Book Section:
Gotoh, F. orcid.org/0000-0002-3931-8564 and Sinclair, T.J. (2021) Varieties of moral hazard in the global automobile industry. In: Zendejas, J.F., Gaillard, N. and Michalek, R., (eds.) Moral Hazard : A Financial, Legal, and Economic Perspective. Routledge (Taylor & Francis) , Abingdon , pp. 156-175. ISBN 9780367688332

https://doi.org/10.4324/9781003139249-8

Chapter 8: Varieties of Moral Hazard in the Global Automobile Industry

Fumihito Gotoh
ORCID.org/0000-0002-3931-8564
Timothy J. Sinclair
ORCID.org/0000-0002-3590-5905

The automobile industry has witnessed various examples of moral hazard because of its highly politicized nature. This chapter highlights two contrasting types of moral hazard: the liberal critique of state interventionism and the critical view of short-termist financial capitalism. The former type of moral hazard is seen mainly in coordinated market economies, where the government intervenes through industrial policy and bailouts. A striking illustration is the Nissan and Renault cases subject to intervention by the Japanese and French governments. The latter type of moral hazard is observed primarily in liberal market economies, which emphasize short-term shareholder value and financial returns. The most telling example was the General Motors case where insufficient R&D investment and dependence on captive finance served to maintain large dividends and retiree benefits.

The global automobile industry is highly politicized because of the enormous scale of its market, employment, capital investment, and trade in the global economy, its extensive influence on other industries and national economies, and its multinational nature. Charles Erwin Wilson, CEO of General Motors (GM, 1946–1953) and U.S. Secretary of Defense (1953–1957), famously stated that:

> "for years I thought that what was good for our country was good for General Motors, and vice versa. The difference did not exist. Our company is too big. It goes with the welfare of the country. Our contribution to the nation is considerable" (Safire, 1978, p.°803).

Due to the political nature of the industry, governments and creditor banks have provided financial support for automakers that have faced financial crisis. Examples include the UK government's partial nationalization of British Leyland in 1975, Sumitomo Bank's rescue of Mazda Motor Corporation in 1975, the U.S. government bailout of Chrysler in 1979, and the U.S. government bailouts of GM and Chrysler in 2008. Although these stand as incentives to and examples of moral hazard in the global automobile industry, in this chapter, we broaden the scope of the concept of moral hazard and discuss two of its variants relevant to the global auto industry. Leaver (2015, p.°92) offers the following two comments about the global financial crisis to explain the contrasting types of moral hazard.

> "If anything is obvious about the current crisis, it is that the system of managed state intervention into the financial system has failed dismally: it is not "free" – that is, unregulated – markets that have failed, but the statist system within which financial markets and institutions have been forced to operate… Measures that rein in moral hazard

are to be welcomed and will help to reduce excessive risk-taking; measures that create or exacerbate moral hazard (such as massive bailouts?) will lead to even more excessive risk-taking and should be avoided" (Dowd, 2009, p.°163).

"Saving the world's financial system was unquestionably the right thing to do. But in the process of saving it, we protected those very market fundamentalists whose actions caused the crisis. The risk is now that their confidence has not been sufficiently dented; that they have not truly learned their lesson. And the danger with this moral hazard is that they could put us all at risk again. This is why a central part of restoring true market discipline to the world financial system must be major reform globally to the way banks and financial firms are governed and regulated. … We are serious about removing the safety net that has allowed those with blind faith in market efficiency to ignore the consequences of their lack of discipline."[1]

The first of these two quotes on moral hazard demonstrates a neoliberal critique of state interventionism (government failure). Harvey (2005, p.°66) argues that neoliberalism advocates for free capital mobility between sectors, regions, and countries, which suggests capitalist dominance (Harvey, 2005, p.°38). Neoliberals criticize state interventionism for leading the recipient of government support to excessive risk-taking, and eventually government failure. In contrast, the latter quote reveals the left's critique of financial/shareholder capitalism (market failure). Financial capitalism pursues short-term financial profit at the expense of the rest of society. The left criticizes financial capitalism for paying little attention to product quality and technology improvement through long-term improvement and trust relations with broad stakeholders (including employees, suppliers, and customers) and ultimately resulting in market failure. In the context of financial globalization, the former is a typical moral hazard, but we believe the latter type of moral hazard must also be examined. Attitudes and behavior with regard to economic efficiency, stability, and equality vary by region and country. The prevailing norms of all countries fall between the contrasting objectives of market efficiency and social stability and welfare. Coordinated market economies (CMEs), such as Germany and Japan, that rely on non-market-based coordination mechanisms (including state intervention through industrial policy and corporate bailouts) emphasize social stability and welfare, while liberal market economies (LMEs), including the United States and the United Kingdom, are primarily based on market mechanisms and short-term contractual relations (Hall and Soskice, 2001; Clift, 2014; Vogel, 2018).

Examples of the liberal critique of state interventionism as a source of moral hazard are witnessed mainly in CMEs, whereas examples of the left's critique of financial/shareholder capitalism are observed primarily in LMEs. In this chapter, we examine the cases of Nissan Motor and Renault, which were subject to interventions by the Japanese and French governments respectively, as examples of the former moral hazard, while we review the GM case – which involved insufficient R&D investment and excessive dependence on captive finance to maintain large dividends and retiree benefits – as an example of the latter. France is

[1] P. Myners, "The Banker's Moral Hazard," *The Guardian*, 8 March 2010.

often categorized as a CME due to its *dirigiste* tradition, but through domestic financial deregulation (1984–1990), open capital flows (1990), and corporate governance reforms including the introduction of shareholder-focused management (1990–2002), it has become a hybrid of CME and LME that is characterized by state interventionism and shareholder capitalism (Clift, 2014; Tiberghien, 2007).

We argue that moral hazard associated with either government failure or market failure must ultimately be rectified by opposite measures – either restructuring or state intervention – which is true of both the Renault/Nissan and the GM cases. Furthermore, we contend the Renault-Nissan alliance experienced moral hazard related not only to government failure, but also to market failure. Furthermore, we hold that the clash of divergent social norms on shareholder capitalism between France and Japan contributed to tensions within the Renault-Nissan alliance, ultimately leading to the ousting of Carlos Ghosn, chairman of both Renault and Nissan, from the latter in November 2018.

We begin by investigating the moral hazard of Renault and Nissan, which stemmed from excessive state intervention, and the ensuing capitalist restructuring led by Carlos Ghosn. Subsequently, we will discuss the clash of the French and Japanese models of capitalism. Finally, we examine examples of the problems induced by moral hazard in GM derived from financial/shareholder capitalism. Unlike the dominant conception of moral hazard, "market-based moral hazard" has to do with the scale of the enterprise and a long history of competitive success. The complacency and poor performance this induces in the enterprise or parts of it, and thus increasing exposure to risk over time, is compensated or 'insured' by the long experience of dominance which becomes a feature of the corporate culture. At some point, of course, as evident in the case of GM, market-based moral hazard can be transformed into moral hazard associated with government. In this sense, market-based moral hazard – where political and bureaucratic leadership deems it to be of strategic value – should be thought of as a pathway to moral hazard as typically conceived.

