UNIVERSITY OF OKLAHOMA

GRADUATE COLLEGE

THE DEVELOPMENT AND GLOBALIZATION OF A TRANSNATIONAL MEDIA CONGLOMERATE: A HISTORICAL CASE STUDY OF MATSUSHITA ELECTRIC INDUSTRIAL COMPANY

A Dissertation

SUBMITTED TO THE GRADUATE FACULTY

In partial fulfillment of the requirements for the

degree of

Doctor of Philosophy

By

DONNA LU GOUGH
Norman, Oklahoma
2002

UMI Number: 3045827

UMI®

ProQuest Information and Learning Company
300 North Zeeb Road
P.O. Box 1346
Ann Arbor, MI 48106-1346

THE DEVELOPMENT AND GLOBALIZATION OF A TRANSNATIONAL MEDIA CONGLOMERATE: A HISTORICAL CASE STUDY OF MATSUSHITA ELECTRIC INDUSTRIAL COMPANY

A Dissertation APPROVED FOR THE
DEPARTMENT OF COMMUNICATION

BY

[illegible]

D L Wieder

Dan O'Hair

[illegible]

Courtney Vaughn

ACKNOWLEDGMENTS

There are many people who have helped me on the path to the completion of my doctoral education. Although it has been a long and somewhat difficult road, I appreciate my dissertation committee for allowing a small-town girl from Texas the opportunity to work on a project that would expand her horizons, at least intellectually, to the Far East. I would like to offer my appreciation to my dissertation chair, Dr. Eric Kramer, for his patience, understanding, intellectual challenges, and support. I would also like to extend that appreciation to my committee members, Dr. Larry Wieder, Dr. Dan O'Hair, Dr. Phil Lujan, and Dr. Courtney Vaughn, for their assistance and insights into the dissertation process. Without their help, I would have taken the wrong road many times.

I offer my sincerest appreciation, more than I can ever express, to my colleagues at East Central University who have shown understanding and concern for me during this process. In particular, my personal appreciation goes to Delma Hall and Marsha Matthews, my fellow faculty members in the ECU Communication Department. Without the encouragement and assistance of these two exceptional women, I would have given up on this process long ago.

I would like to extend my appreciation to all of my students at East Central University who have not only shown support of me during this long process but also have been faithful in completing their own work and pursuing their own professional goals under difficult and often trying circumstances. The students continually amaze me with their own creative insights into the issues of mass media and inspire me to be the very best professor possible.

Last, but certainly not least, I would like to extend my highest appreciation to my brother, Allen Gough, and my family. Without their willingness to assist, guide, support, and, above all, make personal sacrifices, I would not have had the opportunities that only a higher education can provide. To say a mere thank you is not enough. I love and respect each of you.

During this research process, I came to understand how difficult this type of study is to conduct. One of the major problems that I faced was that I had no contacts within the electronics industry or from whom I could request an introduction to the Matsushita family or company personnel. Although I made several direct requests for interviews, the public information office at Matsushita Electric Industrial never returned my phone calls or responded to my written requests. As I was unable to conduct interviews, I turned to secondary sources.

Another problem that I encountered was that although I was able to obtain many of Konosuke Matsushita's personal writings that had been translated into English, I was unable to personally travel to Japan to verify these sources. There is a good deal of work concerning Matsushita Electric Industrial in Japanese that can be found in the libraries at Matsushita Electric Industrial in Osaka, the PHP Institute in Kyoto, and the Matsushita Institute of Government and Management at Chigasaki City. However, I do not speak Japanese and was not privy to these documents. These obstacles did not lessen my enthusiasm for this study, nor did it lessen my interests in or respect for Konosuke Matsushita and his accomplishments. Since this work is simply the beginning of the transnational media conglomerate story, I hope to remedy these concerns in time.

As with all historical research, many of the study findings are open to future interpretations. Additional data and observations may give me a basis for revising the study. I am also aware of my personal limitations and the possibility of misunderstandings and misinterpretations regarding the Japanese and Matsushita Electric Industrial. As pertinent materials are released to the public and translated into English, it is my sincere wish that this study be continually updated and refined to reflect these new findings. Above all, I hope that I have in some small way given the reader of this study an appreciation for the complexities and problems of the transnational media conglomerate within the global economic, social, and political landscape.

DEDICATION

This work is dedicated to my mother, Nancy Jean Cloud Gough. Without her love and support, emotionally, physically, and financially, I would never have continued with my higher education, let alone finished my doctorate.

TABLE OF CONTENTS

ABSTRACT

Matsushita Electric Industrial Co., Ltd. is one of several media conglomerates that pursues an idealized, transnational conglomerate model. Matsushita Electric participates in the development of technology, the disbursement of goods in a global economic market, and the amassing of wealth and power on an international scale. From a technological determinism perspective, technological developers are viewed as the instigators of social changes and providers of the fundamental understructure of social organization. Media determinism postulates the power of media technology to impact social change. Both theories question the role of technology in shaping human behavior. To study these issues more closely, Matsushita Electric is examined, using the historical case study method. Specific areas of concern include how a transnational media conglomerate's rise to global prominence begins; the social, political and economic events that allow a transnational media corporation to develop and to flourish; the method by which a transnational media conglomerate can gain and hold political, economic and social power; and, the consequences of the business practices and influences that a transnational media conglomerate exerts upon the behavior of consumers. The main emphasis for this study is the history of Matsushita Electric and the impact on society that it has had through the development and distribution of media technology. Further, this project examines the role of Japanese business practices and influences on the Matsushita Corporation as well as the actions and reactions of the United States in dealing with such a strong economic entity.

CHAPTER 1

The machine cannot be divorced from its larger social patterns, for it is this pattern that gives it meaning and purpose. Every period of civilization carries within it the insignificant refuse of past technologies and the important germs of new ones: but the center of growth lies within its own complex.

Lewis Mumford, Technics and Civilization

Introduction and Study Rationale

Communication has been termed the most powerful of all human endeavors. Of all the forms that communication takes, one of the most influential is that of mediated or technology enhanced communication. Mediated or mass communication has evolved as a way to move messages from one or more sources to one or more receivers at various points in time (Biagi, 1996; Croteau & Hoynes, 1997; Curran & Gurevitch, 1996; DeFleur & Dennis, 1994; Evans, 1990; Hunt & Ruben, 1993; Vivian, 1997; Wilson, 1994). While mass communication has undergone many changes over the years, the development of technology in the transfer of messages to audiences has increased tremendously in scope and impact. As we have observed in recent years, not only is media technology amazing in the rapidity of its development and diffusion to consumers but also the impact of media technology upon society and individuals is overwhelming. Study after study has been conducted concerning the effects of media upon human behavior (Bryant & Zillmann, 1986, 1994; Davison & Yu, 1974; Donohew, Palmgreen & Rayburn, 1987; Fowles, 1992; Klapper, 1960, 1963; Lerner & Nelson, 1977; Levy & Gurevitch, 1994; Lin, 1996; Lowery & DeFleur, 1989; Newcomb, 1994; Poindexter & McCombs, 2000; Rogers, 1997; Wright, 1986). Beginning with the Payne Fund Studies of the 1920s and 1930s through more contemporary studies, scholars have continued to warn about and to plead the case of media effects upon social, economic, and political systems (Alexander & Hanson, 1997, 1999; Avery & Eason, 1991; Bignell, 1997; Blumer, 1939; Blumer & McQuail, 1968; Bryson, 1948; Gerbner, 1967; Hiebert, 1999; Katz, 1959; Katz, Blumler & Gurevitch, 1974; Katz, Gurevicth & Haas, 1973; Katz & Lazarsfeld, 1955; Lasswell, 1948; Lazarsfeld & Stanton, 1949; Lippmann, 1922; Mander, 1977; McQuail, 1997; McQuail, Blumler & Brown, 1972; Meyrowitz, 1985; Moores, 1993; O'Neill, 1991; Orlik, 1994; Postman 1985; Real, 1989, 1996; Riley & Riley, 1951; Schramm, 1960, 1973, 1997; Schramm, Lyle & Parker, 1961; Schramm & Roberts, 1961; Silverblatt, 1995). Although specific research results may be debated, there is a preponderance of evidence to suggest that media technologies are among the most powerful socializing tools in existence.

Technological and Media Determinism

There are three common themes running throughout the core of media effects theories: 1) media users share a common experience through the global mass media and become vulnerable to distortion and propaganda; 2) media users are selective about media messages to which they expose themselves; and, 3) mass media messages have become so pervasive that media users tend to be overwhelmed by them (Larson, 2001). Many of these themes begin from the assumption that it is the content of the media that is responsible for any resulting effects upon media users. Media technology, in and of itself, is generally ignored or is viewed as a benign factor in media effect outcomes. Under these assumptions, only the media content is thought to have the potential for any positive and/or negative effects. But, is this really the whole story behind media effects? Is there more to what is happening than mere content exposure can explain? How do we chose which forms of media, i.e., television sets, digital video disc players, video cassette player/recorders, stereo systems, camcorders, and computers, that we will use? What are the consequences of these choices? There is a theory that begins with the premise that it is technology, itself, rather than content that has the greatest impact upon human behavior. This perspective holds that content is interchangeable and fleeting. Therefore, it is technology, in and of itself, that is the major force in shaping society (Ebersole, 1995; Larson, 2001; Smith & Marx, 1998; Stevenson, 1995; Winner, 1977). The name that has been given to this perspective is technological determinism.

The foundations of technological determinism can be found in the works of Francis Bacon, Rene Descartes, G. W. Leibniz, Blaise Pascal, Ernst Kapp, Friedrich Dessauer, Karl Marx, Jurgen Habermas, Lewis Mumford, Harold Innis, Marshall McLuhan, Jacques Ellul, Martin Heidegger, Noam Chomsky, Joshua Meyrowitz, and Neil Postman. It was the American sociologist and economist, Thorstein Veblen (1857-1929), who first coined the term technological determinism (Chandler, 1995; Ebersole, 1995; Ellul, 1964). Under technological determinism, technological developments, such as communications technologies or media, are seen as the primary precursors of social changes and technology, itself, is seen as providing the fundamental understructure of social organization (Ebersole, 1995; Chandler, 1995;

Meyrowitz, 1985). Media determinism is the branch of technological determinism that deals specifically with media technology.

Media determinism is a philosophical and sociological perspective that postulates the power of media to impact social change. Like technological determinism, media determinism is a theory of change. Technological determinism questions the role of technology in shaping our future, while media determinism questions the impact of media upon social changes (Ebersole, 1995). According to Daniel Chandler (1995), *Technological or Media Determinism*,

> Technological determinists interpret technology in general and communications technologies in particular as the basis of society in the past, present and even future. They say that technologies such as writing or print or television or the computer changed society. In its most extreme form, the entire form of society is seen as being determined by technology: new technologies transform society at every level, including institutions, social interaction, and individuals (p. 3).

Marshall McLuhan (1964), *Understanding Media*, found the following

> The medium is the message because it is the medium that shapes and controls the scale and form of human association and action. The content or uses of such media are as diverse as they are ineffectual in shaping the form of human association. Indeed, it is only too typical that the content of any medium blinds us to the character of the medium" (p.9).

Larson (2001) expanded upon this view by pointing out that McLuhan emphasized that the "message" of any medium or technology was the "change of scale or pace or pattern of human affairs" that accompanied its introduction into society (p.75). Leslie White (1949) explained the relationships between technology, sociology, and philosophy in his work, *The Science of Culture: A Study of Man and Civilization*:

> We may view a cultural system as a series of three horizontal strata: the technology layer on the bottom, the philosophical on the top, the sociological

> stratum in between...The technological system is basic and primary. Social systems are functions of technologies; and philosophies express technological forces and reflect social systems. The technological factor is therefore the determinant of a cultural system as a whole. It determines the form of social systems, and technology and society together determine the content and orientation of philosophy (p. 366).

According to Harold Innis, it is the speed and distance that communication technologies can span that pose the biggest potential for effects upon society (Ebersole, 1995). Later, McLuhan, like Innis, addressed the issues of scale, centralization, and standardization of human behavior on a global scale through the use of media technologies (Ebersole, 1995). McLuhan (1967) stated, "Electric circuitry has overthrown the regime of time and space and pours upon us instantly and continuously the concerns of all other men. It has reconstituted dialogue on a global scale. Its message is Total Change" (p. 16). It is the magnitude of change that the new media technologies can cause that concern us most. Media consumers and researchers tend to look at content as the main effects producer and remain completely unaware or unobservant of the impact that the technologies, themselves, have upon society.

Deterministic theories do have some drawbacks. Both technological determinism and media determinism tend to reduce social interaction to cause and effects relationships. These relationships are reduced to their most basic parts and explained as such. This reductionism tends to reduce a complex whole into the effects of one or more parts of a system upon another part of the system (Chandler, 1995; Ebersole, 1995). Lewis Mumford criticized this approach as being too preoccupied with the identification of technology with tools and machines rather than looking at the whole social system. Further, Mumford and, later, Neil Postman, believed that technology encompassed the whole of material culture, not only tools and machines.

Mumford (1922) referred to the technological complex as a unified whole in which technology is part of the larger social pattern (p. 110). Postman (1993) described much of technology as being "invisible" in his work, *Technopoly: The Surrender of Culture to Technology*. He called this technology invisible because it is so ingrained into our social patterns and interactions that we fail to recognize its impact upon human behavior. Postman urges us to consider what he called mechanisms that act like machines but are often not thought of as machines, such as language, statistics, and numbers. These mechanisms give "direction to our thoughts, generate new ideas, venerate old ones, expose facts or hide them" (p. 127). But, Postman also argues that these mechanisms have within themselves the elements that transforms mere technology into something more. In other words, technology becomes ideology, "In Technopoly, we are surrounded by the wondrous effects of machines and we are encouraged to ignore the ideas embedded in them. Which means we become blind to the ideological meaning of our technologies… technology directs us to construe the world" (p. 94). Even in the less extreme forms of determinism, a wide range of social and cultural phenomena are seen as shaped by technology; but, human factors and social arrangements are still seen as secondary social shaping factors (Chandler, 1995).

According to Joshua Meyrowitz (1985), *No Sense of Place*, this failure to recognize technology as being more than machines is especially true in the study of media technologies:

> A number of political and economic critiques of media institutions (and of mainstream media research) appear to ask very different questions: Who controls the conduits of information in a society? And how are media institutions structured to further ideological, economic, and political ends? But even these critiques often return to a content focus by asking how control over media institutions determines what gets on television and what does not... While all these examinations of media content have much social significance, it is surprising that other types of questions about media are so rarely asked. Indeed, most studies of the impact of media ignore the study of the media themselves. The content and control of television are studied the same way the content and control of newspapers, comics, movies, or novels have been studied. The medium itself is viewed as a neutral delivery system (p.15).

According to Martin Heidegger (1977), *The Question Concerning Technology and Other Essays*, and Jacques Ellul (1964), *The Technological Society*, technology is not defined as a single entity or conduit but as a system, a means of human existence where the real danger is in how such technology alters that existence. The arguments for technological determinism are compelling. Since media technology plays a major socializing role, technological determinism may help to provide us with some insights into the development and dissemination of media technology.

Transnational Media Conglomerate

When political, social and economic indicators are factored into the global media equation, we find that no conglomerate holds more power over a variety of human issues than the transnational media corporation (Akwule, 1992; Alexander, Owers & Carveth, 1998; Altheide, 1985; Bagdikian, 1992; Birkerts, 1996; Carley, 1995; Carlson, 1996; Dupagne & Seel, 1998; Fidler, 1997, Fiske, 1994; Fortner, 1993; Harasim, 1993; Harris, 1998; Hiebert & Gibbons, 2000; Jamieson & Campbell, 1992; Mittelman, 2000; Mowlana, 1996, 1997; Negroponte, 1995; Nordenstreng & Schiller, 1995; Rogers & Larsen, 1984; Shulman, 1999; Sreberny-Mohammadi et al., 1997). A media corporation is defined as a conglomerate that specializes in one or more of the mass media and/or the media industries. According to Richard Gershon (1997), *The Transnational Media Corporation: Global Messages and Free Market Competition*, a transnational corporation is defined as a conglomerate that has subsidiaries under its direct control in two or more countries. Neil H. Jacoby (1984), *The Multinational Corporation*, described the complicated nature of the transnational corporation:

> The multinational corporation, is among other things, a private government, often richer in assets and more populous in stockholders and employees than are some of the nation states in which it carries on its business. It is simultaneous a citizen of several nation states, owing obedience to their laws and paying them taxes, yet having its own objections and being responsive to a management located in a foreign nation (quoted in Gershon, 1997, p.3).

It is through these subsidiaries that the controlling company makes its plans and investments on a global scale, using a multi-country perspective.

When a conglomerate both specializes in media and holds subsidiaries in two or more countries, it is known as a transnational media corporation (Gershon, 1997). Such a corporate giant has political pull, economic resources, and too often, the shear ignorance of consumers, to help it build, maintain and amass more and more power and control over almost every aspect of the mass communications industries within the countries in which it operates (Alexander, Owers & Carveth, 1998; Bagdikian, 1992; Croteau & Hoynes, 2001; Gershon, 1997; Herman & McChesney, 1997;

Sreberny-Mohammadi et al., 1997). The transnational media corporation is fully integrated into global social, economic, and political systems and often serves as one of the most visible and valuable disseminators of the values, policies, and ideas of those systems.

Although international trade has been around for centuries, the current transnational corporation movement began after World War II. According to Richard Gershon (1997), the decades that followed the war provided the economic, social, and political conditions that made the development of an integrated international economy possible. It was thought that nationalistic social and economic policies were responsible for the economic chaos of the 1930s and, eventually, led to the beginning of World War II. After the war, there was a movement away from nationalistic moods and trends to a more global outlook. This shift in attitudes assisted corporations in their movement away from national economies to interests in the establishment of free markets on an international scale (Gershon, 1997; Korten, 2001; Mowlana, 1996).

The biggest assistance to the corporate world in search of more and more moneymaking opportunities came from the establishment of the World Bank and the International Monetary Fund (Alexander, Owers & Carveth, 1998; Croteau & Hoynes, 2001; Derber, 1998; Gershon, 1997; Herman & McChesney, 1997 Hutton & Giddens, 2000; Korten, 2001; Mittelman, 2000; Sreberny-Mohammadi et al., 1997). These entities were created to settle trade disputes and to make financial loans worldwide. Since the ability to procure loans and to obtain credit is one of the major factors in establishing the worth of transnational corporations, conglomerates that can buy more and more companies tend to be scored at a higher credit rating and corporate worth than those companies with fewer subsidiaries (Gershon, 1997; Herman & McChesney, 1997; Korten, 2001).

The United States became heavily involved with the World Bank and the International Monetary Fund and their dealings because it provided most of the monies for investment and reconstruction purposes to both its allies and enemies after the war (Gershon, 1997). As the United States supported a more free market approach to trade and it was providing the reconstruction cash, assistance-receiving countries were encouraged to emulate this type of economic system (Gershon, 1997; Korten, 2001). Since that time, transnational corporations have been major players in reshaping the economic structure of the world by developing and organizing the rules of world trade. Later, other countries accepted the free market aspects of globalization and help to divide the world into macroregions that coordinate the flow of capital, enlarge the size of markets, and provide access to the globalization process (Derber, 1998; Gershon, 1997; Gilpin, 2000; Korten, 2001; Mittelman, 2000). These regions include the European Union, the North American Free Trade Agreement, and the Asia-Pacific Economic Cooperation (Mittelman, 2000). Many transnational companies often have more assets, financial resources, investors, and employees than the entire populations of the nations in which they do business (Gershon, 1997; Korten, 2001). These same ideas are stressed in Charles Derber's (1998) work, *Corporation Nation*, Robert Gilpin's (2000) work, *The Challenge of Global Capitalism*, and David Korten's (2001) work, *When Corporations Rule the World.*

The rise of global media corporations tended to follow the rise of other types of transnational corporations. According to Edward Herman and Robert McChesney (1997), *The Global Media: The New Missionaries of Corporate Capitalism*, media, in fact, are not only important transnational industries in and of themselves, but also play an important supporting role to nonmedia corporate interests through advertising and information dissemination. The different forms of media provide the conduits for the ideological support of marketing goods and justifying a profit-driven social order (Herman & McChesney, 1997; Korten, 2001).

Corporations have tremendous amounts of money and influence at stake. Regardless of quality service or superior product, those corporations with the dominant market share simply make more profit - much more profit. Further, dominant corporations have more influence over people, social ideas, government, popular culture, and attitudes in their market areas (Bagdikian, 1992; Derber, 1998; Frank, 2000; Korten, 2001). According to sociologists, David Croteau and William Hoynes (2001), *The Business of Media: Corporate Media and the Public Interest*, media industries are so completely different from other industries that the normal market driven notions of such industries deciding upon and offering products based upon consumer supply and demand do not apply. Croteau and Hoynes argue that using such notions follows from a presumption that the media are mere appliances when, in fact, they are not:

> There are three primary reasons the media industry is different from other industries, making the market model analysis inappropriate. First, the central role of advertising in some forms of media creates unique market relationships that must be taken into account when assessing media. In some respects, the media market is not responsive to audiences. Second, and more important, media cannot be considered as merely a product to be used by consumers. Instead, as the public sphere model suggests, media are resources for citizens with important informational, educational, and integrative functions. Third, the unique role that media play in a democracy is reflected in the legal protections the media enjoy in the United States (pp. 25-26).

It is not that media is technology that is of major concern. It is that media is such a powerful and pervasive technology that influences human behavior on a global scale that is of concern.

The ownership of various media industries and entities has been assumed by both media and nonmedia corporations over the past three decades. Media industries promote their own economic interests, including the development, manufacturing and marketing of information technologies (Croteau & Hoynes, 2001). Media conglomerates not only own the means of the research, development and production of technology, but also own and produce the content and/or programming marketed to consumers for use with the technology. Further, many media subsidiaries have exclusive positions in local markets, particularly those with small populations. Such an arrangement forms a monopoly over the news and entertainment that consumers are able to purchase and to use due to the shear economic force behind these media monoliths (Bagdikian, 1992). Small media outlets are either bought out by the conglomerates or forced out of business altogether.

Compaine & Gomery (2000), *Who Owns the Media*, have chronicled many such mergers and takeovers throughout the past century. During the 1960s, the book publishing industry saw a wave of mergers as the paperback books sales began to overtake hardback book sales and textbook sales began to be profitable thanks to veterans returning to school on the GI Bill. During the 1970s and 1980s, many independent newspapers such as the *Philadelphia Bulletin*, the *Washington Star* and the *Houston Post*, were finally run out of business, leaving single publishers as the only available news sources in those cities. During the 1980s and 1990s, family owned radio and television stations were sold to corporations to cash in on the tremendous value that such operations had accumulated over the past few decades and to eliminate inheritance taxes. Last but certainly not least, the passage of the *Telecommunications Act of 1996* eliminated long-standing restrictions on the numbers of broadcast radio and television stations that a single company could own, as well as lifted restrictions on joint ownership of other media outlets within the same market and of different types of communication services (Compaine & Gomery, 2000). Now, telephone companies can own cable companies, cable companies can own satellite companies, motion picture studios can own program syndication companies, production companies can own news organizations, and the list goes on. Such situations provide the consumer with little or no alternatives in both technology and content other than those offered for sale by the media conglomerate.

In the midst of all of this buying and selling of companies, information technology is increasingly incorporated into the everyday life of consumers and with it the ideology of the technology developer (Postman, 1992). Dependence upon the technology is coerced through sophisticated marketing and public relations schemes

(Alexander, Owers & Carveth, 1998; Bagdikian, 1992; Croteau & Hoynes, 2001; Frank, 2000; Gershon, 1997; Herman & McChesney, 1997; Korten, 2001; Negroponte, 1995). This leaves the media conglomerate in the sole position of not only deciding the types of technology that will be developed and distributed but also determining the media message content and the quality of that content. Thus, it is the media corporation that ultimately decides societal effects and the long-term consequences caused by the purchase and use of media. It is the media corporation that is the ultimate authority over the very interpretation of reality on a global scale. Further, the media corporation is by its very nature part of the economic, social, and political processes that are used to maintain its power and scope of influence upon the global audience/consumer. As studies show, these social, economic, and political effects are both far-reaching and long lasting, if not irreversible. According to Ben Bagdikian (1992) in the preface of his work, *The Media Monopoly*, the media corporation has more far reaching power than we realize.

> Americans, like most people, get images of the world from their newspapers, magazines, radio, television, books, and movies. The mass media become the authority at any given moment for what is true and what is false, what is reality and what is fantasy, what is important and what is trivial. There is no greater force in shaping the public mind; even brute force triumphs only by creating an accepting attitude toward the brutes. Authorities have always recognized that to control the public they must control information. The initial possessor of news and ideas has political power – the power to disclose or conceal, to announce some parts and not others, to hold back until opportunistic moments, to predetermine the interpretation of what is revealed. Leaders of democracies no less than medicine men, shamans, kings, and dictators are jealous of their power over ideas, as eager to control as they are to control armies. (p. xxvi)

Matsushita Electric Industrial Company

Of all the transnational media corporations in operation at this time, one of the most powerful and fascinating is the Matsushita Electric Industrial Company, Limited, of Osaka, Japan. Better known by its product line names and subsidiaries, Panasonic, National, Technics, and Motorola, Matsushita Electric participates in the development of technology, the disbursement of goods in a global economic market, and the amassing of wealth and power on an international scale. Further, with its visionary statements concerning the future, Matsushita Electric markets itself as the ideal, global, corporate citizen. Since its founding in 1918, Matsushita Electric has become one of the social, economic, and political wonders of the world. Matsushita Electric has assets totaling just over $65 billion dollars (see 2001 Consolidated Balance Sheets Appendix A).[1] Matsushita Electric also lists subsidiaries in almost every country in the world, including 126 domestic companies in Japan and 195 companies overseas, and employs approximately 292,790 people worldwide (see Consolidated Companies & Employees Appendix B).[2]

The list of products that Matsushita Electric manufactures is staggering. Matsushita Electric develops and markets three main categories of products: 1) consumer products such as video and audio equipment, home appliances and household equipment; 2) industrial/professional products such as informational and

---

[1] These figures are from Matsushita's 2001 Annual Report and from the National/Panasonic web site. For the purpose of this study, all amounts reported are in U.S. dollars where U. S. $1 = Y 125. This report can be obtained in English from the Matsushita Electric Industrial Corporate Offices in New York. There are some discrepancies in some of the figures. Please see the note at the bottom of Appendix A.

[2] These figures are from the Matsushita Company web site home page at /www.panasonic.co.jp/. They were retrieved on March 23, 2002. Please see appendices for further information.

communications equipment, and heavy industrial equipment; 3) components such as semiconductors, batteries and electric motors (see Product Categories & Main Products Appendix C).[3] Of these categories, the greatest influence that Matsushita exerts is evident in the mass communications industries. Not only does Matsushita produce its own audio, video, and computer equipment for both consumer-grade and professional-grade applications but it also supplies parts and components for other manufacturers (see Business Clusters Appendix D).[4] Matsushita holds approximately 69,512 patents of which 44,178 are domestic patents and 25,334 are overseas patents (see Number of Patents Appendix E).[5] Further, Matsushita aggressively pursues joint-ventures with other corporations (see Recent Major Alliances Appendix F).[6]

Research Questions

There is no question that Matsushita Electric's founding father and subsequent corporate leaders have regarded the business as a global entity, rather than merely national in interests and scope. Further, Matsushita leaders are very careful to promote the conglomerate as a responsible corporate citizen of the world, including vast, public statements of commitments to the environment and to the development of human beings (see Appendices H, I, & J).[7] Unfortunately, these public relations releases do not bear much scrutiny when faced with the day-to-day business practices of Matsushita and its subsidiaries. Many of these statements demand further analysis

[3] Ibid.
[4] Ibid.
[5] Ibid.
[6] Ibid.
[7] The statements were obtained in 1996 from the National/Panasonic web site. I thought that they were important due to their contents. There have been very few statements as sweeping as these made in 1996. I believe that this may due to the drastic restructuring that MEI has gone through in the past several years because of the economic recession that Japan is experiencing.

and discussion with regards to the tremendous impact that such technologies, particularly their media technologies, have upon human behavior. This leaves us with some very important and interesting questions regarding the rise of a transnational media conglomerate and its operations:

RQ1: How does a transnational media corporation's rise to global prominence begin?

RQ2: What are the social, economic, and political events that allowed a transnational media corporation to develop and flourish?

RQ3: How was and is it possible for a transnational media corporation to gain and hold economic, political, and social power?

RQ4: What are the consequences of the business practices and the influence of a transnational media corporation on the behavior of social groups and individuals?

The purpose of this study is to examine one transnational media corporation in an effort to answer these questions. It is hoped that the lessons learned during this study will make it possible for future researchers to begin to isolate parts of the transnational media corporate system in hopes of determining the effects of such power and wealth on the global social order. At stake is no less than the exercise of power over the interpretation of reality.

Limitations of the Study

This study does attempt to be as broad in scope as possible. However, there are some limitations to the study. The primary limitation is the author's inability to speak, to read, and to write Japanese. This necessitated the dependence upon translated works concerning Matsushita Electric Industrial by first-hand parties. Fortunately, many of the works of Konosuke Matsushita, the founder of Matsushita Electric Industrial, have been translated into English by the PHP Institute Inc., primarily for the purposes of educating students in business schools and to analyze business management practices and theories. However, it must be noted that such works contain a certain bias toward the more positive aspects of Matsushita Electric and its founder. In an effort to deal with these issues, numerous sources have been consulted in order to obtain the most accurate overall view possible.

Another limitation of this study is concerned with restrictions to access of information and personal sources. While some documents concerning court rulings involving Matsushita are available under open documents laws, many such documents are closed by court order in response to requests from corporate leaders and for unspecified national security reasons. Much of this access depends upon rulings by the federal courts and statute of limitations upon material availability. Every attempt has been made to obtain the major records and the legal cases against Matsushita that pertain to the research questions.

Another limitation of the study was the lack of participation by individuals directly involved in the daily and historical activities of Matsushita Electric Industrial. I made every attempt to obtain direct assistance from company officials in the preparation of this dissertation. I made phone calls to the head offices in New York, as well as sent a written request through the Matsushita Web Site. From the phone calls to New York, I was told that my requests were "being forwarded to the appropriate person." From the web site, I was directed to contact the Corporate Offices in New Jersey. I sent letters to the corporate offices, both in Japan and the United States, formally requesting an interview and/or any help possible in confirming my research findings and materials. As of May 8, 2002, no one has responded to my requests. [8]

Another limitation of the study is financial in nature. A study of this magnitude requires extensive searches for available items and interviews. Such searches for documents often require nominal fees. These fees can add up quickly. I have done my best to acquire as much material as possible given my limited funds. Last but not least, the shear amount of the information available is staggering. While this study only deals with the media aspects of the Matsushita Electric Industrial Company, this branch of the corporation alone has required that the researcher become at the very least part historian, part detective, part economist, part marketing specialist, part legal analyst, and part financier. I have had to rely upon contacts within the media industry and academia to assist me in the process of finding answers to the research questions.

---

[8] I believe that there may be several factors at work here. One may be the natural reluctance on the part of the Japanese to discuss themselves, particularly with outsiders. Further, I am not necessarily considered a person of significant importance and may be considered an impertinent outsider who has no real "right" to scrutinize Matsushita Electric Industrial (MEI). My dissertation would not be the first work to be thus ignored. See the Author's Note in Lesley Downer's work, *The Brothers: The Hidden World of Japan's Richest Family*. Part of the problem may have to do with the current recession that the Japanese are currently battling, as well as the recent Enron Scandal which has made most corporate executives reluctant to speak openly about their corporate practices. Please refer to Appendices K and L for copies of the requests that I sent to MEI.

Organization of the Study

Matsushita is one of several media conglomerates that pursues with indefatigable zeal an idealized global, corporate model. Matsushita participates in the development of technology, the disbursement of goods in a global economic market, and the amassing of wealth and power on an international scale. The main emphasis for this study is Matsushita's enormous impact on society through the development and distribution of media technology. Further, this research process has begun to analyze the role of Japanese business practices and influences on Matsushita and its role in the global economy as well as the actions and reactions of the United States in dealing with such a strong economic force.

To better examine the Matsushita story, this study is divided into chapters that emphasize a particular piece of the puzzle. Chapter two examines the use of the historical case study as a relevant method for uncovering answers to the research questions of what, how and why. Chapter three includes a brief look at Japanese history and culture in order to examine major historical events that have contributed to the development of the Japanese transnational media corporation and the Japanese work ethic. Chapter four investigates the beginning of the Matsushita Electrical Industry Company, the political and economic realities of such Japanese companies in the wake of World War I and World War II, the company's survival during the United States occupation and the following Cold War, the economic policies within the corporation, and the impetus for its growth into a transnational media conglomerate. Chapter five analyzes the ramifications of the keiretsu economic system on a global scale, the impact of Japanese business practices upon foreign companies and how they do business, especially with the United States, and the consequences of the implementation of these practices. This involves a description of the keiretsu economic system and the status of Matsushita Electric Industrial within that system, and its impact upon the development and dissemination of technology. Chapter six discloses the controversial side of Matsushita's economic success, including the charges of the dumping of goods in the United States during the 1960s, the Congressional hearings and legal indictments from the 1970s, 1980s, and 1990s, the behind the scenes negotiations, and the impact of the organized Japanese television and industry cartel and distribution tactics upon the American television manufacturing industry. Also, the chapter sheds light on the Hollywood Era of the Matsushita Electrical Company. This includes a look at the MCA/Universal purchase, what happens when a technology manufacturer decides to produce movies, and the eventual sale of the majority of MCA/Universal to the Seagram Corporation. Chapter seven concludes the study with some closing thoughts concerning the ramifications of the events and issues in the study. The chapter includes a look at the love-hate relationship between the United States and Japanese media industries and some possible trends for the future.

Summary

In one form or another, technology has always been at once, fascinating and intimidating. Much of technology is integrated into so many aspects of our lives that the race for ever newer, faster, better technology has become not only a necessity but also an obsession. The perspectives concerning the impact of technology have tended to be polarized into two extreme camps of thought. For one extreme group of scholars, technology in and of itself is benign. They hold that technology has improved the quality of human life and will continue to provide solutions for all of mankind's problems. Any problems with technology are created not by technology itself, but by those who misuse technology. For the other extreme group of scholars, technology is at the very root of all the evils that humanity has ever encountered, and for every problem that technology supposedly solves, it creates two or more problems. Given the tremendous power exercised by the transnational media conglomerate, the study of Matsushita Electric Industrial Company is extremely pertinent to the field of media studies.

It is important that we, as scholars and consumers, understand how influential the media really are. At the heart of this matter is the transnational media conglomerate. It is the transnational media conglomerate that holds sway over a myriad of decisions that affect the very essence of our lives. The transnational media conglomerate is the ultimate decision-maker concerning technologies that will be integrated into society. It has at its disposal the economic resources, the army of researchers and developers, the means of distribution of products, the advertising and public relations avenues, and the political muscle and flexibility to meet market fluctuations without the necessity of changing profit goals and/or altering its agenda. Therefore, it is important for us to focus upon those corporations that are in primary positions to make the decisions concerning media technologies. We must also keep in mind that the power of a transnational media conglomerate not only comes from the ability to decide which products will be developed, produced, and disseminated to the consumer but also the power comes from the ability to decide which products will not be developed, produced, and disseminated.

CHAPTER 2

The principle of continuity of experience means that every experience both takes up something from those which have gone before and modifies in some way the quality of those which come after.

John Dewey's Principle of Continuity

Methods and Procedures

Research is a very basic process. For the purposes of this study, research is simply the use of systematic procedures in order to find answers to questions. Social science research is more specific in that it consists of research based upon the assumptions that behavior patterns and/or reasons for behavior can be discovered or confirmed in order to develop theories to describe and to focus the study of the behaviors (Keyton, 2001). Qualitative research methods explore social phenomena by examining empirical, inductive, and interpretive evidence. Qualitative research methods tend to be sensitive to the construction of social meaning. Further, these research methods tend to rely upon the researcher to collect data and to interpret the data. Qualitative researchers recognize that everything in the communication process influences everything else, including the event, itself (Ary, Jacobs & Razavieh, 1996; Keyton, 2001). Due to the complex nature of the transnational media conglomerate, a qualitative research method is best utilized in the search for the answers to the current research questions.

Case Study Method

In order to achieve the goals of this project, a historical case study approach has been developed and used. This allowed the researcher to follow a single entity or case, Matsushita Electric Industrial Company, throughout the research process in order to discover the characteristics of the transnational media conglomerate and its impact upon the technology user. Case studies can be used to study individuals, institutions, organizations, events, issues, or other types of phenomena. In a case study, the researcher is able to analyze the subject in depth in order to understand everything about the entity (Ary, Jacobs & Razavieh, 1996; Creswell, 1994; Poindexter & McCombs, 2000; Stake, 1995). The case study approach is useful to the study of transnational media conglomerates because it is most effective when there is a wealth of information concerning the research topic and where the attention to detail is important to the research questions (Wimmer & Dominick, 1994). Since a transnational corporation is such a complex organism, every attempt has been made to limit this study to more specific and manageable boundaries.

Although case studies are important in that they provide rich details, not everything is a case. Cases are specific and complex. Developing or discovering boundaries is essential in case studies in order to give the work a frame for interpretation and meaning. Robert Stake (1995), *The Art of Case Study Research*, refers to the attempt to define limits in a case study as finding the case's "bounded system" (p. 2). Robert Yin (1994), *Case Study Research: Design and* Methods, describes the importance of a case study's completeness where boundaries are well defined. Given the complex and ever changing nature of the transnational media conglomerate, this is not as easy as it appears. For the purposes of this study, the case has been limited not only to the Matsushita Electric Industrial Company but further to the company's media technology divisions rather than to all of Matsushita's businesses and subsidiaries. Even within these defined parameters, the elements of this case study are extremely complex.

According to Robert Yin (1994), *Case Study Research: Design and Methods*, there are five general characteristics of an exemplary case study: 1) The case study must be significant where the case is unusual and of general public interest and the underlying issues are nationally important in theoretical terms, policy terms or practical terms; 2) The case study should be complete by setting boundaries and, then, demonstrating that there has been an exhaustive effort to collect data relevant to the specific case; 3) The case study must consider alternative perspectives and rival opinions; 4) The case study's content must display sufficient and compelling evidence; and, 5) The case study must be written in a clear and engaging style for the reader (pp. 147 - 152). Due to the tremendous influence that a transnational media conglomerate's wealth and power has upon the global social order, the study of Matsushita Electric Industrial Company meets these characteristics.

In a historical case study, the researcher attempts to discover all of the variables that are important in the development and the history of a phenomenon. The researcher gathers data about the phenomenon's past and present in order to show how these factors relate to one another (Ary, Jacobs & Razavieh, 1996). The case study approach allows researchers to apply general principles to specific situations and to analyze research questions in the light of important and relevant issues and events. Often, these issues are phrased as questions. Further, the case study allows researchers to identify and to comment upon relevant issues in the light of relevant theory and research (Ary, Jacobs & Razavieh, 1996; Creswell, 1994; Poindexter & McCombs, 2000; Stake, 1995). The case study is a realistic approach in coping with the numerous elements involved in complicated situations. It is also useful in evaluating the strengths and weaknesses of such cases. The case study approach has its roots in the Socratic method of teaching and is used in business, medical, library, social work, and legal studies. Due to its very nature, the case study is important in analyzing important events (Frey, Botan, Friedman & Kreps, 1992, 1991). In particular, historical case studies show how important past events have shape the present situation under study.

The first step in case study research is to describe the key events that precipitated the event or situation. The second step is to analyze the events in light of previous theory and research in order to identify common characteristics to similar cases (Frey, Botan, Friedman & Kreps, 1992, 1991). Most importantly, the case study method can be successful in suggesting why or how an event has occurred. Other research techniques may provide a severely limited means of obtaining all of the reasons behind a phenomenon (Wimmer & Dominick, 1994). The case study allows the researcher to deal with and to incorporate a wide variety of evidence into the study. The more sources that can be brought to bear on a case will, in fact, make the study more valid (Wimmer & Dominick, 1994). Validity and reliability tend to be the problematic elements of most qualitative research methods.

There are criticisms of the use of the case study method: 1) The case study often lacks scientific rigor; 2) The case study is not easily open to generalization; and, 3) The case study is time consuming and may produce tons of data that are not easily summarized (Ary, Jacobs & Razavieh, 1996; Wimmer & Dominick, 1994). In overcoming these criticisms, it is best for the researcher to use multiple sources of data in order to triangulate the material under study. In triangulation, it is important for the researcher to be alert to repeating patterns among the source materials. According to Robert Yin (1994) in his work, *Case Study Research: Design and Methods*, there are generally four types of triangulation that can be done: 1) Among date sources; 2) Among different evaluators; 3) Among theory /perspectives on the same data set; and, 4) Among methods (p.92). For the purposes of this study, triangulation is primarily among data sources. Generally, the use of multiple sources tends to help the researcher to improve the reliability and the validity of the research findings (Wimmer & Dominick, 1994). Case studies are frequently used for the primary and/or sole aim to gain knowledge (Ary, Jacobs & Razavieh, 1996). The case study is an exceptional method in understanding the development of a transnational media conglomerate, as well as the social, political and economic impact of such a powerful socializing force.

Historical Analysis

According to Frey, Botan, Friedman, and Kreps (1991), *Investigating Communication*, historical case study researchers must go beyond merely "describing and re-creating past events from documents to evaluating the reasons why the past events occurred as they did" (p.209). According to Singleton and Straits (1999), *Approaches to Social Research*, historical analysis stresses the accuracy and completeness of the description of unique and complex events (p. 376). However, such analysis moves beyond mere description "to the use of historical events and evidence to develop a generalized understanding of the social world" (Singleton & Straits, 1999, p. 376). One strategy for combining theory and history is to begin with a particular historical event and then develop and test explanations to account for the outcome of the event (Singleton & Straits, 1999). Historical analysis consists of 1) the reconstruction of past events, complete with an accurate description of what happened; 2) the application of a theory to a particular case; 3) testing the explanation of why a specific event occurred; 4) the construction of causal explanations of historical patterns in order to understand the social phenomena; and 5) the use of history to explain how and why a particular phenomena came to be (Singleton & Straits, 1999). The use of such historical analysis is a way of examining the past in order to understand the developmental process and the current status of the transnational media conglomerate.

Validity and Reliability

The strength of qualitative research is that it allows the researcher to observe phenomena under natural conditions and to take into account all of the elements impacting the phenomena rather than limiting the study to one or two variables. However, this single-minded, all-inclusive approach can also be a weakness of the research. When any type of study is conducted, the researcher must be concerned with validity and reliability. Qualitative researchers are concerned with validity and reliability even though the data are approached differently based upon the research questions of the study. This includes giving attention to the four validity tests common to all social science methods: 1) construct validity, 2) internal validity, 3) external validity, and 4) reliability. The validity of a study is the ability of that study to measure or observe what it is intended to measure or observe and whether or not those observations can be generalized to similar cases (Yin, 1994).

Construct validity involves establishing the meaningful operational measures for the concepts being studied. Internal validity involves establishing causal relationships where certain conditions are shown to lead to other conditions, while excluding spurious relationships. External validity involves establishing the extent to which a study's findings can be generalized. The reliability of a study is how accurately and consistently the study does its job and whether or not the study procedures can be repeated with the same results (Yin, 1994). In the study of Matsushita Electric Industrial, it is important to be careful with descriptions of the phenomena elements and to use multiple sources to establish construct validity. This will help to insure that the readers understand the results and/or explanations of events.

Internal validity is more difficult. In studies that are more descriptive in nature, there are no attempts to establish causal relationships. However, when inferences are made about events and their consequences, care must be taken to ensure that such inferences are accurate. This may involve different analytical strategies such as pattern-matching, explanation-building, and/or time-series analysis (Yin, 1994). Pattern-matching analysis involves looking for similar patterns among variables connected to a phenomenon. Explanation-building analysis involves analyzing the data by stipulating a set of causal links about the particular case under study. Time-series analysis is the strongest analytical strategy for case studies, in particular, and involves tracing a phenomenon and its changes over a period of time. (Yin, 1994) Given the complex nature of the transnational media conglomerate, time series analysis is a particularly useful strategy in providing a rich explanation for the complex issues and outcomes.

