

# AKIO MORITA

## PLAYBOY INTERVIEW:

*a candid conversation with the founding wizard of sony about all those miraculous machines—and why japan produces them and america doesn't*

*A conundrum for our times: What would life be like on the planet in 1982 without Japanese consumer products? Answer: Dull.*

It was about 30 years ago that a young Japanese businessman visited the West and was deeply humiliated to learn that "Made in Japan" was an international synonym for shoddiness—a phrase that produced jokes and laughter. Today, the laughter is heard mainly on the way to the bank as Akio Morita, 61, the cofounder and the chairman of the Sony Corporation, continues to make his five-billion-dollar corporation a fount of ever newer and more dazzling inventions.

It was Sony that gave the world mass-produced transistor radios, Trinitron television sets, Betamax video recorders and Walkman portable cassette players. More important, however, its chairman (along with his semiretired partner, Masaru Ibuka) is a guiding spirit of the technologically minded Japanese generation that has catapulted a devastated country into what many consider the world's pre-eminent industrial power.

All that success has not gone un-

noticed—or unresented. Indeed, many Americans feel that Japanese automotive mastery has contributed to Detroit's decline as the world's leading motor town; more than 250,000 unemployed workers might be tempted to slash the tires of a few Toyotas and Datsuns to make the point. As for the once-thriving consumer-electronics industry in America, Morita and friends have almost wiped it out. Limits have been accepted by Japanese car makers exporting to the U.S., while European countries have enacted import quotas. Most unfortunate of all, there are rumblings tinged with racial epithets in the West today.

Morita is at the center of the storm. More than any other contemporary Japanese figure, he is a highly visible corporate ambassador, constantly globe-trotting, dividing his time between promoting his company's wares and defending the Japanese image abroad. "We are not invading," he insists. "We just make things you like." It is this pithy, straightforward way of expressing himself that makes him a unique spokesman for his country. Coming from a culture that values indi-

rectness and subtlety, Morita, with his hearty manner, is an ideal bridge between Japan and America.

Not surprisingly, Morita moves with the jaunty confidence of a man who knows where the world's buttons are and how to push them. In America, his day revolves around phone calls to London, Frankfurt and Tokyo after being met at New York's John F. Kennedy Airport by an assistant and his own Bell 222 helicopter. (In Japan, he copilots his own French-built *Aérospatiale* helicopter.) He dines with international captains of industry, hosts conductor Herbert von Karajan, stays for a night at the Arizona home of a former ambassador to Japan. Surrounded by the toys and the gadgets of his calling—tape recorders, mini television sets, world-band radios—he is the quintessential Japanese combination that has conquered the world: a tinkerer turned businessman.

As the eldest son of a wealthy sake and soy-sauce producer in conservative Nagoya, he was expected to take over the family business—and perhaps become the 15th generation of Morita mayors in the local community. Instead, he spent



"When we opened a Sony plant in San Diego, our American dealers were afraid there would be something wrong with the television sets! They asked, 'Will they be as good as TVs made in Japan?'"

"In Japan, we think of a company as a family. You can't lay off people because of a recession. The recession is not the workers' fault. Management must sacrifice profit and share the pain."

"Frankly, there is a new mood in Japan. Many Japanese feel that instead of treating Japan as a friend, the Americans are treating us almost as an enemy, as a scapegoat—and they resent it."

WATERMAGN



his time taking apart clocks and listening to Western classical music and preferred the study of physics to business. During World War Two, he went into naval research as a lieutenant, working on a thermal-guided missile and other projects, and it was there that he met his future partner, Ibuka. After the war, the two set up a business after a false start in the home-appliance market—manufacturing rice cookers. Total production: 100. Total sales: 0.

The move from food to sound came soon. The men worked with no laboratory and lived constantly on the verge of bankruptcy; Morita's father had to bail them out more than once. Eventually, Morita realized a boyhood dream by producing his country's first tape recorder, but there was a problem: Nobody in Japan could think of any reason to want a tape recorder. The accidental discovery of a booklet titled "Nine Hundred and Ninety-Nine Uses of the Tape Recorder" in the offices of the U.S. Army occupation forces was their salvation. They translated it into Japanese and soon found a willing customer in Tokyo's Academy of Art.

But what finally turned Sony around—and put it on the map—was the decision in 1950 to pay \$25,000 for patent rights to an interesting new item invented in America: the transistor. Its manufacturer, Western Electric, was producing it for hearing aids. Ibuka and Morita adapted the tiny device to create the world's first tubeless radio. Their next trick was to reduce the radio to pocket size and launch it on the world market. It sparked the world audio and video booms and made Sony—and Japan—rich.

To explore with Morita the Japanese way of success, PLAYBOY sent Contributing Editor Peter Ross Range to Tokyo for two weeks. It was a return trip for Range, who had written "The Technology War: Behind Japanese Lines" (PLAYBOY, February 1981). He met with Morita in chauffeured cars, on a tennis court, over lunch and even in a steam-bathing Japanese bath. His report:

"I had already met Morita at a press conference in New York, where he personally introduced Sony's new magnetic video camera, a still camera that uses no film. He is instantly recognizable by his shock of white hair, parted perfectly down the middle. He approaches one with an open laugh and a strong handshake, uncharacteristic for a Japanese and a reflection of his years of international travel.

"In his New York office on the 43rd floor of a building overlooking Central Park, Morita seems right at home. He favors European-cut suits—'Size 36 short fits me just right,' he says—and Italian loafers. He is a bandy-legged tennis player who likes to win, though he plays a social game. He flies in and out of New York from Tokyo, 8000 miles away, the

way others might commute to work. Sometimes he makes the journey for a single meeting.

"While Morita is unquestionably the best-known Japanese businessman in the world—probably better known than the prime minister or the resident ambassador—he is also known in Japan as a maverick. He has spanned the East-West gap so successfully that some suspect him of being un-Japanese, a serious charge in his homogeneous country. He and his partner built a company singlehandedly and still own considerable chunks of it; that alone is a break with the Japanese tradition of working within the massive zaibatsu, or multifaceted conglomerates.

"All that is so much wasted talk to Morita. Unlike most Japanese executives, he chooses not to fraternize with business associates in bars and fancy restaurants every night after work. He spends his evenings either in board meetings or entertaining, Western style, in his 24-room home on a carefully landscaped half acre in a wealthy neighborhood not far from Sony's headquarters. The house features an underground swimming pool, a reproducing piano

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*"Invasion? We are not invading. We had to struggle for many years to know what you want."*

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(similar to a player piano) with more than 200 rare rolls of original compositions and stereo systems rigged to dozens of speakers throughout the house. Morita's wife, Yoshiko, equally unconventional for a Japanese woman, is his constant companion, golfing with him on Sundays and joining in his travels around the world. On their arrival in New York every few weeks, they immediately head for the Murray Hill Tennis Club, where one of their frequent partners is family friend Virginia Wade.

