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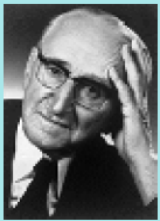
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Ordnungspolitische Diskurse

Discourses in Social Market Economy



Katsuhiko Hirasawa

**Globalization and
Small Businesses**

Diskurs 2019 - 6

Globalization and Small Businesses

Katsuhiko Hirasawa

Abstract

The purpose of this paper is to examine what kind of impact neo-liberalistic globalization has on small businesses in Japan. First, we review the background of neo-liberalistic globalization. It can truly be said that globalization not only results in the overseas development of goods and capital, it is also closely linked to new liberalism and deregulation. Then we examine how small businesses in Japan have changed. It may be true that the existence of small businesses, which had been built in a self-sufficient manner within Japan, was reorganized in a wider East Asian region, we should not overlook that the advancement of globalization has changed the structure of small businesses established in Japan. Thus, we clarify the impact of neo-liberalistic globalization on small businesses. As can be shown more than 1-million small businesses closed or went bankrupt in 15 years, during which globalization gained ground. Whereas the overseas expansion of the economy had an impact on the national economy, globalization today progresses via fierce competition based on neo-liberalism in the background of the declines in the rates of profit and the amounts of profit of American big businesses. This neo-liberalistic globalization causes the industry structure of each country to be reorganized, and it causes the sustainment of small businesses to fail.

Keywords

Globalization, SME, Japan

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Globalization and Small Businesses

Katsuhiko Hirasawa

1. Introduction

In July 2000, Sogo, a long-established department store with 170 years of history, became practically insolvent when it applied for bankruptcy under the Civil Rehabilitation Act, holding the largest-ever debts in the retailing industry. The fundamental cause of their bankruptcy was that, whereas the enterprise obtained a nearly 2-trillion-yen loan on the back of the bubble economy and invested in real estate and similar holdings, most of the debts turned out to be bad loans because of the significant drop in real estate prices and a sluggish sales growth. Concerned about the ripples of this bankruptcy throughout the old retail enterprise, the Japanese government and the Industry Bank of Japan, the main financing bank of Sogo, requested the debt forgiveness of 630 billion yen from financial institutions as part of the restructuring plan initiated by the Industry Bank of Japan. Nonetheless, the Long-Term Credit Bank (LTBC) of Japan, another main financing bank of Sogo, was at the time restructured into Shinsei Bank after having gone bankrupt themselves, because of their vast amount of bad loans and having been sold to Ripplewood Holdings. It was early summer 2000 that Shinsei Bank was notified of the request of the debt forgiveness. "If LTBC had received such a request, it would have immediately agreed" (Tett, 2003, p.293). However, the CEO of Shinsei Bank replied in late June to the Financial Reconstruction Commission that the bank would not provide the debt forgiveness to Sogo. Thus, Sogo was assured bankruptcy.

Globalization is often considered to be the overseas development of enterprise activities and commercial goods. In fact, Kenichi Kuroda sees globalization as "the expansion of a market beyond the border of a national economy" (Kuroda, 2018, p.183). Enterprise activities and the distribution of goods beyond the border have been commonplace since ancient times, just like capitalism. In that sense, the history of capitalism is nothing short of the development of globalization.

Makoto Itou points out that globalization cannot be found in any English–Japanese dictionary, but that it began to be used frequently from the 1990s (Itou, 1998, p.179). Just as “multinational enterprise” was used to position post-WWII overseas development, mainly led by big American enterprises, globalization can be seen as a concept representing the new economic activities of recent years.

Ken Kuruma stated that the history of capitalism was the development of economic globalization, and he pointed out that financial globalization and globalization of the real economy were characteristics (Kuruma,2003, p.149f). He saw the globalization of the real economy as a basic element. Of course, the major players who pushed globalization were American multinational enterprises. According to Kuruma, whereas international rules and arrangements were required to support economic globalization, market fundamentalism was a global standard on which we based the economic activities of multinational enterprises. As seen in the case of Sogo, neo-liberalism-based international activities were being carried out, causing a transformation of the traditional business practice.

In this way, globalization progresses while linking itself to neo-liberalism. The purpose of this paper is to examine what kind of impact neo-liberalistic globalization has on small businesses in Japan. First, we review the background of neo-liberalistic globalization. Then we examine how small businesses in Japan have changed. Thus, we clarify the impact of neo-liberalistic globalization on small businesses.