External validity problems are a major concern in case study research as well as the major source of criticism for such research. The major argument against case study research is its failure to generalize study findings to other cases. However, the goal of case study research is analysis of how and why a particular event and its consequences occurred. Since all events and consequences are not the same, it is a mistake to compare case study research with other research methods, such as survey research, which does try to generalize based upon a carefully selected sample of a given data universe. Although case studies do not attempt to generalize to the larger universe, they do try to generalize to the precepts of a specific theory (Yin, 1994). In this instance, technological determinism theory proceeds from the assumption that it is technology, itself, that has the greatest impact upon human socialization patterns. The providers of technology exert the greatest influence upon society. Further, technological determinism deals with the social, political, and economic effects of technology selection and use upon social systems. Social systems, in fact, are viewed as integrated functions of technologies (Ebersole, 1995; Larson, 2001; Smith & Marx, 1998; Stevenson, 1995; Winner, 1977). From a mass communication perspective, technological determinism is the most comprehensive theory to use for this study given the nature of the research questions and the complex nature of the transnational media conglomerate.

Qualitative inquiry is given to be subjective by its very nature. According to Robert Stake (1995), *The Art of Case Study Research*, "subjectivity is not seen as a failing needing to be eliminated but as an essential element of understanding" (p. 45). The researcher is in the optimal position to make decisions about which data are important to a study and which are not. Some difficulties in these types of studies occur when the researcher is unaware of personal shortcomings with regard to the data and/or when the researcher misinterprets the data. Further, case study research tends to be a time-intensive process in order to develop a true understanding of what is actually occurring (Stake, 1995). The case study researcher has an ethical responsibility to minimize misrepresentation and misunderstanding and to take the time necessary to find and support the validity of the data (Stake, 1995).

In the analysis of the data, case study researchers are trying to establish meaning. Additional data and observations may give researchers the basis for revising the interpretation(s) of data (Stake, 1995). Therefore, the case study researcher must not only be aware of personal limitations, misunderstandings and misinterpretations regarding a phenomenon but must also be open to revising previously held notions concerning that particular phenomenon. Triangulation in the analysis of sources and data plays a key role in keeping the case study valid and reliable, and providing the researcher with a framework in which to examine patterns and build explanations.

Data Collection

In order to move forward with the goals of this research, it is necessary to look at both past and present events in determining how a transnational media conglomerate is formed and maintained. As in all case studies, it is necessary to utilize source material. Such source material is important in understanding the past events so that current events can be understood in appropriate, historical context. According to Yin (1994), *Case Study Research*, there are three principles of data collection for a case study: 1) using multiple, not just single, sources of data; 2) creating a case study database; and 3) maintaining a chain of evidence (p. 79). According to Singleton and Straits (1999), "Beyond providing more or less direct evidence of historical events, documents are an important source of indicators or measures of large-scale social structural variables and processes" (p. 380).

Generally, there are two types of source materials, primary and secondary. Primary sources contain evidence from those individuals who were actually participants in the events being studied. Primary research can be drawn from newspapers, magazines, journals, government documents, conference materials, and taped broadcastings of hearings. In the case of Matsushita Electric Industrial, many of the personal writings of the founder of the corporation, Konosuke Matsushita, are available through the PHP Institute[9] in Japan. Six of these books have been translated into English: *Thoughts On Man* (1982), *Not for Bread Alone* (1983), *Quest for Prosperity* (1988), *As I See It* (1989), *Velvet Glove, Iron Fist* (1991), *and People Before Products* (1992).[10] All six of these works have been obtained for the purposes of this study. Secondary sources are mainly books that represent the work and thinking of authors who, though not directly engaged in the events, have studied events in great detail (Garraghan, 1946). Due to the enormous impact that Matsushita's management techniques have had upon the world of business and business management, many authors have written about both Konosuke Matsushita and his management style. These sources have been considered during the data collection portion of this project. It is important to note that while primary sources are preferred over secondary sources, in situations where primary sources are not available, secondary sources are acceptable. Further, some secondary sources may provide summaries and in-depth investigations of events that primary sources are unable to provide. Sources have been viewed critically in an effort to determine the

[9] The PHP Institute stands for Peace and Happiness Through Prosperity Institute.

[10] Konosuke Matsushita founded the PHP Institute during the Allied Occupation in 1946. Most people thought that the reason for the PHP Institute at that time was as a public relations gambit to save Matsushita Electric from the zaibatsu list and to gain favor with the occupying forces. During his retirement, Konosuke Matsushita saw himself as an advisor/elder statesman, dispensing knowledge to younger business leaders through the PHP Institute and its publishing and seminar offerings, the donation of scholarships and endowed chairs to universities, and a series of writings and lectures given all over the world. Although Matsushita lacked formal education, he was able to think through complex philosophical questions. Then, he would write his thoughts down. Later, with the help of employees at the PHP Institute, Matsushita was able to turn his thoughts into books. The last two books based upon Matsushita's personal writings were published after Matsushita's death. There is a probability that the books are somewhat inaccurate in their depiction of Matsushita's actual directives and the consequences of those directives. However, these are some of the only writings related directly to Matsushita that have been translated into English and are currently available. These books do provide us with some insight into Matsushita's motivations and decision-making processes in the development of Matsushita Electric Industrial Co., Ltd. as he viewed those processes to be. For that fact alone, they are valuable to this study.

authenticity, credibility, and integrity of the source(s) (Baron, 1986; Garraghan, 1946; Ginzburg, 1989; Hockett, 1955; Winks, 1968). This case study analysis will utilize both primary and secondary sources.

A concern of historical case study research is not the lack of data to be presented in a study but in the careful selection of the data that will provide a meaningful structure for the interpretation of the data (Keyton, 2001). Data collection occurs over a lengthy period of time and analysis must begin concurrently with that collection. Most data must be shifted and analyzed in relationship to the research questions. During this time, it is important to develop an organizing framework in order to make sense of the data. According to Robert Yin (1994), *Case Study Research*, one strategy for organizing data is to develop a descriptive framework, especially when dealing with descriptive studies. This framework can be seen by the organization of dissertation chapters to cover specific topics relevant to the research questions. Further the framework will help to organize the historical case study analysis. Such a descriptive approach may help to identify the appropriate causal links to be analyzed (Yin, 1994, p.104). Finally, presenting the data must be done in such a way as to make the analytical process clear to the reader (Keyton, 2001). Analyzing any conglomerate is a complex task. Social, political and economic variables are numerous and sometimes subtle rather than obvious. Further, such issues and elements are often in a state of flux. Therefore, every precaution has been taken by the researcher to ensure that both the data analysis and the reporting process are as appropriate and as thorough as possible.

Data Analysis and Results

Collected data has been sorted and arranged systematically, according to the dissertation table of contents. Since the historical case study deals with information from the past as well as the present, it is fair to assume that the chronological order of events will be of great assistance in the data sorting process. According to Bogdan and Biklin (1998), *Qualitative Research for Education*, "Analysis involves working with data, organizing them, breaking them into manageable units, synthesizing them, searching for patterns, discovering what is important and what is to be learned, and deciding what to tell others" (p. 157). Further, appropriate examples are used to represent the data in writing the results in order to illustrate and substantiate any assertions made by the researcher (Bogdan & Biklin, 1998). Data analysis is as thorough as possible, given the limitations of the study.

Analyzing the data is often the hardest part of the historical case study. The researcher may later find it necessary to revise the study statements and/or analyze a second case in order to see if the characteristics described hold true in other cases. Historical events, in particular, are subject to multiple, plausible, valid interpretations, depending upon the focus of the researcher(s) (Singleton & Straits, 1999). Therefore, it is important for the historical researcher to look at plausible rival interpretations of events and to critically evaluate these explanations in light of the evidence in order to compare their credibility and/or plausibility (Singleton & Straits, 1999). Such refinements make take years and numerous studies to ensure that a complete and satisfactory answer has been achieved (Wimmer & Dominick, 1994).

According to Joann Keyton (2001), *Communication Research*, there are seven criteria to judge the adequacy of the written case study report: 1) The description and analyses of the data should be continuously revised to consider its accuracy and exactness in order to eliminate ambiguity; 2) The writing should be economical so that it forces the reader to make the minimum number of assumptions; 3) It is important for the researcher to use a written format or style that will enable the reader to follow the analysis; 4) The descriptions and analyses should be consistent with other research; 5) The writing should be unified and organized in order to provide a comprehensive framework for the results; 6) The written report must explain as much of the data in as complete and comprehensive a way as possible; and, 7) The description should suggest new study opportunities and insights into explaining the interactive relationships of the phenomenon (pp. 341-342).

In reporting the results of the study, it may be necessary to approach the data so that the researcher follows a development pattern conducive to the phenomenon (Glesne & Peshkin, 1992). The characteristics of the transnational media conglomerate follow a natural chronological order or pattern from the beginnings of the parent corporation until its present multinational status. Historical analysis provides the best method for analyzing the events during the passage of time that are critical to the development of the phenomenon under study.

Summary

Due to the complexities and the uniqueness of the transnational media conglomerate, the historical case study research method is most appropriate to the current research questions. From the information gleaned from this research, we can begin to identify those characteristics and the interrelationships among the various elements of the transnational media conglomerate. This includes the impact of the transnational media conglomerate upon the social, political, and economic systems in which it operates. Most importantly, we will begin to understand the effects of the transnational media conglomerate upon the individual consumer, particularly upon the consumer's perception of himself in the world and upon larger issues involving the social construction of reality.

CHAPTER 3

KEIKI O SHIRU TO IU KOTO – To "know the prevailing conditions" means to make the decisions as how best to move one's own troops and which strategy to use in conflicts involving a large number of people; knowing whether or not the spirits of the opponents are waning, knowing the psychology of the opponents' troops, having a grasp of the prevailing conditions of the site of conflict, and observing the conditions of the opponents.

Miyamoto Musashi, The Book of Five Rings

Japanese History and Culture

Historical events, whether big or small, often have compelling and far-reaching consequences. According to Gilbert Garraghan (1946), *A Guide to Historical Method*, historical events have shaped our contemporary society into its present form:

> It may be said that all facts are historically significant which have impressed themselves on the contemporary world in some marked or effective way. Their significance is therefore all the more obvious if they are seen to have helped make the existing world what it is. Contemporary civilization is the inconceivably complex, many-sided outcome of an infinity of circumstances and conditions operating in a causal way in the past. (p. 9)

This is also true of Japanese society and culture. Japan has a very fascinating and complicated history. The fact that such a small nation with very little habitable land mass, no abundance of natural resources, and a dense population with all the problems that entails, has risen to become a global economic power in a relatively short period of time is incredible. This is especially true given Japan's social, political, and economic state of affairs after its almost total decimation at the end of World War II. Since few other counties in the world have ever recovered so quickly from such devastating incidents, it is incumbent upon us to study a few of the major events in Japanese history to understand how this social, political, and economic miracle occurred and what the impact of these historical events may play in the development of Japanese corporate and technological developments.

A Brief Look at Key Historical Events

Most scholars agree that the unification of Japanese political and social factions into a single state, beginning in the late Sekigahara period, was a major factor in the development of modern Japanese society (Garon, 1997; Gluck, 1985; Hane, 1996; Jansen, 200; Miyashita & Russell, 1996). Although Japan is a much more diverse place than is easily recognized by outsiders, the overall balance between the diverse segments of Japanese society is held in check by opposing social and economic forces which keep the population fairly unified in its approaches to the outside world (Sugimoto, 1997). For the purposes of this study, we are concerned with the time period that began with the unification of Japan into a nation that would later become an economic world power.

From 1600 to 1868, the Tokugawa or Edo regime, ruled by Tokugawa Ieyasu, was able to unify all of the small groups of Japanese citizens into something of a nation state after centuries of anarchy and internal war. Although the Tokugawa regime was feudal in nature, it was also centralized, efficient, and organized. In most ways, the Japanese during this time greatly resembled their European counterparts in that Tokugawa Ieyasu ruled as the emperor with other shoguns, or lords, underneath him. The shoguns ruled over divided areas across Japan and were kept in power through the use of groups of samurai warriors. Peasants worked the fields and performed other necessary economic and social duties (Bix, 2000; Clough, 1999; Eisenstadt, 1996; Garon, 1997; Gluck, 1985; Ito, 1992; Jansen, 2000).

As influences from other religions and economic and political cultures began to enter Japan from other countries, the shoguns, for a brief period, outlawed such ideologies and killed foreigners who set foot on Japanese soil. Such influences were seen as a threat to Japanese centralized authority. This particular brand of isolationism would not last long. During this same time, the Japanese had military clashes with both the Chinese and the Koreans. The lure of Chinese goods and Korean wealth was too strong for the Japanese to dismiss. Further, information from foreign traders was of the utmost importance to the Japanese leadership (Clough, 1999; Jansen, 2000). Spanish, Dutch, Portuguese, and British ships landed upon Japanese soil with the expressed intention of developing trade agreements. However, some of these agreements were entered into with misgivings and reservations due to the ideological clashes between the Japanese and foreign missionaries who inevitably came with such ships to look after the economic and religious interests of the Roman Catholic Church. At various times, most of these foreign traders were at war with one another. These external conflicts made the Japanese even more suspicious of foreign motives for trade. While the Japanese were not against trade with foreigners, they did not wish to be proselytized or have their authority and culture undermined (Garon, 1997; Jansen, 2000).

Although internal court intrigues, betrayals, and conflicts were common occurrences throughout Japanese history, the shogunate system of government later made the political, economic, and social change of Japan from an absolute, militaristic society into an economic power much easier. This policy of isolation strengthen the hold of the shogunate system over the Japanese people but it also weakened the military in that it could not keep up with the changes occurring in the outside world (Eisenstadt, 1996; Jansen, 2000). This distrust of foreigners continues even today. But, this attitude also, at times, left the Japanese in something of a struggle to catch up with the western world.

The decades that followed brought civil unrest, natural disasters, and, above all, change. Different leaders tried to follow new policies and reforms, only to be thwarted by political infighting and outward pressures for trade and access. Japan began to develop its own economic system that was fraught with highs and lows. Foreigners were alternately welcomed and dismissed from Japanese soil. In the meantime, the lure of trade with China and the lust for Chinese goods had made that region of the world a prime target for foreign powers. The British through military invasion had forced China to accept its terms for trade. Japan had to come to terms with the fact that it could not withstand an invasion from outside forces, particularly after watching China fall and seeing the power of the new steamships from the west. The Japanese were worried about facing a similar invasion from the British (Bix, 2000; Clough, 1999; Eisenstadt, 1996; Jansen, 2000; Miyashita & Russell, 1996). However, the British, having established quite a claim in China, were happy to let someone else open trade talks with Japan. This was a time of U.S. imperialism and expansion, as well.

U.S. Captain James Biddle came to Japan in 1846 and landed at Edo Bay. The Japanese explained that all foreign relations were handled at Nagasaki and refused to see the American envoy. Biddle, having no authorization to use military force, left Japan. Then, the assignment to open trade with Japan was given to Admiral Matthew Perry. The Perry expedition of 1853 was much more carefully prepared. Perry's mission was three-fold. He came to Japan to investigate the treatment of sailors from U.S. whaling ships who were shipwrecked on Japanese shores, to establish trade routes and treaties with the Japanese, and to find a way to help curb the influx of opium from China into the U.S. To accomplish his goals, Perry took the time to learn all that he could about the Japanese and their customs. It was his intention to deal only with the top Japanese leaders and to show that he would not be dismissed in the way that Biddle had been. Perry's methods proved effective. The Japanese lords knew that they could not win a battle against Perry and his magnificent, modern fleet. Further, China had always been something of an enemy of Japan. So, the lords decided to join forces with Perry against the Chinese in the Opium War (Bix, 2000; Clough, 1999; Eisenstadt, 1996; Jansen, 2000; Miyashita & Russell, 1996).

Shortly after reaching trade agreements with both Matthew Perry and, later, U.S. envoy, Townsend Harris, the Tokugawa regime finally fell in the face of changing times, economic difficulties, Shinto nationalism, and the influence of foreign ideas, particularly proimperial ideology (Bix, 2000; Hane, 1996; Jansen 2000). Seven hundred years of warrior rule was over, leaving a political vacuum in its wake.

The Japanese realized that they could not continue their isolation from the outside world. They began to trade with the hated foreigners and to help in any way that they could to defeat the Chinese during the Opium War 1838 - 1842. However, that still left the enormous task of rebuilding Japanese sovereignty. The major goal of the new government was to gain power and strength in order to stand as equal, global partners with those nations that had surrounded Japan and threatened its sovereignty. This set the stage for the beginning of Meiji Restoration, the Restoration of the Old Imperial Rule, on January 3, 1868 (Bix, 2000; Hane, 1996; Ito, 1992; Miyashita & Russell, 1996). Although the Restoration War continued until the spring of 1869, this event is particularly important to the Japanese in that the restoration of the imperial court to power set Japan on the course of one of the greatest economic and military buildups than they had ever known (Hane, 1996; Jansen, 2000).

The Japanese essentially returned to a redefined version of the shogunate and royal court hierarchy, complete with the emperor at the top. But, instead of ruling with a sword, the new version of samurai would rule with political and bureaucratic expertise (Hane, 1996; Jansen, 2000; Miyashita & Russell, 1996). The Japanese began to practice centralization and institutional innovation in order to rebuild their society into a modern nation (Hane, 1996; Jansen, 2000; Miyashita & Russell, 1996). Japanese leaders began to make trips to the west to see their adversaries for themselves. They also began to send their sons overseas to learn the ways of the westerners who seemed bent on colonizing the entire world. Because Japan was, and is, an island country with few natural resources, the Japanese government was particularly interested in developing its economic and militaristic future. Students who were sent overseas saw that wealth of some nations was concentrated in the hands of a certain few families such as the Rothschilds, Rockefellers, and Morgans. As Japan was in transition from its former shogunate economic and social system into an industrial nation, this western economic hierarchy, dominated by a few wealthy families, seemed familiar to the Japanese (Hane, 1996; Jansen, 2000; Miyashita & Russell, 1996). Much like the robber barons of the 19th century in the United States, ruling families in Japan had always controlled the shogunate, the bureaucracy, and most Japanese businesses.

As new information and technology was pouring in from the west, Japan began to develop its new, more modern military to fend off possible invaders, particularly its old adversaries, Russia, China, and Korea. Older, established Japanese families that had managed to preserve their fortunes and social status began to implement new economic ideas in order to maintain their fortunes and consolidate their power. The Japanese government continued to build its military might, particularly its navy, in order to expand its sphere of influence and to accomplish its own colonization plans (Eisenstadt, 1996; Miyashita & Russell, 1996; Pepper, Janow & Wheeler, 1985; Tamamoto, 1999). Unfortunately, this military buildup began to lead the Japanese down a path that would later bring Japan to the brink of total destruction.

In 1889, Japan became a constitutional monarchy. The ideology of global imperialism completely took hold in Japan. This philosophical and cultural melding combined with limited natural resources set the stage for Japan's later invasions of China, Southeast Asia, and Micronesia. It was during these uncertain times that the Meiji Period was born. Japan tested its military prowess during the First Sino-Japanese War of 1894-1895 and Russo-Japanese War of 1904-1905. Japan engaged in such skirmishes over the next several decades, conquering much of Southeast Asia.

As a result of the economic, political, and cultural changes, wealthy families began to expand and to develop a new form of aristocracy in Japan based upon financial cliques or "zaibatsu." A zaibatsu was a diverse group of large industries controlled by a central holding company which was in turn controlled either by a single family or a combination of business owners (Jansen, 2000; Kearns, 1992; Miyashita & Russell, 1996). Most of the zaibatsu were started in the early years around the turn of the century and grew to prominence around World War I. This concentration of industry in the hands of a few families allowed even tighter economic ties to a more centralized government. Four of these groups stood out and have fascinating histories all their own - Mitsui, Mitsubishi, Sumitomo, and Yasuda (Jansen, 2000; Kearns, 1992; Miyashita & Russell, 1996). A fifth group became prominent because of its founder's development of the Tokyo Stock Exchange, the Dai-Ichi Bank, and the Bank of Japan. The name of this group is Shibusawa, although it was never quite as powerful as the other groups (Jansen, 2000; Kearns, 1992; Miyashita & Russell, 1996). All five zaibatsu were very influential in setting up the Big Six Industrial Groups of Japan.

It was during World War I that the zaibatsu began to come into their own in terms of global impact. Before this time, the family-controlled companies were rather small compared to similar western concerns. After the onset of World War I, Japan found itself in the unique position of supplying ships and goods to the Allies. This chain of events lead to Japan's entry and rapid growth in international trade. The zaibatsu diversified their holdings and garnered fortunes. As with all wealthy individuals or entities, the zaibatsu wanted to keep their wealth and began to collectively close ranks against rivals. The emperor and government, in the meantime, wanted the industrialization that the zaibatsu could provide in the efforts to colonize areas in China and Southeast Asia. Although the zaibatsu had enthusiastically helped with colonization plans in the past, the zaibatsu wanted to maintain their economic strongholds and were becoming more conservative and less willing to take such economic risks. This was especially true when the Depression hit Japan, beginning with a banking crisis in 1927 and continuing into the 1930s, along with the collapse of the international silk market (Jansen, 2000; Katz, 1998). During World War I, zaibatsu fortunes had been made by staying out of war, not by participating in it.

The zaibatsu began to use their political influence to slow down military expansion. Before they knew it, they were being accused from all sides of being corrupt and unpatriotic. Violence began to break out and one senior level member of the textile manufacturer and department store chain zaibatsu, Mitsui, Baron Takuma Dan, was murdered in 1932 (Hewins, 1967). The older zaibatsu began to proclaim their patriotism and, at least, pay lip service to military involvement in China, particularly during the Second Sino-Japanese War that broke out in 1937. But the military, disgusted with the old regime, gave "new" zaibatsu such as Nippon Sanyo, Nissan, Hitachi, and others a chance to prove their loyalty and provided them with economic opportunities. These new companies, however, were still lightweights when it came to the heavy industry that the older zaibatsu could provide. The older zaibatsu geared up for heavy manufacturing needed by the military and merged and closed ranks to protect themselves from the new competition (Bix, 2000; Jansen, 2000; Miyashita & Russell, 1996).

Although, a war without the help of the original big four zaibatsu was unthinkable, the Japanese military viewed these companies as enemies and tried to strike back at them. At the same time, however, the military had no choice but to order more and more equipment from these heavy industry manufacturers. The government passed several laws to limit the power of the zaibatsu, including the Industries Control Law in which industries would be controlled by associations or cartels that were designed to fix production levels, set prices, and limit new entrants into the market. The Ministry of Commerce and Industry, the predecessor of the Ministry of International Trade and Industry, had veto power over investments and price control measures. The Ministry of Commerce and Industry also had control over imports and foreign exchanges and was able to force foreigners, including Ford and GM, out of business in Japan. Further, these intricate associations set up a legally binding, though hands-off, control of private businesses by the Japanese government. The Ministry of International Trade and Industry would continue these policies and wield this control until 1964 (Frank, 1999; Katz, 1998). Many of these early associations and business relations and attitudes are still prevalent within the Japanese industrial hierarchy. The early attempts and successes to colonize parts of Asia led to visions of colonizing the eastern half of the world, while the Germany of Hitler began to colonize the west. This eventually led to the downfall of the Japanese military and to the hardships faced by the Japanese people, society, and culture.

The war in China did not go as well as the Japanese had hoped. Instead of complete victory, the Japanese were left in the curious position of having won several major battles but of having little or no means of making the permanent changes necessary to colonize the region. Further, the rest of the world was gearing up for a war of its own. The Russians had long been an enemy of the Japanese. So, when Hitler and Stalin made a non-aggression agreement, the Japanese were concerned that Russia might be assisted by Germany in invading parts of Asia. When Hitler changed his mind and attacked Russia, the Japanese believed that an agreement with the Germans would give them the extra military strength that they needed to become the dominant power in Asia, not to mention they felt that they could use the agreement as leverage against the Americans in an effort to make the foreigners think twice about trying to dominate the Japanese sphere of influence and trade. Unfortunately, the Allies saw such an agreement as a threat to their own interests in Asia. Great Britain was especially upset over its loss of trade in China and was concerned over its holdings in the Pacific, Australia, and New Zealand.

The Japanese began to blame its failure to end the Second Sino-Japanese War on interference from the United States and Great Britain in the form of giving aid to the Chinese. According to Marius Jansen (2000), *The Making of Modern Japan*, "Japan's decision for war was made with the forebodings of possible destruction, but was justified on the grounds that acquiescence to the American requirements for trade would undo the efforts of generations who had pursued the dreams of national greatness" (p. 640). The failure of the Japanese and the Americans to reach an agreement combined with the distrust and dislike of things Anglo-Saxon, made war between the U.S. and Japan inevitable. Since it became obvious that talks with Washington were hopeless in lifting the economic sanctions against Japan, the Japanese fleet began preparations to bomb Pearl Harbor (Craft, 1999; Frank, 1999; Jansen, 2000; Jellison, 1999; Norris, Arkin & Burr, 2000). Although Japan had many victories during the first months of the World War II, its ultimate defeat has been well documented. However, the defeat of Japan also gave the Japanese people a chance to rebuild their society based upon a thriving economy instead of military might.

Occupation forces under the direction of the Supreme Commander of the Allied Powers, General Douglas Mac Arthur, moved into Japan and began to dismantle the Meiji government and certain aspects of Japanese society, starting with the Japanese military. In fact, this was much easier to do than any of the Allies thought because of the scorn that the Japanese people had for their defeated military. The military had failed to protect them from invasion by foreigners. Therefore, the military was made a scapegoat for both the Japanese defeat and the hardships faced by the Japanese people during the years after the war (Bix, 2000; Jansen, 2000; Miyashita & Russell, 1996). Although the emperor was forced to publicly denounce his divinity, the actual office of emperor was spared because it was thought that Hirohito's presence would further the goals of the Occupation, make the changes go much more smoothly, and keep the Japanese people from rioting (Jansen, 2000).

Before the U.S. Occupation of Japan after World War II, most of Japan's resources and heavy industries were controlled almost exclusively by the big four zaibatsu. The Allies blamed these zaibatsu for Japanese successes during the war and for keeping the war going in order to make enormous profits. The Basic Directive from the Joint Chiefs of Staff instructed General Douglas MacArthur to dissolve the Japanese military and large Japanese banking and industrial concerns. Because most of the concerns were held by family owned holding companies and because most family members set on several of the boards of many of the subsidiaries, this was easier said than done. After analyzing the problem, MacArthur ordered fifteen of the largest zaibatsu to freeze all of their assets for inventory and reallocation. Then, he ordered a purge of all top management positions in both the parent companies and the subsidiaries and forbade family members to hold posts or offices in their former zaibatsu. Fifty-six designated families were ordered to give up not only their positions and titles in the zaibatsu but a great deal of their personal assets as well (Miyashita & Russell, 1996). According to Jansen (2000), there were plans for the disbanding of approximately 1,200 firms. That targeted number was reduced to 325. In the end, only 28 were actually dismantled. Although the Japanese people did not like the holding company system, they felt that this dismantlement was going too far. The Japanese did not feel that senior corporate managers and respected family members should be made to suffer because of the misguided goals of the Japanese military (Bix, 2000; Hane, 1996; Jansen, 2000; Miyashita & Russell, 1996). The Japanese cooperated with the U.S. officials to their faces but, then, ignored the directives that were felt to be too harsh. As a result, the real economic talent that had made Japan economical strong in the first place remained intact.

The Japanese legislature, under pressure from the U.S., passed the Antimonopoly Law in April of 1947. The law made holding companies illegal so that former zaibatsu companies could become independent businesses. However, most of the old zaibatsu companies wanted to stick together. The real power behind earlier Japanese economic success was not in the holding company or the owners of the zaibatsu but in the personal relationships and sense of loyalty to the corporate identity that had developed over time. The true power lay in the employees and their willingness to back the corporations (Bix, 2000; Hane, 1996; Jansen, 2000; Miyashita & Russell, 1996; Pepper, Janow & Wheeler, 1985). When a company's executives were purged, it simply made way for new executives, steeped in the firm's traditions, to take over. Not to mention, this was a very trying time for the Japanese. People were hungry, homeless, and jobless. Many wanted to cling to some form of stability that they understood. Washington, for its part, began to overlook Japanese wartime aggressions with the beginning of the Cold War. Furthermore, Japan had very strategic advantages in terms of keeping an eye on the communist countries and cold war enemies Korea, Vietnam, China, and Russia. The U.S. decided to offer the Japanese aid and assistance in return for the right to open and operate military bases in strategic locations in the Pacific.

Official occupation ended in April of 1952. The zaibatsu began picking up the pieces and reorganizing both themselves and their groups. The Ministry of International Trade and Industry began to call for unity and even paired up manufacturers and trading concerns when manufacturers had no outlet for exporting goods. For all intents and purposes, many of the former cartels were still in place and operating (Katz, 1998). Banks, industries, and trading companies began to cooperate, lend money and credit, and even purchase stock in each other which led to even more loyalty and hard-to-break ties ((Bix, 2000; Hane, 1996; Jansen, 2000; Miyashita & Russell, 1996; Pepper, Janow & Wheeler, 1985). The result was that once again the resourceful Japanese began to redefine and to reintroduce a stable economic system based upon their old economic system. But first, Japan had to rebuild its cities and give its people hope for a better future.

The New Era

Between 1946 and 1953, the Japanese government under the leadership of Prime Minister Yoshida Shigeru, began the arduous task of rebuilding Japan. Yoshida worked to implement land reforms and generate economic recovery. The U.S., in the meantime, became embroiled in the Korean conflict. That conflict escalated into war in 1950 and Japan was called upon to supply materials to the U.S. for the war effort. This turn of events actually helped to make Japan's economy strong by increasing

Japanese exports. It also helped to conclude a peace treaty and a mutual defense treaty with the U.S. (Bix, 2000; Hane, 1996; Jansen, 2000; Miyashita & Russell, 1996; Pepper, Janow & Wheeler, 1985). From 1954 to 1972, the Japanese economy flourished. Using its prewar industrial base, the Japanese began importing technology and made economic development the main focus of its rebuilding efforts. Through the Ministry of International Trade and Industry, labor, resources, and investment capital were poured into those industries where growth and stability were the greatest (Katz, 1998; Jansen, 2000). By the early 1970s, Japanese industries began to rival those of the other world powers, particularly in the areas of manufacturing ships, cars, steel, and electronic equipment. Many of these corporations had overseas subsidiaries and operated as transnational conglomerates. Japan had pulled itself back from the brink of disaster.

Throughout the 1970s and early 1980s, the Japanese economy was strong and the global corporations were at their height in popularity and economic prosperity. The problem was that the direction of this economic prosperity had only one way to go from there and that was down. In short, the bubble burst. During the late 1980s and throughout the 1990s, many Japanese corporations have had to struggle to maintain their economic advances (Katz, 1998; Schlesinger, 1999). Poor investment strategies combined with the overextension of capital and resources, as well as legal entanglements, have led many of the corporations to post tremendous losses in recent years. For the Japanese, the search is on again to once more find creative solutions to economic woes that will return Japan to its past economic glory.

Japanese Ideology

No discussion of Japanese history would be complete without mentioning Japanese ideology. Ideology is intricately woven into the very fabric of everyday life and belief in Japan. Much has been made in recent years of the Protestant Work Ethic and its contribution to the wealth and prestige of corporate America. In Japan, ideology is also a combined religious, social, economic, and political enterprise. Confucianism was imposed as the official ideology during the Tokugawa shogunate (Hane, 1996; Jansen, 2000). According to T. R. Reid (1999), *Confucius Lives Next Door,* East Asians not only agree on their core values but they also agree that these values tend to come from Confucius. Confucius taught that all individuals should strive for success in this life for both themselves and their descendants. Families that worked hard, cultivated morals, pursued education, saved, and took advantage of market opportunities could expect to improve their social standing and lives, in general (Hane, 1999; Jansen, 2000; Reid, 1999; Morris-Suzuki, 1998). Over the centuries, much of Confucius' teachings have been restructured and reused in more modern Japanese belief settings.

According to Carol Gluck (1985), *Japan's Modern Myths: Ideology in the Late Meiji Period*, ideology in Japan extends far beyond any mere personal observance between the individual and his/her god:

> From the time that Japan began its deliberate pursuit of civilization in the mid-nineteenth century, ideology appeared as a conscious enterprise, a perpetual civic concern, an affair, indeed, of state. Even as the exigencies of institutional transformation were met in the years following the Restoration of 1868, Japanese leaders expressed their sense that institutions alone were insufficient to secure the nation. It was not enough that the polity be centralized, the

> economy developed, social classes rearranged, international recognition striven for - the people must also be influenced, their minds and hearts made one. (p. 3)

Much of this philosophical thought has been called tennōsei ideology. According to some scholars, tennōsei ideology grew out of the Meiji Restoration of 1868, more specifically, under the tenants of the Meiji Constitution that was passed in 1889 (Garon, 1997; Gluck, 1985; Morris-Suzuki, 1998). The Restoration was as much in response to limit the effects of outside influences as it was an attempt to centralize authority within Japan. It has been said that the Meiji government developed this ideology in order to legitimize itself and its modern reform policies.

The use of ideology served as a way to indoctrinate the Japanese people in order to bring about their cooperation with the government's extensive economic development and expansionistic plans. Essentially, a state orthodoxy was developed that centered around the figure of the emperor and included patriotism, loyalty to the emperor and his officials, and extolled the virtues of diligence and thrift (Garon, 1997; Gluck, 1985). The ideology was rigid enough to prevent opposition by equating dissent with disloyalty and treason, while being flexible enough to shape its tenants to fit the prevailing social, political, and economic concerns. Submissiveness or obedience to authority was mandatory (Gluck, 1985). Since many social institutions were highly centralized, such as school systems, State Shinto shrines, and organized associations, it was relatively easy to instill this ideology in the Japanese people (Garon, 1997). Further, fear of influences from without contributed to the rapid rise of this nationalistic identity.

Other scholars have suggested a late-developer hypothesis with regards to Japan. The theory states that Japan, as a late developing country, could not achieve a suitable amount of political integration and industrialization at the earlier stages of its economic development. Therefore, the Japanese government devised an organization strategy of "catch-up" industrialization where some elements of Japanese tradition were preserved while newly formed bureaucracies performed the necessary work to promote progress (Sugimoto, 1997). Another theory, suggests that like the Protestant Work Ethic, there is Confucius Capitalism at work in which obedience and selfless devotion leads to rapid economic growth (Sugimoto, 1997). Further, according to Herbert Bix (2001), *Hirohito and the Making of Modern Japan*, the younger generations of Japanese, since the 1970s, have been brought up in a company-centered, economic society. Rather than being loyal to the emperor, these young people are loyal to the company, identify with the company, tend to distrust the government, and affirm the values of capitalism and democracy (p.669). This type of integration of religious beliefs, economic practices, and social concerns is a key factor in the economic development and stability of Japan. Indoctrination begins early in Japan, during elementary school, and continues into all aspects of Japanese life.

Summary

As so much of Japanese business practices seem to be bound by history, tradition, and culture, it is of great benefit to learn as much as possible about such practices. Much of Japanese philosophy, as well as Confucius and the Shinto religion, is incorporated into Japanese business practices. One of the resources to hit American bookstores on Japanese philosophy is *The Book of Five Rings* by Miyamoto Musashi. Musashi was born in 1584 at the start of the unification of Japan by the Tonugawa. His philosophies of war form the basis for some Japanese business ideas and strategies. Although this work was originally written to educate soldiers on the art of war, part of this philosophy includes specific statements about the work ethic - do not harbor sinister designs; be diligent; cultivate wide interests in the arts; know a variety of occupations; be discreet, especially in business dealings; learn to perceive truth in all matters; try to perceive things not seen; do not be negligent in matters, no matter how trivial; and, do not participate in useless activities (Musashi, 1982). Such philosophical ideas have a great impact on the way the Japanese do business.

Because it has amassed great wealth in the past few decades, Japan has earned the role that it has always sought as an agent of great influence, particularly with multilateral institutions such as the United Nations, the World Bank, the International Monetary fund, the General Agreement on Tariffs and Trade, and the Organization for Economic Cooperation and Development. Japan as a whole is especially concentrating its influence in dealing with the rest of Asia (Lincoln, 1993). As we see constantly in our own U.S. news, Japan and Japanese companies are consistently monitored with regards to financing and international trade.

CHAPTER 4

Recognizing our responsibilities as industrialists, we will devote ourselves to the progress and development of society and the well being of people through our business activities, thereby enhancing the quality of life throughout the world.

Konosuke Matsushita, Founder, Matsushita Electric Industrial Co., Ltd. of Osaka, Japan, 1929 Basic Management Objective

The dream of every leader, whether a tyrannical despot or a benign prophet, is to regulate the behavior of his people.

Colin Blakemore, Mechanics of the Mind

Matsushita Electric Industrial Co., Ltd.

Much has been written about Japanese business acumen. In fact, many of Japan's greatest achievements seem to be manifest, at least as reported by the media, in the processes of conducting business. Many areas of strength in particular appear to include long-term thinking, planning, leadership, and investment choices. But, ultimately, we must recognize that such economic achievements and ultimate prosperity are accomplished through the visions, efforts, and energies of various unique individuals. One such individual was Konosuke Matsushita. Matsushita rose from childhood poverty to build a gigantic transnational conglomerate. Through tireless effort, Matsushita was a key player during the rebuilding of Japan after World War II. He made great marks upon business leadership, business management, and business strategies worldwide. Matsushita was able to motivate large groups of individuals to try new ideas when other business leaders could not. Although he was known to yell at his subordinates and to be, at times, cold and distant to his loved ones, Matsushita has become one of the most revered figures in contemporary

Japanese history. Known in Japan as the god of management, his legacy and ideology live on through the many writings and books accomplished during his retirement years, the Matsushita Institute of Government and Management, the PHP Institute, the sponsorships of cultural and athletic events, the funding of scholarships and endowed chairs to universities worldwide, including Harvard, Massachusetts Institute of Technology, and Stanford University, and the development of the Japan Prize, Japan's equivalent of the Nobel Peace Prize. It is through these activities that we are able to learn about Matsushita, the man.

Much of the information in this chapter has been gleaned from Konosuke Matsushita's (1988) autobiography, *Quest for Prosperity,* John Kotter's (1997) book, *Matsushita Leadership,* and Rowland Gould's (1970) book, *The Matsushita Phenomenon. Quest for Prosperity* was complied from reports written for the Matsushita Company Bulletin between 1934 and 1976. Therefore, the autobiography is a compilation of contemporary publications rather than written solely from Matsushita's memory in later years. Most of this work was actually published in the 1930s and 1940s. It should be noted that Kotter states in "A Comment on Sources" section of his book (p.251) that Matsushita's autobiography served as the major foundation of his work as well, since Konosuke Matsushita died before Kotter's writing began. Gould, on the other hand, was able to interview and to gain assistance from Konosuke Matsushita, personally. However, *The Matsushita Phenomenon* concentrates almost solely upon Matsushita's management philosophy. In any case, these three works appear to be the most definitive publications available concerning the early history of both Konosuke Matsushita and the beginnings of the Matsushita Electric Industrial Company.

Konosuke Matsushita

Konosuke Matsushita was born on November 27, 1894 in a farm village of Wasamura in the southern region of Japan, near Osaka. His father, Masakusu, was born in 1855 and his mother, Tokue Shimamoto, was born in 1856. They married in 1874. Konosuke was the youngest of eight children, two brothers and five sisters. The Matsushita family owned a 150-acre farm and was considered somewhat affluent by community standards. The farm was actually worked by tenant farmers while Masakusu spent a good deal of his time participating in local politics. Konosuke, by all accounts, had a very active and normal childhood (Koren, 1990; Kotter, 1997; Matsushita, 1988; Weston, 1999). However, all of that changed after the Sino-Japanese War in 1895.

Japanese victories and influences from the outside world caused a surge in Japanese nationalism and the desire of the Japanese people to carve a niche for themselves as players in the international sphere. Part of this move included a shift away from agriculture toward industrialization. To further these goals, the Japanese government encouraged local enterprises. A rice exchange market was formed in Wasamura and speculation ensued (Matsushita, 1988). Unfortunately, the Japanese economy was unstable and the Matsushita family fortune was wiped out due to over speculation by Konosuke's father, Masakusu (Hewins, 1967; Koren, 1990; Kotter, 1997; Matsushita, 1988; Weston, 1999). The family was forced to leave Wasamura and moved to a cramped tenement house in the city of Wakayama.

Masakusu Matsushita opened a shop that sold wooden clogs or shoes called geta. Konosuke was four at the time. The business did not last long and the family's financial difficulties grew worse. In 1901, Konosuke entered primary school. That same year, three of the older children died, both brothers and an older sister. The impact of these personal losses affected Konosuke very much even though he was still very young (Kotter, 1997; Matsushita, 1988). In 1902, his father left the family in Wakayama to find work in Osaka and, finally, got a job at a private school for the dumb and blind. From his earnings, he sent money home to his family.

At the age of nine, Konosuke was summoned to Osaka to be apprenticed to a dealer of charcoal room heaters or hibachi. In the meantime, the Russo-Japanese War began. The hibachi dealer decided to eliminate the retail part of the business and concentrate on manufacturing hibachis. This change included the move to a less expensive location away from the center of Osaka (Kotter, 1997; Matsushita, 1988). As a result, Konosuke was no longer needed and was quickly apprenticed to another man, Otokichi Godai, who was about to open a bicycle shop.

Otokichi Godai was the younger brother of Gohei Godai, the founder of the school were Masakusu worked. Bicycles were relatively novel at the time and considered a luxury item of the rich. Further, they were made in the United States and Great Britain and imported to Japan. Konosuke mastered the art of bicycle riding and repair, at a time when bicycle parts had to be made by hand. Apprentices were expected to work hard, long hours every day in return for food, board, clothing, and a small amount of money. Further, Konosuke was taught proper language and manners to get along socially and in business. The mainstay of his on-the-job education was very pragmatic and focused upon learning about costs, customers, and merchandizing (Kotter, 1997). Bicycle racing became popular and Konosuke entered and won several races until a racing accident, in which he broke his collarbone, effectively ended his racing ambitions (Kotter, 1997; Matsushita, 1988; Weston, 1999). The bicycle business began to thrive and grow. Before long, bicycles became one of the main means of transportation in Japan.

It was during this time that Konosuke began to show signs of the future business genius that he would later become. Although he never related much of his apprentice years to anyone, in his autobiography (1988), *Quest for Prosperity*, Konosuke Matsushita related several personal stories that occurred during his apprenticeships and taught him a great deal about business and human behavior. One was a story about an incident that occurred when he was working for the hibachi dealer. According to Matsushita, he was playing a game of tops with other children while carrying his master's child on his back when he accidentally dropped the infant. The child began to cry and would not stop. Panicked, Konosuke ran to a nearby candy store and purchased a sweet for the child. The sweet calmed the child but it came at a high price. The candy had cost Konosuke about the equivalent of three days wages. When he returned to his master and related the incident, the master was sympathetic but never paid Konosuke for the candy.

Konosuke also had an early business idea that gained him some extra money and praise from the bicycle shop's customers. One of his tasks as an apprentice was to run errands for customers. This included going to a nearby store to purchase cigarettes. It occurred to Matsushita that if he stocked cigarettes, then he would not have to interrupt his bicycle work to run to the store. Further, with the purchase of twenty packs of cigarettes, he received one pack free (Kotter, 1997; Matsushita, 1988). So, not only was Matsushita able to supply customers with the requested cigarettes but he began to garner a little profit on the side of his apprentice work as well as began to learn the art of salesmanship and customer satisfaction.

Another story that Matsushita was willing to relate involved a fellow apprentice. Apparently, this apprentice was young but very intelligent. He was one of the master's favorite workers and had made himself quite useful in the bicycle shop. However, for some reason, the apprentice would steal things from the shop, sell them, and pocket the money. When the master found out, he was troubled but inclined to forgive the boy after a good scolding. Matsushita was outraged. He went to Master Godai and, in essence, stated that he did not want to work at a place where such dishonesty was allowed. So, he asked to be released from his apprenticeship. This was unusual behavior for an apprentice, especially in Japan. Godai ultimately dismissed the other employee.

The last story that Matsushita would relate concerned his first sales experience. As an apprentice, Matsushita would accompany the head sales clerk on sales calls. In those days, the cost of a bicycle in Japan was the equivalent to purchasing an automobile in the United States. One day, the head sales clerk was out when an important client, Mr. Tetsukawa, called and wanted to see a bicycle immediately. Matsushita was sent. The client was so impressed with the bicycle that he wanted to purchase one but also wanted a ten percent discount. Matsushita ran back to the shop to talk to his Master, Otokichi Godai. Godai refused the ten percent discount and countered with a five percent discount offer. Such negotiating tactics upset Matsushita who so wanted to sell his first bicycle that he started to cry. A clerk from Tetsukawa came in to see what was taking so long and reported back to Mr. Tetsukawa what was happening (Kotter, 1997; Matsushita, 1988). Mr. Tetsukawa was touched by Matsushita's insistence and naiveté and agreed to buy the bicycle at a five percent discount for Matsushita's benefit. Further, Mr. Tetsukawa promised to make all of his bicycle purchases from Godai due to Matsushita's conscientiousness. Matsushita was proud because at the mere age of thirteen, he had sold his first bicycle.

