

Global Competition & State Intervention. The Genesis of Japan's Motorcycle Global Leaders: Honda, Suzuki, Kawasaki & Yamaha

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Abstract

Across Europe, businesses and policy makers are now worried about the future of industries dominated by U.S. and Chinese companies.

Since the financial and economic global crisis in 2007, Western industrialized countries have experienced a return to stronger state interventions in the business. States, which had previously been reluctant to intervene, implemented interventions to support individual companies or adopted industrial measures for whole sectors.

Moreover, the pandemic has driven Asian countries to double down on the tradition of state intervention. The specific causes of the coronavirus global recession, however, impose a radical and targeted solution. Governments should enter key-sectors and cover directly wages and maintenance costs for critical businesses facing shutdown. In this context of Government's direct involvement in global business, it is very useful to remember the lesson from the genesis of Japan's motorcycle global leaders: Honda, Suzuki, Kawasaki and Yamaha.

Keywords: Global Competition; Oversize Economy; State Intervention; Capitalism; Socialism; Mixed Economy; Motorcycle Industry; MITI; JETRO; Honda; Suzuki; Kawasaki; Yamaha

1. Global Competition. The New Rules of Oversize Economy

Large-scale Government and military programs helped important industries during World War II and later led to the creation of the internet, but in the 1980s (at the beginning of global competition, dominated by large corporations) Western Governments got out of businesses such as telecoms, utilities and transport (Salvioni, 2018; Brondoni, 2018).

Across Europe, businesses and policy makers are now worried about the future of industries dominated by U.S. and Chinese companies.

Why are European industries in decline? Since the 1980s, European industries have been declining for the following main reasons:

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- Impact of industry dynamics on profitability. The heavy incidence of fixed costs has been an important factor for many capital-intensive industries. Investments on research and development (R&D) were a driver of competitive strength. In a market in decline, European companies have lowered their investment in research and development both inside and outside. The European labor market has different costs and it is less flexible than the American and all the Asian markets. The role of trade unions is very strong, especially in some countries such as France and Italy.
- Excess of production capacity. Europe delayed in modifying mass production with 4.0 processes; that generated a situation of non-cyclical but structural production over-capacity, independent of normal fluctuations in demand (Brondoni, 2014; Brondoni, 2008).
- Demand stagnation. Producers and suppliers that gravitate in the European area were affected by the risks and opportunities linked to volatile demands and to stagnant market volumes.
- Demography. The growing trend of urban population is particularly exploited by the synergistic effects achieved in the fields of innovation and technology.
- Market fragmentation and lack of a unique regulation. Europe is fragmented into so many markets with different speeds in terms of growth, production and sales. Moreover, there are many markets, with so many different laws. Europe lacks authority that decides for an entire industry; little or nothing has been done to reduce excess of production capacity. The European harmonization is indeed essential to compete on global markets and the commercial and industrial policies must be closely coordinated in order to improve corporations' competitiveness on world markets.
- The financial crisis of 2008, which has driven Asian countries to double down on the tradition of state intervention that has fueled extraordinary growth and produced global industries, such as electronics manufacturing in South Korea and Japan, and China's solar power and semiconductor industries.

For the above reasons, Western industrialized countries are experiencing a return to stronger state interventions in the business, which are considered as the most important answer to the new rules of global competition and oversize economy (Brondoni, 2019a; 2019b).

The changes reflect a fundamental philosophical shift away from the market-oriented consensus dominant in the West since around 1980, which emphasized a reduction in state support for businesses, the removal of regulations impeding competition, and trade liberalization.

From the beginning of 2010s and up to these years, a fourth phase of globalization produced a structural change in network competition. The primacy of knowledge management (Cappellin, 2011; Cappellin & Wink, 2009), the worldwide localization of production and the new policies of innovation and imitation have been modified in opportunities for merger and acquisitions, global competitive alliances and joint ventures (Brondoni, 2012). As a result of strategic alliances, mergers and acquisitions, globalizing capitalism has brought increased concentration of ownership and power to many areas of production. For example, in several industries fusions have involved a 'megamerger' of corporate giants that has radically transformed the competitive balance in these sectors (Bosetti, 2019; Brondoni, 2014).

