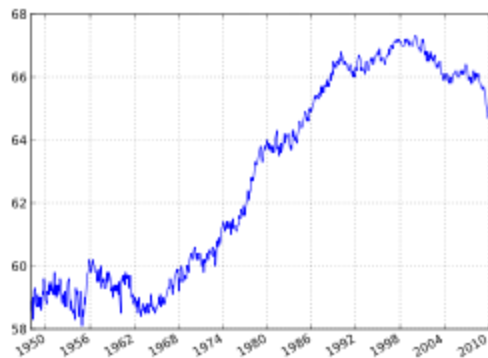




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# Japanese Branded Cars: Increasingly Made In America By Americans



English: Graph of US Civilian Labor Participaton Rate from 1948 to 2010 (Photo credit: Wikipedia)

By Thomas J. Prusa, Ph.D.

For more than a decade, we've seen increased concern around the fall and marginal rise of the United States economy and what the future of the country will look like post Great Recession. President Obama, members of Congress and constituents alike have engaged in ongoing discussion and debate on strategies to decrease the Nation's deficit and create more jobs for Americans.

At a time when many Americans are still feeling the lasting effects of our shaky economy, we must embrace the industries that have continually provided a positive economic impact, starting in our local communities. What is one bright spot in this state of economic uncertainty? The contribution of the Japanese-branded automotive industry to the U.S. economy, employing skilled American workers in communities often desperate for jobs.

The Brookings Institution recently reported that the U.S. labor-force participation rate, or the share of the population that is actively working or seeking work, has declined and is expected to remain low for many years. At the end of August, our country saw a jobs gap of 8.3 million qualified workers. The

Japanese auto industry's contributions to the U.S. economy is helping to fill that gap in towns and cities across America, providing more than 1.36 million private-sector U.S. jobs in 2012. If you take into consideration all of the direct production-facility driven and dealer-network driven employment, combined with the intermediate and indirect employment, the added value to our country is remarkable.

More than 682,000 U.S. jobs are generated by the Japanese-branded automobile companies' production facilities, which span from the Midwest to the Gulf Coast, West Virginia to California. Additionally, more than 678,000 U.S. jobs are generated by the Japanese-branded automobile companies' dealer network. As one of the largest job creators in the country, the Japanese auto industry should be looked at with a breath of fresh air.

While American auto manufacturers have moved more plants abroad, Toyota, Honda, Nissan, Mitsubishi and other Japanese automakers have collectively invested \$35.4 billion in U.S. manufacturing plants since the 80s. In 2012, Japanese auto manufacturers produced 3.3 million units in the U.S., up 36 percent from 2011. Lawmakers, and all Americans, should not only embrace this increase in production, but understand that such production is providing a total compensation for U.S. jobs that exceeds \$85 billion annually. Today's "Made in America" looks a lot different.

The benefits provided by the Japanese-branded automotive industry to the U.S. economy do not stop at providing quality American jobs. The proportion of Japanese-brand vehicles sold in the U.S. that are produced in North America has reached a record high of 70 percent, putting more dollars in the pockets of local communities each year. In addition, export numbers from the same Japanese manufacturing facilities in the U.S. increased by a remarkable 29 percent in 2012, reaching a new high of 336,000 vehicles, providing opportunity and incentive to help rebuild the economy from coast to coast.

Not only does the Japanese auto industry in the U.S. provide a sound market platform, but their business model of continuous re-evaluation leads to improved flexibility, efficiency and overall practice. The increased incentive for innovation brought to the U.S. by this industry should be regularly applauded by policy makers and embraced by all Americans. As we continue to rebuild our economy and provide a stable jobs market for our children and their children, the Japanese auto industry in the United States is something we cannot afford to lose.

*Thomas J. Prusa is a Professor of Economics at Rutgers University. In a recent study by Prusa, he noted the Japanese-branded auto manufacturers are leading job creators in the U.S.*