From these personal anecdotes, some things began to become clear about the pattern of Matsushita's character. He was learning several lessons that would follow him through life. He was learning how to constantly deal with authority figures who could and did refuse to reimburse wages, fire thieves, or give discounts to customers. He was also learning that in life one had to face loss, including the loss of loved ones, lost wages, lost races, and loses due to theft. Konosuke learned that he could improve his position by taking some risks, including cycling, selling, and eliminating unwanted rivals. And, he learned that after all of the hard work and endurance, getting his first sale provided him with a sense of accomplishment and achievement that reinforced his desire to better himself. It was during this time of both hardship and growth that Matsushita began to discover that he could use his work position as the vehicle for personal betterment (Kotter, 1997; Matsushita, 1988). This ability to take hardship and turn it into an opportunity began to be one of Matsushita's enduring personal traits. Indeed, such determination tends to be common in most entrepreneurs.

When Konosuke Matsushita turned eleven, his mother and sisters moved to Osaka. One sister who could read and write found a job at the Osaka Postal Savings Bureau. Through her, it was discovered that the Bureau was advertising for an office boy. Because of Konosuke's constant physical illnesses, his mother thought that such a position would help to take the physical strain off of her son. His father did not agree. According to Matsushita's (1988) autobiography, *Quest for Prosperity*, Masakusu's hopes and dreams for his son's future did not include Konosuke becoming an office boy. Instead, he instilled a sense of long-term planning and business goals in the young Matsushita that he never forgot:

> You should continue your apprenticeship, because in time you can start your own business and become independent. I believe this is the best way for you; don't change course in midstream. I know many people who cannot even write their own letters, but they are good businessmen and they can afford to hire people to do such tasks. If you succeed in business, you can employ people to make up for the talents you lack. Don't throw yourself away in a job as office boy that has no future. (p.18)

So, Konosuke remained an apprentice.

In September of 1906, Masakusu Matsushita suddenly contracted pneumonia and passed away. Less than six months later, two more of Konosuke's siblings would also die (Kotter, 1997; Matsushita, 1988). At age eleven, Konosuke Matsushita, as the only living male, became the formal head of the family.

Konosuke worked at the bicycle shop until the age of fifteen. Bicycles had become a major form of transportation and the bicycle shop was doing well. However, the city of Osaka was constructing a public transportation network that included electric trains. Konosuke decided that the bicycle would not be a major form of transportation for long when the trolleys began to come into their own. He was fascinated by electricity and wanted to become part of the electrical industry (Hewins, 1967; Koren, 1990; Kotter, 1997; Matsushita, 1988; Weston, 1999). With the help of his brother-in-law, Matsushita attempted to obtain a job at the Osaka Electric Light Company. Matsushita could not get a job with the company right away. So, he worked at the Sakura Cement Company, doing hard, physical labor. This was difficult for Matsushita who had never been physically strong but he was willing to endure the job until something better came along.

Matsushita worked for the cement company for three months until a vacancy opened in the interior wiring section of the Osaka Electric Light Company (Gould, 1970; Kotter, 1997; Matsushita, 1988). He served as an assistant to a technician in charge of wiring at places were lights were being installed. Lighting, especially in homes, was just beginning to be installed. At that time, the chief use of electricity was for illumination. Its application to other appliances and uses had not as yet made any impact upon the Japanese consumer consciousness. Matsushita quickly learned to perform simple wiring jobs. The company was growing so fast that at the age of sixteen, he was promoted to installation technician (Kotter, 1997; Matsushita, 1988). During his time at the electric company, Matsushita began to become involved in all kinds of wiring projects. He was achieving a strong personal drive to learn everything that he could about electricity.

At the age of seventeen in 1912, Matsushita decided to enroll in night school at the Kansai Commercial and Industrial School. This was done with the encouragement of his friend, fellow Osaka Light employee, Hiroyuki Ashida. Matsushita wanted very much to follow Hiroyuki's example as well as obtain the education that he had been denied earlier. The preparatory course provided Matsushita with the basics of algebra, physics, and chemistry. He advanced to the regular course and began to major in electric science (Kotter, 1997; Matsushita, 1988). Unfortunately, according to his autobiography, Matsushita could not write well enough or fast enough to keep up with his studies and eventually decided to drop out of school. This did not deter him from learning on-the-job. Matsushita was managing and directing the work of other people on major projects. Also, he was making tremendous strides in learning about electricity, its transmission and distribution, consumer electronics, and industrial electronics (Kotter, 1997). These would later serve as the basis for Matsushita's global corporate empire.

After his father's death, Matsushita's mother and his remaining sister had returned to Wakayama. His mother, Tokue, passed away in 1913. As the only living male heir, it was Matsushita's responsibility to conduct the customary rites. His two remaining sisters encouraged him to set up a household of his own, as much to attend to the family ancestral altar as to start his own family. His older sister began to search for an appropriate mate for the young and ambitious man. Soon, the sister had found an industrious young lady who had been born and reared on Awaji Island. She had attended eight years of elementary school and, then, completed sewing school. She was living in Osaka as a domestic servant to an old and respected merchant family. Her name was Mumeno Iue (Hewins, 1967; Koren, 1990; Kotter, 1997; Matsushita, 1988; Weston, 1999). A preliminary meeting was arranged so that the perspective couple could see each other. Although Matsushita states that he never really saw Mumeno during the first meeting, his brother-in-law and sister did and strongly encouraged the marriage. Matsushita agreed and the young couple married on September 4, 1915 (Kotter, 1997; Matsushita, 1988). Konosuke was twenty years old and his new wife, a complete stranger, was nineteen.[11] It turned out, however, that Mumeno was just as ambitious and determined as Konosuke. Together, they began a difficult but ultimately rewarding life.

Matsushita continued to suffer from illness. He caught colds frequently. Even the comforts of marriage did not seem to improve Matsushita's health. During the times when his illness confined him, Matsushita began to reflect upon his position in the world and his work. He began to devote time to special projects and to promote original ideas and innovations to his work. Such attention to details led to a promotion from installer to inspector. The job entailed visiting clients where company work had been completed in order to check the quality of the work and to decide if

[11] Konosuke and Mumeno Matsushita would later have two children, a daughter, Sachiko, born in 1920, and a son, Koichi, born in 1926. However, his son fell ill and died on February 4, 1927. The loss affected the family deeply. In his later years, Matsushita would never talk about this tragedy.

any work needed to be redone. For Matsushita, the work was simply not challenging enough. It was during this time that he developed a new design for a light socket (Hewins, 1967; Kotter, 1997; Landman, 1984; Matsushita, 1988; Weston, 1999). He built a test sample and showed it to his supervisor. The supervisor was unimpressed and insisted that Matsushita go back to the drawing board. Although he recognized that there were flaws in the socket design, Matsushita believed that his design would work with a few modifications. Matsushita became determined to set out on his own. He wrote his letter of resignation and gave it to his supervisor. On June 20, 1917, Matsushita was on his own and determined to manufacture his new and improved light sockets.

The Beginning of Matsushita Electric Industrial

Small businesses are risky and tend to fail, especially when the founder has no money or connections. However, such endeavors also offer entrepreneurial individuals the opportunity to be their own bosses and the freedom to pursue new ideas without the hassles of dealing with established traditions and inflexible work strategies. In the past two centuries, it has been these types of ventures that have earned vast fortunes and challenged the economic status quos (Kotter, 1997). Konosuke Matsushita began his business venture with a savings of one hundred yen and the help of four assistants - his wife, Mumeno; two former coworkers from Osaka Electric, Isaburo Hayashi and Nobujiro Morita; and, Mumeno's fourteen-year-old brother, Toshio Iue (Koren, 1990; Kotter, 1997; Matsushita, 1988). None of them had any extensive education and none knew how to start a manufacturing concern. So, they just started. The first factory was established inside the Matsushita's two-room tenement house with a small space in the corner for Konosuke and Mumeno to sleep.

The first major obstacle to overcome was the insulation needed inside the socket to make the new socket workable and safe to use. Such information was a trade secret in those days. The workers struggled for weeks attempting to get the insulation process correct. Finally, a friend who had been working for an insulation manufacturing company heard about Matsushita's business and willingly told him how to make the insulation. Other parts of the plugs were easy to make.

The next problem was to get distributors to take the new company seriously. Matsushita only had the one product when distributors needed whole product lines. Further, Matsushita had no track record and most distributors were unwilling to take a risk on an untried company. Short on money and with their own families to support, Morita and Hayashi left for other jobs (Kotter, 1997; Matsushita, 1988). Matsushita and Mumeno pawned cloths and other items for cash and kept working. Finally, they got a break. Kawakita Electric was moving from porcelain insulation plates to less breakable ones for its fan bases. The electrical firm need the new bases immediately but could not find a supplier. The wholesaler suggested to Matsushita that he put aside his light socket for a while and make one thousand plates. Matsushita jumped at the chance (Koren, 1990; Kotter, 1997; Matsushita, 1988). Kawakita managers were pleased with the product and ordered additional units. But first, Matsushita had to find more space in which to complete the plate manufacturing work. A few weeks later, Matsushita found a suitable two-story house with three rooms on the first floor and two on the second. He converted the bottom floor to his workshop and the Matsushita Electric Devices Manufacturing Works[12] was established on March 7, 1918 (See Appendix G for a Brief Matsushita Historical Timeline).

The next product manufactured by Matsushita was an electrical attachment plug. Because their production cost were low, they were able to offer the plug at thirty percent less than their competitors. The product sold well and Matsushita's reputation grew. Finally, products were in such demand that Matsushita started to hire additional workers. He also began to work on a two-way socket with a special attachment plug. He received a patent for his design and began manufacturing the product. Soon, it was outselling all of his other products. A wholesaler named Yoshida approached Matsushita with a deal for exclusive rights to market his two-way socket. Matsushita granted the rights in exchange for a 3,000-yen loan to add a half story to their workshop area. Work was growing as well and Matsushita began to hire live-in apprentices of his own (Kotter, 1997; Matsushita, 1988). Although Matsushita's business had been slow to start and grow, they had survived a difficult first year.

It is important to note that the success of Matsushita's business was his ability to take products that had already been established, improve their designs, and offer them at below market rates. Costs were kept low due to minimum overhead, long work hours, and generally thriftiness. The firm was financed in ways so that no equity had to be spent. Employees were treated as part of the family rather than as mere

[12] This name was never official since Matsushita Electric Industrial Company was not incorporated until 1935 (Kotter, 1997).

workers. Flexibility, speed, and new product introduction were constantly encouraged (Kotter, 1997). Further, Matsushita realized that offering products only slightly less expensive than those on the market did not attract enough consumer attention. His products had to be not only much better but also about thirty percent cheaper than other standard products in order to obtain any significant market share (Kotter, 1997). Although product improvements were some of the major components upon which the foundations of the future corporation, Matsushita Electric Industrial Company, would be based, this consistent product borrowing would eventually land Matsushita in trouble with more than one competitor and the law.

Personal tragedy continued to follow Matsushita. By the time that he started his own company, both of his parents and five of his siblings had already died. Then, in 1919, his sister, Ai passed away. Two years later, his last remaining sister, Iwa, also died (Kotter, 1997; Matsushita, 1988). Konosuke Matsushita was twenty-seven years old and the last survivor of his ten-member family. This early loss of his loved ones would haunt Matsushita for the rest of his life.

Matsushita began to expand his geographical influence as well as his product line. He began to visit Tokyo wholesalers and retailers. Eventually, he sent his brother-in-law, Toshio, to open an office there in March of 1920 (Kotter, 1997; Matsushita, 1988). With business continuing to increase, Matsushita found himself in the position of needing to expand once again. Matsushita rented the house next door and expanded his workshop. By 1921, Matsushita needed a bigger and better equipped plant. So, in true form, he drew up the plans himself, found a piece of land,

and contacted a contractor. The Japanese economy was in a recession and the estimated costs were higher than anticipated. So, the contractor agreed to finance the project. Construction began in August 1921 and was completed in January 1922 (Kotter, 1997; Matsushita, 1988). Matsushita was now a full-fledged manufacturer with a new building, modern equipment, and over thirty employees.

Although Matsushita Electric was growing, it was small compared to other manufacturers. In 1922, Matsushita turned to his previous profession, the bicycle industry for his next product. Bicycles had become very popular and the demand for bicycle lamps was growing. Candles and battery-powered units were not reliable. Matsushita thought that a battery-powered bicycle lamp was the best product concept but it had to be far better than those available at the time. He devised a bullet-shaped lamp for bicycles and added it to his family of merchandise. He subcontracted the batteries and light bulbs, both of which were of improved designs. The problem was that dealers had such problems with the existing bicycle lamps that they did not want to invest in any new potential problems. In order to get retailers to take a chance on the lamps, Matsushita decided to invest some of his money in marketing. He decided to put lamp displays in the stores where the lamp would be left on to show the retailers and customers alike that the lamp was dependable. Further, Matsushita and his representatives told retailers that they would not take any money for the batteries unless the stores were convinced that their customers were satisfied. Since the retailers assumed no risk, they gladly accepted (Koren, 1990; Kotter, 1997; Matsushita, 1988; Weston, 1999). Within weeks, sales skyrocketed.

In the years to follow, Matsushita used the same formula to garner more and more success. The tactic was to be sensitive to developing consumer needs and to capitalize on emerging technology to satisfy those needs. The main products were easily mass produced and marketed and were much cheaper than those of the competition. Marketing and advertising became company mainstays. The company grew so fast that Matsushita began to turn over distribution to others while he focused on product designing, manufacturing, and marketing. In 1925, a new factory had been built and all of the lamp products were moved there. The Yamamoto Trading Company was given exclusive rights to sell the bicycle lamps throughout Japan (Kotter, 1997; Matsushita, 1988). Matsushita Electric had become firmly established as a manufacturing concern.

In 1927, Matsushita began to use the brand name, National, for his lamps, began to give free product samples to his retailers, and began to use advertising as an established business protocol. Other products followed, including wiring fixtures, lamps, dry batteries, electric irons, and radio components. By 1928, Matsushita employed over three hundred people and had to build yet another factory. By the end of 1931, Matsushita Electric was producing more than 200 different types of products (Kotter, 1997; Matsushita, 1988). In March of 1929, Matsushita (1988) developed his first company management objectives, company creed and employee pledge:

> Company Creed: In full awareness of our responsibilities as manufacturer, we will devote ourselves to the progress and growth of society and the well-being of people, thereby contributing to the growth of human civilization. (p. 226)

> Employee Pledge: We pledge to work together, in the spirit of mutual trust and through selfless devotion to our jobs, for continuous improvement of corporate and personal performances. (p. 226)
>
> Company Song: For the building of a new Japan
> Let's put our strength and mind together,
> Doing our best to promote production,
> Sending our goods to the people of the world,
> Endlessly and continuously,
> Like water gushing from a fountain.
> Grow, industry, grow, grow, grow!
> Harmony and Sincerity!
> Matsushita Electric! (Hewins, 1967, p.340)

Construction was finished on the new facility. Then, the roof caved in, so to speak, on the Japanese economy.

The Japanese economy had been weak. However, when the U.S. stock market crashed on October 29, 1929, the Japanese economy collapsed quickly in the worldwide financial market panic. Factories began to close. Matsushita was again ill and convalescing in a suburb of Osaka. However, he received daily visits and reports concerning his business. Other companies were laying off workers and managers thought that the same would have to be done at Matsushita Electric in order to save the company. Once again, Matsushita seemed to regain his good health in the middle of a crisis. Matsushita decided to cut back on production but not to layoff any employees. Employees were to work half-days and holidays for the same pay that they were receiving. Further, workers were also shifted from manufacturing to sales positions (Gould, 1970; Koren, 1990; Kotter, 1997; Matsushita, 1988). Throughout the 1930s, Matsushita continued to use such innovative managements techniques. While the Japanese economy was struggling, Matsushita built its radio business, began an annual recruitment drive for employees at local schools, began employee training, and increased hiring standards (Kotter, 1997; Matsushita, 1988). It was during this time that Matsushita instituted the strategy of reducing costs as the number of units manufactured and sold rose.

Radio had made its way across the Pacific to Japan and broadcasting in Japan had begun in 1925. In 1929, a parts supplier to firms that were making radios, Hashimoto Electric, was having financial difficulties thanks to the depression. Matsushita was asked if he would be interested in investing in the company. A deal was negotiated and Matsushita Electric began to manufacture radio components (Kotter, 1997; Matsushita, 1988; Weston, 1999). Matsushita Electric now had its first subsidiary and, after a few radio product problems were solved, the company began to produce radio sets. The Japanese Broadcasting Corporation actually held a contest to select the best radios in Japan and Matsushita Electric walked away with the top prize. Matsushita (1988), *Quest for Prosperity*, said of his success:

> Any person in a position of responsibility should always pay close attention to the problems that are crucial in bringing a certain task or enterprise to completion. Examining them in a free and creative frame of mind, he will be able to find a workable answer. At the same time it is also necessary to approach a project with the conviction that it can be done, and not waste energy worrying about its difficulty. Truly able people do not let the difficulties get the better of them. This is one thing that a person in a position of leadership should keep in mind. (p.178)

Matsushita Electric had been propelled into the media technology business. By 1942, Matsushita Electric was the largest radio manufacturer in Japan. The company continued to grow in other areas as well. In 1931, Matsushita obtained another subsidiary, the Komori Dry Battery Works. Later, the Okada Company was purchased; a new battery plant in Kadoma was opened; and, the Asahi Dry Battery Company was purchased. In 1938, a factory was built in Tienchin, China and another plant was completed in 1942 (Kotter, 1997; Matsushita, 1988). Matsushita Electric was becoming a national economic force in Japan. Konosuke Matsushita was quickly becoming a respected and, sometimes, feared leader.

The Impact of Religion

In the previous chapter, we briefly discussed the impact of Confucius capitalism upon the Asian economy. As Konosuke Matsushita continued to build his empire, religion would also play a profound role in both his life and, in particular, how he chose to conduct business. One of Matsushita's distributors came to see him toward the end of 1931 for the sole purpose of sharing his religious faith. The man impressed Matsushita with his sincerity and concern for Matsushita's well being. Eventually, Matsushita agreed to go to the man's temple. The temple complex turned out to be huge and impressively well run. Although Matsushita did not join the religious sect, he related later that it was a turning point in his approach to management. At the temple, he saw workers who were giving joyously of their time and energies in building projects and education programs for the temple. It struck Matsushita that he should approach management of his company in the same way. Matsushita (1988) began to equate business management and religion:

> The thought that what I had seen was a model of superior management filled me with excitement, and I began to think seriously about what true management ought to be like. It was management both for righteousness and righteous management... Religion was a holy pursuit aimed at guiding people out of suffering and toward happiness and peace of mind. My business, too, is sacred, I thought, in the sense that industry provides necessities that sustain

> and improve man's existence. Indeed, the ultimate aim of production is to wipe out poverty and create prosperity. There is an old saying in Japanese that poverty is harder to bear than a thousand illnesses. Eliminating poverty is a sacred task, the loftiest purpose in life. To achieve it we must work hard and produce a great abundance of goods; this is our mission and our enterprise. Production aimed at enriching the life of every person on earth is the sacred mission of a manufacturer. Not only spiritual peace but material abundance is necessary if the quality of human life is to be better and people are to be happier. You may be spiritually enlightened, but if you are deprived of certain material comforts you will find it hard to survive. And, of course, the greatest abundance of material wealth is worthless unless you enjoy fulfillment and a purpose in living. Spiritual peace and material abundance are as inseparable as two wheels of a cart. So, I realized, management of a religious organization and of a business concern are equally sacred and necessary pursuits. (p. 199)

This view of business as sacred began to take hold. Matsushita began to search for what he called the spirit of true management. Until that time, Matsushita felt that he had only been following conventional management techniques. If his company was to not only survive but to carve out a true niche in the manufacturing field, then he would need to be as innovative about his management techniques as he had been about his manufacturing techniques. In his autobiography, Matsushita (1988) related his final insights into what he felt would be the foundation of his management beliefs:

> Then it came to me: Water from the tap. Tap water is a processed product that comes at a price. It must be paid for. A person who steals a product of value is punished. As long as water is in abundance, however, one never hears of a tramp being punished for turning on a roadside tap without permission and drinking his fill. Why? Because water is abundant. But water is valuable and man cannot live without it. So what does it mean that even something as valuable as water can be stolen without punishment? It demonstrates the mission of the manufacturer, which is to produce commodities for daily life as abundantly as tap water. No matter how valuable a product may be, it can be supplied to consumers at an extremely low price if it is manufactured in large volume. And when poverty is eliminated, so will be the stresses and grief that derive from it. If the spiritual peace offered through the power of religion is

> added to a paradise of material abundance, human life will be complete. This is where the spirit of real business management lies, I concluded. (p. 200)

Overjoyed with what he saw as an epiphany, Matsushita called all of his workers together on May 5, 1932 at the Osaka Central Electric Club Auditorium to announce the company's new mission. Not only did Matsushita (1988) share his vision with his workers but he also had developed the method and procedures for carrying his vision out:

> I next explained the method and procedures for fulfilling the mission I envisioned. Its accomplishment would require 250[13] years, I calculated, a period that could be divided into ten phases. Each twenty-five-year phase consists of sub-periods for "construction," "application," and "fulfillment," and extending, obviously, beyond our own lifetimes. If the mission were carried out with dedication and foresight, I believed, the world would be wealthy and prosperous by the end of two and a half centuries hence. (p. 203)

From a technological determinism perspective, this statement is very telling. Not only did Matsushita believe that technology would change the world by changing the very lives of consumers but he welcomed the opportunity for Matsushita Electric to play a major role in this change.

May 5, 1932 became incorporated into the company's history as the first day of the real start or founding of Matsushita Electric Industrial. From 1932 on, it would be celebrated as Meichi, or the day that the company awakened to its corporate mission. Matsushita presented the workers with a written declaration of his vision.

---

[13] The 250-year plan was also referred to in Amos Landman's work (1984), *The Wisdom of the Many: The Story of 25 Years: Matsushita Electric Corporation of America.* The book was commissioned by MECA for its 25th Anniversary for its employees. Although the book has a well-written history of MECA, it glosses over many of the financial, cultural, and legal problems that occurred when Matsushita began to make inroads into the American electronics market.

The response from the employees was also a formally written reply that was read by a representative of the employees:

> We, the employees of Matsushita Electric, all are pleased to be present at this ceremony, and welcome the establishment of the founding day of our company. While being the recipients of your kind and cordial guidance for so many years, we fear our accomplishments have been inadequate and poor. However, your ringing call to us today has awakened us, as from an idle slumber. We take to heart the words you have spoken and pledge to devote ourselves wholeheartedly to the performance of our role in the realization of the mission of Matsushita Electric. (p. 205)

After the official speeches were made, everyone was given a chance to go to the podium and speak. Excitement and something akin to religious fervor began to permeate the hall. Religion and business had merged for Matsushita. The declaration is read aloud at the founding anniversary ceremonies each year.

Although the day's ceremonies were well received, there were many in the audience who wondered how all of this idealism was going to be put into practice. This situation became even more confusing as time went on. Matsushita, attempting to clarify his ideas, stated that the purpose of the company was not to maximize shareholder wealth, short-term profits, market share, number of patents, or return on equity. It was not to create high-paying jobs, ensure national defense, become socially responsible, or give away all the profits to charity. The purpose was to benefit humanity by producing necessary goods and services at lower costs which required profits to finance the development of new products and open more factories (Kotter, 1997; Matsushita, 1988). In Matsushita's mind, social contribution and profits were the same. A product's profitability was measured by how well it served society.

These types of statements were not unusual in Japan. Other businessmen were making similar statements. According to Kotter (1997), Matsushita was different from other businessmen in that he 1) talked about making goods that people could afford rather than about developing technology to protect Japan from Western powers, 2) addressed the importance of profit, and, 3) put his ideas in written form and asked that his workers repeat those ideas at the start of every work day.[14]

In 1937, Matsushita (1988) communicated his set of business principles to his employees in his President's Message on July 27. These key value statements were to guide management decisions and behavior:

1. Service to the Public: We shall fulfill our responsibilities to the public by providing high-quality goods and services at reasonable prices, thereby contributing to the well-being and happiness of people throughout the world.

2. Fairness and Honesty: We shall be fair and honest in all our business dealings and personal conduct, always making balanced judgments free of preconceptions.

3. Teamwork for the Common Cause: We shall pool our abilities and strength of resolution to accomplish our shared objectives, in mutual trust and full recognition of individual autonomy.

4. Untiring Effort for Improvement: We shall strive constantly for improvement of our corporate and personal performances, even in the worst of adversity, to fulfill our mission to realize lasting peace and prosperity.

---

[14] Matsushita wrote extensively on his ideas of business management. One of his first works was the 1975, *Ningen o Kangareu*, which was later published in English in 1982 as the book, *Thoughts on Man.* Other English translations of Matsushita's work include *Not For Bread Alone: A Business Ethos, A Management Ethic* (1984). After Matsushita's death, a collection of his life-long insights on leadership qualities was publish in 1991 as *Velvet Glove, Iron Fist And 101 Other Dimensions of Leadership.* His work on personnel management was published in 1992 as the book, *People Before Products: The Human Factor in Business.* In this work, Matsushita relates his ideas on a wide variety of topics including human behavior, employment, motivating employees, and cultivating human resources.

5. Courtesy and Humility: We shall always be cordial and modest and respect the rights and needs of others, to help enrich our environment and maintain social order. (pp. 225-226)

Matsushita (1988) added two more principles on August 10, 1937:

6. Accord with Natural Laws: We shall abide by the laws of nature and adjust our thought and behavior to the ever-changing conditions around us, to bring about gradual but steady progress and success in our endeavor.

7. Gratitude for Blessings: We shall be grateful for all the blessings and kindness we have received, so that we may live with peace, joy and strength and overcome any obstacles we encounter in the pursuit of true happiness.

Later, Matsushita would say that he believed that Buddha and Christ should be revered because they taught men the spirit of love and mercy, as well as gratitude. Further, their teachings led to an uplifting of morals and human salvation (Kotter, 1997; Matsushita, 1988; Weston, 1999). Matsushita wanted his employees to incorporate these principles into their lives because he believed that those young workers who had these qualities would grow and accomplish the most.

The Division System

While the Japanese Army was gaining control over the country and developing its expansionist strategies, Matsushita Electric was expanding its sales and manufacturing of household appliances. This was no mean task in the middle of a worldwide depression. When Matsushita first started out, there was no real organization to the company. Since there were so few workers, everyone just did what needed to be done. In May 1933, Matsushita Electric had grown so large that the company had to be reorganized. Matsushita determined that the best way to accomplish this plan was to organize the company into divisions based upon products rather than conventional departments. Division One manufactured radios. Division Two produced lamps and batteries. Division Three focused on wiring implements and synthetic resins. Division Four made electrical heating appliances.

Matsushita even opened a trade division in 1932 to export wiring apparatuses and batteries. In 1935, Matsushita opened offices outside of Japan to help further his export business. Each division had its own factories, sales offices, and management teams. In short, the managers were encouraged to think and act autonomously and to treat each division as a separate company (Gould, 1970; Kotter, 1997; Matsushita, 1988; Weston, 1999). [15] Each division was not only autonomous in its decision-making and product promotion but each division was also responsible for paying its own bills with absolutely no assistance from the main corporate headquarters (Kotter, 1997; Matsushita, 1988). This approach to business was another first for Japanese corporations.

Matsushita, ever aware of his own lack of education, instituted training centers to educate and prepare young employees to be effective, quality workers in the company. The curriculum consisted of sale courses, electrical engineering courses, and any other courses considered appropriate for factory workers. The

---

[15] The first company to use a form of the division system was General Motors under Alfred P. Sloan Jr. in 1921. This form of corporate organization became widely popular after world War II. However, Matsushita took the concept further than anyone else and does not appear, by all accounts, to have copied the idea from anyone. When those who knew him were asked why he had adopted this organizational system, they generally said that it was because of Matsushita's poor health. Since he was sometimes bedridden, he was forced, out of necessity, to rely upon others. The division system seemed to be a natural extension of this time. Further, Matsushita was unusual in that he liked and was open to new ideas. He also understood the virtues and flexibility of smaller sized firms (Kotter, 1997).

institutes were also responsible for indoctrinating students with the company's mission, principles, goals, and corporate culture (Kotter, 1997; Landman, 1984; Matsushita, 1988). Students would spend four hours in study and four hours in practical training. The enhanced apprenticeship program meant that students would be able to have roughly the equivalent of a five-year middle-school education within three years and be ready to work for the company two years earlier than the ordinary middle-school student (Kotter, 1997; Matsushita, 1988). As the company grew larger, the training institutes were considered the ideal means of transmitting Matsushita's ideas to the ever-increasing number of employees in the companies. Considering the impact of the depression upon the Japanese economy, other industry leaders thought that Matsushita's expansions and unique business ideas were reckless. Matsushita proved them wrong. Unfortunately for all of the manufacturers, the winds of war were blowing in from the general direction of Tokyo and, in the end, not one of them would remain unscathed, including Matsushita.[16]

The Dark Clouds of War

Throughout the 1930s, the Imperial Army and Navy had been consolidating their power in Tokyo. This political maneuvering, combined with the strongly held belief that western powers should not be allowed to colonize Asia, motivated the Japanese to begin to mobilize their forces to protect their political and economic

[16] On a personal note, Matsushita's daughter, Sachiko, married Masaharu Hirata, a graduate of the Law Department of Tokyo Imperial University (now the University of Tokyo), in April 1940. Masaharu was the son of a distinguished Japanese family. In fact, the Hirata family was the Japanese equivalent of royalty. Masaharu was the second son of a count of the Meiji peerage. Further, Matsushita had no sons. In keeping with Japanese tradition, Masaharu changed his last name to Matsushita. Masaharu would become president of Matsushita Electric Industrial in 1961 (Kotter, 1997; Matsushita, 1988).

interests. The Japanese and Chinese had been at war, on and off, for years. In 1931, the Japanese invaded Manchuria and moved into Indochina by 1940. By as early as 1938, Matsushita Electric was manufacturing items for the military, including electrical goods, bayonets, wooden propellers, wooden ships, and planes (Kotter, 1997; Matsushita, 1988). Like all manufacturers on both sides of the Pacific, most production of consumer goods stopped and factories were retooled for products for the war effort. Matsushita Electric continued to expand overseas. This was made easier by the Japanese military victories. Factories open in Korea, Peking, Taiwan, Jakarta, and other parts of Japan (Kotter, 1997; Matsushita, 1988). Because of the need for security and the mistrust of the zaibatsu by the military, the divisional system was abandoned in order to focus solely upon factories and production.

When the war was over, Matsushita Electric was different than it had been before the war. The company now had sixty-seven plants and over 26,000 employees (Kotter, 1997; Matsushita, 1988). It was no longer the small, family-styled concern that it had been before the war. Matsushita had been forced by the military to try to produce products with few resources, raw materials, and cash. Again, Matsushita rose to the occasion and became stronger both physically and financially as a result. The most that Matsushita had been able to do during the war was to take any steps necessary to protect the company and keep it growing. This included compromising his corporate mission. This conflict of principles and pragmatism would come back to haunt Matsushita during the postwar reconstruction years.

Matsushita Electric Industrial and the Postwar Period

Matsushita Electric received an order to cease all production on September 2, 1945 from the Supreme Commander for the Allied Powers (SCAP), General Douglas McArthur. Matsushita Electric management was told to check its entire inventory and file a report with Command Headquarters. The same order was given to all of the factories that had been involved in the production of military hardware. Use of any materials without the permission of SCAP was forbidden (Gould, 1970; Koren, 1990; Kotter, 1997; Matsushita, 1988; Miyashita & Russell, 1996). Matsushita Electric was facing the same fate as many of the other zaibatsu. Before long, the Matsushita family was included in the zaibatsu family lists.

In November of 1946, all Japanese of executive director rank or higher were dismissed from their companies, allowing younger men who would be open to new, western ideas to assume power of what was left of the corporations. Konosuke Matsushita was among those forced out of his company and left with huge personal debts. The corporation was devastated. Thirty-nine factories outside of Japan were nationalized by other countries. Seven domestic subsidiaries were forced to become independent companies (Hewins, 1967; Kotter, 1997; Matsushita, 1988, 1989; Miyashita & Russell, 1996). Matsushita had to find a way to come back yet again. And, what a comeback it was.

Many of the early postwar policies seemed to be enacted more in an attempt at gaining reparations from Japan rather than from any serious attempt to rebuild Japanese society and economy. Labor unions were legalized and actively encouraged.

Corporate assets were seized or disappeared but corporate debts were left on the books. At first, Matsushita was stunned that his barely thirty-year-old company had been considered by the Allies as a zaibatsu. Matsushita and his top managers went into action. They began to gather all of the material that they could find to verify the company's true status. Then, Matsushita made more than fifty trips to Tokyo to plead his case before Allied officials. His main argument was that the label of zaibatsu did not apply to Matsushita Electric because the firm was too young and had been pulled into the war by the military. He begged the officials to allow him to help reconstruct both the company and the nation (Hewins, 1967; Koren, 1990; Kotter, 1997; Matsushita, 1988; Weston, 1999). Even though Matsushita Electric employees had formed their own labor union, they petitioned the Allied Command to keep Konosuke Matsushita as president of the firm. More than 15,000 signatures from employees and their families appeared on the petitions. This was at a time when most employees were petitioning to have their top managers removed. Sales agents joined the cause and sent their own petitions asking that Konosuke Matsushita be retained. Both the Allied Headquarters and the new Japanese government took notice (Hewins, 1967; Kotter, 1997; Matsushita, 1988).

In February 1947, Matsushita Electric was downgraded from a Class A zaibatsu to a Class B list which allowed for an investigation into the petitions. Investigators agreed that Matsushita Electric had been misclassified and Konosuke Matsushita was allowed to remain with his company. However, in February 1948, Matsushita Electric was subject to the Law of Excessive Concentration due to its large number of subsidiaries. There was a real possibility that Matsushita Electric would be divided into smaller concerns. Fortunately, the company was taken off of the target companies list. But, there was a price for Matsushita's cooperation. Matsushita's brother-in-law, Iue Toshio, voluntarily left the company, taking some of Matsushita Electric's subsidiaries with him. Then, Iue Toshio started his own company, Sanyo Electric (Weston, 1999). Sanyo is one of Japan's leading electronics firms. The struggle for control of Matsushita Electric had taken four, long years. It was not until 1950 that both Konosuke Matsushita and his company were released from all of the Allied and Japanese government regulations and allowed to operate freely (Kotter, 1997; Matsushita, 1988).

Many problems faced the corporation and the country. Inflation was rampant. Price controls only added to the problems by creating an atmosphere where a black market could and did thrive. Employees asked that part of their salaries be paid in merchandise. Although this merchandise for work arrangement would have helped to ease Matsushita Electric's financial difficulties, it also would have encouraged workers to trade in the black market and drawn unwanted attention from Allied Headquarters. In mid 1948, Matsushita Electric ran out of money and was forced to get a large loan from the Sumitomo bank (Kotter, 1997; Matsushita, 1988). Even with the new money, the firm had trouble meeting its payroll.

In 1949, A Detroit banker, Joseph M. Dodge, was sent to Japan to implement a drastic deflationary fiscal policy that included plans for a consolidated and balanced national budget, the close of corporate subsidiaries, the establishment of price controls, and the establishment of the exchange rate of 360 yen to one U.S. dollar (Bix, 2001; Jansen, 2000). As the Dodge Plan went into effect, the nation attempted to balance its budget by cutting government spending. Firms that had been teetering on the financial edge finally went bankrupt, particularly competitors in radio. Matsushita paid his bills slowly, especially the government taxes. Further, he cut his employees back to half days. Then, in March 1950, Matsushita laid off approximately thirteen percent of its workforce (Kotter, 1997; Matsushita, 1988). The Dodge plan caused an economic slow down, led to unemployment, and social distress. Only the start of the Korean War in June 1950 helped to alleviate the economic situation. Japan quickly became the staging area for the United Nations campaign to defend Korea. The infusion of foreign money to pay for Japanese goods for the war effort helped to ease some of the problems. However, the Dodge plan continued to be in effect in Japan until 1970.

Matsushita's personal finances were in complete disarray. His personal assets had been frozen. He had borrowed heavily at the end of the war to build factories and all of his wealth was tied up in the company (Kotter, 1997; Matsushita, 1988). Matsushita had to borrow money from friends just to make ends meet. Matsushita became known as the "King of Arrearage" in the media as his personal debt was more than seven million yen (Hewins, 1967; Kotter, 1997; Matsushita, 1988). Matsushita began to question how this economic fiasco could have happened not only to himself but also to the Japanese people. Matsushita started pondering these financial and economic problems just as he had pondered the issues of management a decade earlier. He began to see these issues in a different light. The time had come for Matsushita to begin rebuilding his company so that it could compete in a global economy. Further, Matsushita decided that his social vision had to be larger than just company creeds and principles.

Matsushita Electric and the Global Economy

Matsushita returned to some of the prewar ideas that had made his company great. The original principles and policies were revived. He reinstated the division system. Three divisions remained instead of the original four: Division One manufactured radios, communication equipment, light bulbs, and vacuum tubes; Division Two produced dry batteries and electric heaters; and, Division Three sold storage batteries and transformers. But, Matsushita knew that in order to remain competitive on a global scale, he had to find new technology (Hewins, 1967; Kotter, 1997; Matsushita, 1988). The war had taught him one thing, the western world was more technologically advanced and had many lessons to teach Japan about global marketing. In order to survive in the new global community, the Japanese would have to reach out instead of pulling back.

At fifty-six years old, Konosuke Matsushita began a new journey. This time he traveled to the United States to learn everything that he could about the international world of business. He bought equipment for his plants and talked to American managers about their businesses, policies, and procedures. When he returned to Japan, Matsushita was more convinced than ever that his firm had to upgrade its technology and find new sources of advance technology. Executives at

Matsushita Electric conducted a massive search for global partners and finally settled on N.V. Philips.

Philips was the fifth largest electronics company in the world. Matsushita Electric had done business with Philips before the war and was anxious to start a joint venture after the war. On July 13, 1952, Aratoro Takahashi was sent to Holland to negotiate the deal. Basically, Philips would provide the electronics technology and wanted thirty percent of the company stock, plus an up-front payment of $550,000 and an annual six percent technical guidance fee. Matsushita would manage the enterprise and controlled the remaining seventy percent of the company stock. Since Philips wanted an annual guidance fee, Matsushita Electric decided it wanted an annual management fee. The negotiations stalled. Finally, Japanese persistence prevailed. The royalty issue was settled. Matsushita would pay Philips a 4.5 percent technical guidance fee and Matsushita would receive a 3 percent management fee (Hewins, 1967; Koren, 1990; Matsushita, 1988; Weston, 1999). The Matsushita Electronics Corporation was born.

The new company began almost immediately to produce new products that would have long-term market share and advantage. Further, acquired technology and patents were shared among the subsidiaries. Among the products were light bulbs, florescent lights, vacuum tubes, transistors, semiconductors, and television picture tubes. Semiconductors and electron television tubes began to be used by Matsushita Electric Industrial in the manufacture of televisions, radios, and other home appliances (Matsushita, 1988). This single, business alliance effectively upgraded virtually all of Matsushita's product lines in a brief time. The contract with Philips was to expire in 1967 but, thanks to their global successes, the contract was extended for another ten years.

Globalization and Media Technology

Although the joint venture with Philips had been a success, Matsushita knew that long-term self-reliance and constant product innovations were the best strategies to succeed in the global economy. In 1953, Matsushita Electric built the Central Research Laboratory in Osaka and began to invest in research and development. As in the past, the facility did not create new products but improved products already on the market. Because these products were improved copies of their predecessors and were produced in mass quantities at reduced prices, these offerings were attractive to consumers, especially in overseas markets.

Matsushita Electric also opened an office in New York in 1953 for the purpose of observing foreign technology and market trends abroad (Landman, 1984). In 1956, a company named MACO Electronic Corporation was opened in New York. It was jointly owned by Matsushita Electric and the Imperial Knife Company of New York. Then, on September 17, 1959, the conglomerate subsidiary, Matsushita Electric Corporation of American (MECA), opened for business in the U.S. (Landman, 1984). There was a problem, however, in that MACO had been franchised as the exclusive distributor of Matsushita Electric Industrial products in America, not MECA (Landman, 1984). A deal was brokered to buy MACO's franchise and other assets for

$250,000 (Landman, 1984). The office was considered an outpost for Matsushita Electric's expansion into the American and Canadian markets.

Since Americans had problems pronouncing the name, Matsushita, and another company had already registered the National brand name as a trademark in the U.S., Matsushita Electric products were marketed under the brand name, Panasonic, which had been the name of a line a speakers that had sold well in America. Later, the company expanded into the research, development, design, production, sales, and servicing of other products with the brands names of Panasonic, Technics, and National. Matsushita Electric began to build factories and research and development facilities all over the U.S., including in Hawaii and Puerto Rico (Landman, 1984). The earliest products that Matsushita Electric had exported to the U.S. were hi-fi speakers, radio parts, and portable radios. Later, household appliances such as coffee makers, color television sets, video tape recorders, and refrigerators joined the product lines. Finally, Matsushita subsidiaries in the U.S. and Canada began to manufacture their own products (Hewins, 1967; Landman, 1984; Matsushita, 1988). As more and more products came into the consumer consciousness, not only were foreign sales offices needed for product distribution but so were factories and research facilities in order to keep up with the product demand.

The major electronics acquisition for the conglomerate was Matsushita's purchase of Motorola, Inc. in 1974. The company's main assets included the trade name, Quasar, a distribution network, a service network, an established share of the television market in the U.S., four factories, 6,000 employees, and a considerable debt

(Landman, 1984). With true Matsushita efficiency, the debt was tackled immediately. The first steps that the home corporation took were a complete restructuring of the company, a huge reduction in the number of American employees, and the closing of three of the four factories (Landman, 1984). This was a huge blow to the American workers and community where those plants operated. It has also been noted that none of the Japanese employees brought over from Japan were laid off in the Motorola restructuring (Kato & Lennon, 1992). This, of course, created major tensions between Japan and Washington DC. Matsushita was highly criticized in the American media. The experience also began to reveal a crack in the stated social values, philosophy, and corporation mission of Matsushita Electric. It became clear to many Americans that Matsushita's high ideas were often sacrificed when market pressures required drastic action. Further, the first on list to be sacrificed in the name of Japanese economics and progress were the jobs of American workers.

Matsushita was particularly interested in establishing factories in and economic ties with China (Hewins, 1967). As a result, Matsushita's reach continued to extend globally throughout the 1960s and 1970s. Matsushita Electric added two more subsidiaries to the conglomerate with the purchase of Nakagawa Electric, a refrigerator manufacturer, and the Victor Company of Japan, a record player producer that was established in 1927 by the Victor Talking Machine Company of the United States. Victor had actually merged with RCA (Radio Corporation of America) early in its history but had fallen on hard times. When U.S. - Japanese relations began to deteriorate in the 1930s, RCA had taken all of its capital and pulled out of Victor by

1938. Matsushita was approached by the Industrial Bank of Japan to take over the ailing company. Matsushita agreed more for the use of the trademark that had become popular in Japan, than from the desire to produce records. Again, Matsushita raided Victor for its technology. He also made the papers with his quite sensational management decision. Former Admiral Kichisaburo Nomura, the Japanese foreign minister to the U.S. in 1941, became the president of Victor (Matsushita, 1988; Weston, 1999). With Nomura and other Matsushita managers on the job, Victor was able to rebound in spite of its massive debts. Today, JVC is on of the world's leading manufacturers of VCRs and other media recording formats.

Matsushita Electric began to resemble its former, prewar self. Profits increased rapidly and the firm's major problem centered on trying to find enough employees to meet the product demands. Part of its globalization plans included a vigorous plan to increase sales by 400 percent in five years (Matsushita, 1988). Matsushita was able to make the plan happen in four years. By the end of five years, sales had topped 100 billion yen.

Matsushita had pushed the company out of its complacency during the postwar years. His attitudes toward the staff and the subsidiaries, in general, were mixed with uplifting encouragement and an unwillingness to take "no" or "it can't be done" for an answer. For example, in 1957, Matsushita met with design engineers who insisted that the screen portion of a new television set could not be changed even though there had been complaints about the design from sales and marketing executives. Matsushita insisted that there were as many new screen designs as there were different faces on human beings (Kotter, 1997). The design was changed.