Corporate development based on ‘enlarged’ competitive space (market-space management) tends to generate mega-organizations with very strong ‘top tier management power’ corporate (Salvioni & Almici, 2020; Salvioni & Brondoni, 2020; Civera & Freeman, 2019).

The global network managerial economics typically exploits a business network organization, with complex relations (Lambin, 2020). In this structure, the global corporate policy of sharing resources normally takes place among the various organizations that compose a business network.

□ *The Company to be formed by the merger between Fiat Chrysler Automobiles (FCA) and Group PSA – owners of Peugeot, Citroen, Vauxhall and DS – will be called Stellantis, and it has been confirmed. The agreement will see the two firms enter an equal-ownership partnership, making the combined company the fourth largest car manufacturer in the world. Stellantis will have an annual production volume of 8.7 million units, which places the firm behind only the Volkswagen Group, Toyota and the Renault-Nissan Alliance. The newly combined company will also become the world’s third largest manufacturer by revenue, with an annual turnover of €170 billion (£144.3 billion) (Ingram, 2020).*

The sharing of resources by global businesses may involve other organizations via agreements and joint ventures in addition to the various parties belonging to the same network. The global context of competition has brought about profound innovations in the role of strategic alliances between companies and the development of collaborative networks between business groups. In order to compete on a global scale, large corporations promote various means of cooperative competition, especially with selected competitors for fighting common rivals. This may be via equity or non-equity alliances (Brondoni, 2003).

□ *The risks related to Government interference are among a range of issues connected to the micro-management of companies. The US Government has committed nearly \$40 billion to assist the automotive industry (half of which is in the form of direct loans to Chrysler and GM). The Government devoted another \$5 billion to supplier support programs, and set up community assistance programs to intervene in regions that are subject to difficulties because of the restructuring of the industry. The French Government has an implicit collaboration with the companies not to close any plants in exchange for public funds. This implicit collaboration does not take into account the likelihood that companies will close down anyway, sooner or later. Other types of long-term commitment, such as agreements on the types of cars to be produced in the future, would possibly be more useful. The actions taken by the French Government, among the surrounding actors, have been regarded as protectionism. In the case of Italy, the Government is highly restricted on giving money to the automotive industry. The general Government policy is that no plant must be shut down; only a crisis*

putting a company at severe risk of closure would constitute a valid reason for giving Government support. In Italy, there is no collaboration between the Government and companies, and unions mainly stand aside. The actions taken by the Chinese Government include a cut in sales tax on smaller Cars. The Chinese domestic market continues to be the subject of a standing regulation, which is limiting the business of foreign multinational corporations. As a result, a number of national companies have grown into strong players and so the external multinationals are no longer threatening the domestic industry (Graham, 2010).

Since 2010, globalization has imposed a new view of the competitive environment in which competitors are not always direct rivals. On the contrary, as a result of alliances and agreements, certain firms can become competitors in the sense that together they contribute to the common objective of generating greater profits, with mega-organizations that have the potential to change the long-term competitive structure of sectors (oversize economy) (Brondoni, 2019a; Brondoni, 2019b; Brondoni & Bosetti, 2018; Rizzi, Campanini & Costa, 2012).

In today's scenario of oversize economy, global corporations face many MNCs (more and more frequently based in the US, China, South Korea, Taiwan and sometimes in Europe) (Brondoni, 2020b).

Western Governments are imitating their Asian rivals and moving away from the free-market doctrine that defined their economic thinking for decades, instead embracing greater state control of business activity. The shift reflects a deep anxiety about the West's ability to maintain its living standards and technological edge while competing with giant state-backed companies in China and elsewhere in Asia. The trend is being accelerated by the Covid-19 pandemic. Covid-19, born in the Wuhan megalopolis in China in 2020, has spread in a very short time all over the world, and has prompted a rethink of the balance between the state and private sector, for SME and large global corporations.

2. Management State Intervention in Businesses

Governments in all advanced industrial countries have extended the state intervention in assisting specific industries or individual companies.

