Cross-Cultural Literacy and the Pacific Rim

Philip West, Guest Editor

We must remember that when we discuss the Pacific Rim we are not discussing a monolith. The countries making up the Asia Pacific region are as different as are Americans and Europeans, sometimes more so.

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The greatest weakness American firms have when competing on the Pacific Rim is not U.S. trade policy or unfair trade practices others may follow. It is the Americans' lack of basic knowledge and understanding about our East Asian neighbors—what they think and how they behave. Many highly educated and otherwise successful Americans do not even know the basic geography of the Pacific Rim.

To confuse matters and compound weakness, Americans are not sure how to perceive, how to feel about, the Pacific Rim. Should we be optimistic? Guarded? Pessimistic? Is the Asia Pacific part of the U.S. competitive problem or part of the solution? The upswing in the J-curve appears finally to be taking place. But the deficit is still large, and whole sectors of American manufacturing are challenged by the trading power of the Asia Pacific. Although the creation of Pacific Rim task forces has stimulated much new thinking in American firms and communities, quick-return and bottom-line preoccupations still dominate discussions about the Pacific Rim.

Educators too are responding to the growing demand for instruction about the Asia Pacific region. For the most part, however, Asian peoples and ways of thinking still lie on the periphery of the high school curricula, the liberal arts, and business education.

Much is said these days about rebuilding American competitiveness. But here too we do not know what to think. One "report card" on competitiveness gives the United States a C overall: B- in business; C in higher education; D- in elementary/secondary education; C's and C-'s for all levels of government. According to this evaluation, these weaknesses are not simply the result of "myopic management"; they are "systemic" in nature and are linked with the "American preoccupation with short-term goals" (Council on Competitiveness 1988, 2). Another report is more encouraging. It highlights American creativity and innovation and our open economy. The edge in the "coming economic competition," according to the second report, "will belong to those nations and organizations strong enough to nurture individual initiative, creativity, and quick decision-making," with the United States forging the "next great economic

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paradigm" (Kotkin and Kishimoto 1988, 213).

Whatever one's outlook, it is important to grasp the larger picture, to get beyond preoccupations with the latest statistics, and to examine differences in ways of thinking on the two sides of the Pacific. How do the peoples of the Asia Pacific define themselves? How do they see their history in relation to ours? What values influence the ways they think and behave?

The task before us may be seen as one of cross-cultural literacy. We hear much about literacy these days—functional, geographic, mathematical, and economic. It seems we are not doing as well in any area as we should. Basic literacy in America is commonly placed at 80 percent, compared with the 95 percent or higher rates of industrialized Europe and Japan. Depending on whose definitions and figures are used, our literacy rate could be considerably lower than Taiwan and South Korea; it has been put on the same level as Vietnam and Burma. More disturbing is the rising drop-out rate in high schools—in some large American cities as high as 40 percent—and the sense that rates of illiteracy appear to be increasing rather than declining. Besides functional literacy, we face problems of what has been called cultural literacy—the ability to pick up a newspaper, get the point of an article, grasp the implications, and relate what is read to the unstated context. It is no longer possible to take for granted common American perceptions of the world or the values of "white Anglo-Saxon Protestants," in the words of E. D. Hirsch (1987), to meet the "imperatives of industrial civilization."

The problem of cross-cultural literacy as it applies to the Pacific Rim is different. Our performance in this regard would improve if our geographic and cultural literacy about the Asia Pacific were higher. But cross-cultural literacy also requires a particular sensitivity not often associated with American behavior in international trade. The imperatives of industrial civilization are no longer ours to define, as they were in the mid-1950s. Both the game and the rules have begun to change. Our trans-Pacific trade is increasingly defined in Asian terms, with Asian perceptions and Asian values. Success in this new environment requires a different kind of imagination.

We offer here an outline for the task ahead by inviting the reader to look at the deeper meanings of four words: Asia, History, Individual, and Time. We will see how these words are used in very different ways on both sides of the Pacific today, and we will explore the implications of these differences for doing business on the Pacific Rim.

ASIA

The way we use words today can be far different—if still quite useful—from their original meanings. The word "Asia" and its close counterpart "Orient" are examples. We speak of Asian peoples, the Asian games, the Asian mind. And imprecise as the word "Oriental" is, it means something to us when we say Oriental restaurant, Oriental tastes, and Orient Express.

