

## OTHER NATIONS

Brazilian computer exports have risen rapidly, doubling in 1985 to \$11 million, and shipments abroad continue to grow. The firm of Racimec, for example, has contracted to sell \$20 million worth of lottery-processing equipment to other countries.

Botelho believes that Brazilian protectionist policies would not work in other nations. In Mexico, for example, import controls could not stop the smuggling that accounts for two-thirds of the microcomputers used there. But in Brazil, import controls should allow the computer industry to grow rapidly for years to come.

*Japan's Choices*

"Japan's Choices" by Peter F. Drucker, in *Foreign Affairs* (Summer 1987), 58 East 68th St., New York, N.Y. 10021.

Low wages and high productivity have allowed Japan's economy to grow for over 30 years. But the export boom that has fueled that growth is sputtering. Because labor in South Korea, Brazil, and Mexico is so inexpensive, these countries can now produce more cheaply goods of a quality equal to that of their Japanese rivals.

Japan, says Drucker, professor of social science and management at the Claremont Graduate School, must decide whether such traditional policies as lifetime employment and "administrative guidance" of industry by the state are economically viable. "The choices Japan makes," he argues, "will determine how the world's youngest economic great power . . . integrates itself into the world economy."

Japanese corporations have responded to foreign competition by becoming multinational. Two percent of all goods sold by Japanese companies in 1983 were produced overseas; the figure rose to five percent in 1986, and may reach 20 percent by the early 1990s. One-third of all foreign-employed workers in Tijuana, Mexico, for example, work in Japanese-owned factories.

But the jobs created by subsidiaries abroad do not give new opportunities to Japan's blue-collar workers. Unemployment in Japan may continue to rise as domestic industries (most notably the Japanese national railroads and automobile-makers that have built plants in the U.S. and Spain) continue to reduce their payrolls. The official unemployment rate in Japan of three percent, Drucker argues, is a "statistical fiction." Japanese businesses prefer mandatory early retirement (with up to a two-thirds reduction in wages) to layoffs. Were these "retired" workers counted as unemployed, the actual unemployment rate would be between 7.5 and 8 percent—higher than in the U.S.

Japan, Drucker concludes, still thinks of itself as *kazoku*—"a family" or clan, separate from, but equal to the West. But the rise of the Japanese multinational corporation evokes *haragai* (a "gut feeling") that domestic social harmony will be destroyed by alien Western values. While many Japanese accept the *economic* rationale for diversifying overseas, they have yet to accept cultural integration with the West. Japan's decision, Drucker says, will determine not only "the meaning of Japan" but also, to some degree, "the meaning of the West itself."