

# State and Local

## Bank official: Japan focuses on business

By Sharon Maberry  
Reporter

Japan is much stronger economically than the United States because its top priority is making profits, a banking official said Tuesday during the Business Career Fair at Texas A&M.

Paul Knudson, executive vice president of Texas Commerce Bank, said that Japanese industry focuses on its business interests.

"They (the Japanese) do what's best for them economically," Knudson said. "They have no loyalties to their relations with the United States. We have to remember that when we deal with them."

Knudson graduated from Texas A&M in 1979 with a degree in finance and joined Texas Commerce Bank in 1980.

Knudson became interested in the international arena when the bank experienced some problems overseas with public relations.

"We had problems in the Asian-Pacific area several years ago in terms of perception of the bank in the market," he said.

Knudson said he has spent four years in international banking.

"We mainly do domestic banking with Japanese companies," he said. "This requires knowing how strong the parents are. We have to know something about Japan."

Knudson has studied Japan and its economy. He spent October in Japan learning more about the country at a Japanese institute along with 50 other Americans, Europeans and Canadians.

American businesses need to know how Japanese businesses work, whether they consider Japan to be a friend or an enemy, Knudson said.

"If you can compete in Japan, you can compete anywhere," he said.

Knudson said American banks have difficulties competing with Japanese banks, which are among the strongest entities in Japan.

"They are so strong because they own stock in the companies they bank," he said. "That is something that U.S. banks can't do. If things get tough, they just sell securities. This allows them to keep their capital



Photo by Lucinda Orr

Businesses set up booths in Blocker Tuesday for the Business Career Fair, which will continue through today.

strong but lend on thin margins.

"As a banker, this means to me that anytime Japan wants to lend to someone, I can't compete because they can lend on a thinner margin."

Japan's government is run through a parliamentary democracy

with a one-party system similar to that in Mexico, Knudson said.

"The way the Japanese government makes decisions would be like Bush, Robertson and Dukakis sitting down and deciding who will be president," he said.

Consequently, the government

can have a large impact on Japanese businesses, he said. In the 1960s, Japan's chief economist and the prime minister instituted a program to double its gross national product in 10 years, which would be a 7 percent growth rate per year, Knudson said.

They concentrated on companies

with high income elasticity, such as high-tech items, he said. In this way, the Japanese gross national product would grow faster in relation to the rest of the world, he said.

"If the world's gross national product increases by 1 percent, Ja-

pan's might increase by two percent," Knudson said.

One reason for the success of such Japanese industries as automaking and electronics is that the people are largely relativists, Knudson said. This makes it easy for them to adjust to both good and bad situations, he said. When Mitsubishi Electric went from making motors to silicon products, they retrained their employees rather than hiring new ones.

Knudson also attributed the country's economic success to the importance of hard work in Japan.

"Many Japanese schoolchildren wear fluorescent armbands because it is often dark when they go to and from school," Knudson said. "They have virtually no free time."

The Japanese adult takes this dedication into the workplace.

"When visiting Japanese businesses, we saw workers running the hundred feet from their break to their stations when it was time to go back to work," Knudson said. "I've never seen that in American plants."

"Also, Japan has a free-flow assembly line. Each guy works on an engine as long as he wants.

"If something goes wrong, they shut down the whole plant and everyone watches while it is fixed. Then, they don't let it happen again."