"Once Morita had decided to do the 'Playboy Interview,' word went out that I was to be given the treatment—the Japanese treatment. I felt like a new product about to be marketed, so thoroughly and enthusiastically was I shown around. A car, with driver and public-relations translator, met me at Narita Airport for the 45-minute ride into Tokyo. The next day, I was privately whisked to Sony's Betamax plant near Nagoya aboard the company's Falcon 10, one of the few company jets in Japan. Sony must have arranged for spectacularly clear weather; I got an unheard-of close-up look straight down into the snow-filled crater of Mount Fuji. The public-relations official traveling with

me said he had never seen such a thing. "The following day, I was to meet with Morita again. As I entered his gadget-filled office, he was seated, in shirt sleeves, behind an L-shaped desk heaped with a mountain of gadgets. He immediately began showing off his toys, showing one new product after another into my hands. A stack of cassettes behind a tape deck revealed his taste for the heavy European romantics: Wagner, Brahms, Mussorgsky. When I bent down to inspect a pair of new flat stereo speakers he was proudly demonstrating, I caught a glimpse of him bouncing on the balls of his feet and waving an imaginary baton. It was the first indication of a salient part of his history: Music is his passion, and the pursuit of increasingly higher fidelity is as much for his own pleasure as for the company's profits.

"From a jumble of headphones and Walkman players, Morita pulled out his newest toy: a stereo recording Walkman. He gave it to me with a pair of headphones, so I could hear its clarity while he talked. Appropriately, our first interview session was recorded on this new machine in his office."

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**PLAYBOY:** So this is the new stereo-recording Walkman. When will it be on the market?

**MORITA:** Very soon. Do you think people will like it?

**PLAYBOY:** What does your market research say?

**MORITA:** You Americans worry too much about market research. The market research is all in my head! You see, we create markets.

**PLAYBOY:** How do you know a new product will sell?

**MORITA:** Let me tell you a story. When we developed the first Walkman, a lot of our salespeople said a small machine like that would not sell—especially since it had no recording capability. But I had a hunch it would sell. I said, "Well, a car tape deck doesn't record, either." They were still unenthusiastic. So I said that if we did not sell 100,000 sets by the end of the year, I would give up my chairmanship of Sony.

**PLAYBOY:** How serious were you?

**MORITA:** I was just kidding about quitting. The sales and product-planning people were all laughing. But now we have sold 4,500,000 units of Walkman.

**PLAYBOY:** So your hunch paid off. But is there a larger lesson to be learned?

**MORITA:** It means top management must be willing to take risks. And top management should all be experts in the business. At Sony, the top men are all engineers—except for one operating baritone, who is a self-taught engineer. In the beginning, we had no knowledge of business. I think the Americans listen too much to the securities analysts and the consultants.

**PLAYBOY:** What's wrong with that?



**MORITA:** The consultant is not actually an expert. He just gathers facts and gives a theory and a formula. American management no longer likes to make decisions. No one takes responsibility. That's why the consulting business is so good in the U.S. America has become a society of justification.

**PLAYBOY:** What do you mean by that?

**MORITA:** In America, unless you can justify what you have done, you will lose your job. And if somebody else, such as a consultant, justifies it, the principal person can be excused. That's your problem.

**PLAYBOY:** Maybe you are our problem. American businessmen say it is the Japanese invasion that is killing them.

**MORITA:** Invasion? We are not invading. We had to struggle for many years to know what you want. Now Japanese consumer products are much more liked by the American consumer.

**PLAYBOY:** That's just the hitch: They are liked so much that we had an 18-billion-dollar trade deficit with Japan last year. More than 250,000 U.S. auto workers are unemployed. Our consumer-electronics industry is nearly extinct. Members of Congress are talking about passing import quotas and protective barriers against Japanese goods.

**MORITA:** That is not the way we should run the free world. If we were to have a quota system in all countries, all international trade would shrink. You know, the American side is always telling us we should do something. I think Americans are sometimes too simple—when- ever they have an idea, they think they are right. Our industry has never forced the Americans people to buy anything. Americans like Japanese cars because they are more reliable, more economical; but now we have a trade conflict. Much of that is based on America's poor productivity. American cars are not competitive. American electronics are not competitive. Of course, the Americans know that, but they do not say, "We are sorry, we have a problem; please let us have some time." They say instead: "We have unemployment; that means you have too big a market share"—that's their attitude! I ask, "Why don't Americans people buy American products?"

**PLAYBOY:** What's your answer?

**MORITA:** Because of poor product planning. We make a great effort to find out what the Americans want, but we don't see the U.S. businesses trying to understand Japan, which is really a very, very good market.

**PLAYBOY:** Give us an example.

**MORITA:** Take the automobile industry. Volkswagen is successful in our market.

**PLAYBOY:** But American cars are too big for Japanese streets.

**MORITA:** Yes; that is their product planning! The American automobile indus-

try designed cars only for Americans. Even after the 1973 oil embargo, they continued to make big cars.

**PLAYBOY:** What would you have done?

**MORITA:** In the case of Sony, we reacted immediately to the oil shock by changing our Trinitron TV. Nine months after the embargo, we switched our TV sets over to the direct-heating system, which consumes less power than the old preheating system. And then we redesigned the entire chassis and circuits to use less metal and fewer parts. Since 1973, the Japanese economy has continued to grow, but our energy consumption is down ten percent.

**PLAYBOY:** Was the Walkman the result of good product planning?

**MORITA:** No. It was not the result of planning; it was more an accident—just a minor thing.

**PLAYBOY:** Just a minor thing? You're getting rich from it and you've revolutionized music-listening habits around the world.

**MORITA:** We make much profit, but it is no innovation, no technological breakthrough. Masaru Ibuka, my partner, came into my office one day with a heavy tape recorder and heavy headphones. He said he liked to take music with him, but it was very cumbersome. So I put it on and walked around the office and it was not very comfortable. I thought many young people might like to take good stereo sound with them. They have it at home, they have it in the car, but they can't have high-quality sound after they leave the car. So I asked my staff to build a small experimental cassette player with light, comfortable headphones. That's the origin of the Walkman.

**PLAYBOY:** The way you tell it, it sounds like a product that would *have* to sell well, despite the doubters.

**MORITA:** Many people thought the first transistor radio we built would not sell, either. And when we brought out the first personalized television, the five-inch "tummy TV," people thought we were crazy, because at that time, everyone was building bigger and bigger screens. But it was a big seller.

**PLAYBOY:** So the Walkman was not typical for you?

**MORITA:** No. The Trinitron one-gun color picture tube and the Betamax video-tape recorder *were* breakthroughs of new technology. They evolved out of many years of research, of looking for a better system. We knew we could not simply build the same thing the other manufacturers had. The American companies were so big, we had to build something *better*. Still, we had our doubters with the VTRs as well. People said they would not sell because they were high-priced. Also, people said, who wants a home video-tape recorder, especially one that expensive? Ampex had led the way with the commercial

recorder for TV stations. But we were the first, in 1975, with a home system. Last year, we made more from VTRs than from color-TV sets.

[*The interview in Morita's office broke off and was resumed in a private room near a kitchen on the seventh floor at Sony headquarters, where Morita and the PLAYBOY interviewer faced each other over lunch at a long conference table.*]

**PLAYBOY:** Do you always eat hamburgers for lunch?

**MORITA:** No, but these are very good. They come from the Pacific Hotel. I've learned to eat hamburgers from all my trips to the States. I go there about once a month now. I can remember when it took 50 hours, flying over the Aleutians and Alaska, to reach New York.

**PLAYBOY:** Your regular visits to the U.S. began about 30 years ago, didn't they?

**MORITA:** Yes. And when I first visited the U.S.—and Europe—in 1953, I found that all made-in-Japan goods were very shabby stuff. That summer, I used to go to a small ice-cream shop in Stuttgart, West Germany. They served the ice cream with a little bamboo umbrella stuck in it, you know. And the waiter said to me one day, "This comes from your country." I was very embarrassed when I looked around the shop. There was no advanced product from Japan. Just this shabby little thing. When we said "Made in Japan," everybody thought of cheap, poor-quality stuff.

