

News from Senator

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STATEMENT BY THE MAJORITY LEADER

DANFORTH/BOREN RESOLUTION ON U.S.-JAPAN TRADE

MR. DOLE. MR. PRESIDENT, I COMPLIMENT THE SPONSORS OF THIS RESOLUTION FOR THEIR BALANCED AND TIMELY EFFORT TO EXPRESS THE VIEWS OF THE SENATE ON OUR GROWING TRADE IMBALANCE WITH JAPAN. I WOULD ONLY SAY THAT THIS RESOLUTION REPRESENTS A POWERFUL SENTIMENT IN THE CONGRESS, AND IN THE UNITED STATES, THAT WE HAVE NOW EXHAUSTED ALL REASONABLE METHODS FOR TALKING AWAY OUR DIFFERENCES ON TRADE WITH THE JAPANESE GOVERNMENT. WE ARE NOT DRAWING A LINE IN THE SAND AND THREATENING IMMEDIATE RETALIATION IF ACCESS TO THE JAPANESE MARKET REMAINS TIGHTLY CONSTRAINED. HOWEVER, WE ARE SAYING THAT, AT \$37 BILLION IN 1984, OUR TRADE DEFICIT WITH JAPAN HAS REACHED AN INTOLERABLE LEVEL AND SIMPLY MUST NOT CONTINUE TO GROW.

EXPIRATION OF VOLUNTARY RESTRAINT AGREEMENT

AS WE ALL KNOW, THE ADMINISTRATION DECIDED ABOUT A MONTH AGO NOT TO ATTEMPT TO RENEGOTIATE THE VOLUNTARY RESTRAINT AGREEMENT ON IMPORTS OF JAPANESE AUTOMOBILES THAT HAS BEEN IN EFFECT FOR THE PAST FOUR YEARS. THEIR RATIONALE, WHICH I FULLY ENDORSE, IS THAT THE VRA HAS SERVED AS A TACIT ENDORSEMENT OF OUR TRADE STATUS QUO WITH JAPAN AND THAT THE STATUS QUO HAS BECOME CLEARLY UNACCEPTABLE.

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OUR NEGOTIATORS IN THE OFFICE OF THE U.S. TRADE REPRESENTATIVE HAVE KNOCKED ON EVERY DOOR, MET WITH EVERY OFFICIAL, AND USED EVERY ARGUMENT AND MEANS OF FRIENDLY PERSUASION IN THE EFFORT TO OPEN THE JAPANESE MARKET TO OUR EXPORTS. FIRST WE WERE TOLD THAT U.S. COMPANIES JUST WEREN'T MAKING ENOUGH OF AN EFFORT TO BE COMPETITIVE. THEN IT WAS A QUESTION OF CHANGING THE REGULATIONS AND TURNING THE JAPANESE ECONOMY MORE TOWARD PRIVATE SECTOR CONTROL. AND AS THESE EXCUSES HAVE WORN THEMSELVES OUT, WE ARE NOW INFORMED THAT, DESPITE PRIME MINISTER NAKESONE'S BEST EFFORTS, THE CAREER BUREAUCRATS WHO RUN THE GOVERNMENT OVER THERE JUST LISTEN POLITELY AND THEN IGNORE THE INSTRUCTIONS OF THEIR POLITICAL SUPERIORS.

EXCUSES NOT ACCEPTABLE

I FOR ONE DO NOT ACCEPT THESE EXCUSES, MR. PRESIDENT. I SIMPLY CAN'T CONCEIVE OF A POLITICAL SYSTEM IN WHICH THE ELECTED OFFICIALS CAN'T GET SOMETHING DONE IF ITS IMPORTANT ENOUGH. I DON'T BELIEVE JAPAN IS ON SOME KIND OF GOVERNMENTAL AUTOPILOT. EVERY COUNTRY IN THE WORLD HAS BUREAUCRATS AND EVERY COUNTRY HAS WAYS TO GET THEM TO IMPLEMENT NECESSARY POLICIES. ITS TIME JAPAN STOPPED TRYING TO COME UP WITH EXPLANATIONS FOR WHY THEIR SYSTEM IS UNIQUE. ALL OUR SYSTEMS ARE UNIQUE. BUT WE'RE TALKING ABOUT INTERNATIONAL TRADE AND MARKET ACCESS, AND ITS A GAME WHERE

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EVERYONE HAS TO PLAY BY THE SAME RULES OR THE GAME IS OVER.

