

INTERNATIONAL MARKETS AND
NATIONAL TRADITIONS: JAPANESE
CAPITALISM IN THE 21st CENTURY

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**INTERNATIONAL MARKETS AND NATIONAL TRADITIONS:
JAPANESE CAPITALISM IN THE 21ST CENTURY**

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What I have in mind in speaking to this rather ponderous title is the following. Japan, for a variety of reasons, has evolved a form of capitalism which in many respects is very different from the type normally described in textbooks. It also seems, in the circumstances of the modern world, to be rather more efficient.

Hitherto, there has been no problem about different forms of capitalism coexisting in a world in which national economies did remain for many purposes self-sufficient units which surrounded themselves with a variety of barriers to the free flow of factors and products. But, increasingly, those barriers are being removed. Perhaps we *are* moving back to a new period of neo-mercantilism, but the history of the world over the last two centuries - not to mention the accelerated cheapening of transport and communications in the last two decades - does suggest that, although the 'borderless global economy' of the futurologists' book titles may still be some way away, that is the direction in which, over the long run, the world is moving.

Will it be possible in a more integrated world economy, for different kinds of capitalism to continue to coexist? Will there not be pressures towards much greater uniformity (pressures from impersonal market forces, and pressures from governments and business interests demanding 'level playing fields' all over the world)? And if that happens, towards what sort of form will those pressures cause the system to gravitate? Shall we all learn to organize ourselves the Japanese way? Or will the Japanese learn to play it the Western textbook way?

A different form of capitalism

My first task, clearly, has to be to establish that Japan can really be said to have a 'different' form of capitalism. Different from what? From 'Western' capitalism, presumably. But beware. When Anglophone writers talk about 'Western industrial society' what they are really talking of, usually, is British-American society. And it is the Anglo-Saxon model of capitalism, of course, which provides the empirical referent for the English language economics and management textbooks which dominate the world textbook market. In practice, however, while in many respects - particularly in the way financial markets work and relate to the industrial sector, but also in labour markets, and in the modes of government intervention - Britain and America are indeed very similar, they are rather different from, say, Germany or Italy. In some respects those latter countries are a good deal more similar to Japan than to Britain or America. So, to simplify the subsequent discussion, let it be agreed that when I talk about Japan being different, I mean different from the Anglo-Saxon model, or, more specifically, since it remains the dominant force in the world today, from the United States.

To be sure, an astute Martian, trying to reconstruct the nature of our societies after they became extinct and having only the books of legal statutes to go on, might conclude that any differences between Japan and the United States were quite marginal. The laws of property and contract, corporation law, bankruptcy provisions, labour law; these are all quite similar.

That is indeed true; but there are, to begin with, subtle differences in the laws themselves; anti-trust provisions, for example, the relative priority claims of employees and other creditors in bankruptcy proceedings, and so on. But more important are the differences in what the law does *not* prescribe; *how* people go about making contracts - what are considered the social preconditions for doing business with people - what you decide to spell out in contracts and what you don't; how far you have recourse to legal proceedings to enforce contracts, for example. Or, to take another area of difference - the actual distribution of ownership rights and the conventions established in society governing the relative power of owners and managers; the sources of finance; the distribution in practice between labour and capital - or rather the distribution as among wages for employees, interest and dividends for the providers of capital and investment in the future of the firm.

I suppose if one wanted a single-sentence summarizing epitomization of the difference between Japanese and American capitalism, it could probably best be phrased using the word which Marx and Engels borrowed from Carlyle for the *Communist Manifesto*, namely 'the cash nexus'. You will recall how they said that, with the end of feudalism, the ties of obligation which had bound people together in the old regime were broken, and in the new society of capitalism the only

thing which bound man to man was the cash nexus - the impersonal arms-length bargain in pursuit of self-interest.

One might put the difference in quantitative terms, even if the actual difficulties of measurement would be formidable. In Japan, a much smaller proportion of economic transactions are of the pure cash nexus type; a much higher proportion are embedded in social relationships of trust and mutual obligation. But this 'embedding' is not of the traditional type of which Polanyi wrote - embedding in ties of an 'ascriptive' type. It is embedding in social relations which are created by the repetition of economic exchange itself; relations which are a function of 'achieved' status.