When it comes to doing business on the Pacific Rim, however, the terms "Asia" and "Orient" can confuse as much as they clarify. Common and otherwise acceptable imprecisions in everyday conversation can lead to mistaken ideas and counterproductive decisions. Many American businessmen know enough to avoid the trap of thinking that all Asians "look" or "act" alike. Nonetheless, the differences we see between Americans and the people living on the other side of the Pacific are sometimes so large that it is tempting to lump all of Asia together, dismissing the differences within as unimportant details.

The people we often refer to as Asian do have much in common. They tend to be shorter than most Americans, have darker features, and share certain values and ideas quite different from our own. To the uninitiated—or illiterate—they may appear to look and act alike. But the diversity in language, political, and economic patterns among Asian peoples is in many cases greater than the differences between them and ourselves. Spoken Chinese, for example, shares more in common with English than it does with spoken Japanese or Korean. As

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a political structure, Japanese democracy sounds familiar to us. But China's communist government seems strange and forbidding. More subtle and difficult to grasp are the politics of Taiwan, South Korea, and the Philippines, countries whose political ideas and organization are alternately strange and familiar and give rise to the concept of Asian-style democracy. And the differences in economic levels within the Asia Pacific region—between Indonesia and Brunei or between China and Japan—are so large as to make meaningless any reference to common resources, common tastes, or common markets.

The place to begin is the map. The largest continent on the face of the earth is the landmass that links the Atlantic and Pacific oceans. Somewhere on that piece of land a line separates Asia from Europe. In most definitions, Asia is east of a line beginning at the north end of the Ural Mountains, running through the Caspian Sea, and into the Persian Gulf. That definition of Asia began with the Greeks, for whom the peoples of "Asia minor," those of Turkish origins, and of "Asia major," the Persian Empire and beyond, were hostile to Greek power and civilization.

When the European powers expanded into the Pacific region some 2,000 years later, they extended the term Asia to include everyone living between the "Asian" regions of Greece and the Pacific and Indian Oceans. As the term "Asia" or "Asiatic" gained popularity in the 19th century, it carried in European languages largely negative connotations of backwardness and lack of civilization. One still hears the patronizing concession, "Aren't they where we were a generation or two ago?"

Prior to the 19th century, the term "Asia" did not exist in the languages of the Asian peoples. After their experiences with Western imperialism, however, they did find equivalents: *Yazhou* in Chinese, *Azija* in Japanese, and *Asia* in Korean. These renditions of the term emerged as reaction to and defense against the Western intrusion. So powerful and deeply embedded has the intrusion been in modern times that these terms, however alien in meaning and intent, are still used. It is a use that springs from habit, from politeness, and from acceptance of the fact that English, as a European language, is the dominant language of discourse on the Pacific Rim.

Refinements in both our knowledge about Asia and our use of the term have only begun. The general curricula in our schools and colleges are typically divided into "Western" and "non-Western" categories, with too little appreciation for the diversity either within Asia or between Asia and the rest of the "non-Western" world. Linguistically, culturally, historically, politically, even physiognomically, West Asia, South Asia, Central Asia, Southeast Asia, and Northeast Asia have very little in common. The people of Iran, India, Indonesia, and China have no more in common culturally than the people of Japan, Canada, Mexico and France. When Nakane Chie, Japan's foremost sociologist, offers contrasting examples to dominant themes in Japanese society, she uses India and China as often as the United States.

"Far East" and "East Asia" are more precise terms because they include two large geographic regions we most often associate with the Pacific Rim. The first is Northeast Asia (China, Japan, the Koreas, and Taiwan). The second is Southeast Asia (the former Indochina states of Vietnam, Cambodia, and Laos). This region also includes the recently formed cluster of six nations commonly referred to as ASEAN (Association of Southeast Asian Nations): Indonesia, Thailand, the Philippines, Malaysia, Singapore, and Brunei). Australia and New Zealand are often mentioned in discussions of the Pacific Rim, but neither is historically or culturally a part of East Asia. American trade with those countries follows a pattern similar to that of trade across the Atlantic.