Section 1. Renault Under *Dirigisme* and Shareholder Capitalism

Fukuyama (1995) identifies three broad paths to sociability, holding that it is either based on family and kinship, intermediary organizations outside kinship, or the state. He also claims that the French rely heavily on the third path and to a lesser extent on the first path, while the Japanese depend on the second path. According to Tocqueville (1955), large class divisions and status hierarchies within classes pervaded France on the eve of its revolution, and this hampered people from working with one another. Due to its class-ridden nature, French society dislikes direct, face-to-face relationships, which can reduce or even prevent innovation and entrepreneurialism in its private sector (Fukuyama, 1995, pp.°113–119). It does, however, have a strong preference for centralized authority (bureaucracy), which attracts the best and the brightest from the *grandes écoles*. Most French family businesses are reluctant to dilute their control for the sake of expansion, and the gap between management and labor in large French firms is wider than in Japan. Fukuyama (1995, p.°123) claims that "French *dirigisme*, or the involvement of the state in economic life, was thus both the cause and the effect of the weakness of the French private sector and of its inability to create competitive large-scale enterprises on its own." There were many cases of the French government providing financial assistance for its national champions which faced financial crisis – e.g., Credit Lyonnais (commercial bank), Bull (computer company), France Telecom, Alstom (rail transport), and Areva (nuclear power).

Renault, which was nationalized in 1945 as a punishment for its cooperation with the German occupation, fell into financial crisis during the first half of the 1980s due to a sales slump triggered by the second oil shock, industrial action, excess workforce numbers and debt. France's Commissariat Général du Plan (General Plan Commission) obtained a comparative analysis of the French and Japanese automotive industries from French and Japanese economists (Commissariat Général du Plan, 1990). Meanwhile, French automakers introduced Japanese-style production, consisting of the "just-in-time system" (which minimizes times within the production system, response times from suppliers and to customers, inventory costs, and production defects), total quality control (involving both workers and managers in maximizing productivity and quality), and close partnerships with reliable suppliers and subcontractors. However, this did not significantly improve Renault's productivity and product quality.

French-born and US-educated Renault chairman Bernard Hanon (1981–1985) took the lead in expanding its product range, by raising Renault's stake in American Motors Corporation (AMC) in North America from 22.5% stake at the beginning of the partnership in late 1979 to 46% by 1982. The French government dismissed Hanon after Renault lost $1.3 billion and its debt reached $6.0 billion. In 1985, the government installed Georges Besse, who had led several state-controlled French companies (e.g., Eurodif, COGEMA, Pechiney-Ugine-Kuhlmann), as Renault chairman. Besse initiated a drastic restructuring plan that included 21,000 job cuts, sales of non-core assets, and withdrawal from most motorsports, which restored Renault's profitability. Besse's tenure was cut short, however, when he was assassinated by a far-leftist terrorist group in November 1986 (Tiberghien, 2007, p.°185). His successor, Raymond Levy (1986–1992) continued Besse's initiatives, including the closure of the Billancourt factory near Paris. Besse believed that Renault's partnership with AMC in the North American market was vital but, when both Renault and AMC faced losses in 1987, Levy sold AMC to Chrysler. Louis Schweitzer, who had been a bureaucrat at the French Treasury and Chief of Staff to Prime Minister Laurent Fabius, took over from Levy as Renault chairman in 1992 and held the position until 2005. In 1993, Renault and Volvo announced their plan to merge operations, but Volvo shareholders, suspicious of the French government's heavy involvement in the deal, rejected it (Tiberghien, 2007).

Renault was semi-privatized in 1994 when the French government reduced its stake in the automaker to 50%, at which point Schweitzer decided to create new bridgeheads outside Europe, examining a possible alliance with an automaker in Asia. In 1996, the French government privatized Renault while retaining a 15% stake. In the same year, Schweitzer hired Carlos Ghosn, who was already known for his cost-cutting prowess at Michelin's operations in North and South America, as Renault's chief operating officer. Ghosn was also well-known for his pursuit of American-style rationalist business management (Nikkei Business, 2019, pp.°48–49).

The combination of Schweitzer and Ghosn at Renault epitomized France's hybridization of traditional state capitalism and American-style shareholder capitalism.

In February 1997, Renault announced a restructuring plan that, between 1998 and 2000, would close Belgium's Vilvorde factory (which had approximately 3,500 employees), standardize car platforms and parts, cut back purchasing costs by pitting suppliers against each other, and revise production processes to improve productivity. The announcement of the Vilvorde factory closure caused a political and social shock in both Belgium and France, triggering massive public demonstrations by French and Belgian people in Brussels, resulting in condemnation of the closure by the EU Commission and the European parliament. Despite these extraordinary political interventions, the factory was closed as planned in July 1997. In addition to these cost reductions, Renault also launched several successful new cars, including the Clio, Megane, Scenic, and Twingo in the 1990s, which improved its profitability (Freyssenet, 2009).

During the late 1990s, the success of their new models in the rapidly growing European market, together with the Asian financial crises, provided Renault with a golden opportunity to globalize in one fell swoop for its long-term survival (Freyssenet, 2009, pp.°271–274). Nissan Motor, the second-largest Japanese automaker, was in crisis due to a sales slump caused by the bursting of the bubble economy in the early 1990s, the banking crisis in the late 1990s, and excess production capacity, workforce, and debt. In the late 1990s, Nissan's main creditor bank, the Industrial Bank of Japan (IBJ, currently Mizuho Financial Group), faced a serious bad debt problem and could not provide additional financial assistance to the ailing automaker. Nissan negotiated, for its very survival, a possible alliance with three automakers: Renault, DaimlerChrysler, and Ford.

DaimlerChrysler wanted a majority stake in Nissan (which Nissan would not accept) and Ford had concerns about Nissan's high debt, which had reached $23.7 billion (Sato, 2012, pp.°347–371). In contrast, Renault was more willing to make an alliance with the Japanese automaker due to Nissan's advanced technology and presence in Asia and North America. In 1999, the French automaker paid $7 billion for new shares (equivalent to a 36.8% stake) and bonds with warrants issued by Nissan (which increased the former's stake in the latter to 43.4% in 2002), which was needed for the latter's survival, while Nissan took a 15% non-voting stake in Renault. However, Renault could have paid only $1.8 billion without the French government's guarantee of its debt financing (Inoue, 2019, pp.°353–370). Had Nissan gone bankrupt after this major investment, Renault would have fallen into a financial crisis itself, wiping out the French taxpayers' money. Renault was able to make this bold and risky investment because the French government was a major shareholder. If Renault had been 100% privately owned by shareholders, the investment would have been impossible (Tiberghien, 2007, p.°198).