DURING A RECENT VISIT BY SOME TOP JAPANESE INDUSTRIALISTS TO THE U.S., THE POINT WAS RAISED THAT JAPAN HAS DIRECTED MAJOR EFFORTS TOWARD BECOMING AN EXPORTER. THIS IS ENTIRELY UNDERSTANDABLE CONSIDERING JAPAN'S NEED TO IMPORT MOST OF HER OIL, FOODSTUFFS, AND OTHER STRATEGIC ITEMS.

WHAT IS NOT UNDERSTANDABLE, HOWEVER, IS HOW JAPAN EXPECTS HER TRADING PARTNERS -- AND PARTICULARLY THE UNITED STATES -- TO CONTINUE TO ABSORB HER GROWING EXPORTS OF INDUSTRIAL GOODS WITH NO PROVISION FOR EQUAL ACCESS FOR THEIR OWN EXPORTS. THOSE OF US WHO BELIEVE IN FAIR TRADE DO SO ON THE ASSUMPTION THAT WE ALL BENEFIT FROM IT. JAPAN'S ATTITUDE HAS BEEN AND CONTINUES TO BE ONE OF EXTREME SELFISHNESS AND MYOPIA.

THE DANFORTH/BOREN APPROACH

MR. PRESIDENT, THE DANFORTH/BOREN RESOLUTION CLEARLY STATES THAT ANY INCREASE IN JAPANESE EXPORTS AS A RESULT OF THE UNILATERAL SUSPENSION OF THE VOLUNTARY RESTRAINT AGREEMENT BY THE U.S. SHOULD BE MATCHED BY AN INCREASE IN OUR EXPORTS TO JAPAN. IF OUR TRADE GAP CONTINUES TO WIDEN, THE ADMINISTRATION IS URGED TO TAKE ANY AND ALL LEGAL MEASURES AVAILABLE TO REDRESS THAT IMBALANCE. NEXT TO PASSING LEGISLATION, THIS APPROACH IS THE CLOSEST WE CAN COME

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TO ENDORSING TRADE RETALIATION.

NEED TO AVOID PROTECTIONISM

AND MOST OF US CONTINUE TO BELIEVE THAT ALLOWING THE CURRENT PROTECTIONIST TIDE TO OVERWHELM OUR EFFORTS TO PRESERVE THE WORLD TRADING SYSTEM WOULD TRIGGER A DISASTER IN THE GLOBAL ECONOMY IN WHICH EVERY NATION WOULD LOSE. WE ARE WELL AWARE HOW EASILY THE U.S. AND THE WORLD SLID INTO THE HIGH IMPORT BARRIERS OF THE 1930'S, AND THE RESULTING ECONOMIC STAGNATION OF THE WORST YEARS OF THE DEPRESSION.

SO WE DO NOT TAKE THESE MATTERS LIGHTLY. AND WE WANT THE JAPANESE GOVERNMENT TO UNDERSTAND THAT WE ARE WATCHING VERY CLOSELY, AND WILL BE WATCHING, AS EFFORTS CONTINUE TO OPEN UP GREATER ACCESS TO AMERICAN PRODUCTS. THE LATEST INDICATION THAT JAPANESE AUTOMAKERS WILL BE ALLOWED TO EXPAND THEIR EXPORTS BY SOME 500,000 VEHICLES -- ROUGHLY 25 PERCENT OF THE VRA LEVEL -- IS NOT AN ENCOURAGING SIGN UNLESS IT IS QUICKLY FOLLOWED BY RECIPROCAL ACTION ON IMPORT ACCESS.

PASSAGE OF THIS RESOLUTION SHOULD MAKE THE TRADE POSTURE OF THE SENATE, AND OF THE UNITED STATES, MANIFESTLY CLEAR TO JAPAN. IF THE TRADE SITUATION BETWEEN OUR TWO COUNTRIES DOES NOT IMPROVE IN THE NEAR FUTURE, THERE SHOULD BE NO MISUNDERSTANDING ON WHAT WE EXPECT. TRADE IS A TWO-WAY STREET. ITS NOW UP TO THE JAPANESE TO TAKE DOWN THEIR STOP SIGNS.