

- in the EU, the system is political, in search of corporate and regional integration that stresses building a European community; and
- in Japan, it is legal, in search of fairness that emphasizes the welfare of the group.

The U.S. approach to competition policy places the premium on individual profit-maximizing activity and thereby achieving "efficient" market outcomes. The EU-Japanese approach promotes the development of efficient relationships by placing producers at the centre of the competition policy concerns.

Self-interest is central to individualism and is satisfied through market transactions. Under pure individualism, competitive markets are instrumental in processing information and allocating resources to minimize costs and maximize welfare.

In communitarianism, self-interested individuals use the twin institutions of the market and relationship-based networks to advance their economic and non-economic objectives. Networks of relationships can allow a communitarian society to capture beneficial spillover that may be missed by markets. Networks of relationships are guided not only by the invisible hands of market prices and sales, but also by the invisible handshakes of tacit understanding.

Competition philosophies evolve in tandem with the progress a society makes. The stage of economic development and the underlying competition philosophy in a country is likely to be central in determining the composition of its competition policy.

We document in this Paper that competition policies in the Triad countries over the last century have evolved in accordance with economic, legal and political developments particular to each jurisdiction, which are, in turn, influenced by their underlying competition philosophy.

Recognizing, understanding and respecting the key motivations and the stage of economic development behind the differences are essential steps to avoiding conflict and towards a coordinated and globally effective competition policy.

Also critical is understanding that none of the Triad has the "best" or "ideal" competition policy. For example, the failure of the Japanese system to address adequately the lack of transparency in *keiretsu* corporate governance is serious. But the litigious and confrontational nature of the U.S. legal system (including antitrust law with treble damages, contingency fees and multiple entry points for litigation) makes many observers uneasy and arguably chills legitimate market activity.