**PLAYBOY:** Was that reputation justified?

**MORITA:** Some Japanese industry was good before the war. But we exported mainly small toys, you know. On the industrial side, we had many imported goods. Almost all cars were imported. My father had a Buick. We also had a washing machine—that was from G.E.—and a Westinghouse refrigerator. Japanese greatly admired imported goods.

**PLAYBOY:** And now it seems the other way around: A lot of people regard Japanese products as of higher quality than Western goods. How did you turn that reputation around?

**MORITA:** I thought I would try to change the image. It would be very hard for our company to establish a reputation. So we decided to select a very high-grade product, but inexpensive. The transistor radio was small, but it had high quality. I think the first one sold for \$29.95.

**PLAYBOY:** How did you market it?

**MORITA:** That is a good question. You know, we were offered an order for 100,000 radios by a large American company. But I turned it down. It was a very important decision. The American company wanted to sell them under its own name. I won't say the name of the company, but I insisted that we not sell our product except under our own name. We had to build a reputation for quality. Everybody in Tokyo was screaming for



me to sign the deal, but I refused. It was the best decision I ever made.

**PLAYBOY:** How did you finally sell it?

**MORITA:** We selected high-quality stores, not discount houses. When I moved to New York for a year in 1963, I chose an apartment on Fifth Avenue, because I thought I should get to know the leading people. One day, I was taking a walk in Central Park and I saw many old people on benches listening to portable radios. But not one was a Sony. Then, as I got to know the people on Fifth Avenue, I found out they were the ones who bought Sonys.

**PLAYBOY:** Let's backtrack a bit to the time before there was a Sony as we know it. You said you were a small company of engineers without much business know-how. What came next?

**MORITA:** In 1950, we finally succeeded, after many experiments, in building the first tape recorder in Japan. We had struggled very hard and sacrificed all profits and worked with almost no labs. We had to use paper as a tape base, since there was no plastic in Japan after the war. As scientists, we were very proud.

**PLAYBOY:** To whom did you sell it?

**MORITA:** At first, nobody! We showed the recorder around; everyone thought it was wonderful to hear his own voice, but nobody wanted to buy it.

**PLAYBOY:** What did you do about it?

**MORITA:** One day, I discovered the basic principle of sales. I was strolling in my neighborhood and found a small antiques shop. I didn't have any interest in antiques, but I was surprised to see many funny little things at high prices. I was wondering why those funny antiques cost more than our tape recorder when an old man went in and paid cash for something—more than we were asking for our wonderful new machine. Suddenly, I realized: No sale can be made unless the purchaser finds value in the merchandise. That is when I decided I could not just be an engineer, I had to go into the marketing side.

**PLAYBOY:** How did you finally sell it?

**MORITA:** We sold the first unit to the Academy of Art in Tokyo, because a young voice student there saw the usefulness of it for music students to listen to themselves. But he criticized it a lot and told us many things that were wrong with it. So I hired him. Now he is deputy president of the company.

**PLAYBOY:** What got you interested in electronics in the first place?

**MORITA:** Music. Making better sound; that is my hobby.

**PLAYBOY:** It seems more like your business.

**MORITA:** Well, it is the same thing. You know, I became interested in music as a little boy. My grandfather had one of the first RCA Victorolas in Japan, so I was listening to Western classical music when I was ten years old. I remember Jascha Heifetz coming to do a concert

before the war. My mother wanted me to play the piano. Even if I play the piano, I cannot play well. But if I play a record, I get fantastic sound. So I was crazy about electronics. My father had no interest in music. But he was rich, so he bought us a big electric phonograph.

**PLAYBOY:** What did that mean to you?

**MORITA:** I was really shocked by how much better the sound was than on the wind-up machine we had had before. One of my relatives was an engineer who got interested in building an electric phonograph of his own, and that's what got me interested in electronics as a boy. By the time I was in high school, I was subscribing to *Popular Electronics*.

**PLAYBOY:** Did you take apart the proverbial clock as a boy?

**MORITA:** Yes! And I couldn't put it back together. But more important than that, I saw a magnetic recorder, a German wire recorder that had come to Japan. So I tried to make a magnetic recorder with piano wire. But it was unsuccessful.

**PLAYBOY:** How did you keep your interest in the field?

**MORITA:** Well, I was studying physics at Osaka University when the war broke out. And my professor recommended that I join the navy research division; otherwise, I might be sent to the front. I was just the right age, you know. So I became involved in research on a heat-seeking thermal-guided missile—like your Sidewinder. I was also working on noctovision—nighttime scopes for guns.

**PLAYBOY:** Did your work have any impact on the war?

**MORITA:** No, we were still working on it when the atomic bomb was dropped. We were very shocked by that.

**PLAYBOY:** What do you mean, shocked?

**MORITA:** We knew it was theoretically possible to build an atomic bomb. I had written some articles for a student newspaper saying that based on the technology of the time we could do it, but it would take 20 years. When we got the report of the bomb from Hiroshima, I couldn't believe it. How could they accumulate that amount of uranium 235 to build a bomb so fast? We were sitting at the lunch table. I said to the other technical officers, "I think perhaps we should quit all our research now. There is such a difference in what the Americans are doing that our project cannot be completed in time." My boss got very angry.

**PLAYBOY:** How did you move from naval research to consumer electronics?

**MORITA:** In the naval lab, I met Masaru Ibuka, the electrical engineer in charge of our noctovision project. He was 12 years older than I was, but we seemed to have the same chemistry, so we became good friends.

**PLAYBOY:** And you decided to start a company together?

**MORITA:** Not just like that. Actually, we

got separated for a while. I was with my family in Nagoya and he was working in Nagano prefecture. Then we both ended up back in Tokyo, and I agreed to work with him part time. But then it became full time in 1946.

**PLAYBOY:** And that's the beginning of Sony?

**MORITA:** It was the beginning of Tokyo Tsushin Kogyo—Tokyo Telecommunications Engineering Company. We started it with about \$500.

**PLAYBOY:** How did you come up with the name Sony?

**MORITA:** We knew our original name was too long and too difficult to pronounce, especially outside Japan. So we thought and thought. We looked up the Latin word for sound—*sonus*. We wanted something short and easy. So we thought of Sonny, until we found out that was a funny nickname in America. Then we decided on Sony.

*[The interview continued in Morita's chauffeured Mercedes during an hour-long ride to the company's semiconductor plant at Atsugi, outside Tokyo.]*

**PLAYBOY:** With all the great things we hear about Japanese industry, why do you ride in a German Mercedes?

**MORITA:** Because Japan does not build a big enough car. In this one, I can take guests and still have room for my TV, video-tape recorder and telephone.

*[The telephone rang, as it did frequently during the ride, and Morita conversed in Japanese.]*

**PLAYBOY:** Is that a radiophone?

**MORITA:** No, a telephone. The radio is up front by the driver. We've just put in the phone. I think Tokyo now has the most advanced car-telephone system in the world. You can call me from anywhere. It is extremely clear.

**PLAYBOY:** Why do you need a television set and a Betamax in the car?

**MORITA:** I am so busy, I never have time to watch the news. My secretary gives me a video tape of the morning news. This cassette shows a Japanese-American friend getting a medal for scientific achievement in New York. It has an interview with him in Japanese. But today I will talk with you instead.

*[The phone rang again.]*

**PLAYBOY:** If we can squeeze in a few questions. Your first big international success was the world's first transistor radio, marketed in Japan in 1955. How did you make that breakthrough?