2. Globalization and Neo-Liberalism

Globalization is a relatively new phenomenon, as suggested by Itou. However, what does globalization mean? In this section, we examine this question based on the discussions of Takuyoshi Takada (Takada, 2013, p.24ff).

Many economists have placed a great deal of importance on the global recession of the early 1970s as the turning point of modern capitalism. After WWII, industrialized capitalist countries achieved economic growth by focusing mainly on mass production and regulating enterprise activities. This included compromises between labor and

management. Conflicts between production and consumption caused by the introduction of mass production resulted in a severe recession, and the mass production system ended up creating its own limitations. As a result, the capitalist economy began a structural transformation in the late 1970s. During that process, the overseas development of economic activities was promoted. These activities are generally seen as globalization. The globalization at tissue today has been conducted as part the structural transformation. Nevertheless, the overseas activities of the economy have been expanded in line with the development of capitalist economies. If globalization is assumed to be a new phenomenon that began in the 1970s, we need to clarify the new characteristics that are distinguishable from the overseas development of economic activities.

As is commonly known, regulation-school researchers have attributed the post-WWII economic development structure to mass production, which presupposes the existence of compromises between labor and management and regulations of economic activities. However, whereas excessive production through mass production has created an enormous amount of surplus capital, investment opportunities for enterprises have decreased. Under these circumstances, financial investments have risen. Focused on the financialization of economy in terms of financial speculation, regulation researchers stated that financialization of the economy was being promoted with deregulation against the backdrop of banks and other financial institutions being restricted by the regulations established after WWII. Thus, the financialization of the economy includes the restoration of the authority of management. It is true that the financialization of the economy was promoted with both financial deregulation and the transformation of the relationship between labor and management. In this regard, globalization is linked to the restoration of the authority of management, the financial industry, and, in particular, deregulation.

Researchers of the social structure of capital accumulation have focused their attention on the post-WWII era, similar to the regulation school. These studies understood that the framework of capital accumulation built after WWII lapsed into institutional fatigue as a result of the economic growth, and a new structure of capital accumulation based on neo-liberalism was built after the 1980s. They found that financial speculation by enterprises gained ground and concurrence with the establishment of a new structure

of capital accumulation. However, Takada argued that increased profits in the financial industry became apparent after the late 1980s, a few years later than the early 1980s, at which time the neo-liberal accumulation system prevailed. Thus, the establishment of the accumulation system based on neo-liberalism promoted the financialization of the economy (Takada, 2013, p.28).

Takada studied research results by scholars who focused their attention on the regulation school and the social structure of capital accumulation. According to Takada, neo-liberalism, which aims to overcome economic crises, refers to overall policies, such as deregulation, and, above all, the strengthening of the authority of enterprises and management and the restoration of profits to the enterprises. The system of capital accumulation based on such neo-liberalism was promoted with the business expansion of multinational enterprises and the financialization of the economy against the backdrop of excessive capital.

In this paper, we define globalization as an economic policy based on neo-liberalism that seeks to strengthen the authority of management and the financial industry and to boost profits of enterprises amid crises of post-WWII economic structure. Under this framework, we examine the impact of globalization on small businesses. For this, we examine the relationship between the advancement of globalization and financialization.

Globalization today has been closely linked to neo-liberalistic economic policies, pursued to restore the authority of management and to boost profits, triggered by the collapse of the economic structure built after WWII. Kazuo Konishi analyzed this deregulation and globalization on the basis of the tendency of the rate of profit to fall, as noted by the classical economics of Karl Marx and others.

According to Konishi, after the 1990s, Japan reached a phase in which the accumulation in capital investment remained stagnant over a long period of time. Not only did the rates of profit continue to fall, the amount of profits did not increase.” Under such circumstances, profit growth inwardly manifested itself as a thorough reduction in labor costs and outwardly as the hollowing-out of the domestic economy through the development of overseas production (Konishi, 2014, p.197). Konishi pointed out that this

way of pursuing profit was defined by a decline in the rate of profit and sluggish growth in the amount of profit, and was promoted in association with an increase in financial income. The analytical perspective of Konishi provided an effective framework to analyze modern globalization. In this chapter, based on Konishi's analytical framework, we report the results of a brief survey on the development of the American economy, examine the development of neo-liberalistic globalization, and clarify why the reduction in labor costs and the growth of financial income have been made possible.