I would like to elaborate this statement under five headings:

1. Personnel practices, as management experts would put it; 'the nature of the labour market' in economists' terms; 'the nature of the implicit labour contract' in the jargon of the lawyer.
2. The social perception of the enterprise.
3. The character of interfirm transactions.
4. Inter-competitor cooperation/collusion.
5. The role of government as creative umpire.

Employment Practices

There are several general ways of characterizing the Japanese system - that it is organization-oriented rather than market-oriented; that it extends to all workers conditions of service enjoyed only by privileged managerial workers in the American or British system; that it extends to private businesses patterns of employment which, even for managerial workers, are found only in the civil service, the police and the army. In practice this means:

1. *The convention of lifetime employment.* All firms prefer to recruit, and - the large firms succeed in recruiting, the majority of their workers - and especially that 30 per cent of the labour force who are university graduate workers - right at the beginning of their careers, and keeping them for the rest of their working life. People are sought, not for their trained ability to do certain jobs, but for their general ability - their likely capacity to learn to do a variety of jobs over the course of a working lifetime.

2. *The emergence of a unique ability-grading educational system.* Precisely because employers are looking for 'general ability' and because most personnel managers consider the intellectual dimension of that general ability to be reasonably well measured by school achievement, the educational system has become an ability-labelling system to a degree of refinement rarely found elsewhere. This is not simply a rough elite/non-elite grading of institutions as is found in Britain. University faculties are graded according to the difficulty of their entrance examinations as measured by a common scale (evolved by the commercial manufacturers of practice mock tests). This strongly reinforces the lifetime employment system. It means that the top corporations can be sure they are getting the top people. It also means that the graduate of a fourth-rate university is likely to stay with a fourth-rate firm, because he is unlikely to better himself by moving; if he couldn't, with his record, make it into a third-rate firm at the start of his career, he is even less likely to do so later.

3. *Employee-management.* Boards of directors are the top employees in a bureaucratic hierarchy. Appointment to the board is the last stage of the career of the high-flyer manager who has moved slightly ahead of his entry cohort at each previous stage. It occurs only within a fairly narrow age span; usually the early fifties. There is only minimal importation of outsiders on to boards, and they are usually appointed to represent the interests, not so much of shareholders in general, as of, say, the company's lead bank, its major supplier or distributor, a company with whom the firm has a major joint venture, etc.

4. *A highly predictable promotion pattern.* As is just suggested, a propos directors, promotion up the corporate hierarchy for (generalist) managers (and, similarly, up the supervisory ranks for manual workers) occurs within relatively predictable seniority constraints. It is work performance which determines who gets ahead fastest, but the margin of advantage is limited by seniority. Typically it might be, for example, that of an intake aged 22-24, only the most able 10 per cent get promoted to the rank of section chief by the age of 33. Then, at the next level, perhaps only 5 per cent become a division chief at the age of 44, and only one of them, if any, becomes a director seven or eight years later.

The pattern is familiar to anyone who knows a British-type civil service. It has the very great advantage that it keeps inter-personal competition to a minimum. The best strategy for a good career is hard and cooperative work for the company; there is little chance of manoeuvring into your boss's job.

5. *Person-related rather than job-related wages.* I said 'organization-oriented' rather than 'market-oriented'. With the lifetime commitment people are not often in the market. In a system

of internal promotion they are not being compared, as candidates for particular jobs, with competitors coming in from the outside market. Likewise, pay is not determined by the price, determined by the forces of supply and demand, that a particular skill commands in the market. People are not paid 'the rate for the job'. They are paid according to their position on an incremental scale. *Which* scale they are on is determined by educational level/worker grade; their *position* on it by age, seniority and performance assessment.

6. *Enterprise trade unions.* Given these other characteristics, it would be surprising if the labour unions were market-oriented - if they were, as typically in Anglo-Saxon capitalism, unions which unite people in the same craft or profession; people who are selling the same skill in the market and have a common interest in keeping up the price at which that skill is sold. Instead unions unite all the people who have sunk their futures in the same firm and have a common concern with how that particular firm treats its workers, with how it settles the proportion of its revenues it pays in wages, the proportion going to investment, etc.

7. *Training.* In an American-type market-oriented system, training enhances the skills an individual has to sell in the market. It is reasonable that he should bear a large part of the costs - or the state, acting collectively on behalf of individuals. In the Japanese organization-oriented system with pay scales which are not closely tied to job-functions or skills, it is reasonable that the enterprise invests in the training of its lifelong members.