**MORITA:** Ibuka found out about the transistor Western Electric had manufactured in the U.S. for hearing aids. And we got a license on the patent.

**PLAYBOY:** To make hearing aids?

**MORITA:** No, no. To develop a new transistor for a radio. We had to do many, many experiments.

**PLAYBOY:** That was the most famous case of taking new technology developed in



America and turning it to a new consumer application—which led to much of today's solid-state technology. Yet it also prompts many people to say that the Japanese are not truly innovative but only cleverly derivative—in other words, superb imitators and copiers.

**MORITA:** Such a perception gap is a cause of big problems. Western people criticize the Japanese effort as lacking originality. But Picasso was influenced by Lautrec and Beethoven learned much from Mozart.

**PLAYBOY:** What is your point?

**MORITA:** We have been striving to be the Picassos and the Beethovens of electronics. Our industry has been eagerly absorbing technology from overseas and has created new technology on its own.

**PLAYBOY:** Still, you have absorbed a great deal from the West, perhaps more than you've developed on your own.

**MORITA:** It is true that Japan is paying more royalties for patent licenses to Europe, for instance, than Europe is to us. That means they have good basic knowledge. But it's not true that we are taking Western knowledge and then invading you. When we pay royalties, it's like tuition for going to school. And I do not think Westerners spend enough effort to find out the things they might take from Japan. For instance, we subscribe to all your technical publications. Japan is probably the largest single subscriber to *Television Digest*, the leading U.S. trade journal of TV electronics. Do you think many Americans read ours?

**PLAYBOY:** Probably not, because most Westerners can't read Japanese, while the Japanese, in many cases, can read our languages.

**MORITA:** Exactly. If you want to learn, you have to learn Japanese. True, it will take a big investment to learn it, but we make a big investment to learn your language—12 years of school.

**PLAYBOY:** So Japan has been "paying tuition" since 1868, trying to catch up with the West.

**MORITA:** Right.

**PLAYBOY:** And now you've graduated and it's time for the West to go to school.

**MORITA:** Maybe, maybe. It depends on the industry.

**PLAYBOY:** In your field, there's no doubt that the pupil has outstripped the teacher, since Sony now does more than one and a half billion dollars' annual business in the United States. But your success at outselling Americans in their own market has produced some ugly overtones. One U.S. Congressman in a closed-door committee hearing this year reportedly referred to Japanese as "those little yellow people."

**MORITA:** One of the reasons I am sparing time to do this interview is to help Western people have a better understanding of Japan. There are some people, yes,

who are thinking "Yellow peril." That is a danger. So I should talk more.

But you know, in Japan, people hear a lot more about remarks made by U.S. leaders about Japan than you do in the States. Statements that would never be quoted in *The New York Times* make headlines in our national newspapers. We get to know the names of Senators and Congressmen that, perhaps, even you don't know.

**PLAYBOY:** Do you think there's an element of racism in some of the remarks?

**MORITA:** I think there is some of that—a feeling toward "yellow" people like the feelings toward Negroes.

**PLAYBOY:** How does that affect relations between Japan and America?

**MORITA:** I am not sure whether to answer as a Japanese or as an American. My company has a very major stake in both countries and I am committed to a very strong U.S.-Japan relationship. But, frankly, there is a new mood in Japan. Many Japanese feel that instead of treating Japan as a friend, the Americans are treating Japan almost as an enemy, that you are using Japan as a scapegoat—and they resent it.

**PLAYBOY:** Is that because of the things American politicians say in public?

**MORITA:** Sometimes Americans can be rude toward Japan. One man said that the Japanese are so stubborn that if you don't hit them with a hard punch, they won't change direction, so let's give them a punch. Sometimes people say such rude things!

**PLAYBOY:** When he was a Presidential candidate in 1980, former Treasury Secretary John Connally said that Americans should let the Japanese continue "sitting on their docks in Yokohama in their Toyotas, watching their Sonys. . ."

**MORITA:** Yes, I wrote a letter to him. I knew him very well and I said, "Please don't use Sony's name, because 80 percent of Sony TVs sold in the United States are made in the United States using American components and American labor." He wrote back and said he would not use Sony's name.

**PLAYBOY:** But the question remains: What are we going to do about the trade imbalance?

**MORITA:** You know, the basic problem is not the U.S.-Japan relationship. It is the performance of both of our economies. And you should look at it in a global context, not just a bilateral one. You may have a trade deficit with Japan, but both the U.S. and Japan had over all surpluses in their global accounts last year. You sold more overseas than you imported, and so did we.

**PLAYBOY:** We're talking about trade between our two countries. What the American business community and the Reagan Administration are saying is that you can sell 18 billion dollars' more goods to us because our market is open—and yours is closed.

**MORITA:** The Japanese market is not as closed as Americans think. But it is perhaps not as open as Japanese think.

**PLAYBOY:** That's diplomatically conceded. But to many Americans, the Japanese market seems *extremely* closed. Your picaresque inspection standards make it nearly impossible for many products to be sold in Japan. An American car practically has to be rebuilt to comply with Japanese safety and emission standards.

**MORITA:** The problem is often at lower levels of government. I have spoken to Prime Minister Suzuki about that and he is trying to make changes. The bureaucrats have their old way of doing things. But I also think that sometimes the American businessman does not try hard enough to find out how to deal with these government people. How do you think we do it in the United States? We must send people your bureaucrats. We must send people who work very hard to find out your regulations and procedures and all your application forms. Then we have to adapt our products to your rules. I think Americans should do the same thing.

**PLAYBOY:** But many American businessmen claim they don't have the same access to Japanese markets that you have to ours. That's what this debate over "reciprocity" legislation has been about.

**MORITA:** We should be fair, but fairness is not reciprocity. Fairness should be equal national treatment. Each nation has different customs. So if in Japan a Japanese can sell a product, any foreigner should be able to do likewise—that's equal national treatment. If Americans make the effort, they can get into the Japanese market. Coca-Cola is a good example. They invested lots of money and built their own distribution system. They broke old traditions by not going through the Japanese distribution system. They started the new tradition of vending machines in Japan—now I think we have more vending machines than you do.

**PLAYBOY:** Despite what you say about efforts U.S. businessmen should make, there's not much they can do about "dumping"—the practice by Japanese industry of selling its excess production on the American market at prices lower than market value or even below production cost. Frankly speaking, do some Japanese companies dump overseas?

**MORITA:** In the past, maybe some did.

**PLAYBOY:** What do you mean, maybe?

**MORITA:** I don't have any evidence. And I should not talk to you about that, because it is involving a legal problem. Unless I have evidence, I cannot say this man committed a crime.

**PLAYBOY:** This is not a court of law. It's a question of business philosophy.

**MORITA:** I don't want to be quoted.

**PLAYBOY:** What we want is a Japanese



business opinion, an authoritative view.  
**MORITA:** You know, sometimes a big American department store comes to Japan and says it will buy 200,000 or 500,000 TV sets next year. This is such an attractively sized order, each manufacturer tries to bid low. So, at the time, he never thinks of dumping. The production men believe that if they add that number to their existing production, the cost will come down. So they say, "At this moment, if we sell at this price, we will not make a profit. But when we produce so many..."

**PLAYBOY:** But dumping is usually defined as the export price's being lower than the domestic price.

**MORITA:** That's an American definition.

**PLAYBOY:** Social scientist Peter Drucker, whom the Japanese admire very much, wrote that Japan keeps domestic prices high by conducting a giant clearance sale abroad.