After WWII, mass production became the foundation of the economic structure in industrialized capitalist countries. Generally, mass production is a mode of production that supports the efficient manufacture of many products. Modes differ among industries. In this section, as seen in the regulation perspective, our discussion is focused on the automobile industry that characterized the economic activities after WWII.¹

The Ford System², which defined the mass production system of the automobile industry, comprised the standardization of parts, the specialization of factories and workshops, the simplification of work, and the moving assembly line introduced in 1913 (Mouri, 1965, ch. 3). The Ford System was established on the American system of manufacturing, backed by huge demand. In this sense, mass production progressed in close association with mass consumption.

The Ford System, however, faced a change in the demand structure in the late 1920s and was forced to reverse the principle of single-product production. Thus, the automobile market became dissatisfied with sturdy and inexpensive means of mobility (Suzuki, 1999, p.145). In response to the changes in the demand structure, General Motors (GM) and other enterprises added variations to their product lineups. A shift into flexible mass production occurred to meet the diversification of products. This is the so-called full-line strategy.

According to Suzuki, however, the shift of the mass production method did not result in flexibility for production technologies. Rather, it centered on the diversification of product lineups and the standardization of parts. Thus, the theoretical basis of mass

¹ This discussion is based on the analysis by Suzuki (1999).

production was maintained on the level of parts (Suzuki, 1999, p.146f). However, the labor movement had a significant impact on the mode of mass production via the union. The labor movement gained steam in the wake of the worsening of labor conditions (e.g., wages) caused by the Great Depression in 1929. The National Industrial Recovery Act in 1933 was enacted to curb deteriorating labor conditions and to bring the economy back on track. In response to the rise of the labor movement, management gave the right to collective bargaining to the enterprise unions that blossomed in the 1920s. Nevertheless, opposition from labor remained strong, and unions succeeded, triggered by the enactment of the Wagner Act.

Under such circumstances, as a counterplot against the labor-union movement, GM made clear their policy to actively pursue decentralization, mechanization, and automation of the factories in an attempt to counteract the power of specific factories and groups of workers (Suzuki, 1999, p.148). Production facilities required massive amounts of capital, inevitably requiring cooperation from workers for efficient operation. In this context, attention should be given to agreements between labor and management.

In the U.S., after the enactment of the Wagner Act in 1936, the formation of labor unions accelerated. Nonetheless, what triggered the formation of labor unions was workers' dissatisfaction with the demand for faster operation speeds and a greater speed of work. In fact, various resistance activities at shop-floor levels were carried out after 1937. Management requested that labor unions control the resistance activities at workplaces represented by wildcat strikes. In response, the labor unions moved ahead with the centralization of the labor movement to reinforce the authority of their headquarters. As a result, the labor movement at workplaces suffered setbacks, and a labor-management relationship was established to distribute negotiations to the headquarters. Thus, the Taylorism-based labor formation was strengthened (Suzuki, 1999, p. 151ff).

Nevertheless, with a production system based on the sophistication of machinery and the labor-management relationship prioritizing profit sharing, the rate of profit was declining. Furthermore, the overseas development of Japanese enterprises after the late 1970s caused fierce competition. Consequently, American automakers were subjected

to seriously poor performance. Thus, American enterprises were confronted with a dwindling amount of profit and the tendency of the rate of profit to fall.

Under these circumstances, neo-liberal policies drew attention. Neo-liberalism includes the ideals and policies that entrust resource allocation to free competition in the market (Ninomiya, 1999, p.59). In that sense, neo-liberalism is closely connected with deregulation. In the U.S., with the compromises between labor unions and management, mechanization made progress, and compensations were raised. The mass production system was maintained on that premise.

The progress in mechanization and a higher labor share pushed down the rate of profit. Additionally, the amount of profit also suffered a decline as international competition intensified. The drops in the rate of profit and the amount of profit made it difficult for enterprises to invest in equipment and to make new investments within the country, causing many enterprises to expand their businesses into foreign countries. This is the so-called progress of globalization. This kind of overseas business development not only prevents the rate of profit from declining, it also contributes to an increase in the rate of profit. However, business expansion into emerging countries and the former socialist countries after the collapse of the Cold War and intensifying competition added pressure on cost reductions.

