

Tuition for America

by William R. Hawkins

Selling Out: How We Are Letting Japan Buy Our Land, Our Industries, Our Financial Institutions and Our Future

by Douglas Frantz and Catherine Collins

Chicago: Contemporary Books; 400 pp., \$9.95

“Commerce is a perpetual and peaceable war of wit and energy among the nations” wrote the 17th-century French statesman Jean Baptiste Colbert. He likened his *Grandes Compagnies*, state chartered trading companies, to “armies” attacking the economic foundations of rival nations. Colbert’s primary target was the Dutch, whose economic leadership was also being undermined by the British who went on to become the next global economic superpower. There was great concern in London that the country avoid the “Dutch disease” that had led to Holland’s decline. The malady was described by Lord Sheffield in 1784 as a malady that would leave the British “rich perhaps, as individuals; but weak, as a state.”

The noted expert on Dutch history, C.R. Boxer, has written that “The decentralized structure of the government and the inter-provincial jealousies of the self-styled United Provinces . . . became greater obstacles in the changed circumstances of the eighteenth century when foreign competition was more effective.” It was the failure of the Dutch to counteract the trade and industrial policies of rivals that led to their defeat in international economic competition. Indeed, it is difficult now to think of Holland as once a Great Power with worldwide imperial holdings.

England eventually fell prey to its own strain of the Dutch disease under the impact of classical liberalism, a pro-capitalist creed under which British capitalism stagnated. The liberals rejected the mercantilist duality of wealth and power, preaching a pure econom-

ics isolated from politics, a world of individuals and benign competition rather than a world of nations where the balance of power was a zero-sum game. That same liberal view today clouds Washington, preventing its leaders from understanding the perpetual war for control of the world’s wealth. Which brings us to Douglas Frantz and Catherine Collins, who chronicle the march of Japan’s *Grandes Compagnies* through the American landscape.

The semiconductor industry followed the Colbert model:

. . . a few diversified, integrated electronics companies, such as Nippon Electric Corporation (NEC) and Hitachi, were allowed to produce chips under protection from the government. U.S. technology and production equipment were imported and copied, but direct investment was prohibited and importation of actual chips was severely restricted.

When the world demand for chips soared, the giant Japanese firms were better able to expand with it than were the gaggle of small, underfinanced American firms that supplied two-thirds of the U.S. market. However, Japanese acquisitions like Rockefeller Center (NYC), the AT&T Building (LA), and the Xerox Center (Chicago) symbolize the larger shift in economic power. What has made such purchases possible is the combination of large American trade deficits and a declining dollar. Devaluation is the natural result of deficits, but the Reagan administration called this result a policy. According to Econ 101 “free market” thinking, devaluation will eventually eliminate the deficit as foreign goods become relatively more expensive. Yet despite a 70 percent drop in the dollar’s value since 1984, the deficit remains well above \$100 billion, and American automakers actually lost another 5 percent of the market during this period. Thus it has been the other side of the equation that has proved crucial. American property has become relatively less expensive: though the dollar-flows by definition

balance, their composition creates a shift in wealth. Foreigners sell consumer goods, then plow back the money to buy productive assets. And the trade deficit actually understates the penetration of the market, since foreign-owned plants built in the United States expand their market share without its showing up in the trade statistics.

Financial power supports the process. Europe, led by London, was long the world’s banker. However, the strain of World War I shifted the center of finance to the United States, where it remained until the 1980’s. In 1980 the world’s largest bank was Bank of America. By 1987, Bank of America ranked forty-fifth and had to seek Japanese capital to stay afloat. Of the world’s 25 largest banks today, 17 are Japanese (including all of the top ten). None is American.

The Japanese have become the dominant player in the U.S. bond market. When the trade figures for August 1987 showed continuing large deficits, the fear was that the dollar would drop again. Japanese investors started selling bonds, driving interest rates up in September and triggering the stock market crash of October. Richard Koo, a senior economist with Nomura Securities, told *Forbes* that the September rate hike was “tuition for America. Now you have learned how dependent you are on foreign capital.”

The Japanese also invest in political power, and the four chapters Frantz and Collins devote to Tokyo’s machinations in Washington are the most disturbing pages of their book. Robert Angel, former head of the Japan Economic Institute, a D.C. “research center” financed by the Japanese government, is quoted as saying that Japan “can buy its way out of any trouble.” In 1988 Japanese interests spent an estimated \$100 million to influence foreign policies. Over one hundred Japanese subsidiaries have PACs. It is unknown how many lobbyists Japan has, since those working for foreign-owned companies operating in the United States do not have to register as foreign agents.

