

- First, the actors in European and Japanese markets understand, and place more value on, the importance of broader commercial relationships or networking.
- Second, their governments see more clearly the benefits of cooperation between businesses, and between businesses and themselves.
- Third, the relationships that develop are less embedded in contract law than those of an individualistic ethic.

Business philosophy in Japan and the EU has emphasized the importance of "live and let live" among competing companies. This is particularly true in recessions and for declining sectors. For example, in Japan the perceived benefits of lifetime employment promote the idea that corporations are worth preserving even when they suffer economic distress. The communitarian business ethic also justifies limiting opportunities for corporate takeovers by those who raise stock values at the expense of jobs. This thinking also justifies cross-ownership of Japanese corporations and suspicion of shareholder democracy. Nonetheless, the protection of traditional social institutions and avoiding markets that sort out winners and losers in bad times may protect jobs, but can also compromise economic efficiency and the reallocation of resources.

The emphasis on cooperative relationships in the corporate-government governance set-up is based on the expectation by the government that the corporate sector conducts its business affairs to ensure that jobs and business opportunities are available in the economy. The corporate sector, for its part, expects that the government will adopt regulations and policies that enable firms to maintain profitability and support jobs, now and in the future. So long as the EU-Japanese competition philosophy helps to achieve an overall satisfactory result, business practices may not be held to the first-best standards of economic efficiency. However, efficiency considerations cannot be entirely ignored. In this regard, and in a dynamic context, communitarianism can promote (although not inevitably) efficient corporations. Thus, the EU-Japan approach can achieve its objectives by directly creating an environment where longer-term corporate planning and growth is supported and high productivity jobs are sustained.