

News from Senator

BOB DOLE



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DOLE COMMITTED TO SURVIVAL OF AUTO INDUSTRY

Finance Committee Chairman Bob Dole (R.-Kansas) said today during trade subcommittee hearings that "the consequences of the failure of the auto industry would be too severe to accept."

Following are Dole's remarks in their entirety:

"At these hearings the subcommittee will receive testimony on issues the magnitude of which are difficult to exaggerate. The automobile industry constitutes the very backbone of the economic strength of this country. Twenty percent of total employment in this country, or about 20 million jobs, are directly or indirectly dependent on or related to the automobile industry. The recent troubles of the industry have caused severe dislocations to ripple throughout the economy. As many as 700,000 workers in the automobile and related supplier industries and dealerships have been temporarily or indefinitely laid-off. These layoffs have strained unemployment insurance systems and caused the trade adjustment assistance program to escalate into a multi-billion-dollar program. Our producing companies have suffered losses of staggering proportions.

"These losses have made even more difficult the problem of converting the industry's capacity to the production of small cars. This conversion may require as much as \$80 billion over the next five years. If accomplished, it would be the largest private investment program in history. As things presently stand, however, the real possibility exists that some members of the domestic industry will not be able to raise the necessary capital and may be forced to curtail some or all of their operations.

"It is clear to every member of this committee, and I am certain to the members of the new Administration as well, that this country will not and cannot accept the destruction of this industry. Short of total dissolution of the industry, however, there is considerable controversy on how the needs of both the country and the industry can be met. Some commentators urge that the free market be allowed to work its will. Others argue that the free market approach is not practical in this particular industry. There is no free market and the consequences of the failure of the industry would be too severe to accept.

"The controversy is further heightened by the industry itself which, because of various differences among its members, does not have a unified approach. One member of the industry sought relief from imports under the escape clause procedures, while another member testified during the same investigation that imports were not the most important cause of the industry's problems.

"Preliminary examination of a number of both tax and regulatory relief proposals indicate possible significant drawbacks with each. They may be enormously expensive and the impact of the proposals varies greatly among the companies. In addition, the federal government has already put the Chrysler Corporation into a unique position within the industry by guaranteeing loans made to it.

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"These and other factors demonstrate the absolute necessity of the most careful consideration of all the proposals which are made to aid the auto industry. As I said on several occasions during and after the consideration of S.J. 193, the auto resolution, I am very concerned that the issues surrounding that resolution had not been fully and carefully examined. Both this committee and the new Administration will now have the opportunity to study all these issues, and I am hopeful that between the Congress, the executive, the industry and its employees, we can reach a general understanding of what is needed and agreement on how to get there. We have a most distinguished group of witnesses with us today to address these issues, and I look forward to their testimony.

"Mr. Chairman, if I may add a personal note, I want to extend my congratulations to you. Not only is this the first hearing which you have chaired as a United States Senator, you have the distinction of being only the second Chairman of the Subcommittee on Trade and needless to say the first Republican Senator to serve in this distinguished capacity. The Finance Committee did not create the Subcommittee on Trade until the 93rd Congress and in the eight years since then it has become the largest Subcommittee, demonstrating the vital importance of trade to our nation's economic health. I'm certain you will perpetuate and enhance the reputation which the Subcommittee has deservedly earned for its skillful handling of the trade issues."

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