management). But to prevent transborder domino effects in global financial markets the system must be international. The Basle Agreement chose one particular piece of prudential regulation – a requirement for all banks operating internationally to maintain a certain ratio of capital to loan assets. This requires acceptance by all countries of certain conventions – such as about what constitutes sound banking or how one calculates capital – which can affect the role that banks play in the economy. And in the shaping of these conventions, the American banking community was and remains overwhelmingly the most influential. As one percipient observer of international financial regulation says, the "closed nature of policy communities and the growing dependence of regulators and supervisors on private market interests, has meant that regulatory standards are increasingly aligned to the preferences of the largest global market players." [3]

v) Finally, and most obviously, there are the private international organizations – multinational corporations. However much local governments may insist on local subsidiaries conforming to national practices, the influence of headquarters cultures can greatly affect the way local legal forms are interpreted. The influence of metropolitan business cultures can be much more widely diffused through joint ventures. China, where the political and legal situation makes joint ventures a much more frequently chosen option, is a case in point.

The Deviant and the Normal

All of these factors help to explain why countries with social systems, cultures and ideologies different from those of the United States, are full of people who see their own as a "deviant" form of capitalism and believe that they need to become "normal countries" by adopting American models and patterns. I say "American" because America has the hard power which backs the process of missionary diffusion. But the similarity of the co-evolving institutions of the other anglophone countries – Britain, Australia, New Zealand and Canada – has made "Anglo-Saxon" the standard term in the "types of capitalism" literature which

takes as its starting point Michel Albert's provocative *Capitalism vs. Capitalism.* [4]

The main features of the "deviant" countries like Japan and to varying degrees the countries of continental Europe, are that, while recognizing the virtues of market competition in many spheres they (a) accept that labor market flexibility should be tempered by concern for both worker protection and the fostering of organizational loyalties, (b) expect organizational loyalties to preclude the buying and selling of companies through the stock exchange, (c) expect managers to have a broader range of responsibilities – to employees and other stakeholders – than a mere obligation to maximize shareholder returns, and (d) retain, as a token of citizen solidarity and mutual responsibility, a large public sector for health, education and collective social insurance whose universal equal-rights nature is expected to minimize the need for means-tested safety nets.

The first three are the core of these "deviancies." Firms are seen not as a matrix of enforceable, limited-term contracts between principals and agents which delimit individual responsibilities, but as entities which have some real existence, to which people make commitments over and beyond what can be spelt out in formal contracts. They are seen, almost, as communities of the people who work in them, and – to the most completely institutionalized extent in Japan – run by managers who have worked their way up inside the firm along predictable career tracks through bureaucratic structures. Their managerial organizations, in other words, resemble nothing so much as an army or a police force in Europe, and certainly have precious little in common with the way in which top managers, head-hunted from the executive labor market, bargain their lavish pay, stock option and pension packages with a British or American Board's compensation committee.

A Global Consensus?

Nevertheless, the notion that capitalism is one and indivisible, and that there is one best way of organizing business corporations persists. Take a sample of the 380,000 web sites that Google offers you when you search for "corporate governance" and you will see that the vast majority of them reflect this view unquestioningly. Illustrating what was said above about the importance of international organizations as factors making for convergence, some of the pronouncements of the Organization for Economic Cooperation and Development (OECD) offer good examples.

The OECD first got into the act in 1996 when it set up a Business Sector Advisory Group on Corporate Governance which produced its report in April 1998 under the title, "Corporate Governance: Improving Competitiveness and Access to Capital in Global Markets." Known generally as the Millstein Commission after its chairman, an American businessman/ professor of commercial law, the six-man group included Adrian Cadbury, author of a famous report on the governance of British corporations, the chairman of Salomon Smith Barney Inc., a Japanese businessman, a German commercial lawyer, and Michel Albert, author of the book cited earlier in which he had claimed that the German and Japanese corporate system which gave employees a powerful voice in the running of companies was both morally superior and probably more efficient than the American system, but went on to deplore the fact that, paradoxically, it was the American system which was, even in those countries, increasingly admired and imitated.