Matsushita took the lead in stressing what he called, collective wisdom. In October of 1958, he held a division managers meeting in which he told his executives:

> From now on, we must face price competition. We have to reduce costs by as much as 10 percent. This may seem impossible at first because we will view such challenges with a limited perspective. We must learn to collect wisdom from others, including people from outside the company, in order to expand our perspective. Not only must we collect additional knowledge, we must also ask other corporations for support in helping us to implement new ideas. If we see only problems from our own vantage point, our ability to overcome them will remain extremely limited. Tapping into collective wisdom on the other hand will enable us to achieve our mission. (Kotter, 1997, p. 183)

The drive that had made Matsushita Electric great before the war was even stronger after the war.

In 1960, the Japanese were quickly rebuilding their economy. However, they still lagged behind the U.S. in productivity. Further, trade tariffs on goods shipped into the U.S. were hurting most Japanese manufacturers. As a result, Toyota, which purchased its car radios from Matsushita Electric, asked for a deep price reduction. Matsushita responded with his usual farsightedness:

> We must recognize that the issue here is not just an unreasonable request from Toyota. We are talking about a need for Japan to cope with increasing trade competition in the world, especially with the U.S. Trade is going to be liberalized and cars are our main export. In order to compete against America, Japanese cars must be very affordable... We can't allow ourselves to wait for more demands like Toyota's before we effect significant change. We need to anticipate such requests and then position ourselves to meet them ahead of time. (Kotter, 1997, p. 184)

Later that year, Matsushita decided to implement statistical quality control and value engineering in order to achieve these goals. Further, product-development teams made of a combination of engineers, purchasing agents, and salespeople were assembled to create better products at lower costs (Hewins, 1967; Kotter, 1997). Other innovations followed, including implementing of the five-day work week, raising workers salaries to be competitive with those in the U.S., and advocating an open market for imported goods from the U.S. and Europe. The trade-liberalization that Matsushita was so certain would come, however, has yet to occur on any substantial scale in Japan.

During his travels throughout America and Europe, Matsushita began to sense that globalization was about more than just competing goods exported to other nations. To survive, Matsushita Electric would have to become a global entity, itself. Due to its close ties to Philips that already had 200 subsidiaries in fifty countries, Matsushita began to rethink how true globalization might be achieved. He realized that he could not rely on Japanese workers alone. There simply were not enough of them. Instead, he would have to find qualified personnel overseas if he was to maintain and strengthen his globalization ambitions (Matsushita, 1988). However, Matsushita did not remain in power long enough to personally see that his later policies were carried. In short, he was sixty-six years old and ready to try something new.

Retirement

On January 10, 1961, during an annual policy meeting, Konosuke Matsushita resigned as president of the global corporation that he had founded just decades before. Succession in Japanese firms is tied to seniority and family. The president of a company becomes the chairman. The chairman retires to become an executive advisor/elder statesman for the corporation. In keeping with this Japanese tradition, Matsushita became the chairman of the board of directors, and his son-in-law, Masaharu, became president of the conglomerate (Gould, 1970).

Even though he was officially semi-retired, Matsushita was never one to quit when there were new ideas to explore. He had founded the PHP Institute in 1946, during the Allied occupation. The institute had published a monthly magazine since 1947. But, little else had been done. The purpose of the organization was to study human nature and to keep Japan from ever again embarking on a path to war. PHP stands for "peace and happiness through prosperity." The institute had all but shut down when Matsushita revived the organization in 1961.

The first thing that Matsushita did was to build an office for the center in Kyoto and increase the scope of the organization. There, Matsushita was free to explore his thoughts on management, to write books, and to fund a variety of projects (Hewins, 1967; Kotter, 1997; Matsushita, 1988, 1989). For the next twenty-five years, Matsushita spent time discussing human nature, management, government, and public policy with his fellow researchers and students. In 1968, Matsushita financed a book publishing division for the PHP Institute. He also started an international division in 1969 and an English language version of the monthly magazine in 1970. The PHP Institute began to hold seminars in 1977, started a new magazine called *Voice*, opened a branch office in Singapore in 1979, launched an Asian-Pacific magazine, *PHP Intersect*, [17]and published a Spanish magazine edition in 1980. In May 1983, the institute created the Kyoto Colloquium on Global Changes in order to generate policy proposals for the Japanese regarding Japan's role in international society (Kotter, 1997; Matsushita, 1989). Although some see the PHP Institute as an outgrowth of Matsushita's search for spiritual peace, the organization has become a full-fledged, international publishing concern in its own right, employing hundreds of people and offering everything from seminars to books to videos.

According to Kotter (1997) in an interview with Professor Tadao Kagono at Kobe University on September 12, 1994, Konosuke Matsushita was a complex individual whose business philosophy was more like religion, although he never professed to be a follower of any religion:

> Konosuke Matsushita's habit was to assemble theories that, in total, were contradictory, while parts were all independently true. The key to understanding his philosophy is to understand this paradoxical nature of his thinking. His mind was disorganized whole, yet everything was somehow in harmony. Most religions are made up of contextual stories filled with contradictions. Konosuke Matsushita's philosophy was the same way. Unlike Western Cartesian thinking, Konosuke Matsushita thought in terms of contradictions and therefore his thinking was much closer to religion than Western Thought. (pp. 284-285)

[17] Konosuke Matsushita wrote a column for the *PHP Intersect*. The book, *As I See It*, is a collection of fifty-six of Matsushita's magazine essays. The book was published after Matsushita's death in 1989. It contains Matsushita's carefully considered thoughts on a wide-range of issues including life, management, work, business, society, religion, and civilization.

Konosuke Matsushita was certainly willing to borrow what he thought were good ideas from anywhere. Over the years, the core of the PHP Institute philosophy came into existence. The PHP philosophy can be summarized in a few points:

> 1) Human beings are by nature basically good and responsible... 2) The human race has demonstrated a capacity for growing and progressing, both materially and spiritually... 3) Human beings have the power of choice... 4) We have the capacity to bring material and intellectual resources to bear on the difficult problems facing the world... 5) Solving problems requires, above all, an open mind and the willingness to learn. (Kotter, 1997, pp. 203 -206)

Matsushita really believed in these principles. He felt that they applied as much to Americans and other peoples as to the Japanese. Matsushita continued to pursue ideas that he thought would help to educate and mobilize people. Later, he opened the Matsushita Electric Historical Museum, Matsushita's Museum of Technology, Matsushita Institute of Government and Management, as well as established the Japan Prize and gave millions of dollars to universities, foundations, and charities all over the world (Matsushita, 1988, 1989). Konosuke Matsushita died on April 27, 1989 at the age of ninety-four.

A New Regime and A New Era

On January 10, 1973, eighty-two year old Konosuke Matsushita had become the executive advisor of Matsushita Electric. In 1977, his son-in-law, Masaharu, became the chairman of the board, and Toshihiko Yamashita took over the role as president (Gould, 1970; Kotter, 1997; Landman, 1984; Matsushita, 1988). This was unprecedented as Yamashita was merely a division manager with less seniority than other managers. The media referred to this as the Yamashita Leap. The reason for this break with tradition was that Konosuke Matsushita felt that Matsushita Electric had become too large to fulfill its corporate mission and, in true Matsushita style, the only thing that he could think of to do was to shake things up (Kotter, 1997; Landman, 1984; Matsushita, 1988). The idea worked.

Some of the things that Yamashita was responsible for were overseeing the purchase of Motorola, Inc. and the high competition with Sony in the media technology field. He pushed for the development of a four-hour VHS videotape for RCA even before his staff had created a two-hour version. Yamashita revived Matsushita Electric's computer operations in the form of semiconductor design and manufacturing and got Matsushita Electric back into the computer game (Kotter, 1997). Matsushita Electric had carved out a niche for itself in the global market. Unfortunately, many of these innovation battles would singe Matsushita Electric's global reputation, tie the corporation up in legal complaints and controversy, and, eventually, land the conglomerate on the second tier of technological innovators rather than the first tier.

CHAPTER 5

My father received his grandfather's seventy-four years of experience. Add to that his own seventy-five years and you have one hundred fifty years. When you add my age, fifty, to that one hundred fifty, that makes two hundred years of experience. That is the power of the Seibu Railways Group. We have three people's ways of thinking. If you look at this, you'll understand what a secure foundation my business has.

Yoshiaki Tsutsumi, as quoted in Lesley Downer's The Brothers: The Hidden World of Japan's Richest Family

Japanese Business Practices

The odds that it took for the Japanese to survive, let alone succeed and become a major player in a global economy leads us to examine several key issues in that success: how was it possible for Japan to gain and hold this economic power; how do the Japanese conduct business; how are decisions made and upon what standards are they based; are the Japanese merely highly imitative or do they have something that we do not; and, how should the United States react in dealing with such a large and, at times, overwhelming global, economic power? This study is concerned with how some Japanese business practices developed, the specific influence of Japanese business practices on Japanese society, how such practices contributed to the establishment of such global conglomerates, how these practices continue to influence business decisions, and the role of Japanese business practices in the proliferation of global profit and power.

A View of U.S. Business Practices

It might be helpful to first examine some views that the Japanese business leaders have towards American business practices. In looking at this reaction, we can gain some insights into how the Japanese, themselves, view business, what some of their business practices are, and how decisions are made. In the introduction of their book, *Keiretsu: Inside the Hidden Japanese Conglomerates*, Kenichi Miyashita and David Russell (1996), describe a conversation with a mid-level manager from a Japanese general trading firm. During the conversation, the manager related the disbelief that he had with the way Americans and other Europeans conduct business. The consternation was not over any social or cultural faux pas. Most Japanese feel that they make cultural and social mistakes, themselves, when they are in other countries. His concerns were more basic than we might imagine:

> What I can't understand, and what most of the people in my firm still cannot believe is that none of our American clients, and only a few of the Europeans, has the faintest idea how our system really works. Some of them don't even know what a shosha is, and they sure don't know how we function... What I mean is, I'm not surprised if a foreign company doesn't spend time studying the languages or customs of their trading partners. That's something we think is important when you go overseas, but they don't. No problem. But when they miss out on the basics, the kind of things you know they'd never slip up on at home, then I'm surprised. That's bad business... Even today, if I'm talking with a top-level American executive, someone who's involved with international trade and who probably understands global financial movements better than I ever will, I can't get over how little he knows about the nuts and bolts of Japanese companies in his sector. Who does business with whom and why? Where does the money come from? If a company gets in serious trouble, who will come to its rescue? What government agencies directly affect a firm's operations, and how far will they get involved? These execs not only don't know, they don't realize that they don't know. It's unbelievable. (pp. 3-4)

The manager went on to say that most Japanese companies have people worldwide whose sole job is to obtain data, analyze information, and prepare reports for the corporations to use. One of the major problems for American corporations in dealing with Japanese and other multinational companies is the lack of information over the companies themselves. Most of this information is open and free to the public, particularly for those companies listed on stock exchanges because such information must be provided in order for companies to trade stock. American companies seem careless or even oblivious to such practical matters in their business dealings overseas. To the Japanese, such carelessness in business dealings and decisions is a certain way to fail.

Contradictory Business Practices

Japanese culture and business practices seem to be shrouded in mystery and myth, or ritual and religion. At times, these practices seem unfathomable and unknowable. Therefore, American business people often do not even attempt to understand the way business is done in Japan. As we begin to discover more about Japan, we find that many of its business practices are at a certain level very simple and practical. Our misinterpretation and/or misunderstanding of some practices may have something to do with the cultural, political, and religious differences between the two countries but it is also a mix of deliberate concealment on the part of the Japanese and of shear ignorance on the part of Americans (Nishishiba & Ritchie, 2000). For centuries, Japan was an isolated country. It developed its own traditions, beliefs, and values independently of the influence of other cultures. Historically, Japanese leaders aggressively promoted this isolation. Even now, most Japanese would prefer that westerners not know or find out more about their traditions. This unwillingness to disclose such information lends a mysterious element to the Japanese way of not only conducting business but of living. The Japanese, of course, find the mystery a very useful tool against competitors.

Most westerners will probably never fully understand what it means to be Japanese. However, at times, there seems to be deliberate barriers to mutual understanding put up by the Japanese and a complete unwillingness to overcome those barriers on the part of Americans. Further, the Japanese practice a closed society approach to almost every aspect of life. This includes those areas such as the media and the university system where one of the main goals is supposed to be internationalization (Freeman, 2000; Hall, 1998). This attitude seems to be in complete contradiction to grand statements from Japanese corporations about joining the global economic community. But, contradiction is one of Japan's many enduring cultural traits.

Ministry of International Trade and Industry

One of the most complex aspects of any discussion of a global economy is the role that governments play in the establishment of businesses and the impact of policies and politics on economic structures within national economies that, eventually, want to participate in the global economy. Japan is no exception to this complicated organization. In fact, the structures in Japanese business arrangements are often more difficult to discern because so much economic activity is based upon personal relationships rather than just prevailing market conditions. Further, the devastation of World War II made it necessary for the Japanese government to facilitate speedy economic recovery through protectionist policies (Johnson, 1982; Katz, 1998). The result is an economic bureaucracy that regulates trade both within the country's borders and without and makes it difficult for new business to be established and new business strategies to be implemented.

After the war, the Japanese government was forced to take drastic steps to get the economy moving and rebuild key industries. Therefore, it implemented an industrial policy whereby those industries that could help reestablish the Japanese economy the fastest were the concerns that received government support (Johnson, 1992; Katz, 1999). The policy proved extremely successful during the period when economic growth was needed. The government lured companies in through promised and sustained support, regardless of risk, if it was determined that the industry would further economic stability. Having so embraced a company or industry, the government was duty-bound to keep the enterprise from failing. The original rationale for the policy was that Japanese firms were too small to compete globally. They just needed some help until they were large enough to compete on their own. As a result, the Ministry of International Trade and Industry (MITI) was established to regulate any and all trade issues including competition at home and aboard, mergers, and financing (Callon, 1995; Katz, 1998).

MITI and the initial companies in a particular industry worked together to keep unwanted competitors out of those industries. This included both foreign and domestic competitors (Callon, 1995; Katz, 1998). The result was a bureaucratic arm of the government that essentially had the power to determine which industries and companies could and could not be established. Although there have been several attempts at reforms of the protectionist system since the 1970s, this cartel mentality was firmly entrenched in Japanese business culture as an appropriate means of conducting trade. Further, while this arrangement worked in the short-term, over the long haul, it has fueled many of the economic problems and public scandals of the past 1990s recession era in Japan.

The Ministry of Finance

Peter Hartcher (1998), *The Ministry*, asks us to imagine the Internal Revenue Service, the Securities and Exchange Commission, the Federal Reserve Board, and the U.S. Treasury all rolled into one agency. Further, that agency would make whatever decisions and policies that it wanted without having to report to any other authority. The Japanese Ministry of Finance or Okurasho is just such an all-encompassing organization. The Ministry is more than a government agency. It is a political, economic, and intellectual force with unparalleled power.

The Ministry is said to date back to A.D. 678 and the imperial courts. During the Allied Occupation, the Ministry was largely ignored. As a result, one of the largest networks of prewar principles and personnel was left untouched during the purge of the zaibatsu. The assumption of the Ministry officials is that politicians represent special interests. Therefore, it is up to the Ministry to represent national interests. In its pursuit of national interests, the Ministry is free to disregard any and all information and market indicators (Curtis, 1999). According to Hartcher (1998), the prevailing business belief of postwar Japan held that "no principle, practice, or people should be allowed to take precedence over the wealth and welfare of the nation" (p.4). This remains the Ministry's mission. As a result, the Ministry allows protectionism of all Japanese corporate concerns from the stock market to insurance companies to banks. In short, the Ministry decides what economic decisions are good for Japan as a whole. This includes which industries may proceed with business ventures, exchange rates, new business strategies, open areas of trade, form alliances, and receive loans.

Due to the recent recessions, both the Ministry of Finance and MITI have come under scrutiny and heavy fire from their critics (Callon, 1995; Curtis, 1999). Both organizations have had numerous officials arrested on corruption charges and are facing public demands of accountability and reform. In the case of the Ministry, there was evidence to show that it had approved far too many problematic loans that would eventually be deemed as unrecoverable. Then, instead of dealing with the problem, the Ministry tried to cover the situation only to find that the credit of Japanese banks had been downgraded in the international markets (Pemple, 1998). In order to retain the required 8 percent of total assets in hard capital, banks had to liquidate stock holdings and/or property, further depressing the domestic economy (Pemple, 1998). Unintended, yet still painful, results for the Japanese people and their future global endeavors include the loss of status in the international community and the failure to secure a permanent seat on the UN Security Council.

Contemporary Japanese Business Practices

As the old system of zaibatsu was supposedly dissolved, the "keiretsu" system rose to take its place. Translated into English, keiretsu loosely means affiliation. In Japan, almost every corporation is affiliated with one or more other companies in one way or another. Over 2000 Japanese companies are listed on world-wide stock exchanges. Each of these companies has at least one group, if not more, of subsidiaries and/or affiliates connected to their business. Some of these businesses are actually very small, while others have grown to global size. Generally, there are two classifications of keiretsu: the horizontal keiretsu called "yoko" and the vertical keiretsu called "tate" (Gerlach, 1992; Miyashita & Russell, 1996). A horizontal keiretsu is usually characterized by a group of very large companies that have ties to the same powerful bank, shared stockholdings, and trade relations. A vertical keiretsu is characterized by a more pyramid structure in which one very large company has hundreds of small companies that are connected to it and dependent on it. There may even be two pyramids under one corporate roof where one pyramid produces certain goods and the other distributes and sells the goods (Gerlach, 1992; Ito, 1992; Miyashita & Russell, 1996). This arrangement is very straightforward and is used all over the world in the form of transnational conglomerates.

American corporations also use the concepts of horizontal or vertical conglomerates, although there are some differences between U.S. model and that of the Japanese. In the U.S., a vertical conglomerate usually deals with one product and all of the aspects of that one product from the gathering of raw materials to the distribution of the product to consumers. In a horizontal conglomerate, different types of companies are housed under one parent company. Most of these subsidiaries specialize in one form or type of business, such as media or oil. However, with the rise and growth of the transnational conglomerate, it has become more and more difficult to discern any typical combination of subsidiaries. Parent corporations, themselves, have become reabsorbed into the mix and, in many cases, have themselves ceased to exist. Therefore, it is very difficult to keep up with who owns and/or controls what these days.

The major characteristic of a keiretsu is that the companies involved revolve around one major financial entity, a bank or other type of long-term credit institution, that serves as the principle source of financing and capitol for the companies. There are approximately 14 such institutions in Japan. The six largest are Dai-Ichi Kangyo (DKB), Sakura, Sumitomo, Fuji, Sanwa, and Mitsubishi, along with the leading long-term credit bank, the Industrial Bank of Japan that is the operating arm of the Ministry of Finance and guarantees credit for the other banks (Gerlach, 1992; Johnson, 1982; Schlesinger, 1999). Most of these came from the old zaibatsu structure, updated themselves, and started doing business again, right after the Allied occupation forces left Japan. These banks have their own industrial groups and are called roku dai kigyo shudan or Big Six Industrial Groups and represent horizontal keiretsu (Gerlach, 1992; Johnson, 1982; Miyashita & Russell, 1996). Although most of these companies are quite competitive at home, in international trade, they often choose to stick together.

Along with the central banks, a keiretsu has a large general trading company or sogo shosha that helps the group. It was thought for a long time that shosha were simply, and in many cases unnecessary, intermediaries between Japanese companies and foreign concerns. However, this is not the case. The sogo shosha is part of the group and its duties include taking financial risks, obtaining pertinent business information, giving large amounts of credit, buying and selling goods, and other numerous duties (Gerlach, 1992; Miyashita & Russell, 1996; Kunio, 1982; Yoshino & Lifson, 1986). These trading companies are much like American agricultural trading cooperatives, associations or granges. Such U.S. cooperatives influence the setting of prices and limits for commodities such as wheat, corn, cotton, and cattle. Some of these American companies include Continental Grain, Cargill, and Bunge (Kunio, 1982). As with the shosha, these associations cannot be said to be merely intermediaries. They are heavily involved in the outcome of many business dealings and decisions. However, there is a distinct difference between these commodities associations and shosha. The shosha maintains a worldwide network, handle numerous commodities each -- not just one, and account for a large share of foreign trade in Japan (Gerlach, 1992; Kunio, 1982; Yoshino & Lifson, 1986). While other countries have trading associations, only Japan has these types of global trading entities. However, many countries, particularly third world countries, are attempting to copy the Japanese shosha model of trade.

Most keiretsu are made up of two or three core corporate giants. These include the shosha, a major manufacturer or two, and several financial institutions such as a central bank, along with a life insurance or non-life insurance company or two. It is this core of companies that give the keiretsu its identity. Around the periphery of these companies are dozens of small or even medium to large firms that are associated with the group but choose to remain at a distance. There are some firms that claim an association with more than one group. Hitachi, for example, thinks of itself as above the keiretsu system and boldly displays three keiretsu flags from three different groups outside its corporate headquarters (Gerlach, 1992; Miyashita & Russell, 1996) There are several Japanese corporations, in fact, that wish to maintain an independent image from the keiretsu and do not officially announce associations with any, although they still do business with the keiretsu.

There is some confusion in sorting all of the ins and outs of the keiretsu practices due to the fact that so many of the horizontal keiretsu core members are also their own vertical keiretsu. That is to say that these firms work horizontally with other companies but then form their own vertical pyramids composed of smaller firms and subsidiaries under their direct, or at least closely tied, control. So, what we have is a giant conglomerate made up of smaller firms. This is especially true of those companies involved in manufacturing, such as electronics and automobiles. Matsushita, for example, is so large that it is not only the parent company at the top of its pyramid but it also has nine subsidiaries large enough to be listed independently on the prestigious First Section of the Tokyo Stock Exchange (Miyashita & Russell, 1996). Because the subsidiaries are loyal to the parent organizations, it makes it difficult for foreign corporations to make in roads into the pyramid. Some pyramids are so big that even the upper managers have no idea how vast the conglomerate actually is. If all of the smaller operations were counted, there could be several hundred or even thousand companies making up one industrial group.

Japanese Business Culture

Knowing who is who, however, is essential in order to be successful in doing business in Japan. In order for the Japanese to do business well, they memorize the information needed for them to do business in their own group. Although most of these things are not taught, they are known as pieces of important information that should be remembered (Miyashita & Russell, 1996). In a way, we have some of the same types of information that are merely known here in the U.S. For example, no one teaches us who owns the biggest companies in our hometowns but such knowledge is considered important by the local chamber of commerce and other members of the local business community. People talk about such companies or refer to them but the information is not necessarily written down or lectured over. It is something that people, especially those who live in the town, are expected to know and keep track of. Once a corporation gains global economic and political power through numerous subsidiaries, it is easy for such an entity to define what both distributors and consumers will purchase. In short, it becomes easy for such an entity to define reality, future trends, and make or break any other company that comes along.

In the book, *An Introduction to Japanese Society*, Yoshio Sugimoto (1997) gives a detailed description of what it is like to work for a Japanese corporation. Every Japanese corporation uses the same pattern for hiring new employees. A position is advertised only once a year and those wishing to be considered must take a battery of tests based upon certain skills in order to be considered. After testing, those candidates who have done well on the tests are interviewed. Japan has a very strict social structure and does not take kindly to anyone who is considered too individualistic or different. So, steps are taken at every corporate level to reinforce the concepts of duty, honor, and work responsibility. Further, the emphasis for the Japanese is placed upon how things are done. Hence, the observance of socially accepted rules of behavior is more important than results. Such ritual provides stability and social order.

Relationships among workers and the view of the corporation as family are not only encouraged but also are part of the corporate socialization process. This socialization process is constant and life-long (Tamamoto, 1999). Because of their heavy dependence on cooperative and relational ties, the Japanese on the whole tend to trap themselves into situations that they find distasteful, rigid, and unchangeable. Those who enter the workplace often find themselves in positions were the work is dissatisfying, difficult, physically taxing, and emotionally draining. Unfortunately, due to Japan's dense population, most workers are left with few options to change positions or advance in the company. Further, changing jobs would be seen as a slight against an employer. This means that new employers would be reluctant to hire the employee for fear of angering a fellow employer (Sugimoto, 1997; Vogel, 1979). As a result, most workers have very little choice but to remain in their positions until retirement.

Lessons from Japan, Inc.

In Eads and Nelson's article (1986), "Japanese High Technology Policy: What Lessons for the U.S.?," the authors point out three lessons that the U.S. should learn from Japanese business practices. The first lesson is to pay careful attention to getting the basics right. This includes doing everything possible to ensure financial and political support for research and development, technical education, and the establishment of policies and institutions that support overall economic growth. The second lesson is be willing to participate and support the development of generic technologies and in publicly subsidizing such research. Such generic research done among several corporations or entities would enable a pool of talent to congregate and exchange ideas as well as reduce the overall costs of such projects. The third lesson is to be willing to permit and support an even greater degree of research and development than the U.S. has encouraged in the past but let industry leaders take the lead in identifying which ventures are likely to be the most successful (Eads & Nelson, 1986). Some joint ventures, such as the Internet, have been wildly successful. In this regard, it might serve us well to take a history lesson from the Japanese. Even though the Japanese conglomerates are currently struggling with a prolonged recession, the Japanese believe quite firmly that we are entering the Asian Century and that they will have a major role to play in the global community.

Summary

What goes up must come down, and so it was with the Japanese postwar economic miracle. By 1994, the Japanese economy was in a severe recession. The

Japanese government was plagued by political scandals and arrests in key agencies were being made. The Japanese people lost faith in the very institutions to which they had devoted their lives. Unfortunately, the Japanese were losing ground fast in the global marketplace as well. By 1997, the Asian banking crisis caused a regional economic meltdown. According to Richard Katz (1998), *Japan the System that Soured: The Rise and Fall of the Japanese Economic Miracle*, although the protectionist trade bureaucracy had helped Japan to overcome the postwar economic hardships, it was not a flexible enough system to keep pace with the changes in the modern global economy. Japan actually had a dual economy where super-strong export industries were combined with super-weak domestic sectors (Katz, 1998).

According to Gavan McCormack (1996), *The Emptiness of Japanese Affluence*, the political economy of Japan was and is made up of the "3Cs," construction, consumption, and control (p. 288). The problem was that each of these areas carried gains and setbacks that were not taken into account in the global economic picture. Most of the Japanese owned transnational corporations, however, had been pushed out of their complacency long ago thanks to their overseas subsidiaries and exposure to overseas management styles, business strategies, and foreign government regulations. Unfortunately, domestic manufacturers did not keep up with the changes occurring outside their own sectors. According to T.J. Pempel (1998), *Regime Shift: Comparative Dynamics of the Japanese Political Economy*, the end of the 1990s was a time of transition in Japan:

> Although Japan's stalled economy attracted the biggest headlines, by the end of the 1990s many other noteworthy changes had taken place in Japan's

> conservative regime: a new electoral system, a reconfigured but highly fluid party system, and a massive dealignment of voters; a weakening of both the vertical and horizontal linkages connecting Japan's most powerful keiretsu and an increased presence of foreign-owned firms; a substantial reduction in the number and power of the policy tools available to economic bureaucrats; the pacification and emasculation of radical labor and leftist organizations; the economic and, to a lesser extent, political marginalization of organized agriculture; a substantial increase in the average age of the Japanese population; and a steady erosion of voter loyalty to parties. (p. 211)

The result of this implosion of the Japanese economy is that the Japanese government continues to struggle to provide enough damage controls, reforms, and innovations to salvage the pieces (Carlile & Tilton, 1998; Itoh, 2000; Katz, 1998; Pempel, 1998). It remains to be seen how quickly and effectively the Japanese economy will be able to rebound.

CHAPTER 6

Talking about business – you have to go right to the gates of prison. You go right there but you don't go inside. That's the way to do it. If you once go inside you've had it. But, if you don't get close to jail you won't achieve anything.

Yasujiro Tsutsumi, from Lesley Downer's The Brothers: The Hidden World of Japan's Richest Family

Matsushita, Controversies, and the Law

During the 1960s and 1970s, a darker side to the history of Matsushita Electric began to emerge. This is the part of the Matsushita Electric story that is not found in the corporate annals, cultural mythos, or the philosophical writings of the company's esteemed founder. It is the more sinister, unspoken story. However, it is this part of the corporation's history that has the most bearing on the rise of Matsushita Electric as a transnational media conglomerate. These particular business practices were the strategies most responsible for helping Matsushita Electric build and firmly establish a dominant place in the global economy.

On February 18, 1992, the Public Broadcasting Series, *Frontline,* aired one of the most in-depth pieces ever done on the Matsushita Electric Industrial Company and its many subsidiaries. The episode was entitled, *Coming From Japan.* It was this particular episode that first brought Matsushita Electric to my attention and explained in very precise terms how Matsushita Electric was not only able to survive the devastating events of World War II and postwar reconstruction but also began to suggest just how it might be possible for the company to become a global, economic power in the few decades since that time. The experience was the first time that it had really dawned upon me that the transnational corporations wielded tremendous power, not only in the marketplace but also in the hearts and minds of uninformed consumers. It was then that I began to wonder what the impact such a powerful social, economic, and political force might have upon human behavior as well as what the ramifications of such effects might be.

The Japanese Television Cartel

When Hiroshima and Nagasaki were bombed, the result was a crushing defeat of the Japanese military. The Japanese people were then free to try to rebuild their economy through business and manufacturing. During 1950, Konosuke Matsushita made his first visit to the United States and he was singularly impressed. He, of course, was viewing America in its heyday and neither the Japanese nor the Americans thought that such prosperity would even diminish, much less, in some cases, vanish all together. Matsushita Electric was already known as a top company in Japan. Further, the kind, thoughtful, enlightened corporate leader, Konosuke Matsushita, wanted to make Japan a world power through peaceful, economic means (Matsushita, 1982, 1983, 1988, 1989, 1991, 1992). Since Japan is an island with almost no natural resources, Matsushita and other Japanese manufacturers knew that they had to export goods to survive financially. Matsushita considered making televisions because that endeavor would dovetail very nicely with his other manufacturing interests in household appliances and radios. The U.S. television dealers and manufacturers agreed to let anyone into the fray, after all it was a free market. Little did they know that this agreement would result in the death of the American television manufacturing industry.

Through government sanctioned protectionist trade practices, Japan had a closed economic market with few imports from foreign concerns. Since American firms like the Radio Corporation of America and General Electric could not sell television sets in Japan, themselves, they agreed to license the technology to a few of the Japanese manufacturers, not realizing that it was an established business practice to borrow technology in Japan. Not only did the Japanese manufacturers take the technology, but also they would find ways to improve upon the product lines. Then, they would apply for new patents based upon these improved products (Kato & Lennon, 1992).

In 1956, and again in 1964, the Japanese electronics manufacturers got together to form cartels. The manufacturers that participated in the cartel were Matsushita, Sanyo, Hitachi, Sharp, Sony, Mitsubishi, and Toshiba (Belderbos & Holmes, 1995; Kato & Lennon, 1992; Schwartzman, 1993). This alliance, of course, included the subsidiaries of these conglomerates. Together, they agreed to set prices for Japanese markets and for markets overseas. Such price fixing generated high prices at home, so the companies could offer televisions at reduced prices in the United States. In order for a company to offer cheap goods overseas, prices must be raised elsewhere to make up the costs differences.

Price fixing was illegal in both the United States and Japan. In 1968, the U.S. Justice Department filed charges against the cartel, including Matsushita, for the illegal dumping of television sets on the American market and began to assess fines for tariff and import duties violations. Then, in 1970, a full-fledged antitrust complaint was filed against the cartel (Belderbos & Holmes, 1995; Landman, 1984; Schwartzman, 1993). National Union Electric Corporation brought the suit under Sections 1 and 2 of the Sherman Act. The suit alleged that the Japanese manufacturers had conspired to restrain competition in the U.S. markets for television receivers and other consumer electronic goods, including radios, tape equipment, phonographs, stereo and audio instruments, and electronic components (Belderbos & Holmes, 1995; Gifford, 1996; Schwartzman, 1993). In 1974, the last American television manufacturer that had survived the collusion, Zenith, joined the suit. The main focus of the lawsuit shifted to the powerful technology of television. In the lower courts the case was known as the *Japanese Electronics Products Antitrust Litigation*. When the case reached the Supreme Court in 1984, it was known as *Matsushita et al. v. Zenith Radio et al.* (Schwartzman, 1993).

According to David Schwartzman (1993),[18] *The Japanese Television Cartel: A Study Based on Matsushita v. Zenith*, the cartel had persuaded stores such as Sears, Alexander's, and Motorola[19] to join in the collusion because they could obtain cheaper sets to sell to the public. The suit alleged that through the cartel, the defendants exercised a monopoly in the Japanese television markets. This meant that

[18] David Schwartzman, along with Horace DePodwin and Marcio Teixeira of Horace DePodwin Associates, was hired by the plaintiffs to prepare a brief on the Japanese television manufacturing industry.
[19] This was not difficult to do since the companies were financially intertwined. It was merely an in-house matter to ensure collusion in the conspiracy. Sears owned 25 percent of the stock in a company called Warwick Electronics. In 1976, Sanyo acquired Warwick. Since Matsushita Electric already owned Motorola by this time, the American subsidiary became a codefendant in the suit (Schwartzman, 1993).

they could amass monopoly profits there and then use those profits to subsidize dumping in the U.S. The Japanese would send the sets through customs with the high prices attached in order to keep the U.S. Customs agents from investigating the goods. Then, the U.S. distributors were given rebates for the sets through Swiss bank accounts. Because the cartel had agreed upon prices and market-shares among themselves, the U.S. manufacturers could not compete. This collusion not only undermined the U.S. Customs Authorities and antitrust laws but lead to the intended downfall of the American television manufacturing industry. American manufacturers, such as Sylvania, Philco, and Magnavox, either went bankrupt or were acquired by foreign companies.

It is interesting to note that the Germans were also involved in buying and manufacturing television sets and dumping them in the U.S. at cheap prices. It is ironic that the Japanese and the Germans who had just been so soundly defeated in the last world war were the exact countries to bring the United States such a resounding economic defeat. The cartel continued to meet and plan until 1977. By that time, the U.S. television manufacturing industry was gone. Further, the Americans had not counted on losing all the peripheral equipment that went along with television sets such as video tape recorders, cameras, and, later, semiconductors and computers (Kato & Lennon, 1992; Schwartzman, 1993). Greed, carelessness, and arrogance, along with an over preoccupation with the Cold War, had caused U.S. manufacturers to look at short term profits rather than their long term commitments. In the 1960s and 1970s, the United States was careless with its future. Even now, there are no American made televisions or media devices. The most that the Japanese and German owned subsidiaries in the U.S. do is put the outer casing on the products and sell them.

In 1970, the U.S. producers charged Japan with dumping goods and fixing prices. A three-year investigation ensued. The U.S. Justice Department ruled against Japan but assessed no penalties for the dumping. A one-time charge of $1 million dollars was collected in dumping duties and, then, no more duties were ever collected (Kato & Lennon, 1992; Schwartzman, 1993). However, things were not so smooth at home for the Japanese manufacturers. The Japanese people had begun to find out how cheap televisions and other electronics and appliances were being sold in the U.S. and started to complain about the high prices at home. Disputes over customs duties with the U.S. continued to flair from time to time. The U.S. government continued to look the other way. In 1972, Japan's Prime Minister Tanaknocka requested a one-year delay in all trade disputes with the U.S. and President Richard Nixon agreed (Kato & Lennon, 1992).

In 1977, agents of the U.S. Customs Department under President Jimmy Carter, tried to collect the past due dumping duties owed by the Japanese manufacturers that in 1977 dollars total over $400 million dollars. The U.S. Treasury Department overruled the decision. Little did the agents know but Robert Strauss, the head of trade, had struck a deal with the Japanese. Japan would limit the number of exports to the U.S. and Strauss assured the Japanese that the Justice Department investigations of price fixing would cease. Any duties from the past or present would be abolished. In return, Japan would unconditionally support U.S. foreign policy. Outraged, the customs agents took their story to the media but the last nail on the coffin of the U.S. television manufacturing industry had been hit home. In 1968, when the first complaints against the Japanese had been filed, there were twenty-five U.S. television manufacturers. By 1977, there were only six U.S. manufacturers left; and, by 1980, any remnant or sign of the U.S. television manufacturing industry was gone (Kato & Lennon, 1992). Matsushita has continued to fight lawsuits over patent violations, violations of trade law, and protests at home and abroad.

Although the market forces did eventually terminate most of the U.S. television and electronics manufacturing industries, the legal cases dragged on for over a decade. In 1974, the American television manufacturers filed a lawsuit in the U.S. District Court against the Japanese for violating antitrust laws. After years of investigations, Matsushita Electric and the other Japanese plaintiffs asked for and received a summary judgment in the case. District Court Judge Edward R. Becker decided that there was not enough admissible evidence for the case to go to a trial or to conclude that the minimum price and market share tactics by the Japanese posed harm to the American plaintiffs. Further, the District Court did not find that the defendants colluded to discriminate in pricing between the domestic Japanese markets and the U.S. markets (Belderbos & Holmes, 1995; Curtis & First, 1996; DeSanti & Kovacic, 1991; Gifford, 1994; Kovacic, 1997; Powell, 1994, 1996; Schwartzman, 1993). The Americans filed an appeal with the U.S. Court of Appeals. Upon examining the facts of the case, the Court of Appeals for the Third Circuit decided to reverse the lower court's ruling. The reversal was based upon the lower court's decision to issue a summary judgment in light of the direct and circumstantial evidence of a conspiracy to limit trade. Further, the Court of Appeals determined that much of the evidence that had been excluded by the lower court was admissible in a trial. In short, the lower court should not have issued a summary judgment but should have ordered a trial (Belderbos & Holmes, 1995; DeSanti & Kovacic, 1991; Kovacic, 1997; Powell, 1994, 1996; Schwartzman, 1993). Matsushita Electric appealed to the U.S. Supreme Court (See Appendix M for the complete ruling by the Supreme Court, including the Dissenting Opinion).

In 1986, the case of *Matsushita Electric Industrial Co., Ltd, et al. v. Zenith Radio Corp. et al., 475 U.S. 574*, went to the highest court in the U.S. The Supreme Court decided to reversed the Court of Appeals' decision, in a five to four vote in favor of the Japanese cartel (Belderbos & Holmes, 1995; DeSanti & Kovacic, 1991; Gifford, 1994; Kovacic, 1997; Powell, 1994, 1996; Schwartzman, 1993).[20] After sixteen years of litigation and to the astonishment of legal scholars and customs agents, the Japanese cartel had won the case against the Americans.

Later, scholars argued that most Americans, in general, and the Supreme Court, in particular, had neglected to take into account the impact of the Japanese economic structure upon Japanese business practices. Although technically monopolies are illegal in Japan, under the Ministry of International Trade and Industry's influence, the Japanese have a subtle, legal distinction in which good

[20] The Matsushita Electric v. Zenith case is still used as one of the major examples in legal arguments concerning the definition and use of predatory pricing, the ruling on evidence in antitrust disputes, and the use of summary judgments.

cartels and good collusion are allowed and bad cartels and bad collusion are not. Whether or not a cartel will be allowed depends upon the public interests, as defined by MITI, that certain such alliances will serve (Gifford, 1994; Matsushita, 1993; Powell, 1994, 1996; Schwartzman, 1993). This was the case, for example, when MITI had approached Matsushita Electric to purchase the financially ailing Victor Company of Japan (JVC). However, this does not explain why the U.S. Supreme Court would rule in the Japanese cartel's favor. The only explanation that anyone has for this strange turn of events in the American court system is politics.

It has been noted that the Nixon, Ford, and Carter administrations were hostile to dumping complaints. They regarded any such attempts to slow or stop such activities as protectionist. This was inconsistent with their trade liberalization policy. Further, the United States was in the middle of a Cold War and did not want to antagonize the Japanese government in return for the use of landing and surveillance bases in Japan and the Philippines (Kato & Lennon, 1992; Schwartzman, 1993). The deals within deals, the failure on the part of the U.S. government to look at long-range consequences of these important decisions, and, possibly, some collective guilt over the use of atomic bombs on Japan at the end of World War II, essentially resulted in the sacrifice of the U.S. television and electronics manufacturing industry to the Japanese.

The Move to America

As we have discussed earlier, Matsushita Electric decided to move some of its operations to the U.S. The first company acquired in the U.S. solely by Matsushita was Motorola. Motorola had owned Quasar but had begun to lose money when the dumping of Japanese television sets in the U.S. markets began. Matsushita Electric purchased the company in 1974. Further, Matsushita managers were able to turn the company around and show a profit. There were Americans employed at Motorola/Quasar but most felt excluded from the decision making process. One thing that the U.S. government and business leaders had failed to see was that not only did the Japanese have their own way of doing things but they would also decide with whom they would deal. Slowly, Quasar was gutted and eventually became a final assembly and distribution point in the U.S. The directors insisted on using Japanese suppliers from home, most were also owned by Matsushita Electric, even if the prices were higher (Kato & Lennon, 1992). In short, when the Japanese came to America, they brought their established business relationships with them. The result was that most American companies were hollowed out and, then, finished or almost finished goods were brought through the company and were completed and distributed. Matsushita Electric used American advertising agencies and public relations firms to present the products to the American consumer as if they were American made (Kato & Lennon, 1992). It was a public relations coup and most buyers never realized that the sets were not American at all on the inside. Most American employees served as advisors, specialists for certain projects, and sales experts, but the Japanese owned and ran the company.

These business practices, along with different management polices toward the Japanese and Americans workers, caused problems on the work front. There were actually two companies operating within the same walls, one was Japanese and one was American. When the television industry hit a recession in 1986, Quasar laid off many of its U.S. workers but all of the Japanese workers were kept. The U.S. workers who managed to stay employed had their salaries frozen while Japanese workers actually received raises in salaries. Matsushita Electric boasted that in all of its years, it had never laid off a single Japanese worker. There was never any doubt on the part of the Japanese of where or to whom their loyalty would ultimately go. There were many such problems.

Mostly, the Americans forgot that when they were making deals in the 1960s and 1970s, they should have decided what the rules of the corporate game would be. The Americans expected the Japanese to conduct business just like the U.S. businesses with low bid suppliers in an open market receiving the jobs. Anyone could enter the market and everyone had an opportunity to obtain contracts (Kato & Lennon, 1992; Schwartzman, 1993). Companies to the Japanese were not just workplaces but constituted the extended family. They are often not only the exclusive source of income for Japanese families but also supply lifetime friends for Japanese adults (Lennon & Kato, 1992). Such ties are long-standing and almost never violated.

Matsushita and Sony

In 1974, Sony was preparing to introduce an exciting new product, the home videocassette recorder. The recording capacity was for one hour at standard speed. Akita Morita, Sony's president, invited fellow television cartel members over to see his new invention. Unfortunately, Morita was in the mood to brag about his accomplishments but he was not in the mood to discuss any joint ventures or even take advice from his fellow electronics manufacturers (Griffin & Masters, 1996; Morita, 1986; Weston, 1999). It was apparent to the other meeting attendees that Sony had become too westernized in its manner of conducting business. In short, Morita and Sony had to be humbled. Sony took Betamax to consumers and was fairly successful, until a year later.

Matsushita Electric gambled that Sony would not be able to manufacture enough VCRs in the first year to meet consumer demand. Through its JVC subsidiary, Matsushita Electric developed its own VCR using the VHS format. The VHS system did not work as well as Beta but it was cheaper. Matsushita Electric was about to launch its own version of the VCR, using the 1/2" VHS format. Further, Matsushita Electric promised its American distributors that it would produce longer playing tapes. The major catch was that VHS and Beta tapes and systems were not compatible. Realizing his misguided arrogance, Morita personally petitioned the retired, eighty-one-year old Konosuke Matsushita for a compromise to have the VHS machines recalled and reconfigured to Sony's Beta standards. But, it was too little too late an offer and Matsushita declined to get involved on Morita's behalf. Sony struggled to keep Beta afloat but insisted on keeping the price higher on the grounds that the format was of a higher quality (Griffin & Masters, 1996; Weston, 1999). The marketing efforts failed and Sony was eventually forced to admit defeat in the VCR war.

Matsushita Goes to Hollywood

The VCR war did bring one major concern to the forefront for Matsushita Electric management. Since the multibillion-dollar market in VCRs was up for grabs, it became clear that the manufacturer who could convince American television and movie studios to adopt its technology would be able to grab the market and keep it (Weston, 1999). Consumers would buy whatever kind of videotape or technology that the studios were using. Sony, again, was one step ahead of the game and purchased CBS Records in 1987 and Columbia Pictures in 1989 (Griffin & Masters, 1996; Weston, 1999). Matsushita executives were worried that they might lose a future market for the high-definition television and responded with a deal of its own.