What is known is their aim to induce Congress and the White House

to act in behalf of Japanese, rather than of American, interests. Whatever one's views on the purely economic issues, the dangers of allowing people whose loyalties lie overseas to control American policy are obvious. Money goes not just to politicians but to those who influence their thinking: "there is a huge pool of academics and think-tank occupants in Washington whose bills are paid in full or in part by the Japanese and who always have a friendly opinion ready to offer." The very influential Institute for International Economics is now heavily financed by Japanese funds. Its head, Fred Bergsten, often referred in the 1970's to Japanese "mercantilism." He doesn't do that anymore.

The philosophy of individualism means that many government officials have no trouble rationalizing working for foreign interests. Thus Eric Garfinkel, a deputy assistant director of commerce and trade entrusted with devising policy to protect the American machine tool industry, left the Reagan administration to go to work for a law firm representing the Japanese machine tool industry. Robert Watkins, of the Commerce Department, was sending resumé's to Japanese auto manufacturers at the same time as he was involved in negotiations over auto parts import policy. It follows that if nations do not matter in trade, then neither does national loyalty. And it is the corrosive effect of this kind of thinking that is the most dangerous development of all.

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Not Communism But Feminism

by Nicholas Davidson

**The Feminist Takeover: Patriarchy
to Matriarchy in Two Decades**
by Betty Steele
Gaithersburg, Maryland: Human
Life International; 192 pp., \$9.00

News of strange doings up north has begun to travel south of the border. Last year, a University of Toronto mathematics professor was convicted

of "sexual harassment" for allegedly staring at a part-time female student in the university pool. In *Weak Link*, Brian Mitchell reports that the Canadian military is now 9.2 percent female, barely behind the U.S. military at 10.3 percent.

According to Betty Steele, housewife, journalist, and author of *The Feminist Takeover*, Canadian feminists have now progressed *beyond* the American feminists who originally inspired them and are in the process of instituting a full-fledged "matriarchy." At a time when some conservatives are complacently basking in the demise of communism in Eastern Europe, Mrs. Steele warns that we are rapidly destroying freedom at home. Although Mrs. Steele's main focus is on her native Canada, most of her argument is equally applicable to the United States.

Up to the publication of Betty Friedan's *The Feminine Mystique* in 1963, says Mrs. Steele, "the largest proportion of middle-class women on this continent were living in peace in what they believed to be a normal, traditional, worthwhile lifestyle." Betty Friedan's book took the lead in convincing women that housewives were worthless—"house slugs," in a phrase that became popular in the Canadian media. Taught that their traditional lifestyles were symptoms of "male oppression," uncounted numbers of women proceeded to destroy their relationships with men, avoiding marriage if single or divorcing their husbands if married. Instead of traditional feminine pursuits, they threw themselves into Betty Friedan's "new life plan for women," a cloning—and, very often, a caricature—of the male careerist lifestyle.

Taught that they were "oppressors" responsible for the ills of society and the crimes of history, men simply crumpled. In this climate of contempt for femininity and hostility to men, the eradication of sex roles rapidly emerged as a primary goal of public policy. No longer would "house slugs" dominate the women's magazines. No longer would physically demanding occupations be staffed primarily by men.

Unlike the United States, Canada actually passed an equal rights amendment. As a result, the Canadian constitution now prohibits discrimination

based on race, ethnic origin, religion, sex, age, and mental or physical handicap. An additional clause specifies that, despite this prohibition, discrimination is allowed in favor of the "disadvantaged." Female careerism and childhood daycare are thus effectively constitutionalized.

There is now a Canadian cabinet ministry on the Status of Women. A separate, thirty-member "National Advisory Council on the Status of Women" has an annual budget of \$2.4 million. Every Canadian province has been furnished with a "Women's Directorate," a government agency devoted to implementing the feminist agenda. The Ontario Women's Directorate, for example, has a staff of 51 and an annual budget of \$8 million.

Canadian feminist organizations have achieved outstanding success in securing government funding. Mrs. Steele's information in this area is especially impressive: "The National Action Committee on the Status of Women, the country's largest feminist lobby group, receives \$300,000 from the Secretary of State; the Congress of Learning Opportunities for Women, \$189,000; the Canadian Research Institute for the Advancement of Women, \$295,000; the National Association of Women and Law, \$100,000," and so on.

Although Mrs. Steele maintains that feminism now enjoys even greater influence in Canada than in the U.S., it can fairly be doubted whether there is much substantive difference. To take just a few examples: under both Reagan and Bush, the Justice Department has initiated numerous "sex discrimination" cases that go far beyond anything required by existing statutes—most recently against the Virginia Military Institute. The U.S. Department of Defense has been placed under the oversight of DACOWITS, a committee of feminist activists. In 1980-1981, the National Organization for Women received \$595,961 from the Department of Education alone, and over forty state governments now include Women's Divisions.

In Canada as in the United States, affirmative action and comparable worth legislation is now widespread. Corporations are required to endorse and enforce "equal opportunity." Business is thus forcibly enlisted in the