The state intervention in business is referred to regulatory actions taken by a Government in order to affect or interfere with decisions made by individuals, groups or organizations regarding economic and social matters. One of the features of modern business is the increasing involvement of the Government in business activities. As of today, Governments interfere everywhere, in one form or the other, in its economic activities.

State intervention became a historical necessity particularly after the industrial revolution of the late 18th and early 19th centuries. The era of industrial revolution witnessed in humanity of man to man and brutalization of human nature in those very countries, and in those very societies where the greatest advances were being made in the fields of science, technology and organizations. Affluence and poverty, distress and luxury, and exploitation and helplessness became so juxtaposed that the need of

state intervention began to be felt much more than even before. Then came the First World War, which confirmed the inevitability of state intervention in economic activities.

Development of capitalism during 17th and 18th centuries and during the early 19th century emphasized that the role of state should be restricted to formulation and enactments of laws, rules and regulations and maintenance of law and order in the country. In the initial stage of economic development, the only function of the state was to protect the life, wealth and property of the society. Until the last phase of the 19th century, there was continuous increase in the role of state. State was not a silent spectator of the economic process. It worked as patron, guardian, and controller of individuals and industries.

2.1 State Intervention in Capitalist Economies

Under capitalism, individuals and private firms control all factories and other productive resources. The main objective of investment is to earn profit. What to produce, how to produce and for whom to produce etc. are determined by the demand and supply and market mechanism.

Thus, rationales of capitalist economy are as follows:

- Regulatory and controlling framework is necessary to establish coordination in industrial development process.
- Government ownership over industries under defense sector is necessary as these industries are directly related with safety and sovereignty of the country.
- Government intervention is needed to ensure maximum and profitable utilization of economic resources for the economic development of the country.

2.2 Role of Government in Socialist Economies

On socialist economies, industries are not required to earn profit and the Government directly controls the management decisions. In the socialist industries, the main features are the abolition of private ownership of production units and the nationalization of productive resources. Moreover, the State is responsible for production and distribution of goods and services. Distribution of productive resources of the society is undertaken under the guidance of central authority. The Government role in socialistic economies is generally categorized into the following two categories: Democratic Socialism; Authoritarian Socialism.

Government Role in Democratic Socialism. Under this type of socialism, Government does not control all the productive resources but only critical key-segments of the national economy. The State intervention is usually focused on those industries, which are responsible for concentration of centralization of economic power.

Government Role in Authoritarian Socialism, that also includes communism, which is also in existence in Russia and China. However, it is the toughest form of the socialism. Under this type of socialistic system, the role of central authority is quite important. The central authority determines the economic targets and ensures ownership on all productive resources of the country. Generally, private enterprises are not in existence. Direction and implementation of production process are exercised by the state or public enterprises.

□ *Driven by globalization pressures, Chinese firms (both state-owned and private) principally operate to their own commercial priorities, although Government and party ownership retain an influence on the policies and structures within which these firms operate. As the cases from Zimbabwe and Mozambique show, a key feature of China's agribusiness is that the process of "going global" is driven significantly by China's provinces, with their own provincial commercial imperatives, business cultures, and political directives. The Chinese "state", just as Chinese "business", does not exist in a singular, unitary form, with a standardized or even coherent position. The "state" and "business" take on many forms according to the way Chinese provinces and businesses are organized, reflecting diverse political and business cultures and forms of "state capitalism". Contrary to common perceptions, not all state-business relations in Africa are the result of standard, party-driven, centralized SOEs, but involve a multiplicity of actors, all negotiating their positions (Gu et al., 2016).*

2.3 State Intervention in Mixed Economies.

The mixed economy includes important features of capitalism and socialism. Under the mixed economy, the Government directly controls and regulates the growth of the economy through laws, fiscal policies and nominations of State managers. Generally, basic industries (such as defense, energy, oil, and minerals) are under the Government's control. On the other hand, micro, small and medium enterprises producing consumer goods, as well as agriculture development, are under the private control.

