

Internal Impasse

By Shichihei Yamamoto
Writer and publisher



According to a recent *Nihon Keizai Shimbun* survey* of Japanese and American legislators, there is a surprising convergence of views regarding Japan in the two countries. The issues that the American lawmakers consider to be problems are also thought of as critical by Japanese Diet members. The only significant divergence arises in how they rank the problems in importance.

The friction between Japan and America actually stems from the domestic friction within Japan, and it is this internal impasse that lays Japan open to the charge of not doing anything until it is subjected to *gaiatsu* (external pressure). Interestingly enough, legislators on both sides of the Pacific share this assessment, and there are some Diet members who openly welcome *gaiatsu*.

How has this happened? Japan was an abjectly poor country—the equivalent of

one of today's LLDCs—in 1946. Per-capita GNP was only \$17, and there were predictions that 10 million people would die of starvation. In just four decades, Japan has become the economic power that it is today. Americans cannot imagine the depths of poverty that Japan faced in 1946, nor can they fathom the rapid changes in circumstances that soon followed. Many of the Japanese laws and institutions that legislators from both countries now agree are irrational were necessary to ensure Japan's very survival only 40 years ago.

Of course, Japan has already abolished or reformed many of the practices that have become obsolete, especially those that are actually counterproductive. But these changes have not kept pace with Japan's rapid economic growth, and there is no denying that some restrictive practices remain today.

There are many political reasons for this situation, but one cause that is often overlooked is Japanese society's underlying reluctance to rush pell-mell into the future. People are leery of too many changes happening too quickly.

Yet even this propensity to gradualism is being eroded, and young people in particular are more open to rapid flux. And because they are receptive to change, I feel confident that the many problems now existing between Japan and the United States will sooner or later cease to be problems.

Accordingly, the important thing today is to look beyond these transient concerns and to start to work now on identifying what kind of a Japan-U.S. relationship we want to build for the future. ■

* Results reported in *Nihon Keizai Shimbun*, June 6, 1988.

Risks of Exclusion

By Albert Bressand
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Seen from Europe in a traditional perspective, U.S.-Japanese relations would be analyzed, first, in terms of risks of exclusion for Europe and, second, in terms of the increased competitiveness of U.S. and Japanese companies—including joint U.S.-Japanese ones.

Risks of exclusion can actually be detected behind a number of agreements between Japan and the U.S.—such as the January 1983 security-related technology-sharing agreement and the Kansai airport market-opening agreement—that depart from multilateral practices. Bilateral agreements between the first and second economic powers in the world

cannot be considered as ordinary bilateralism and are sometimes even described as part of an emerging “Japanese-American economic condominium.”

U.S.-based Japanese corporations are bound to be formidable long-term competitors for Europeans as they combine the best features of the U.S. economy with the highly effective strategic assets of Japanese corporations.

While this competitive threat cannot be dismissed, Europeans should take a broader view of the deeper process of internationalization at work. Far from being systematically excluded, they are taking part in it and could play an even

more active role in the future. According to the research and conceptual framework developed by Prométhée, this deeper process can be understood in terms of global networking strategies.

While the previous concept of internationalization was centered on exports of goods, other dimensions are now coming to the forefront. Services play a key role in today's value-creation process. Investment, once seen as a second-best tool for breaking into protected markets, is increasingly an essential part of delivering complex goods and services in a customized fashion. Non-tangible assets and activities play an essential role in corporate