

# International trade is not the place for a patsey

Shintaro Ishihara wasn't exactly a household word when he showed up last week in Southfield for a town meeting sponsored by Rep. Sander Levin.

That, in fact, was why Levin invited him to something that could pass for the industrial hearth.

Ishihara is co-author of *The Japan That Can Say No*, a book that implies the United States has become a racist crybaby for attempting to legislate the current one-way flow of manufactured goods to the United States, sometimes referred to as "trade."

The book has sold about a million copies in Japan, but so far hasn't been distributed over the counter in the United States. It's a hard-line diatribe that argues that Japan today

has the financial and technological resources to say "no" to U.S. demands — and suggests that Japan today also is in a position to give its advanced technology to the Soviets, thus shifting the world balance of power.

Weird stuff to U.S. ears, easily laughed off save for the fact that Ishihara is one of the most popular political figures in Japan today, and co-authored the book with the chairman of Sony Corp.

But the techno-economic analysis palls beside the recurring comment that the United States is "racist" in its concern for its own national self-interest in an evolving world economy.

American racism is at the very base of our relationship. If Columbia



auto talk  
**Dan McCosh**

Pictures was bought by Australians, it wouldn't be a big issue," said Ishihara, flanked by bodyguards to protect him from the mindless barbarians he perceives in the audience.

The bodyguards are more understandable if you realize that the Japanese sometimes portray Americans, and Detroiters in particular, as hairy goons swinging sledgehammers at Japanese cars in comic books they give to their children.

They feed on an endless diet of in-

formation about American cities wallowing in violence and drugs, and more are genuinely afraid. (Now that I think of it, they are more or less like Americans, but I digress.)

To an extent, Ishihara is right about the prejudice many Americans feel toward the Japanese. The problem with his analysis is: Most of that prejudice is extremely positive. In the free-swinging way Americans have of categorizing any of the polyglot ethnic groups that make up this

country, the Japanese are assumed to be born with a calculator in their hands, be good flower-arrangers and grow up to be nuclear physicists. Japanese wives are not only great computer programmers, they have a hot tub and drink waiting when you get home as well.

Curiously, in my own world travels, I find a good deal less sympathetic attitude in such places as Australia, the Pacific Islands, West Germany and Italy. Each country has its own favorite national prejudice, which is usually prefaced with the remark "I can't see why you Americans see so much in the Japanese."

Often I think that Americans have built up a kind of picture of a benevolent Japanese nation that is based on a complacent sense of superiority

— Americans will somehow prevail even after being defeated in education, technology and the world markets.

The rise of Ishihara is a signal that in the real world the Japanese play hardball — something many have been content to ignore. The notion that this realization is racist in its origin seems absurd.

All this is not to say that equally fervent, blind nationalism is the way to counter attitudes like his. But a strong sense of national self-interest seems to be at the heart of every other country's dealings in today's world economy.

At this point, I haven't heard anyone come up with a coherent explanation of how our own interests are best served.

## Trust plus exemption cuts inheritance taxes

Part I

The 1981 Economic Recovery Tax Act made it possible to entirely avoid estate taxes on the death of the first spouse. An unlimited marital deduction allows property to pass to a spouse free from estate or gift tax.

To qualify for the marital deduction, the property must generally be given to the spouse outright or by other legal arrangements that are equivalent to ownership in law.

There is an exception in the case of income interests in charitable remainder annuity or unit trusts and in qualified terminable interest property, for which the executor makes an election.

If the spouse is the unconditional beneficiary of life insurance proceeds with unrestricted control over any unpaid proceeds, life insurance proceeds also will qualify for the marital deduction.

Transfers between spouses are exempt from both estate and gift taxes. Despite the unlimited marital deduction and the unified credit, most families need estate planning. The reason is that while there is no tax due when the property passes to the surviving spouse, large taxes might be due when the property when the second spouse dies.