In 1990, Matsushita acquired MCA, Inc. for $6.59 billion dollars.[21] Michael Ovitz brokered the deal. MCA owned Geffen Records, Universal Studios, rights to movies, records, television shows, and theme parks (Corliss, 1995; Weston, 1996). The global success of American movies, particularly their success in Japan, prompted this action. Each year, approximately $300 billion dollars is spent on movie tickets, compact discs, videotapes and other entertainment products world-wide. In Japan, half of the top ten movies doing well at the box office every week are American made. The added benefit for Matsushita and the other Japanese manufacturers was

[21] This deal was not without its own trials and tribulations. Matsushita Electric's offer to buy MCA, a Delaware corporation, precipitated two lawsuits on behalf of MCA stockholders. One lawsuit was filed in Delaware based upon state-law claims against MCA and its board of directors for breach of fiduciary duty in failing to maximize shareholder stock value. The other lawsuit was filed in California based upon federal charges that Matsushita offered MCA managers, Lew Wasserman and Sid Sheinberg, preferential value for stock options and thus violated certain Securities and Exchange Commission Rules under the Securities Exchange Act of 1934. The case went to the U.S. Supreme Court as *Matsushita Electric Industrial Co., Ltd., et al., v. Lawrence Epstein, et. al., No. 94-1809.* Matsushita Electric prevailed in the federal case and settled out of court in the Delaware case. (Kahan & Silberman, 1997).

that not only did they own the means of producing the technology but, with the studio acquisitions, they also own and produce the content and/or software to be used with the technology. It was a complete, vertical monopoly (Griffin & Masters, 1996; Wilson, 1994). Because most conglomerates are public entities and listed on a stock exchange, the acquisitions of other companies become relatively easy. Any person or entity with the money can buy the stock of another as it becomes available and thus take over a corporation (Biagi, 1996). So, Matsushita Electric decided to make movies. However, not all was rosy with MCA, Inc.

During the freewheeling 1980s, everyone in Hollywood was looking for the next biggest deal. Stars, producers, writers, and agents measure their own worth, how well they are doing against their competition, and the worth of others by who has the best deal and/or most money. There were cases in the 1980s where fresh out of college graduates were being paid unheard of, enormous prices for first time scripts. For example, an unknown author might receive $500,000 for a script when the going rate before the 1980s had been only $25,000. Some payments got so outrageous that they were considered obscene even by Hollywood standards (Griffin & Masters, 1996).

Money, furnished by Matsushita Electric, was flowing out of MCA, Inc. by the barrels. But, movies and other entertainment products were not paying off to the degree that Matsushita Electric had hoped even though MCA had turned out blockbusters like *Jurassic Park* and *Schindler's List*. Matsushita Electric management had decided to keep the American managers, Lew Wasserman and Sid Sheinberg, to run the studios after the purchase. However, Matsushita management got into a bitter clash with the Americans because the differences in cultures did not meld well and Matsushita Electric refused to spend money on acquisitions that would allow MCA to compete with growing entertainment companies like Viacom (Griffin & Masters, 1996). Matsushita Electric operated under the division system where each subsidiary was expected to turn a profit and to compete on its own. The situation was moving from bad to worse. Finally, in 1995, Matsushita decided to cut it losses and sold 80 percent of its controlling interests in MCA, Inc. to the Seagram Corporation for $5.7 billion dollars (Corliss, 1995; Griffin & Masters, 1996; Kotter, 1997; Weston, 1999). Matsushita Electric lost over a billion dollars on the deal.

Although the sale of MCA seemed like a defeat for Matsushita Electric, the company actually came out far better financially than its rival Sony because it cut it losses early and actually had a buyer eager to purchase MCA (Griffin & Masters, 1996; Weston, 1999). According to Matsushita Electric Chairman, Masaharu Matsushita, the sale was not a complete loss, "In the multimedia age, we need software to run on our hardware... But in order to do that, keeping 100% of MCA wasn't necessary; 20% is enough" (Kotter, 1997, p. 104). Its 20 percent ownership in MCA will ensure that Matsushita products have a prominent point of distribution and will be able to compete with Sony innovations and technologies in the future media market (Kotter, 1997; Weston, 1999).

During the time that MCA was owned by Matsushita Electric, they did very well on the awards side of the business. In 1995, Matsushita Electric received a

Technical Emmy for its half-inch component digital recording technology called D-5. In all, Matsushita Electric received eight Emmys, five for achievements in digital technologies, superior high-end graphics processing, digital layering, and film-to-tape transfers (Matsushita Home Page, 1996).

During this same time, Matsushita Electric stayed in the technologies research and development game with a vengeance. Matsushita Electric purchased a Highland, New York company, called PLASMACO that had developed an advanced plasma display panel. Matsushita acquired all of the stock to the company and wholly owns it. This is a clear example of the enormous power that conglomerates yield. If their own research and development departments do not come up with the latest consumer gadgets, then conglomerates have the resources to simply buy the technology or even whole companies in order to obtain exclusive rights for manufacturing and distribution. This makes it difficult for smaller firms to compete.

Current Business Practices of Matsushita

Although it is not officially tied to any one keiretsu, Matsushita is associated with the Sumitomo Group. The Sumitomo Group began as a mining concern during its zaibatsu days. It was one of the first to regroup after the occupation and see the elimination of the zaibatsu as a new beginning. Rather than mourn old losses, Sumitomo was reorganizing and making plans three years before the first keiretsu came into being. Unity is everything to Sumitomo.

There are twenty companies in the Sumitomo group and most of the core members have offices within a few blocks of each other in Osaka. The group's average cross-sharing ratio is 27 percent, second highest in the Big Six. The unique thing about the Sumitomo group is that the top shareholder of every core firm is another Sumitomo company. The Sumitomo Bank is ranked third among the most profitable of Japan's huge banks in terms of assets. However, it is also often the most profitable because of its willingness to take risks not only on the large Japanese manufacturing firms but also on medium to smaller sized concerns. In the 1980s, Sumitomo was one of the most aggressive entities that Japan had in terms of mergers and acquisitions. It remains one of the outstanding players in Japanese business.

In its prewar era, Sumitomo did not have a trading company or shosha. Their current shosha only came into existence six years after World War II and actually started off as a real estate and building concern. It is now called the Sumitomo Shoji or Sumisho and is the sole agent of Sumitomo Group companies and their activities. It has the highest in-group transaction figure of all the Big Six shosha and has become the number two shosha in terms of sales. The trading company is strongest in the fields of metals, steel, chemicals, and machinery.

The Hakusui-kai or White Water Club serves as the presidential council of the Sumitomo group. The Hakusui-kai consists of 20 members but the core is made of three major players: the Sumitomo Bank, Sumitomo Metal Mining and Sumitomo Chemical. Beyond these core companies are the affiliates and associated independents such as Mazada Motors, Asahi Breweries, and Matsushita (Miyashita & Russell, 1996). Although many of the Sumitomo concerns are not the biggest in their business sectors, they do tend to be the most profitable.

The Matsushita Group continues to have interesting business dealings and practices. Officially, the conglomerate is not tied to any one keiretsu. However, it uses the Sumitomo and Asahi Banks for financing and many of its top shareholders are from the Sumitomo Group. The top shareholders are Sumitomo Bank, Sumitomo Life, Nippon Life, Asahi bank, Sumitomo Trust, Sumitomo Marine & Fire and Mitsubishi Trust. Mitsubishi is part of its own keiretsu, so it is interesting that it would also be a shareholder in Matsushita.

Some of the corporation's governmental and economic director connections are interesting as well. They consist of the Ministry of Trade and Industry, Industrial Bank of Japan, Sumitomo bank, Sumitomo Life, and Matsushita Electric Works. Although Matsushita tries to promote itself as an independent company, the fact is that the Sumitomo Group owns 12.7 percent of the Matsushita parent company's equity (Miyashita & Russell, 1996). Overall, the Sumitomo Group companies make up the second largest shareholders of eight of nine Matsushita subsidiaries listed on the First Section of the Tokyo Stock Exchange.

Due to the recent economic recessions both in Japan and other parts of the world, Matsushita Electric has posted several major profit loses in the past several years. For the first time in its corporate history, Matsushita Electric has been in the red (Kunni, 2002; Ristelhueber, 2002). This has led to the use of business tactics that Konosuke Matsushita had always tried to avoid. In 2001, Matsushita Electric President, Kunio Nakamura, decided to take drastic measures to cut costs and to raise projected profit margins. He started by reorganizing the corporation's management and shifting divisions and responsibilities. Also, Nakamura ordered the closing of several factories, shifted work to low-cost subsidiaries in China, cut salaries, dismantled the lifetime employment system, and laid off thousands of workers (Kunii, 2002). These measures did not seem to help alleviate the situation. In 2002, Nakamura directed the parent company to take control of several of its subsidiaries, including Matsushita Communication Industrial Company. The goal is to centralize marketing, product development, and research and to revitalize the company's financial growth (Kunii, 2002).

Summary

Matsushita Electric has been accused by both other Japanese firms and foreign interests of "borrowing" successful new product designs. This was one way that Matsushita was able to overwhelm, and eventually destroy, the American television manufacturing industry so easily. Because Matsushita is such an enormous, global entity, once it begins to improve on and mass produce these copycat products, they are sure to outsell the original designs by shear volume. Matsushita is almost solely responsible for VHS becoming a world standard in consumer electronics.

Matsushita had, and still has, an army of marketing specialists at its disposal to help promote its products and services. Most of the Matsushita distributors were encouraged to be and were greatly rewarded for being exclusive distributors of Matsushita products. However, the head office was also famous for punishing shop owners who did not follow its instructions to the letter (Miyashita & Russell, 1996). This was another way for Matsushita to beat the competition. This situation just shows that once a corporation gains global economic and political power, it is easy for such an entity to define what both distributors and consumers will purchase. In short, it becomes easy for such an entity to define reality, to decide future trends, and to make or break any other company that stands in the way of its goals and plans.

CHAPTER 7

Our conventional response to all media, namely that it is how they are used that counts, is the numb stance of the technological idiot. For the content of medium is like the juicy piece of meat carried by the burglar to distract the watchdog of the mind. The effect of the medium is made strong and intense just because it is given another medium as content. The content of a movie is a novel or a play or an opera. The effect of the movie form is not related to its program content.

Marshall McLuhan, Understanding Media

According to tradition, each year takes on the characteristics of its animal. The rat, known for its fertility, signifies a year of great prosperity and economic well-being. I believe that 1996 will mark incredible strides in multimedia, with new developments in digital technology, integration of imaging, information and communications technology, and formation of networks that rapidly change the way society interacts.

Yoichi Morishita, President, Matsushita Electric Industrial Co., Ltd.

Implications of Media Technology

As in other industries, there are two key elements that must be present in facilitating changes in the electronic and broadcasting media industries. One is the research, design, and development of new communication products/technology. The other is the ability to open new markets and new points of distribution for those products/technology (Bagdikian, 1992; Gershon, 1997). Media consumers have seen this occur with ever increasing rapidity. At first, there were only three broadcast television networks. Now, through the proliferation of cable, satellite, and the new media star, the Internet, consumers are faced with a paradox. There are, supposedly, more and more choices for product access but, in reality, there is less and less change in content offerings. This began to happen when cable first made its way into consumer homes. The number of channels and the supposed variety that cable would give consumers awed everyone. Media corporations argued against ownership regulations under the guise that they were no longer needed because the abundance of media outlets would create the necessary market competition to keep prices low and quality high (Bagdikian, 1992; Croteau & Hoynes, 2001; Gershon, 1997). Then, the new star of technological wonderland appeared on the scene, the Internet. The critics of regulation again argued that if television offered consumers abundant choices, then the Internet choices would be virtually limitless.

In the early days of the Internet, even the most conservative believed that it would be the antidote to big media conglomerates. Supposedly, the low cost and ease of distribution would level the playing field between the large media conglomerates and the small independent producers and owners (Croteau & Hoynes, 2001). The new technologies would be the solution to all of our social, economic, and political woes. People would supposedly have access to amounts of information never before imagined. Democracy and/or democratic ideas, as well as capitalism, would expand across the globe. In short, mankind would, with the help of new technologies of course, raise itself to new heights of civilized behavior and accomplishments.

Unfortunately, under scrutiny, we see that there are some problems in the practical application and implementation of these lofty goals. The first is that these new technologies cost more than consumers can really afford. In the cable business alone, the costs of premium services, pay-per-view, and other options add up quickly. Without careful budgeting and strict management, many customers find themselves overextended financially each month. Further, more channels do not guarantee more, different, or better content. To cut costs and maximize profits, media conglomerates simply offer programming or content that consists of reruns of previously existing programs (Croteau & Hoynes, 2001). Further, the Internet has been besieged by this same corporate mentality.

Even though it has been a mere decade that consumers have actually had access to the Internet, the proliferation of advertising, corporate web sites, the decline of small Internet companies, and the rising costs of access and services have even more firmly placed the new technology into the hands of the media conglomerates. The startup costs to the consumer for Internet access is staggering. These costs include the purchase of a computer with the necessary component options, the need for a telephone or cable line to transport signals, and the costs for the actual services of an Internet provider (Croteau & Hoynes, 2001). On the corporation side, the small concerns have been all but put out of business. After all, the media conglomerates are the only entities with enough money to initiate the new million-dollar price tag for startup costs for an Internet business (Croteau & Hoynes, 2001). The conglomerate is also the entity with the expertise to make the systems run efficiently and effectively and to offer ever new technology and programming options to use with the systems.

The driving force behind all of these constant market changes is the transnational media conglomerate. Market domination allows conglomerates to make huge profits. Market domination also means that media conglomerates exert tremendous influence over the news, information, popular culture, and political attitudes of any given country where their subsidiaries are located, especially when these subsidiaries are part of a huge media conglomerate (Bagdikian, 1992). Money and influence are the main reasons for all of this corporate maneuvering. Although there are numerous conspiracy theories to explain the concentration of transnational media conglomerate power, there is really no need for a conspiracy these days (Bagdikian, 1992). As we have seen in the case of Matsushita Electric, governments are more than willing to extend a helping hand to a monopolistic concern under the right conditions and for the right political expediencies.

Technological Determinism and Matsushita Electric

Marshall McLuhan (1964), *Understanding Media*, warned that the content of media technologies would blind users to the impact of these technologies upon both individual behavior and social interaction. Leslie White, Harold Innis, Lewis Mumford, Neil Postman, and others have constantly pondered the social, economic, and political impact of technology and the consequences of technology use. The purpose of this study was to narrow the research focus to a single transnational media conglomerate and to study the problem of technological determinism from the corporate perspective. Among the characteristics of a traditional transnational corporation are the ability to obtain high credit ratings, procure loans, establish subsidiaries in the global market, and integrate itself into the social, economic, and political systems of several different countries at the same time. On top of these elements, the transnational media conglomerate has unique characteristics in its uses of technology, advertising, news, and programming that makes the resulting media both technology and content. To further, complicate matters, the United States government has also played a major role in assisting transnational media conglomerates in establishing market share and/or dominance by eliminating ownership regulations and/or ignoring monopolistic practices.

In this study, one transnational media conglomerate, Matsushita Electric Industrial Company, was analyzed to determine if the corporation possessed the key characteristics of a traditional transnational media conglomerate and to exam if there were any deliberate attempts by the corporation to force specific behavioral outcomes in consumer technology use. The answer is a resounding yes. The major behavioral outcome is the consumer purchase and use of technology for communication and entertainment purposes. As consumers integrate technology into their day-to-day activities, the media conglomerate has positioned itself as one of the only suppliers of that technology. This was accomplished through market manipulation and dominance.

Discussion of the Research Questions

The research questions for this study were straightforward: 1) How does a transnational media corporation's rise to global prominence begin; 2) What are the social, economic, and political events that allowed a transnational media corporation to develop and flourish; 3) How was and is it possible for a transnational media corporation to gain and hold economic, political, and social power; and 4) What are the consequences of the business practices and the influence of a transnational media corporation on the behavior of social groups and individuals. As further research into other transnational media conglomerates is conducted, different corporate characteristics may arise. The fact that the Japanese government plays such a key role in Japanese corporate activities may mean that Matsushita Electric conglomerate characteristics are somewhat different than those of other media conglomerates. For the purposes of this study, the case has been limited to Matsushita Electric and its media technology divisions. Let us summarize the findings to these questions.

Development and Global Prominence

Matsushita Electric Industrial began as a very small business concern based upon the dreams, goals, and personal ambitions of its founder, Konosuke Matsushita. The basic characteristics that the founder possessed were not detailed business plans or extensive education and knowledge but determination, the willingness to be flexible and open to new ideas, and the willingness to work hard. This was not to say that Matsushita Electric was without its early problems. Numerous stories have been related that Konosuke Matsushita did everything to keep the early company afloat, including taking his wife's precious kimono and pawning it to pay the bills. Matsushita was even willing to put off his pet project, the improved light socket, to make other products like fan base plates in order to keep the company going. As Matsushita Electric added more products to its line, new manufacturing sites were located so that the team could keep up with the product demand.

The first step in making a Matsushita Electric into a media conglomerate was reached in a very short period of time, the need for the constant addition of new products. Wholesalers, even in Japan, wanted to make all of their product purchases from one entity rather than having to deal with several different companies. Further, the success of these early years was built upon the practice of taking products that were already established in the marketplace, improving them, and offering them at lower prices than the competition. Therefore, there were virtually no early product development costs. At the same time, Matsushita made every effort to keep product production costs low.

As the business began to grow, Matsushita Electric purchased other companies to assist in the supply of products to buyers. It eventually becomes easier for corporations to have certain separate companies to handle important product lines exclusively. Through a division system, manufacturing is made more efficient but fellow subsidiaries are also in a prime position to assist each other to supply product demand. Patents, innovations of all kinds, and management techniques can be shared across the company divisions rather than reinvented for each new subsidiary. In short, the companies are streamlined just like their manufacturing processes are streamlined. Since Matsushita had been in business long enough to show financial growth, he was able to obtain credit and loans to assist in his business expansion. Further, the military needed the products that Matsushita Electric could supply during World War II. So, the Japanese government also became involved in making Matsushita Electric a major manufacturing concern.

Social, Political and Economic Events

Since business does not occur in a vacuum but is subject to the economic, political, and social forces of the larger world, the biggest events for Matsushita Electric appear to be the worldwide Depression of 1929, the outbreak of World War

II, and the subsequent Japanese defeat. These events alone may make the rise of Matsushita Electric unique among media conglomerates. Matsushita convinced most of his workers to stay with him through the depression. This may have been because the workers felt that they had nowhere else to go more than any other reason. But, it became part of the Matsushita mythos and was used to engender worker loyalty. Matsushita's brief encounter with religion added a spiritual aspect to his work. These feelings were expressed through Matsushita's development of a company creed and mission statement. From a nationalistic perspective, the Japanese military needed the assistance of any and all manufacturers to supply goods for their military campaigns. Matsushita needed the capital that working for the military would bring, so he agreed. Unfortunately for Japan, it lost the war. Fortunately for Matsushita, his corporation manufactured the very products that were needed for the rebuilding of Japan.

It was during this time, that the larger world intruded upon Matsushita's consciousness. This event lead to the second important element in the development of transnational conglomerates. New markets had to be found for the sale and distribution of his products. Since most Japanese consumers could not afford to feed themselves much less buy appliances, it was imperative that Matsushita sell his products overseas. Further, overseas subsidiaries would provide a point of distribution into new markets but, most importantly, would provide an influx of new technology ideas and products into the company as well. The cycle of developing new products and finding new markets begins and is continually repeated. Part of the new products and technology that Matsushita Electric acquired in the U.S. were for communication purposes. Since the Japanese military had also needed communication equipment, it was not a far stretch for the corporation to make many of those products available for consumer use. Matsushita Electric was already producing radios. The manufacturing of televisions was not a tremendous jump from there.

Gaining and Holding Power

Every corporate decision made for Matsushita Electric from that point on was based upon finding new products to add to its line and finding new markets for the distribution of those products. This shows how a transnational corporation gains and holds power. A corporation offers products and opportunities that those in power need. In the case of Matsushita Electric, the Japanese government needed military products. In the case of Matsushita Electric's U.S. subsidiaries, the U.S. government needed assistance form Japan in its actions in Korea and Vietnam, as well as for its surveillance of its Cold War adversaries.

The products supplied to consumers were attractive because they were cheaper than established lines. Consumers were hooked. Thus, the transnational media conglomerate was able not only to gain power but once in place was able to hold onto its market position and even extend its market reach. Further, as we see in both the case of the Japanese television cartel and the destruction of Sony Betamax market position by Matsushita Electric's VHS product, conglomerates are in the position to get rid of their competitors or at least competing products. The bigger that media conglomerates are, the more mechanisms they have to promote their own interests.

Consequences for Consumers

Some of the greatest consequences of Matsushita Electric's business practices upon the consumer have been in the area of deregulation and consolidation of the media industries. This means that technology choices and access are limited to those products owned and offered to the consumer by the media conglomerate at the media conglomerate's set prices. Consumers in Japan have had to bear the costs of price fixing at home in order to subsidize lower product prices overseas. Consumers in the U.S. have been coerced into being a part of this alliance by the lure of cheap products through sophisticated marketing campaigns. Through the unique characteristics of media where media is both content and message, consumers are in effect colluded into using newer and newer technology, provided exclusively by the media conglomerate. As these exclusive products gain market dominance, prices can be raised in order to make back the costs of marketing at cheap rates. Since there are no competing products and no lower costs to beat, then prices set by the manufacturer stand. Further, newer products offered by the same manufacturer can be priced higher due to lack of market competition. In the end, both sets of consumers pay and pay big.

Because the economy of the U.S. depends upon the circulation of money, the government has always taken a hands-off approach to these types of competitive marketing issues. The more the government steps away from its responsibilities, the more power the conglomerates are able to consolidate. Further, as in the case of the Internet, the government often needs someone who is willing to pay for the technical infrastructure necessary for the new technologies to work. The media conglomerate is more than willing to assist in these endeavors in exchange for the money and influence that they will eventually gain in the marketplace. Through the use of advertising and marketing and the elimination of competition, the conglomerate is in a prime position to change the attitudes and behavior of consumers in favor of using the technology available exclusively from that particular conglomerate. That is really the only behavior that corporations are concerned about. It does not matter how or why consumers use technology, only that they do.

Long-term Consumer Costs

Whether or not consumers should be worried about the media conglomerates speaks to the heart of the technological determinism issue. Many scholars of technology are not anti-technology terrorists. They simply believe that consumers should make informed decisions about whether or not they should incorporate technology into their lives. However, most technological determinism scholars agree that the extent of the consequences of technology use are unforeseeable. Further, more than once it has been observed that technology use has had unintended effects or that consumers actually used technology for purposes other than that for which the technology was designed or intended. Regardless of the effects of technology use, when it comes to government deregulation, consumers should probably be very worried.

The gist of deregulation places the development, design, production, and distribution of new technologies into the hands of a few competing concerns. When there are so few competitors, then it is easy for them to agree to mutually protective stances in the market, as we saw with the Japanese television cartel. As we have also learned from the history of broadcasting, this only leads to the tendency for these corporations to create monopolies. Monopolies, in turn, raise costs and lower product quality. Further, monopolies can prevent new ideas and product developments from even reaching markets, thus limiting consumer choices. This is the area where transnational corporations have the most advantage. As we have seen in the case of the demise of the U.S. television manufacturing industry, these results have far reaching social, political, and economic effects, particularly for the host country. As Bagdikian (1992), *The Media Monopoly*, states, "The highest levels of world finance have become intertwined with the highest levels of mass media ownership, with the result of tighter control over the systems on which most of the public depends for its news and information" (p. 21). The media conglomerate can influence consumer behavior and consolidate its position by using the same media to promote and to reinforce its market position. Matsushita Electric Industrial has made the transition from small business concern to transnational media corporation, along with all that implies.

Implications for Future Research

Media ownership consolidation and increasing technological developments have seemed inevitable for quite some time. The need for building high-tech media infrastructures make it necessary to find the funds to implement new technologies. In the U.S. economy, advertising and consumerism generate those monies. Further, due to the unique nature of media, it is a mistake to treat transnational media conglomerates the same way that we treat other conglomerates. One of the most important features of a transnational media conglomerate is its ability to buy and/or incorporate more media companies. Since media is both technology and content, as well as completely integrated into the host country economic system, it is important to look at the degree of media concentration and the number of media subsidiaries within a conglomerate before we can begin to determine how best to deal with the issues that arise from corporate activities. Serious study should be conducted concerning the development of other transnational media corporations such as Sony, Philips, Disney, General Electric, and Westinghouse to determine if development patterns similar to Matsushita Electric exist within these corporate concerns. Once these conglomerates have been completely analyzed, then it may be possible to positively influence governmental policy to bring the monopolistic tendencies of these corporations under control. At this point, most of us complain that the corporations are taking over every aspect of our lives but few us really know what, if anything, we can or should do about it.

Once studies of the corporations have been completed, then we must look at governmental responsibilities and policy issues. The failure of the U.S. government to uphold its current antitrust legislation is part of the problem in balancing transnational media corporation goals and consumer rights. Most of these issues center on the fact that the corporations concerned are headquartered in other countries. The U.S. government has never been particularly good at intercultural and international relations, much less in helping to establish and to implement international antitrust laws. The political ramifications are staggering. Other countries have tried nationalization of foreign companies, market protectionism, and heavy regulation. Unfortunately, none of these approaches has been particularly successful.

Another problem that we face in bringing monopolies under control is that we find them convenient and use them quite frequently. Antitrust policies are usually enacted at the national level. As Bagdikian (1992) has pointed out, media is usually consumed at the local level. This fact compounds the policy issue in that many local areas only have one or two major media outlets. If those are disbanded due to antitrust violations, what sources of news and information options are left to consumers? There has been some discussion about reclassifying media services, such as cable, into public utilities. Giving the current energy crisis in many areas of the U.S., it is unlikely that such discussion will result in any applicable or practical policies.

David Croteau and William Hoynes (2001) have developed a list of items that might be of assistance in getting the transnational media conglomerate monopoly issue under control. The first and probably most key feature towards adopting regulations and/or legislation that would bring about changes in the media conglomerates is consumer knowledge. Most people have no idea what is or is not happening at the corporate decision-making level. Further, there is little to no real public forum or discussion about new media technology and the consequences of its use. However, the consumers are the ones who pay for the new technology.

Therefore, it behooves us, as consumers, to pay attention to what the corporations are doing and to band together to respond as necessary.

The next issue is promoting diversity among media concerns. Media corporations will have to be forced to divest themselves of some of their subsidiaries (Bagdikian, 1992; Croteau & Hoynes, 2001; Korten, 2001). The monopolies must be brought under control by limits in ownership. Broadcasting, in general, will need to be reorganized to emphasize this diversity rather than based upon a purely profit-driven motive. Accountability, in any case, must be insisted upon. The consumers have a right to know where and how the money that they supply to the corporations is being spent. Some corporate information is available from those companies that are listed on stock exchanges. However, as the Enron and Arthur Anderson scandals have shown, there is no guarantee that even the open and obtainable corporate information is reliable.

Studies need to be done to determine how we can get consumer-citizens to be more involved in the political process. It is not just enough to know information, many times that information has to be put into action before real changes can be made. As long as a nation's citizens feel marginalized and helpless, then business, quite literally, will continue as usual. As things currently stand, it does not appear that there will ever be any serious discussion concerning how the monopolies are allowed to develop and to continue their operations.

Last, but not least, a serious look should be taken concerning religious beliefs and transnational media corporations. Konosuke Matsushita incorporated spiritual themes throughout all of his business dealings. He then spent the last years of his life thinking, speaking, and writing about his business philosophy. Most of his work focused upon human behavior and steps that corporations could take to alleviate poverty, want, and hunger. It would be interesting to know if the other major players in the media conglomerate game had similar published and incorporated corporate philosophical themes and mission statements and if those themes and statements had any impact on the development of the conglomerates and their policies.

Conclusions

Arthur C. Clarke (1962), *Profiles of the Future*, wrote, "Any sufficiently advanced technology is indistinguishable from magic." There are many philosophers, scholars, authors, filmmakers, and dreamers who struggle with the ever increasing integration of technology into human existence. These scholars, including Lewis Mumford and Neil Postman, have noted that humans are fascinated by the magical aspect of machines. Even as adults, we tend to refer to our computers, televisions, stereos, DVD players, and VCRs as our toys. When we look at the accomplishments that mankind has been able to achieve through the use of technology, most of us are inclined to agree that, overall, technology has been a good thing. However, when we begin to look more critically at how technology has developed and the price that we have had to pay for the privilege of technology, we may experience some reservations.

When we ponder the issues surrounding technology use, we begin to notice that we are bombarded by constant messages that encourage us to buy and to use technology in order to stay ahead, not be left behind, or just be able to function in society. The use of technology becomes a race for more and more at faster and faster rates rather than a considered decision designed for a specific problem or purpose. This race to make ourselves feel more comfortable through the acquisition of technology, to acknowledge and give credence to science and technology as the solution to all of mankind's problems, the disregard for the environment, the greed for short terms profits, and the complete disregard for future consequences and the long term effects of technology use, has left most of us dazed and confused about who we are and where we, as a species, are heading. Further, governmental shortsightedness and lack of considered decision-making on the part of all parties concerned has often led to more economic, political, and social problems rather than fewer when it comes to technology development and implementation. We might consider for just a moment the problems that accompany the use of technology.

The U.S. government, as well as other host nations, carries the burden of responsibility for those of its citizens who feel left out or dispossessed by the movements, activities, and polices of the transnational media conglomerates. Consumers are generally ignorant of how and why conglomerates decide to promote the activities that they do. For those who are in the know, and particularly for those who know and disagree with any corporate policies, apathy and a feeling of helplessness may set in because most consumers do not believe that they have any power to force corporations to make significant changes. Most corporations and corporate personalities are held up for us to admire and emulate, as examples of persons possessing great business savvy and the ability to generate great wealth rather than being taken to task for possible underhanded and/or unlawful business practices. Lastly, when it does come to protecting the interests of the consumer, it is obvious from past experiences that the government cannot be relied upon to work in the citizens' best interests. Where are citizens to turn?

Some of the complications associated with international trade seem staggering. The 1980s brought some citizen backlash towards overseas corporations and their takeover of U.S. businesses and concerns, particularly against the Japanese. The 1990s brought a sense of helplessness and apathy towards corporations, period. Now, the very media outlets that give us our news and information and supposedly provide a forum for discussion of important issues are owned by the very corporations that need to be under constant scrutiny. The race is on for short-term profits at the risk of long-term goals. The entrenchment of the corporations is very real. The integration of the corporations into the social, economic, and political concerns of the host country go very deep. At this point, nothing, short of a global catastrophe, will change these corporate trends if left on their own.

It is now time for the U.S. government to develop some new business policies, implement them, and actually enforce them. But, before that can happen, the citizens of the U.S. must decide what they really want the government to do. With the failure of the enforcement of antitrust legislation and the Federal Trade Commission and Federal Communication Commission regulations, we cannot afford to simply leave media matters to the government to decide.

David Korten, *The Post Corporate World* (1999) and *When Corporations Rule the World* (2001), discusses at length the importance of changing our current economic, social and political structures to include a more humane approach to corporate practices. Korten includes some very practical business and legal restructuring ideas that include banning corporations from the all areas of political participation, passing special antitrust laws for media conglomerates, revamping the advertising industry, revamping the tax system, and making trade and economic organizations accountable for their actions.

Charles Derber (1998), *Corporation Nation*, described the need to mobilize a populist movement to convince the U.S. government of the seriousness of citizen intentions concerning corporation reforms. According to Derber, populists movements are already on the rise in the form of labor movements, third sector or nonprofit organizations and volunteers, identity movements, and environmental movements in many of the manufacturing industries where transnational corporations dominate:

> Fortunately, there are at least four resurgent popular forces that are already beginning to assert themselves; but each will have to adjust its focus and goals radically in order to become part of a truly populist movement. They will have to learn a new language to help them connect with the American people; find the strength to discipline their own goals in the spirit of coalition politics; build new viable cultures and economic alternatives rather than just criticize the old; and learn to work in support of business as they challenge corporate power. But the larger goal for which they would all be working is necessary to achieve their founding goals: the return of basic rights from corporations to the citizens to whom they rightly belong. (p. 290)

Given the depth of the integration of corporations and media conglomerates, in particular, into our lives and daily activities, I do not know that any restructuring of our social, political and economic systems will be tolerated by the corporations when the systems tend to work so well in their favor. Further, I do not know if such a widespread populist movement will ever truly become a force for governmental change. As things stand now, the organization of such a movement does not look promising. Most people are concerned with trying to make a living to support their families and getting through their day-to-day activities to put much effort into these types of movements. The task of taking on transnational media conglomerates just seems too overwhelming to the average person.

Simple things that the average consumer could do in response to corporate decisions include turning off the television, refusing to buy any of the forms of media content or software, and refusing to buy new technologies or hardware. These non-participation decisions seem small and unimportant. However, nothing gets a media conglomerate's attention faster than a drop in ratings, market share, and profits.

I believe that the media have a great role to play in a democratic society. However, as other scholars have also noted, we must lose the profit-driven motivations and goals of the transnational media corporations and implement more public-minded uses of the media technology if we are to be able to have and to use a truly unrestrained media in the promotion of the interests and ideas of a free society.

Bibliography

Akwule, R. (1992). *Global telecommunications: The technology, administration, and policies*. Boston, MA: Focal Press.

Alexander, A., Owers, J., & Carveth, R. (Eds.). (1998). *Media economics: Theory and practice*. (2nd. ed.). Mahwah, NJ: Lawrence Erlbaum.

Altheide, D. L. (1985). *Media power*. Beverly Hills, CA: Sage.

American Psychological Association. (2001). *Publication manual of the American Psychological Association* (5th ed.). Washington, DC: Author.

Ary, D., Jacobs, L. C., & Razavich, A. (1996). *Introduction to research in education* (5th ed.). New York: Harcourt Brace.

Asamen, J. K., & Berry, G. L. (Eds.). (1998). *Research paradigms, television and social behavior*. Thousand Oaks, CA: Sage.

Atkin, D. J., Jeffres, L. W., & Neuendorf, K. A. (1998). Understanding internet adoption as telecommunications behavior. *Journal of Broadcasting & Electronic Media, 42(4)*, 475-488.

Avery, R. K., & Eason, D. (Eds.). (1991). *Critical perspectives on media and society*. New York: Guilford.

Bagdikian, B. H. (1992). *The media monopoly*. (4th ed.). Boston, MA: Beacon.

Baran, S. J., & Davis, D. K. (1995). *Mass communication theory: Foundations, ferment and future*. Belmont, CA: Wadsworth.

Baron, S. W. (1986). *The contemporary relevance of history: A study in approaches and methods*. New York: Columbia University.

Barzun, J., & Graff, H. F. (1970). *The modern researcher* (revised edition). New York: Harcourt, Brace & World.

Basu, S., & Weil, D. N. (1998). Appropriate technology and growth. *Quarterly Journal of Economics, 113(4)*, 1025-1040.

Bates, R. J., & Gregory, D. (1998). *Voice and data communications handbook*. New York: McGraw-Hill.

Becker, C. L. (1969). What is evidence? The relativist view – everyman his own historian. In R. W. Winks (Ed.), *The historian as detective: Essays on evidence* (pp. 3 – 23). New York: Harper & Row.

Belderbos, R., & Holmes, P. (1995). An economic analysis of Matsushita revisited. *The Antitrust Bulletin, 40(4)*, 825-857.

Benjamin, J. R. (1979). *A student's guide to history* (2nd ed.). New York: St. Martin's Press.

Berelson, B. (1949). What 'missing' the newspaper means. In Lazarsfeld, P. F., & Stanton, F. N. (Eds.). *Communications Research*. (1948-1949). New York: Harper.

Berger, A. A. (1998). *Media analysis techniques* (2nd ed.). Thousand Oaks, CA: Sage.

Berger, A. A. (1998). *Media research techniques* (2nd ed.). Thousand Oaks, CA: Sage.

Bernstein, R. J. (1983). *Beyond objectivism and relativism*. Philadelphia, PA: University of Pennsylvania Press.

Biagi, S. (1996). *Media impact: An introduction to mass media.* (3rd ed.). Belmont, CA: Wadsworth.

Bignell, J. (1997). *Media semiotics*. New York: Manchester University Press.

Birkerts, S. (Ed.). (1996). *Tolstoy's dictaphone: Technology and the muse.* St. Paul, MN: Graywolf.

Bix, H. P. (2000). *Hirohito and the making of modern Japan*. New York: Harper Collins.

Blakemore, C. (1977). *Mechanics of the mind.* Cambridge: Cambridge University Press.

Blumenstyk, G. (1996). Learning from afar. *The Chronicle of Higher Education, 42*, A15-A17.

Blumer, H. (1939). The mass, the public and public opinion. In A. M. Lee (Ed.), *New outlines of the principles of sociology*, New York: Barns & Noble.

Blumler, J. G., & McQuail, D. (1968). *Television is politics: Its uses and influences.* Chicago, IL: University of Chicago Press.

Boenau, A. B., & Niiro, K. (Eds.). (1983). *Post-industrial society*. Lanham, MD: University Press of America.

Bogdan, R. C., & Biklen, S. K. (1998). *Qualitative research for education: An introduction to theory and methods*. Boston: Allyn & Bacon.

Bogdan, R. C., & Taylor, S. J. (1975). *Introduction to qualitative research methods.* New York, NY: John Wiley and Sons.

Boisot, M., & Child, J. (1996). From fiefs to clans and network capitalism: Explaining china's emerging economic order. *Administrative Science Quarterly, 41(4)*, 600 – 628.

Boorstin, D. J. (1978). *The republic of technology*. New York: Harper & Row.

Brand, S. (1987). *The media lab: Inventing the future at MIT*. New York: Viking.

Brooks, P. C. (1969). *Research in archives: The use of unpublished primary sources*. Chicago: University of Chicago Press.

Bryant, J., & Zillmann, D. (Eds.). (1986). *Perspectives on media effects*. Hillsdale, NJ: Lawrence Erlbaum.

Bryant, J., & Zillmann, D. (Eds.). (1994). *Media effects: Advances in theory and research*. Hillsdale, NJ: Lawrence Erlbaum.

Bryson, L. (Ed.). (1948). *The communication of ideas*. New York: Harper & Brothers.

Buderi, R. (2000). *Engines of tomorrow: How the world's best companies are using their research labs to win the future*. New York: Simon & Schuster.

Burke, J. G. (1966). *The new technology and human values*. Belmont, CA: Wadsworth.

Butler, J. G. (1994). *Television: Critical methods and applications*. Belmont, CA: Wadsworth.

Callon, S. (1995). *Divided sun: MITI and the breakdown of Japanese high-tech industrial policy*. Stanford, CA: Stanford University Press.

Carley, K. M. (1995). Communication technologies and their effect on cultural homogeneity, consensus and the diffusion of new ideas. *Sociological Perspectives, 38(4)*, 547-572.

Carlile, L. E., & Tilton, M. C. (Eds.). (1992). *Is Japan really changing its way? Regulatory reform and the Japanese economy.* Washington, DC: Brookings Institution Press.

Carlson, R. L. (1996). *The information superhighway: Strategic alliances in telecommunications and multimedia.* New York: St. Martin.

Chaffee, S. H., & Berger, C. R. (1987). What communication scientists do. In C. R. Berger & S. H. Chaffee (Eds.), *Handbook of communication science* (pp. 99-122). Newbury Park, CA: Sage.

Chandler, D. (1995). *Technological or media determinism.* [WWW document]. Retrieved February 19, 2002 from http://www.aber.ac.uk/media/Documents/tecdet/tecdet.html.

Chen, D. (1992). An epistemic analysis of the interaction between knowledge, education, and technology. In E. Barrett (Ed.), *Sociomedia: Multimedia, hypermedia, and the social construction of knowledge* (pp. 161-173). Cambridge, MA: Massachusetts Institute of Technology Press.

Clarke, A. C. (1962). *Profiles of the future: An inquiry into the limits of the possible.* New York: Harper & Row.

Clough, R. (1999). Samurai, shoguns, and the age of steam. *History Today, 49(11)*, 35-42.

Collingwood, R. G. (1969). Who killed John Doe? The problem of testimony – the idea of history. In R. W. Winks (Ed.), *The historian as detective: Essays on evidence* (pp. 39 – 60). New York: Harper & Row.

Compaine, B. M., & Gomery, D. (2000). *Who owns the media: Competition and concentration in the mass media industry* (3rd ed.). Mahwah, NJ: Lawrence Erlbaum.

Confucius. (1900). *The analects of Confucius* (W. Jennings, Trans.). New York: The Colonial Press. (original work published 5th Century B.C.).

Corliss, R. (1995, June 19). The deal that wasn't. *Time, 145*, 51.

Corner, J., & Harvey, S. (Eds.). (1996). *Television times.* New York: Arnold.

Craft, S. G. (1999). Peacemakers in China: American missionaries and the Sino-Japanese war, 1937-1941. *Journal of Church and State, 41(3)*, 575-593.

Creswell, J. W. (1994). *Research design: Qualitative & quantitative approaches.* Thousand Oaks, CA: Sage.

Croteau, D., & Hoynes, W. (1997). *Media/society: Industries, images, and audiences.* Thousand Oaks, CA: Pine Forge.

Croteau, D., & Hoynes, W. (2001). *The business of media: Corporate media and the public interests.* Thousand Oaks, CA: Pine Forge.

Curran, J., & Gurevitch, M. (Eds.). (1996). *Mass media and society* (2^{nd} ed.). New York: Arnold.

Curtis, G. L. (1999). *The logic of Japanese politics.* New York: Columbia University Press.

Curtis, P. J., & First, H. (1996). Disinterested scholar or hired gun? Frank Easterbrook and the Supreme Court's Matsushita decision. *Antitrust Law & Economics Review, 26(4)*, 23-28.

Davison, W. P., & Yu, F. T. C. (Eds.). (1974). *Mass communication research: Major issues and future directions.* New York: Praeger.

DeFleur, M. L., & Ball-Rokeach, S. (1989). *Theories of mass communication.* (5th ed.). White Plains, NY: Longman.

DeFleur, M. L., & Dennis, E. E. (1994). *Understanding mass communication: A liberal arts perspective.* (5th ed.). Boston, MA: Houghton Mifflin.

Denzin, N. K. (1989). *The research act: A theoretical introduction to sociological methods.* (3rd ed.). Englewood Cliffs, NJ: Prentice-Hall.

Derber, C. (1998). *Corporation nation: How corporations are taking over our lives and what we can do about it.* New York: St. Martin's Griffin.

Dertouzos, M. L. (1997). *What will be: How the world of information will change our lives.* New York: HarperCollins.

DeSanti, S. S., & Kovacic, W. E. (1991). Matsushita: Its construction and application by the lower courts. *Antitrust Law Journal, 59,* 609-653.

Dickson, T. (2000). *Mass media education in transition: Preparing for the 21^{st} century.* Mahwah, NJ: Lawrence Erlbaum.

Donohew, L., Palmgreen, P., & Rayburn, J. D. (1987). Social and psychological origins of media use: A lifestyle analysis. *Journal of Broadcasting & Electronic Media, 31*, 255-278.

Dower, J. W. (1999). *Embracing defeat: Japan in the wake of World War II.* New York: W. W. Norton & Company.

Downing, J., Mohammadi, A., & Sreberny-Mohammadi, A. (1990). *Questioning the media: A critical introduction.* Newbury Park, CA: Sage.

Dubin, R. (1978). *Theory building* (Revised ed.). New York: Free Press.

Dupagne, M., & Seel, P. B. (1998). *High-definition television: A global perspective.* Ames, IA: Iowa State University Press.

Dutton, W. H., Rogers, E. M., & Jun, S. (1978). Diffusion and social impacts of personal computers. *Communication Research, 14(2)*, 219-250.

Eads, G. C., & Nelson, R. R. (1986). Japanese high technology policy: What lessons for the United States. In. H. Patrick & L. Meissner (Eds.), *Japan's high technology industries: Lessons and limitations of industrial policy* (pp. 234-269). Seattle, WA: University of Washington Press.

Eastman, S. T. (1993). *Broadcast/cable programming* (4^{th} ed.). Belmont, CA: Wadsworth.

Ebersole, S. (1995). *Media determinism in cyberspace.* [WWW documents]. Retrieved February 21, 2002 from http://www.regent.edu/acad/schcom/rojc/mdic/md.html.

Ehrmann, S. C. (1999). Asking the hard questions about technology use and education. *Journal of Family and Consumer Science, 91(3)*, 31-35.

Eisenstadt, S. N. (1996). *Japanese civilization: A comparative view.* Chicago: University of Chicago Press.

Ellul, J. (1964). *The technological society.* New York: Vintage.