Although the use of "Far East" or "East Asia" is an improvement, both terms have drawbacks. The Far East to Europeans is further away than the Near East, but for Americans the opposite is true. The use of the word "Asia" may still echo the earlier Greek and European ethnocentrism. "East Asia" has become widely used in American colleges and universities; it appears to be less culture bound,

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and it describes more accurately the people who live on the eastern part of the Eurasian landmass.

In the business world and in some universities we often encounter the term "Asia Pacific." Except for the fact that it does not include Central Asia, with which the U.S. has minimal trade in any case, it refers to the same region described by the terms "Far East" and "East Asia." Whichever of these more precise terms we may use, keeping in mind the large cultural and economic differences that distinguish each of the countries in this region is a prerequisite for achieving cross-cultural literacy and business success.

The task of literacy is not to abandon altogether the use of words such as "Asian" or "Oriental." Rather, it is to use them with greater precision. A similar imperative applies, of course, to our use of words like "Western" or "European" where differences in ways of thinking are apparent. But the problems of cross-cultural literacy are greater in the Pacific region than in the Atlantic, because the linguistic, cultural, economic, and political differences across the Pacific and within the Asia Pacific region are significantly greater than those across the Atlantic and within the European community. With or without a knowledge of any foreign language, an American businessman may be comfortable and relatively effective in Europe today. But without some basic knowledge of fundamental differences in cultural patterns in the Asia Pacific, an American businessman is typically unsuccessful on the Pacific Rim.

HISTORY

It is often said that the American people have a limited sense of their own history while the peoples of East Asia have a powerful sense of the past. It is also often noted that educated people in the Asia Pacific region know more about our history than we know about theirs. Indeed, their study of Western cultures and languages is typically a core educational requirement. Their greater knowledge of Americans gives them an edge in understanding how U.S. businessmen think and behave.

The overriding theme in their modern experience is how Western ideas were introduced into the Asia Pacific region and how those ideas have been accepted, refined, and at times rejected. Their earliest contacts with the West reach back to the days of the silk trade during the Roman Empire. They began to leave a clear mark on the Western imagination in the 13th century with Marco Polo and his generation. In these earlier periods the greater flow of goods and ideas was toward rather than away from the West; the technologies, the cities, and the cultures of East Asia were in many ways more advanced. Francis Bacon noted in the 17th century how three inventions—printing, gunpowder, and the magnet—had "changed the whole face and state of things throughout the world, the first in literature, the second in warfare, the third in navigation." Unknown to him, all three came from China.

It was not until the powerful impact of the Industrial Revolution that the West approached the Asia Pacific with the technological and military superiority that came to dominate the relationship. With its technological edge, the West began to look upon the Asia Pacific peoples as inferior. Its victories in nearly every war fought in the Pacific region in the century from 1840-1945 only confirmed this powerful sense of superiority.

These notions remained strong well into this century, as Asian nations typically lost their military battles with the Western powers and were forced to sign treaties that worked to their disadvantage. In some ways the American defeat of Japan in World War II was a part of this larger pattern. Protected by those treaties, expanding trade—in the name of "free trade"—was conducted on Western, not East Asian terms. Foreign residents living and working in East Asian cities were protected by Western laws. Missionaries, among others, exploited these provisions in bringing to the Asian peoples a whole new set of ideas and institutions, with devastating consequences for East Asian cultures. In time

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the East Asian styles of diplomacy, based on notions of hierarchy and propriety, were replaced with the European notion of equality among sovereign nation states. The control of trade by East Asian governments was replaced by free trade Western-style. The imperialist pattern was repeated (with distinct variations) by the British in China, the French in Vietnam, the Dutch in Indonesia, and so on, but the impact and shock to East Asian ways of thinking were similar.

East Asian responses also varied. The Japanese were quick and effective in their response. By the turn of the 20th century they were able to advance their own imperialist cause throughout the rest of East Asia. The Chinese response to the Western impact was much slower, and the agonies of civil strife and political chaos that marked their struggles fueled the revolution that brought the communists to power in 1949. Korean, Vietnamese, Filipino, and Indonesian nationalistic movements were also slow to develop and have left their distinctive marks on political life today. After World War II, Western imperialism and colonialism for the most part came to an end.

