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Japanese cars better, top GM official admits

Reuters

MORaine, Ohio

A General Motors Corp. executive has publicly stated what industry officials have long been loathe to admit: Japanese auto companies make better cars in the United States than their U.S. counterparts.

"The evidence so far is that on average the (Japanese) transplants produce a higher-quality car at a lower cost than the domestic makers," said George Eads, GM's chief economist.

"Transplant" is a term used to describe Japanese auto factories in the United States.

Mr. Eads said Japanese gains in U.S. auto sales "will only stop increasing when the American firms match the Japanese firms."

His statement, made during a lecture series in Moraine this week,

was a rare public admission by a GM official that the company and its Detroit-based counterparts, Ford Motor Co. and Chrysler Corp., lag the Japanese in quality.

Officials of the Big Three U.S. auto makers, when questioned privately about Japan's growing success in the United States, have said they are behind their Japanese competitors but are closing the "quality gap."

But Mr. Eads' statement brings the admission into the public arena.

He said there is evidence the quality gap is closing, but said as long as it exists, sales will continue to be lost to the Japanese producing domestically.

"As long as the gap does exist, it will be possible for Japanese firms to profitably establish here and capture any growth in the market or displace domestics," he said.

The article EM9033 reprinted above is used in the 221 Course Materials in Figure 11.4a, where a broader perspective is provided by two accompanying articles entitled:

- *The Lost U.S. Excellence in Manufacturing;*
- *The Scientific Context of Quality Improvement.*