**MORITA:** I don't think so. We cannot conduct a clearance sale abroad; specifications are different in every case.

**PLAYBOY:** But we have seen the Walkman II for sale in New York for less than \$100. Here in Tokyo, the prices have been higher everywhere we looked.

**MORITA:** The suggested price on the first Walkman we sold was \$199.

**PLAYBOY:** But the stores reduced the price.

**MORITA:** We can't control retail prices.

**PLAYBOY:** Why don't the stores in Tokyo reduce prices?

**MORITA:** In Japan, we don't supply too many—we always have a little shortage.

**PLAYBOY:** On purpose?

**MORITA:** Well, we still cannot meet worldwide demand. So if our supply is a little bit short, naturally, the supply-demand sales price stays up.

**PLAYBOY:** Is that a company strategy?

**MORITA:** Basically, we don't want to make too many. Doing this without violating price-control laws automatically maintains the price—which is better for our dealers. If we make too many and actually dump, the price will come down, because it is a buyer's market. The buyers go to each shop and negotiate—and the dealer cannot make any money. That is not good business. In Japan, we have to live together. We have to make money and the dealer must make money. For the dealer to get a reasonable margin, the supply and the demand should be balanced. So that's why we always try not to make too many.

**PLAYBOY:** What about dumping Japanese color-television sets?

**MORITA:** Eighty percent of Sony televisions sold in the U.S. are built in our San Diego plant—in America. And we even export American-built Sonys to Canada and Latin America.

**PLAYBOY:** You built that television assembly plant in San Diego in 1972. Other Japanese manufacturers now seem to be trying to blunt American political pressures for import quotas by opening production facilities in the United States.

Kawasaki builds motorcycles in Nebraska, Honda builds them in Ohio, Datsun is going to build trucks in Tennessee, the semiconductor people are in California and Texas, and now Toyota is talking about a joint deal with General Motors. Was your decision to build in San Diego an early attempt at public relations?

**MORITA:** No, it was not PR. We just believe in matching production with market. This year, we are building a TV-assembly plant near Columbia, South Carolina, to be closer to the East Coast market. Our largest Betamax video-tape plant is in Dothan, Alabama.

**PLAYBOY:** Was it difficult to build a Japanese plant on American soil?

**MORITA:** [Laughs] You know, the odd thing was, at first, our American dealers were afraid there would be something wrong with the television sets! They asked, "Will they be as good as TV's made in Japan?"

**PLAYBOY:** That must have felt good in view of the bamboo umbrellas you once saw in Stuttgart.

**MORITA:** Yes, it was a very impressive comment, because "Made in Japan" used to mean shabby. We had the same problem in Britain when we opened a

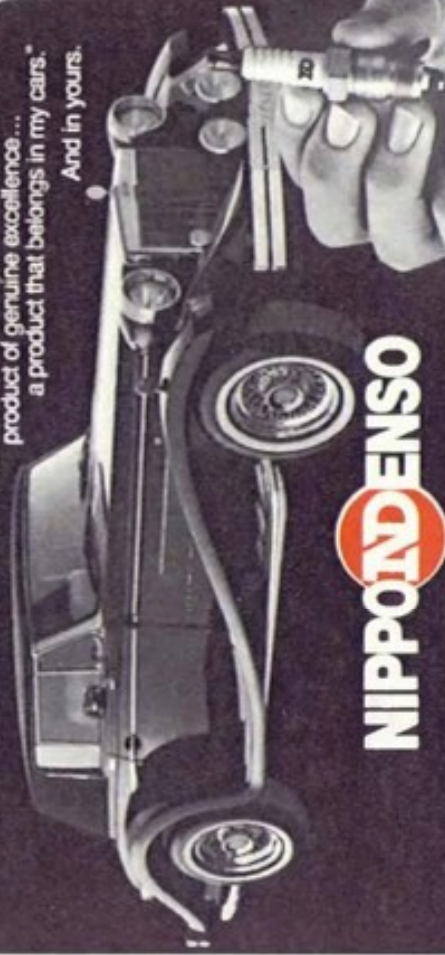
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plant there. We had to assure the dealers that if the Sony label was on the product, we guaranteed the quality. So I was feeling great joy.

**PLAYBOY:** Do you think "Made in U.S.A." now stands for poor quality?

**MORITA:** I don't think so. But I think Americans have lost confidence in U.S. products. They have more confidence in Japanese and European products.

**PLAYBOY:** What caused that?

**MORITA:** Right after the war, Japan also lost confidence. We were defeated—though we had been taught that that was impossible. I think now America has lost confidence. America had never failed before Vietnam. The impression Japanese people have of America is of John Wayne—a strong frontier spirit. Americans have forgotten that frontier spirit. They must be more aggressive, be challenging and improve their country.

**PLAYBOY:** Some Americans would argue that the John Wayne mentality got us into Vietnam and other troubles. But does that explain why people sometimes think American goods are of poor quality?

**MORITA:** Yes. I think the quality control of American products is poor. That is caused by bad personnel management.

**PLAYBOY:** How did you ensure high quality with American workers in San Diego?

**MORITA:** We made the production process completely different to fit the American worker. We reduced the number of processes. We put in more checking points. And our foremen were well trained to supervise each one. And every day, we check the results of each section. You know, in Japan, some workers do 30 different assembly jobs. But in America, we cut it down a little bit.

**PLAYBOY:** Why?

**MORITA:** Because the speed of working in America is a little bit slower. The Japanese women have some talent for fine manual work. We had to redesign the chassis and the circuits for the American workers—mainly women.

**PLAYBOY:** What for?

**MORITA:** Their fingers are bigger.

**PLAYBOY:** You said one of the failures of American industry is personnel management. What do you mean?

**MORITA:** You know, in Japan, we think of a company as a family. The workers and the management are in the same boat. Harmony is the most important element in an organization. It is a fate-sharing body.

**PLAYBOY:** How does that translate into personnel management?

**MORITA:** The first thing is, you can't just lay off people because of a recession. The recession is not the fault of the worker.

**PLAYBOY:** But how is a large work force to be paid during a recession?

**MORITA:** Management must sacrifice profit and share the pain caused by the recession.

**PLAYBOY:** Has Sony laid off people in San Diego?

**MORITA:** No. We had the 1973–1974 recession right after we opened that plant. TV sets were filling up the inventory, sitting around waiting for shipment. We didn't fire anyone. We put people to work in other ways—sweeping, repainting, many things. We sacrificed our profit, so those people appreciated the company attitude and remained with us.

**PLAYBOY:** You talk as if they were your children.

**MORITA:** Exactly. In a family, if you have trouble with one of your children, he is still a member of your family. If your child has mental or physical problems, you have to live with him for life. You cannot just give up your child. Or if your father loses his job, you have to sacrifice and face that difficulty. So we try to treat all of our employees as a family. There is no secret to this. Sony has applied these ideas to its U.S. operations and has been very successful. In Japan, management does not treat labor as a tool but as a partner. We share a common fate.

**PLAYBOY:** What does that say about labor-management relations?

**MORITA:** We Japanese find the relationship between industry and labor in the U.S. very strange. If management and labor cannot make their needs known to each other without hostile confrontation, that company's competitive position in the market will be eroded. In time, the company will fall.

**PLAYBOY:** That sounds like a summation of what is happening to the U.S. automobile industry. Yet Japanese unions are not craft unions serving an entire industry; they are company unions, or what we call sweetheart unions.