The experience with the West has given these very diverse nations a sense of being brought into the modern age largely against their wills. Western people, ideas, and institutions were not invited into the Asia Pacific; they forced their way in with violence. It was a time of gunboat diplomacy, with Western guns trained on East Asian resistance and justified by Western notions of fairness. The response of East Asian nationalists was one of accommodation in the interest of survival. Today a powerful sense of "catching up" can still be found in East Asia, even for those with comfortable trade surpluses with the U.S. Asian responses to the Western thrust were also resentful, leaving yet today subtle though powerful feelings about the "unfairness" of modern times.

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But the other violence, that committed between and within East Asian nations, was perhaps greater than the imperialist violence. An estimated 20 million people died in the civil wars known as the Taiping Rebellion in China in the 1850s and 1860s. During World War II, Japan's brutal occupation of Korea for 35 years and its occupation of much of the Asia Pacific by the early 1940s ended with an estimated 18 million lives lost in the Asia Pacific region alone. And violent as American military behavior was on the Indochina peninsula, the greater violence has been that of the "brother enemy," Cambodians and Vietnamese against themselves and—fueled by long-standing hostility between China and Vietnam—against the overseas Chinese living in Vietnamese cities. The point here is not the details of Asian encounters with the West in modern times, but the question of fairness. In the context of modern imperialism, Western charges of "unfairness" in Asian eyes may appear to be shortsighted at best, sheer hypocrisy at worst. If Pacific Rim trade since World War II has been largely an American "game," to cite an imaginative PBS documentary in April 1988, and if the Japanese and other Asia Pacific countries are beginning to play by their own "rules" in making contracts and distributing goods, Americans crying foul may appear as poor sports.

Perceptions of fairness are also blurred by misleading generalizations, and they suffer from a lag behind changing realities. Hong Kong, for example, has long been one of the freest port cities in the world. In the 1960s Japan was noted for infant industry protectionism, and yet now, according to the General Agreement on Tariffs and Trade, Japanese formal trade barriers are generally lower than those of either Western Europe or the United States. Import duties in Taiwan, South Korea, China, and much of Southeast Asia remain high by comparison, but they too are declining.

These concerns with Asian perceptions of fairness do not deny that unfairness on the Pacific Rim exists, nor are they offered as a camouflage to real problems. Although declining in competitiveness, the American lead in Pacific Rim trade is still strong and will likely remain so into the next century. The structure of that trade, furthermore, has been largely an American creation, and the openness of the American market continues to provide the major window of opportunity for the export-oriented countries of the Asia Pacific. East Asian

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definitions of intellectual property have been very different from our own, and their disregard of American laws rightly fuels the American sense of unfairness. Differences in industrial policies also help explain rising and declining competitiveness on the Pacific Rim. Drawing clear lines between public and private sectors is key to American notions of good government, but it is not a part of Asian political cultures. This issue, too, continues to complicate the question of fairness.

As with athletics and other games generally, the game of world trade changes with time, and it yields to those with power to shape it and those who play it best. By the turn of the century, we can still expect American rules to dominate the game of Pacific Rim trade. But we must also be prepared for East Asian ways of thinking and behavior to affect, even alter those rules. To merely resist growing East Asian influence, to refuse to understand why and how their rules are made, and to assume that American notions of fairness are universal and not time-bound, is to expose our weaknesses in historical and cross-cultural literacy.

THE INDIVIDUAL

The most pervasive difference in the states of mind on the two sides of the Pacific Ocean is in the status of the individual and his role in society. We know this as the conflict between individualism and groupism, between the rights of the individual and the claims of the collective. The debate is alive because it occurs not just between cultures but also within them. Critical of their own past, Asian peoples still press ahead for greater freedom for women (sexual equality) and greater protection against governmental authority (human rights). At the same time, many Americans have come to question the "Lone Ranger" dimension of our cherished ideals and the excessive individualism in our culture. The challenge is to sort through the elements in the debate and not be lured into thinking that the peoples of the Asia Pacific, either by choice or by the forces of history, will become as individualistic as are Americans.