Renault's investment in Nissan represents a typical example of moral hazard associated with state intervention. However, once Carlos Ghosn resuscitated Nissan in the early 2000s, Renault's own lackluster performance was compensated by the flow of enormous dividends and equity appreciation from Nissan, as well as the exploitation of Nissan's technology and R&D. In this respect, Renault's huge investment also had an element of Anglo-American-style moral hazard related to shareholder capitalism as the French automaker improved financial performance through the merger rather than its own product quality and technology improvement.

Section 2. Nissan Constrained by "Systemic Support" and "Industrious Norms"

We contend that the cohesion of intermediary organizations (e.g., village, company) in Japan is underpinned by "systemic support" and "industrious norms." Although the original, narrow definition of systemic support refers to government and bank support for distressed financial institutions and companies, its broadened definition incorporates dominant elites/superiors' support and protection of subordinates in exchange for the latter's loyalty and obedience (Gotoh and Sinclair, 2017). Hayami (1992; 2015) argues that during the Edo period (1603–1868), Japan experienced a labor-intensive, capital-saving path of agricultural development – an industrious revolution that, given its scarcity of arable land and abundance of labor, enhanced living standards and formed modern Japan's work ethic and respect for labor. From the mid-16th century to the early Edo period, the government separated the samurai warriors/elites (the ruling class) from the farmers to establish a standing army in order to mitigate the risk of an agrarian revolt. They confiscated weapons from farmers and eliminated landlords who combined aspects of both samurai and farmer characteristics, promoting the independence of small farmers. These policies removed samurai control over farming operations, while the industrious revolution transformed inefficient traditional agriculture that relied on peasants in a state of servitude into highly efficient small-sized farming operations based on family labor, which provided more highly motivated workers due to their opportunity to retain the profits from increased production yields. The Japanese village worked as a membership community that provided vital mutual support for small farmers; in return for this support, all members were required to make a full commitment to the village. Villages sometimes rebelled against tax hikes and money lenders' farmland foreclosure to maintain their autonomy. Systemic support was witnessed within villages and between samurai elites and farmers in the same domain.

Industrious norms (an internalized work ethic, respect for labor and a negative view of financial profit) and systemic support have been carried forward to contemporary Japan (Gotoh, 2021). After WWII, U.S. occupation forces used agricultural land reform, dissolution of zaibatsu, a purge of top management, and a wealth tax to eliminate major Japanese capitalists, including landlords and executives of zaibatsu conglomerates and large firms. This greatly contributed to the maintenance of anti-capitalistic industrious norms in postwar Japan, allowing the formation of coalitions of anti-liberal management and labor against capitalists (mainly shareholders in pursuit of short-term profit) at most large firms. Furthermore, it has been Japanese postwar companies, rather than the state, that have provided a large (albeit declining over the last two decades) proportion of social welfare for their employees. Nishiyama (1992, p.°246) points out that large Japanese firms are dominated by managers (as supervisory workers) rather than by shareholders. Besides, claims that the postwar decline of capitalists and the dominance of firms by supervisory workers in Japan evolved from the perspective that only those who provide labor should be rewarded, while those who do not are unqualified for a reward. We contend that Japanese elites have promoted industrious norms to mobilize committed labor to enrich intermediary organizations and the nation. Moreover, in contrast to France's version of systemic support, which mainly exists between the government and the big businesses in which it has a stake, Japan's version is ubiquitous and can be witnessed within and between intermediary organizations.

Like Renault, Nissan Motor has long been intertwined with the government—in particular, it has had a long relationship with the Ministry of International Trade and Industry (MITI, now known as the Ministry of Economy, Trade, and Industry, METI). Before WWII, Nissan Konzern, led by Yoshisuke Ayukawa, was a zaibatsu conglomerate that mainly covered the mining, energy, chemical, and machinery industries. The Japanese automobile market was dominated by GM and Ford from the mid-1920s until 1938 but the Automobile Manufacturing Industry Act in 1936 forced the two American automakers to leave Japan in 1939. Thanks to the close ties between Nobusuke Kishi (Minister of Commerce and Industry in 1941–1943 and Prime Minister in 1957–1960) and Yoshisuke Ayukawa, who were from the same province and were both involved in the Japanese colonization of Manchuria, Nissan Konzern – which was close to the Ministry of Commerce and Industry, the predecessor to MITI – was permitted to confiscate most of the assembly machinery at Ford's Yokohama plant and ship it to Manchuria. Nissan also enjoyed strong financial backing from the IBJ, which had been governmental until the end of WWII and remained virtually quasi-governmental even after its postwar privatization. Under U.S. occupation, Nissan Konzern was broken up into Nissan Motor, Hitachi, and Nissan Chemical, among others, but Nissan Motor maintained its tight ties with the government (MITI/METI), the Liberal Democratic Party (LDP) – in which former bureaucrats were influential – and the privatized IBJ during the postwar period.

In the late 1940s, the Ministry of Transport, the Bank of Japan, and importers of foreign-made cars insisted that Japan did not need domestically-produced cars, whereas domestic automakers (e.g., Toyota, Nissan, and Isuzu) and MITI regarded the development of the domestic car industry as critically important. As of 1950, Japan's car production ranking was the ninth in the world. When the influx of foreign cars into Japan significantly increased in the early 1950s, MITI restricted foreign automakers from exporting finished vehicles to and investing in Japan unless the investment contributed to the domestic automotive industry. Japanese automakers learned automotive technology through the assembly of foreign cars and through alliances with their American and European peers (e.g., Willys-Overland Motors and Mitsubishi Heavy Industries, Austin Motor Company and Nissan Motor). The Japanese automotive industry developed rapidly under MITI protection.

In 1947, the IBJ dispatched its senior banker, Katsuji Kawamata, to Nissan as a managing director to tackle labor disputes between the All Japan Automobile Workers Union (JAWU) and automakers (particularly Nissan). Nissan's 1949 dismissal of 1,760 workers intensified the labor dispute, and during a 1953 Nissan labor dispute over wage hikes, Kawamata created a second union cooperative with management (Nissan Roren) to weaken the influence of the JAWU, which was defeated and dissolved in 1954. Kawamata, who had become known as "the emperor of Nissan," was its CEO from 1957 to 1973, when he became its chairman.