**MORITA:** Management keeps the union informed of the company's situation and tries to reach a compromise through negotiation. Management knows it must cooperate with labor for the good of the company.

**PLAYBOY:** Yet you defeated a strike by your company union in the early Sixties. Some say you were a strikebreaker. Do the workers ever strike now?

**MORITA:** Sometimes they decide not to do overtime work.

**PLAYBOY:** There have been attempts to organize a craft union at your plant in San Diego. How do you feel about that?

**MORITA:** No comment.

**PLAYBOY:** You hate those craft unions, don't you?

**MORITA:** The basic concept of a craft union does not make sense to me, you know. A job is a job. Even in the United States and England, now, many companies have one union. You have to recognize the fact that if companies are going to compete against one another, all the people in one company should think the same way. In Japan, management and labor trust each other as humans.

**PLAYBOY:** For the Western worker, the problem is that he sees the boss as exploiting him.

**MORITA:** I don't know how such a situation came about historically. Maybe management tried to take too much. That's a mistake. Why? Because a company is not successful only by top management. Even if the top man is a marvelous man, without cooperation from all the people, he cannot be successful.

**PLAYBOY:** American workers often resent the high salaries company chiefs make—some of them more than \$700,000 a year with bonuses. What do you think of this in Japan?

**MORITA:** Why should he get such a big amount of money? In our case, we don't give any bonus to the executives. We give bonuses to the employees. Management should not be concerned with the annual profit. But employees should have joy in participating in the annual profit.

*[Over the weekend, Morita invited the interviewer for a round-robin tennis match with his family and friends at his summer house at Lake Hakone, southwest of Tokyo. The conversation resumed during the drive from Tokyo.]*

**PLAYBOY:** You ride in a chauffeur-driven Mercedes during the week but drive your own Toyota on the weekends.

**MORITA:** *[Laughs]* Well, yes, at least today! This car is brand-new—it is fantastic. It even talks to you if you make a mistake, like leaving the key inside. And look at this computer: It tells you fuel consumption, distance to destination, even estimated time of arrival at present speed.

**PLAYBOY:** Your present speed reminds us of the bullet train to Osaka. Aren't you driving a little fast?

**MORITA:** Oh, yes. Sometimes I forget and get into trouble. You know, we have a very strict speed limit of 100 kilometers per hour. On this highway, it is so crowded they make it 80 in some places.

**PLAYBOY:** How is it enforced? We haven't seen many patrol cars.

**MORITA:** They don't need the patrol cars so much. It is all done automatically. They have radar everywhere—maybe right here in these bushes beside the road. It takes your picture, then sends you the... what do you call it?

**PLAYBOY:** The violation notice?

**MORITA:** Yes, yes, the violation. The picture shows your license tag and they send it to you in the mail. And you have to pay.

**PLAYBOY:** Do you drive this road often?

**MORITA:** Yes; we must get away from the heat of Tokyo in the summer, you know. By the way, have you ever had a traditional Japanese bath?

**PLAYBOY:** No.

**MORITA:** It takes a long time to heat the water for a large Japanese bath, but it will be ready when we arrive. I had a



device made so that I can dial a special phone number from Tokyo and it starts the water heater at our summer house.

**PLAYBOY:** We were talking earlier about management and salaries. It sounded rather strange for you, as chairman of a five-billion-dollar company, to suggest that American management is paid too much.

**MORITA:** You know, in Japan, the top man in a company usually makes only about eight times as much after taxes as the incoming executives fresh out of the university.

**PLAYBOY:** Are you telling us you have a summer house with a self-heating Japanese bath and a tennis court on an executive salary? Aren't you a millionaire?

**MORITA:** In my case, it is different, because I am a large shareholder in the company. But normally, in Japan, the chairman is only an employee of the company.

**PLAYBOY:** But you belong to a super-exclusive golf club called the 300 Club because it is limited to only 300 quite wealthy members.

**MORITA:** Of course, there are some wealthy families. But it is nothing out of 120,000,000 people. If you go around Japan, you will see a very wide range of the middle class. Japanese wealth is nothing compared with American.

**PLAYBOY:** What do you mean?

**MORITA:** I mean, my house in Tokyo is on one half acre of land. I have a friend in the States who has 114 acres of land. And his own private jet! Sony owns one of the few company jets in all Japan. Nobody has his own private jet.

**PLAYBOY:** You prefer to cultivate a small plot of land.

**MORITA:** Exactly. How can you keep 114 acres clean? Because of our narrow, small country and unpaved roads, we decided in the past to take our shoes off before coming into the house so it would not be muddy. We like to keep everything clean. We have much delicacy in Japanese art. And we have the rock garden; it is a symbol of simplicity and fine attention to detail. That's the Japanese heart.

**PLAYBOY:** To be sure, that is the traditional side. But the modern Japanese heart seems to have nothing against the perks of power and the emoluments of wealth. American executives may be paid more than Japanese, yet we see a lot of benefits extended in your Tokyo offices that are not common in America. Elevator girls, all sorts of people bringing coffee and food, numerous chauffeur-driven cars—even for middle-level executives. It is well known that company-paid entertainment allowances in Japanese companies are greater than the total Japanese defense budget. Doesn't that put your executives on a par with the highly paid American managers?

**MORITA:** Not really. The reason for those

allowances is that we don't have any personal-income-tax deductions. Although an American businessman traveling can deduct any number of expenses, his Japanese counterpart cannot. So the company prefers to provide the car and the expense account.

**PLAYBOY:** Besides high salaries, how else do you fault American management?

**MORITA:** I think sometimes they are irresponsible. Very often a man builds up a company in America—and then sells it so he can relax and enjoy his money. That we cannot imagine in Japan.

**PLAYBOY:** Why not?

**MORITA:** Because I have a responsibility to all the employees of my company. The ones we hired this year will be here for 30 years. In America, management is evaluated on a short-term basis—through quarterly reports. In Japan, we take a longer view. If management focuses only on quick profits, it is working for its own short-term interest—and its annual bonus. Also, management changes jobs too much. Don't forget, it was the occupying American forces under General MacArthur who forced on us the lifetime-employment system—it was they who said we could not fire anyone. That is something else we got from you. And when we founded Sony Corporation of America in 1960, we rushed to hire many people, and some were inadequate. My American colleague said, "Let's fire them." That was a big surprise! I thought then that the United States must be a paradise for management because you could lay off people.

**PLAYBOY:** So you're really a hardhearted capitalist underneath.

**MORITA:** Well, two years later, I had another shock. A sales manager whom I had trained with great effort suddenly left my company and joined a competitor. So I gave my competitor all my know-how through him. Then I realized America is not a paradise—it is a most dangerous country for management!

**PLAYBOY:** But from an individual's point of view, what's wrong with changing jobs if a better opportunity comes along?

**MORITA:** How can you be expert in your field if you change jobs several times? In my company, everyone has been in electronics for 35 years. Also, the heads of Toshiba, Hitachi, the other leaders of the Japanese electronics industry, almost all have an engineering or electronics background.

**PLAYBOY:** Engineers seem to occupy a special place in the Japanese scheme of things.

**MORITA:** Yes, we have many engineers. In Japan, an engineer is proud even to work on the production line in a factory. It gives us true quality control.

**PLAYBOY:** Do you put them on the line in your San Diego television plant?

**MORITA:** American engineers don't want to work on the production line. You

know, even though the American population is twice that of Japan, the number of engineering graduates is only three quarters. You have seven times as many graduating accountants, 21 times as many graduates in law courses. That's your trouble—too many legal problems and not enough engineering problems.