8. *Welfare.* Lifelong membership in the organization produces a parallel difference in the organization of social security, housing and leisure facilities. State and local government provides less, the enterprise provides more, in Japan than in the American model (though the difference is not so marked as with Britain, the other exemplar of the Anglo-Saxon model, where the state has many of the functions left, more individualistically, in the US to private insurance).

9. *Self-definitions; the bases of social status.* In market-oriented societies people asked to identify themselves by their work role (rather than their family or leisure or political role) do so primarily in terms of their occupation or profession; in organization-oriented societies by their organizational membership; 'I work for Mitsubishi' rather than 'I'm a plumber, an architect, a choreographer, a rodent operative'. This dimension of conscious self-perception in turn helps to reinforce the other features - the lifetime commitment, the enterprise unions structure - listed above.

10. *Blurring of internal stratification.* Many of the features listed above apply partially to elite managerial workers in Anglo-Saxon firms - IBM is a notably 'Japanese' firm in this regard; so are some of the British elite firms like Unilever, BP, etc. In the Japanese firm it applies to

everyone enrolled as a 'regular' or 'permanent' worker, blue-collar workers included. Stratal divisions are only the divisions between people on different pay-scales, which the system tends to de-emphasize by minimizing any other symbolic status divisions - of length of annual holidays, work times, social security provisions, access to dining facilities, etc. This enhances the sense that the firm is a community of people.

Social perception of the firm

Why are there hardly ever hostile takeovers in Japan - when it is perfectly possible to buy shares in the stock market, gain a controlling interest and turn out the existing management in Japan as in other countries? The answer lies, not in the legal but in the *social* constraints on such action. As one Japanese writer remarked: 'taking over a firm simply by the power of money seems too "dry" (*dorai*) to us Japanese'.

What he was getting at is that to the average Japanese businessman, a firm is primarily a *community of people* rather than a *piece of property* that its owners can do what they like with.

How that came to be the dominant perception is a very interesting historical question. Of more practical import is the 'functionalist' question of what sustains that perception today. Two things stand out. The first is the employment system described above. Getting a 'regular' job in a Japanese firm *is* very much more like joining a community than entering into a temporary contractual arrangement.

The second is the way Japanese firms are financed. They use a lot of debt; that portion of their finance depends on the relations managers have, not with anonymous shareholders, but with bank managers - people like themselves. But much the same applies to their equity too. Most firms have got a very substantial portion of their shares locked up in the safes of *other* firms - the firms they do business with - many of whose shares they themselves hold. These 'mutual stable cross-holdings' are never traded in the market without consultation with the firm whose shares they are. With a half to three-quarters of their shares locked up in this way, managers can afford to be relatively indifferent to what speculators, trading their remaining 'floating shares', are doing to their share-price in the stock market.

Interfirm transactions

A lot of American labour economics is written as if the labour market were like the sugar market; you buy as much of it as you need at the time you need it, at a price determined by supply and demand at the time. No labour market is just like that, but a lot of managers, hankering after free hire and fire, think that that is the way it ought to be. But obviously not in

Japan. The Japanese labour market, as described above, is about as far from that paradigm as one can imagine any labour market being.

Very much the same difference applies in business dealings - between supplier and customer firms. The way an automobile company buys its windscreens and door handles and carburettors in Japan is a long way from the 'draw up specifications, put out to tender among competing suppliers, choose the best buy' sort of recipe which has long dominated the rational-business-methods textbooks. Relations tend to be long-term and stable, involving a lot of technical cooperation - frequently engineering cooperation on a project long before the price the supplier will get has been bargained out. Japanese businessmen tend to divide their world into business partners with whom they have a mutual-trust relationship of this sort, and strangers with whom they deal at arm's length. Members of the latter category can graduate to the former over time. In their dealing with non-Japanese firms the time required may be a good deal longer.

Inter-competitor cooperation

Japanese economists speaking to American audiences are apt to portray Japan as a fiercely competitive economy whose success is to be attributed to the entrepreneurial vigour and healthy lust for profits of Japanese private enterprise managers - never to anything so unfair as 'Japan Inc.' type government direction or government subsidies.

The competitive spirit is certainly there. Competition there certainly is. The major electronics companies work their engineers to nervous breakdowns trying to get some new hyper-gimmicked video recorder on the market a few weeks ahead of the competition, thereby gaining two or three percentage points of market share.