Until 1962, Nissan enjoyed the largest domestic market share, but from the following year onwards, Toyota took over as top carmaker. When Japan's car import restrictions were lifted in 1965, MITI was concerned about the survival of Prince Motor, Japan's sixth-largest automaker, as Prince Motor also had loss-making aerospace and forklift businesses. To remedy this concern, Yoshio Sakurauchi, Minister of International Trade and Industry and a significant member of the LDP, proposed the merger of Nissan and Prince Motor to Kawamata (Shioji, 2012, p.°114). Meanwhile, Bridgestone, the largest Japanese tire manufacturer and the leading shareholder of Prince Motor, found itself facing a conflict of interest, as it aimed to expand its tire sales to Toyota and Nissan. In 1965, Sumitomo Bank, the main creditor bank of Prince Motor, dispatched its senior managing director, Hidehiko Kobayashi, to Prince Motor as the CEO and requested a merger with Toyota. Toyota, however, rejected this request. Nissan aimed to surpass Toyota's largest domestic market share, and with intermediation from MITI, the IBJ, and the LDP, Nissan acquired Prince Motor in 1966, which resulted in both excess production capacity and workforce at Nissan. This merger sowed the seeds of moral hazard: Nissan's acceptance of the merger was not driven by commercial rationality but government pressure and, more importantly, the expectation that the Japanese government would condone a future risky strategy.[2] It is not surprising that moral hazard materialized with Nissan's major investment in Sunderland (UK) in the 1980s. How did it happen?

The growing car exports from Japan caused trade frictions with the United States and the European Community in the 1970s. In the meantime, the revenue gap between Toyota and Nissan widened dramatically. Takashi Ishihara became the new CEO of Nissan in June 1977. Three months after his inauguration, Ishihara declared that Nissan's domestic market share would exceed that of Toyota in two years, but it would not provide sales incentives for dealers. Nissan's domestic market share, however, dropped from 31% (versus Toyota's share of 37.6%) in 1976 to 28.6% (versus Toyota's 38.2%) in 1978 (Japan Automobile Dealers Association, 1994). To avoid criticism of this domestic failure, Ishihara announced a new management policy called "Global 10" that was aimed at acquiring a 10% market share of global auto sales through international expansion (Sato, 2012, pp.°15–16). Coincidentally, Margaret Thatcher replaced James Callaghan (of the Labor Party) as British Prime Minister in May 1979. British Leyland had been nationalized under the Labor administration in 1975 and received a large amount of public funding, but under the Thatcher administration, HM Treasury wanted to reduce fiscal spending and force companies to compete, while the UK Department for International Trade wanted Japanese automakers to invest in the United Kingdom (Suzuki, 2015, pp.°50–51). In April 1980, the UK government requested Nissan provide equity capital for British Leyland, and although Nissan turned down the request, as it suspected British Leyland of having financial problems, they sounded out a possible greenfield investment into the United Kingdom.

In fact, the Japanese automaker intended to alleviate trade frictions with the European Community by producing vehicles in the UK. To this end, Nissan's initial UK investment plan

[2] The risk that the pernicious relations between the state (or a state agency) and a private firm could give rise to moral hazard is also analyzed by Darbellay and Gaillard in Chapter 4 of this volume.

included beginning factory construction in 1982, opening the factory in 1984, the production of 200,000 units per year by 1986, using a workforce of 4,000 to 5,000, and involving a total investment of $420 million (Sato, 2012, p.°91). In addition, Nissan had plans for other overseas projects, including factory expansions in the US, Mexico, and Australia, as well as an investment into Motor Iberica (Spain). The aggregate amount of these overseas projects would exceed $4.2 billion (Sato, 2012, p.°98). A 1984 feasibility study on its UK investment revealed that loss-making would continue for seven years and accumulated losses of $270 million would remain in 1993 (Shioji, 2012, pp.°238–239). Nissan chairman Kawamata and Nissan Roren chairman Ichiro Shioji were concerned about the large risks inherent in these projects and opposed the UK investment. During the G7 summit held in Williamsburg, Virginia in the United States in May 1983, Thatcher requested Yasuhiro Nakasone (Japanese Prime Minister) push Nissan to invest in the United Kingdom. Nakasone and Ishihara leaked this information to Japanese media to overcome opposition (Sato, 2012, pp.°146–153). MITI also pressured Nissan not to cancel the UK investment (Suzuki, 2015, p.°123). The modified plan proposed by Kawamata involved sending knock-down kit exports from Japan to a pilot assembly plant in the UK as Phase 1, and then making a decision regarding whether Nissan would move to Phase 2 (fully-fledged local production with commitment to 100,000 units per year by 1990) by 1987.

Kawamata stepped down as chairman in 1983, and Nissan came to an agreement with the Thatcher administration over its investment in the UK in February 1984. Two years later, Ishihara forced Shioji, who opposed the UK project, to resign as Nissan Roren chairman by fabricating a scandal (Sato, 2012, pp.°293–297; Arimori, 2019, pp.°153–154). In July 1986, Nissan accelerated Phase 2 of their plan and initiated full operations at the Sunderland factory. However, following the burst of Japan's financial bubble in 1991, Nissan quickly encountered excess production capacity, labor, and debt as a result of their enormous UK investment (whose aggregate amount had reached $1.6 billion as of 1992), other overseas investments, and a sharp decline in their global market share (from 6.6% in 1991 to 4.9% in 1998). Japanese corporate executives, including those at Nissan, promoted industrious norms to ensure commitment to work from their labor force, which made it difficult for executives to conduct drastic restructuring such as layoffs.[3]

Systemic support from MITI, the LDP, and the IBJ contributed to Nissan's early postwar growth, but this support caused the automaker to not only be involved in large, politicized investments like Prince and Sunderland, but brought about a level of complacency borne of futility from its executives and union leaders who were overwhelmed by internal political struggles. The LDP was defeated in the 1993 general election, and the power of MITI's interventionist faction was weakened due to the prolonged economic slump and the rise of neoliberal thought during the 1990s. By the end of that decade, the IBJ was debilitated by financial deregulation and bad debt problems. The price of moral hazard paid by Nissan was extremely heavy. The ailing automaker could no longer turn to the LDP, MITI, and the IBJ in the circumstances. They had to turn to Renault.

[3] Nissan closed its Zama factory in the Kanagawa prefecture in 1995 due to its excess production capacity. It could not sufficiently improve its profitability.