**PLAYBOY:** How do you avoid legal problems in Japan?

**MORITA:** Because we have few lawyers, we have few legal problems. In many cases in the U.S., the lawyers say, "This is bad; that is bad; we are going to sue." So there is a chain reaction among lawyers.

Let me tell you a funny story. When we founded Sony of America, I got all the American lawyers to come to Japan, and we had to translate all the agreements for them. I had a hard time getting the American lawyers to understand our concept, because the last paragraph of an agreement between two Japanese companies always says that if either party has a problem interpreting that agreement, both parties agree to sit down again in good faith to discuss and renegotiate.

The American lawyers said, "If there is a disagreement, how can you sit down in good faith?" We say that if we have a problem, we can sit down, we promise you that. The last paragraph of an American contract always defines a third party as arbitrator. Either you go to arbitration or you go to court. If you can't agree, you let someone else become the judge. In Japan, we promise to sit down and talk.

**PLAYBOY:** The words good faith seem critical.

**MORITA:** That's the Japanese way.

**PLAYBOY:** Do you always trust the other guy? You never think, Oh, this guy is trying to trick me?

**MORITA:** We always start with good trust. Of course, we cannot be so simple-minded about competition. But I think the situation here is much, much better than in the U.S. Because we have a very small society, if someone were to do tricky things, he could not live in the business world. Everybody would hear about it. Japanese understand one another so well that we can often communicate without even talking.

**PLAYBOY:** Without talking? How can you run a company that way?

**MORITA:** In the U.S., because everybody's background and education are different, you have to give specific, clear orders. You need strong leadership to run a company. But in Japan, the boss should not criticize too much. He must trust his subordinates and not expect any more than that they do a good job. A good Japanese boss does not give too many instructions. In my company, my message is merely, "I depend on you to do it right." If the boss talks too much, the subordinates will dislike him and



assume that he does not trust them. Harmony is the most important element in an organization. There must be mutual trust.

**PLAYBOY:** What about foreigners? How are we supposed to do business with you if it's all trust and no talk?

**MORITA:** There are many misunderstandings with foreigners. In Japan, it is not considered polite to state your intention right at the beginning. Americans get very confused over the Japanese use of yes and no. It is not very polite to say no. But yes does not always mean yes. Usually, if they mean no, they will say, "I will consider it."

**PLAYBOY:** Is there any middle ground?

**MORITA:** That's "however." If a Japanese says to you, "I agree with you; however . . ." then you still have much work left. But among the Japanese, we don't have to talk—just as between you and your wife or your lover.

**PLAYBOY:** Can 120,000,000 people really be as close as a wife or a lover?

**MORITA:** We have been living in the same atmosphere and the same culture for a very long time. Usually, a small hint of what you want will do.

**PLAYBOY:** Then you must find the American style rather different.

**MORITA:** The American way is for the manager to exert strong leadership. The leader gathers his people and tells them what he wants done. They then feel that they are carrying out orders without a real sense of having participated in formulating the orders. We believe it is important to give everyone a sense of participation.

**PLAYBOY:** This is beginning to sound more like a civics class than a five-billion-dollar corporation.

**MORITA:** [Laughs] You know, sometimes I think of Sony more as a social-welfare organization! I think Japan is now the most egalitarian country in the world.

**PLAYBOY:** Now we've gone from civics to utopia. Is Japan perfect?

**MORITA:** Of course not. The Japanese still have a hard time speaking frankly with one another. We are not very experienced at expressing ourselves verbally. Sometimes the Japanese economy doesn't have enough financing flexibility; banking regulations are too strong and the interest rates at all the banks are the same.

**PLAYBOY:** Let's turn to a frequent complaint the American Government has about Japan—that its success rests in large part on its military protection by the Americans. Japan spends less than one percent of its gross national product on defense. The U.S. spends six percent. The Reagan Administration is pushing for larger Japanese expenditures. How do you feel about it?

**MORITA:** I think ours should be increased to one percent. But if you raise a spoiled child, it cannot be re-educated so fast.

During the past few decades, the United States has spoiled the Japanese people with its military protection.

**PLAYBOY:** Would Japan swing to extremes if it had the freedom and the power? To some Japanese, the constitution you have today is a yoke the American occupying powers put around your neck.

**MORITA:** I think to some extent we *should* have such a yoke. If the U.S. forces Japan to take it off and change the constitution for greater military spending, Japan could swing some other way.

**PLAYBOY:** What do you mean, "some other way"?

**MORITA:** You know, if Japan becomes an unstable country, very powerful, with great economic ability, that is a danger. If it swings to the left with its industrial power, that's the end of the story.

**PLAYBOY:** Do you say that could happen?

**MORITA:** I am trying to say to the U.S.: Don't be too shortsighted. Japan has built up economic power and maintained political stability for 35 years. That is the greatest political security for the world. Many countries in Asia are unstable; the Middle East is unstable; even some European countries with power and influence have unstable governments. But Japan has political stability. That means more than just defense.

Assume for a moment that the government party loses strength. We already have a big budget deficit. Our national rail union and government union are quite influenced by the Communists. In a coalition with the socialists, these unions will become very strong. We may have a general strike. If such a thing happened, the economy could change overnight, could collapse.

**PLAYBOY:** That's an extremely conservative view. What you mean is that the electronics industry would be taken out of the hands of people like yourself, don't you?

**MORITA:** Not nationalized, but even today the Japanese economy is in a very difficult time. You know, once we had inflation of 30 percent right after the oil embargo. That means Japanese people can move very quickly both ways. If we had 30 percent inflation for two or three years, a very strong antigovernment feeling would be generated. And that means anti-American feelings. We might even terminate the mutual-security treaty. That is why Americans should be more careful and take the long-range view.

**PLAYBOY:** Could you imagine Japan's becoming a major Asian military power again?

**MORITA:** No, I don't think so. People cannot be changed so quickly. Almost all the Japanese lost relatives in the war and most survivors were bombed out of their houses. And the atomic bomb—that experience still remains in some form in all Japanese minds.

**PLAYBOY:** But if Japan were reamed, could it pose a danger to the world?

**MORITA:** That depends on how far you swing. If you go to extremes, there is a danger. If you have strong nationalism, it can gradually go to extremes.

**PLAYBOY:** Do the Japanese people have a tendency to go to extremes?

**MORITA:** You know, once we concentrate on something, we concentrate very hard.

**PLAYBOY:** Analyst James Abegglen says, "The Japanese smother a problem."

**MORITA:** That's why I think the Japanese are better than the Americans at crisis management in industry.

**PLAYBOY:** It's been argued that World War Two was a blessing in disguise for Japan, since it enabled Japanese industry to start again from scratch.

**MORITA:** No. Nothing that kills so many people can be called a blessing. We were completely defeated. We had no natural resources or national reserves. We had to build everything from nothing. The only good thing is the company smock.

**PLAYBOY:** The company smock that all your employees wear?

**MORITA:** Yes. You see, after the war, we were so poor we could not afford clothes. You had maybe one shirt and you did not want to get it dirty. So at work, you wore the smock over it. Now everybody has the company smock.

**PLAYBOY:** The company uniform reminds us of that criticism that the Japanese are like a nation of worker ants who toil without joy and never take vacations.

**MORITA:** That is a bad misconception spread by people who are used to criticizing without having real knowledge.

They say Japanese industry is strong because of cheap labor, yet they do not know the enormous costs of the benefits—dormitories, gymnasiums, cafeterias and special vacations for the employees.

