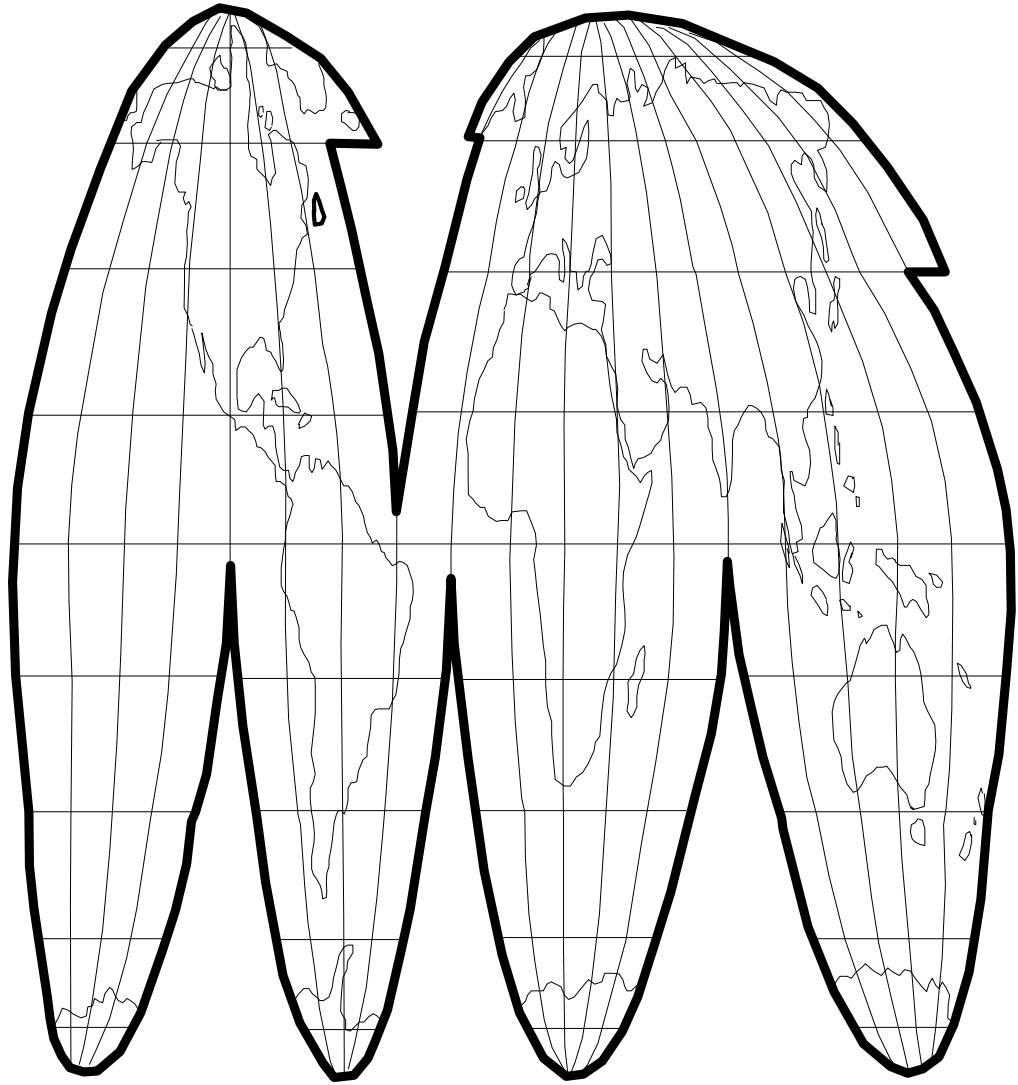
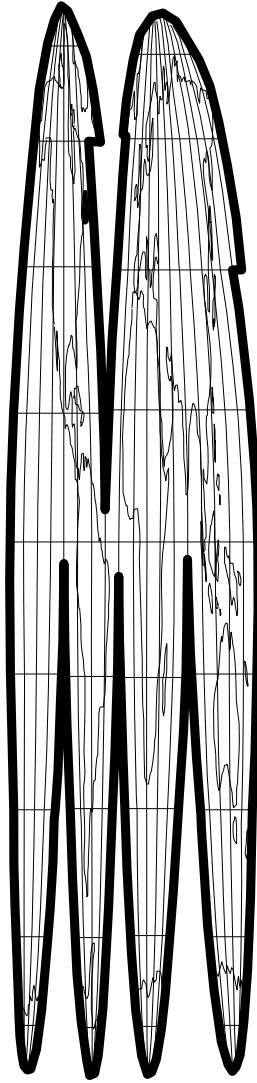


The Japan-American **Trade War**



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For years after the end of the second world war, the Japanese suffered from an inferiority complex. This was the result of the American aid to Japan which helped to rebuild their country. Soon the Japanese started producing goods, small stuff at first, like junky toys in the earlier years - but then came better items, much better items. Now it is the Americans that suffer from the inferiority complex, not familiar with being economically vulnerable and not entirely in control of their destinies. Who to blame - the Japanese of course. If Americans can not learn to compete with the Japanese, then there is going to be some serious trouble because the economic problem will not just "go" away.