Section 3. Clash of French and Japanese Capitalisms

In this section, we examine the tensions between Renault and Nissan arising from France's and Japan's divergent capitalist models. Both France and Japan are often categorized as CMEs characterized by state interventionism, despite the differences in their government/business relations. The French government directly intervenes in the management decisions of the big businesses in which it has a stake, while the Japanese government is primarily a coordinator of interests among industries and companies, providing support for big business in crisis through the use of state/business networks. State interventionism in France and Japan led both Renault and Nissan to take enormous but unsuccessful risks, which resulted in their alliance. Due to Carlos Ghosn's neoliberal restructuring at Nissan – which resolved the negative legacies of poor management constrained by systemic support and industrious norms – the Renault-Nissan alliance looked promising until 2004. Thereafter, however, a conflict of interests between the two automakers (i.e., Renault's state-backed extraction of money and technology from Nissan) and the negative aspects of Ghosn's short-termist management came to the fore. Starting in 2015, Emmanuel Macron sought to transform the alliance into a fully integrated automotive group, but this generated a clash between the two automakers, and more broadly, between French hybrid (state-led and shareholder) capitalism and Japanese stakeholder capitalism (centered on the people's strong attachment to intermediary organizations, systemic support, and industrious norms). We argue that the latter's communitarian nature (opposed to capitalist dominance) is at odds with the former's state-interventionist features.

The Renault-Nissan alliance was established in March 1999. A few months later, Renault purchased a 36.8% stake in Nissan while Carlos Ghosn became Nissan's Chief Operating Officer (COO), along with Thierry Moulonguet (a former bureaucrat at the French Treasury who was seconded from Renault) as its Chief Financial Officer (CFO). In 2002, the alliance created Renault-Nissan BV, an Amsterdam-based strategic management company to maximize synergy between the two companies.

Nissan announced the Nissan Revival Plan in October 1999, under the leadership of Carlos Ghosn. This plan consisted of a reduction of 21,000 workers, a 30% decrease in domestic production capacity (with the closure of five factories), cost reductions of $8.8 billion through a reduction in the number of suppliers and dealers. This was intended to reduce the cost of purchasing parts and materials, sales expenses, and use fewer car platforms. Debt cuts through inventory reductions and non-core asset sales were also part of the plan. The restructuring dramatically improved Nissan's performance between 1999 and 2001. Operating profit margin jumped from 1.7% to 7.9%, and the debt was cut from $23.7 billion to $5.8 billion.[4]

Ghosn focused on sales expansion in the North American market, where Nissan's profitability was higher than in Japan. Thus, he opened the Canton (Mississippi) plant in 2003, in addition to the Smyrna (Tennessee) plant, in operation since 1983. He shook up traditional Japanese

[4] This restructuring was regarded as exceptionally successful in Japan.

business practices, including lifetime employment, social commitment to local communities, and keiretsu networks with suppliers and affiliated companies, all of which exhibited industrious norms and systemic support and thereby constrained capital and labor mobility. From the mid-1990s until the early 2000s, neoliberal thought gained influence in Japan as its business community lost confidence in Japanese-style stakeholder capitalism, and Japanese investors and media praised Ghosn as a management guru. However, Nissan workers in Japan found it difficult to accept the opening of its new overseas plants and their increased production there (Stevens and Fujimoto, 2009, p.°107). A former president of Yokohama Kogyo, a second-tier subcontractor to Nissan that went bankrupt, criticized Nissan for ruthlessly demanding cost reductions from its subcontractors (Tiberghien, 2007, p.°190).

Ghosn and Renault chairman Schweitzer had stated that the Renault-Nissan alliance had been formed to avoid a cultural clash between the two automakers caused by full integration (Nikkei Business, 2019). However, some Japanese critics believed that Renault intended to colonize Nissan and deprive it of technology and money – as had happened with France's colonization of Indochina – while Ghosn took advantage of the alliance to maximize and maintain his power (Arimori, 2019). Ghosn was promoted to Nissan CEO in 2001, then chairman and CEO in 2003. He also obtained the two positions at Renault in 2005, seizing absolute power within the Renault-Nissan group. At the beginning, both sides emphasized a spirit of equality and partnership in the alliance but, in reality, Nissan was subordinated to Renault. Under French corporate law, due to Renault's 43.4% stake in Nissan, the Japanese firm was considered a subsidiary of Renault so that Nissan's 15% stake in the French automaker did not have voting rights. Nevertheless, Nissan's profitability and technology development subsequently outstripped those of its parent company.

With the implementation of an overseas sales expansion policy from 2002 onwards, Nissan's operating profit margin reached 9%–11% between 2002 and 2005, exceeding that of Toyota. However, despite the sales expansion, its subsequent profitability fell. Nissan's accumulated dividend payments to Renault during 2000–2018 amounted to $9.1 billion, including $3.4 billion between 2015 and 2018, and were particularly heavy burdens on Nissan's finances. Given its low profitability, Renault could not have paid large dividends to its shareholders, especially the French government. The equity in Nissan's net income accounted to a significant portion (e.g., around 50% in 2017 and 2018) of Renault's bottom line. Nissan employees criticized Renault for using the shared platforms funded by Nissan at no cost and for receiving the benefits of joint purchases of parts and materials given Renault's own lack of bargaining power with suppliers (Arimori, 2019, p.°208). Because of the massive dividend payments to Renault and Ghosn's short-termist management, Nissan could not secure a sufficient budget for research and development, which caused its product competitiveness to deteriorate and halted its development of hybrid cars (Arimori, 2019, p.°191).

This presents a clear example of one negative aspect of financial/shareholder capitalism. Ghosn resisted pressure from the French government to proceed with Renault's full acquisition of Nissan to maintain his power in the alliance. In 2015, however, Emmanuel Macron, Minister of the Economy, Trade and Digital Affairs, enhanced the French government's shareholding ratio in Renault from 15% to 19.7% in order to apply the Florange Act to Renault. Under the terms of this legislation, shareholders possessing shares for two years or more in a French company are awarded double voting rights. Although the French government reduced its shareholding ratio in Renault from 19.7% to 15% again in 2017, its control over the automaker remained very strong due to its enhanced voting rights ratio. These developments coincided with Nissan's sharply increased dividend payments to Renault between 2015 and 2018.

It could be argued that the Renault-Nissan group under Ghosn took excessive risks (e.g., race to gigantism, production of low-cost cars in which Chinese and Indian makers have a significant competitive advantage) as he knew that he was backed by the French government because of his grip on Nissan and that Renault was virtually "too-big-to-fail" (TBTF) for the French government.[5] The power of the group was concentrated in Ghosn as he made Nissan pay growing dividends to the French government, which also wanted Renault to become the top automaker in the world. After the retirement of Louis Schweitzer (Renault chairman during 1992–2005) and Thierry Moulonguet (Nissan CFO during 1999–2003 and Renault CFO during 2003–2010), nobody in the group could check and stop Ghosn's aggressive expansion strategy. The French government's interventionism and inadequate monitoring led to Renault's morally hazardous strategy; it also damaged the trust relationship between the two automakers.