□ *In an increasingly integrated market with a large presence of foreign producers, such as the motorcycle market in Vietnam, the basic role of the Government should be to support the healthy growth of the industry by understanding and responding to its needs instead of dictating it. Private business enterprises are the primary decision-makers and executors of industrial dynamism, but the Government also has an important role of providing supportive visions, rules and measures to ensure that the industrial playground is predictable, fair, and in line with the general interest of the nation (Ohno, 2007).*

□ *As for India, having a mixed economy, the scope and impact of Government regulations are quite wide and important. Therefore, it is necessary for the business organizations to understand the reference and contexts of these interventions and formulate their policies under prevailing environment. New economic policy formulated in 1991 and currently going in the country is an effective indicator that private sector has now been assigned a crucial role to play in the economic development of the country. Thus, the mixed*

economy of India is characterized by the co-existence of public, private, joint and co-operative sectors. However, the level of intensity of participation of these sectors is quite dynamic and governed by various factors. Moreover, nature and dimension of state intervention in business become more regulatory in nature. Besides, state is still active in its promotional and participative behavior in business (Singh, 2014).

3. State Intervention in Global Competitive Markets

The financial and economic global crisis in 2007 brought the State intervention back into business. Western industrialized countries experienced a return to stronger state interventions in the business, which are considered as the answer to the tremendous distortions brought by the crisis. This crisis had its origins in the US financial sector and the US crisis quickly spread to other Western countries, thus becoming a global edge not confined to the financial sector, but expanded to the real economy. States, which had previously been reluctant to intervene, implemented interventions for individual companies or industrial measures for whole sectors (Franke, 2014).

□ *In the US, both main political parties are moving toward a stronger role for the Government on economic issues. The administration and lawmakers from both parties also are pushing for additional funding to help the U.S. semiconductor industry keep its edge over China, offering incentives to chip firms to build factories in the U.S. and funding technology research (Fairless & Yifan Xie, 2020).*

More recently, coronavirus threatened the world's economic life, but proposals from Governments around the globe seem failing to match the scale of the crisis. Besides, some western Governments have demonstrated a very poor expertise in choosing the industries and corporations to invest in, with Asian economies investing into such efforts over decades.

□ *In the US, the Trump administration has suggested direct cash payments to individuals. Such measures (such as \$1,000 given to each US household) help to alleviate temporary economic hardship but are poorly targeted: it is too little for those who lose their jobs, and it is not needed by those who do not. During social distancing, the goal should not be to increase demand, since people can no longer spend on many goods and services. Tax relief, such as the business rate holiday offered by the UK to sectors most affected by the recession, such as hospitality and retail, will help. Nevertheless, there is no guarantee this relief will be enough to prevent bankruptcies and job losses (Saez & Zucman, 2020).*

□ *«In Italy, at this moment, the state cannot just be a referee», Economic Development Minister Stefano Patuanelli said at the*

Ambrosetti Forum in Cernobbio. «The great transformation of production arrangements must be directed by significant public governance that sets the guidelines». Conte's response portends a partial reversal of a privatization drive promoted by Mario Draghi when he was the Treasury's top civil servant in the early 1990s. Drawing often on Cassa Depositi e Prestiti SpA, a state-backed lender recently endowed with more than 40 billion euros (\$47 billion) to buy companies, Italian Government is expanding state intervention in everything from highways and digital infrastructure to the stock exchange and steel (Follain et al., 2020).

□ *In France, authorities plan to spend hundreds of millions of euros to buy local stores to support quintessentially French businesses such as bakeries and cheese shops. In the U.K., Government has signaled it will pursue an aggressive industrial policy of state aid to businesses after Brexit, risking a rift with the EU (Fairless & Yifan Xie, 2020).*

Asian countries are heavily investing in the state-centric model. The specific causes of the coronavirus global recession, however, impose a radical and targeted solution. Governments should enter in key-sectors and cover directly wage and maintenance costs for critical businesses facing shutdown. In this context of Government direct involvement in global business, it is very useful to remember the genesis of Japan's motorcycle global leaders: Honda, Suzuki, Kawasaki and Yamaha.