When Japan lost World War II, six million Japanese had to return home from the colonies Japan lost. These people had to be fed, clothed and housed. The outlook for Japan's recovery did not look very hopeful. The Americans had no intention of helping the Japanese, but the communist victory in China changed this, because the Americans

wanted to stop the further advance of communism. Americans started to help Japan out by not making them pay reparations for war damages and opened Japanese trade to other countries. The Americans dissolved the powerful family businesses which opened business to more competition and in the countryside, they took land from the landlords and gave it to the tenant farmers. By the time American occupation ended in 1952, Japan had returned to prewar levels of production. With their recovery now ensured, Japan embarked on a period of great economic growth which is growing at a faster rate every day.

The Japanese are now at the head of a powerful economy which is the second largest in the world, exceeded only by the Americans. Many believe that the Japanese economy will overtake the U.S. economy by the year 2000. Polls in the United States have indicated that the Americans rank the Japanese economic threat higher than the Russian military threat.

Yoshio Sakurachi, the speaker for the Lower House of the Diet (the Japanese Parliament), called American workers lazy and illiterate. These remarks came just after George Bush and the leaders of

American Auto Corporations had visited Japan, a trip that left everyone with an impression of American weakness and whining.

A few weeks ago, Minoru Arakawa, president of Nintendo of America made a bid to purchase the Seattle Mariners. To a lot of Americans, there are two items which are located near the centre of their folklore and psyche. These are cars and baseball. Now that these items are under threat from the Japanese, it is causing unusual resentment and distress to some Americans, especially after watching the Japanese buy heavily into Hollywood and other parts of their lives.

Americans are now trying to figure out ways to get the economy back on line after about a 19 month recession from which it is still recovering. Dr. William Lippy, for example, offered the 75 employees of his clinic \$400 cash if they bought a new American car. He started inviting all other companies to join in his "Jump-Start America" campaign. He claims to have enlisted a total of 175 firms with 60,000 workers to offer similar incentives. This is nothing new to the Japanese though, where this has been going on for a long time. For example, Mitsubishi and other corporate groups, called *keiretsu* have the power to order employees to wage personal warfare on the commercial

brands of a rival. A common story was of a group of Japanese men that walk into a bar and shout "Biru" (Beer). The bartender offers them Asahi Beer, a common brand but they shout, "Were Kirin men!". The Kirin men are literally that - employees of any one of the 148 companies associated with the Mitsubishi group, which controls Kirin.

Americans are running scared now, and you probably did not need this essay to tell you that - and Japan is aware of this. So now opinion is growing in Japan in favour of an almost revolutionary idea - to back off. Corporations should raise prices, pay workers more for fewer hours and distribute fatter dividends. This came after the President of Sony made a speech saying that Americans will not take much more of the way the Japanese are competing with them. They should in short then, become more like their western rivals. Already change is afoot in Japan's most competitive industries. Since January, the two biggest auto companies, Toyota and Nissan, have said that they would raise vehicle prices and lengthen new product cycles from four to five years. Similar moves were made by consumer electronics giants such as Sony and Matsushita. All these changes would benefit foreign competitors worn down by the back-breaking pace of the Japanese.

There have been some problems inside Japan as well that are hurting American companies. For the last while, The Nikkei stock average has been falling (See **Graph #1**) and Japan is in the beginning of a recession which is getting deeper and deeper although nowhere near as severe as the American recession. When domestic economic weakness is combined with a weak currency, it is a recipe for fewer Japanese imports and more Japanese exports. This pattern is already showing up. In the past year, Japan's total imports have fallen by one quarter, and it's non-oil imports by 10 percent. In the case of Canada and the United States, both of which are mounting recoveries in their own economies - Japan is each ones second largest trading partner. Needless to say, the last thing either of these two economies needs is a Japan that buys less and sells more, and becomes a roadblock in their road to recovery.

Americans are looking for a way to come out of their recession and become a growing world economy once again. Japan is right in their way. America, so used to being on top, has never been so vulnerable. I believe that if Americans don't do anything, like provide incentives to "buy American" and change the way they work and compete, then it is going to stay this way. Japan may help them, now and then, like they

are starting to now, but that may not last. I believe that they can either become more like the Japanese, giving up the lifestyles so grown accustomed to, by working harder for less money, or learn to live with not always being on top of the world economy. It is always hard to change, but sometimes you have to.

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