The profound influence today of Western ideas such as individualism on East Asian cultures is only part of the story. Their attraction in the 19th century was in some ways merely a means, a kind of ideological or political technology, to gain military strength sufficient to withstand, and where possible, to throw off the force of Western imperialism. By releasing and harnessing the energies of individuals, Asian nationalists believed, the state could become strong. This energy release, however, did not necessarily result in the fuller life or the happiness of the individuals themselves. For example, some 19th century Chinese leaders believed that they could adopt Western ideas without threatening the "essence" of Chinese culture. With the hindsight of today, that belief appears naive. Modernization in China (and Taiwan), as seen in its education, family relations, and universal claims to democracy, has been above all a challenge to the traditional authority of government and the group over the individual. Although that process of modernization has stalled, at times violently as during the Cultural Revolution in China, it has not stopped. But the wish to preserve distinctive ways of thinking in China, to see the future not merely as the repeat of Western ways, remains a powerful one. With variations in timing and degree, this pattern of shock, accommodation, and pride in earlier ways of doing things applies to all of the Asia Pacific in this century.

East Asian peoples may be disappointed about the way Western ideas have undermined the cultural ecologies of their past, but the struggle between the two states of mind is not over—nor is the outcome by any means certain. Idealists on both sides of the Pacific could wish for the best from the East to join the best from the West. But there is little agreement about what is best and how much from each side would be a good balance.

In the coming century, individualism may play a very different role in East Asia than it will in the U.S. Three distinctive forces will make the peoples there vigilant toward individualism and cautious before rejecting completely the powerful group orientations of the past. The first force is the enduring pride in

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those ideas that created the unparalleled richness of their own cultures and histories. Attractive as democracy and human rights are in modern times, the ability of these ideas and values to hold people together and endure over time remains to be tested. Although blunted in modern times by Western ideas of science and democracy, Confucianism and Buddhism are still strong in East Asia. They remind the people that the highest good is the good of society and that the worst blemish of the unenlightened person is egotism and selfishness. One can still score points in an argument in Chinese today by showing that the other party is too individualistic, *tai geren zhuyi le*. The favorite image in Taoism is water, which yields to pressures from any direction but which is ultimately the most powerful of the natural elements. Struggles and violence among rival factions scar the histories of the Asia Pacific, but as a vision of the good, Western notions of advocacy on behalf of one individual sound shrill and appear shortsighted.

A second force pulling East Asia away from individualism is the efficacy of the group orientation. It is the pragmatic argument of superior work and greater productivity. To be sure, the high rates of economic growth in recent decades for almost all of the Asia Pacific countries are typical of developing countries. As they mature, the rates of growth will increase less rapidly. But East Asia can point with pride to the more accurate measure of economic vitality, their increasing rates of productivity. Here we confront the East Asian edge as a reflection not of trade surpluses but of ideas about work, loyalty to their country, and notions about the future. East Asian cultures have turned on its head the long-held claim that successful modernization was somehow linked to the "particularistic" values associated with Western thought. Peter Drucker conceded as much in the early 1970s in his writing about Japan. And Herman Kahn stated it boldly in 1979 when he said the Confucian ethic was playing a "similar but more spectacular role in the modernization of East Asia than the Protestant ethic played in Europe." These "Neo-Confucian countries," Kahn added, "now outperform the West" (Solomon ed. 1979, p. 185).

What might appear to be vague historical and philosophical observations cannot be so easily dismissed when Drucker and Kahn help explain what troubles Americans so deeply. The decline in American performance, as measured in the loss of share of American firms in the following high-technology markets since 1970, seems to confirm their observations: color TV, from 90 percent to 10 percent; machine tools, from 100 percent to 35 percent; and semiconductors, from 89 percent to 64 percent. In the all-too-familiar area of passenger automobile production, American firms dominated the Japanese by a factor of 40 to 1 in 1960, two to one in 1970, and were surpassed by Japan in 1980. Even in domestic auto production Japanese automakers in the United States may well account for 10 percent of the American domestic market by 1990 and 25 percent by the mid-1990s. In the broad yet highly indicative category of memory products, the world market share of U.S.-based firms, expressed as a percentage of world shipments, declined from 75 percent in 1980 to 25 percent in 1986. Americans continue to grope for an edge, a niche, that will redress the balance.

The loss of American competitiveness in these critical categories has been largely the gain of Japan and the Asian NICs, the "four tigers" of South Korea, Taiwan, Hong Kong, and Singapore. It would be irresponsible to suggest that these shifts can be explained simply as a function of differences in views of society and individualism on the two sides of the Pacific. But in terms of cross-cultural literacy, excessive individualism and the associated adversarial view of human relationships do seem to have a bearing on attitudes toward the workplace and performance in it. The American relative decline in these critical sectors cannot be explained by impersonal factors alone. Conversely, the inclination of Japanese, Taiwanese, and Korean workers to sacrifice themselves for the good of the firm, in ways that we may find strange, surely bears some relation to their performance and rising competitiveness. For pragmatic reasons alone, then, the people of the Asia Pacific may not be inclined to move as far along as we have toward individualism.

