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USA: The Japanese challenge

Intereconomics

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COMMENTS

Bolivia

What after Barrientos?

The President of Bolivia, General Barrientos, has been killed in a plane crash. During his period of office Bolivia's economy expanded rapidly: the country's GNP increased on average by 6 p.c. per annum. His great charisma enabled him to force through urgently needed, but unpopular measures of reform. Moreover, he succeeded in curbing the powers of the leftist miners' union. But his greatest achievement was the stabilisation of the political situation in the country.

Many economic and social problems remain to be solved in the near future—problems which result from the country's unfavourable geographic situation and the high proportion of mostly illiterate Indians among its population. What is needed first and foremost is to broaden the country's production structure, for until now Bolivia has been depending exclusively on its tin output and latterly also on the production of crude oil, the volume of which has only recently been forced up.

In 1970 elections will be held in Bolivia. The man elected will in all probability be General Ovando. His popularity is nothing like as great as that of General Barrientos. But he can count on the support of the army and of the moderate groups in the country. The main objectives of his policy must be to continue on the road of economic progress and to carry on with the social reforms to improve the lot of the Indian population. To achieve these aims foreign capital is urgently needed. True, the International Monetary Fund has promised Bolivia further foreign capital to enable it to carry out the reforms needed for the country's economic development. But such a promise can be regarded as binding only as long as political and economic stability continues.

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USA

The Japanese Challenge

Much is heard about the American challenge in Europe—talk which probably brings a smile of indulgence to American faces. But what they are unfortunately overlooking is a similar "drama" which is now being enacted on the American stage. Hitherto they have been able to feel secure in the proud knowledge that they are "the greatest", but a short while ago there appeared on the scene a competitor who must be taken seriously: Japan. The Japanese programme for

opening up new markets has every appearance of being a well thought-out military operation. Large-scale publicity campaigns, careful market studies, technically highly developed and often superior products as well as peak performances in their manufacture are the means by which the Japanese have gained a foothold. Many American managers go even so far as to take a leaf out of the Japanese book.

For the Europeans to show any malicious glee at this turn of events would be misplaced, for to the American challenge they are already facing is now being added the one from the Japanese. Not at all content with their intrusion into the ardently courted American market, the Japanese are also penetrating into the European field. As a result, the Europeans are now being shot at from two sides. For the time being, however, the Japanese, by virtue of their good position in the United States, are making it more difficult for European firms to gain access to that "market of tomorrow". To maintain one's position in the face of such twofold competition will be anything but easy.

European firms will be well advised to study the Japanese successes with care. There is that stupid argument, dictated by mere envy, which runs as follows: "No wonder, they have low wages and export help from their government, and, in any case, all they do is to copy foreign products." Such reasoning is gradually becoming less credible. No, Japanese successes are the result of consistent application of American production and marketing techniques. ke.

Federal Republic

With an Eye on the Voter

The Minister of Finance, Herr Strauss, has announced that he would not wait until the next general election to incorporate in his next tax adjustment bill measures to promote capital exports by German firms. This announcement has occasioned no surprise. Shortly before, the new president of the DIHT (Deutscher Industrie- und Handels-Tag: Central Association of German Chambers of Industry and Commerce), Herr Otto Wolff von Amerongen, on assuming office, had once again mentioned the dissatisfaction which had long been felt with the insufficient fiscal encouragement given to private capital exports. He said, in his opinion there was only one way of getting over foreign tariff barriers and import