

nificance for both parties. Japan has pretty much saturated its domestic market, and expansion onto foreign soil has become imperative. The Americans, for their part, have lost their complacency about dominating the big car market, as foreign brands have moved from filling small-car demands to occupying luxury niches as well.

It has taken a series of shocks to bring the U.S. auto industry to the beginnings of some humility. As one GM official candidly acknowledged at the sixth annual United States-Japan Automotive Industry Conference held at the University of Michigan in April, "We're not accustomed to learning from other people."

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The situation has improved dramatically since 1979, a nightmarish year for the American auto industry as sales dropped, plants closed, and the public turned in droves to Japanese offerings. But speakers at the Ann Arbor meeting warned that talk of a "comeback" is premature. Michael Porter of the Harvard Business School said that U.S. producers have been enjoying the benefits of import restraints and sales growth while still failing to cultivate a competitive advantage. Production costs are still too high; high volume is no longer a definitive advantage; the Japanese have seized the advantage in applying new technology to cars, and they are way ahead of the United States in developing global strategies. Although U.S. motor executives claim they want to "leapfrog" Japan in automaking, Porter said this country is still playing catch-up, not leapfrog. "U.S. firms are operating better but are imitating rather than innovating."

While joint ventures are seen as a mutually beneficial strategy, Vladimir Pucik of the University of Michigan Graduate School of Business Administration remarked that they may be a symptom rather than a solution, being "very often a desperate attempt by American companies to find a way out of their competitive disadvantage." The Japanese, he said, have a big advantage in that they know how to do business in English, while the Japanese language, and the consciousness underlying it, remains a largely impenetrable mystery to Americans.

According to Michael Flynn, the U.S.-based ventures are giving the Japanese obvious advantages, but so far, "it's not clear we've been very successful in learning much" in return. Although GM has been sending hordes of people through the NUMMI plant, Flynn points out that it will be a long time before many people with hands-on experience in a Japanese-run plant will be let loose in American plants.

The competitive situation promises to get a good deal rougher for Americans. By 1990 it is estimated that between 1.3 and 1.5 million Japanese cars will be built yearly in the United States (the total U.S. market is about 11 million). Imports (most of them Japanese)

accounted for 26.8% of the market in early 1986, and many experts agree that half of all cars sold in the United States by 1995 will be imports or U.S.-built foreign cars.

The matter of suppliers is one that promises turbulence in the future. NUMMI, for example, imports half its steel, as well as major parts, including engines and transmissions, from Japan and only 30% of the dollar value of NUMMI cars is U.S.-generated. The UAW is disturbed that American plants are increasingly resorting to "outsourcing," and there are fears that the traditional U.S. supplier base is crumbling.

Observers of the scene believe that top U.S. management has begun to understand the nature of the challenge, but the new awareness will take a long time to infiltrate corporate consciousness, particularly at the level of plant management. Even with unequivocal examples of the fruits of Japanese industriousness, there has been a tendency to rationalize such accomplishments by attributing them to indulgent treatment by the Japanese government, unfair trade advantages, and their "low-cost positions" in the market. Porter dismissed these "myths," asserting that "Japanese producer competitiveness today is the result of strategy, implementation ability, and a superb pool of human and technical resources." GM's Herb Telshaw, director of Suzuki Affairs, put it more sharply. The Japanese, he said, "are just plain smarter than we are." ■

CONSTANCE HOLDEN

## Briefing:

### House Backs Translation of Japanese Journals

Legislation providing \$1 million for the translation of Japanese scientific and technical journals into English has been passed by the House of Representatives. The House action follows passage of similar legislation in the Senate last December. Final congressional approval is expected.

Under the legislation, translations of selected Japanese journals would begin next October, the start of the new fiscal year. The translations are to be distributed to government agencies, universities, and to private research institutions.

Just how soon the translations become available under the Japanese Technical Literature Act of 1986 will depend on how quickly the Commerce Department moves to implement the program. Congress, however, is mandating that Commerce compile an annual report describing significant Japanese technical developments and an annual directory of repositories for Japanese technical literature in the United States.

In endorsing the bill, Representative Manuel Lujan, Jr. (R-NM), ranking minority member of the House Science and Technology Committee, said on 23 June, "This legislation gives us a basic competitive tool we have been neglecting—access to Japanese technical literature." A 1981 survey, he noted, disclosed that 75% of Japan's scientific and technical journals are not available in English and other Western languages.

Despite bipartisan support for the legislation in both houses of Congress, the Reagan Administration has opposed the legislation. To dispel that opposition, Senate and House conferees are expected to report out a bill that gives the Administration the discretion to fund the translation effort by shifting funds from other programs, rather than by increasing the Commerce Department's overall budget. And while the legislation also calls for Commerce to maintain a presence in Japan to monitor technical activities, the House and Senate are not insisting on additions to Commerce's delegation there.

Although aides to Senator Max S. Baucus (D-MT) and Representative Norman Y. Mineta (D-CA)—the respective sponsors of S. 1073 and H.R. 3831—concede that the \$1-million program is small, it may be the forerunner of a larger effort. The Senate Democratic Policy Committee is preparing legislation that would cover not only Japanese journals, but also technical literature in other key industrial nations. ■

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