

## Japan Without Blinders —Coming to Terms with Japan's Economic Success

By Phillip Oppenheim  
Published by Kodansha International Ltd.  
1992, Tokyo, New York, London  
431 pages; \$24.95/¥3,600

Western frustration with Japanese success in home electronics, office machines, automobiles, etc. has led to responses ranging from overblown rhetoric about "leveling the playing field" to drive-by shootings of Japanese automobiles. Oppenheim argues that the West needs to stop focusing on trade barriers in Japan and pay more attention to the correctable deficiencies of Western societies, such as deficit spending, weak education systems, and misguided industrial policies. He uses examples from many countries, but his message is directed at the U.S.

After a brief review of Japan's geography, people and history, the author, who has served as a Conservative member of the British Parliament, plunges into a discussion of the growing trade problems between Japan and the West. He shows that the Japanese government has intervened to encourage new industries and, on occasion, to protect domestic producers. But he demonstrates in detail that Western countries have followed similar practices. Furthermore, he argues that the success of Japanese business has been based less on these forms of intervention and more on acquired advantages that the West should emulate: a well-organized, vocationally oriented educational system, a government that can spot declining industries and ease them out the door quietly, and a business community that treats its workers with respect.

Numerous examples of Western business failures are provided, and Oppenheim draws on his earlier business experience to describe the mistakes of Xerox and other Western companies in the global office equipment market. But there also are many examples of Western companies that have been successful—even in Japan (e.g. IBM, Nestlé,

Coca-Cola), and Oppenheim reviews their techniques.

As a member of the Economic History Association, this reviewer enjoyed the author's digressions into the economic history of the United States, Britain and Japan, and into the history of economic thought (especially the writings of Oppenheim's hero, Richard Cobden).

Oppenheim and his assistants, Claudia Cragg and Cynthia Mack, have conducted a great deal of research and have put together a well-organized and well-written case for the conservative analysis of the situation. This reviewer would have liked to see more in-depth sourcing, but most readers will be content on this score. Some of the facts also seem a little old (1987 is a favorite year). Another negative is that Oppenheim has little to say about patent infringement.

More serious is the use of grand arguments that have the ring of sophistry:

Johnny stole 5 cents from his mother.

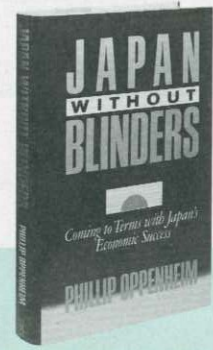
Franky stole \$10,000 from the bank.

Franky and Johnny are both thieves.

Franky and Johnny are the same.

In the case of automobiles, Eiji Toyoda (*Toyota: Fifty Years in Motion*, pp. 49–50) has told us how, in 1936, the Japanese effectively put a lid on production in Japan by GM (in Osaka) and Ford (in Yokohama)—at a level of only 3,000 vehicles per year each. Today, after letting ump-teen Japanese auto companies set up shop, the U.S. has a dispute with Honda about "North American content," which could lead to Honda paying some extra import duties. Even if the Honda case is a form of trade impediment, it is not clear that it is in the same league as Japan's 1936 action. To facilitate comparison it would be nice to have some quantitative comparisons to supplement the many qualitative examples that Oppenheim offers, but that is a difficult type of research.

Oppenheim is generally evenhanded, but sometimes loses his grip on objectivity. Japan is described (p. 17) as a "poor, barren, inhospitable group of islands ... swept by chill Siberian winds in winter and sweltering in sub-tropical heat by summer ..." (Get real, Phill!) On the other hand, references to the "Silicone Valley pharaohs" (p. 386) seem sarcastic, and



comparisons of the public destruction of Toshiba products to Nazi book burning (p. 376) seem highly prejudicial. (If he had had a son in the surface navy during the Cold War he would understand American feelings on the Toshiba issue better.)

This reviewer agrees with many of Oppenheim's diagnoses and prescriptions. U.S. fiscal policies of the past 12 years have been a disaster, and America badly needs to reduce its federal budget deficit. The U.S. education system is not competitive at the lower levels and needs to be reformed. But some prescriptions will be harder to sell in the U.S.: Oppenheim feels that the West is making a mistake in responding to Japanese competition with trade impediments and will be better off in the long run if it submits to the dictates of comparative advantage.

Although I highly recommend this book, I would like to close with a few words to the honorable gentleman on behalf of my countrymen:

"Your Lordship, we in the Northwest Territory are humble folk. We fish, we trap, we assemble Hondas. Nowadays, we often find sushi in our lunchpails—and that's OK. (Some of us have even found that we like the stuff.) We are not proud of our cousins who hunt the wild Acura after dark, but we are proud of our cousin, Neil Armstrong, who walked on the Moon when we were kids. Someday we'd like to go back and build a monument to him. But we want to go back in a ship that we mostly built and paid for—not as cabin boys on someone else's. We didn't want to be your colony, and we don't want to be anyone else's. Having ignored your Royal Proclamation of 1763 (to stay east of the Allegheny Mountains) you will not be surprised to find that we are prepared to tinker with the laws of comparative advantage.

Respectfully yours,"

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Columbus, Ohio