Example 1. John Becker's \$1



finances and you  
**Sid Mittra**

million in assets are left to his wife, Betty. Betty's will provides for everything to be left to the children. When John dies, because of unlimited marital deduction the entire \$1 million passes to Betty free of estate taxes.

However, when Betty dies, just \$600,000 will pass tax-free to the children. The remaining \$400,000 will be taxed.

If John had used both a will and a trust, and the trust sheltered his \$800,000 exemption, that amount would have been transferred to a bypass trust for Betty. The marital deduction would have sheltered the \$400,000. When Betty dies, the \$400,000 would pass tax-free to the children (because of \$600,000 unified credit), and the balance of \$600,000 in John's bypass trust would also pass to the children tax-free, since the amount was not a part of Betty's estate. By not using the bypass trust strategy, John Becker wasted his own \$600,000 exemption.

Example 2. John Becker leaves \$600,000 to his wife and the bal-

ance of \$400,000 to his children. No estate taxes would be payable upon either death. But by putting the \$400,000 in trust for the children, Betty Becker could receive income from the trust during her lifetime. She also could receive income, up to 5% of the principal every year and the right to receive principal for her health, education, support and maintenance.

The \$600,000 passes tax-free from Mr. Becker to Mrs. Becker because of the unlimited marital deduction and then to the children under Betty's estate tax credit umbrella. So does the \$400,000 in John's estate because John's \$600,000 unified credit shelters the \$400,000 he has transferred in trust to his children, and it bypasses Betty's estate.

Next week: Gifts planning

Sid Mittra is a professor of finance, school of business at Oakland University, and owner of Coordinated Financial Planning.

## Good publicity is possible once you know the market

Gearing up for your company's publicity and public relations program begins by understanding how each fit in with the job of promotion.

Simply put, promotion is communication. It is the communication of information between you and your customers to favorably influence their attitudes and buying behaviors. Publicity and public relations focus on the presentation of key messages to large numbers of people at the same time. The typical media sources used are television, radio, newspapers and magazines.

Because publicity is free, its value is obvious when compared to the cost of paid advertising. For example, being interviewed on a local radio talk show during prime morning or afternoon drive times is worth in excess of \$150 for each minute you are on the air.

Publicity and public relations go hand-in-hand because good public relations leads to positive publicity and vice versa. By definition, public relations involves any activity (or series of activities) that create or maintain good feeling toward an organization among its important "publics."

These publics may include the local community, company employees and suppliers — just to name a few. As a result, the focus of a public relations and publicity program is not limited merely to current and potential customers but can include al-



focus: small business  
**Mary DiPaolo**

most any group or public that is important to your business. It sounds easy enough, but what you communicate through publicity and public relations depends on what you know and find out about the customers or publics your company wants to satisfy. Trying to communicate the right promotional messages without knowing who your customers are, where they come from, and what they need, expect, and think of you is a lot like trying to win the lottery by buying a bus ticket. You have the best intentions, but it will never get the results you are hoping for.

Once you know what messages are to be presented, they should also be newsworthy enough so as to arouse media attention and interest. When is it news?

When it is new, a first, a last, a biggest, a most expensive, a worst, a fastest, an oldest, funny, touches your heart, scandalous, tells a secret, strikes or concerns home, involves conflict, involves celebrities, is directly important to large groups of people, reveals future plans, trends, or prospects; is romantic or is criminal.

If your upcoming event, new business or recent accomplishment is presented to the media as just another "dog bites man" story or announcements, it will never generate the level of media coverage you are hoping for.

Next week, we will review ways to make news enroute to pursuing your own publicity and public relations campaign effort.

Mary DiPaolo is the owner of *MarketTrends*, a Farmington Hills-based business consulting firm. She is also producer and host of the cable television series, "Chamber Perspectives."

## clarification

The store selling personalized statutes that was described in a story on specialty shops in the May 10 Business section is Tiny Doubles. It is in Applegate Square in Southfield.

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