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NEWS

U.S. SENATOR FOR KANSAS

FROM:

SENATE MAJORITY LEADER

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TRADE DEFICIT

RECORD TRADE DEFICIT THREATENS AMERICAN STANDARD OF LIVING; **U.S. MUST NOT HEAD DOWN SAME DEFICIT ROAD AS MEXICO**

The numbers are now in for the trade deficit for January, and they are not good. In fact, we set a new deficit record for a single month. The trade deficit surged over 68%, to a highest-ever mark of \$12.2 billion.

I never have met two economists who agree on everything. Some say you shouldn't pay too much attention to trade deficit numbers. But most economists will tell you that continuously rising deficits in merchandise and services trade, year upon year, are unsustainable. Last year's overall merchandise trade deficit reached a record high \$166 billion. The figures just released for January of this year indicate that the growth is not slowing. The growth in our trade deficit is in fact accelerating. This is deeply troubling.

The soaring trade deficit is not just a matter of the volume of imports from abroad. A ballooning trade deficit affects the strength of the dollar, interest rates, the stock and bond markets, and the long-term attractiveness of the U.S. as a destination for investment. In other words, it threatens the standard of living of every American.

Despite the potential enormity of this problem, the administration has yet to focus on it as a real threat to working Americans. I am reminded that in the months and weeks leading up to the Mexico crisis, it seemed that no one in the administration was minding the store. We do not yet know the full extent of the fallout from that catastrophe. I hope we are not today headed down the same road with regard to our growing trade deficit. I hope those in the administration charged with watchfulness are not asleep at the switch.

We must not place our economic stability at risk. We must not allow warning signs to go unheeded. No single month's figures are conclusive, but when the bad numbers pile up month after month, they must not be ignored.

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