Elton, G. R. (1967). *The practice of history.* New York: Thomas Y. Crowell.

Emery, F. E. (1997). The next thirty years: Concepts, methods and anticipations. *Human Relations, 50(8)*, 885-935.

Evans, W. A. (1990). The interpretive turn in media research: Innovation, iteration, or illusion. *Critical Studies in Mass Communication, 7*, 147-168.

Eveland, W. P. (1997). Interactions and nonlinearity in mass communication: Connecting theory and methodology. *Journalism & Mass Communication Quarterly, 74,* 400 – 416.

Featherstone, M., Lash, S., & Robertson, R. (Eds.). (1995). *Global modernities.* Thousand Oaks, CA: Sage.

Feenberg, A. (1991). *Critical theory of technology*. New York: Oxford University Press.

Felt, T. E. (1981). *Researching, writing, and publishing local history*. Nashville, TN: American Association for State and Local History.

Fidler, R. (1997). *Mediamorphosis: Understanding new media*. Thousand Oaks, CA: Pine Forge.

Fiske, J. (1994) *Media matters: Everyday culture and political change*. Minneapolis, MN: University of Minnesota.

Florman, S. C. (1981). *Blaming technology: The irrational search for scapegoats.* New York: St. Martin's Press.

Forbes, R. J. (1968). *The conquest of nature: Technology and its consequences.* New York: Mentor.

Fortner, R. S. (1993). *International communication: History, conflict, and control of the global metropolis*. Belmont, CA: Wadsworth.

Fowles, J. (1992). *Why viewers watch: A reappraisal of television's effects.* Newbury Park, CA: Sage.

Frank, R. B. (1999). *Downfall: The end of the imperial Japanese empire*. New York: Random House.

Frank, T. (2000). *One market under God: Extreme capitalism, market populism, and the end of economic democracy*. New York: Doubleday.

Freeman, C., Soete, L., & Efendioglu, U. (1995). Diffusion and the employment effects of information and communication technology. *International Labour Review, 134(4-5)*, 587-604.

Freeman, L. A. (2000). *Closing the shop: Information cartels and Japan's mass media*. Princeton, NJ: Princeton University Press.

Freidson, E. (1953). The relation of the social situation of contact to the media of mass communication. *Public Opinion Quarterly, 17*, 230-238.

French, D. & Richards, M. (Eds.). *Contemporary television: Eastern perspectives*. Thousand Oaks, CA: Sage.

Frey, L. R., Botan, C. H., Friedman, P. G., & Kreps, G. L. (1991). *Investigating communication: An introduction to research method.* Englewood Cliffs, NJ: Prentice Hall.

Frey, L. R., Botan, C. H., Friedman, P. G., & Kreps, G. L. (1992). *Interpreting communication research: A case study approach*. Englewood Cliffs, NJ: Prentice Hall.

Fukuyama, F. (1992). *The end of history and the last man*. New York: Avon Books.

Fukuyama, F. (1995). *Trust: The social virtues and the creation of prosperity*. New York: Free Press.

Fukuyama, F. (1999). *The great disruption: Human nature and the reconstitution of social order*. New York: Touchstone.

Garon, S. (1997). *Molding Japanese minds: The state in everyday life*. Princeton, NJ: Princeton University Press.

Garraghan, G. J. (1946). *A guide to historical method.* New York: Fordham University.

Gates, B., & Hemingway, C. (1999). *Business at the speed of thought: Using a digital nervous system*. New York: Warner Books.

Gates, W. H., Myhrvold, N., & Rinearson, P. (1995). *The road ahead.* New York: Viking Books.

Gerbner, G. (1967). Mass media and human communication theory. In F. E. X. Dance (Ed.), *Human communication theory* (pp. 40-57). New York: Holt, Rinehart and Winston.

Gerlach, M. L. (1992). *Alliance capitalism: The social organization of Japanese business*. Berkeley, CA: University of California Press.

Gershon, R. A. (1997). *The transnational media corporation: Global messages and free market competition*. Mahwah, NJ: Lawrence Erlbaum.

Gifford, D. J. (1994). Predatory pricing analysis in the Supreme Court. *The Antitrust Bulletin, 39 (2),* 431-483.

Gilpin, R. (2000). *The challenge of global capitalism: The world economy in the 21st century*. Princeton, NJ: Princeton University Press.

Ginzburg, C. (1989). *Clues, myths, and the historical method.* (J. Tedeschi & A. Tedeschi, Trans.). Baltimore: John Hopkins University. (Original work published in 1986).

Gladwell, M. (2000). *The tipping point: How little things can make a big difference*. New York: Little, Brown and Company.

Glesne, C., & Peshkin, A. (1992). *Becoming qualitative researchers*. White Plains, NY: Longman.

Gluck, C. (1985). *Japan's modern myths: Ideology in the late Meiji period.* Princeton, NJ: Princeton University Press.

Goffman, E. (1959). *The presentation of self in everyday life*. New York: Anchor Books.

Golden, J. L., Berquist, G. F., & Coleman, W. E. (1992). *The rhetoric of western thought* (5th ed.). Dubuque, IA: Kendall & Hunt.

Goodman, S. E. (1996). War, information technologies, and international asymmetries. *Communications of the Association for Computing Machinery, 39(12)*, 11-15.

Gorham, J. (Ed.). (2000). *Mass Media*. Guilford, CT: Dushkin/McGraw-Hill.

Gould, R. (1970). *The Matsushita phenomenon*. Tokyo: Diamond SHA.

Grant, A. E. (Ed.). (1996). *Communication technology update* (5th ed.). Boston, MA: Focal Press.

Grant, A. E., & Meadows, J. H. (Eds.). (1998). *Communication technology update* (6th ed.). Boston, MA: Focal Press.

Gray, J. (1998). *False dawn: The delusions of global capitalism*. New York: New Press.

Green, M. J., & Cronin, P. M. (Eds.). (1999). *The U.S. – Japan alliance: Past, present, and future*. New York: Council on Foreign Relations.

Greenfeld, K. T. (1994). *Speed tribes: Days and nights with Japan's next generation*. New York: Harper Perennial.

Griffin, N., & Masters, K. (1996). *Hit and run: How Jon Peters and Peter Guber took Sony for a ride in Hollywood*. New York: Simon & Schuster.

Groebel, J., Uricchio, W., & van Woerkum, C. (Eds.). (1998). *Trends in communication: New media developments*. Netherlands: Boom.

Grossberg, L., Wartella, E., & Whitney, D. C. (1998). *Media making: Mass media in a popular culture*. Thousand Oaks, CA: Sage.

Grubler, A. (1996). Time for a change: On the patterns of diffusion of innovations. *Daedalus, 125(3)*, 19-42.

Gwin, C. R. (1997). Comment. *The Antitrust Bulletin, 42(1)*, 85-93.

Hall, I. P. (1998). *Cartels of the mind*. New York: W. W. Norton & Company.

Hammond, M., Howorth, J., & Russell, K. (1991). *Understanding phenomenology*. Oxford, UK: Basil Blackwell.

Hane, M. (1996). *Eastern phoenix: Japan since 1945*. Boulder, CO: Westview.

Hansen, J., & Maxcy, D. J. (Eds.). (1996). *Sources: Notable selections in mass media*. Guilford, CT: Dushkin/Brown & Benchmark.

Hansen, J., & Maxcy, D. J. (Eds.). (1999). *Sources: Notable selections in mass media* (2nd ed.). Guilford, CT: Dushkin/McGraw-Hill.

Hanson, J. (1994). *Connections: Technologies of communication*. New York: HarperCollins.

Harasim, L. M. (Ed.). (1993). *Global networks: Computers and international communication*. Cambridge, MA: MIT Press.

Harper, C. (1998). *What's next in mass communication*. New York: St. Martin.

Harris, L. E. (1998). *Digital property: Currency of the 21st century*. New York: McGraw-Hill Ryerson.

Harrison, B. (1996). The great abandonment. *Technology Review, 99(1)*, 57.

Harrison, L. E., & Huntington, S. P. (Eds.). (2000). *Culture matters: How values shape human progress*. New York: Basic Books.

Hartcher, P. (1998). *The ministry: How Japan's most powerful institution endangers world markets*. Boston, MA: Harvard Business School.

Hartley, J. (1996). *Popular reality: Journalism, modernity, popular culture*. New York: Arnold Books.

Hartman, A., Diem, J. E., & Quagliana, M. (1992). The many faces of multimedia: How new technologies might change the nature of the academic endeavor. In E. Barrett (Ed.), *Sociomedia: Multimedia, hypermedia, and the social construction of knowledge* (pp. 175-192). Cambridge, MA: Massachusetts Institute of Technology Press.

Head, S. W., Sterling, C. H., & Schofield, L. B. (1994). *Broadcasting in America* (7th ed.). Boston: Houghton Mifflin.

Hedley, R. A. (1998). Technological diffusion or cultural imperialism? Measuring the information revolution. *International Journal of Comparative Sociology, 39(2)*, 198-212.

Heidegger, M. (1977). *The question concerning technology and other essays*. (William Lovitt, Trans.). New York: Harper & Row.

Henry, W. A. (1989, November). The big turnoff: The rise and fall of network television. *Lear's*. 97-167.

Herman, E. S., & McChesney, R. W. (1997). *The global media: The new missionaries of corporate capitalism*. London: Cassell.

Herzog, H. (1944). What do we really know about daytime serial listeners. In Lazarsfeld, P. F., & Stanton, F. N. (Eds.). *Radio Research*. (1942-1944). New York: Duell, Sloan & Pearce.

Hewins, R. (1967). *The Japanese miracle men*. London: Secker & Warburg.

Hiebert, R. E. (Ed.). (1999). *Impact of mass media: Current issues* (4th ed.). New York: Longman.

Hiebert, R. E., & Gibbons, S. J. (2000). *Exploring mass media for a changing world.* Mahwah, NJ: Lawrence Erlbaum.

Himmelweit, H. T., Oppenheim, A. N., & Vince, P. (1958). *Television and the child.* London: Oxford University Press.

Hirsch, P. M. (1981). Distinguishing good speculation from bad theory: Rejoinder to Gerbner et all. *Communication Research, 8*, 73-95.

Hockett, H. C. (1954). *Introduction to research in American history* (2nd ed.). New York: MacMillan.

Hockett, H. C. (1955). *The critical method in historical research and writing.* New York: MacMillan.

Holstein, J. A., & Gubrium, J. F. (1994). Phenomenology, ethnomethodology, and interpretive practices. In N. K. Denzin & Y. S. Lincoln (Eds.), *Handbook of qualitative research.* Thousand Oaks, CA: Sage.

Hua, C. N. (1996). Distance learning technologies. In A. E. Grant (Ed.), *Communication technology update* (5th ed., pp. 312 - 323). Boston: Focal Press.

Hunt, T., & Ruben, B. D. (1993). *Mass communication: Producers and consumers.* New York, NY: HarperCollins.

Huntington, S. P. (1996). *The clash of civilizations and the remaking of world order.* New York: Touchstone.

Hutton, W., & Giddens, A. (Eds.). (2000). *Global capitalism.* New York: New Press.

Ito, T. (1992). *The Japanese economy.* Cambridge, MA: MIT Press.

Itoh, M. (2000). *The Japanese economy reconsidered.* New York: Palgrave.

Jacoby, N. H. (1984). The multinational corporation. In P. D. Grub, F. Ghadar, & D. Khambata (Eds.), *The multinational corporation in transition.* Princeton, NJ: Darwin Press.

Jamieson, K. H., & Campbell, K. K. (1992). *The interplay of influence* (3rd ed.). Belmont, CA: Wadsworth.

Jansen, M. B. (2000). *The making of modern Japan.* Cambridge, MA: Belknap Press of Harvard University Press.

Jeffres, L., & Atkin, D. (1996). Predicting use of technologies for communication and consumer needs. *Journal of Broadcasting & Electronic Media, 40*, 318-330.

Jellison, C. A. (1999). A prelude to war. *American History, 34(5)*, 53-62.

Jones, S. (Ed.). (1999). *Doing internet research.* Thousand Oaks, CA: Sage.

Jones, S. G. (Ed.). (1995). *Cybersociety: Computer-mediated communication and community.* Thousand Oaks, CA: Sage.

Johnson, C. (1982). *MITI and the Japanese miracle.* Stanford, CA: Stanford University Press.

Kahan, M. & Silberman, L. (1996). Matsushita and beyond: The role of state courts in class actions involving exclusive federal claims. *The Supreme Court Review,* 219-283.

Kaku, M. (1997). *Visions: How science will revolutionize the 21st century.* New York: Anchor Books Doubleday.

Kamp & Brad (1998). Experience-dependent information diffusion and product quality. *Economic Inquiry, 36(1)*, 161-170.

Kaplan, M., & Bosserman, P. (Ed.). (1971). *Technology human values and leisure.* New York: Abingdon.

Katz, E. (1959). Mass communication research and the study of popular culture: An editorial note on a possible future for this journal. *Studies in Public Communication, 2*, 1-6.

Katz, E., Blumler, J. G., & Gurevitch, M. (1974). Utilization of mass communication by the individual. In J. G. Blumler & E. Katz. (Eds.). *The uses of mass communications: Current perspectives on gratifications research.* Beverly Hills, CA: Sage.

Katz, E., Gurevitch, M., & Haas, H. (1973). On the use of mass media for important things. *American Sociological Review, 38*, 164-181.

Katz, E., & Lazarsfeld, P. (1955). *Personal influence.* New York: Free Press.

Katz, M. (1997). *Technology forecast: 1997.* Menlo Park, CA: Price Waterhouse.

Katz, R. (1998). *Japan the system that soured: The rise and fall of the Japanese economic miracle*. Armonk, NY: M. E. Sharpe.

Kato, S. (Writer) & Lennon, T. (Director). (1992). Coming from Japan [Television series episode]. In T. Lennon (Producer), *Frontline*. Boston: WGBH.

Kaye, B. K., & Medoff, N. J. (2001). *The world wide web: A mass communication perspective*. Mountain View, CA: Mayfield.

Kearns, R. L. (1992). *Zaibatsu America: How Japanese firms are colonizing vital U.S. industries*. New York: Free Press.

Kennedy, P. (1993). *Preparing for the twenty-first century*. New York: Vintage Books.

Kent, S. (1941). *Writing history*. New York: Appleton Century Crofts.

Keyton, J. (2001). *Communication research: Asking questions, finding answers*. Mountain View, CA: Mayfield.

King, L. J. (1990). *A history of the department of communication at the university of Oklahoma: A case study in the history of the discipline*. Unpublished doctoral dissertation, University of Oklahoma, Norman.

Klapper, J. (1963). Mass communication research: An old road surveyed. *Public Opinion Quarterly, 27*, 515-527.

Klapper, J. T. (1960). *The effects of mass communication*. New York: Free Press.

Kluver, R. (2000). Globalization, informatization, and intercultural communication. *AC Journal, 3(3)*, 1-15, Retrieved March 10, 2002 from http://acjournal.org/holdings/vol3/Iss3/spec1/kluver.htm.

Koren, L. (1990). *Success stories: How eleven of Japan's most interesting businesses came to be*. San Francisco: Chronicle Books.

Korten, D. C. (1999). *The post-corporate world: Life after capitalism*. San Francisco, CA & West Hartford, CT: Berrett-Koehler Publishers & Kumarian Press.

Korten, D. C. (2001). *When corporations rule the world* (2nd ed.). Bloomfield, CT & San Francisco, CA: Kumarian Press & Berrett-Koehler Publishers.

Kotter, J. P. (1997). *Matsushita leadership: Lessons from the 20th century's most remarkable entrepreneur*. New York: Free Press.

Kotter, J. P. (1997). Matsushita: The world's greatest entrepreneur? *Fortune, 135(6)*, 104.

Kovacic, W. E. (1997). Antitrust decision making and the Supreme Court: Perspectives from the Thurgood Marshall papers. *The Antitrust Bulletin, 42(1)*, 93-114.

Kunii, I. M. ((2002). Matsushita's long march: The electronics giants still has lots of restructuring to do. *Business Week, 3776*, 46.

Kunio, Y. (1982). *Sogo shosha: The vanguard of the Japanese economy*. Tokyo: Oxford University Press.

Lack of imagination can stifle progress. (1995, June). *USA Today, 123(2601)*, 16.

Landman, A. (1984). *The wisdom of the many: The story of 25 years of Matsushita electric corporation of America*. Secaucus, NJ: Matsushita Electric Corporation of America.

Langenback, M., Vaughn, C., & Aagaard, L. (1994). *An introduction to educational research*. Boston: Allyn & Bacon.

Larson, C. U. (2001). *Persuasion: Reception and responsibility* (9th ed.). Belmont, CA: Wadsworth/Thomson Learning.

Lasswell, H. (1948). The structure and function of communication in society. In Bryson, L. (Ed.). *The communication of ideas*. New York: Harper & Row.

Lazarsfeld, P. F., & Stanton, F. N. (Eds.). (1949). *Communications research 1948-1949*. New York: Harper & Brothers.

Lerner, D., & Nelson, L. M. (1977). *Communication research: A half-century appraisal*. Honolulu, HI: University Press of Hawaii.

Levy, M. R., & Gurevitch, M. (Ed.). (1994). *Defining media studies: Reflections on the future of the field*. New York: Oxford.

Li, C. N. (1993). *The coming of high-definition television: A historical research on the development of HDTV*. Unpublished master's thesis, University of Oklahoma, Norman.

Light, R. J., & Pillemer, D. B. (1984). *Summing up: The science of reviewing research*. Cambridge, MA: Harvard University Press.

Lin, C. A. (1996). Looking back: The contribution of Blumer and Katz's uses of mass communication to communication research. *Journal of Broadcasting & Electronic Media, 40*, 574-581.

Lincoln, E. J. (1993). *Japan's new global role*. Washington, DC: The Brookings Institution.

Lincoln, E. J. (1999). *Troubled times: U.S. – Japan trade relations in the 1990s*. Washington, DC: The Brookings Institute.

Lindlof, T. R. (1995). *Qualitative communication research methods*. Thousand Oaks, CA: Sage.

Lippmann, W. (1922). *Public opinion*. New York: MacMillan.

Littlejohn, S. W. (1996). *Theories of human communication*. (5th ed.). Belmont, CA: Wadsworth.

Lowery, S. A., & DeFleur, M. L. (1989). *Milestones in mass communication research: Media effects*. (2nd ed.). New York, NY: Longman.

Maccoby, E. E. (1954). Why do children watch TV. *Public Opinion Quarterly, 18*, 239-244.

Mander, J. (1977). *Four arguments for the elimination of television*. New York: Morrow Quill.

Massey, K., & Baran, S. J. (2001). *Introduction to telecommunications: Converging technologies*. Mountain View, CA: Mayfield.

Matsushita, K. (1982). *Thoughts on man*. Tokyo: PHP Institute.

Matsushita, K. (1983). *Not for bread alone: A business ethos, a management ethic*. Tokyo: PHP Institute.

Matsushita, K. (1988). *Quest for prosperity: The life of a Japanese industrialist*. Tokyo: PHP Institute.

Matsushita, K. (1989). *As I see it*. Tokyo: PHP Institute.

Matsushita, K. (1991). *Velvet glove, iron fist and 101 other dimensions of leadership*. Tokyo, PHP Institute.

Matsushita, K. (1992). *People before products: The human factor in business.* Tokyo: PHP Institute.

Matsushita, M. (1993). *International trade and competition law in Japan.* Oxford: Oxford University Press.

Mattelart, A. (1994). *Mapping world communication.* Minneapolis, MN: University of Minnesota Press.

McCormack, G. (1996). *The emptiness of Japanese affluence.* Armonk, NY: M. E. Sharpe.

McLuhan, E., & Zingrove, F. (Eds.). (1995). *Essential McLuhan.* Toronto: University of Toronto Press.

McLuhan, M. (1951). *The mechanical bride: Folklore of industrial man.* Boston, MA: Beacon.

McLuhan, M. (1964). *Understanding media: The extensions of man.* New York: McGraw-Hill.

McLuhan, M. (1966). *The Gutenberg galaxy.* Toronto: University of Toronto Press.

McLuhan, M., & Fiore, Q. (1967). *The medium is the massage.* New York: Random House.

McLuhan, M., Fiore, Q., & Agel, J. (1968). *War and peace in the global village.* San Francisco, CA: HardWired.

McNamara, E. (Ed.). (1969). *The interior landscape: The literary criticism of Marshall McLuhan 1943-1962.* New York: McGraw Hill.

McQuail, D. (1994). *Mass communication theory: An introduction.* (3rd ed.). Thousand Oaks, CA: Sage.

McQuail, D. (1997). *Audience analysis.* Thousand Oaks, CA: Sage.

McQuail, D., Blumler, J. G., & Brown, J. (1972). The television audience: A revised perspective. In D. McQuail, (Ed.). *Sociology of mass communications.* Harmondsworth, England: Penguin Books.

McQuillan, J. (1996). How ATM lost the race to the desktop. *Business Communications Review, 26(3)*, 10-13.

Meyer, J. W., Boli, J., Thomas, G. M., & Ramirez, F. O. (1997). World society and the nation-state. *The American Journal of Sociology, 103(1)*, 144-182.

Meyrowitz, J. (1985). *No sense of place: The impact of electronic media on social behavior*. New York: Oxford University Press.

Mittelman, J. H. (2000). *The globalization syndrome: Transformation and resistance*. Princeton, NJ: Princeton University Press.

Miyashita, K., & Russell, D. (1996). *Keiretsu: Inside the hidden Japanese conglomerates*. New York: McGraw-Hill.

Moonves, L., & Ornstein, N. (Co-Chairs). (1998). *Charting the digital broadcasting future: Final report of the advisory committee on public interest obligations of digital television broadcasters*. Washington, DC: Benton Foundations.

Moores, S. (1993). *Interpreting audiences: The ethnography of media consumption*. Thousand Oaks, CA: Sage.

Morita, A., Reingold, E. M., & Shimomura, M. (1988). *Made in Japan: Akio Morita and Sony*. New York: Penguin Books.

Morris-Suzuki, T. (1998). *Re-inventing Japan: Time, space, nation*. Armonk, NY: M. E. Sharpe.

Moustakas, C. (1994). *Phenomenological research methods*. Thousand Oaks, CA: Sage.

Mowlana, H. (1996). *Global communication in transition: The end of diversity*. Thousand Oaks, CA: Sage.

Mowlana, H. (1997). *Global information and world communication* (2^{nd} ed.). Thousand Oaks, CA: Sage.

Mumford, L. (1922). *The story of utopias*. New York: Viking Press.

Mumford, L. (1934). *Technics and civilization*. New York: Harcourt Brace Jovanovich.

Mumford, L. (1944). *The condition of man*. New York: Harcourt Brace.

Mumford, L. (1946). *Values for survival*. New York: Harcourt Brace.

Mumford, L. (1970). *The myth of the machine: The pentagon of power.* New York: Harcourt Brace.

Mumford, L. (1973). *Interpretations and forecasts: 1922-1972.* New York: Harcourt Brace.

Murphy, I. P. (1996). Intranets hold promise of cheap access to data. *Marketing News, 30(20)*, 39-40.

Musashi, M. (1982). *The book of five rings.* (B.J. Brown, Trans.). New York: Bantam Books. (Original work written 1643).

Natanson, M. (1968). Alfred Schutz on social reality and social science. *Social Research, 35*, 217-244.

Negroponte, N. (1995). *Being digital.* New York: Vintage Books.

Nehamas, A. (1988). Plato and the mass media. *The Monist, 72 (2)*, 214-234.

Neuliep, J. W. (1996). *Human communication theory: Applications and case studies.* Boston, MA: Allyn and Bacon.

Newcomb, H. (Ed.). (1994). *Television: The critical view* (5th ed.). New York: Oxford.

Nishishiba, M., & Ritchie, L. D. (2000). The concept of trustworthiness: A cross-cultural comparison between Japanese and U. S. business people. *Journal of Applied Communication*, 28(4), 347-367.

Noble, D. D. (1996). Selling the schools a bill of goods: The marketing of computer-based education. *Afterimage, 23(5)*,13-20.

Noble, D. F. (1977). *America by design.* New York: Alfred A. Knopf.

Nordenstreng, K., & Schiller, H. I. (1995). *Beyond national sovereignty: International communication in the 1990s.* Norwood, NJ: Ablex.

Norris, R. S., Arkin, W. M., & Burr, W. (2000). How much did Japan know? *Bulletin of the Atomic Scientists, 56(1)*, 11-20.

Office of Technology Assessment, U. S. Government. *Critical connections: Communication for the future.* OTA-CIT-407 (Washington, DC: U.S. Government Printing Office, January 1990).

O'Neill, J. (1991). *Plato's cave: Desire, power, and the secular functions of media.* Norwood, NJ: Ablex.

Orlik, P. B. (1994). *Electronic media criticism.* Boston, MA: Focal Press.

Ostry, S. (1998). Technology, productivity and the multinational enterprise. *Journal of International Business Studies, 29(1)*, 85-99.

Pempel, T. J. (1998). *Regime shift: Comparative dynamics of the Japanese political economy.* Ithaca, NY: Cornell University.

Pepper, T., Janow, M. E., & Wheeler, J. W. (1985). *The competition: Dealing with Japan.* New York, NY: Praeger.

Pharr, S. J., & Krauss, E. S. (Eds.). (1996). *Media and politics in Japan.* Honolulu, HI: University of Hawaii Press.

Poindexter, P. M., & McCombs, M. E. (2000). *Research in mass communication: A practical guide.* New York: Bedford/St. Martin's Press.

Polkinghorne, D. (1983). *Methodology for human sciences: Systems of inquiry.* Albany, NY: State University of New York Press.

Postman, N. (1979). *Teaching as a conserving activity.* New York: Delacorte.

Postman, N. (1985). *Amusing ourselves to death.* New York: Penguin Books.

Postman, N. (1992). *Conscientious objections: Stirring up trouble about language, technology, and education.* New York: Vintage Books.

Postman, N. (1993). *Technopoly.* New York: Vintage Books.

Postman, N. (1994). *The disappearance of childhood.* New York: Random House.

Postman, N. (1995). *The end of education.* New York: Alfred A. Knopf.

Postman, N. (1999). *Building a bridge to the eighteenth century: How the past can improve our future.* New York: Alfred A. Knopf.

Pouzzner, D. (Ed.). (2001). *The architecture of modern political power: The new feudalism.* Retrieved February 24, 2002 from http://www.mega.nu:8080.

Powell, L. F. (1994). Predatory pricing conspiracy too 'economically irrational' to require a trial: The Matsushita decision. *Antitrust Law & Economics Review, 25(2)*, 83-96.

Powell, L. F. (1996). Predatory pricing conspiracy too 'economically irrational' to require a trial: The Matsushita decision (II). *Antitrust Law & Economics Review, 26(3)*, 37-44.

Press, L. (1997). Tracking the global diffusion of the internet. *Communications of the Association for Computing Machinery, 40(11)*, 11-17.

Raphael, D. D., Winch, D., & Skidelsky, R. (1997). *Three great economists: Smith, Malthus, Keynes*. New York: Oxford University Press.

Real, M. R. (1989). *Super media: A cultural studies approach.* Newbury park, CA: Sage.

Real, M. R. (1996). *Exploring media culture*. Thousand Oaks, CA: Sage.

Reid, T. R. (1999). *Confucius lives next door: What living in the east teaches us about living in the west*. New York: Random House.

Riley, M. W., & Riley, J. W. (1951). A sociological approach to communication research. *Public Opinion Quarterly, 15*, 444-460.

Ristelhueber, R. (2002). Matsushita suffers steep sales, profit decline. *EBN, 1301,* 16.

Rogers, E. M. (1995). *Diffusion of innovations* (4th ed.). New York: Free Press.

Rogers, E. M. (1997). *A history of communication study*. New York: Free Press.

Rogers, E. M., & Larsen, J. K. (1984). *Silicon Valley fever: Growth of high-technology culture*. New York: Basic Books.

Rosengren, K. E., Wenner, L. A., & Palmgreen, P. (1985). *Media gratifications research: Current perspectives.* Beverly Hills, CA: Sage.

Roszak, T. (1994). *The cult of information: A neo-luddite treatise on high-tech, artificial intelligence, and the true art of thinking.* Berkley, CA: University of California Press.

Rowland, D. (1985). *Japanese business etiquette*. New York: Warner Books.

Rubin, R. B., Palmgreen, P., & Sypher, H. E. (Eds.). (1994). *Communication research measures*. New York: Guilford.

Ryan, B., & Gross, N. C. (1943). The diffusion of hybrid seed corn in two Iowa communities. *Rural Sociology, 8*, 15-24.

Saul, E. W. (Ed.). (1994). *Nonfiction for the classroom: Milton Meltzeron writing, history, and social responsibility*. New York: Teachers College Press.

Schiller, D. (2000). *Digital capitalism: Networking the global market system*. Cambridge, MA: MIT Press.

Schlesinger, J. M. (1999). *Shadow shoguns: The rise and fall of Japan's postwar political machine*. Stanford, CA: Stanford University Press.

Schramm, W. (Ed.). (1960). *Mass communications*. Urbana, IL: University of Illinois Press.

Schramm, W. (1973). *Men, messages, and media: A look at human communication*. New York: Harper & Row.

Schramm, W. (1997). *The beginnings of communication study in America: A personal memoir*. Thousand Oaks, CA: Sage.

Schramm, W., Lyle, J., & Parker, E. B. (1961). *Television in the lives of our children*. Chicago, IL: University of Chicago Press.

Schramm, W., & Roberts, D. F. (Eds.). (1971). *The process and effects of mass communication*. (Rev. ed.). Chicago: University of Illinois Press.

Schutz, A. (1967). *The phenomenology of the social world*. Evanston, IL: Northwestern University Press.

Schutz, A. (1970). *On phenomenology and social relations*. Chicago: University of Chicago Press.

Schwartzman, D. (1993). *The Japanese television cartel: A study based on Matsushita v. Zenith*. Ann Arbor, MI: University of Michigan.

Seelye, H. N., & Seelye-James, A. (1995). *Culture clash: Managing in a multicultural world*. Lincolnwood, IL: NTC Business Books.

Severin, W. J., & Tankard, J. W. (1992). *Communication theories: Origins, methods, uses* (3rd ed.). New York, NY: Longman.

Shankar, V., Carpenter, G. S., & Krishnamurthi, L. (1998). Late mover advantage: How innovative late entrants outsell pioneers. *Journal of Marketing Research, 35(1)*, 54-70.

Shulman, S. (1999). *Owning the future*. New York: Houghton Mifflin.

Silverblatt, A. (1995). *Media literacy: Keys to interpreting media messages*. Westport, CT: Praeger.

Sims, S. (1999). *Derrida and the end of history*. New York: Totem Books.

Singleton, R. A., & Straits, B. C., (1999). *Approaches to social research* (3rd ed.). New York: Oxford.

Smith, M. R., & Marx, L. (Eds.). (1998). *Does technology drive history: The dilemma of technological determinism*. Cambridge, MA: MIT Press.

Solomon, R. C., & Higgins, K. M. (1996). *A short history of philosophy*. New York: Oxford University Press.

Spiegelberg, H. (1994). *The phenomenological movement*. Boston: Kluwer Academic Publishers.

Sreberny-Mohammadi, A., Winseck, D., McKenna, J., & Boyd-Barrett, O. (Eds.). (1997). *Media in global context*. New York: Arnold.

Stacks, D., Hickson, M., & Hill, S. R. (1991). *Introduction to communication theory*. New York: Harcourt Brace Jovanovich.

Stacks, D. W., & Hocking, J. E. (1992). *Essentials of communication research*. New York: HaperCollins.

Stake, R. E. (1995). *The art of case study research*. Thousand Oaks, CA: Sage.

Sterling, C. H., & Littross, J. M. (1990). *Stay tuned: A concise history of American broadcasting* (2nd ed.). Belmont, CA: Wadsworth.

Stevenson, N. (1995). *Understanding media cultures: Social theory and mass communication*. Thousand Oaks, CA: Sage.

Stewart, D., & Mickunas, A. (1990). *Exploring phenomenology* (2nd ed.). Athens, OH: Ohio University.

Suchman, E. (1942). An invitation to music. In P. F. Lazarsfeld & F. N. Stanton (Eds.). *Radio Research.* (1942-1944). New York: Duell, Sloan & Pearce.

Sugimoto, Y. (1997). *An introduction to Japanese society.* Cambridge: Cambridge University Press.

Sullivan, E. A., & Keating, C. L. (2000). The need to train teachers to use and integrate technology in the classroom. *Computers in the Social Studies Journal, 8(2)*, 1-5.

Tamamoto, M. (1999). The uncertainty of self: Japan at the century's end. *World Policy Journal, 16(2),* 119-133.

Tan, A. S. (1981). *Mass communication theories and research.* Columbus, OH: Grid.

Teich, A. H. (Ed.). (1972). *Technology and man's future.* New York: St. Martin's Press.

Treat, J. W. (Ed.). (1996). *Contemporary Japan and popular culture.* Honolulu, HI: University of Hawaii.

Turner, B. S. (Ed.). (1993). *Theories of modernity and postmodernity.* Newbury Park, CA: Sage.

Van Maanen, J. (1988). *Tales of the field.* Chicago, IL: University of Chicago.

Vivian, J. (1997). *The media of mass communication* (4th ed.). Boston: Allyn and Bacon.

Vogel, E. F. (1979). *Japan as number one: Lessons for America.* Cambridge, MA: Harvard University Press.

Von Manen, M. (1990). *Researching lived experience: Human science for an action sensitive pedagogy.* London, Ontario, Canada: state University of New York Press.

Walshok, M. L. (1995). *Knowledge without boundaries: What America's research universities can do for the economy, the workplace, and the community.* San Francisco: Jossey-Bass.

Waples, D., Berelson, B., & Bradshaw, F. R. (1940). *What reading does to people.* Chicago: University of Chicago.

Warner, W., & Henry, W. (1948). The radio daytime serial: A symbolic analysis. *Genetic Psychology Monographs, 37*, 3-71.

Weston, M. (1999). *Giants of Japan: The lives of Japan's greatest men and women.* New York: Kodansha International.

Westphal, J. D., & Zajac, E. J. (1997). Deflections from inner circle: Social exchange, reciprocity, and the diffusion of broad independence in U.S. corporations. *Administrative Science Quarterly, 42(1)*, 161-183.

Whetmore, E. J. (1992). *American electric: Introduction to telecommunications and electronic media*. New York: McGraw-Hill.

White, L. A. (1949). *The science of culture: A study of man and civilization.* New York: Grove Press.

Whiting, R. (1999). *Tokyo underworld: The fast times and hard life of an American gangster in Japan.* New York: Pantheon.

Wijnberg, N. M. (1995). Technological paradigms and strategic groups: Putting competition into the definitions. *Journal of Economic Issues, 29(1)*, 254-259.

Wilson, S. L. (1994). *Mass media/Mass Culture.* (1994 updated edition). New York, NY: McGraw-Hill.

Wimmer, R. D., & Dominick, J. R. (1994). *Mass media research* (4th ed.). Belmont, CA: Wadsworth.

Winks, R. W. (Ed.). (1969). *The historian as detective: Essays on evidence.* New York: Harper & Row.

Winner, L. (1977). *Autonomous technology.* Cambridge, MA: MIT Press.

Wolfe, K. M., & Fiske, M. (1949). Why children read comics. In P. F. Lazarsfeld & K. M. Stanton (Eds.). *Communications Research.* (1948-1949). New York: Harper & Row.

Wood, C. (1994). *The end of Japan inc.* New York, NY: Simon & Schuster.

Wood, D. N. (1996). *Post-intellectualism and the decline of democracy: The failure of reason and responsibility in the twentieth century.* Westport, CT: Praeger.

Woronoff, J. (1992). *The Japanese management mystique: The reality behind the myth.* Chicago: Probus.

Wright, C. R. (1986). *Mass communication: A sociological perspective*. (3rd ed.). New York: Random House.

Yin, R. K. (1994). *Case study research: Design and methods*. (2nd ed.) Thousand Oaks, CA: Sage.

Yoshino, M. Y., & Lifson, T. B. (1986). *The invisible link: Japan's sogo shosha and the organization of trade*. Cambridge, MA: MIT Press.

Zaleznik, A. (1993). *Learning leadership: Cases and commentaries on abuse of power in organizations*. Chicago, IL: Bonus Books.

Ziff, H. (1986). The uses of rhetoric: On rereading Aristotle. *Critical Studies in Mass Communication*. 112.

APPENDICES

APPENDIX A

Consolidated Financial Statements

Consolidated Balance Sheets
(as of March 31, 2001)

Assets	Millions of Yen					Thousands US Dollars US$1=Y125
	1997	1998	1999	2000	2001	2001
Current assets:						
Cash and cash equivalents	2,024,830	1,906,226	1,533,585	1,116,262	848,878	**6,791,024**
Time deposits	-	-	-	340,000	527,145	**4,217,160**
Short-term investments	243,291	148,518	130,923	136,883	11,421	**91,368**
Trade receivables:						
Notes	145,450	115,870	99,360	93,273	106,447	**851,576**
Accounts	1,337,362	1,296,392	1,285,592	1,246,440	1,332,161	**10,657,288**
Allowable for doubtful receivables	-60,810	-62,742	-63,649	-42,098	-42,530	**-340,240**
Net trade receivables	1,422,002	1,349,520	1,321,303	1,297,615	1,396,078	**11,168,624**
Inventories	1,079,435	1,101,613	1,018,663	942,205	1,047,615	**8,380,920**
Other current assets	388,126	432,871	408,637	417,650	486,812	**3,894,496**
Total current assets	388,126	432,871	408,637	417,650	486,812	**34,543,592**
Noncurrent receivables	272,773	282,838	276,311	268,288	246,419	**1,971,352**
Investments & advances	1,473,572	1,484,620	1,470,849	1,645,430	1,511,337	**12,090,696**
Property, plant and equipment						
Land	255,389	223,806	223,040	220,971	223,910	**1,791,280**
Buildings	1,118,338	1,171,255	1,215,986	1,212,634	1,265,932	**10,127,456**
Machinery & equipment	2,936,775	3,026,070	3,053,600	3,021,725	3,188,884	**25,511,072**
Construction in progress	89,610	76,411	70,222	89,512	152,126	**1,217,008**
Less accumulated depreciation	2,871,755	2,975,675	3,069,297	3,144,157	3,252,791	**26,022,328**
Net property, plant and equipment	1,528,357	1,521,867	1,493,551	1,400,685	1,578,061	**12,624,488**
Other assets	424,138	432,445	400,707	390,057	502,522	**4,020,176**
Total assets	8,856,524	8,660,518	8,054,529	7,955,075	8,156,288	**65,250,304**

This financial information was obtained from the 2001 Matsushita Electric Industrial Co., Ltd. Annual Report and from the Panasonic Global Web Site on March 23, 2002 at http:// www.panasonic.co.jp/global. The annual report is available from the Corporate Headquarters Investor Relations Office in New York.

Consolidated Financial Statements

Consolidated Balance Sheets
(as of March 31, 2001)

Liabilities and Stockholders' Equity	Millions of Yen					Thousands US Dollars US$1=¥125
	1997	1998	1999	2000	2001	2001
Current liabilities:						
Short-term borrowings, including current portion of long-term debt	999,062	1,026,301	650,147	466,869	548,459	**4,387,672**
Trade payables:						
Notes	67,550	72,180	52,824	60,894	78,080	**624,640**
Accounts	625,045	607,319	582,527	596,056	599,643	**4,797,144**
Total trade payables	692,595	679,499	635,351	656,950	677,723	**5,421,784**
Accrued income taxes	174,108	94,585	84,688	81,964	55,343	**442,744**
Accrued payroll	169,538	171,428	160,568	153,441	158,697	**1,269,576**
Other accrued expenses	565,179	582,255	563,370	551,426	663,541	**5,308,328**
Deposits and advances from customers	95,810	102,407	102,242	109,563	114,179	**913,432**
Employees' deposits	149,395	150,343	151,679	150,109	153,147	**1,225,176**
Other current liabilities	195,792	227,982	242,894	287,000	321,698	**2,573,584**
Total current liabilities	3,041,479	3,034,800	2,590,939	2,457,322	2,692,787	**21,542,296**
Noncurrent liabilities:						
Long-term debt	923,474	689,581	709,084	643,840	541,541	**4,332,328**
Retirement and severance benefits	427,300	454,406	495,175	528,878	558,396	**4,467,168**
Other liabilities	1,875	1,559	984	46,292	23,075	**184,600**
Total noncurrent liabilities	1,352,649	1,145,546	1,205,243	1,219,010	1,123,012	**8,984,096**
Minority interests	620,643	626,490	616,196	594,414	567,809	**4,542,472**

Note: Beginning in the fiscal year ended March 31, 2001, the Company adopted SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities," and accordingly, prior year figures from fiscal 1997 through fiscal 2000 have been restated to reflect this change.

Consolidated Financial Statements

Consolidated Balance Sheets
(as of March 31, 2001)

Liabilities and Stockholders' Equity	**Millions of Yen**					**Thousands US Dollars US$1=¥125**
	1997	**1998**	**1999**	**2000**	**2001**	**2001**
Stockholders' equity:						
Common stock	208,473	209,416	209,444	209,708	210,994	**1,687,952**
Capital surplus	573,780	570,628	567,696	570,964	621,267	**4,970,136**
Legal reserve	81,663	84,039	86,112	86,553	88,251	**706,008**
Retained earnings	2,874,763	2,944,282	2,841,268	2,911,665	2,924,071	**23,392,568**
Accumulated other comprehensive income (loss):						
Cumulative translation adjustments	-42,970	-32,508	-154,765	-294,711	-150,027	**-1,200,216**
Unrealized holding gains of available-for-sale securities	146,053	77,825	92,648	200,690	78,863	**630,904**
Total accumulated other comprehensive income (loss)	103,083	45,317	-62,117	-94,021	-71,164	**-569,312**
Treasury stock	-	-	-252	-540	-739	**-5,912**
Total stockholders' equity	3,841,762	3,853,682	3,642,151	3,684,329	3,772,680	**30,181,440**
Total liabilities and stockholders' equity	8,856,524	8,660,518	8,054,529	7,955,075	8,156,288	**65,250,304**

Note: Beginning in the fiscal year ended March 31, 2001, the Company adopted SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities," and accordingly, prior year figures from fiscal 1997 through fiscal 2000 have been restated to reflect this change.

Consolidated Financial Statements
Consolidated Statements of Operations
(Years ended March 31, 2001)

	Millions of Yen					Thousands US Dollars US$1=¥125
	1997	**1998**	**1999**	**2000**	**2001**	**2001**
Net sales:	7,675,912	7,890,662	7,640,119	7,299,387	7,681,561	**61,452,488**
Cost of sales	5,316,390	5,494,746	5,346,914	5,190,791	5,481,314	**43,850,512**
Gross profit	2,359,522	2,395,916	2,293,205	2,108,596	2,200,247	*
Selling, general and administrative expenses	1,985,621	2,058,358	2,099,521	1,949,542	2,011,843	**16,094,744**
Operating profit	373,901	337,558	193,684	159,054	188,404	**1,507,232**
Other income (deductions):						
Interest and dividend income	63,111	68,164	64,295	57,623	,55,949	**447,592**
Interest expense	-66,532	-61,573	-62,083	-46,237	-43,538	**-348,304**
Restructuring charges	-	-	-	-	-100,195	*
Other net	-38,355	11,475	6,397	48,165	115	*
Loss relating to sale of MCA INC.	-	-	-	-	-	-
Income before income taxes	332,125	355,624	202,293	218,605	100,735	**805,880**
Provision for income taxes:						
Current	223,187	195,948	152,303	178,445	117,855	**942,840**
Deferred	-67,800	32,750	12,076	-41,430	-67,994	**-543,952**
Total provision for income taxes	155,387	228,698	164,379	137,015	49,861	**398,888**
Minority interests	44,391	26,384	8,330	-941	22,125	**177,000**
Equity in earnings (losses) of associated companies	5,506	-1,195	-5,338	17,178	12,751	**102,008**
Net income (loss)	137,853	99,347	24,246	99,709	41,500	**332,000**

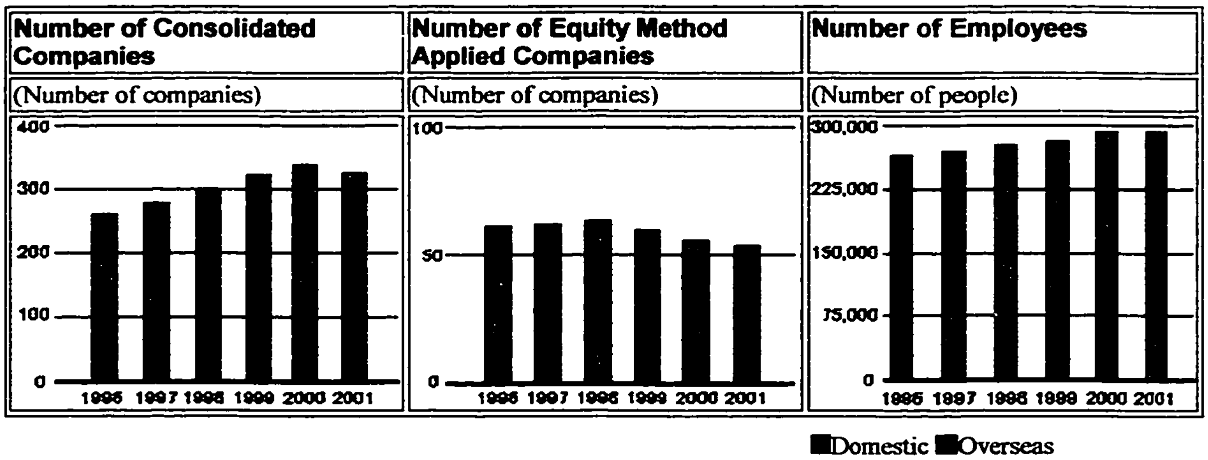
Note: Beginning in the fiscal year ended March 31, 2001, the Company adopted SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities," and accordingly, prior year figures from fiscal 1997 through fiscal 2000 have been restated to reflect this change.