Thus, the enterprise authority to decide wages was strengthened, and the growth of enterprise profits was pursued. In fact, wages were scarcely linked to the increase in labor productivity after the 1980s (Takada, 2013, p.22). This is a result of the business recovery of enterprises. However, in the manufacturing industry, revenues from the main businesses did not rebound. What contributed to the business recovery of enterprise profits was the increase in finance profit. What became a foundation of the increase in financial profit was the development of so-called information technology (IT). Financial activities, such as derivatives and alternative investments, expanded on a global scale, backed by IT.

The economic structure centering on mass production and mass consumption, which was built after WWII, exposed its incompleteness and was mediated by compromises between labor and management, leading to a strong requirement for the creation of a

new economic structure. Neo-liberalism became an underlying policy on which to base this new structure. It can be said that under neo-liberalism, multinationalization of enterprises made rapid progress, and financial globalization contributed to the recovery of enterprise profits. It can truly be said that globalization not only results in the overseas development of goods and capital, it is also closely linked to new liberalism and deregulation. In the next chapter, we examine how such globalization affects small businesses, particularly, those in Japan.

3. Globalization and the Changing Structure of Small Business

The mass production system that defined the economic structure of the post-WWII era was confronted with serious problems because of the advancement of mechanization and the high-wage structure based on agreements between labor and management. Based on neo-liberalism, economic and financial globalization progressed, and multinational enterprises became major players in globalization.

One of the significant features of the post-war world economy was the international activity of enterprises, namely, those of multinational enterprises. As a matter of course, activities of enterprises (e.g., trade and the acquisition of natural resources) were common in ancient times. In contrast, a feature of the post-WWII enterprise activities can be explained as foreign direct investment. More specifically, it was the development of local production in foreign countries. After WWII, many enterprises sprung up in production and sales in foreign countries. Major players in these international activities were American big businesses.

After WWII, American businesses embarked on local production mainly in Europe to resolve the drawbacks underlying mass production. Whereas the economic recession in the 1970s triggered a quest for a new economic structure, behaviors of multinational enterprises also began to change. Neo-liberalism became the linchpin of the new economic structure. Based on neo-liberal economic policies, multinational enterprises carried out their activities while neo-liberalism served as the rationale to enable them to do so.

On the background of burgeoning mass merchandize outlets and department stores in Japan, the Large-Scale Retail Stores Law was enacted in 1973 with the aim to protect consumers and small and mid-sized retailers. Whereas the law was meant to regulate the opening of large-scale stores, as a result of the progress of deregulation under pressure from the U.S. government, who called for Japan to open the market, the law was repealed in 2000. Against the backdrop of deregulations and the subsequent abolishment of the Large-Scale Retail Stores Law, American big businesses made inroads in the Japanese market, and shopping malls made a leap, both accelerating the reduction of the number of local small businesses and self-employed workers.

With the progress of deregulation, more foreign enterprises (e.g., Toys-R-Us) entered the Japanese market. Market penetration by large-scale stores, which have a strong ability to attract customers, makes an impact on local stores and eventually leads to the decline of shopping districts by causing them to discontinue their businesses or to go bankrupt. Moreover, the inflow of foreign capital transforms the traditional pricing system through the introduction of an open-pricing system and creates a shift in “keiretsu,” which was built on the initiative of manufacturing enterprises. This is the dismantlement of the existence structure of traditional small businesses.

Enterprises have conducted business internationally for a long time. In Japan in the 1960s, the introduction of foreign capital became an important theme for the advancement of worldwide liberalization, and the entry of multinational enterprises was propelled. By contrast, the feature of the activities of multinational enterprises today is that they are promoted simultaneously with deregulation against the backdrop of a shift in the American economic structure, particularly, the decline in the rate of profit and the sluggish growth of the amount of profit. For that reason, more and more multinational enterprises have made inroads in fields that had been difficult for them to enter because of regulations, jeopardizing their existence. The cornerstone onto which the transformation relies is the global standard.

Globalization is promoted with deregulation based on neo-liberalism. Another feature of globalization is the demise of the socialist system that started in the early 1990s and the entry of former socialist countries into the markets. Today, international economic activities are spreading not only to former socialist countries but also to the emerging

countries in Asia and other regions. Next, we examine the impact of globalization on worldwide economic activities, focusing on the cases of Japanese enterprises.

