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# Japanese automakers are leading US economy forward

By Thomas J. Prusa, Ph.D.

Just six years ago, our nation was in a much different place as we struggled to recover from the worst economic downturn since the Great Depression of the 1930s. Between October 2008 and March 2009, an average of 700,000 American workers lost their jobs each month, and research shows that many of these Americans have faced lasting economic hardship extending beyond the time they are unemployed.

Today, more than eight million Americans remain unemployed, and families and communities across America are still working hard to dig themselves out of the economic malaise. While the country has more work to do to shake off the lasting effects of a weak economy, America's workforce is moving in the right direction and we must embrace the industries that continue to provide high-skilled jobs and a positive economic impact.

One of the most significant contributors to the nation's manufacturing sector, and to the U.S. economy as a whole, is the Japanese-brand automobile industry. In recent years, the continued growth and significance of Japanese automakers has shown they are not just a vital part of the development of the "new" U.S. automobile industry, but they have also become key contributors to the United States' overall economic recovery.

According to a new report, which I conducted on behalf of the Japan Automobile Manufacturers Association (JAMA) USA, Japanese automobile companies today support a record-high 1.52 million American jobs. From production facilities and dealer networks to research and development (R&D) centers and suppliers, jobs supported by Japanese automakers grew by 157,000 in 2014 – an 11.5 percent increase over last year's estimate.

This significant growth in total U.S.-based jobs, including direct, intermediate and spin-off employment, demonstrates that Japanese automobile companies are playing an increasingly larger role in the economic revival of cities and towns across America. With 26 manufacturing plants and 34 R&D and design centers across the country, these facilities provide economic benefits that resonate throughout the surrounding communities.

Japanese-brand automobile companies remain among the largest job creators in the United States. In 2014, Japanese automakers directly employed more than 91,000 American workers. Their manufacturing and R&D activities also generated or supported an estimated 242,000 intermediate jobs (suppliers of goods and services), with another 427,000 jobs resulting from consumer spending by those in the direct and intermediate positions – totaling more than 760,000 jobs.

Japanese-brand new vehicle dealers' direct and intermediate employment totaled 485,590 in 2014, with 366,000 resulting from direct employment and 119,000 resulting from intermediate employment. Another 275,000 jobs were spin-offs from the direct and intermediate workers' consumer spending, totaling more than 760,000 jobs tied to dealerships.

Accordingly, Japanese-brand automobile companies' production and new vehicle dealers combined generated more than \$100 billion in total U.S. employee compensation. These remarkable figures illustrate the activities of an industry that continues to evolve as a network of Japanese-brand automakers and related businesses provide new jobs, high-quality vehicles, and economic benefits to local communities all across America.

But the benefits that Japanese automakers contribute to the U.S. economy do not stop at providing good-paying, high-quality jobs. In 2014, Japanese automakers' cumulative investments in the U.S. reached nearly \$43 billion, a powerful indicator of their ongoing commitment to building vehicles in America. With that level of investment, it's no wonder that the percentage of Japanese-brand vehicles sold in the U.S. that are produced in North America has reached a record high of 74 percent, putting more dollars back into local communities each year.

As this nation continues to rebuild its economy, the continued investments and contributions from Japanese-brand automobile companies provide much-needed jobs and economic opportunities to communities across the country. Japanese automakers today are illustrating their commitment to investing in America and are leading the U.S. economy forward.

*Prusa is professor of Economics at Rutgers University, New Brunswick, New Jersey. He has provided expert testimony before the U.S. International Trade Commission on many occasions. His research has been featured in The Wall Street Journal, The New York Times, The Economist, and Investor's Business Daily. He received his Ph.D. from Stanford University (1988).*