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A third force that sustains the more conservative group orientation in the Asia Pacific is quality of life. To those for whom the elbow room of wide open spaces is the highest priority and for whom "live free or die" is more than a slogan for license plates, East Asian claims to particular qualities of life may seem far-fetched. Population concentrations several times greater than ours, not only in the cities but the countryside as well, will place severe constraints on qualities of life in East Asia, even as birthrates decline and population growth tapers off. Our East Asian friends often say that population pressures alone may be the major factor explaining their group-oriented value system, that individualism simply cannot survive with so many people concentrated in such a small area. But the consequences of particular land-man ratios are not clear. The smaller countries of Northern Europe, for example, have some of the highest population concentrations in the world; yet they are more individualistic than our neighbors in the Asia Pacific region. The difference in perception may also pivot on what it is that crowds the streets: people or cars. Asian students studying in the U.S. often find our large cities to be cold and impersonal compared to the human bustle of streets in Hong Kong and Singapore.

In short, many Asians—if they had the choice—would much rather be there than here, and they believe their group orientations provide them with highly desired qualities of life not possible in the American environment. In the work force, for example, Japan's emphasis on harmony between management and labor in the mid-1980s means only one-tenth the number of days are lost in labor disputes, on a per capita basis, as in the U.S. The good of the community in Japan, which contrasts with the rights of the individual in the United States, may also help explain the great differences in safety in the streets at night. Crime rates in Japan, as measured in violent crimes per unit of population, are a fraction of those in the United States: one-fifth in homicide, one-twentieth in forcible rape, and one-seventieth in robbery. One explanation is gun control in Japan, but that too may be little more than the idea that the right of the individual to bear arms is decisively second to community safety. Finally, Asian peoples resort less to the appeals and institutions of advocacy, yet another measure of differences between individual and group orientations, in solving human conflicts. Legal institutions in Japan and throughout East Asia generally are deliberately kept in check. The number of judges and lawyers in Japan on a per capita basis is one-twentieth that of the United States; a similar ratio exists for the number of civil cases filed in the courts. The fact that mediation, not advocacy, is the normal method for settling disputes may also explain why the divorce rate in Japan and elsewhere in East Asia is one-third that of the United States.

Generalizations from these contrasts between Japan and the United States must be made with qualification. China, crawling out from underneath the Cultural Revolution and taking a new look at its own collectivist underpinnings even as the Communist Party maintains firm control, may have a very different point and direction in history from Japan or Taiwan or South Korea. And for all of their continuing economic success, Japanese leaders themselves are looking critically at the costs of the group emphasis in many parts of their culture. Nor can generalizations about the problems in American qualities of life be extended uncritically to Western Europe. Days lost in labor disputes in West Germany are lower than in Japan; violent crime rates throughout Western Europe are much lower than in the United States and comparable to those in Japan. The problems caused by the great emphasis on individualism may indeed be unique to the United States.

These cross-cultural comparisons are offered not as conclusive evidence one way or the other on the relationship between modernization and individualism. Indeed, with variations in degree and kind, the people of the Asia Pacific region are still highly critical of weaknesses in their own cultures—the overemphasis on personal connections in doing business, the lack of adequate checks on the misuses of power, and the lower status generally of women compared to that in the United States. American jeans and sweaters, the music of Willie Nelson and

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Leonard Bernstein, the sagas of Magic Johnson and Florence Griffith-Joyner, and other swatches of American ideas and culture continue to sweep across the Pacific. The openness and candor of American culture is still a chapter to be celebrated in human history. One can only imagine the numbers of people from the Asia Pacific who would come to the United States if immigration restrictions were dropped. But critics of Japan and the Asia Pacific today only reveal their cross-cultural insensitivity when they suggest that there is nothing to learn from East Asia and that what really explains Japanese behavior, for example, is fear—Theory F in place of Theory Z (Kotkin 1988, 136-142).

