BOOK REVIEW


Made in Japan, its title emulating the 1989 MIT publication, Made in America, is an anachronistic title in the age of global outsourcing, and falls short of presenting a clear picture on how Japanese manufacturing industries will survive in the 21st century.

This book is a final report by the Japan Commission on Industrial Performance (JCIP), which was formed in 1990 by the Japan Techno-Economics Society (JTES), an industrial association. By 1990 Japanese firms in various manufacturing industries had steadily supplied the world with high quality industrial and consumer products at low prices while constantly improving quality and productivity as well as technological capabilities. This success had brought zillions of problems: a mounting trade surplus, an ever appreciating yen, Japan bashing, nagging doubts about Japan’s ability to push original technological frontiers, and global environmental concerns. The year 1990 turned out to be the beginning of the longest recession Japan has ever experienced. Time was ripe for self examination. Inspired by the MIT study, Made in America, the JTES launched a commission to examine Japanese manufacturing industries with the hope that such an examination would provide clear guidelines for the future.

The research on Japanese manufacturing industries was carried out by 17 leading academicians from prominent universities and 200 people from those 34 companies that joined the commission. These academic and industry people formed 7 working groups to cover manufacturing industries: (1) electronics, (2) home electric appliances, (3) automobiles, (4) metallic materials, (5) factory automation equipment and industrial machinery, (6) the chemical industry, and (7) the fiber, textile and apparel industries. By 1993 the working groups completed research, and the results are written up in Part II of the book, Manufacturing Industries, which consists of seven chapters containing the reports of the 7 working groups. The authorship of each chapter is identified as the chairman of the working group and every chairman is a prominent academician. Part I of the book, General outlook for the growth of Japanese manufacturing industries, is written by three academicians and it is a synopsis which ends with three proposals and suggestions. They read like a highbrowed political platform. Part III Common Problems consists of 9 chapters which
range from paradigm shift, manufacturing technologies, educational system, and role of government.

Factual presentation and discussion are well done based on comprehensive reference sources and sometimes with charts, tables, and graphs, but there is nothing that provokes the reader's thought. The book shows the wisdom as well as weakness of research done by a group which seeks consensus. There is no analytical framework. Given the collection of 17 prominent academic economists with each of them taking charge of investigating different industries, it would have been difficult to come up with an analytical framework that is central to the book without someone taking the charge of setting up one. Without a central analytical framework, however, research often goes flat.

After the collapse of communism (I am using this term vaguely to imply the socialistic countries in the eastern Europe and Soviet Union), the market economy with free competition has become the paradigm of economics. But there must be room for more than one model of the market economy that works efficiently, since corporate culture and management are not the same worldwide. The JCIP could have proposed a central analytical framework: Are Japanese management and corporate culture different from those of the United States? After defining Japanese and American management and corporate culture, the JCIP could have set a frame of analysis, for example, a product life cycle hypothesis (or in Japan Ganko keitai riron, geese-flying-pattern theory) which some of the 17 scholars implicitly or explicitly use in the book. A question should have been asked: for whom should the corporation make money? for its shareholders (as the conventional wisdom in the U.S. dictates) or for its stakeholders (as the authors of Chapter 3 Automobile industry put it -stakeholders being defined as consumers, employees, parts suppliers, shareholders, worker organizations and ordinary citizens)? For any corporation to survive in the market economy, must there be any convergence of different capitalistic systems, similar to the growth convergence hypothesis in macro and development economics? Is revitalizing Japanese manufacturing a misnomer? Is it not more appropriate to say which manufacturing corporations, if any, will survive in the 21st century?

It is argued through the book that Japanese manufacturing firms spend time and money on on-the-job (OTJ) programs and that they tend to involve their employees from top to bottom in any activity, even R&D activity which in an American firm is left to technical specialists. On p.105 it is stated that "in reality, many technicians at steel mills engage in R&D activities right on the shop floor, although they are not members of an R&D staff," and gives an example of how the artificial and logical intelligence system (ALIS) was intro-