

Will Japan Outpace U.S. Innovators?

December 13, 1988

(Letter to the Editor appeared in The Wall Street Journal)

In [its] Nov. 14 special report on technology, [*The Wall Street Journal*] asked the question, “Can America remain the supreme innovator?” At a time when many best-selling authors and management gurus are already pronouncing Japan as the winner in the technology race, the answer has to be a resounding “yes”.

Innovation isn't something that can be copied – its seeds are deeply rooted in society. In the U.S., individualism is revered. In Japan, conformity and group harmony are held dear. Japanese high-school students may work harder and score better on standardized tests, but American students ask more questions and think better on their feet. Women and immigrants, who provide a great deal of entrepreneurial zeal in the U.S., are largely stifled in Japan. Scientific research gets plenty of funding in Japan, but advancement is based more on seniority than on merit.

Innovation is also affected by attitudes. Necessity really is the mother of invention. In the U.S., there is a sense of urgency. Technology is seen as a national asset – one that can't be lost at any cost. The Japanese, on the other hand, are proud of their post-war achievements and few see reason to change. Why fix what isn't broken?

The world is still in the early stages of a third economic wave – the transition from an industrial to an information-based economy. Innovators tend to lead, whereas imitators tend to lag such waves. As the world's best imitators, the Japanese capitalized on the ending of the industrial age. As the world's best innovators, Americans should be the main beneficiaries of the beginning of the information age.

By the end of this century, the question may not be “Will the U.S. be No. 1?” but “Will Japan still be No. 2?”

Kevin Duffy

Mr. Duffy was Director of Research at Lighthouse Capital Management at the time.