But this picture of fierce market competition needs some qualification. First, in general, Japanese firms are very good at perceiving, agreeing, and more-or-less honestly sticking to agreements about, where enlightened self-interest dictates that the line can best be drawn between competition and cooperation. Secondly, a good deal of the cooperation would in a society as suspiciously anti-trust as the United States, be counted as anti-competitive and anti-social collusion. Thirdly, agreements to cooperate are frequently based on an acceptance of hierarchy; since the economy settled down to its postwar pattern in the 1960s small firms have rarely harboured ambitions to displace big firms, but big firms, likewise, are hesitant about trying to drive small competitors out of business.

The first point about 'cultural capacity': why should it be greater than in other capitalist countries? A greater preference for friendly rather than hostile rivalrous relations? A higher level of the kind of rationality which calculates the probable consequences of alternative courses

of action more finely over longer future time periods? Because of the proximity in time of the elaborate guild organizations which were crucial to the organization of the Tokugawa economy only 120 years ago?

All of these things perhaps, but whatever the roots, the effects are apparent. In expanding markets, particularly consumer goods markets, competition can be fierce. In stagnant or contracting markets, particularly producer goods markets, 'excessive competition' is avoided. Sometimes collusive price-fixing is clearly at the expense of the consumer, clearly illegal, and sometimes investigated and punished by the Fair Trade Commission. Very often, however, it is recognized as having some 'public interest' justification and blessed by the Ministry of Trade and Industry in a formal 'regulated cartel' arrangement. Investment coordination cartels in the process industries, temporary production cut-back recession cartels and permanent capacity reduction agreements are examples. When the refinery industry fell on hard times because of over-capacity, slower economic growth and efficient energy-saving, it was allowed to operate an informal ban on gasoline imports in return for maintaining a price structure - cheaper kerosene and dearer gasoline than the market would otherwise have produced - which was deemed to be in the public interest.

Another manifestation of the capacity for cooperation can be seen in the strength of industry associations which perform a wide range of technical and marketing services and, especially, information-gathering services.

As for the hierarchy point, the stability of market share structures is remarkable. List the top 10 firms in almost any industry in 1980 and much the same 10, with only minor variations in order, are likely to be on the list in 1990. Creeping up on the firm ahead, increasing market share a percentage point or two at a time, is what competition is about. Fierce battles for dominance - as in the 1970s 'war' between Suzuki and Yamaha, the two motorbike manufacturers from the same town - are both rare and spoken of with distaste by the average Japanese businessman; excessive and mutually self-destructive competition.

Government as creative umpire

The way a government can best promote growth, according to the neo-classical economists, is by keeping out of the way of its creative entrepreneurs. It should limit itself to upholding the legal structures which ensure the security of property and the enforceability of contracts, and providing those collective public goods like defence and information services and education which the market alone would not produce. The 'Japan Inc.' image suggests that the Japanese government has played a role far removed from that ideal - the role of controlling strategist,

directing investment, allocating tasks to business firms, enforcing cooperation here, competition there.

The truth is somewhere in between. The cartel arrangement for the refinery industry cited above is a good example. The government - especially the agency with jurisdiction over the bulk of manufacturing industry, MITI, the Ministry of International Trade and Industry - has been *umpire* in controlling the cartel arrangements of particular industries, adjudicating between producer interests and consumer interests according to some criterion of 'national interest' - in the formulation of which, it has to be said, the competitiveness of the Japanese nation in world markets (coinciding, largely, with producer interests) has held high priority. It has been *creative* in many respects. It has often taken the initiative in making such cartel arrangements. It has played a major role in promoting wide discussion of, and creating a national consensus about, the strategic directions in which the economy should be restructured. It has often used credit and fiscal policy to favour growth in the targeted directions. And it has provided the entrepreneurial initiative, organizational frameworks, and a certain amount of cash subsidy for the promotion of a wide range of 'pre-competitive' industrial R & D.

Three questions: Efficiency, Desirability and Survivability

I trust the point has been made by now that the way Japan works and saves and consumes and transacts business differs in many important respects from the way economic textbooks say that capitalist economies ought to work. So, to be sure, does the way America works too. But the American economy is much closer to the textbook model, and a wide range of Americans consider the textbook model as the efficiency ideal - which is not true of Japanese workers or businessmen. The German and the Italian economies deviate from the textbook rather more than the American, and in many respects are closer to Japan. But let us here confine ourselves to the world's two biggest economies. After all, it is primarily Americans who write the world's textbooks.

