

*THE END OF THE NATION STATE. THE RISE OF REGIONAL ECONOMIES.*  
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## **Prologue**

Kenichi Ohmae is an international guru. You can imagine him flying first-class from airport to airport and generating so many air miles that they would be sufficient to pay for all the journeys taken by any one of us in four lives. The Financial Times, The Economist and Newsweek under his arm. From city to city, Ohmae seems, like the majority of gurus, to be a true homeless person. First in Tokyo, then in Shanghai, London, Cape Town and San Francisco. First he has to explain his message to big companies, then to ESADEs, then to private and public universities, then to regional and state governments... Hotels at the four points of the globe, known by everyone everywhere, VIP rooms in international airports, the new scenarios of the great self-esteem of worldwide architects. In the real sense, Kenichi Ohmae seems to be a homeless person of our time.

Before globalization, the figure of the homeless person could only be understood negatively. It was an urban man, without a home and without a job or welfare support, who survived on getting by from day to day, with few material resources, although with a certain freedom of movement. You can imagine Kenichi Ohmae as a new homeless person of globalization, well-to-do, but homeless all the same. Few but good ideas, well-managed resources, conclusive sentences, complete freedom of movement and adaptation to the changing context...

All gurus must be a little like this. A little from everywhere and not too much from anywhere. And this is one of their characteristics: someone who provides ideas, sometimes received, valid for many, useful for the majority, adequate for the purposes of everyone, although in very different situations. All in all, Ohmae can be of interest for many reasons. The following paragraphs indicate those which have attracted me the most.

In this and other books, Kenichi Ohmae defends the disappearance of the nation state, but he is not a nationalist of any stateless people. Kenichi Ohmae proposes going beyond the “national” borders which arose as a result of the process of historical unification of the 19<sup>th</sup> century, but he is not an idealistic internationalist. Ohmae underrates the idea of strict hierarchies within the borders of each nation state, but does not seek destruction as a way of achieving a fairer new world order. His is, however, possibly the most direct and acute attack on the existence of the traditional European nation state (and, in passing, of other continents which have had them) as a form of social, political and economic organization of the future. His deadly load comes, precisely, from not making any political analysis, but rather simply an economic one.

To understand Ohmae it may be worth knowing something about his origins. He was born in the Japan of the second world war, specifically in 1943 in Kitakyūshū (Fukuoka prefecture, in the south of the country). Ohmae’s childhood and youth were spent in post-war Japan, the Japan of industrial reconstruction, but also of the American bases. In that country and at that time you could perhaps only be two things: a nationalist nostalgic for the glories of an Empire reduced to (atomic) ashes or a man accepting the American way-of-life with an absolutely cross-border life and culture. In his early twenties, in the sixties, Kenichi Ohmae chose, like other young people, to be the first generation to break with the traditional past of the Land of the Rising Sun. Ohmae’s official biography takes him from the kimono to studying nuclear energy at the American MIT, a path also followed by his country as a whole. Kenichi does not, however, currently work as a nuclear engineer. Ohmae’s renown comes from his books, from his ideas on business management, corporate strategy and business. A business vision, strategy, survival in a global world... Here we can indeed detect a certain Japanese background steeped in samurai mythology.

Kenichi Ohmae began to work in Hitachi, but he soon put his ideas in the service of the big multinationals and of the global economy at McKinsey & Company, becoming the majority partner. He worked there for 23 years. On acting as consultant to big companies in the field of strategic management he

was nicknamed Mr. Strategy. Not in vain, the first book that he wrote was *The Mind of the Strategist* (1982). From partner to businessman, Ohmae founded his own companies, covering fields as diverse as remote business training, data collection computing and the delivery of consumer products with on-line services. Kenichi Ohmae is not an intellectual in the usual sense of the word, but he became Professor of Public Policy at the UCLA (University of California) and a very influential man in certain world forums. An advisor to regional governments, visiting professor at Korean, Australian, Japanese and North American universities. At the beginning of the nineteen nineties, he even founded, with others, the Reform of Heisei citizens' political movement.

However, Kenichi Ohmae's task is that of creating ideas within the globalized world and applying them to business and corporation management. But, in passing, he is also responsible for some good ideas which, in this small corner of the world, can help us. This is indeed the secret of a guru: with specific training, with a certain orientation, with a strong character, to go further, to reach much more people and to be at least attractive to the majority, a majority which, by definition, already has clear differences in its individual interests.

