

therefore, became a hidden force in the nation... These cultural forces forced the merchant groups underground, to become even more inscrutable and subtle than before.⁶⁶

These factors created a more subtle form of competition in Japan than in the West, a form of competition where the motive of profit-maximization, while still existing, was often subsumed by social factors.

5.1.2 Imported individualistic competition

When the Japanese market was forced open by Western traders, two new concepts arrived along with the trade flows.

- First, the concept of rights began eroding feudal class controls allowing the relative status of merchants to rise. The merchants were provided a strengthened role in Japan; their rising status allowing them to make more demands of government. For example, confiscation of profits by the state was replaced by nationalization of industries.⁶⁷
- Second, the Japanese were exposed to U.S. companies professing the faith of frontier-like and individualistic confrontational competition, which brought in low-priced and tariff-free goods.

● Cartelization and the relationship-based networks

Confrontational competition was alien to the Japanese.⁶⁸ Japanese merchants demanded protection from confrontational competition, though not from competition itself, and sought to stem their losses through cartelization. The first cartel activity in Japan started with the formation of the Paper Making

⁶⁶Angelo, *Ibid.*

⁶⁷Angelo, *op.cit.*, p. 118:

The class system was abolished and trading began on a new basis with the nationalization of a number of existing industries, state development of a host of new industries and government control of the nation's financial development.

⁶⁸Ramseyer, "Lawyers, Foreign Lawyers and Lawyer-Substitutes: the Market for Regulation in Japan", 27 *Harvard International Law Journal* (1986); see also Wilks, *The Revival of Japanese Competition Policy and its importance for EU-Japan Relations*, London: Royal Institute of International Affairs, 1994, p. 12.