Under the Koizumi administration (2001–2006), the influence of neoliberal thought aligned with financial/shareholder capitalism was at its peak in Japan (Teranishi 2017). However, an anti-neoliberal backlash, which was epitomized by the so-called Livedoor-Murakami Fund incident and the revised money lending law, erupted in 2006, leading to Koizumi resigning from his premiership (Gotoh, 2020). Despite weak grounds for prosecution, the special investigative squad of the Tokyo District Public Prosecutors Office arrested both Takafumi Horie (CEO of Livedoor, an IT and financial group) and Yoshiaki Murakami (founder of the so-called "Murakami Fund," a shareholder activist fund), who were known to be outspoken neoliberal elites, on suspicion of security law violations. These allegations were politically motivated and designed to remove Anglo-American-style corporate raiders which may have disrupted Japan's stakeholder capitalism.[6] The special investigative squad can be considered a guardian of the Japanese system, which is centered on a strong attachment to intermediary organizations, systemic support, and industrious norms. The intention of the revised money lending law was to prevent consumers from excess borrowing and thereby destroying numerous consumer credit non-banks that had flourished since the Japanese financial Big Bang deregulation in 1996.

We contend that the prosecutors and lawmakers who made decisions in these cases were strongly influenced by industrious norms critical of the pursuit of short-term financial profits by capitalists and financiers. The global financial crisis of 2007–2009 accelerated anti-

[5] The TBTF issue and its moral hazard implications are addressed by Gaillard and Michalek in Chapter 7 of this volume.
[6] S. Givens, "Murakami to Horie ni Omou Ki wo Tsukenaito "Yararechau" yo (A Lesson from the Murakami and Horie Cases: If You Are Not Careful, They Will Get You)," *Asahi Judiciary*, 21 May 2011; available at https://judiciary.asahi.com/fukabori/2011052000011.html.

neoliberal sentiment in Japan. Since then, the influence of the proponents of Anglo-American-style capitalism – including Keizai Doyukai (a neoliberal-oriented industrial association), reformist politicians and bureaucrats, American and European financial institutions, as well as credit rating agencies – has weakened (Gotoh, 2019).

Macron's inauguration as President of France in May 2017 further intensified the tensions between Renault and Nissan. Although Ghosn was expected to step down as Renault's CEO due to his disagreement with Macron over the alliance, in February 2018, the Renault board asked Ghosn to stay in the position for another four years to pursue closer integration with Nissan.[7] This suggests Ghosn had succumbed to pressure from Macron, who had an ambition to "revitalize the French economy with major global French companies like a new Renault-Nissan entity" (Steel Advisory Partners, 2019). Furthermore, in March 2018, Bloomberg reported that Renault and Nissan were "in talks to merge, seeking to solidify their two-decade-old alliance under a single stock."[8] Ghosn's change of mind strained his relationship with those Nissan executives who opposed full integration, and they came to regard Ghosn as a traitor.

In a bid to oust Ghosn from Nissan and prevent closer integration, a small team of Nissan officials performed an investigation and discovered alleged malfeasance by Ghosn (i.e., misuse of corporate funds) and consulted with the special investigative squad of the Tokyo District Public Prosecutors Office (Nikkei Business, 2019, pp.°327–329). A dramatic public takedown of Ghosn at Haneda Airport and the public airing of the details of his alleged crimes might suggest Japanese elites (including those of METI, the LDP, Nissan, public prosecution and the media) sent an implicit warning to Renault and Macron regarding their disagreement with their plans (Steel Advisory Partners, 2019). An alternative interpretation was that METI, the special investigative squad, and the media had different motives for pursuing the Ghosn case. Unlike the French government, the Japanese government does not normally invest in private sector companies. The Japanese government (METI, in particular) did not want Nissan to be a French company, but they could not directly prevent the integration.[9] Meanwhile, the special investigative squad had lost public trust during the postal discount abuse case of 2011 and was seeking an opportunity to rebuild its public esteem (Suda, 2019).[10] The Japanese media have a close relationship with prosecutors, and to justify the prosecution and appeal to Japanese society's industrious norms they portrayed Ghosn as a greedy, corrupt capitalist who had ruthlessly sacked thousands of employees (Suda, 2019).

Section 4. General Motors

---

[7] L Frost, "Renault Board Asks Ghosn to Stay, Pursue Closer Nissan Integration," *Reuters*, 15 February 2018, available at https://www.reuters.com/article/us-renault-board/renault-board-asks-ghosn-to-stay-pursue-closer-nissan-integration-idUSKCN1FZ2KM.

[8] *Bloomberg*, "Nissan, Renault in Talks to Merge, Create New Company," 29 March 2018.

[9] See A. Yamada, "Nissan Kudeta no Kage de Sasayakareru Keisansho no Shicchi Kaifuku no Omowaku (The Ministry of Economy and International Trade's Possible Intention to Recover Lost Ground behind the Nissan Coup d'état," *Diamond Online,* 11 December, 2018 available at https://diamond.jp/articles/-/188028).

[10] In July 2009, the special investigative squad of the Osaka District Public Prosecutors Office indicted Atsuko Muraki, a senior official of the Health, Labor, and Healthcare Ministry, on suspicion of abuse of the postal discount system. However, it was subsequently revealed that the prosecutors had tampered with data on a floppy disk they had confiscated in their investigation.

General Motors was established in the shadow of the then-dominant Ford Motor Company in 1908. After World War II, GM became a key part of America's industrial, consumer and financial infrastructure, employing 324,000 people directly worldwide by 2008, and supporting millions more who worked for suppliers (Vlasic, 2011, p.°10).

In 1908, GM was a holding company incorporating separate automobile manufacturing companies, including Cadillac, Buick, and others. In 1920, the separate companies were incorporated into GM as operating divisions (Sloan, 1963, p.°55). Although the first decade or so of GM's business activity was financially turbulent, things began to settle down with the replacement of GM's flamboyant founder William C. Durant as president by Pierre S. du Pont in 1918. Womack et al. (2007, p.°39) argue that strong financial controls at the center, the creation of a clear division of professional labor, and the coordination of a series of decentralized divisions "solved the last pressing problems inhibiting the spread of mass production."

But with success GM came to suffer from what we might call "corporate narcissism." Taylor (2010, p.°34) suggests the lack of real competition made the corporation increasingly focus on internal organizational processes rather than on the product. Following Michels (2001 [1911], p.°6), markets, like democracy, give rise to oligarchy. Inside GM, a very distinctive deliberate corporate culture emerged associated with the great success of the company in the middle decades of the twentieth century. This induced a conceit, an over-confidence which increased risk on the assumption that the accumulated resources of the company would pay for poor execution. This is moral hazard in market terms.