In 1995, Kenichi Ohmae published a very interesting book for all those interested in regional economics and studies. The title was spectacular: "The End of the Nation State". The book soon attracted the attention of scholars of political science, economic geography and the processes of globalization. And also of the fans of political essays, of territorial debate. I would even say of politicians and activists in general. A liberal and famous homeless person was talking to us about a borderless world. It was, in a way, a fairly coherent process. From a clearly liberal position, Ohmae analyzed the dissolution of nation states within globalization and proposed dismantling in a conclusive manner the role of the interventionist state in the field of economic relations, at the same time attacking with great harshness the belief that nation states are the only and the best prepared instruments for the generation of wealth and for the government of the territory. In this book, Ohmae makes a statement which, in

some places and with another meaning, could get him taken to court: Spain, as such, does not exist, and neither (we could go so far as to say) does France, Italy, the United States and even less China and India. These names are fictions. Economic fictions. Fictions like the arithmetic mean in a series of extreme data. Fictions like the half a chicken which, according to the statistical calculation, each of us eat if I have a whole one in the oven and you don't have any in the larder. He explains it in a more interesting manner with the idea of the zebra effect: countries are formed by economic bands similar to the stripes of zebras and the long, coloured, zones are the true protagonists of economic development that we label as "Spanish", "French" or "German", so it is completely artificial to talk about a "national" economy as a mean. As I recalled in 2004 in the *Revista d'Economia de Catalunya* (citing precisely this book by K. Ohmae now translated into Catalan), Spain, and any of the European countries, is in actual fact like the skin of a zebra: divided into black and white bands. Each band, depending on its colour, shows more or less economic activity, a greater or lesser provision of infrastructures, more or less competitiveness... In actual fact, we could ask whether the zebra exists. And the answer is yes, but what colour is it? Is it perhaps grey, because that would be the mean of its two main colours, black and white? Obviously not. We can, therefore, talk about Spain. But a real x-ray of its economy in the framework of Europe and of the world would have to take the different regional and interregional situations as an element of analysis, and these big regional groupings also extend to other states. Can we learn any lessons from this for day-to-day politics? Of course we can. And everyone can do so by reading this book. One of them is that, with Ohmae's theories, the supposed "market unity" (an argument used by certain political forces to oppose the federalization of processes in Spain or, even, the decision-making power of autonomous governments) would not make sense at all. Market unity within a fragmented market? Market unity within a differentiated economy? Market unity within disparate rules of the game? Despite everything, and in my opinion, it should also be said that some of the political derivatives of this subject, very clear in the mid-nineteen nineties, have

weakened with the outbreak of the economic crisis in the autumn of 2008. This is a very debatable issue and leaves the gates open to the future. The economic tensions which began at the end of 2008 have, in some respect, damaged the splendour of a borderless globalization and of a clear and free future of new forms of territorial and economic organization. The G-20 (or 22, it does not really matter now) continues to be a club of nation states (despite the presence of the European Commission). In Europe, Germany and France still dominate the response to the global crisis (with the surveillance of Great Britain) and small states such as Ireland drag the whole of Europe along with strictly individual decisions, such as unilaterally guaranteeing bank deposits in October 2008 in the face of the worldwide crisis of trust.

In this book Kenichi Ohmae does not restrict himself to rejecting the traditional function of nation states as driving forces of economic progress and of wellbeing. As a good strategist, as a good consultant, he offers a solution to the problem of their lack of importance. Instead of nation states he proposes regions (which he calls region states as opposed to nation states) as the most appropriate territorial structure to triumph in the world of globalization. These big regions would be defined as relatively autonomous economic units, that is to say structured internally as a system of relations, with a population of 10 to 20 million people, and shaped as the gateway to the global economy, with a high economic level, an attractive internal market and notable service infrastructures. As Ohmae says, and I quote, "These region states may or may not fall within the borders of a particular nation. Whether they do is purely an accident of history. In practical terms, it really does not matter". From among the region states of the world Ohmae highlights the north of Italy, Baden-Württemberg, Wales, the continuum between San Diego and Tijuana, the zone made up of Hong Kong and the south of China, Silicon Valley-Bay Area in California, Pusan in Korea, etc. In Europe, Ohmae moreover mentions the Rhône-Alps region, with its extensions toward Italy and "the Languedoc-Roussillon region, centered on Toulouse, with its tight linkages with Catalonia". A regular reader will be able to recognize in this region - especially if we extend