4. Advancements in the International Division of Labor

In the U.S., the economic structure based on post-WWII mass production was confronted with various problems, leading to a strong requirement for a shift in the economic structure. Meanwhile, the mass production system in Japan created a good deal of contradiction. However, a flexible production system, such as the formation of the cooperative relationship between labor and management, made possible huge amounts of exports in the 1980s, which gave rise to the trade conflict with the U.S. The appreciation of the yen after the 1985 Plaza Accord accelerated the business expansion of the Japanese enterprises into the U.S. and Europe. However, because the overseas expansion after the Plaza Accord was carried out to avoid trade conflicts, and the Japanese production system had adjusted to locally acceptable modes, their overseas expansion did not involve the content and size that could fundamentally reform the modalities of the division of labor and of the subcontracting system in Japan (Yoshida, 1996 p.49).

In the 1980s, the overseas expansion was being carried out to make use of the low wages in Asian countries, where the processing technology employing microelectronics (ME) was developed. Even in Asian countries with underdeveloped technologies, precise processing was made possible and full-scale local production of low-end goods became possible, from the production of materials to the processing of parts to the assembly of finished goods (Yoshida, 1999, p.4). Nonetheless, thanks to the domestic demand-led economy, which was built in the wake of the trade conflicts, and under the accompanying bubble economy, domestic demand expanded, and any impact on domestic production did not come to the surface.

However, the burst of the bubble economy in the early 1990s caused the shrinking of the economic expansion that was driven by real assets and financial speculation. The economic system based on mass production generated many problems, and limita-

tions came to light in the early 1970s. Nevertheless, the formation of the flexible production system based on ME technologies successfully contributed to the expansion of exports by meeting the various new needs. However, the sophistication of plant and equipment investment represented by ME machines created a high-cost structure, resulting in a decline in the rate of profit. The development of the bubble economy did not make apparent the problem of the high-cost structure by boosting the amount of profit. However, the sluggish demand associated with the burst of the bubble economy highlighted the high-cost structure, and cost reduction became a significant challenge for Japanese enterprises.

Under these circumstances, much attention was drawn to low-wage East Asian countries, particularly, China, which shifted its economic system from a socialist economy to a market-oriented economy. In fact, whereas direct investment in the U.S. and Europe marked a substantial decline in the early 1990s, the overseas expansion into East Asian countries made rapid progress. The overseas expansion after the burst of the bubble economy promoted the formation of the production system based on the division of labor in the Asian region as represented by the Asia Car, rather than promoting the export of the production system to the U.S. and Europe that was carried out after the Plaza Accord.

The development of capitalist economies involves the concentration of production and accumulation. Small businesses unable to respond to competition are bound to be weeded out. However, many small businesses have survived in fields that were unprofitable for big enterprises. In fact, the percentage of small businesses exceeds 90% not only in Japan but also in the U.S. and Europe. In Japan, however, most small businesses are integrated into the subcontracting system of big enterprises. In 1981, before the Plaza Accord, more than 60% of small manufacturers were integrated.²

American and European automakers manufactured many of the parts, such as electrical components and steering parts, at their own factories. The percentage of in-house production of some automakers was more than 70%. In contrast, Toyota and Nissan

² There are many previous studies about the Japanese shitaube system. For an introductory paper, refer to Hirasawa, Xiong, Takakubo and Yu, Economic Development and Small Businesses in Japan (Journal of Modern Accounting and Auditing, Vol.14, No.4).

manufactured important parts, such as engines and transmissions, at their own factories, and they procured other parts from parts manufacturers. Furthermore, the parts manufacturers produced their parts by entrusting small businesses with the manufacturing and processing of components necessary.

The subcontracting system for the division of labor was established under the umbrella of big enterprises. It is noteworthy that the production system was self-sufficient within Japan. This was the so-called full-set production system. Actually, in Ota Ward in Tokyo, there have been enterprises that can provide any and all production and processing technologies as long as drawings are available.

However, progress in overseas expansion, mainly led by big enterprises, has had a serious impact on the subcontracting production system. Japanese enterprises have reorganized the production system in ways that look at the whole process, including planning, research, and development, as well as processing and assembling with a focus on Asia. It urges overseas production bases to become independent and autonomous as much as possible (Yoshida, 1996 p.62). Thus, review of business, discontinuance of business, and reduction in orders were promoted, and the accumulation of the small businesses, which made possible a variety of domestic production and processing, was forced to make a shift in line with the review of the production system of big enterprises.