So let us take the fact of difference as established. Three questions arise. Which is the more efficient? Which is the better system? Which will win out?

Which more efficient? On the efficiency issue there would not seem to be much doubt. Look at growth rates. Look at the steady increase in Japan's share of world trade - at the fact that an 80 per cent revaluation of the yen caused hardly more than a blip in the steady advance of Japan's exports. Consider the implications of the fact that Japan invests over 30 per cent of GNP per annum, the US less than 20 per cent, or of the fact that of patents granted in the US only 4 per cent were granted to Japanese in 1970, but 21 per cent in 1988.

But that does not settle the issue. It is still sometimes argued that the strength of the Japanese economy lies in the competitive vigour of individuals and firms, the capacity for hard work, the frugality that produces high savings rates, the capacity for conscientiously fulfilling duties. All that is what makes the Japanese economy efficient, *in spite of* the irrationalities and rigidities of a system which stops markets from doing their proper work. These are just legacies of feudalism which time will eventually erode.

That the Japanese economy benefits from the work habits and savings habits of its people can hardly be denied, but that the institutional framework in which they work and save is such as to frustrate rather than promote their good habits seems improbable. The features of Japanese economic organization described above are becoming widely known; the flood of 'learn from Japan' books is having its effect on business schools. The Director of the Sloan School at MIT, Lester Thurow, gave this year's Marshall lectures in Cambridge. His theme was the superior competitive efficiency of the Strategic Conquest Firm as against the Profit Maximizing Firm - read typical Japanese and typical American firm respectively.

Two features stand out in most accounts of why the Japanese system confers a competitive edge; the capacity for long-term investment, and the pattern of employee motivation. Both are intimately related to the fact that most employees can and do expect to continue working for their firm until retirement, and to the character of the firm as a self-governing community of people rather than as a piece of property of the shareholders. And the pattern of enterprise finance is, of course, an essential precondition for those features.

Which better? The Japanese system constrains consumers to spending only about 65 per cent of national income. Americans get to spending about 10 per cent more of theirs. On the other hand, the purchasing power of the Japanese consumer - and, indeed, the Japanese wage-earning consumer - has more than doubled since 1970. In the US the average wage has actually fallen in real terms over that period. Also, the distribution of income in Japan remains much less unequal than in the United States.

So, except for those Americans - lawyers, business executives, doctors, brokers - who value the chance to win a half-million-dollar-a-year salary (which almost nobody can do in Japan), there is little on material grounds to tempt one to prefer an American-type economy. The crucial questions are about choice and commitment; untrammelled freedom and belonging. If you want to keep your options open, change jobs when you want to without much loss of pay and status, keep yourself to yourself at work and say no to the foreman who wants you to do overtime, dump your suppliers when somebody else offers a better deal, put your business school training

to work by mounting bids for companies with juicy undervalued assets - if you want, in other words, the fullest opportunities for individual profit-maximization and individual self-expression, then America is the place to go - especially if you are above average in talent, education and chutzpah. If you value security and the sense of being trusted, can swallow the fact that the job choice you made in your twenties has tracked you for life, and do not mind being constrained by community pressures in the use of your time and your money, then you may well prefer Japan.

Which will win out? I do not mean by that question to add fuel to chauvinist sentiments. I do not mean what a recent American television film meant when its narrator called for a 'new Desert Storm' to prevent America losing its new war - the economic war against Japan. What I am talking about is not a battle between states but between institutions, between systems of organization.

My question assumes that the world economy continues to become more integrated, with national frontiers being less and less effective constraints on any economic actors - rather than retrogressing to protectionist trade blocs which may indeed turn the battle between systems into a battle between states. Increasing integration means increasing interaction, increasing competition and thence, increasing homogenization of system components. It is unlikely that the world of 2050 - or 2030, for that matter - will have room for more than one capitalist system. Whose will that world system resemble most? The American or the Japanese?

The way increasing competition leads to increasing homogenization of system components is, of course, through the Darwinian process of survival only of the fittest. The a priori answer to our question, then, should be: the more efficient Japanese.

