

Trading Places —How We Allowed Japan to Take the Lead

By Clyde V. Prestowitz, Jr.
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The United States is like an old lion. It may be growing old and losing its teeth, but it can still be dangerous. This is the view of a Japanese Embassy official in Washington as recorded by Clyde Prestowitz, a counselor for Japan affairs to the U.S. commerce secretary in the early 1980s. In his book *Trading Places—How We Allowed Japan to Take the Lead*, Prestowitz offers an insider's view of the troubled trade relations between the two economic giants.

According to his candid and sometimes amusing account, U.S. trade negotiators are handicapped by the fact that 80% of the talks between the two sides take place in Tokyo, "partly because the Japanese know the value of the home field and partly because U.S. negotiators tend to equate movement with progress."

"In time," he says, "I became convinced that one reason we tended to do poorly in negotiations was that we were always half asleep."

Another problem facing U.S. trade delegations is that they usually have considerably less backup than their Japanese counterparts. In a typical session a U.S. delegation of less than a dozen officials with one assistant each would be confronted by a room filled with 150 Japanese officials. The Americans would joke about the size of the Japanese delegation. "But the laugh was really on us. Those backup officials would one day be sitting at the negotiating table. Now they were learning, and as they learned, they kept their principals supplied with every possible statistic and bit of information."

"The Japanese were always amazed at our lack of data and analysis," he adds.

Prestowitz's comments make for compulsive reading in this time of seemingly endless trade disputes. Negotiations, he says, in many ways resemble a ritual. "Although Japanese officials professed de-

votion to free trade and open markets, their style was to give as little as possible at the very last possible minute and then only under maximum pressure."

Most U.S. requests are received as though they strike at the power of the mandarins in the Japanese bureaucracy, he says, calling this the "black ships" mentality. He says the Japanese press always casts its bureaucrats in the role of defending the sacred islands from invasion, and trade is seen as a game in which for one side to win, the other has to lose.

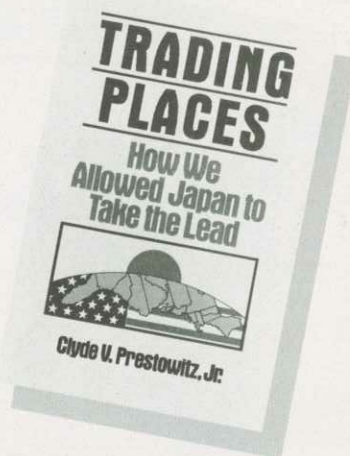
He also has some harsh words for his own side. The U.S. State Department knows nothing of industry and little of economics, and believes these issues are secondary to political and military concerns, he says, adding, "State thinks trade problems are mostly the fault of the United States and particularly of lazy U.S. businessmen. It often works with the Japanese to 'control the crazies' in the U.S. government."

A large percentage of people at the U.S. Embassy in Tokyo know little of Japan, according to Prestowitz, and there is great emphasis on positive reports. Officers who write cables at all critical of Japan often have difficulty getting them cleared by superiors, and those who are constantly critical find themselves assigned elsewhere. Neither the ambassador nor most of his staff see penetration of the Japanese market as an important matter.

Meanwhile, the strength of the Agriculture Department causes U.S. negotiators to overemphasize farm issues, he says in a comment that takes on added interest in view of the never-ending dispute over trade in items such as beef, oranges, rice and a host of other agricultural products.

Of all the agencies in Washington, the CIA had the clearest and most comprehensive view of Japan, but its reports were largely ignored, he says.

His prescription for improving U.S.-Ja-



pan relations and correcting the trade imbalance includes the familiar call for a mixture of free trade and managed trade. But he goes a step further by suggesting that negotiations should be for more specific results, such as minimum market share, rather than simply the pursuit of open markets. Prestowitz's book will be an eye-opener for those just starting to study U.S.-Japan relations, and for those such as myself who make studying U.S.-Japan relations a line of work, it is a "must" read.

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Outside Tokyo

Oze: Exploring Nature's Treasures

Though it is surprisingly unknown to many foreign residents, Oze is familiar to most Japanese as a repository of nature's finest treasures. More than 140 species of flora—a quarter of which are indigenous to Oze—attract over half a million visitors every year.

With its boundaries defined as a sector of Nikko National Park, Oze straddles large corners of Gunma and Fukushima Prefectures while overlapping a nick of Niigata Prefecture as well. Mt. Hiuchi—the highest mountain in Tohoku (Northeastern Honshu)—soars on the east end of the park and Mt. Shibutsu stands tall on the west end.

Oze Lake (Oze-numa) is nestled below the southern slopes of Mt. Hiuchi. An inrush of streams from surrounding mountains feeds the lake, which spills over into the marshland below.

The marsh, called Oze-ga-hara, sprawls across the floor of a huge basin encompassed by mountains of the 2,000-meter class. A 6-kilometer wooden path makes a beeline between the base