

Reader Forum

Cultural barriers limit U.S. auto sales in Japan

President Bush's recent Asia trip attempted to reduce the trade deficit with Japan. Few disagree that balanced world trade is good for America. However, reducing the Japanese trade deficit alone will not lift America from recession.

The automobile executives traveling with the President expressed their displeasure about exports to Japan. In a speech to the Economic Club of Detroit, Lee Iacocca was especially critical of Japanese trade practices.

"We need to use our own weapon: good old fashioned American impatience," he shouted. "That means demanding a solution to the problem now. And retaliating now if we don't get it."

Mr. Iacocca gives new meaning to the phrase "ugly American." He is seldom bashful about making outrageous statements.

In the early 1980's, Mr. Iacocca lashed out to customers, suppliers, workers and the United States Government for help in saving his ailing company. With immense economic aid from many sources, Chrysler emerged

from financial ruin.

During the process of helping Chrysler, the federal government obtained shares of Chrysler stock. As the company's balance sheet strengthened, the value of the shares held by the federal government increased.

Mr. Iacocca asked the U.S. Treasury not to sell the stock. He felt the federal government was not morally entitled to make a profit on Chrysler stock.

Once again, Mr. Iacocca is on the offensive, armed with half truths and patriotic oratory. This type of rhetoric may work in restoring Ellis Island, but it will not balance the U.S. trade deficit with Japan.

American cars have not sold well in Japan because U.S. automobile makers never faced the reality of the Japanese market. Significant Japanese cultural barriers are the true reasons limiting exports.

Japan is a fully industrialized nation with a population of 125 million people, about half the population of the United States. The land area of Japan is roughly equal to that of Montana.

Because much of the land is

mountainous, 70 percent of the nation's population lives in an area covering only 20 percent of the country. Almost 75 percent of the population lives in cities.

In contrast to the United States, Japan has few minority groups. Koreans are the largest minority group in Japan, yet they comprise less than 1 percent of the population.

Japan never experienced new waves of immigrants as the United States did during more than 200 years of free existence. The lack of cultural mixing, combined with high population density, contributed to the formation of a diverse culture.

Confronted by extreme crowding, Japanese culture emerged in a different direction from Western tradition. With ample land and natural resources, American frontierism based on individual skills and ability, surfaced as the ideal of American culture.

Even American art often highlights the individual rather than the group. The work of Winslow Homer comes to mind as a good example. In one painting, Homer depicts a single farm house in the middle of a field of wheat. In the foreground, a young girl sits in the wheat field, alone.

On the other hand, Japanese culture must have cooperation in order to succeed in an environment with few natural

resources and constant population pressure. The need to obtain informal group consent penetrates Japanese society. Without preserving the group consensus, Japanese society would sink into an uncontrolled condition.

Faced with the need for social harmony, Japanese society maintains a set of special cultural traits that provide a social glue to hold society together.

In Japan, one does not do what one wants. One does as expected. Japanese society consists of a complicated network of mutual obligations within different groups of people. These groups form family-like structures resembling households. Members of the household, termed *ie*, share *on* which is an indebtedness or burden owed to another person.

Depending on the type of *on*, repayment of debts owed to others may be done with mathematical equivalence or may be unlimited. *On* owed to the emperor and parents is continuous and is never more than partially fulfilled. However, *on* owed to others of similar rank is repayable with mathematical equivalence.

For example, suppose a strong wind blows my hat from my head. A colleague picks up the hat returns it to me. Now indebted to my colleague, I cannot simply say thank you and

be on my way. Rather, I must return the favor by a similar act. If a long time passes before an opportunity to return the favor exists, I must do a greater favor.

Japanese society tends to form into many small groups (*ie*) with strong vertical linkages within each group. The concept of *ie* becomes a principle of industrial organization that involves reciprocal relationships and mutual duties.

Japanese society also exhibits a strong sense of hierarchy. Inside each group, members understand their position within the hierarchy. The Japanese language even has special words to reference a superior and altogether different words to address a subordinate.

The bonds created in each group tend to be a one to one relationship with a clear superior and subordinate. These vertical linkages combined with *on* relationships result in a highly structured society.

For American auto makers to do business in Japan, they must understand the traditions of the Japanese market. Despite outbursts by industry leaders such as Lee Iacocca, the big three auto makers cannot use cultural ignorance as an excuse for failed business opportunities.

Edmund W. Schuster
Lecturer of business

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