Summing up the problems with GM in 1994, Taylor quotes CEO Roger Smith saying:

> "Size and success…led to 'complacency, myopia, and, ultimately, decline.' Money became a substitute for innovation, past victories were turned into dogma, and maintenance of the status quo became the measure of success. A giant headquarters bureaucracy, under the paw of the accountants, attempted to coordinate everything but instead wound up stifling it" (Taylor, 2010, p.°130).

Section 5. The Copper-Cooled Engine

The high profits of some divisions within GM, the problems with others, and the need to compete with the dominant Ford Motor Company led to a costly experiment with a revolutionary new engine design. This copper-cooled engine, as it was known, was actually an air-cooled engine using copper heat conducting components (which remove heat much more rapidly than other metals), allowing the engine to dispense with the complex design and heavy components associated with water cooling (Sloan, 1963, pp.°71–94 and Leslie, 1979).

In a pattern which is a familiar one in automobile innovation, GM rushed the product into production in 1923 before the technology was serviceable and had to buy back the vehicles and revert to water-cooled engines once it became clear these were not teething problems, but insurmountable obstacles given existing manufacturing techniques. The air-cooled engine, which in the early 1920s was intended to be the powerplant for all GM cars in future, only appeared again in a GM vehicle in the 1960s.

Alfred Sloan, president and chairman of GM during 1923–1956, details the conflicts within GM created by the championing of the new engine technology by du Pont, and how these conflicts, as much as the problems with the technology itself, were instrumental in destroying the prospects within GM for the air-cooled engine for almost two generations. Companies with similar assets and similar motivation to compete with incumbents, have produced equally problematic products in more recent times such as the Ford Pinto, Austin Allegro, Audi A2, and Pontiac Aztek.

Section 6. Unsafe at any Speed

GM brought the air-cooled engine back into its lineup almost forty years later with the compact Chevrolet Corvair in 1960. The Corvair was intended to compete with the Volkswagen Beetle which was selling strongly to young people and had become a style icon of the post-war era. The Corvair was faster, sleeker, more spacious and comfortable than the VW product. The air-cooled engine worked well. Unfortunately, like the 1923 copper-cooled car, the Corvair had significant problems. The engine of the new car was mounted in the rear like the Beetle. The rear-weight bias of the car was a challenge for the suspension. GM chose to use a simple and cheap swing axle set-up in the rear which on cornering created increased camber of the wheels, causing the tyres to lose grip on the road, causing the car to go out of control and frequently flip over (Nader, 1965, p.°30). The Corvair's handling was not a result of cutting-edge automobile innovation or a blunder. "The tragedy was overwhelmingly the fault of cutting corners to shave costs" (Nader, 1965, p.°18). John DeLorean, senior GM executive later founder of the DeLorean Motor Company, agreed the Corvair was unsafe as originally sold (Wright, 1979, p.°53). Although GM corrected this issue in the 1965 model year with a fully independent rear suspension which stopped the rear wheels from tucking under, GM did not respond well to criticism of the Corvair, engaged in spying on Nader and had to settle many lawsuits. Nader suggests the fact that it took until 1964 before any substantial changes were made to the Corvair's suspension despite complaints and the possibility of legal action "can only be explained by bureaucratic rigidities and the abject worship of that bitch-goddess, cost reduction" (Nader, 1965, p.°36). Nader's 'bureaucratic rigidities' is synonymous with Michels' rise of oligarchy, or what we call "market-based moral hazard." GM sold 1.8 million Corvair 1960–1969, while VW sold 21 million original Beetles by the time production ended in 2003.

The problem for GM has never been innovation. GM's research resources were first rate and GM has provided many fundamental advances in automobiles such as exhaust catalyst technology (Womack et al., 2007, p.°130). A key problem has been the de-contenting of these innovations to reduce costs and increase margins, leading to weak implementation or execution of these improvements. Because GM dominated auto sales in the mid-20th century, the company did not have to prove anything and it could, it seemed, extract more profit and get away with not doing things as well as an aspirant competitor. In addition to the copper-cooled engine and Corvair issues, Womack et al. (2007, p.°131) cite the Vega project in the late 1960s, the X-car project ten years later, and the GM-10 factories in the late 1980s.

Section 7. Legacy Costs

By the time GM was close to bankruptcy in 2008, it "looked more like a health care and pension provider than it did a car company" (Taylor, 2010, p.°215). The U.S. has not, unlike all the other advanced industrial societies, ever provided socialized medical care to all its citizens. One of the attractions of working at GM was that the company, like other major enterprises, provided this along with wages and other compensation. Much of this reward infrastructure was built up following the Flint sit-down strike of 1936–1937, which led to the unionization of the U.S. automobile industry. These costs were affordable when productivity growth was rising, when profit margins were high, and when auto sales were still expanding. In 2004 health care for GM's employees, retirees and dependents added \$1,525 to the cost of every car and truck produced by GM in the U.S. and Canada. GM was buying more from health care provider Michigan Blue Cross than it was from steel, glass and rubber providers. GM's medical costs rose 8.5% in 2004 and were expected to rise by 10.5% in 2005. After repeated downsizings GM had two and a half retirees for every worker (Taylor, 2010, p.°215). This meant once the costs of retirees were added to the compensation for workers, they cost \$74 per hour. Because Toyota had few retirees, the cost of its U.S. workers was just \$44 per hour (Taylor, 2010, p.°222).

GM and the other U.S. auto producers were targeted by foreign producers who could build more efficient and reliable vehicles, or more attractive and better performing cars. The U.S. automakers did, at times, respond well to these threats, such as when Ford introduced the Mustang in 1964, a compact and well-handling vehicle for the time. However, between 1970 and 1990, Cadillac, which had been a highly profitable division, and the world standard in luxury automobiles, was eclipsed by imported luxury cars from Europe and Japan.

The de-contenting, the failure to reinvest and implement effectively to meet the competition, increasing dependence on discounting, and a high-cost base in Detroit, undermined the viability of GM compared with other sectors of American commerce. By 1993, GM, the former blue-chip company, was unable to access the capital markets and had to finance its activities via expensive bank borrowing (Sinclair, 2005, pp.°77–78). GM filed for Chapter 11 bankruptcy in June 2009 with \$83 billion in assets and \$173 billion in liabilities. Despite that, GM remained a "too-big-to fail" firm: it was thus able to secure U.S. Government cooperation in the worst financial crisis since the Great Depression, including billions of dollars in government funding (Manns 2011, pp.°1360–1361).

Section 8. Conclusions

Moral hazard is typically thought of as bad behavior exploiting the reduction of perceived risk due to explicit or implicit insurance. In our chapter, the global automobile industry reveals different modalities of moral hazard, as shown by the cases of France and Japan. But in addition to the conventional understanding of moral hazard as predicated on government intervention, we think moral hazard can also be conceived as an inevitable byproduct of market failure, following Michels' discussion of the rise of oligarchy. The failure to implement innovation effectively and to deal with legacy costs are illustrated by this form of moral hazard in the case of General Motors.

