

News from Senator

BOB DOLE



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DOLE CONCERNED WITH INCREASING TRADE DEFICITS WITH JAPAN AND THE WORLD

WASHINGTON -- Finance Committee Chairman Senator Bob Dole (R.-Kan.) made the following statement today on the floor of the Senate regarding equitable access to the Japanese market:

"At some point early in 1982, the Commerce Department will announce that our trade deficit in 1981 was the largest ever. If the trends established in the first nine months of 1981 continue, imports will exceed exports by a margin of about \$40 billion, up by over 10 percent from a year earlier. Not surprisingly, the Commerce Department will also announce that our bilateral trade deficit with Japan of over \$15 billion set another all-time record, up by over 50 percent from a year earlier. Some government and private economists and trade commentators will examine these figures and offer familiar explanations. The strong dollar makes imports less expensive and exports more expensive, American productivity is declining, labor is overpaid, management has performed poorly, as well as other frequently mentioned causes.

"In addition, many of those commentators will say that year-to-year deficits, or deficits with a particular country, are not important in the short run, or for that matter are not important at all. They will urge that the United States continue to adhere to a free trade philosophy and maintain open markets. They will argue that this course benefits our consumers and makes our industries more competitive by forcing them to constantly innovate under the pressures of international competition.

The Need for Change in our Trade Relations with Japan

"I also believe in free trade and the benefits which it brings, but I am convinced that we can no longer blindly follow philosophical notions when the foundations of our industrial competitiveness are being threatened. The United States can no longer afford the luxury of continued huge deficits. Since our bilateral trade deficit with Japan is the biggest and most glaring factor in this problem (accounting for over one-third of the total deficit), there must be a fundamental change in our trade relationship with that country if we are to correct this situation. This is not to say that our bilateral trading relations with many other countries including the European community, Mexico, Canada and Brazil to name a few, are not in need of some adjustments. First and foremost, however, we must deal with our problems with our Japanese allies.

Change Cannot be Short Term

"The changes which must be made entail more than the short term solutions which are being advocated in some circles. It will not suffice for the United States to simply impose restraints on imports or for the Japanese to place surcharges on exports. Nor will it suffice for the United States to sell Alaskan oil or more coal or a few commercial airplanes or a few big computers to Japan in the hope of reducing this year's deficit. The only thing which will suffice is for the Japanese government to act quickly and affirmatively to ensure that its internal trade policies and practices conform to the principles which it urges the United States to apply in this market.

Equal Access to Japanese Market is Key to Future Competitiveness

"The Congress and the President have undertaken in the Economic Recovery Tax Act of 1981 to provide American producers with the stimulus to reinvest and modernize their productive facilities. Those producers who required this incentive must take advantage of its provisions on their own. The government and the Congress must ensure that this investment which has been encouraged can be com-

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petitively employed in the world marketplace. Without such assurances we will have done a disservice both to our producers and the world trading system. If our trade policy subjects our industries to the rigors of international competition, but does not guarantee reciprocal opportunities in other markets, we surely will be one step behind in the race for competitiveness in the crucial industries of the 1980s and 1990s. If we hope to prevent the United States from becoming simply a supplier of raw materials and agricultural products, we must make certain that our international rights are observed. It must be made clear to Japan that they are responsible for opening their markets to competitive products and to removing even the perceptions of barriers to market access. Unless the Japanese accept this responsibility, the United States must take the steps which are necessary to protect our producers and to ensure our future competitiveness.

WASHINGTON - Finance Committee Chairman Senator Bob Dole (R-Kan.) today announced the following statement on the floor of the Senate regarding Japanese access to the Japanese market:

The Commerce Department will announce that our trade deficit in 1982 was the largest ever. In the same year, the deficit in our trade with Japan was over 10 percent larger than in any other year. The Commerce Department will also announce that our bilateral trade deficit with Japan is over \$10 billion and that our bilateral trade deficit with Japan is over \$10 billion. The Commerce Department will also announce that our bilateral trade deficit with Japan is over \$10 billion and that our bilateral trade deficit with Japan is over \$10 billion.

In addition, many of these commentators with one year's view of the deficit with a particular country, are not aware of the fact that the deficit with Japan is not the only deficit. The deficit with Japan is not the only deficit. The deficit with Japan is not the only deficit. The deficit with Japan is not the only deficit.

The key to our trade deficit with Japan is not the deficit with Japan, but the deficit with Japan. The deficit with Japan is not the only deficit. The deficit with Japan is not the only deficit. The deficit with Japan is not the only deficit.

Change cannot be short-term. The change which will be made will be made over the long term. The change which will be made will be made over the long term. The change which will be made will be made over the long term.

The Congress and the President have undertaken in the economic recovery tax act of 1981 to put the American producer with the ability to export and to compete in the world market. Those producers who require the most help must take advantage of its provisions on their own. The government and the Congress must ensure that this assistance which has been encouraged and provided to the American producer will be applied in the market.