J-Economy, J-Corporation and J-Power since 1990
From Mutual Gain to Neoliberal Redistribution
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Epilogue

In class, I frequently ask my Japanese students what kind of corporate governance and management system they expect to be dominant in Japanese corporations in the near future. Being offered three options to choose from, most of them prefer the balanced stakeholder system (supposed to be representative of Scandinavia) or the shareholder centred system (supposed to be representative of the US and UK). The first group of students seems to hope that a somehow harmonious system will prevail, while the latter group opts for realism, taking into account allegedly global trends. Asking both why they have not chosen the third option, that is, the revival of the traditional Japanese system, they point to the state promotion of shareholder centred governance, and they also refer to the work ethics shown by young Japanese in the last two decades, that is, a growing preference for an enjoyable life and economic well-being over enhancing oneself or serving the common good. Asked about how they want to work, an increasing number of young respondents say, that they prefer following the mainstream, doing what others do, but not going beyond that.

These indications from the upcoming generation of business persons and managers in Japan seem to go hand in hand with the current changes in J-Economy and J-Corporation. Since 1990 both have encountered two fundamental challenges: how to deal with the aftermath of the burst of the asset bubble, and how to cope with the shift from industrial mass production and economies of scale towards a post-industrial, i.e. knowledge-based system and constant innovation. The latter challenge is amplified by the ongoing diffusion of network-based information and communication technologies. These technologies facilitate new products and business models, developed with less initial capital investments and in shorter timespans. Here, financial capital is not anymore the most critical resource and, therefore, its providers do not deserve privileged treatment over other stakeholders. But these technologies inhere a contradicting potential: they can enhance network-based decentralisation of economic activities, self-determined production and consumption and new levels of variety and creativity, and they can also facilitate centralised business models, aiming at monopolistic domination and control.

J-Economy and J-Corporation have dealt with the burst of the asset bubble mainly by cutting cost and keeping existent business models working, i.e. selling their products at lower price to secure sufficient cash inflows, without investing into new products or forms of production. They have continued this corporate saving, even though their balance sheets and equity capital base have become stronger than ever before. And still large corporations are benefitting from institutional privileges such as lower taxation, increased public subsidies and legally limited liability, which they were granted to invest into new business and take related risks. Meanwhile, Japanese employees face the consequences of the chronical decoupling of productivity and profit growth from their incomes. J-Economy has not overcome its stagnation, despite an expansive fiscal policy to stimulate private investment and an expansive monetary policy that keeps interest close to zero to fuel liquidity into the financial markets. Instead of the actual goal, public funds are spent for dubious mega-projects. Financial liquidity flows into assets markets or is used together with retained profits to buy back shares or finance large scale mergers and acquisitions.

Against this backdrop, the attitude of my students towards work is realistic. They seem to sense the neoliberal redistribution of wealth, even if they do not necessarily understand it or would call it this way. And they seem to have no illusions about a possible return to the traditional Japanese system, which supposedly served the mutual gain of corporations and employees. A severe consequence of all this is that the challenge of how to cope with the transition towards a knowledge-based economy remains unaddressed. Without enhancing network-based decentralisation, economic self-determination or participatory management and utilising the revolutionary potential of new technologies, J-Economy and J-Corporation will not be able to create new business models and products. J-Power, referring to electricity generation as well as the role of the state, provides a striking case for how costly and dangerous it is to adhere to a system that protects the interests of a well-organised oligopolistic complex at the expense of all others. Alternatives will arise probably not from the inside and neither from the top. They can be developed only from the bottom by reuniting ownership and management as comprehensive employee participation, utilising the potential of new technologies for decentralised networks and providing innovative business models and products to solve nowadays urgent social and ecological problems.