

Co-programming for Peace

By Hisanori Isomura

Just as I constantly ask other people what they are doing, Americans and Europeans frequently ask me what kinds of strategies Japanese business and government officials are formulating to compete in world markets. Implicit in these questions is the assumption that there is some central plan guiding the Japanese economy. In fact the belief exists, especially in Europe, that Japan's global success is due not so much to smart decisions by individual companies but to what might be described as outright conspiracy. I think this belief is badly mistaken—so much so that I refer to it as the conspiratorial fallacy. Nonetheless it persists, as shown in two all-too-typical examples.

The first is a French TV program about Japan that opens with two Japanese playing a game of *go* and then fades to the board meeting at a major trading company—a scene of obvious power with a huge map of the world on the wall. The accompanying narration says, "This is where Japan Inc. hatches its commercial plots. In the game of *go*, every stone placed has a special significance for the final conquest. But an inexperienced player does not usually understand this, and stones are often ignored until it is too late. The Japanese are playing *go* with Europe."

This program has been very well received, and former French Trade Minister Edith Cresson mentioned it last year when she met a Keidanren economic mission led by the chairman of Mitsui & Co., Koichiro Ejiri, saying she was impressed by the program and hoped that all European businessmen would learn how to play *go*.

The second example is a quote from a recent report on Japan prepared by a leading European think tank. The report says that Japanese strategic planning proceeds in terms of decades. During the first six years, the report says, Japanese gather all the information they need and are careful not to make waves by rushing into things. There is no firm involvement at this stage—just polite smiles, studied

silence and low profiles. After thinking things over carefully and building up their informational and operational networks for over half a decade, the Japanese go on the operational offensive very quickly and effectively, usually achieving solid market penetration within four years. This the report has called the six-plus-four rule for Japanese activity.

From different ends

It is clear that this conspiratorial fallacy exists in Europe, although many Europeans would take issue with the term "fallacy." Why has it taken root, and why is it so popular?

A good friend of mine, Jacques Atalli, the president-designate of the European Bank for Reconstruction and Development and at present a special adviser to President François Mitterrand, recently explained this by saying that it is because the two sides (Japanese and European) approach major projects differently and neither feels comfortable with the other's approach. When Europeans undertake large-scale projects, they typically start with a philosophical ideal or concept, then they create the institutions embodying and furthering this conceptual framework, and finally they start working on formulating and implementing the details. This has been the case, for instance, with the "chunnel" between England and France as well as with European market and economic integration.

Japanese, however, approach from the opposite end. Concrete measures come first, followed much later by institutionalization and then decorated with a statement of grand ideals or lofty concepts only at the last moment. This difference, Atalli says, accounts for the considerable misunderstanding that exists. This difference, I suspect, is father to the conspiratorial fallacy.

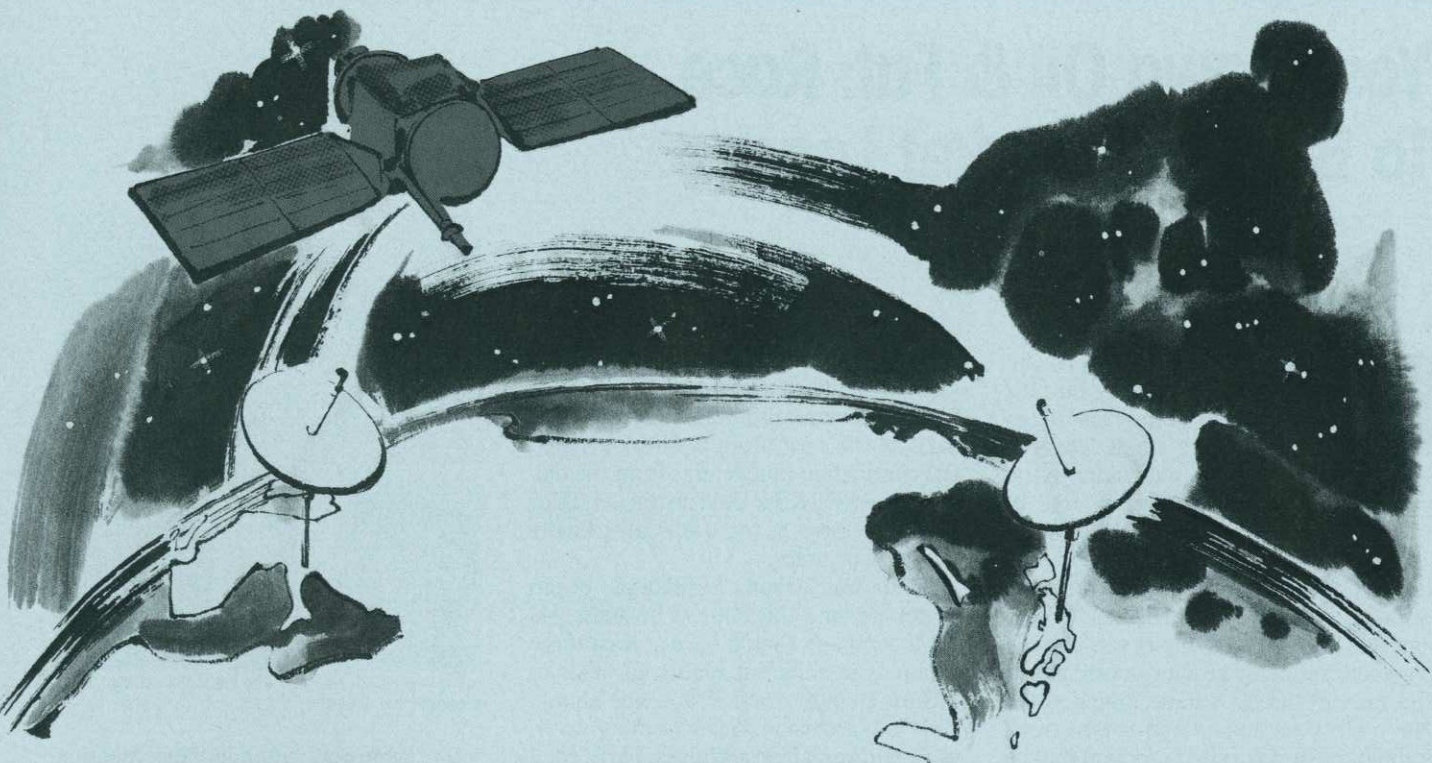
The differences are clearly there, as shown in the European and Japanese approaches to an issue that cuts across