The Millstein report reflected this diversity of backgrounds at least in its opening fanfare statements. "Generating long-term economic gain to enhance shareholder (or investor) value is necessary to attract equity investment capital and is, therefore, the corporation's central mission. *At the same time however, corporations must function in the larger society. To varying degrees, different national systems and individual corporations may temper the economic objective of the corporation to address non-economic objectives."* (Italics mine) But the overwhelming consideration was the "global competition for capital" which required that corporations be transparent both about "their economic and non-economic objectives."

There are three things to note about this statement of the diversity issue. First, the universal – and necessarily entailed – validity of the principle of shareholder value objectives is rooted in the "global competition for capital." This ignores the fact that, in spite of what was said above about liberalization of capital accounts, the globality of capital markets is tempered by (a) the fact that even in Anglo-Saxon countries, most investment funds of corporations are internally generated, (b) there is still a continuing "home bias" of investors, particularly as sustained by exchange rate volatility – see the recent review of the issue by Asso[5], (c) if not as frequently as in the immediate aftermath of the Asian crisis, the case for resuscitating the national controls which made capital markets less than fully global is still being made.

The second curious thing about this formulation is the use of the terms "economic" and "non-economic." Maximizing the returns to capital is "economic," manipulating the distribution of income, maximizing employment or the returns to labor, is somehow "non-economic."

Thirdly, there are other scarce factors of production besides capital; think of "efficiency wage theory" which once had as much vogue among neo-classical economists as agency theory does now. There is no obvious reason why the first sentence of that report should not read "Generating long-term economic gain to pay good wages and salaries is necessary to attract good employees and is, therefore, the corporation's central mission."

Before taking this further, let me pause to note that the Millstein report went to the OECD's Council of Ministers which produced an "authoritative" document much more single-mindedly reflective of the American clout within the organization: *OECD*

Principles of Corporate Governance, 1999. No "let 100 flowers bloom" fanfare declarations here. All trace of "larger society" considerations, of tolerance of diversity, disappears in a torrent of "shoulds." The document begins with "The rights of shareholders" and goes on to specify them in detail. To give an example, at the heart of current German disputes about their new law regulating takeovers (which those seeking to preserve German "deviance" actually seem to have won), "Anti-takeover devices should not be used to shield management from accountability."

National Differences, Value Differences

To return to "economic" and "non-economic," the fact is that the diversity of views as to what should be the "mission" of the corporation is not just "national." It is also ideological, a diversity of political values. Deng Xiaoping is famous for the line: I don't care whether the cat is black or white, provided it catches the mice. But in fact there is no such simple criterion as mice-catching to measure the performance of corporations. *Neo-liberals* would thoroughly agree with the OECD's emphasis on accounting profit or enhancement of shareholder value; *neo-mercantilists* might in addition be concerned with corporate contributions to national competitiveness (taking account, for example, of external economies generated by corporations through employee training or environmental improvement); *social democrats* might look for the maximization of value added per unit of given resources, but be equally interested in the way in which the distribution of value added, as between returns to labor and returns to capital, affects the overall societal income distribution.

The dominance of the underlying neo-liberal view gets hidden in much of the discussion about the actual nitty-gritty mechanisms of corporate governance. None of those three views of the mission of the corporation which I have just enumerated condones the type of corporate buccaneering daily being revealed in the Enron stories or described in great detail apropos RJR Nabisco Inc. in *Barbarians at the Gate*.[6] Nor would anyone want to see perpetuated the sort of incompetence which has recently ruined Marconi Corp. in Britain. But the remedies considered in the corporate governance literature almost exclusively seek to influence managerial behavior by appeal to the individual manager's self-interest through systems of rewards and punishments.