it, as we should do due to objective data on economic relations, to the south to incorporate the economy and the territory of Valencia - one of the central elements of the most avant-garde thought produced in our lands on the future of regional economies: the Mediterranean axis as an economic unit, as a driving force for activity and as a geographic area in which to develop an adequate infrastructure policy.

The author also makes an interesting declaration: regional autonomy is a great - and even essential - lever to transfer the advantages of the global economy to citizens and residents, provided, that is, that it corresponds to policies which are neither exclusive nor sectarian. This, he points out, does not tend to occur: region states tend to be more inclusive than exclusive (we may now ask ourselves, unlike nation states?)

On the one hand, and here Kenichi Ohmae continues to be right, the governments of states, individually and as heirs of processes which began in the 19<sup>th</sup> and 20<sup>th</sup> centuries, cannot confront the magnitude of the economic and financial ups and downs with the individual arms arising from their condition as guardians of the nation state. One of Ohmae's fundamental theories (the inefficiency of the nation state as an economic and business unit in the global economic context) continues to be true. It is also true that, in many cases, nation states have lost more room for manoeuvre (and here too Ohmae is right) in the economic and monetary issue than in any other (now there is no control, to the despair of some, over monetary policy in Spain, no devaluations, and no other measure outside the European Central Bank). But it also true that the other side of the coin, the region states, have not (yet?) become an "active" instrument of development, a real counterweight for the nation states. Moreover, we can say that their capacity to influence the global panorama has even diminished, although this may be a process relating to the present moment as a result of the worldwide crisis which began in the autumn of 2008. What has not been lost, it could be said, is their "passive" economic importance.

Ohmae persevered in this idea in a later book, *The Next Global Stage. Challenges and Opportunities in Our Borderless World* (translated into Spanish in

2005 by Granica), in which he did not hesitate to say that the region states will be the most powerful economic institution (note the term) of the future: enormous forces of all kinds are dissolving national borders and forming new regional economies, technology and other growth factors are replacing the former mechanisms based on the power of national economies and, finally, global companies and the role of governments are beginning of change when their basic territorial form, the nation state, has stopped being the absolute main figure of history. And of the economy. Moreover, even in the highest circles of European bureaucracy, nation states are currently perceived as an obstacle to the future, as demonstrated by a text which should always be remembered, a text produced by the European Commission in its report on cohesion: "National borders are often an obstacle to the development of European territory as a whole, and can restrict its potential for full competitiveness" ("Document on Cohesion 2007-2013", p.34).

The crisis which began in autumn 2008 may upset this vision. Or maybe it will just curb it a little. No one can predict whether, in the not too distant future, this moment of worldwide tension may free even more destructive forces for the power of nation states. Will the entire world undergo the change that Ohmae forecast in 1995? Will there be a transition from national sovereignty to citizens' sovereignty? What role, then, will the concept of "border" play? Will the axiom "People came first, borders came afterwards" again be fulfilled? Will the promised region states also emerge - as a result, or a cause, of the transition - as actors in a global world, as the driving forces of prosperity and of improvement of the quality of life of the people who live in a global economy? It could be an exciting task to observe the current situation of the world in the light of these questions.

In an article published in the Financial Times in September 2008, when the major crisis of the autumn had already begun, Ohmae continued to defend a central idea of his thinking: the systemic or global character of the economy (and of the crisis) and the uselessness of individual actions by states (nation states, obviously). The crisis, he said, is a systemic problem and not a collection

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of individual problems. Time has shown Ohmae to be right with some things, especially when he talks about the difficulty with which nation states move in a global world (with or without the crisis), but the intensity of the troubles which are announced and are seen is of such a size (some even talk about the complete refoundation of capitalism) that it is difficult to know where we will end up... I am, however, sure that Kenichi Ohmae will be thinking about it. That is, to summarize, the role of a good guru. To think, to anticipate, and then to communicate.

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