And one can find justification for adopting that answer in the events of the last decade. The Japanese system is spreading in the United States by both of the twin mechanisms of social Darwinism; displacement and imitation. Japanese firms have moved into the United States; in the automobile industry the already-announced plans of Japanese manufacturers will soon give them a 15 per cent share of the market - quite apart from the other 15 per cent or so, taken by imports from Japan. At the same time, as exemplified in Ford's *After Japan* programme and in GM's *Saturn* project, Japanese competition has induced American manufacturers to make substantial changes in the way they do business. Just - in - time work organization, team work, flexible job definitions, job security, intensified worker training, worker participation in decision making, stable long-term supplier relationships, are all part of the current rhetoric of American progressive management. The MIT book, *The Machine that Changed the World*, has become a best-seller with its advocacy of even more assiduous adoption of Japanese practices.

But might this not be just the swallow or two that do not make a summer? There are several arguments against simple extrapolation of the trends just noted into the future.

First, although, as argued above, Japanese competitive efficiency is not *just* a matter of long working hours, hard work and docility towards superiors, those undeniably are among the ingredients of success. As the Japanese grow more affluent (and get older - the average age of the workforce is rising rapidly) they will surely slow down. We saw, after all, a very similar phenomenon in the 1950s and 1960s when American firms moved rapidly into Europe - both displacing European firms and prompting them to imitate American production methods. The 'American challenge' had a lasting effect on production techniques; productivities were improved. But it was a one-shot effect. As American competitive vigour and cash resources declined disinvestment began; the takeover process was not sustained. Might it not be so also with the Japanese?

Perhaps, but don't count on it. The school and university system in Japan with its overpowering incentives for diligent application (sustained by the competition for status more than for money) will work to protect the work ethic against the ravages of affluence. For further doubts on the necessary connection between affluence and decline of the work ethic, consider recent trends in middle-class America. The yuppies on Wall Street who worked all the hours God gives to buy that extra BMW they never had time to drive, suggests that the motivating force of status consumption - the lust for positional goods - can be as much a motivator of hard work as the fear of falling into poverty.

Secondly, whatever has happened in the world of manufacturing methods, there are only the most marginal indications - occasional bursts of debate about industrial policy, marginal adjustments of the capital gains tax to encourage long-term share-holding, for example - of any amendment in the financial and control structures of American capitalism. It is still financial experts, trained in business schools in the arts of maximizing shareholder value, who take the ultimate decisions - men and women who are likely to see themselves as having a moral duty (as well as doing the best thing for their stock options) to veto long-range investment plans when the net yield, after allowing for risks and uncertainties, falls below investment in Treasury Bonds. Japanese banks may already supply two-thirds of short-term commercial debt in California, but their role in the long-term bond and equity financing of American firms is still limited.

That *might* mean, of course, only that the Japanese system will dominate, in the end, more by displacement than imitation. Japanese practices may come to rule in the financing of American manufacturing because the bulk of that manufacturing comes to be done in firms of Japanese

origin so that the American financial system shrinks with the shrinking of American-origin firms. But the trends are too incipient so far for anyone to extrapolate them with much confidence.

And it should not be forgotten that there are not only market forces at work, but political forces also. The distinction I made above between a battle between states and a battle between systems is conceptually sustainable, but as long as the American state continues to defend the interests of Americans with a stake in the American system and the Japanese state likewise, the two battles are inextricably interlinked.

To begin with, it is through national politics that decisions are taken whether to *allow* market forces to work or not. If the world does move back towards a system of trade blocs with internal free movement but severe restrictions on trade and investment across bloc boundaries, then it is not the firm-level processes of displacement and imitation which will be the important Darwinian mechanisms involved, but the struggle among power blocs.

Secondly, it should not be forgotten that Japan's edge in economic power is counterbalanced by American superiority in military power, international political influence and the self-confidence at the bargaining table which goes with those things. These resources have been consistently used over the last 20 years to pressure Japan into changing the legal and administrative framework of Japanese capitalism in ways that have the effect - and are often designed to have the effect - of making Japanese capitalism a bit more like American. The so-called Structural Impediment Initiative talks of 1989-90 are a recent example of just such an effort - rather more sustained and systematic than most.