The major form of reward, designed to align managers' self-interest with those of shareholders, is the stock option, now much under suspicion after the Enron debacle has shown how the lure of such rewards can promote unscrupulous dishonesty. Such luminaries as Paul Volcker are now of the opinion that stock options should be banned for all except small venture firms.[7] As for what should replace them, the answer, according to some shareholder activists, is to replace the incentives which prompted a "single-minded pursuit of short-term share price maximization" with "medium-term (say, five year) incentive packages geared to sustainable performance."[8] No change, in other words, in the view that appeal to managers' self-interest is the only way to get good performance. It is just that the incentives have to be better calibrated to avoid unintended ill-consequences.

So much for the carrots. As for the sticks, the main remedies considered in the corporate governance literature are almost exclusively external and punitive – accounting transparency to improve the accuracy of stock market valuations, regulatory pursuit of fraud, facilitating critical review of management at the shareholders' general meeting, "disciplinary" takeovers to oust inefficient management, legal requirements for the appointment of "external" directors with no executive function, dominance of those external directors on audit and compensation committees and so on. In these external mechanisms, as usually prescribed, the role of the stock market is crucial. It works, supposedly as follows. Transparent accounting allows shareholders to judge when they should desert a company. When things look bad, the share price goes down, thus producing a wake-up call to managers. If they do not respond and get people buying their shares again, a depressed share price, one possibly that puts the stock market valuation below the real value of the assets, makes the company ripe for takeover. An alternative management which convinces the shareholders that they are better able to give them value comes in and throws the incompetents out.

There is first the question of how far that story corresponds to the Anglo-Saxon reality. It turns out that in fact "disciplinary" takeovers are far outnumbered by "strategic" takeovers, and subsequent records fail to show that taken-over companies produce better profits.[9] The second question is: how relevant are these mechanisms for countries with undeveloped stock markets and/or cultural resistance to hostile takeovers? Whether they can be made so, whether, that is to say, market institutions can be rapidly improved to optimize equity-owner discipline is a major point of discussion in the Asian country where the open debate is most vigorous, namely China. And the overwhelming consensus of the advice China gets from international commentators is that the development of the stock market, its widening and deepening, the control of fraud and insider trading, is an essential prerequisite for making Chinese corporations efficient. In the meanwhile, as a substitute for equity-owner discipline, there is a good deal of discussion of another form of external discipline – creditor discipline, a monitoring role for the banks. The (much disputed[10]) importance of bank monitoring in keeping Japanese managements efficient and honest has been used as a reference model.

Market and Organization: External Disciplines, Internal Disciplines

The reason why economists (mostly American economists) have stressed – and I would say exaggerated – the

extent and importance of day-to-day bank monitoring in Japan over the last half century, seems to depend on the logic of a simple syllogism. Shirking or self-enrichment by management can only be prevented by external discipline. Japanese managements seem to have been diligent and honest. Therefore they must have been subject to some external discipline. With no takeovers and a stock market so flawed that nobody could take share prices as a signal seriously evaluating quality of performance, there must be a functional equivalent for stock market discipline. Since Japanese industrial corporations used a great deal of debt finance, that functional equivalent must have been the banks.

The flaw lies chiefly in the first premise. It ignores the possibility that, in countries which have community-like corporations, the effective mechanisms which impose discipline on those who manage corporations can be not external at all, but internal. Paul Krugman has recently[11] argued that even in the Anglo-Saxon economies internal constraints on management are actually as important as external. The shift over 30 years from CEO salaries 39 times average wages to over a thousand times cannot be explained except by reference to a shift in social norms, from the restraints on self-enrichment which society enjoined on the "technostructure" celebrated by John Kenneth Galbraith in the 1960s to the "anything goes" managerial culture of today. (And game theory microeconomics, filtered through business school gurus contributed, he suggests, to this drift.)