Yukio Watanabe, who conducted empirical research on industrial accumulation in Japan on the existence structure of the mechanical industry in Tokyo, criticized the view that the overseas expansion after the 1980s was directly linked to the hollowing out of industry. He pointed out the importance of understanding the existential perspective of Japanese small businesses in the manufacturing industry in the context of drastic structural change (i.e., East Asianization of the Japanese manufacturing industry) (Watanabe, 2011, p.1). Watanabe unraveled various changes in the industrial accumulation of the 1990s in Japan via field surveys and concluded that the actual contents of structural change means that Japanese enterprises built the production system based on the regional division of labor over a wider area across East Asia as opposed to the conventional regional division of labor over a wide area within Japan (Watanabe, 2011, p.27).

It may be true that the existence of small businesses, which had been built in a self-sufficient manner within Japan, was reorganized in a wider East Asian region, we should not overlook that the advancement of globalization has changed the structure of small businesses established in Japan.

5. Changing the Conditions of Existence for Small Business

In Japan, against the backdrop of the decline in the rate of profit and the sluggish growth of the amount of profit caused by the burst of the bubble economy, big enterprises expanded their overseas businesses mainly to East Asia. Linked to neo-liberalism and mainly led by the U.S., the overseas expansion of big enterprises advanced with the progress of deregulation. Furthermore, globalization progressed in the background of market-oriented economic reforms in the former socialist countries. Japanese big enterprises began mass production by integrating an enormous number of small businesses into their own subcontracting system for the division of labor. However, after the burst of the bubble economy, Asia-wide optimal procurement of parts was needed. Whereas the overseas expansion of multinational enterprises had a positive impact on the advancement of small businesses in East Asia, it significantly transformed the existence structure of small businesses in Japan.

In fact, in Ota Ward of Tokyo, the most famous area for the accumulation of small businesses, the number of small businesses dramatically declined from nearly 15,000 in the 1970s to 4,774 in 2005. According to a survey conducted in 2006 targeting machinery and metal manufacturers in Ota Ward (Yamazaki and Ishii, 2011), more than 90% of small manufacturers positioned their mode of existence as subcontracting for larger firms. However, the percentage of parent enterprises in their total client enterprises dropped from 75.4% in 1995 to 48%.

Client enterprises were in the same business with the parent company and affiliated enterprises, accounting for 20.1%. The mode of receiving orders remained the same. However, regarding the number of client enterprises, almost 85% of respondents selected “over 10 enterprises” as an answer. This suggests that, whereas they keep their

conventional practice of relying on parent enterprises and affiliated enterprises in business transactions, they diversify their client enterprises because of decreased orders. The decline in the number of small businesses has continued since the survey.

Under globalization, the subcontracting structure in business is continuing to drop. Global transformation has a severe impact on small businesses. According to Oobayashi, these changes mean the loss of the conventional foundation of the existence of small businesses (Oobayashi, 2018, p.137). Thus, it will result in the loss of job opportunities and the foundation to start a business. It eventually will lead to the loss of national economic strength.”

The mass production system not only caused the rate of profit to fall, it also resulted in a reduction in the amount of profit caused by the economic slump. With the amount of profit declining, the attempt to increase financial income was made through financial speculation. However, the financialization of the economy boosted the instability of finance, as epitomized in the 2008 financial crisis. Thus, finance regulations were enhanced with the Basel Capital Accord. Thus, financing small businesses became difficult. Originally, small businesses in Japan suffered a chronic fund shortage, and financing from banks made possible their existence. Nevertheless, the reinforced financial regulations exacerbated the fund shortage of small businesses and endangered their existence.

6. Conclusion

According to the 2018 white paper on small and medium sized enterprises, the number of small businesses declined from 4.84 million in 1999 to 3.81 million in 2014. This signifies that more than 1-million small businesses closed or went bankrupt in 15 years, during which globalization gained ground. Whereas the overseas expansion of the economy had an impact on the national economy, globalization today progresses via fierce competition based on neo-liberalism in the background of the declines in the rates of profit and the amounts of profit of American big businesses. This neo-liberalistic globalization causes the industry structure of each country to be reorganized, and

it causes the sustainment of small businesses to fail. Now is the time for a new international order to be built to protect the existence of small businesses at a national level.

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