* These entries - Gross Profit, Restructuring Charges, and Other Net, are not verified or reconciled to the published 2001 Annual Report. I am not able to determine how Matsushita accountants have arrived at these numbers in Japanese Yen nor am I able to find any reference to the U. S. dollar equivalences.

APPENDIX B

The following information was retrieved from the Panasonic Global Web Site on March 23, 2002 at http:// www.panasonic.co.jp/global.

Number of
Consolidated Companies and Employees
(As of March 31,2001)



						(Number of companies)
	1996	1997	1998	1999	2000	2001
Number of consolidated companies	262	281	300	326	335	321
Domestic	139	141	144	142	146	126
Overseas	123	140	156	184	189	195

						(Number of companies)
	1996	1997	1998	1999	2000	2001
Number of equity method applied companies	62	62	63	59	54	53

						(Number of people)
	1996	1997	1998	1999	2000	2001
Number of employees	265,538	270,651	275,962	282,153	290,448	292,790
Domestic	158,008	154,372	152,270	148,524	146,675	143,162
Overseas	107,530	116,279	123,692	133,629	143,773	149,628

APPENDIX C

The following information was retrieved from the Panasonic Global Web Site on March 23, 2002 at http:// www.panasonic.co.jp/global.

Product Categories and Main Products
(As of March 31, 2001)

Consumer Products	**Video and Audio Equipment** Videocassette recorders (VCRs), video camcorders and related equipment, color TVs, TV/VCR combination units, high definition TVs (HDTVs), liquid crystal display (LCD) TVs, plasma display TVs, DVD players, compact disc (CD) and Mini Disc (MD) players, Secure Digital (SD) audio players, radios, CD radio cassette recorders, tape recorders, portable headphone players, stereo hi-fi and related equipment, electronic musical instruments, satellite broadcast receivers and related equipment, prerecorded video and audio tapes and discs.
	Home Appliances and Household Equipment Refrigerators, room air conditioners, home laundry equipment, clothes dryers, vacuum cleaners, air purifiers, electric irons, dishwashers, microwave ovens, rice cookers, induction heating cooking equipment, gas cooking equipment, electric thermos pots, electric fans, electric, gas and kerosene heaters, infrared ray warmers, electric blankets, electrically-heated rugs, kitchen fixture systems, electric, gas and kerosene hot-water supply systems, bath and sanitary equipment, electric lamps, bicycles, photographic flash units, cameras, fire extinguishers.
Industrial Products	**Information and Communications Equipment** Cordless telephones, cellular phones, PHS-related equipment, facsimile equipment, copying machines, personal computers (PCs), printers, CRT and LCD displays, CD-ROM, DVD-ROM/RAM and other optical disc drives, hard disk drives and other computer peripherals, CATV systems, broadcast- and business-use AV systems equipment, large-screen visual equipment, communication network systems equipment, PBXs, traffic-related systems equipment.

Product Categories and Main Products
(As of March 31, 2001)

Industrial Products	**<u>Industrial Equipment</u>** Electronic-parts-mounting machines, industrial robots, welding machines, electric power distribution equipment, ventilation, air-blowing and air-conditioning equipment, vending machines, measuring instruments, car audio, car navigation and other car AV equipment, medical equipment.
Components	**<u>Electronic Equipment</u>** Semiconductors, CRTs, electronic circuit components, printed circuit boards, transformers, power supplies, coils, capacitors, resistors, tuners, switches, speakers, ceramic components, magnetic recording heads, LCD devices, electric motors, micro motors, compressors, dry batteries, storage batteries, solar batteries, battery chargers, nonferrous metals.

Note: In response to new business environments created by the evolution of digital networks, the integration of broadcasting and communications and other recent developments, Matsushita has reclassified its Consumer, Industrial and Components segments into four new segments : AVC Networks, Home Appliances, Industrial Equipment, and Components and Devices.

APPENDIX D

The following information was retrieved from the Panasonic Global Web Site on March 23, 2002 at http:// www.panasonic.co.jp/global.

Business Clusters including Divisional Companies, and their Main Products

(As of April 1, 2001)

Divisional Companies and Other Divisions	Main Products
AVC Company	VCRs, video camcorders and related equipment, color TVs, TV/VCR combination units, HDTVs, LCD TVs, plasma display TVs, DVD players, DVD recorders, CD and MD players, SD audio players, radios, CD radio cassette recorders, tape recorders, portable headphone players, stereo hi-fi and related equipment, optical discs, SD Memory Cards, magnetic tapes, electronic musical instruments, satellite broadcast receivers and related equipment, PCs, DVD-RAM drives, business-use monitors, business-use video systems, broadcasting equipment, in-flight AV systems, key components for AV equipment.
Home Appliance & Housing Electronics Company	Home laundry equipment, clothes dryers, vacuum cleaners, garbage disposal units, electric irons, dishwashers, microwave ovens, rice cookers, induction heating cooking equipment, gas cooking equipment, electric thermos pots, electric, gas and kerosene heaters, electric blankets, electrically-heated rugs, body fat and weight analyzer, kitchen fixture systems, electric, gas and kerosene hot-water supply systems, bath and sanitary equipment.
Air-Conditioner Company	Room air conditioners, car air conditioners, compressors.
Packaged Air-Conditioner Company	Packaged air conditioners, business-use air-conditioning equipment including air-handling units.
Motor Company	Industrial, consumer, and information equipment-use motors.
Semiconductor Company	System LSIs, microprocessors, logics, ICs, CCDs, discrete semiconductors, LEDs.
Display Device Company	LCD panels, CRTs, projection tubes.
Lighting Company	Fluorescent lamps, electric lamps.

APPENDIX D (cont.)

Business Clusters including Divisional Companies, and their Main Products

(As of April 1, 2001)

Divisional Companies and Other Divisions	Main Products
FA Company	Electronic parts-mounting machines, semiconductor-mounting machines, DVD disc production systems, dry etching equipment, wafer level burn-in equipment, IVH processing equipment, welding machines, welding robots, electronic measuring equipment.
Electronic Circuit Capacitor Division	Film capacitors
Bicycle Division	Bicycles
Matsushita Communication Industrial Co., Ltd.	Cellular phones, PHS-related equipment, cordless telephones, communications network equipment, PBXs, ITS-related equipment, car audio, car navigation and other car AV equipment, security systems, business-use audio systems, large-screen display equipment, data storage equipment, electronic measuring instruments.
Matsushita Electronic Components Co., Ltd.	Capacitors, resistors, coils, speakers, power supply components, mechanical components, high frequency components, printed circuit boards.
Matsushita Industrial Equipment Co., Ltd.	Information terminals, input devices, information control systems, medical treatment equipment, power control equipment, security control systems, precision processing equipment, laser processing machines.
Matsushita Battery Industrial Co., Ltd.	Manganese batteries, alkaline batteries, lithium batteries, lithium-ion batteries, lithium-polymer batteries, nickel-cadmium batteries, nickel metal-hydride batteries, storage batteries, battery appliances.
Matsushita Refrigeration Company	Refrigerators, freezers, vending machines, refrigerated display cases, air conditioners, compressors.
Kyushu Matsushita Electric Co., Ltd.	Cordless phones, PHS phones, personal-use facsimiles, TAMs with facsimile capabilities, PBXs, portable navigation systems, printers, printing systems, DVD-ROM drives, CD-R/RW drives, deflection yokes, IC lead frames, chip-mounting equipment, pumps, water purifiers, alkaline-ion water processors, electric pencil sharpeners, MPU cooking fan motors.

Business Clusters including Divisional Companies, and their Main Products

(As of April 1, 2001)

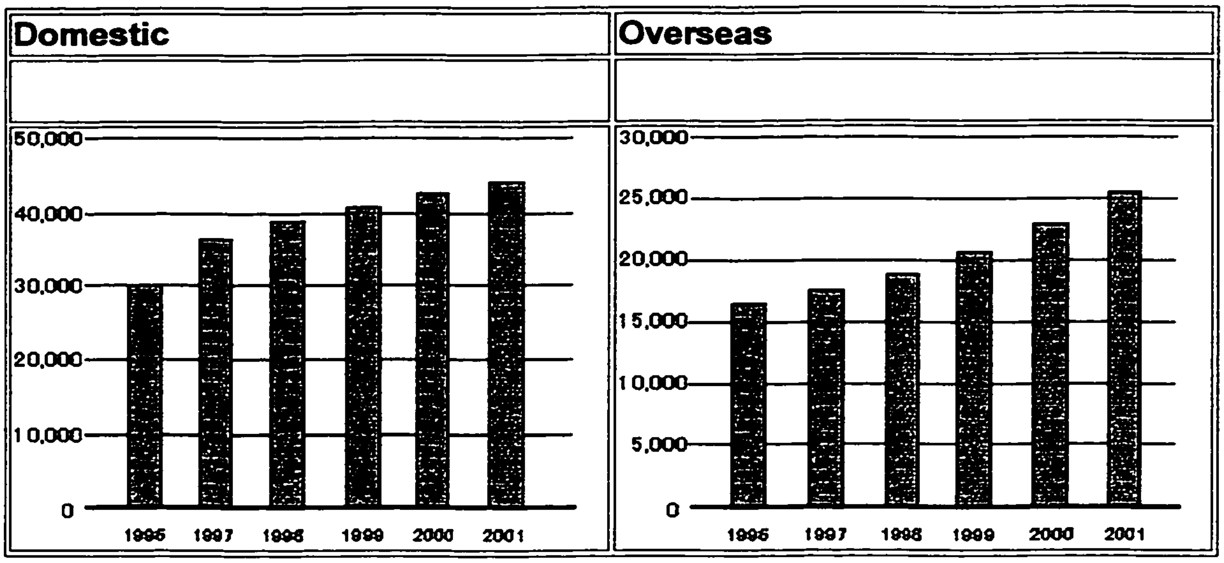
Divisional Companies and Other Divisions	Main Products
Matsushita Seiko Co., Ltd.	Electric fans, humidifiers, dehumidifiers, air purifiers, various dryers, ventilator fans, household ventilation systems equipment, air circulation systems equipment for buildings, ventilation systems for road tunnels, dust collection systems, clean room equipment.
Matsushita Graphic Communication Systems, Inc.	Facsimile equipment, copying machines.
Matsushita Kotobuki Electronics Industries, Ltd.	Hard disk drives, DVD-ROM drives, CD-ROM drives, CD-RW drivers, super disk drives, DAT data storage devices, video intercom, blood sugar sensors, VCRs, camcorders, TV/VCR combination units, LCD projectors, digital still cameras, infrared lamps for electric foot warmers, infrared lamps for treatment.
Victor Company of Japan, Ltd.	VCRs, video camcorders, color TVs, stereo hi-fi and related equipment, car audio, CD radio cassette recorders, phones, business and education-use equipment, information equipment, KARAOKE systems, projectors, display components, VCR heads, motors, printed circuit boards, audio-visual software for CD and video discs/tapes, video tapes.

APPENDIX E

The following information was retrieved from the Panasonic Global Web Site on March 23, 2002 at http:// www.panasonic.co.jp/global.

Number of Patents

(Years ended March 31)



	1996	1997	1998	1999	2000	2001
Domestic	30,190	36,190	38,366	40,526	42,279	44,178
Overseas	16,518	18,033	19,069	20,411	22,979	25,334

Note: Patents are those held by Matsushita Electric Industrial Co., Ltd. and its major subsidiaries, excluding Victor Company of Japan, Ltd.

APPENDIX F

The following information was retrieved from the Panasonic Global Web Site on March 23, 2002 at http:// www.panasonic.co.jp/global.

Recent Major Alliances

(As of March 31, 2001)

Business Partner	Business Area
Microsoft Corporation	Next-generation home-use digital equipment
Nortel Networks Corporation	Next-generation mobile communications equipment
Compaq Computer Corporation	Tuner boards for PCs and STBs, both for receiving digital terrestrial TV broadcasting
Mitsubishi Electric Corporation	Next-generation system LSIs
Sun Microsystems, Inc.	Java technology for use in digital household electronic and electric equipment
PolyGram Co., Ltd.	Music DVD software
QUALCOM Incorporated	Radio circuit modules for CDMA
IBM Corporation, Intel Corporation, Toshiba Corporation	DVD-Audio contents protection standard
Quantum Corporation	Hard disk drives for household electronic and electric equipment
Cadence Design Systems, Inc.	Development of design software for high-density printed circuit boards

Recent Major Alliances

(As of March 31, 2001)

Nintendo Co., Ltd.	Co-development of household electronic and electric equipment utilizing digital technologies
Symbian Ltd.	Next-generation mobile information terminals
AT&T, Universal Music Group, BMG Entertainment	Music software distribution via the Internet
Nippon Telegraph and Telephone Corporation, Hitachi Ltd., Dentsu Inc.	Surveillance of illegal image copying on the Internet
Toshiba Corporation, Hitachi Ltd., Mitsubishi Electric Corporation., Victor Company of Japan, Ltd., Time Warner Inc.	Licensing of DVDs
Microsoft Corporation	Internet-related business
Sun Microsystems, Inc.	Development of technology enabling PCs to run Java software even with low-speed CPUs
Toshiba Corporation, SanDisk Corporation	SD memory card
Tokyo Broadcasting System Inc., Nippon Telegraph and Telephone Corporation, Dentsu Inc.	Planning and production of interactive digital TV programs and related communication services
Daikin Industries, Ltd.	Air conditioning business
NTT DoCoMo, Inc.	Music distribution service for mobile communication devices

APPENDIX F (cont.)

Recent Major Alliances

(As of March 31, 2001)

NHK, Japan Satellite Broadcasting, Inc., Toshiba Corporation, Hitachi Ltd., Nippon Telegraph and Telephone East Corporation	Development and management Conditional Access System (CAS) for digital TV systems
Eastman Kodak Company	Manufacture of DVD disks, other optical media products
Oracle Corporation Japan	Development of solutions for content production on interactive network services
Toray Industries	Production of Plasma Display Panels (PDPs)
Toshiba Corporation, Hitachi Ltd., etc.	Development of interactive broadcasting and storage-type datacasting services
Internet Home Alliance (Cisco Systems, Sears, General Motors, Motorola, Sun Microsystems, etc.)	Promotion of internet lifestyle solutions and marketing of networking services
Lawson, Inc., Mitsubishi Corporation, NTT DoCoMo, Inc.	Electronic Commerce (EC) services through convenience stores
Sharp Corporation, Toshiba Corporation, NEC Corporation, Hitachi Ltd., Mitsibishi Electric Corporation	Development of next-generation LCD technologies
Toshiba Corporation	Manufacture of low temperature polysilicon LCD panels

APPENDIX G

The following information was taken from the published Matsushita Electric National/Panasonic 1999 Annual Report.

Matsushita Historical Timeline

(As of March 31, 1999)

Year	Historical Event
1918	Konosuke Matsushita establishes Matsushita Electric Devices Manufacturing Works. The first products are the attachment plug and the double outlet plug.
1922	The first main office and factory are constructed in Osaka.
1923	The bullet-shaped bicycle lamp is developed and marketed. Distribution systems are adopted that span the entire domestic market.
1927	The square bicycle lamp is developed and marketed under the name, National. This is the first time that the brand name is used.
1929	Konosuke Matsushita develops the corporate Management Objective and Company Creed.
1931	The production of radio and dry cell batteries begin.
1932	Konosuke Matsushita announces the Corporation mission at its founding celebration. The Export Trading Department is established. This department is incorporated as Matsushita Electric Trading Co., Ltd. in 1935.
1933	Konosuke Matsushita initiates the divisional system and spells out the corporation's guiding principles.
1934	The Employee Training Institute opens.
1935	Matsushita Electric Devices Manufacturing Works is incorporated as Matsushita Electric Industrial Co., Ltd. The division company system is formally adopted and nine divisional companies are established. Matsushita is now a full-fledged conglomerate.
1938	Imports begin through Matsushita Electric Trading.
1940	The first annual management policy meeting is convened.

APPENDIX G (cont.)

Matsushita Historical Timeline

(As of March 31, 1999)

1946	The Matsushita Electric Workers Union is established.
1952	Matsushita acquires Nakagawa Electric Co., Ltd. It is later renamed Matsushita Refrigeration Company. Matsushita Electronics Corporation is established. A technical cooperation agreement begins with N.V. Philips' Gloeilampenfabrieken.
1953	The Central Research Laboratories is established.
1954	Matsushita acquires Victor Company of Japan, Ltd.
1955	The Kyushu Matsushita Electric Co., Ltd. is established.
1956	The Osaka Precision Machinery Co., Ltd. is established. It is later renamed Matsushita Seiko Co., Ltd.
1957	The Domestic Sales subsidiaries are officially inaugurated.
1958	The Matsushita Communication Industrial Co., Ltd. is established.
1959	The Matsushita Electric Corporation of America is established.
1960	The first Matsushita color television is marketed.
1961	Konosuke Matsushita is appointed the Chairman of MEI and Masaharu Matsushita, his son-in-law, is named the President. Masaharu's original family name was Hirata. He changed it in accordance with Japanese tradition because he was not an eldest son and Matsushita had no sons. The National Thai Co., Ltd. is established as the first overseas plant.
1962	Toho Electric Machinery is acquired. It is later renamed Matsushita Communication Systems, Inc.
1968	Matsushita opens its House of History Museum.
1969	The Matsushita Kotobuki Electronics Industries, Ltd. is established. Matsushita opens its Hall of Science and Technology.

APPENDIX G (cont.)

Matsushita Historical Timeline

(As of March 31, 1999)

1970	The Matsushita Pavilion is built for the Osaka EXPO '70. The Matsushita Time Capsule is exhibited.
1971	Matsushita shares are listed on the New York Stock Exchange for the first time. Customer Service Centers are open at all domestic showrooms.
1973	Arataro Takahashi is appointed the Chairman of MEI after Konosuke Matsushita retires. Konosuke Matsushita becomes a Senior Advisor. Annual net sales exceed 1,000 billion yen.
1976	The Matsushita Electronic Components Co., Ltd. is established.
1977	Toshihiko Yamashita is appointed President and Masaharu Matsushita is named Chairman. The Matsushita Housing Equipment Co., Ltd. and the Matsushita Industrial Equipment Co., Ltd. are established. Matsushita's VHS video tape recorder is marketed.
1979	The Matsushita Battery Industrial Co., Ltd. is established.
1986	Akio Tania is appointed the President of MEI and Toshihiko Yamashita becomes Advisor. The Panasonic brand name is used in domestic sales.
1987	The entire Matsushita Group adopts March 31 as the fiscal year-end.
1988	The Matsushita Electric Trading Co. merges with Matsushita Electric Industrial Co., Ltd.
1989	Konosuke Matsushita dies at the age of 94.
1990	Matsushita acquires MCA, Inc./Universal Studios in the United States.
1991	The Matsushita Environmental Charter is developed.

Matsushita Historical Timeline
(As of March 31, 1999)

1993	Yoichi Morishita is appointed President and Akio Tanii becomes the Advisor. Matsushita acquires the sole ownership of Matsushita Electronic Corporation.
1995	The Matsushita Housing Equipment Co., Ltd. merges with Matsushita. Matsushita sells 80% of its equity interest in MCA/Universal. The first consumer-grade digital video camcorder is marketed.
1996	The first DVD player is marketed.
1997	The Internal divisional company system is implemented.
1998	Matsushita Electric Industrial celebrates its 80th anniversary.
	In the past several years, Matsushita Electric Industrial has been weathering the Japanese recession. It has posted some losses and has implemented several major restructuring moves and merges in an effort to cut costs and regain market share.

APPENDIX H [22]

Global Corporate Citizenship

(As of March 31, 1996)

Under Matsushita's 1996 global corporate policies, the conglomerate made the following statements concerning its citizenship activities:

- Sponsor and support community activities both internationally and locally.
- Provide grants, scholarships, model teaching projects, and donation of equipment to meet needs of educators and students.
- Cultural exchanges, particularly sports, and the Olympic Games.
- Presentation of the Japan Prize, awarded to scientists whose creative achievements contribute to world peace and prosperity.
- Panasonic Kid Witness program that provides hands-on video education to teach American children valuable communications, cognitive, and organizational skills through Matsushita donated equipment.

World Harmony and Mutual Prosperity

We actively work to introduce foreign-made products to the domestic market. We feel it is our responsibility to work for the harmony and benefit of the entire world community by helping to create and environment in which all countries can trade as freely as possible.

Environmental Statement

We pledge ourselves to prudent, sustainable use of the earth's resources and the protection of the natural environment.

Technical Developments

Matsushita is committed to "green design" of all products in the pursuit of "sustainable development." Matsushita has set forth four guidelines in order to make such designs possible.

1. *Evaluating environmental impact and performance of engineering materials*
2. *Research design opportunities using environmental assessment knowledge*
3. *Research artifacts that are environmentally friendly and socially responsible*
4. *Additional research into environmental subjects in solving problems revealed during case studies*

---

[22] Matsushita has always been careful to define its role as a global, corporate citizen and has presented itself as a positive, social force in the past. The Global Corporate Citizenship statements were taken from the English version of the Panasonic Web Site in 1996. Since that time, Matsushita has not made the same types of direct, sweeping statements. No mention is made of human rights. Instead, such statements have been replaced by announcements of awards won by Matsushita. 1996 appears to be the last time that Matsushita was willing to make upfront statements about its global citizenship intentions.

APPENDIX I [23]

1996 Annual Management Policy

(As of March 31, 1996)

Devotion to Progress and the Development of Society

I. Revitalization Plan
- * 1996, final year of revitalization plan
- * Management policy for Fiscal 1996
    1. Making global management successful
    2. Active marketing & sales
    3. Developing & marketing product "firsts"
    4. Accelerating key operations
        - Optical Disks
        - Mobile Communications Equipment
        - Display Devices
    5. Making multimedia a reality

II. Year 2000 Plan
- * 1996 is the year we begin complete revitalization plane & begin building a new Matsushita for the 21st century.
- * We must be:
    1. A company that puts the customer first
    2. A "value creating" corporation
    3. A global enterprise
    4. A "self-actualizing" corporation
- * In order to become this sort of corporation by the year 2000, we all must work together toward the following four goals:
    1. 24 hour-a-day, 365 day-a-year operation
    2. Global information systems
    3. Future creating research
    4. New employment systems in Japan

Corporate Slogan for 1996: "Dare to be Creative, Dare to Challenge."

---

[23] These Devotion to Progress and Development of Society statements were taken from the English version of the National/Panasonic web site in 1996. Since that time, Matsushita has not made the same types of direct, sweeping statements. No mention is made of human rights. Instead, such statements have been replaced by announcements of awards won by Matsushita.

APPENDIX J [24]

Morishita's Welcoming Speech to New Employees

(April 1996)

In Japan, new employees are hired only once a year in April. It is tradition that the president of the company make a welcoming and admonishing speech to new employees. The following is an excerpt from the speech given to new employees by Mr. Yoichi Morishita, President of Matsushita Electric Industrial in April 1996.

For Japan and the entire world, the final years before the beginning of the 21st century hold great significance. These are difficult times to be sure, but as such they present challenges that may lead to opportunities to more fully demonstrate our abilities.

As we approach the new century, Matsushita Electric's Basic Business Philosophy will continue to emphasize "devotion to progress and the development of society." Matsushita Electric, through the efforts of all its employees, will strive to be a company that:

1. *Places the needs of our customers first*
2. *Creates value*
3. *Is a global enterprise*
4. *Creates an environment in which employees can make the fullest use of their abilities.*

I urge each of you who are today joining our company always to strive to:

1. Fully understand and implement Matsushita's management philosophy.

I ask you to clearly understand Matsushita's management philosophy of "contributing to progress and the development of society" and endeavor to make this philosophy your own, and take initiative in finding ways to implement it.

2. Take full advantage of your unique individual abilities, and act so that the entire world seems like a village.

In this extremely competitive age, what is sought for by manufacturing companies like ours is "development of basic technology" and "the creation of new business through original ideas." I ask you all to consider this, and become accomplished professionals who are so active that the entire world seems to you like one small place in which to work.

3. Love your job and pursue "creativity and daring."

It is vital for everyone to have clear objectives. In trying to achieve these individual goals, I urge you to work with a spirit of continuous creativity and daring.

[24] This Welcoming Speech was taken from the National/Panasonic web site in 1996. Since that time, there have been no open, easily accessible statements made. I was fortunate to have acquired this information at that time.

APPENDIX K

Donna Lu Gough
1016 S. Stockton Avenue
Ada, Oklahoma 74820
(580) 310-5598
dlgough@adacomp.net

March 1, 2002

Matsushita Electric Industrial Co., Ltd.
Public Relations Office
1006, Oaza Kadoma, Kadoma-shi,
Osaka 571-8501, Japan

Dear Sir or Madame:

I am terribly sorry to intrude upon you. I realize that you are very busy doing important work and my request is extremely impertinent. I am a doctoral student at the University of Oklahoma. I am currently working on a historical study of Matsushita Electric Industrial for my dissertation. I realize that such a task is most formidable and beyond my humble capabilities.

I would respectfully request an interview with someone in your company who would be willing to mentor me in regards to Matsushita's commitment to bettering society through its technological developments. My study more specifically deals with Matsushita's media technology division and its impact upon communication, socialization, economics, and globalization. I have respected Matsushita's work for some time now and have used much of this technology over the past several years.

I realize that this is an enormous favor to ask. I appreciate your time and attention to this request.

Sincerely,

Donna L. Gough

cc: Copy to file

APPENDIX L

Donna Lu Gough
1016 S. Stockton Avenue
Ada, Oklahoma 74820
(580) 310-5598
dlgough@adacomp.net

March 1, 2002

Panasonic Executive Offices
One Panasonic Way
Secaucus, NJ 07094

Dear Sir or Madame:

I am terribly sorry to intrude upon you. I realize that you are very busy doing important work and my request is extremely impertinent. I am a doctoral student at the University of Oklahoma. I am currently working on a historical study of Matsushita Electric Industrial for my dissertation. I realize that such a task is most formidable and beyond my humble capabilities.

I would respectfully request an interview with someone in your company who would be willing to mentor me in regards to Matsushita's commitment to bettering society through its technological developments. My study more specifically deals with Matsushita's media technology division and its impact upon communication, socialization, economics, and globalization. I have respected Matsushita's work for some time now and have used much of this technology over the past several years.

I realize that this is an enormous favor to ask. I appreciate your time and attention to this request.

Sincerely,

Donna L. Gough

cc: Copy to file

APPENDIX M

U.S. Supreme Court

MATSUSHITA ELECTRIC INDUSTRIAL CO., LTD, ET AL. v. ZENITH RADIO CORP. ET AL. (1986)
475 U.S. 574

CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT

No. 83-2004.

Argued November 12, 1985
Decided March 26, 1986

Petitioners are 21 Japanese corporations or Japanese-controlled American corporations that manufacture and/or sell "consumer electronic products" (CEPs) (primarily television sets). Respondents are American corporations that manufacture and sell television sets. In 1974, respondents brought an action in Federal District Court, alleging that petitioners, over a 20-year period, had illegally conspired to drive American firms from the American CEP market by engaging in a scheme to fix and maintain artificially high prices for television sets sold by petitioners in Japan and, at the same time, to fix and maintain low prices for the sets exported to and sold in the United States. Respondents claim that various portions of this scheme violated, inter alia, 1 and 2 of the Sherman Act, 2(a) of the Robinson-Patman Act, and 73 of the Wilson Tariff Act. After several years of discovery, petitioners moved for summary judgment on all claims. The District Court then directed the parties to file statements listing all the documentary evidence that would be offered if the case went to trial. After the statements were filed, the court found the bulk of the evidence on which respondents relied was inadmissible, that the admissible evidence did not raise a genuine issue of material fact as to the existence of the alleged conspiracy, and that any inference of conspiracy was unreasonable. Summary judgment therefore was granted in petitioners' favor. The Court of Appeals reversed. After determining that much of the evidence excluded by the District Court was admissible, the Court of Appeals held that the District Court erred in granting a summary judgment and that there was both direct and circumstantial evidence of a conspiracy. Based on inferences drawn from the evidence, the Court of Appeals concluded that a reasonable factfinder could find a conspiracy to depress prices in the American market in order to drive out American competitors, which conspiracy was funded by excess profits obtained in the Japanese market.

Held:

The Court of Appeals did not apply proper standards in evaluating the District Court's decision to grant petitioners' motion for summary judgment. Pp. 582-598.

(a) The "direct evidence" on which the Court of Appeals relied - petitioners' alleged supracompetitive pricing in Japan, the "five company [illegible]" by which each Japanese producer was permitted to sell only to five American distributors, and the "check prices" (minimum prices fixed by agreement with the Japanese Government for CEPs exported to the United States) insofar as they established minimum prices in the United States - cannot by itself give respondents a cognizable claim against petitioners for antitrust damages. Pp. 582-583.

(b) To survive petitioners' motion for a summary judgment, respondents must establish that there is a genuine issue of material fact as to whether petitioners entered into an illegal conspiracy that caused respondents to suffer a cognizable injury. If the factual context renders respondents' claims implausible, i. e., claims that make no economic sense, respondents must offer more persuasive evidence to support their claims than would otherwise be necessary. To survive a motion for a summary judgment, a plaintiff seeking damages for a violation of 1 of the Sherman Act must present evidence "that tends to exclude the possibility" that the alleged conspirators acted independently. Thus, respondents here must show that the inference of a conspiracy is reasonable in light of the competing inferences of independent action or collusive action that could not have harmed respondents. Pp. 585-588.

(c) Predatory pricing conspiracies are by nature speculative. They require the conspirators to sustain substantial losses in order to recover uncertain gains. The alleged conspiracy is therefore implausible. Moreover, the record discloses that the alleged conspiracy has not succeeded in over two decades of operation. This is strong evidence that the conspiracy does not in fact exist. The possibility that petitioners have obtained supracompetitive profits in the Japanese market does not alter this assessment. Pp. 588-593.

(d) Mistaken inferences in cases such as this one are especially costly, because they chill the very conduct that the antitrust laws are designed to protect. There is little reason to be concerned that by granting summary judgment in cases where the evidence of conspiracy is speculative or ambiguous, courts will encourage conspiracies. Pp. 593-595.

(e) The Court of Appeals erred in two respects: the "direct evidence" on which it relied had little, if any, relevance to the alleged predatory pricing conspiracy, and the court failed to consider the absence of a plausible motive to engage in predatory pricing. In the absence of any rational motive to conspire, neither petitioners' pricing practices, their conduct in the Japanese market, nor their agreements respecting prices and distributions in the American market sufficed to create a "genuine issue for trial" under Federal Rule of Civil Procedure 56(e). On remand, the Court of Appeals may consider whether there is other, unambiguous evidence of the alleged conspiracy. Pp. 595-598.

723 F.2d 238, reversed and remanded. [475 U.S. 574, 576]

POWELL, J., delivered the opinion of the Court, in which BURGER, C. J., and MARSHALL, REHNQUIST, and O'CONNOR, JJ., joined. WHITE, J., filed a dissenting opinion, in which BRENNAN, BLACKMUN, and STEVENS, JJ., joined, post, p. 598.

Donald J. Zoeller argued the cause for petitioners. With him on the briefs were John L. Altieri, Jr., Harold G. Levison, Peter J. Gartland, James S. Morris, Kevin R. Keating, Charles F. Schirmeister, Ira M. Millstein, A. Paul Victor, Jeffrey L. Kessler, Carl W. Schwarz, Michael E. Friedlander, William H. Barrett, Donald F. Turner, and Henry T. Reath.

Charles F. Rule argued the cause pro hac vice for the United States as amicus curiae urging reversal. With him on the brief were Acting Solicitor General Wallace, Charles S. Stark, Robert B. Nicholson, Edward T. Hand, Richard P. Larm, Abraham D. Sofaer, and Elizabeth M. Teel.

Edwin P. Rome argued the cause for respondents. With him on the brief were William H. Roberts, Arnold I. Kalman, Philip J. Curtis, and John Borst, Jr. *

[Footnote *] Briefs of amici curiae urging reversal were filed for the Government of Japan by Stephen M. Shapiro; and for the American Association of Exporters and Importers et al. by Robert Herzstein and Hadrian R. Katz.

Briefs of amici curiae were filed for the Government of Australia et al. by Mark R. Joelson and Joseph P. Griffin; and for the Semiconductor Industry Association by Joseph R. Creighton.

JUSTICE POWELL delivered the opinion of the Court.

This case requires that we again consider the standard district courts must apply when deciding whether to grant summary judgment in an antitrust conspiracy case.

I

Stating the facts of this case is a daunting task. The opinion of the Court of Appeals for the Third Circuit runs to 69 pages; the primary opinion of the District Court is more than three times as long. In re Japanese Electronic Products [475 U.S. 574, 577] Antitrust Litigation, 723 F.2d 238 (CA3 1983); 513 F. Supp. 1100 (ED Pa. 1981). Two respected District Judges each have authored a number of opinions in this case; the published ones alone would fill an entire volume of the Federal Supplement. In addition, the parties have filed a 40-volume appendix in this Court that is said to contain the essence of the evidence on which the District Court and the Court of Appeals based their respective decisions.

We will not repeat what these many opinions have stated and restated, or summarize the mass of documents that constitute the record on appeal. Since we review only the standard applied by the Court of Appeals in deciding this case, and not the weight assigned to particular pieces of evidence, we find it unnecessary to state the facts in great detail. What follows is a summary of this case's long history.

A

Petitioners, defendants below, are 21 corporations that manufacture or sell "consumer electronic products" (CEPs) - for the most part, television sets. Petitioners include both Japanese manufacturers of CEPs and American firms, controlled by Japanese parents, that sell the Japanese-manufactured products. Respondents, plaintiffs below, are Zenith Radio Corporation (Zenith) and National Union Electric Corporation (NUE). Zenith is an American firm that manufactures and sells television sets. NUE is the corporate successor to Emerson Radio Company, an American firm that manufactured and sold television sets until 1970, when it withdrew from the market after sustaining substantial losses. Zenith and NUE began this lawsuit in 1974, 1 claiming that petitioners had illegally conspired to drive [475 U.S. 574, 578] American firms from the American CEP market. According to respondents, the gist of this conspiracy was a "`scheme to raise, fix and maintain artificially high prices for television receivers sold by [petitioners] in Japan and, at the same time, to fix and maintain low prices for television receivers exported to and sold in the United States.'" 723 F.2d, at 251 (quoting respondents' preliminary pretrial memorandum). These "low prices" were allegedly at levels that produced substantial losses for petitioners. 513 F. Supp., at 1125. The conspiracy allegedly began as early as 1953, and according to respondents was in full operation by sometime in the late 1960's. Respondents claimed that various portions of this scheme violated 1 and 2 of the Sherman Act, 2(a) of the Robinson-Patman Act, 73 of the Wilson Tariff Act, and the Antidumping Act of 1916.

After several years of detailed discovery, petitioners filed motions for summary judgment on all claims against them. The District Court directed the parties to file, with preclusive effect, "Final Pretrial Statements" listing all the documentary evidence that would be offered if the case proceeded to trial. Respondents filed such a statement, and petitioners responded with a series of motions challenging the admissibility of respondents' evidence. In three detailed opinions, the District Court found the bulk of the evidence on which Zenith and NUE relied inadmissible. 2 The District Court then turned to petitioners' motions for summary judgment. In an opinion spanning 217 pages, the court found that the admissible evidence did not raise a genuine issue of material fact as to the existence of the alleged [475 U.S. 574, 579] conspiracy. At bottom, the court found, respondents' claims rested on the inferences that could be drawn from petitioners' parallel conduct in the Japanese and American markets, and from the effects of that conduct on petitioners' American competitors. 513 F. Supp., at 1125-1127.

After reviewing the evidence both by category and in toto, the court found that any inference of conspiracy was unreasonable, because (i) some portions of the evidence suggested that petitioners conspired in ways that did not injure respondents, and (ii) the evidence that bore directly on the alleged price-cutting conspiracy did not rebut the more plausible inference that petitioners were cutting prices to compete in the American market and not to monopolize it. Summary judgment therefore was granted on respondents' claims under 1 of the Sherman Act and the Wilson Tariff Act. Because the Sherman Act 2 claims, which alleged that petitioners had combined to monopolize the American CEP market, were functionally indistinguishable from the 1 claims, the court dismissed them also. Finally, the court found that the Robinson-Patman Act claims depended on the same supposed conspiracy as the Sherman Act claims. Since the court had found no genuine issue of fact as to the conspiracy, it entered judgment in petitioners' favor on those claims as well. 3 [475 U.S. 574, 580]

B

The Court of Appeals for the Third Circuit reversed. 4 The court began by examining the District Court's evidentiary rulings, and determined that much of the evidence excluded by the District Court was in fact admissible. 723 F.2d, at 260-303. These evidentiary rulings are not before us. See 471 U.S. 1002 (1985) (limiting grant of certiorari).

On the merits, and based on the newly enlarged record, the court found that the District Court's summary judgment decision was improper. The court acknowledged that "there are legal limitations upon the inferences which may be drawn from circumstantial evidence," 723 F.2d, at 304, but it found that "the legal problem . . . is different" when "there is direct evidence of concert of action." Ibid. Here, the court concluded, "there is both direct evidence of certain kinds of concert of action and circumstantial evidence having some tendency to suggest that other kinds of concert of action may have occurred." Id., at 304-305. Thus, the court reasoned, cases concerning the limitations on inferring conspiracy from ambiguous evidence were not dispositive. Id., at 305. Turning to the evidence, the court determined that a factfinder reasonably could draw the following conclusions:

1. The Japanese market for CEPs was characterized by oligopolistic behavior, with a small number of producers meeting regularly and exchanging information on price and other matters. Id., at 307. This created the opportunity for a stable combination to raise both prices and profits in Japan. American firms could not attack such a combination because the Japanese Government imposed significant barriers to entry. Ibid.

2. Petitioners had relatively higher fixed costs than their American counterparts, and therefore needed to [475 U.S. 574, 581] operate at something approaching full capacity in order to make a profit. Ibid.

3. Petitioners' plant capacity exceeded the needs of the Japanese market. Ibid.

4. By formal agreements arranged in cooperation with Japan's Ministry of International Trade and Industry (MITI), petitioners fixed minimum prices for CEPs exported to the American market. Id., at 310. The parties refer to these prices as the "check prices," and to the agreements that require them as the "check price agreements."

5. Petitioners agreed to distribute their products in the United States according to a "five company rule": each Japanese producer was permitted to sell only to five American distributors. Ibid.

6. Petitioners undercut their own check prices by a variety of rebate schemes. Id., at 311. Petitioners sought to conceal these rebate schemes both from the United States Customs Service and from MITI, the former to avoid various customs regulations as well as action under the antidumping laws, and the latter to cover up petitioners' violations of the check-price agreements.

Based on inferences from the foregoing conclusions, 5 the Court of Appeals concluded that a reasonable factfinder could find a conspiracy to depress prices in the American market in order to drive out American competitors, which conspiracy was

funded by excess profits obtained in the Japanese market. The court apparently did not consider whether it was as plausible to conclude that petitioners' price-cutting behavior was independent and not conspiratorial. [475 U.S. 574, 582]

The court found it unnecessary to address petitioners' claim that they could not be held liable under the antitrust laws for conduct that was compelled by a foreign sovereign. The claim, in essence, was that because MITI required petitioners to enter into the check-price agreements, liability could not be premised on those agreements. The court concluded that this case did not present any issue of sovereign compulsion, because the check-price agreements were being used as "evidence of a low export price conspiracy" and not as an independent basis for finding antitrust liability. The court also believed it was unclear that the check prices in fact were mandated by the Japanese Government, notwithstanding a statement to that effect by MITI itself. Id., at 315.

We granted certiorari to determine (i) whether the Court of Appeals applied the proper standards in evaluating the District Court's decision to grant petitioners' motion for summary judgment, and (ii) whether petitioners could be held liable under the antitrust laws for a conspiracy in part compelled by a foreign sovereign. 471 U.S. 1002 (1985). We reverse on the first issue, but do not reach the second.

II

We begin by emphasizing what respondents' claim is not. Respondents cannot recover antitrust damages based solely on an alleged cartelization of the Japanese market, because American antitrust laws do not regulate the competitive conditions of other nations' economies. United States v. Aluminum Co. of America, 148 F.2d 416, 443 (CA2 1945) (L. Hand, J.); 1 P. Areeda & D. Turner, Antitrust Law □ 236d (1978). 6 Nor can respondents recover damages for [475 U.S. 574, 583] any conspiracy by petitioners to charge higher than competitive prices in the American market. Such conduct would indeed violate the Sherman Act, United States v. Trenton Potteries Co., 273 U.S. 392 (1927); United States v. Socony-Vacuum Oil Co., 310 U.S. 150, 223 (1940), but it could not injure respondents: as petitioners' competitors, respondents stand to gain from any conspiracy to raise the market price in CEPs. Cf. Brunswick Corp. v. Pueblo Bowl-O-Mat, Inc., 429 U.S. 477, 488 -489 (1977). Finally, for the same reason, respondents cannot recover for a conspiracy to impose non-price restraints that have the effect of either raising market price or limiting output. Such restrictions, though harmful to competition, actually benefit competitors by making supracompetitive pricing more attractive. Thus, neither petitioners' alleged supracompetitive pricing in Japan, nor the five company rule that limited distribution in this country, nor the check prices insofar as they established minimum prices in this country, can by themselves give respondents a cognizable claim against petitioners for antitrust damages. The Court of Appeals therefore erred to the extent that it found evidence of these alleged conspiracies to be "direct evidence" of a conspiracy that injured respondents. See 723 F.2d, at 304-305. [475 U.S. 574, 584]

Respondents nevertheless argue that these supposed conspiracies, if not themselves grounds for recovery of antitrust damages, are circumstantial evidence of another conspiracy that is cognizable: a conspiracy to monopolize the American market by means of pricing below the market level. 7 The thrust of respondents' argument is that petitioners used their monopoly profits from the Japanese market to fund a concerted campaign to price predatorily and thereby drive respondents and other American manufacturers of CEPs out of business. Once successful, according to respondents, petitioners would cartelize the American CEP market, restricting output and raising prices above the level that fair competition would produce. The resulting monopoly profits, respondents contend, would more than compensate petitioners for the losses they incurred through years of pricing below market level.

The Court of Appeals found that respondents' allegation of a horizontal conspiracy to engage in predatory pricing, 8 [475 U.S. 574, 585] if proved, 9 would be a per se violation of 1 of the Sherman Act. 723 F.2d, at 306. Petitioners did not appeal from that conclusion. The issue in this case thus becomes whether respondents adduced sufficient evidence in support of their theory to survive summary judgment. We therefore examine the principles that govern the summary judgment determination.

III

To survive petitioners' motion for summary judgment, 10 respondents must establish that there is a genuine issue of material [475 U.S. 574, 586] fact as to whether petitioners entered into an illegal conspiracy that caused respondents to suffer a cognizable injury. Fed. Rule Civ. Proc. 56(e); 11 First National Bank of Arizona v. Cities Service Co., 391 U.S. 253, 288 -289 (1968). This showing has two components. First, respondents must show more than a conspiracy in violation of the antitrust laws; they must show an injury to them resulting from the illegal conduct. Respondents charge petitioners with a whole host of conspiracies in restraint of trade.