The U.S. can no longer assume that the peoples of the Asia Pacific will necessarily continue coming "our way." The competitive edge of the Asia Pacific rests on a combination that is neither completely traditional nor completely Western. In reflecting on the Japanese experience in the 20th century, one writer warns how "erroneous and fatally dangerous" it is to conclude that Japan shares the "same institution of society [and] of knowledge and . . . particularly the same cosmos of meaning" simply because it shares with the West the "common institution of technology." Although historians can speak of progress in "science and technology," when it comes to the meaning of the modern experience, "there is no progress in morality, art, and politics" (Kyogoku 1985, 271).

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TIME

The sense of time correlates with the sense of history. It may even be said that Americans' short history and historical illiteracy explain their shortsightedness and short-term approaches to trade on the Pacific Rim. By contrast, the longer view of time we associate with East Asia correlates with their longer histories and their greater sense of the past. Correlations can also be made between views of time and views of the individual's relationship to society. A highly individualistic person tends to be shortsighted. After all, his concerns are limited to the perceptions and demands of one person. Highly group-oriented people tend to have a longer view of time. If nothing else, responsibility for others and sensitivity to what others think require attention to a broad range of issues, over which no one person has control and which may not make sense until far into the future.

There are abundant examples of the contrasts between shorter and longer views of time. The preoccupation with quarterly returns that typifies the American corporate world contrasts with the market-share orientations of Japan and the Asian NICs. Leveraged buy-outs and corporate raiding here contrast with the long-term planning and greater government coordination in the Asia Pacific.

The low savings rate in the United States is yet another illustration of short-term orientations, and it contrasts widely with the higher rates throughout the Asia Pacific (including China, where incomes are extremely low in comparison with our own). Savings rates have not always been high in the Asia Pacific, nor do the low American rates of savings represent those in Europe. The rates in pre-war Japan were lower than our own; household savings in Italy are comparable to those of the Asia Pacific. These differences and changes in rates, furthermore, can be explained in part as a function of tax policies that can encourage or discourage savings. Nevertheless, whether the greater savings are a function of personal inclination or tax policies, they are a reflection of the longer view of time.

Perhaps the most devastating implication of the short-term view Americans hold is the related issue of indebtedness. Here too, vast differences must be noted, not only between the two sides of the Pacific, but also within the Asia Pacific region and within the Atlantic Community. But something can be said about the relation between short-term thinking and indebtedness. The U.S.'s shift in the last decade from being the world's largest creditor to the largest debtor is vigorously debated but little understood. The federal debt, too, frequently finds its way into headlines, but it has yet to be addressed as national policy. Nowhere is this more apparent than in short-term gains made by those who proclaim "no more taxes"

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"All firms, regardless of national or cultural designation, have a bottom line. The difference is where that line is drawn in the cost-benefit analysis."

without making drastic cuts in expenses. That so many can be fooled is possible only because of our short views of time. Unfortunately, the devastating consequences will hit our children and our grandchildren. Thinking only of present consumption with callous disregard for the future is like eating the seed corn before spring planting. Moreover, dwarfing the national debt—large and seemingly unmanageable as it has become—is corporate debt and household debt. Indeed, the causes of indebtedness should give us great pause when we think about ourselves, on or off the Pacific Rim.

The implications for doing business on the Pacific Rim are far-reaching. We do not even know what to believe about where we stand. Should we be confident about the future or discouraged? Are deficits declining? Is indebtedness shrinking? We are jerked back and forth between economist A, who says yes, and economist B, who says no. Without long-term thinking we grope for quick reassurances and quick answers. We preoccupy ourselves with daily shifts in the stock market, weekly changes in the exchange rate, monthly reports on the trade deficit, and the yearly unemployment rate.

The politicians argue about the ability to create jobs, ignoring for the most part questions as to whether those new jobs address the systemic problems of restructuring, improving qualities of life, or competing on the Pacific Rim. Indeed, the largest share by far in the increase of new jobs in the last decade is in the service sector. Its contribution to raising the production and quality of the manufactured goods necessary to reduce trade deficits is questionable. Services may not provide us any edge in the future, since we may soon become a net importer in this area as well.

