

● The failure of U.S.-style antitrust in Japan

The failure of U.S. antitrust in Japan and the reformulation of a Japan-specific competition policy was based on a cultural clash fought in three arenas: political, legal and economic.

The strong U.S. antitrust system was based on a distrust of big business groups and functioned in an individualistic system supported by strong democratic and individual rights. From a political perspective, such a competition regime was thrust upon Japan, a country that culturally rested on communitarian pillars. According to the norms of individualist politics, Japan was not so well off. Democracy there was only struggling to be born; there was no tradition of civil liberties; giant business historically controlled the major political parties; and for the longest time there was no effective antitrust law on the statute books.⁸⁸

The framers of the AML relied on U.S. antitrust ideas with roots in the individualist tradition largely alien to the cooperative business philosophy of Japan. Little effort had been made to understand the Japanese market before the AML was drafted and imposed.

Interestingly, the imposition of this programme attracted political opposition in the U.S.. Equity theorists and politicians argued that it did not make sense to recommend the wholesale dissolution of large conglomerates in order to achieve a more Jeffersonian landscape. Economists in the U.S. questioned the efficiency of deconcentration, given the unknown social costs of such disruptions.

● The return of communitarian equity and freedoms

The U.S. view of freedom emphasizes independence. Independence of the market, or laissez-faire, means freedom from control. In Japan, however, the term laissez faire means the freedom of government to favour some businesses and the freedom of businessmen to contract for a wide variety of restrictive

⁸⁸Hadley, *op.cit.*, p. 294; and Karel von Wolfers, *The Enigma of Japanese Power*, New York: Knopf, 1989.