4. The Motorcycle Genesis of Honda, Suzuki, Kawasaki & Yamaha. The State Intervention for a Durable Success in a Global Market

A comprehensive analysis of Japanese growth in the global motorcycle sector requires fundamental understanding of the mechanisms of the Government policy during 1960-1990 years (Miwa, 2004; Kingston, 2001). Government intervention was characterized as having been a central component of Japanese industrial policy in the 1950s, 60s and 70s (Kozo & Yasukichi, 1987; Takafusa, 1981). Japan after the end of Second World War has shown significant economic development and has taken an important role in the international trade, especially in the sector of high technology goods (Mikiso, 1996).

□ *By the late 1950s, the Ministry of International Trade and Industry (MITI)'s system of developing a new industry consisted of the following types of measures. Firstly, an investigation, followed by a basic policy statement on the need for the industry, and its future prospects was drafted in the Ministry. Foreign exchange was then allocated by MITI and funding provided by the Development Bank for the industry. Licences for the import of technology and the designation of the industry as "strategic". Finally, the industry was given important tax concessions and an "administrative guidance cartel" was established to regulate competition, and coordinate*

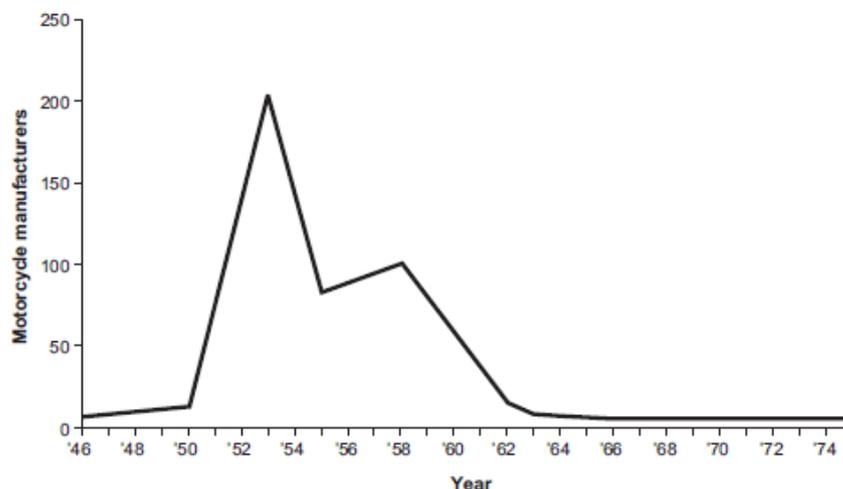
investment among the firms in the industry. The MITI's tools of industrial development policies consisted of low interest funds to targeted industries, exclusion from import duties of designated critical equipment (Tyabji, 1984).

During 1960-1990 years, the Government of Japan provided an export-oriented economic development strategy, supported by internal Government investment to development and modernization of all economic sectors and by the creation of an enabling institutional environment (Kordonska, 2016).

□ *Before the period of capital liberalization in the late 1960s and 1970s, no technology entered the country without MITI's approval, nor were joint ventures agreed to without scrutiny and, frequently, changes in terms. In the 1970's, Japan was expected to compete in the computer, aviation and space industries. A logical outcome of this view was the insistence that industrial policy (as opposed to "macro" economic policy) included direct governmental intervention at the micro level. Administratively this implied the need for vertical government bureaus dealing exclusively with specific industries (Tyabji, 1984).*

The Japan's motorcycle industry was constituted by a very large number of small, shop-based assembly makers exploded in the post-war era, sustained by a massive demand for inexpensive transportation. This poor economy generated dozens of motorized bicycle and motorcycle producers. These assembly makers were often companies that converted their wartime operations to motorcycle production. Firms began with scooters or motorized bicycles, but wartime engineering experience served them well as they entered the motor vehicle industry (Alexander, 2008). By 1953, the Midget Motor Manufacturers' Association reported seventy-three motorcycle manufacturers in its membership (Figure 1).

Figure 1: *Number of Motorcycle Manufactures in Japan, 1940-1975*



Source: Alexander, 2008.

The smallest motorcycle manufacturers suffered from limited capital, relied upon outdated equipment and too few engineers to initiate mass productions. The successful rehabilitation of Japan's post-war motorcycle industry was carried out through a series of key Government decisions.

The first decision involved the stimulation of the small vehicle industry with subsidies aimed at boosting production for the sake of legalized gambling on motor races (Alexander, 2008).

