

From: The Anson Report ® March 25, 2008

### On Selling the EU Region

Frank McInerney's recent corporate biography of Panasonic's electrical product domain represents an appealing foray into the lifeways of a steadily expansionary organization that appeared only shortly before today's era of a seemingly reluctant but growing governmental intervention aimed at mitigating the cascading effects of a deepening credit crisis. (1) Viewed from the perspective of a highly contemporary time frame, therefore, the book's subtitle: "the largest corporate restructuring in history," need not necessarily be interpreted in draconian light. Rather, the corporation's more than 75 years of existence appear to have been largely driven by a repetitive series of smaller and broader transformations, essential adaptations from an original Japanese base that moved forward and outward towards a globalizing enterprise with an increasingly sought after multinational environment.

Changes over time involved a shift from a hierarchical to a flat management model, and a growing emphasis on customers, or users of electronic products, whose access would be relatively unimpeded by a prior focus on intermediaries. The author suggests that future challenges may well encompass similar speedy adaptations rooted in the corporation's heretofore successful cycle of converting sales into cash and capital, then into research, development, and innovation, and back into increased sales once again. As with many organizations, a major challenge for the future lies in the growth of the direct consumer use of internet technology with its capacity to negatively impact this cycle due to a capacity to deflate prices as the technology's usage itself inflates and grows more complex.

Europhiles might marvel at the fact that this corporate biography makes clear that its subject organization now has a compelling presence in 24 out of the EU's 27 member nations. Euroskeptics, for their part, might point to the fact that the EU organization actually has little mention in the book while corporate-bilateral ties, including the pace of regulatory reform in France and Germany, or the opening of a plant in the Czech Republic, are underscored in only three places in what is otherwise a comprehensive organizational review. Many experts expect governments to take on an increasingly interventionist role given what appears to be worldwide credit problems. Perhaps appropriately, a growing number of EU specialists are attempting to clarify as a point of first order a regionalist definition of the pan-European organization as a backdrop to the role it might one day play in both private and non-governmental corporate development. In this respect, at least three themes among many might be outlined.

A first theme highlights a growing agreement that an existent gap between the "core" members of the EU and its newest member states in the East is not necessarily dissipating but is narrowing with time nevertheless, and with the sheer experience of membership itself. The eurozone is expanding as is the Schengen zone allowing for visa-free travel. Relative size of population or geography has been deemed less important than the ability of the EU's newest members to activate relevant EU institutions while clearly expressing both national and regional goals. An additional theme associated with the specialists' scientific and regionalist bent is the onset of the European Council's Fifth Freedom, an aspect of the Lisbon Strategy which aims at providing monies and services for research and development, intellectual property rights, education and an inter-cultural dialogue, for the purpose

of preparing pan-European residents for the economy of knowledge and skill expected by a target date of 2020. (2)

Many countervailing trends, including the comparatively slow adoption of the new Lisbon Treaty, or the debates needed to broaden, deepen, and practically apply, the concept of a Euro-Mediterranean link, exist, yet appear more relevant to questions of geography at this point than a third critical theme -- the recent pan-European agreement on an internal lowering of carbon emissions, which even in light of the needs of heavy industry, looks towards a significant reduction of at least 20% by 2020. (3)

It is with respect to environmental concerns that this corporate biography and an enhanced EU regional definition converge. Having undertaken studies, projects, and policies, to eliminate waste from transportation, processing, water, and electricity usage, the corporation under review came to the conclusion by 2004 that environmental issues, in particular global warming with its capacity to engender economic loss and restructuring, could serve either as primary aids or debits in planning for future institutional development. The author does not emphasize the interplay between an increased popular interest in environmental and other corporate impacts and institutional social responsibility. However, his story of the greening of an electrical products manufacturer provides a welcome contribution to a discussion of what many perceive is an age of a widening distance between corporate behavior, regional geographic and legislative definition, and the benefits of public accountability.

---

(1) McInerney, Francis, Panasonic: The Largest Corporate Restructuring in History. New York, St. Martin's Press. (2) European Commission "Regional Policy Gets Thumbs Up From Europeans" (3/7/2008); Sadeniemi, Pentti, "Finland's Solitary Struggle." Helsingin Sanomat (3/19/2008) "Border Controls Vanish in Eastern Europe." Spiegel Online. (12/7/2007); Szlanko, Balint, Europe: "It's the Technique, Stupid." Transitions Online. (3/20/2008); "EU Leaders Agree to Weakened Mediterranean Union Plan." EUobserver (3/14/2008) "President Says that Poland Must Protect Its Interests in Treaty of Lisbon." The Warsaw Voice. (3/18/2008). (3) "EU Aims At Climate Being Pioneer, Despite Problems." Helsingin Sanomat (3/17/2008). "EU Says Saving Planet Must Not Cost The Earth." Today's Zaman (3/16/2008)