But it is in the nature of government-to-government negotiations that they can only act on legal and administrative structures - that is to say, mostly only on the 'government as creative umpire' aspects of the system; agricultural protection, the Large Retail Store Law which protects small against big retailers, government procurement practices, cartel arrangements in the construction industry, levels of public investment, and so on. *Some* of the changes American negotiators pressed for would alter the incentives for 'defecting' from the norms which govern the behaviour of private actors and sustain the existing system - marginal changes in company report disclosure rules, for example, or in the regulation of takeover bids or of cross share-holdings. But these would only be minor changes, not very likely to produce enough deviant behaviour for the norms to weaken. The fact remains that the distinctive character of Japanese capitalism rests, not so much on anything very distinctive in legal and administrative structures, as on a distinctive set of conventions, implicit understandings, norms of acceptable behaviour. That, for all the leverage that American negotiators can muster, and for all the support they can claim within Japan (from

the cheap rice lobby, the large retail store owners, stock exchange professionals, etc.) sets inevitable limits to the effects that government-to-government negotiations can have.

Perhaps the reader will have firm views on the relative survivability of the two systems. I do not.

Ronald Dore has taught at the University of British Columbia, the London School of Economics, and Sussex University. In addition to his current affiliation with the Massachusetts Institute of Technology, he has held or currently holds research positions at the Institute of Development Studies at Sussex University and the Technical Change Centre, and the Directorship of the Japan-Europe Industry Research Centre. His most recent appointment has been to the Centre for Economic Performance at the London School of Economics. This paper was first delivered in February 1991, and revised for publication in December 1991.

《 國際市場與國家傳統：二十一世紀的日本資本主義制度 》

(中文摘要)

資本主義的本處。而不同者。不兩。分十。國美。或英。國和。更。有。的。制。美。英。本。資。本。的。似。日。本。主。義。

如制生。般位。例的一率一單。日本往作市構。關係日往作市構。關。業導。僱是給以。商主，不家是。為庭，國會。中心場家資由工。中。市。大。年。美。的。為。以。個。的。英。本。日。益。是。一。員。跟。日。利。益。構。足。因。經。濟。機。構。常。利。原。或。濟。業。通。福。上。錢。經。商。件。份。以。金。於。條。部。於。的。以。基。心。的。大。由。位。是。是。中。級。工。單。主。義。都。為。升。員。同。為。本。主。義。一。構。了。不。業。本。係。機。構。顧。有。行。資。關。業。機。照。大。以。的。資。商。一。也。度。是。美。勞。以。同。構。制。不。英。約。卸。服。業。利。而。的。合。度。都。商。福。的。

為。的。各。些。制。素。分。地。助。一。義。因。之。餘。協。助。主。場。低。留，幫。本。市。高。不。色。略。資。主。係。不。裁。政。形。為。關。也。仲。財。典。係。誼。構。的。和。跟。關。友。機。性。貸。面。際。的。大。設。借。方。人。方。建。用。這。以。相。構。有。利。是。慮。機。個。府。標。度。考。大。一。政。目。程。會。代。演。濟。大。常。取。辨。向。經。很。經。試。也。方。的。義。爭。當。府。的。下。主。競。會。政。展。訂。本。業。不。本。發。些。資。商。常。日。濟。一。的。通。而。經。到。本。來。構。個。達。的。日。往。機。構。整。求。的。實。業。業。機。到。務。異。其。商。商。小。達，有。的。法。構。是。是。次。小。淘。機。機。度。

向。以。遠。是。的。構。求。的。來。機。尋。望。度。近。的。想。失。制。以。本。些。們。本。？。日。那。他。日。呢。對。令。揀。勝。高，會。選。優。更。然。度。會。較。率。當。制。你。誰。效。的。的。較。似。服。日。重。比。度。心，更。度。制。的。的。係。的。本。員。的。際。美。日。僱。工。人。英。日，有。轉。和。跟。着，會。障。本。來。劃。機。保。日。潮。計。有。業。底。熱。資。易。職。到。投。容。得。那。麼。遠。的。或。覺。日。有。升。如。

政。日。文。行。是。此。和。是。此。律。題。因。法。問。在。式。日。本。度。模。日。制。為。求。義。行。的。要。主。的。度。國。本。定。制。美。資。指。義。導。形。非。責。能。典。非。責。可。近。和。的。勢。接。統。特。優。更。傳。獨。的。本。家。本。日。的。變。的。變。上。一。它。改。際。變。於。易。國。改。源。容。在。些。根。不。日。本。一。度。亦。日。作。制。變。架。本。的。改。