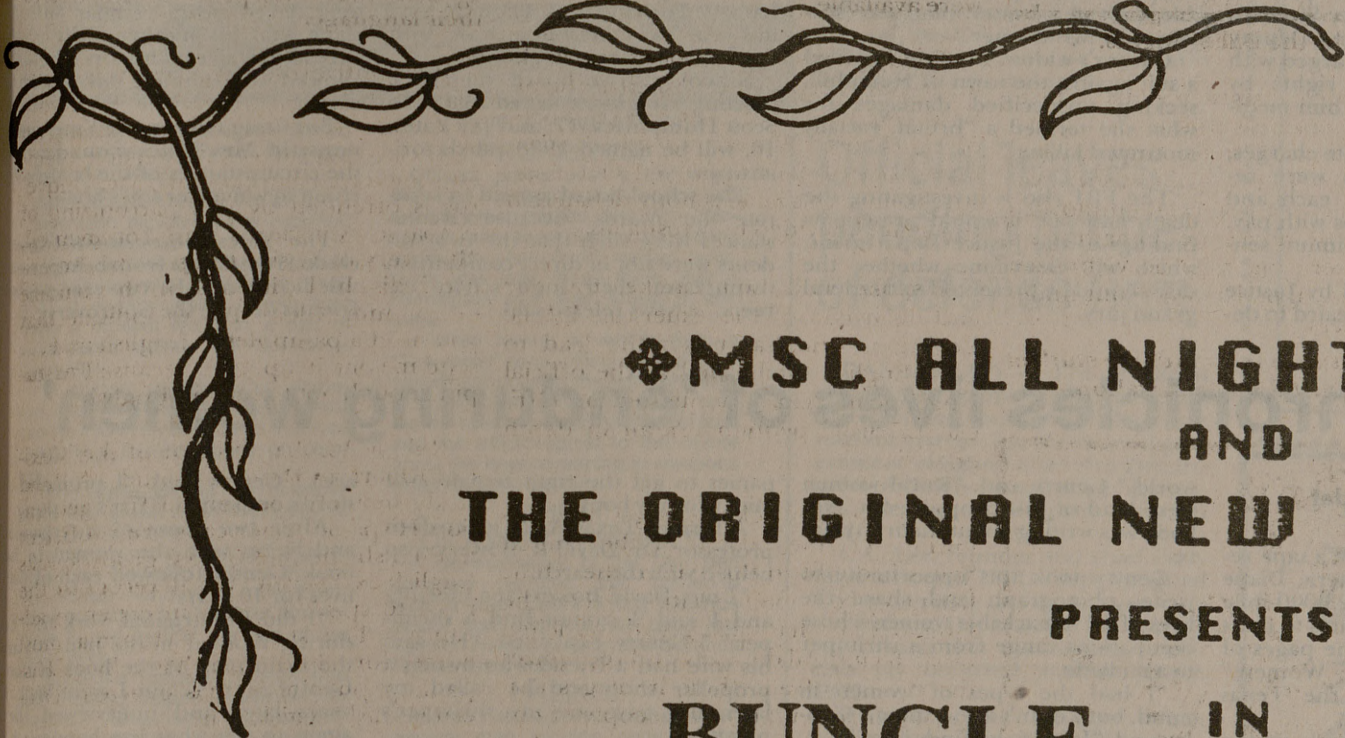
Japanese industries are also successful because they put much of their profits back into production, Knudson said.

"American companies don't put that money back," he said. "They go ahead and buy a new Porsche with that big bonus check."

Knudson said he is not optimistic about American competition with Japan in the future.

"We must raise taxes, cut spending or balance our budget or no one will lend money to us," he said. "I'd much prefer to force Japan to pay for its own defense than to hurt international trade. We can't support the world when we're broke."


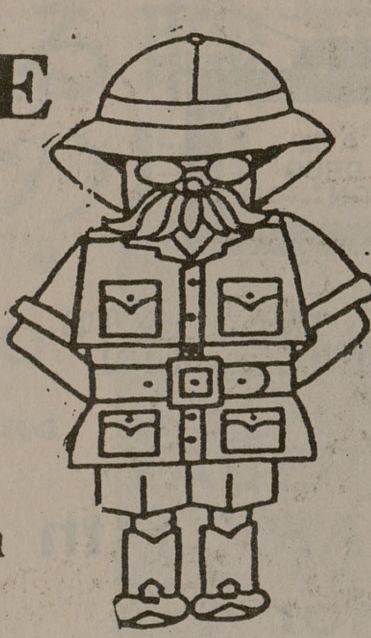
"The Japanese have more money than we do. Let them support themselves."



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