Could there also be a correlation between short-term thinking and the great emphasis these days on high technology? No one can deny how important high-tech niches have become on both sides of the Pacific. Valuable as high tech is, however, it cannot alone become the panacea for restoring competitiveness. Peter Drucker (1985, 13), for one, reminds us how the "high-tech industries follow the traditional pattern of great excitement, rapid expansion, and then sudden shake-out and collapse, the pattern from 'rags to riches and back to rags again' in five years." High tech, he adds, "does not generate enough jobs to make the whole economy grow again. But the 'low tech' of systematic, purposeful, managed entrepreneurship does." This is not to say that questions about restructuring and the role of high technology are problems on this side of the Pacific alone. Indeed, the restructuring of the economies and the rapidly shifting comparative advantages among the Asia Pacific countries are problems every bit as large as our own. What may give them an edge, however, is the predisposition to approach these problems with a longer rather than a shorter view of time.

In the U.S., using the phrase "bottom line" portrays oneself as realistic. When Americans wish to present themselves as being tougher than they really are, they borrow phrases from other lines of work—"har ball" from the world of athletics and "bottom line" from the world of business. Whether the simple employment of these words makes us any tougher is not always clear, but the urge to be more realistic is shared by all professionals. The irony is that the term "bottom line" has become almost synonymous with short-term thinking. When it comes to trade on the Pacific Rim, "bottom line" arguments, when used to justify short-term goals, hurt rather than help our ability to compete and may in fact turn out to be highly unrealistic.

All firms, regardless of national or cultural designation, have a bottom line. The difference is where that line is drawn in the cost-benefit analysis. Much is said these days about the "softer" approach to management and the importance of "human resources" in planning. When the "low-tech" variables of education, language skills, basic geographic literacy, and cross-cultural sensitivity are included above the bottom line, only then will systemic thinking and possibly an enhanced ability to compete on the Pacific Rim be realized.

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Even without cross-cultural literacy or sensitivity, many American firms have been extremely successful doing business on the Pacific Rim today. In many ways trade across the Pacific is still very much an American "game" played by American "rules." Moreover, the adage that "business is business" has held true throughout history and cuts across linguistic and cultural barriers. Success in world trade has rarely if ever depended on the advice of academics and other specialized experts. The change on the Pacific Rim that we only begin to comprehend is so large and complex that no one expert can offer much more than a glimpse of what is going on.

Nor should the question of our competitiveness be defined only as a problem on the Pacific Rim. The share of world trade occupied by the European Economic Community is still larger than the combined share of the United States and Japan. If regional integration in Europe becomes a reality, and if the thaw in the cold war continues, new challenges and opportunities quite unrelated to the Pacific will arise. Nor should the cultural differences on the two sides of the Pacific be overdrawn—as if the Atlantic Rim were of one mind. The threats of retaliation and counter-retaliation across the Atlantic over one item of trade, beef, reminds us that the problems of cross-cultural sensitivity are not ours alone, nor are they only with the Asia Pacific. If all of the energies in the last few years generated by the heated discussions over beef could be channeled into productive joint ventures in one area, for example medical equipment, American trade across both oceans might well provoke less anxiety.

"One can master a few phrases of Chinese or Japanese, learn that Seoul is west of Tokyo, buy the proper gifts, learn to eat with chopsticks, and still be far from understanding what is really going on."

Nevertheless, few will deny that our positions in world trade and competitiveness have declined, and that the declines are most dramatic relative to the impressive and surprising success of the Asia Pacific. Restoring competitiveness is systemic by nature. It will require a more accurate knowledge about Asia as a geographical place, a greater appreciation for the historic forces that drive the people of the Asia Pacific, and a view of time much longer than we have been inclined to adopt. One can master a few phrases of Chinese or Japanese, learn that Seoul is west of Tokyo, buy the proper gifts, learn to eat with chopsticks, and still be far from understanding what is really going on. The approximate, and often embarrassing, production of *ohayo gozaimasu* in Japanese or *ni hao* in Chinese may be no more than the cross-cultural equivalents of junk food.

Creating greater cross-cultural literacy or sensitivity in schools that are themselves under severe criticism these days will not be easy. And instilling greater understanding of East Asian ways of thinking and behavior into a corporate culture that has dominated world trade for much of this century is no less a challenge. But to see the problem of competitiveness on the Pacific Rim without a greater appreciation for the problems of cross-cultural literacy is to play to our weaknesses and to deny opportunities for improving our performance. ❐

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