

January 1989

Discussion after the Speech of Mr. Nomura

Discussion

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Recommended Citation

Discussion, *Discussion after the Speech of Mr. Nomura*, 15 Can.-U.S. L.J. 55 (1989)

Available at: <https://scholarlycommons.law.case.edu/cuslj/vol15/iss/14>

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QUESTION, Professor King: In terms of the Japanese approach toward technology, the Japanese have a very good appreciation of American developments in technology. I'm not sure that the U.S. has much of an appreciation of developments the Japanese are making, or certainly not as good an appreciation of the Japanese as the Japanese do of us.

Is there any Japanese resource where developments can be catalogued as new developments? I felt patent applications would be one way of finding out, but this is a two-way exchange. Could you comment on that?

ANSWER, Mr. Nomura: Well, I think the way Americans perceive Japanese technology is basically correct. So far Japan has been trying to catch up to Western technology. But to increase its competitiveness in the world market, Japan has concentrated on manufacturing process technology and quality control — i.e., mass production technology. Japan is now trying to change, but I think it will take time.

COMMENT, Professor King: In Japan it seems as though there is guidance from the Ministry of International Trade and Industry ("MITI"), in terms of focus. For instance, if the Japanese want to focus on machine tools, they help the machine tool builders so that they are more effective in competing with the United States.

COMMENT, Mr. Nomura: If you look at what MITI has been spending for such purposes, it is almost negligible. What MITI has done is to give some political guidelines, which the executives of Japanese companies can follow. MITI gave industry an excuse to change its structure. Sometimes MITI gave a company the excuse to invest in a technology, but not a subsidy to the industry.

QUESTION, Mr. Mackey: I'd like to follow up on a question that was asked regarding people in the United States or Western countries obtaining knowledge of Japanese technology. In the past, we had someone read Japanese journals and take excerpts from those Japanese journals. That is why ITT had a relatively larger presence in Japan than it does today. How do you keep your U.S. clients up to date on technological developments in Japan?

ANSWER, Mr. Nomura: My firm does not actually give any general information to U.S. industry. Instead, we talk in depth with people in a particular industry. The basic source of information on Japanese technology, in our case, is through individual conversations with Japanese people in that industry.

Our senior people visit Japan three or four times every year and talk

to several major Japanese companies in order to gain an understanding of what is going on, so we can explain that to the U.S. counterpart.

QUESTION, Dr. Strub: I wanted to dwell a little more on something we have already discussed this morning and which you just confirmed; that Japan has become aware of the necessity to do more in fundamental research for all sorts of reasons, if for no other reason than to contribute to the progress and wealth of the world as such.

My question is whether you can tell us what the Japanese government is going to do, in concrete terms, to follow these words with deeds? Will they just send more scientists to the United States, or will they invite all Japanese-speaking U.S. scientists to work in currently nonexistent research laboratories which are to be set up? If I am a little bit sarcastic, please forgive me. I am still looking for the person who can tell me how these words and this awareness of a sort of duty will be put into concrete deeds.

ANSWER, Mr. Nomura: I am sure it cannot be accomplished by just one method. We must use all possible measures. We need a larger budget for the research laboratories and for the universities. We must open universities and even industry to foreign researchers.

One difference in Japan is that once government says something, people listen. Suppose a technical executive in a large company has been looking for funding for fundamental research for a long time and been refused. Once the government says fundamental research is important, then he has an excuse to propose that again.

COMMENT, Dr. Strub: But again in the company, not in the independent research institutions.

COMMENT, Mr. Nomura: You mean in the research laboratories or universities? Once the government decides we must increase basic research, then they request more funding and must approve the increased funding because of their stance on the issue.

QUESTION, Mr. Blackburn: As you know, Canada and the United States signed a free trade agreement at the beginning of this year. Has that made any change in the kind of advice you give to Japanese investors in North America, in either Canada or the United States, in the technology area or in other areas? I would be interested in knowing whether it has any significance in terms of Japanese investment.

ANSWER, Mr. Nomura: I think basically it means that we can now recommend that Japanese companies consider investing in both countries. However, it is too soon to judge the results.

QUESTION, Mr. Precht: We had some discussion earlier today about personal compensation, whether engineers and scientists ought to be paid more than managers, and whether lawyers ought to be paid at all. I wonder if you would comment on the role of personal compensation in Japan in promoting innovation.

ANSWER, Mr. Nomura: As far as past experience is concerned, the

role of personal compensation has been very small. Compensation has had little effect because there is no actual difference in compensation between management, research and other areas. The only difference is based on seniority. People don't think to complain about compensation.

But the situation is changing. Now if people are talented, they can be hired by an American company in Japan or even in the United States. There have been many examples of top scientists hired by American companies. So the mentality of the people has been changing.

COMMENT, Mr. Bradley: One of the things that some commentators are starting to observe with respect to Japan has to do with the fact that in North America and Europe, over the last twenty-five years, there have been some fundamental social revolutions. One phenomenon is the fact that there are more women in the workplace. The second is an increased expectation with respect to the quality of life.

Some people are anticipating that this will also start, and in fact may have already started to happen in Japan, particularly with respect to quality of life in people under twenty-five. There is some concern that this could have equivalent, or possibly because of the culture in Japan, even worse consequences in Japan and affect the whole economy as a result, as it did in North America and Europe.

COMMENT, Mr. Nomura: Exactly the same thing has been said for maybe ten years or more in Japan. There are many measures being taken by government and companies, such as raising the retirement age, or raising the starting age for pensions. Some government officials and influential industry executives in Japan have expressed a concern about this kind of thing, but people rarely think seriously about the problem. They have to try to cope with that. So it is not going to be a revolutionary change, it is going to be a very gradual change.

QUESTION, Mr. Gleisser: Brainstorming is often the technique used to generate new ideas in the United States. What sort of techniques are employed by Japanese companies, industries or groups to generate new ideas? Is there any similar concept?

ANSWER, Mr. Nomura: Yes. We use brainstorming and many techniques such as analyzing the factors which influence some phenomena or checking the quality-control factors have actually influenced innovation in Japan. This kind of thinking is very popular in Japan.