During 1946-1965, the number of Japanese motorcycle firms grew rapidly and peaked in 1953 at 200, and then declined sharply for the first 20 years. Therefore, only four firms survived, and the industry evolved to be an oligopoly (Figure 1).

Japanese successful companies, Honda, Yamaha, Suzuki and Kawasaki became market leaders in the international motorcycle industry in the early 1960s. The production of the Japanese motorcycle industry during 1946–1965 was explosive. In the post-war Japan, only 200 or more motorcycles were produced in the early years. However, the volume of production had continued to grow rapidly from 1952, and it reached 2 million of motorcycles in the early 1960s (Kato, 2008).

Japanese firms were forced to stay competitive by investing continually in new designs and manufacturing systems and taking full advantage of economies of scale. Japan may well have begun its initial post-war boom in scooter and motorcycle production through copying foreign designs, but that is not what kept its industry growing and advancing (Figure 2).

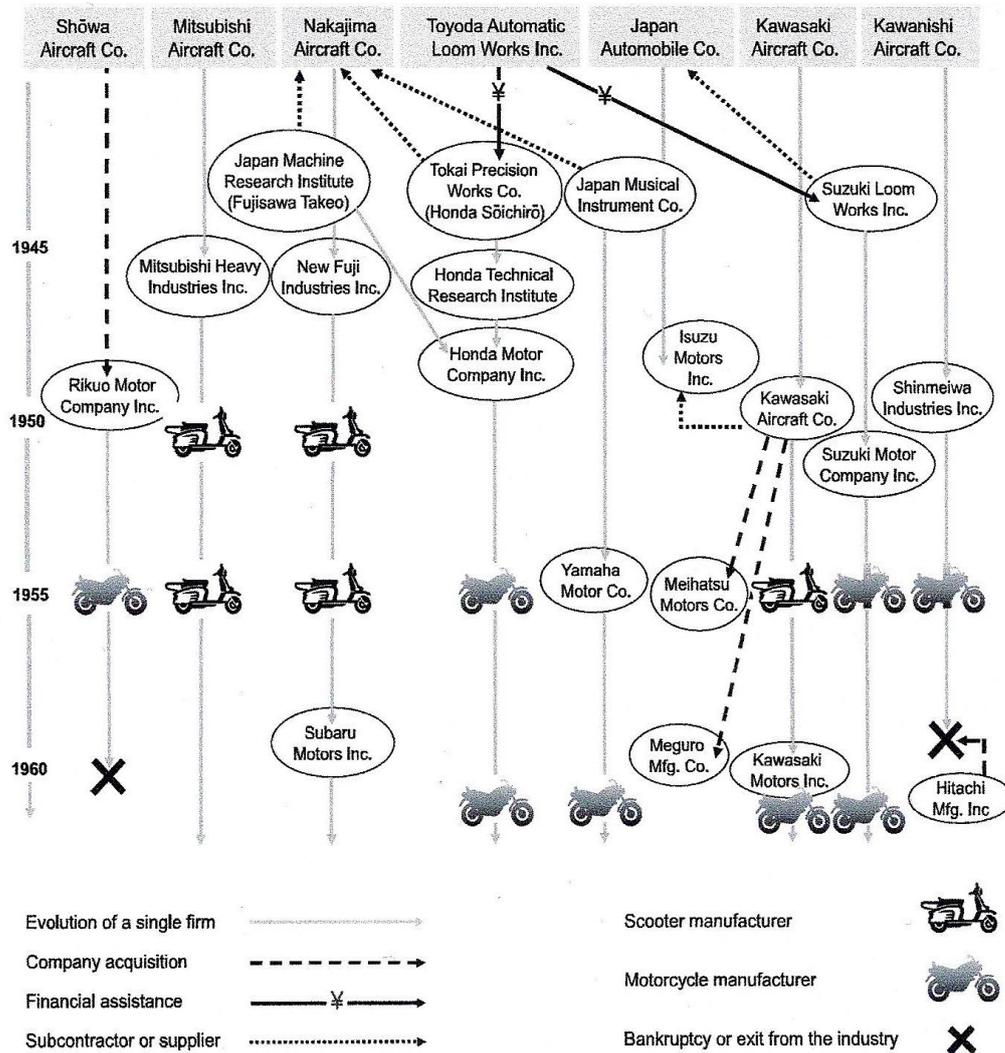
Copying alone is a technological dead end that will turn only short-term profits, and firms that rely solely upon copying will ultimately fall by the wayside just as they did in Japan during the 1950s and 1960s.