In countries where internal controls are more obviously important, those which cannot be missed are the formal ones legislated in company law – the legally sanctioned role of unions or employee representatives in German co-determination, for example. The laws requiring Staff and Workers Councils of the Chinese state-owned enterprises and collectively-owned enterprises may not be as universally enforced as in Germany, but they also are not without effect. Japan has a legally unsanctioned, but conventionally widespread system of management-union consultation "constitutionalized" in management-union contracts. It may be that the primary role of such arrangements is to ensure that the interests of workers are not neglected, but in all three countries there are numerous instances of worker representatives effectively taking sides in managerial disputes over strategy on the basis of some view as to what is the best way forward for the "firm." This is particularly the case in Japan where junior managers are usually members of the firm's union for the first 10 or more years of their career, until they reach positions of line authority. In banks and trading companies and industrial firms with a minority of blue-collar workers, the union representatives are generally such future managers. One such, who subsequently became a director of his firm, Marubeni Corp., recently described the union's role in purging top management and getting the firm back on its feet after the Lockheed scandals 20 years ago.

But in firms with a "community-like" structure and managerial career patterns which produce "home-grown" top management, the most important internal controls may be entirely informal – the personal pressures of subordinates and peers on decision-takers. At a recent seminar in Japan, a corporate lawyer cited a case in which an incompetent CEO was sacked. The beginning of his downfall was a loss of confidence among the middle managers rather than among the investors who were only subsequently persuaded to add their pressure on the CEO to move on.

How do these internal controls work? First, one has to rid oneself of the simple notion that the typical organizational "organigram" with vertical lines which show who has authority over whom, who "answers" to whom, tells the whole story. Subordinates sometimes "suggest" as well as answer – much more, and more effectively in some cultures than in others. There are, if you like, "capillary controls" over their immediate superiors of younger enthusiastic junior managers who have to do the detailed work of preparing the papers for important decisions their superiors have to take. (In an employment system such as Japan's, the junior managers are tomorrow's senior managers and are in – muted – competition for faster-than-average promotion to senior positions.) Sometimes in Japan, there have been more formal and collective forms of this otherwise "capillary" control, when junior managers set up their own informal study groups and write memoranda for senior management remonstrating against what they consider to be strategic mistakes.

In Japan, again, an important mechanism is the board of directors almost entirely composed of top executives – insiders. They are often very large – up to 50 members in some firms. One reason is to give as many people as possible the career incentive of making it on to the board. Such boards are the object of derision among many corporate governance experts – how can such unwieldy bodies make strategic decisions? Of course they do not. Generally speaking, these boards merely apply a rubber-stamp at their formal meetings, the real discussions of business strategy take place in informal groups of top managers with such consultation of other managers on or off the board as may be necessary. But the boards do play an important role as a sort of parliament of the firm, reflecting the morale, the "public opinion" of employees, providing confidence-building support, or admonitory warnings to the top executives.

The Anglo-Saxon system of *external* controls works to keep managers honest and efficient by threatening punishment – punishment through takeover as a result of the impersonal workings of the stock market, or punishment through dismissal by a board of directors, dominated by external directors whose job is explicitly defined as representing the interests of capital-providing owners. The Japanese system of *internal* controls works – through face-to-face, not impersonal, arm's length relationships – by exerting moral pressure on managers' consciences.

Clearly the crucial thing is the sensitivity of those consciences. What

determines that? Cultural traditions cannot be ignored – the ramifying implications of Christian doctrines of original sin and of Confucian doctrines of original good – the one seeing punitive correction as inevitable, the other suggesting that one can get by with trained consciences and moral blackmail. But clearly of the greatest importance are employment patterns and the way they structure life chances. Japanese top managers, after a lifetime of work in their firm tend to be closely identified with it. They expect it to have a future in which their memory will be honored or decried. Moreover, there is no external labor market offering them an alternative job, hopefully with better pay and stock options. The threat that their negligence or dishonesty might damage the reputation of their firm – or lead it into bankruptcy if it failed to conform to the "hard budget constraints" which economic reality imposes on it – can make their consciences sensitive indeed.