Supra, at 582-583. Except for the alleged conspiracy to monopolize the American market through predatory pricing, these alleged conspiracies could not have caused respondents to suffer an "antitrust injury," Brunswick Corp. v. Pueblo Bowl-O-Mat, Inc., 429 U.S., at 489 , because they actually tended to benefit respondents. Supra, at 582-583. Therefore, unless, in context, evidence of these "other" conspiracies raises a genuine issue concerning the existence of a predatory pricing conspiracy, that evidence cannot defeat petitioners' summary judgment motion.

Second, the issue of fact must be "genuine." Fed. Rules Civ. Proc. 56(c), (e). When the moving party has carried its burden under Rule 56(c), 12 its opponent must do more than simply show that there is some metaphysical doubt as to the material facts. See DeLuca v. Atlantic Refining Co., 176 F.2d 421, 423 (CA2 1949) (L. Hand, J.),

cert. denied, 338 U.S. 943 (1950); 10A C. Wright, A. Miller, & M. Kane, Federal Practice and Procedure 2727 (1983); Clark, Special Problems [475 U.S. 574, 587] in

Drafting and Interpreting Procedural Codes and Rules, 3 Vand. L. Rev. 493, 504-505 (1950). Cf. Sartor v. Arkansas Natural Gas Corp., 321 U.S. 620, 627 (1944). In the language of the Rule, the nonmoving party must come forward with "specific facts showing that there is a genuine issue for trial." Fed. Rule Civ. Proc. 56(e) (emphasis added). See also Advisory Committee Note to 1963 Amendment of Fed. Rule Civ. Proc. 56(e), 28 U.S.C. App., p. 626 (purpose of summary judgment is to "pierce the pleadings and to assess the proof in order to see whether there is a genuine need for trial"). Where the record taken as a whole could not lead a rational trier of fact to find for the non-moving party, there is no "genuine issue for trial." Cities Service, supra, at 289.

It follows from these settled principles that if the factual context renders respondents' claim implausible - if the claim is one that simply makes no economic sense - respondents must come forward with more persuasive evidence to support their claim than would otherwise be necessary. Cities Service is instructive. The issue in that case was whether proof of the defendant's refusal to deal with the plaintiff supported an inference that the defendant willingly had joined an illegal boycott. Economic factors strongly suggested that the defendant had no motive to join the alleged conspiracy. 391 U.S., at 278 -279. The Court acknowledged that, in isolation, the defendant's refusal to deal might well have sufficed to create a triable issue. Id., at 277. But the refusal to deal had to be evaluated in its factual context. Since the defendant lacked any rational motive to join the alleged boycott, and since its refusal to deal was consistent with the defendant's independent interest, the refusal to deal could not by itself support a finding of antitrust liability. Id., at 280.

Respondents correctly note that "[o]n summary judgment the inferences to be drawn from the underlying facts . . . must be viewed in the light most favorable to the party opposing the motion." United States v. Diebold, Inc., [475 U.S. 574, 588] 369 U.S. 654, 655 (1962). But antitrust law limits the range of permissible inferences from ambiguous evidence in a 1 case. Thus, in Monsanto Co. v. Spray-Rite Service Corp., 465 U.S. 752 (1984), we held that conduct as consistent with permissible competition as with illegal conspiracy does not, standing alone, support an inference of antitrust conspiracy. Id., at 764. See also Cities Service, supra, at 280. To survive a motion for summary judgment or for a directed verdict, a plaintiff seeking damages for a violation of 1 must present evidence "that tends to exclude the possibility" that the alleged conspirators acted independently. 465 U.S., at 764 . Respondents in this case, in other words, must show that the inference of conspiracy is reasonable in light of the competing inferences of independent action or collusive action that could not have harmed respondents. See Cities Service, supra, at 280.

Petitioners argue that these principles apply fully to this case. According to petitioners, the alleged conspiracy is one that is economically irrational and practically infeasible. Consequently, petitioners contend, they had no motive to engage in the alleged predatory pricing conspiracy; indeed, they had a strong motive not to conspire in the manner respondents allege. Petitioners argue that, in light of the absence of any apparent motive and the ambiguous nature of the evidence of conspiracy, no trier of fact reasonably could find that the conspiracy with which petitioners are charged actually existed. This argument requires us to consider the nature of the alleged conspiracy and the practical obstacles to its implementation.

IV

A

A predatory pricing conspiracy is by nature speculative. Any agreement to price below the competitive level requires the conspirators to forgo profits that free competition would offer them. The forgone profits may be considered an investment in the future. For the investment to be rational, [475 U.S. 574, 589] the conspirators must have a reasonable expectation of recovering, in the form of later monopoly profits, more than the losses suffered. As then-Professor Bork, discussing predatory pricing by a single firm, explained:

> "Any realistic theory of predation recognizes that the predator as well as his victims will incur losses during the fighting, but such a theory supposes it may be a rational calculation for the predator to view the losses as an investment in future monopoly profits (where rivals are to be killed) or in future undisturbed profits (where rivals are to be disciplined). The future flow of profits, appropriately discounted, must then exceed the present size of the losses." R. Bork, The Antitrust Paradox 145 (1978).

See also McGee, Predatory Pricing Revisited, 23 J. Law & Econ. 289, 295-297 (1980). As this explanation shows, the success of such schemes is inherently uncertain: the short-run loss is definite, but the long-run gain depends on successfully neutralizing the competition. Moreover, it is not enough simply to achieve monopoly power, as monopoly pricing may breed quick entry by new competitors eager to share in the excess profits. The success of any predatory scheme depends on maintaining monopoly power for long enough both to recoup the predator's losses and to harvest some additional gain. Absent some assurance that the hoped-for monopoly will materialize, and that it can be sustained for a significant period of time, "[t]he predator must make a substantial investment with no assurance that it will pay off." Easter-brook, Predatory Strategies and Counterstrategies, 48 U. Chi. L. Rev. 263, 268 (1981). For this reason, there is a consensus among commentators that predatory pricing schemes are rarely tried, and even more rarely successful. See, e. g., Bork, supra, at 149-155; Areeda & Turner, Predatory Pricing and Related Practices Under Section 2 of the Sherman Act, 88 Harv. L. Rev. 697, 699 (1975); Easterbrook, supra;

Koller, The Myth of Predatory Pricing - An Empirical Study, [475 U.S. 574, 590] 4 Antitrust Law & Econ. Rev. 105 (1971); McGee, Predatory Price Cutting: The Standard Oil (N. J.) Case, 1 J. Law & Econ. 137 (1958); McGee, Predatory Pricing

Revisited, 23 J. Law & Econ., at 292-294. See also Northeastern Telephone Co. v. American Telephone & Telegraph Co., 651 F.2d 76, 88 (CA2 1981) ("[N]owhere in the recent outpouring of literature on the subject do commentators suggest that [predatory] pricing is either common or likely to increase"), cert. denied, 455 U.S. 943 (1982).

These observations apply even to predatory pricing by a single firm seeking monopoly power. In this case, respondents allege that a large number of firms have conspired over a period of many years to charge below-market prices in order to stifle competition. Such a conspiracy is incalculably more difficult to execute than an analogous plan undertaken by a single predator. The conspirators must allocate the losses to be sustained during the conspiracy's operation, and must also allocate any gains to be realized from its success. Precisely because success is speculative and depends on a willingness to endure losses for an indefinite period, each conspirator has a strong incentive to cheat, letting its partners suffer the losses necessary to destroy the competition while sharing in any gains if the conspiracy succeeds. The necessary allocation is therefore difficult to accomplish. Yet if conspirators cheat to any substantial extent, the conspiracy must fail, because its success depends on depressing the market price for all buyers of CEPs. If there are too few goods at the artificially low price to satisfy demand, the would-be victims of the conspiracy can continue to sell at the "real" market price, and the conspirators suffer losses to little purpose.

Finally, if predatory pricing conspiracies are generally unlikely to occur, they are especially so where, as here, the prospects of attaining monopoly power seem slight. In order to recoup their losses, petitioners must obtain enough market power to set higher than competitive prices, and then must sustain those prices long enough to earn in excess profits [475 U.S. 574, 591] its what they earlier gave up in below-cost prices. See Northeastern Telephone Co. v. American Telephone & Telegraph Co., supra, at 89; Areeda & Turner, 88 Harv. L. Rev., at 698. Two decades after their conspiracy is alleged to have commenced, 13 petitioners appear to be far from achieving this goal: the two largest shares of the retail market in television sets are held by RCA and respondent Zenith, not by any of petitioners. 6 App. to Brief for Appellant in No. 81-2331 (CA3), pp. 2575a-2576a. Moreover, those shares, which together approximate 40% of sales, did not decline appreciably during the 1970's. Ibid. Petitioners' collective share rose rapidly during this period, from one-fifth or less of the relevant markets to close to 50%. 723 F.2d, at 316. 14 Neither the District Court nor the Court of Appeals found, however, that petitioners' share presently allows them to charge monopoly prices; to the contrary, respondents contend that the conspiracy is ongoing

- that petitioners are still artificially depressing the market price in order to drive Zenith out of the market. The data in the record strongly suggest that that goal is yet far distant. 15 [475 U.S. 574, 592]

The alleged conspiracy's failure to achieve its ends in the two decades of its asserted operation is strong evidence that the conspiracy does not in fact exist. Since the losses in such a conspiracy accrue before the gains, they must be "repaid" with interest. And because the alleged losses have accrued over the course of two decades, the conspirators could well require a correspondingly long time to recoup. Maintaining supracompetitive prices in turn depends on the continued cooperation of the conspirators, on the inability of other would-be competitors to enter the market, and (not incidentally) on the conspirators' ability to escape antitrust liability for their minimum price-fixing cartel. 16 Each of these factors weighs more heavily as the time needed to recoup losses grows. If the losses have been substantial - as would likely be necessary [475 U.S. 574, 593] in order to drive out the competition 17 - petitioners would most likely have to sustain their cartel for years simply to break even.

Nor does the possibility that petitioners have obtained supracompetitive profits in the Japanese market change this calculation. Whether or not petitioners have the means to sustain substantial losses in this country over a long period of time, they have no motive to sustain such losses absent some strong likelihood that the alleged conspiracy in this country will eventually pay off. The courts below found no evidence of any such success, and - as indicated above - the facts actually are to the contrary: RCA and Zenith, not any of the petitioners, continue to hold the largest share of the American retail market in color television sets. More important, there is nothing to suggest any relationship between petitioners' profits in Japan and the amount petitioners could expect to gain from a conspiracy to monopolize the American market. In the absence of any such evidence, the possible existence of supracompetitive profits in Japan simply cannot overcome the economic obstacles to the ultimate success of this alleged predatory conspiracy. 18

B

In Monsanto, we emphasized that courts should not permit factfinders to infer conspiracies when such inferences are implausible, because the effect of such practices is often to deter procompetitive conduct. Monsanto, 465 U.S., at 762 -764. [475 U.S. 574, 594] Respondents, petitioners' competitors, seek to hold petitioners liable for damages caused by the alleged conspiracy to cut prices. Moreover, they seek to establish this conspiracy indirectly, through evidence of other combinations (such as the check-price agreements and the five company rule) whose natural tendency is to raise prices, and through evidence of rebates and other price-cutting activities that respondents argue tend to prove a combination to suppress prices. 19 But cutting prices in order to increase business often is the very essence of competition. Thus, mistaken inferences in cases such as this one are especially costly, because they chill the very conduct the antitrust laws are designed to protect. See Monsanto, supra, at 763-764. "[W]e must be concerned lest a rule or precedent that authorizes a search for a particular type of undesirable pricing behavior end up by discouraging legitimate price competition." Barry Wright Corp. v. ITT Grinnell Corp., 724 F.2d 227, 234 (CA1 1983).

In most cases, this concern must be balanced against the desire that illegal conspiracies be identified and punished. That balance is, however, unusually one-sided in cases such as this one. As we earlier explained, supra, at 588-593, predatory pricing schemes require conspirators to suffer losses in order eventually to realize their illegal gains; moreover, the [475 U.S. 574, 595] gains depend on a host of uncertainties, making such schemes more likely to fail than to succeed. These economic realities tend to make predatory pricing conspiracies self-deterring: unlike most other conduct that violates the antitrust laws, failed predatory pricing schemes are costly to the conspirators. See Easterbrook, The Limits of Antitrust, 63 Texas L. Rev. 1, 26 (1984). Finally, unlike predatory pricing by a single firm, successful predatory pricing conspiracies involving a large number of firms can be identified and punished once they succeed, since some form of minimum price-fixing agreement would be necessary in order to reap the benefits of predation. Thus, there is little reason to be concerned that by granting summary judgment in cases where the evidence of conspiracy is speculative or ambiguous, courts will encourage such conspiracies.

V

As our discussion in Part IV-A shows, petitioners had no motive to enter into the alleged conspiracy. To the contrary, as presumably rational businesses, petitioners had every incentive not to engage in the conduct with which they are charged, for its likely effect would be to generate losses for petitioners with no corresponding gains. Cf. Cities Service, 391 U.S., at 279 . The Court of Appeals did not take account of the absence of a plausible motive to enter into the alleged predatory pricing conspiracy. It focused instead on whether there was "direct evidence of concert of action." 723 F.2d, at 304. The Court of Appeals erred in two respects: (i) the "direct evidence" on which the court relied had little, if any, relevance to the alleged predatory pricing conspiracy; and (ii) the court failed to consider the absence of a plausible motive to engage in predatory pricing.

The "direct evidence" on which the court relied was evidence of other combinations, not of a predatory pricing conspiracy. Evidence that petitioners conspired to raise prices in Japan provides little, if any, support for respondents' [475 U.S. 574, 596]

claims: a conspiracy to increase profits in one market does not tend to show a conspiracy to sustain losses in another. Evidence that petitioners agreed to fix minimum prices (through the check-price agreements) for the American market actually works in petitioners' favor, because it suggests that petitioners were seeking to place a floor under prices rather than to lower them. The same is true of evidence that petitioners agreed to limit the number of distributors of their products in the American market - the so-called five company rule. That practice may have facilitated a horizontal territorial allocation, see United States v. Topco Associates, Inc., 405 U.S. 596 (1972), but its natural effect would be to raise market prices rather than reduce them. 20 Evidence that tends to support any of these collateral conspiracies thus says little, if anything, about the existence of a conspiracy to charge below-market prices in the American market over a period of two decades.

That being the case, the absence of any plausible motive to engage in the conduct charged is highly relevant to whether a "genuine issue for trial" exists within the meaning of Rule 56(e). Lack of motive bears on the range of permissible conclusions that might be drawn from ambiguous evidence: if petitioners had no rational economic motive to conspire, and if their conduct is consistent with other, equally plausible explanations, [475 U.S. 574, 597] the conduct does not give rise to an inference of conspiracy. See Cities Service, supra, at 278-280. Here, the conduct in question consists largely of (i) pricing at levels that succeeded in taking business away from respondents, and (ii) arrangements that may have limited petitioners' ability to compete with each other (and thus kept prices from going even lower). This conduct suggests either that petitioners behaved competitively, or that petitioners conspired to raise prices. Neither possibility is consistent with an agreement among 21 companies to price below market levels. Moreover, the predatory pricing scheme that this conduct is said to prove is one that makes no practical sense: it calls for petitioners to destroy companies larger and better established than themselves, a goal that remains far distant more than two decades after the conspiracy's birth. Even had they succeeded in obtaining their monopoly, there is nothing in the record to suggest that they could recover the losses they would need to sustain along the way. In sum, in light of the absence of any rational motive to conspire, neither petitioners' pricing practices, nor their conduct in the Japanese market, nor their agreements respecting prices and distribution in the American market, suffice to create a "genuine issue for trial." Fed. Rule Civ. Proc. 56(e). 21

On remand, the Court of Appeals is free to consider whether there is other evidence that is sufficiently unambiguous to permit a trier of fact to find that petitioners conspired to price predatorily for two decades despite the absence of any apparent motive to do so. The evidence must "ten[d] to exclude the possibility" that petitioners underpriced respondents to compete for business rather than to implement an economically [475 U.S. 574, 598] senseless conspiracy. Monsanto, 465 U.S., at 764 . In the absence of such evidence, there is no "genuine issue for trial" under Rule 56(e), and petitioners are entitled to have summary judgment reinstated.

VI

Our decision makes it unnecessary to reach the sovereign compulsion issue. The heart of petitioners' argument on that issue is that MITI, an agency of the Government of Japan, required petitioners to fix minimum prices for export to the United States, and that petitioners are therefore immune from antitrust liability for any scheme of which those minimum prices were an integral part. As we discussed in Part II, supra, respondents could not have suffered a cognizable injury from any action that raised prices in the American CEP market. If liable at all, petitioners are liable for conduct that is distinct from the check-price agreements. The sovereign compulsion question that both petitioners and the Solicitor General urge us to decide thus is not presented here.

The decision of the Court of Appeals is reversed, and the case is remanded for further proceedings consistent with this opinion.

It is so ordered.

Footnotes

[Footnote 1] NUE had filed its complaint four years earlier, in the District Court for the District of New Jersey. Zenith's complaint was filed separately in 1974, in the Eastern District of Pennsylvania. The two cases were consolidated in the Eastern District of Pennsylvania in 1974.

[Footnote 2] The inadmissible evidence included various government records and reports, Zenith Radio Corp. v. Matsushita Electric Industrial Co., 505 F. Supp. 1125 (ED Pa. 1980), business documents offered pursuant to various hearsay exceptions, Zenith Radio Corp. v. Matsushita Electric Industrial Co., 505 F. Supp. 1190 (ED Pa. 1980), and a large portion of the expert testimony that respondents proposed to introduce. Zenith Radio Corp. v. Matsushita Electric Industrial Co., 505 F. Supp. 1313 (ED Pa. 1981).

[Footnote 3] The District Court ruled separately that petitioners were entitled to summary judgment on respondents' claims under the Antidumping Act of 1916. Zenith Radio Corp. v. Matsushita Electric Industrial Co., 494 F. Supp. 1190 (ED Pa. 1980). Respondents appealed this ruling, and the Court of Appeals reversed in a separate opinion issued the same day as the opinion concerning respondents' other claims. In re Japanese Electronic Products Antitrust Litigation, 723 F.2d 319 (CA3 1983). Petitioners ask us to review the Court of Appeals' Antidumping Act decision along with its decision on the rest of this mammoth case. The Antidumping Act claims were not, however, mentioned in the questions presented in the petition for certiorari, and they have not been independently argued by the parties. See this

Court's Rule 21.1(a). We therefore decline the invitation to review the Court of Appeals' decision on those claims.

[Footnote 4] As to 3 of the 24 defendants, the Court of Appeals affirmed the entry of summary judgment. Petitioners are the 21 defendants who remain in the case.

[Footnote 5] In addition to these inferences, the court noted that there was expert opinion evidence that petitioners' export sales "generally were at prices which produced losses, often as high as twenty-five percent on sales." 723 F.2d, at 311. The court did not identify any direct evidence of below-cost pricing; nor did it place particularly heavy reliance on this aspect of the expert evidence. See n. 19, infra.

[Footnote 6] The Sherman Act does reach conduct outside our borders, but only when the conduct has an effect on American commerce. Continental Ore Co. v. Union Carbide & Carbon Corp., 370 U.S. 690, 704 (1962) ("A conspiracy to monopolize or restrain the domestic or foreign commerce of the United States is not outside the reach of the Sherman Act just because part of the conduct complained of occurs in foreign countries"). The effect [475 U.S. 574, 583] on which respondents rely is the artificially depressed level of prices for CEPs in the United States. Petitioners' alleged cartelization of the Japanese market could not have caused that effect over a period of some two decades. Once petitioners decided, as respondents allege, to reduce output and raise prices in the Japanese market, they had the option of either producing fewer goods or selling more goods in other markets. The most plausible conclusion is that petitioners chose the latter option because it would be more profitable than the former. That choice does not flow from the cartelization of the Japanese market. On the contrary, were the Japanese market perfectly competitive petitioners would still have to choose whether to sell goods over-seas, and would still presumably make that choice based on their profit expectations. For this reason, respondents' theory of recovery depends on proof of the asserted price-cutting conspiracy in this country.

[Footnote 7] Respondents also argue that the check prices, the five company rule, includes monopolization of the American market through predatory pricing. The argument is mistaken. However one decides to describe the contours of the asserted conspiracy - whether there is one conspiracy or several - respondents must show that the conspiracy caused them an injury for which the antitrust laws provide relief. Associated General Contractors of California, Inc. v. Carpenters, 459 U.S. 519, 538 - 540 (1983); Brunswick Corp. v. Pueblo Bowl-O-Mat, Inc., 429 U.S. 477, 488 -489 (1977); see also Note, Antitrust Standing, Antitrust Injury, and the Per Se Standard, 93 Yale L. J. 1309 (1984). That showing depends in turn on proof that petitioners conspired to price predatorily in the American market, since the other conduct involved in the alleged conspiracy cannot have caused such an injury.

[Footnote 8] Throughout this opinion, we refer to the asserted conspiracy as one to price "predatorily." This term has been used chiefly in cases in which a single firm, having a dominant share of the relevant market, cuts its prices in order to force competitors out of the market, or perhaps to deter potential entrants from coming in. E. g., Southern Pacific Communications Co. v. American Telephone & Telegraph Co., 238 U.S. App. D.C. 309, 331-336, 740 F.2d 980, 1002-1007 (1984), cert. denied, 470 U.S. 1005 [475 U.S. 574, 585] (1985). In such cases, "predatory pricing" means pricing below some appropriate measure of cost. E. g., Barry Wright Corp. v. ITT Grinnell Corp., 724 F.2d 227, 232-235 (CA1 1983); see Utah Pie Co. v. Continental Baking Co., 386 U.S. 685, 698 , 701, 702, n. 14 (1967). There is a good deal of debate, both in the cases and in the law reviews, about what "cost" is relevant in such cases. We need not resolve this debate here, because unlike the cases cited above, this is a Sherman Act 1 case. For purposes of this case, it is enough to note that respondents have not suffered an antitrust injury unless petitioners conspired to drive respondents out of the relevant markets by (i) pricing below the level necessary to sell their products, or (ii) pricing below some appropriate measure of cost. An agreement without these features would either leave respondents in the same position as would market forces or would actually benefit respondents by raising market prices. Respondents therefore may not complain of conspiracies that, for example, set maximum prices above market levels, or that set minimum prices at any level.

[Footnote 9] We do not consider whether recovery should ever be available on a theory such as respondents' when the pricing in question is above some measure of incremental cost. See generally Areeda & Turner, Predatory Pricing and Related Practices Under Section 2 of the Sherman Act, 88 Harv. L. Rev. 697, 709-718 (1975) (discussing cost-based test for use in 2 cases). As a practical matter, it may be that only direct evidence of below-cost pricing is sufficient to overcome the strong inference that rational businesses would not enter into conspiracies such as this one. See Part IV-A, infra.

[Footnote 10] Respondents argued before the District Court that petitioners had failed to carry their initial burden under Federal Rule of Civil Procedure 56(c) of demonstrating the absence of a genuine issue of material fact. See Adickes v. S. H. Kress & Co., 398 U.S. 144, 157 (1970). Cf. Catrett v. Johns-Manville Sales Corp., 244 U.S. App. D.C. 160, 756 F.2d 181, [475 U.S. 574, 586] cert. granted, 474 U.S. 944 (1985). That issue was resolved in petitioners' favor, and is not before us.

[Footnote 11] Rule 56(e) provides, in relevant part:

> "When a motion for summary judgment is made and supported as provided in this rule, an adverse party may not rest upon the mere allegations or denials of his pleading, but his response, by affidavits or as otherwise provided in this rule, must set forth specific facts showing that there is a genuine issue for trial. If he does not so respond, summary judgment, if appropriate, shall be entered against him."

[Footnote 12] See n. 10, supra.

[Footnote 13] NUE's complaint alleges that petitioners' conspiracy began as early as 1960; the starting date used in Zenith's complaint is 1953. NUE Complaint □ 52; Zenith Complaint □ 39.

[Footnote 14] During the same period, the number of American firms manufacturing television sets declined from 19 to 13. 5 App. to Brief for Appellant in No. 81-2331 (CA3), p. 1961a. This decline continued a trend that began at least by 1960, when petitioners' sales in the United States market were negligible. Ibid. See Zenith Complaint □□ 35, 37.

[Footnote 15] Respondents offer no reason to suppose that entry into the relevant market is especially difficult, yet without barriers to entry it would presumably be impossible to maintain supracompetitive prices for an extended time. Judge Easterbrook, commenting on this case in a law review article, offers the following sensible assessment:

> "The plaintiffs [in this case] maintain that for the last fifteen years or more at least ten Japanese manufacturers have sold TV sets at less than cost in order to drive United States firms out of business. Such conduct cannot possibly produce profits by harming competition, however. If the Japanese firms drive some United States firms out of business, they could not [475 U.S. 574, 592] recoup. Fifteen years of losses could be made up only by very high prices for the indefinite future. (The losses are like investments, which must be recovered with compound interest.) If the defendants should try to raise prices to such a level, they would attract new competition. There are no barriers to entry into electronics, as the proliferation of computer and audio firms shows. The competition would come from resurgent United States firms, from other foreign firms (Korea and many other nations make TV sets), and from defendants themselves. In order to recoup, the Japanese firms would need to suppress competition among themselves. On plaintiffs' theory, the cartel would need to last at least thirty years, far longer than any in history, even

when cartels were not illegal. None should be sanguine about the prospects of such a cartel, given each firm's incentive to shave price and expand its share of sales. The predation recoupment story therefore does not make sense, and we are left with the more plausible inference that the Japanese firms did not sell below cost in the first place. They were just engaged in hard competition." Easter-brook, The Limits of Antitrust, 63 Texas L. Rev. 1, 26-27 (1984) (footnotes omitted).

[Footnote 16] The alleged predatory scheme makes sense only if petitioners can recoup their losses. In light of the large number of firms involved here, petitioners can achieve this only by engaging in some form of price fixing after they have succeeded in driving competitors from the market. Such price fixing would, of course, be an independent violation of 1 of the Sherman Act. United States v. Socony-Vacuum Oil Co., 310 U.S. 150 (1940).

[Footnote 17] The predators' losses must actually increase as the conspiracy nears its objective: the greater the predators' market share, the more products the predators sell; but since every sale brings with it a loss, an increase in market share also means an increase in predatory losses.

[Footnote 18] The same is true of any supposed excess production capacity that petitioners may have possessed. The existence of plant capacity that exceeds domestic demand does tend to establish the ability to sell products abroad. It does not, however, provide a motive for selling at prices lower than necessary to obtain sales; nor does it explain why petitioners would be willing to lose money in the United States market without some reasonable prospect of recouping their investment.

[Footnote 19] Respondents also rely on an expert study suggesting that petitioners have sold their products in the American market at substantial losses. The relevant study is not based on actual cost data; rather, it consists of expert opinion based on a mathematical construction that in turn rests on assumptions about petitioners' costs. The District Court analyzed those assumptions in some detail and found them both implausible and inconsistent with record evidence. Zenith Radio Corp. v. Matsushita Electric Industrial Co., 505 F. Supp., at 1356-1363. Although the Court of Appeals reversed the District Court's finding that the expert report was inadmissible, the court did not disturb the District Court's analysis of the factors that substantially undermine the probative value of that evidence. See 723 F.2d, at 277-282. We find the District Court's analysis persuasive. Accordingly, in our view the expert opinion evidence of below-cost pricing has little probative value in comparison with the economic factors, discussed in Part IV-A, supra, that suggest that such conduct is irrational.

[Footnote 20] The Court of Appeals correctly reasoned that the five company rule might tend to insulate petitioners from competition with each other. 723 F.2d, at 306. But this effect is irrelevant to a conspiracy to price predatorily. Petitioners have no incentive to underprice each other if they already are pricing below the level at which they could sell their goods. The far more plausible inference from a customer allocation agreement such as the five company rule is that petitioners were conspiring to raise prices, by limiting their ability to take sales away from each other. Respondents - petitioners' competitors - suffer no harm from a conspiracy to raise prices. Supra, at 582-583. Moreover, it seems very unlikely that the five company rule had any significant effect of any kind, since the "rule" permitted petitioners to sell to their American subsidiaries, and did not limit the number of distributors to which the subsidiaries could resell. 513 F. Supp., at 1190.

[Footnote 21] We do not imply that, if petitioners had had a plausible reason to conspire, ambiguous conduct could suffice to create a triable issue of conspiracy. Our decision in Monsanto Co. v. Spray-Rite Service Corp., 465 U.S. 752 (1984), establishes that conduct that is as consistent with permissible competition as with illegal conspiracy does not, without more, support even an inference of conspiracy. Id., at 763-764. See supra, at 588.

JUSTICE WHITE, with whom JUSTICE BRENNAN, JUSTICE BLACKMUN, and JUSTICE STEVENS join, dissenting.

It is indeed remarkable that the Court, in the face of the long and careful opinion of the Court of Appeals, reaches the result it does. The Court of Appeals faithfully followed the relevant precedents, including First National Bank of Arizona v. Cities Service Co., 391 U.S. 253 (1968), and Monsanto Co. v. Spray-Rite Service Corp., 465 U.S. 752 (1984), and it kept firmly in mind the principle that proof of a conspiracy should not be fragmented, see Continental Ore Co. v. Union Carbide & Carbon Corp., 370 U.S. 690, 699 (1962). After surveying the massive record, including very [475 U.S. 574, 599] significant evidence that the District Court erroneously had excluded, the Court of Appeals concluded that the evidence taken as a whole creates a genuine issue of fact whether petitioners engaged in a conspiracy in violation of 1 and 2 of the Sherman Act and 2(a) of the Robinson-Patman Act. In my view, the Court of Appeals' opinion more than adequately supports this judgment.

The Court's opinion today, far from identifying reversible error, only muddies the waters. In the first place, the Court makes confusing and inconsistent statements about the appropriate standard for granting summary judgment. Second, the Court makes a number of assumptions that invade the factfinder's province. Third, the Court faults the Third Circuit for nonexistent errors and remands the case although it is plain that respondents' evidence raises genuine issues of material fact.

I

The Court's initial discussion of summary judgment standards appears consistent with settled doctrine. I agree that "[w]here the record taken as a whole could not lead a rational trier of fact to find for the nonmoving party, there is no `genuine issue for trial.'" Ante, at 587 (quoting Cities Service, supra, at 289). I also agree that "`[o]n summary judgment the inferences to be drawn from the underlying facts . . . must be viewed in the light most favorable to the party opposing the motion.'" Ante, at 587 (quoting United States v. Diebold, Inc., 369 U.S. 654, 655 (1962)). But other language in the Court's opinion suggests a departure from traditional summary judgment doctrine. Thus, the Court gives the following critique of the Third Circuit's opinion:

> "[T]he Court of Appeals concluded that a reasonable factfinder could find a conspiracy to depress prices in the American market in order to drive out American competitors, which conspiracy was funded by excess profits obtained in the Japanese market. The court apparently did not consider whether it was as plausible to conclude [475 U.S. 574, 600] that petitioners' price-cutting behavior was independent and not conspiratorial." Ante, at 581.

In a similar vein, the Court summarizes Monsanto Co. v. Spray-Rite Service Corp., supra, as holding that "courts should not permit factfinders to infer conspiracies when such inferences are implausible . . . ." Ante, at 593. Such language suggests that a judge hearing a defendant's motion for summary judgment in an antitrust case should go beyond the traditional summary judgment inquiry and decide for himself whether the weight of the evidence favors the plaintiff. Cities Service and Monsanto do not stand for any such proposition. Each of those cases simply held that a particular piece of evidence standing alone was insufficiently probative to justify sending a case to the jury. 1 These holdings in no way undermine [475 U.S. 574, 601] the doctrine that all evidence must be construed in the light most favorable to the party opposing summary judgment.

If the Court intends to give every judge hearing a motion for summary judgment in an antitrust case the job of determining if the evidence makes the inference of conspiracy more probable than not, it is overturning settled law. If the Court does not intend such a pronouncement, it should refrain from using unnecessarily broad and confusing language.

II

In defining what respondents must show in order to recover, the Court makes assumptions that invade the factfinder's province. The Court states with very little discussion that respondents can recover under 1 of the Sherman Act only if they prove that "petitioners conspired to drive respondents out of the relevant markets by (i) pricing below the level necessary to sell their products, or (ii) pricing below some appropriate measure of cost." Ante, at 585, n. 8. This statement is premised on the assumption that "[a]n agreement without these features would either leave respondents in the same position as would market forces or would actually benefit respondents by raising market prices." Ibid. In making this assumption, the Court ignores the contrary conclusions of respondents' expert DePodwin, whose report in very relevant part was erroneously excluded by the District Court.

The DePodwin Report, on which the Court of Appeals relied along with other material, indicates that respondents were harmed in two ways that are independent of whether petitioners priced their products below "the level necessary to sell their products or . . . some appropriate measure of cost." Ibid. First, the Report explains that the price-raising scheme in Japan resulted in lower consumption of petitioners' goods in that country and the exporting of more of petitioners' goods to this country than would have occurred had prices in Japan been at the competitive level. Increasing [475 U.S. 574, 602] exports to this country resulted in depressed prices here, which harmed respondents. 2 Second, the DePodwin Report indicates that petitioners exchanged confidential proprietary information and entered into agreements such as the five company rule with the goal of avoiding intragroup competition in the United States market. The Report explains that petitioners' restrictions on intragroup competition caused respondents to lose business that they would not have lost had petitioners competed with one another. 3 [475 U.S. 574, 603]

The DePodwin Report alone creates a genuine factual issue regarding the harm to respondents caused by Japanese cartelization and by agreements restricting competition among petitioners in this country. No doubt the Court prefers its own economic theorizing to Dr. DePodwin's, but that is not a reason to deny the factfinder an opportunity to consider Dr. DePodwin's views on how petitioners' alleged collusion harmed respondents. 4 [475 U.S. 574, 604]

The Court, in discussing the unlikelihood of a predatory conspiracy, also consistently assumes that petitioners valued profit-maximization over growth. See, e. g., ante, at 595. In light of the evidence that petitioners sold their goods in this country at substantial losses over a long period of time, see Part III-B, infra, I believe that this is an assumption that should be argued to the factfinder, not decided by the Court.

III

In reversing the Third Circuit's judgment, the Court identifies two alleged errors: "(i) [T]he 'direct evidence' on which the [Court of Appeals] relied had little, if any, relevance to the alleged predatory pricing conspiracy; and (ii) the court failed to consider the absence of a plausible motive to engage in predatory pricing." Ante, at 595. The Court's position is without substance.

A

The first claim of error is that the Third Circuit treated evidence regarding price fixing in Japan and the so-called five company rule and check prices as "'direct evidence' of a conspiracy that injured respondents." Ante, at 583 (citing In re Japanese Electronics Products Antitrust Litigation, 723 F.2d 238, 304-305 (1983)). The passage from the Third [475 U.S. 574, 605] Circuit's opinion in which the Court locates this alleged error makes what I consider to be a quite simple and correct observation, namely, that this case is distinguishable from traditional "conscious parallelism" cases, in that there is direct evidence of concert of action among petitioners. Ibid. The Third Circuit did not, as the Court implies, jump unthinkingly from this observation to the conclusion that evidence regarding the five company rule could support a finding of antitrust injury to respondents. 5 The Third Circuit twice specifically noted that horizontal agreements allocating customers, though illegal, do not ordinarily injure competitors of the agreeing parties. Id., at 306, 310-311. However, after reviewing evidence of cartel activity in Japan, collusive establishment of dumping prices in this country, and longterm, below-cost sales, the Third Circuit held that a factfinder could reasonably conclude that the five company rule was not a simple price-raising device:

> "[A] factfinder might reasonably infer that the allocation of customers in the United States, combined with price-fixing in Japan, was intended to permit concentration of the effects of dumping upon American competitors while eliminating competition among the Japanese manufacturers in either market." Id., at 311.

I see nothing erroneous in this reasoning.

B

The Court's second charge of error is that the Third Circuit was not sufficiently skeptical of respondents' allegation that petitioners engaged in predatory pricing conspiracy. But [475 U.S. 574, 606] the Third Circuit is not required to engage in academic discussions about predation; it is required to decide whether respondents' evidence creates a genuine issue of material fact. The Third Circuit did its job, and remanding the case so that it can do the same job again is simply pointless.

The Third Circuit indicated that it considers respondents' evidence sufficient to create a genuine factual issue regarding long-term, below-cost sales by petitioners. Ibid. The Court tries to whittle away at this conclusion by suggesting that the "expert opinion evidence of below-cost pricing has little probative value in comparison with the economic factors . . . that suggest that such conduct is irrational." Ante, at 594, n. 19. But the question is not whether the Court finds respondents' experts persuasive, or prefers the District Court's analysis; it is whether, viewing the evidence in the light most favorable to respondents, a jury or other factfinder could reasonably conclude that petitioners engaged in long-term, below-cost sales. I agree with the Third Circuit that the answer to this question is "yes."

It is misleading for the Court to state that the Court of Appeals "did not disturb the District Court's analysis of the factors that substantially undermine the probative value of [evidence in the DePodwin Report respecting below-cost sales]." Ibid. The Third Circuit held that the exclusion of the portion of the DePodwin Report regarding below-cost pricing was erroneous because "the trial court ignored DePodwin's uncontradicted affidavit that all data relied on in his report were of the type on which experts in his field would reasonably rely." 723 F.2d, at 282. In short, the Third Circuit found DePodwin's affidavit sufficient to create a genuine factual issue regarding the correctness of his conclusion that petitioners sold below cost over a long period of time. Having made this determination, the court saw no need - nor do I - to address the District Court's analysis point by point. The District Court's criticisms of DePodwin's [475 U.S. 574, 607] methods are arguments that a factfinder should consider.

IV

Because I believe that the Third Circuit was correct in holding that respondents have demonstrated the existence of genuine issues of material fact, I would affirm the judgment below and remand this case for trial.

[Footnote 1] The Court adequately summarizes the quite fact-specific holding in Cities Service. Ante, at 587. In Monsanto, the Court held that a manufacturer's termination of a price-cutting distributor after receiving a complaint from another distributor is not, standing alone, sufficient to create a jury question. 465 U.S., at 763 -764. To understand this holding, it is important to realize that under United States v. Colgate & Co., 250 U.S. 300 (1919), it is permissible for a manufacturer to announce retail prices in advance and terminate those who fail to comply, but that under Dr. Miles Medical Co. v. John D. Park & Sons Co., 220 U.S. 373 (1911), it is impermissible for the manufacturer and its distributors to agree on the price at which the distributors will sell the goods. Thus, a manufacturer's termination of a price-cutting distributor after receiving a complaint from another distributor is lawful under Colgate, unless the termination is pursuant to a shared understanding between the manufacturer and its distributors respecting enforcement of a resale price maintenance scheme. Monsanto holds that to establish liability under Dr. Miles, more is needed than evidence of behavior that is consistent with a distributor's exercise of its prerogatives under Colgate. Thus, "[t]here must be evidence that tends to exclude the possibility that the manufacturer and nonterminated distributors were acting independently." 465 U.S., at 764. Monsanto does not hold that if a terminated dealer produces some further evidence of conspiracy beyond the bare fact of postcomplaint termination, the judge hearing a motion for summary judgment should balance all the evidence pointing toward conspiracy against all the evidence pointing toward independent action.

[Footnote 2] Dr. DePodwin summarizes his view of the harm caused by Japanese cartelization as follows:

> "When we consider the injuries inflicted on United States producers, we must again look at the Japanese television manufacturers' export agreement as part of a generally collusive scheme embracing the Japanese domestic market as well. This scheme increased the supply of television receivers to the United States market while restricting supply in the Japanese market. If Japanese manufacturers had competed in both domestic and export markets, they would have sold more in the domestic market and less in the United States. A greater proportion of Japanese production capacity would have been devoted to domestic sales. Domestic prices would have been lower and export prices would have been higher. The size of the price differential between domestic and export markets would have diminished practically to the vanishing point. Consequently, competition among Japanese producers in both markets would have resulted in reducing exports to the United States and United States prices would have risen. In addition, investment by the United States industry would have increased. As it was, however, the influx of sets at depressed prices cut the rates of return on television receiver production facilities in the United States to so low a level as to make such investment uneconomic.
>
> "We can therefore conclude that the American manufacturers of television receivers would have made larger sales at higher prices in the absence of the Japanese cartel agreements. Thus, the collusive behavior of Japanese television manufacturers resulted in a very severe injury to those American television manufacturers, particularly to National Union Electric Corporation, which produced a preponderance of television sets with screen sizes of nineteen inches and lower, especially those in the lower range of prices." 5 App. to Brief for Appellants in No. 81-2331 (CA3), pp. 1629a-1630a.

[Footnote 3] The DePodwin Report has this, among other things, to say in summarizing the harm to respondents caused by the five company rule, [475 U.S. 574, 603] exchange of production data, price coordination, and other allegedly anti-competitive practices of petitioners:

> "The impact of Japanese anti-competitive practices on United States manufacturers is evident when one considers the nature of competition. When a market is fully competitive, firms pit their resources against one another in

an attempt to secure the business of individual customers. However, when firms collude, they violate a basic tenet of competitive behavior, i. e., that they act independently. United States firms were confronted with Japanese competitors who collusively were seeking to destroy their established customer relationships. Each Japanese company had targeted customers which it could service with reasonable assurance that its fellow Japanese cartel members would not become involved. But just as importantly, each Japanese firm would be assured that what was already a low price level for Japanese television receivers in the United States market would not be further depressed by the actions of its Japanese associates.

"The result was a phenomenal growth in exports, particularly to the United States. Concurrently, Japanese manufacturers, and the defendants in particular, made large investments in new plant and equipment and expanded production capacity. It is obvious, therefore, that the effect of the Japanese cartel's concerted actions was to generate a larger volume of investment in the Japanese television industry than would otherwise have been the case. This added capacity both enabled and encouraged the Japanese to penetrate the United States market more deeply than they would have had they competed lawfully." Id., at 1628a-1629a.

For a more complete statement of DePodwin's explanation of how the alleged cartel operated, and the harms it caused respondents, see id., at 1609a-1642a. This material is summarized in a chart found id., at 1633a.

[Footnote 4] In holding that Parts IV and V of the Report had been improperly excluded, the Court of Appeals said:

"The trial court found that DePodwin did not use economic expertise in reaching the opinion that the defendants participated in a Japanese television [475 U.S. 574, 604] cartel. 505 F. Supp. at 1342-46. We have examined the excluded portions of Parts IV and V in light of the admitted portions, and we conclude that this finding is clearly erroneous. As a result, the court also held the opinions to be unhelpful to the factfinder. What the court in effect did was to eliminate all parts of the report in which the expert economist, after describing the conditions in the respective markets, the opportunities for collusion, the evidence pointing to collusion, the terms of certain undisputed agreements, and the market behavior, expressed the opinion that there was concert of action consistent with plaintiffs' conspiracy theory. Considering the complexity of the economic issues involved, it simply cannot be said that such an opinion would not help the trier of fact to understand the evidence or determine that fact in issue." In re Japanese Electronics Products Antitrust Litigation, 723 F.2d 238, 280 (1983).

The Court of Appeals had similar views about Parts VI and VII.

[Footnote 5] I use the Third Circuit's analysis of the five company rule by way of example; the court did an equally careful analysis of the parts the cartel activity in Japan and the check prices could have played in an actionable conspiracy. See generally id., at 303-311. In discussing the five-company rule, I do not mean to imply any conclusion on the validity of petitioners' sovereign compulsion defense. Since the Court does not reach this issue, I see no need of my addressing it. [475 U.S. 574, 608]

APPENDIX N

Konosuke Matsushita's Favorite Poem

Youth in not a time of life, it is a state of mind, it is not a matter of rosy cheeks, red lips and supple knees; it is a matter of the will, a quality of imagination, a vigor of the emotions; t is the freshness of the deep springs of life.

Youth means the temperamental predominance of courage over timidity, of appetite for adventure over the love of ease. This often exists in a man of sixty more than a boy of twenty. Nobody grows old merely by a number of years. We grow old by deserting our ideals.

Years may wrinkle the skin, but to give up enthusiasm wrinkles the soul. Worry, fear, self-distrust bows the heart and turns the spirit back to dust. Whether sixty or sixteen, there is in every human being's heart the lure of wonder, the unfailing childlike appetite of what's next, and the joy of the game of living.

In the center of your heart and my heart there is a wireless station; so long as it receives messages of beauty, hope, cheer, courage and power from men and from the Infinite, so long are you young. When the aerials are down, and your spirit is covered with snows of cynicism and the ice of pessimism, then you are grown old, even at twenty. But as long as your aerials are up, to catch waves of optimism, there is hope you may die young at eighty.

Samuel Ullman

** Supposedly, General Douglas MacArthur introduced this poem to the Japanese after World War II (Kotter, 1997).