Motorcycle exports to Asia, Central and South America, and the United States began to rise from 1950 to 1955. As for export sales and the establishment of international brand recognition, victories in foreign races in the 1960s marked the real point of departure for Japanese motor vehicle makers. Exports became much more vigorous after 1959, when the Honda Motor Company founded the American Honda Motor Company and by the 1970s, the Japanese motorcycle oligopoly (Honda with its competitors Yamaha, Suzuki, and Kawasaki. Be careful: competitors, not rivals) was dominating the global motorcycle market (Hanssens, & Johansson, 1991).

In the latter half of the 1970s, when a serious depression hit Western advanced countries, the European Community (EC) began to criticize the Japanese imports. Since the early 1980s, Japan's global corporations have become dominant players in the global economy. However, the countries in the EC did not always all have a negative attitude toward Japan. The United Kingdom welcomed Japanese companies, which built their factories in the country, while France and Italy maintained restrictions of import from Japan (Abe, 2016).

Collaboration between the state and big businesses has long been acknowledged as the defining characteristic of the Japanese economic system. In particular, the speed, form, and consequences of Japanese motorcycle industry economic growth are not intelligible without reference to the contributions of MITI and JETRO.

Figure 2: The Origins of Japan's Successful Motorcycle Firms (1937-1963)



Source: Alexander, 2008.

JETRO, or the Japan External Trade Organization, is a Government-related organization that works to promote mutual trade and investment between Japan and the rest of the world. Originally established in 1958 to promote Japanese exports abroad, JETRO's core focus in the 21st century has shifted toward promoting foreign direct investment into Japan and helping small to medium size Japanese firms maximize their global export potential.

The history of MITI is also central to the economic and political history of modern Japan's motorcycle industry. Equally important, however, the methods and achievements of the Japanese economic bureaucracy are central.

□ *During the mid-1950s to the early 1970s, MITI played a role in Japanese industrialization. Industrial promotion measures adopted by the Japanese Government were no different from those widely practiced elsewhere in the world: preferential taxes, subsidies, low-interest policy loans, R&D assistance, SME promotion, entry*

restriction, coordination of output, investment and exports, building infrastructure, and the like. While the list of measures was similar, it can be said that MITI implemented them far more effectively than other countries. It is often said that MITI chose target industries by the income elasticity criterion and the productivity criterion. In other words, industries whose global demand was expected to grow strongly and whose productivity was expected to rise quickly were selected for promotion (Ohno, 2006).

If MITI merely offered broad development grants to firms that were willing to implement higher-efficiency mass-production techniques, such as die-casting. East Asian nations including Japan, South Korea and Taiwan have a history of Government intervention and encouraging big export industries. Close ties between Governments and the private sector are widely credited for having lifted the region out of poverty to the continuing debate between advocates of the communist-type command economies and advocates of the Western-type mixed market economies. The mixed market economies struggle to find ways to intrude politically determined priorities into their market systems (Johnson, 1982).

Government played its entrepreneurial role to accelerate the pace of economic and technological development of Japan's motorcycle industry. State intervention formulated economic policies for promoting the export drives to earn valuable foreign exchange and to obtain a more effective utilization of national resources. These tasks forced the Government to intervene in the economic activities through a planned dispersal of motorcycle industries, which ensured a decentralized growth of the country. The objective of state intervention was also to protect the Japanese motorcycle industry from the undesirable competition of foreign companies in the domestic market.

□ Motorcycles were the first product to be successfully exported from Japan to the world and racing was the ideal tool to do so. The global business of Made in Japan was created by the motorcycle industry.