**PLAYBOY:** Yet we do not see great joy in the faces on the Tokyo subway.

**MORITA:** It depends on your definition of joy. Sometimes a sense of mission, a sense of participation and a sense of achievement are great joys. A scientist or an engineer is like an artist completely caught up in playing the piano or creating a sculpture—he likes his job so much, he forgets everything else. But if you work only for money, you don't get joy.

**PLAYBOY:** What about other things—traveling, variety in your life, time with family, vacations? Japanese take fewer than half their allotted vacation.

**MORITA:** Vacation for its own sake doesn't mean anything. I have some American friends who take long vacations and end up spending the whole time with their wives; they don't enjoy it much! [Laughs]

**PLAYBOY:** What about the role of women in Japanese industry? For instance, there are no female executives at Sony.

**MORITA:** Not yet in Sony, but I would like to find some. The Takashimaya department stores and some other Japanese companies have some. We are a



little bit behind the U.S., but naturally it's coming up. There are career women now, such as Hanae Mori, the famous fashion designer. And many women lawyers. It is easier for them in a professional job than in a big company. The big companies still have problems in relations between men and women.

[Following several sets of tennis, Morita invited the interviewer for his first traditional Japanese bath, in a steaming tiled room with sliding glass doors overlooking Lake Hakone. They continued their conversation while soaking in hot water led from a sulphur spring. On a ledge beside the bath, a Sony tape recorder rolled.]

**PLAYBOY:** This is huge. You could have four or five people in here.

**MORITA:** Oh, yes. In Japan, you often invite friends in for a bath. We like to relax at the end of the day. It is also a good chance to talk.

**PLAYBOY:** Let's finish our talk. You know that Japan recently became a popular topic in America because of the book and the television movie *Shôgun*. Do you think *Shôgun* helped or hurt the Japanese image abroad?

**MORITA:** Oh, I thought it was good. It was part truth and part fiction, but it got people more interested in Japan. Of course, it is old history, so it spreads some misconceptions about modern Japan. My wife gets angry when Americans ask her if we still sit and eat on the floor in our home.

**PLAYBOY:** Both times we have shared meals with you, you ordered hamburgers. Does that mean you always live in the modern style?

**MORITA:** Mostly. But some of our Japanese friends were surprised when my wife showed up at a wedding recently in a full kimono. You know, it takes hours to put one on. But I don't even own one.

**PLAYBOY:** Many people compare Japan with West Germany—both very industrious nations that rose to great economic heights after defeat in war.

**MORITA:** I think we are more similar to the Americans. The influence of television and of the movies from the West is very great. American hit songs come to Japan right away. Even the mentality of the Japanese has changed. For example, we eat bread every day now. That bread came from America.

**PLAYBOY:** That's the Westernization of Japan. Now we are experiencing the Japanization of the West.

**MORITA:** Japanization? What's that?

**PLAYBOY:** At a consumer level, virtually everyone in the West is surrounded by Japanese products—from calculators to cars.

**MORITA:** That's not Japanization. Those are simply Japanese products adapted to the American way. We made a product to fit your life. And now we are on the

threshold of a new era. The Eighties will be the golden age of electronics.

**PLAYBOY:** You mean we're not already in it? What other goodies does Sony have up its sleeve?

**MORITA:** We have a new flat TV called the Watchman. It is only one and a half inches thick, so you can carry it around in your pocket. This particular TV set is not too important in itself; but the picture tube is a great technological advance. The electron gun is beneath, not behind, the screen and we were able to bend the electron beam. This is the first step toward a true full-sized flat TV.

**PLAYBOY:** Anything else?

**MORITA:** Last year, we introduced the prototype of a magnetic video camera—the Mavica. It looks just like any 35mm camera, but it has no film. Instead, you can take 50 pictures on a tiny electronic disc and then view them immediately on a television screen. It is really just a video camera that takes still pictures. Next year, we will begin marketing the Video Movie. This is a video-tape recorder built right into a camera hardly bigger than today's eight-millimeter movie cameras. The picture and sound are recorded on a quarter-inch videotape cassette inside the camera. You can play it back without removing it from the camera by attaching it to your television set.

**PLAYBOY:** Any audio developments?

**MORITA:** Yes; we will soon introduce the world's first digital audio-disc system. We call this a D.A.D., or "compact" disc. It will reduce the size of a record to a 4.7-inch disc that you can put in your coat pocket, and it has 60 minutes of music on each side. It is never touched by a stylus but is tracked by a laser beam. The sound is much better than today's stereo—it is very pure. My friend Herbert von Karajan, conductor of the Berlin Philharmonic Orchestra, said that listening to D.A.D. was like "being in the 21st Century."

**PLAYBOY:** Is that a purely Japanese development, or is it based on technology borrowed from the West?

**MORITA:** We developed it with N. V. Philips of the Netherlands. We were ahead with pulse-code modulation, which produces digital sound, but they were ahead of us in laser technology. I think that sort of joint transnational research and development is very necessary in the future. The costs will be too high for one company or even one country to bear.

**PLAYBOY:** Was there any American involvement in the project?

**MORITA:** No. And that is a problem. We are offering licenses to anybody who wants to produce the digital audio-disc system and the software—the music recorded onto these discs. So far, 24 Japanese hardware and five software companies have signed up, plus five Korean; also eight European hardware and two software. But the U.S.? Zero.

Not one American company has decided to come in.

**PLAYBOY:** Why not?

**MORITA:** They say they already know about it but if they introduce the new system too quickly, they will have to depreciate or throw out all of today's investment.

**PLAYBOY:** Are you saying the American record-company owners refuse to switch to a new and obviously better system because they have so much money tied up in the 3 $\frac{1}{3}$  long-playing-record industry?

**MORITA:** It seems today's American management is reluctant to go into a new field. I say, why doesn't the U.S.A. look into future progress? In 1948, when CBS-Columbia switched from 78 rpm to long-playing records, I think management had more courage. Now they are so cautious about the stock market and about profit for its own sake.

**PLAYBOY:** And you obviously see this American reluctance to innovate as a theme, don't you?

**MORITA:** Yes. We ask our American friends, "Why do you depreciate your plant so slowly? We depreciate in five to seven years *everything*." You know, I was so shocked when I went to Detroit a few years ago and saw exactly the same plant producing cars there that I had seen almost 20 years before! If you go to Toyota City, you see they are changing, bringing in new systems, almost every year. They can produce so many models so fast now. They can move the dies for the bodies from side to side on the same assembly line, switching an entire line from one model to another in four or five minutes.

**PLAYBOY:** Do you think the U.S. has become a technological backwater?

**MORITA:** No, no. America still does some wonderful things. To send a man to the moon; to create a reusable space shuttle—that is fantastic technology!

**PLAYBOY:** And the Americans pioneered the semiconductor field.

**MORITA:** That's right. IBM, Fairchild, Motorola, Texas Instruments and many other American companies have done much research. The only thing is, they don't *use* that technology in the consumer field. They don't know how to run a consumer business. Texas Instruments tried to go into the watch business and it failed. I don't know why.

**PLAYBOY:** Having seen a good portion of the world by now, what do you recommend for economic recovery?

**MORITA:** To combine both systems—that is my goal. I feel a kind of mission to try to build bridges between countries through international trade.

**PLAYBOY:** Do you think it is too late for Americans to adapt to the new economic realities?

**MORITA:** It is never too late, you know. Do not give up.