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CARS

What Your Car Says About Your Politics

OCT 7, 2014 12:38 PM EDT

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Of all the choices we make as consumers, our car purchases are among the most consequential. While cars are typically one of the most expensive purchases we'll ever make outside of housing, the size of the auto industry gives those purchases an often-unseen political dimension as well.

To the extent that politics enters the conversation around the cars we buy, it usually centers around a dated concern for the interests of U.S.-based manufacturers (i.e. "Is it good for Detroit?"). What gets lost in the argument -- along with billions of taxpayer dollars on bailouts -- is the agenda Americans are actually endorsing with their purchases. And the trade issues with Japan that are apparently holding up the Trans-Pacific Partnership, along with the economic contributions of Japanese auto firms in particular to the U.S. economy, demonstrate that the old "Detroit versus Japan" debate no longer benefits U.S. consumers.

For example, the U.S. still imposes a 25 percent tax on pickup imports, the lone holdout of President Lyndon Johnson's 1963 "chicken tax" and 10 times the tariff on passenger vehicle imports. Meanwhile, Americans purchase trucks in huge numbers despite concerns about energy security and global warming. Rather than simply enjoying the bounties[1] of this hidden tax, U.S. automakers bang the drum against the supposed threat of Japanese trade policy. Automakers General Motors, Chrysler and Ford complain noisily that Japan's "currency manipulation" and "non-tariff barriers" are obstacles to the TPP. In return for its lack of tariffs on imported cars (zero, compared with our 2.5 to 25 percent tariffs, for those keeping score), Japan is essentially being accused of cheating by not adopting U.S. automotive regulations and monetary policy.[2]

Meanwhile, the Japanese automakers that have made huge inroads in the U.S. market have become less dependent on cross-Pacific trade than ever. According to the Japanese Automobile Manufacturers Association, 71 percent of all Japanese vehicles sold in the U.S. were produced in

North America. Exports of Japanese vehicles from the U.S. continued to grow last year, up more than 16 percent to nearly 400,000 units. All told, Japanese automakers produced more vehicles in the U.S. last year than GM did. Meanwhile, Fiat Chrysler Automobiles, which U.S. and Canadian taxpayers bailed out in order to preserve the North American auto industry, will actually increase imports to Nafta countries tenfold by 2018.

Like much of U.S. political discourse, the conversation around America's automotive interests is still rooted in a time when GM held more than 50 percent of the U.S. market and Japanese automakers prioritized Japanese jobs. Over the last half century, as U.S. consumers have increasingly abandoned Detroit's products and Japanese automakers have become ever more interwoven into the American economic fabric, the view that Japanese automakers somehow succeed only at the expense of the U.S.'s economic interests has become increasingly anachronistic. Until we replace our threadbare national-industrial approach with a more consumer-centric model, conversations about automotive policy will continue to fall short of meeting the considerable challenges of a changing world.

[1] *As much as 90 percent of Ford's profits and 66 percent of GM's come from the F-Series and Silverado/Sierra pickup lines, respectively, according to a 2012 Morgan Stanley analysis.*

[2] *Whatever your opinions are on quantitative easing, it's impossible to argue that the U.S. is not as guilty of currency manipulation as Japan is. Furthermore, the "non-tariff barriers" cited by the American Automotive Policy Council basically amount to differences between Japan's auto regulations and the U.S.'s. Differences in lighting specifications, the use of different frequencies for remote keyless entry, and unique fuel economy and safety tests are not insurmountable challenges to competing in the Japanese market. European automakers have invested in dealerships and advertising in Japan, and they have been rewarded with market-share gains. U.S. firms have reduced their investments in Japan and have lost share as a result.*

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