Why It Matters for China – And the Rest of Us

For no country are these issues more important than for China as it seeks to elaborate the future patterns for its reformed state-owned enterprises. As the pragmatic pressures to favor business competence over party loyalty in the direction of its enterprises grow – if only partly by turning party cadre training schools into business schools – it is to be hoped that those business schools will skeptically look through and behind "global standards" talk and OECD "Principles" and think hard about the relative importance of stock-market-derived *external* controls and own-organization-derived *internal* controls for the way corporations are run. Both the "outcome" and the "precondition" considerations outlined at the beginning of this paper are important – i.e., both the consequences for equity/distribution of income and power, and the way in which established patterns of personal relations and ethical systems determine the effectiveness of alternative arrangements.

In the "preconditions" dimension, the example of Japan is relevant in two ways. China shares with Japan – indeed gave to Japan – an ethical tradition of dutifulness. The ethical vocabulary of responsibility, guilt and shame, derived from Mencian and Song Confucianism is a shared one. They may pronounce the words differently but they write them with the same characters; they have a similar resonance. And secondly, the lifetime employment patterns of the "iron rice-bowl" community-like Chinese state-owned enterprises still remain, in spite of the new fluidity introduced by foreign firms and joint ventures and the entrepreneurial opportunities of China's rapid growth, very much like that of the typical Japanese corporation. And, as the earlier discussion suggested, there is an intimate connection between the power of internal controls and the pattern of "career employment" rather than "job employment."

And what happens in China will have crucial importance for the shape of our globalized world and the chances of OECD "Principles" gaining truly universal acceptance. Paul Kennedy, in his gobsmacked review of American military might,[12] wrote of China (not Europe) as having the only chance of challenging America's hard power in the 21st century. Likewise the probable weight of the Chinese economy in the world economy will give it clout in the soft dimension of setting institutional and cultural standards.

This is not just a matter of "who" wins. To revert to my earlier point about the correlation of national and ideological differences, the prospect of convergence on an East Asian model will be alarming to neo-liberals: less so to social democrats. JJTI

Notes

1 "Level playing field" seems like a fine principle of fairness and mutuality. But, as in rugby, it is also a recipe for making sure that the heavyweights win. They win, of course, because they are the best team, but "best" only in the single dimension of point-scoring capacity. The losers may be more beautiful or have superior morals. They may be happier at home than on the pitch; they may be more artistically creative, more sensitive in personal relations, more loyal, more altruistic. And they may prefer golf which allows for different playing strengths with its handicapping system.

2 Nye, J. S. Jr., (1990) "The changing nature of world power," *Political Science Quarterly*, 105, pp.101-2

3 Underhill, G. R. D. (eds.), *The New World Order in International Finance*, London, Macmillan, 1997, p.43

4 Albert, Michel, *Capitalisme contre capitalisme*, Paris, Editions Seuil, 1991, Trans., *Capitalism vs. Capitalism*, London, Whurr, 1993

5 Pier Francesco Asso, "The 'home bias' approach in the history of economic thought: Issues on financial globalization from Adam Smith to John Maynard Keynes," in Jochen Lorentzen and Marcello de Cecco (eds.), *Markets and Authorities: Global Finance and Human Choice*, Cheltenham, Edward Elgar, forthcoming, 2002

6 Bryan Burroughs, New York, Harper and Row, 1990

7 BBC interview, October 2002

8 Robert Monks and Allen Sykes, *Capitalism Without Owners Will Fail: A Policymaker's Guide to Reform*, London, Centre for the Study of Financial Innovation, 2002

9 See, e.g. Mary O'Sullivan, *Corporate Governance, Innovation and Economic Performance in the EU, Summary Report*, mimeo INSEAD, 2001

10 See e.g. Ronald Dore, *Stock Market Capitalism, Welfare Capitalism*, Oxford, OUP, 2000, p.79

11 *New York Times Review*, Oct. 13, 2002

12 *Financial Times*, Feb. 2, 2002

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