References

Arimori, T. (2019) *Nissan Dokusai Keiei to Kenryoku Koso no Masturo (Nissan: The Consequence of Autocratic Management and Power Struggle)*. Tokyo: Sakurasha.

Clift, B. (2014) *Comparative Political Economy: States, Markets and Global Capitalism*. Basingstoke: Palgrave Macmillan.

Commissariat Général du Plan (1990) *Du fordisme au toyotisme ? Les voies de la modernisation du système automobile en France et au Japon*. Paris.

Dowd, K. (2009) "Moral Hazard and the Financial Crisis," *Cato Journal*, Vol. 29, No. 1.

Freyssenet, M. (2009) "Renault, 1992-2007: Globalisation and Strategic Uncertainties," in Freyssenet, M. (Ed) *The Second Automobile Revolution*. Basingstoke: Palgrave Macmillan.

Fukuyama, F. (1995) *Trust: The Social Virtues and the Creation of Prosperity*. Glencoe (Illinois): The Free Press.

Gotoh, F. (2019) *Japanese Resistance to American Financial Hegemony: Global versus Domestic Social Norms*. Abingdon: Routledge.

Gotoh, F. (2020) "Industrial Associations as Ideational Platforms: Why Japan Resisted American-Style Shareholder Capitalism," *The Pacific Review*, Vol. 33, No. 1.

Gotoh, F. (2021) "Social Norms and (De-)Financialization: Japan's and China's Divergent Paths in Consumer Credit," *Contemporary Politics*, forthcoming.

Gotoh, F. and Sinclair, T. J. (2017) "Social Norms Strike Back: Why American Financial Practices Failed in Japan," *Review of International Political Economy*, Vol. 24, No. 6.

Hall, P. and Soskice, D. (2001) *Varieties of Capitalism: Institutional Foundations of Comparative Advantage*. New York: Oxford University Press.

Hayami, A. (1992) "The Industrious Revolution," *Look Japan*, Vol. 38, No. 436.

Hayami, A. (2015) *Japan's Industrious Revolution: Economic and Social Transformations in the Early Modern Period*. Tokyo: Springer.

Inoue, H. (2019*) Nissan vs. Ghosn: Shihai to Anto no 20 Nen (Nissan vs. Ghosn: Two Decades of Dominance and Secret Strife)*. Tokyo: Bungeishunju.

Japan Automobile Dealers Association (1994) *Jidosha Tokei Deta Bukku* (*Automobile Statistical Data Book)*. No. 12.

Leaver, A. (2015) "Fuzzy Knowledge: An Historical Exploration of Moral Hazard and Its Variability," *Economy and Society*, Vol. 44, No. 1.

Leslie, S. W. (1979) "Charles F. Kettering and the Copper-Cooled Engine," *Technology and Culture*, Vol. 20, No. 4.

Manns, J. (2011) "Building Better Bailouts: The Case for a Long-Term Investment Approach," *Florida Law Review*, Vol. 63, No. 6.

Michels, R. (2001 [1911]) *Political Parties: A Sociological Study of the Oligarchical Tendencies of Modern Democracy*. Kitchener (Ontario): Batoche Books.

Nader, R. (1965) *Unsafe at Any Speed: The Designed-in Dangers of the American Automobile*. New York: Grossman.

Nikkei Business (Ed) (2019) *Karisuma Shittsui: Gohn Teikoku no 20 Nen (The Downfall of the Charisma: Two Decades of the Ghosn Empire)*. Tokyo: Nikkei BP.

Nishiyama, T. (1992) *Nippon Kigyo-ron (A Study on the Japanese Company)*. Tokyo: Bunshindo.

Safire, W. (1978) *Safire's Political Dictionary*. New York: Random House.

Sato, M. (2012) *Nissan Sono Eiko to Kutsujoku (The Glory and Humiliation of Nissan)*. Tokyo: Bungeishunju.

Shioji, I. (2012) *Nissan Jidosha no Seisui: Jidosha Roren Kaicho no Shogen (Rise and Fall of Nissan Motor: Testimony of Japan Automobile Workers' Unions Chairman)*. Tokyo: Ryokufu Shuppan.

Sinclair, T. J. (2005) *The New Masters of Capital: American Bond Rating Agencies and the Politics of Creditworthiness*. Ithaca (NY) and London: Cornell University Press.

Sloan, Jr., A. P. (1963) *My Years with General Motors*. New York: Currency Doubleday.

Steel Advisory Partners (2019) "Macron's Ambitions Sowed the Seeds of Discord within the Renault-Nissan Alliance," available at https://www.steeladvisorypartners.com/macron-ambitions-renault-nissan.

Stevens, M. and Fujimoto, T. (2009) "Nissan: From the Brink of Bankruptcy," in Freyssenet, M. (Ed) *The Second Automobile Revolution*. Basingstoke: Palgrave Macmillan.

Suda, S. (2019) *Naze Karisuma Keieisha ha "Hanzaisha" ni Saretaka? (Why Was the Charismatic Management Made a "Criminal"?)*. Tokyo: East Press.

Suzuki, H. (2015) *Saccha to Nissan Eikoku Kojo (Thatcher and Nissan UK Factory)*. Tokyo: Yoshida Shoten.

Taylor III, A. (2010) *Sixty to Zero: An Inside Look at the Collapse of General Motors – and the Detroit Auto Industry*. New Haven (CT): Yale University Press.

Teranishi, J. (2017) "Neo-liberalism and Market-Disciplining Policy in the Koizumi Reform in Japan," in Backhouse, R. E., Bateman, B. W., Nishizawa, T. and Plehwe, D. (Eds), *Liberalism and the Welfare State*. Oxford: Oxford University Press.

Tiberghien, Y. (2007) *Entrepreneurial States: Reforming Corporate Governance in France, Japan, and Korea*. Ithaca (NY): Cornell University Press.

Tocqueville, A. (1955) *The Old Regime and the French Revolution*. New York: Doubleday Anchor.

Vlasic, B. (2011) *Once Upon a Car: The Fall and Resurrection of America's Big Three Automakers – GM, Ford, and Chrysler*. New York: William Morrow.

Vogel, S. K. (2018) *Marketcraft: How Governments Make Markets Work*. New York: Oxford University Press.

Womack, J. P., Jones, D. T. and Roos, D. (2007) *The Machine that Changed the World: How Lean Production Revolutionized the Global Car Wars*. New York: Simon & Schuster.

Wright, J. P. (1979) *On a Clear Day You Can See General Motors: John Z. De Lorean's Look Inside the Automotive Giant*. London: Sidgwick & Jackson.