national lines in my own industry—the acquisition of TV programming. In May 1990, the European Community announced an action program to promote the development of Europe's audiovisual industry. This Media 1991–1995 program contains a detailed analysis of the European media and outlines a clear-cut cultural policy strategy for the future. Seeking to preserve the diversity and richness of European culture despite market integration, the authors state that it is crucial that the audiovisual industry contribute to shaping the climate of public opinion and preserving cultural mores in the years ahead.

Yet the information industry is quite unlike hardware manufacturing, and it is much more difficult to turn out consistently good programming than it is to churn out consistently high-quality television sets. The EC Commission has thus focused on a number of specific goals and has decided to provide 250 million ECUs in financial support for their attainment.

These goals include co-producing and co-financing TV programs and films, encouraging the translation of good TV programs and films into all of the main European languages, establishing pan-European distribution networks, creating and fostering systems for making fuller use of the better programs, advancing technological research and development on both the standards for and the commercialization of such cutting-edge technologies as high-definition television (HDTV), and simplifying industry entry. All in all, the Commission has set up nine different audiovisual projects in the four areas of distribution, production, training and finance. Europe now has both the articulated ideals and the institutional structures that it needs, and all that remains is to carry out the projects and to achieve the stated goals.

What would be the equivalent in Japan? Although Media International Corporation was established recently—inspired by NHK and financed mainly by



big business—to acquire programming from overseas and to finance co-production, this is only a first step. So far, as Atalli has suggested would be the case, Japan has neither a grand strategy for the media nor any official institutions for the audiovisual industry.

What Japan does have is considerable practical experience. Following the launch of its first two broadcast satellites in 1984 and the move to 24-hour transmission on both of its satellite stations in 1987, NHK entered the second phase of satellite broadcasting with the launch of another DBS (direct broadcast satellite) in August 1990. Almost three million Japanese households already have parabola antennas and tune in to DBS programs, and this figure is expected to be up to five million by the end of 1992 and 10 million by the middle of the decade. For over a year now, NHK has broadcast one hour a day of experimental HDTV, with plans to expand this programming in the near future.

Cross-border programming

Eight years ago, 97% of all NHK programming was independently produced and only 3% imported or co-produced. Today, the percentage of imported or co-produced programming is nearly 10% and climbing. Even so, Japan stands in stark

contrast to the situation in Europe, where the prestigious BBC, for example, imports or co-produces about 20% of its programming. Importation and co-production ratios are much higher in other countries—so much so that voices have been heard suggesting that regulations need to be enacted to hold imported programming to half or less of program time—to ensure that TV programming has at least 50% local content. Many European stations are inundated by American TV programs and films and Japanese animated films.

In a way, this cross-border flow of programming is inevitable in our modern world. Deregulation and privatization have meant a massive rise in the number of stations and programs hours. Europe, which had only 39 channels in 1980, had 118 in 1989 and is expected to have 300 in a few more years. Likewise, Japan's present 118,000 hours per year of TV broadcast time should grow to almost 500,000 hours a year by the end of the decade. Everyone is going to need a lot more TV software. Importing and co-producing are one way to feed this appetite.

At the same time, however, it has been nearly impossible to keep up with the demand for programming, and we have seen what might be called a software crisis. In the oil crises of the 1970s, the sudden curtailing of supplies led to sharply higher prices. So is it with the media to-

day. Demand is outrunning supply. For instance, Hollywood produced 359 feature-length films in 1982. Seven years later, this was only 432. The dearth of software has kept program prices rising rapidly—up 17% per annum in recent years.

And again like the oil market with its seven-sisters oligopoly, the media market is dominated by a handful of corporate giants such as Time-Warner, Newscape, Disney and Maxwell. With their production facilities and vast reserves, these companies account for much of the programming that is seen in the industrial world.

Despite their different approaches, there is much that Japan and Europe should cooperate on. For myself, I hope this cooperation will include a strong media effort. Program co-production can do much to cut program costs, speed up program distribution, and heighten mutual understanding. Japanese and Europeans need to learn more about each other, and I believe co-production and seeing each other's programs have an essential role to play in furthering this understanding. ■

(This is the last of five essays by Hisanori Isomura.)

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