In 1954, the President of MITI, Ishibashi Tanzan, developed the new industrial policies of MITI to increase the export of Japanese products. First, he reduced taxes to increase domestic demand, in order to obtain economies of scale and more competitive products. Since 1954, "overtake America and Europe" has been the strategic task of MITI. In addition, JETRO, JMF-Japan Machinery Federation and JPC-Japan Productivity Center were born in 1954-55. These organizations were aimed at solving the problem of the "blind trade", that is to help firms with information on international markets (Johnson, 1982).

The policies implemented by Ishibashi Tankan to develop domestic demand and encourage the growth of many industrial sectors were winning. The internal market has been the key factor for exports, allowing substantial economies of scale and significant reductions in costs and product prices.

In 1955, the first results of the economic growth were seen. Domestic demand increased and from 1955 to 1958, the number of motorcycle manufacturers increased too, driven by technical progress and the domestic market. The motorcycle industry became a fundamental driver of the economy. In 1954, for the first time since the war, a Japanese motorcycle company (Honda) took part in an international race. In 1957, on the other hand, the first attempt to export cars in US (Toyota and Nissan) was a major failure.

In 1958, there were about a hundred motorcycle manufacturers in Japan.

From 1958-59, MITI recognized the fundamental role of the motorcycle industry for the development of the country. Since 1958, however, MITI focused the motorcycle industry on Japanese global exports and for four years imposed a heavy industrial rationalization policy, limiting development to strong manufacturers capable of exporting winning products. Consequently, in a few years the number of producers reduced from one hundred to practically four. In 1965, only The Big Four entered the English market with exports. In the USA, the bikes of The Big Four were the first successful Japanese product. In just a few years, Honda became the largest importer of motorcycles in the country and started the era of products made in Japan (cars, radios, HiFi, TV sets, electronics).

Most of the entrepreneurs who entered the motorcycle industry in the post-war era generally managed small, shop-based enterprises, and institutions like Japan's Ministry of International Trade and Industry (MITI) and Japan External Trade Organization (JETRO) were determinant to encourage competitive exports and inspire innovations in product design. Competitive designs and marketing strategies were focused on a series of worldwide speed and endurance races of critical importance to point out the Japan's absolute dominance of the motorcycle industry, centered on Honda, Suzuki, Yamaha, and Kawasaki motor corporations (*The Big Four*).

The Big Four manufacturers that survived the motorcycle industry's remarkable post-war convergence in the order that they entered the business were Honda, Suzuki, Yamaha, and Kawasaki motor companies. The origins of these companies and their operations go back to the early 1960s, when they began exporting their products in volume.

None of The Big Four manufacturers entered the motorcycle industry until after 1945, but none was simply a start-up company. Each of them was a firm with a significant amount of management experience operating large manufacturing plants during the war, and each had a clear repository of engineering experience or the machinery needed to support post-war engine production (Alexander, 2008).

Honda did not have the same initial capital reserves as its competitors. While Suzuki was supported financially by Toyota, and both Kawasaki and Nippon Gakki had ready supplies of development capital, Honda was obligated to stay liquid by means of Government subsidies. Furthermore, each of the Big Four firms invested significant time, resources, and technical skill in the development of highly competitive and marketable designs.

□ *There is a long-lasting gap between the West and Japan regarding what constitutes a good development strategy. The West, especially the Europeans, thinks that the ultimate goal of development is poverty reduction and emphasizes health, education and other programs that directly help the poor. They also stress good governance – efficiency, participation, transparency, accountability, etc. – as the prerequisite for receiving aid. By contrast, East Asia is much more growth contents-oriented. As a major donor and a member of East Asia, Japan wants to propose this view as a complement to the current global discussion which often focuses too much on poverty at hand and too little on long-term growth strategy (Ohno, 2003).*

Japanese corporations are the chief architect of the East Asian production network. Asian dynamism has also been supported by the trade and investment relationship with the EU and the US, as well as the extensive business networks of Taiwan, Hong Kong, and the overseas Chinese. During the last decade, the emergence of China as the factory of the world became the new important factor (Brondoni, 2020a). The mutual interaction is accelerating and dynamically changing, as seen by increasing machine parts trade, which reflects the deepening of international division of labour in manufacturing (Ohno, 2003).

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