

Trade act proposes suicide for Detroit

by Kathy Wolfe and Leif Johnson

A close reading of "The Trade Enhancement Act of 1992," introduced into Congress on Jan. 22 by Rep. Richard Gephardt (D-Mo.) and Sen. Don Riegle (D-Mich.), reveals a plan for Detroit to commit "hara kiri." It requires the U.S. to demand all nations "rationalize worldwide auto markets and production." "Rationalize production" is the technocrat's term for permanent closure of plants and layoffs. The bill benefits only Wall Street and the New York banks which hold the debt of the bankrupt Big Three U.S. auto companies, bailing out the "multinational" corporate shells of GM, Ford, and Chrysler by simply allowing them to shut dozens of unprofitable U.S. plants.

The "secret agenda" of the U.S. media's current Olympic levels of Japan bashing includes forcing through this bill, which Americans would not otherwise tolerate. Riegle introduced H.R. 4100 declaring that Japan has destroyed the U.S. economy and has "the same view that Japan held the day that its war planes struck Pearl Harbor." This is a dangerous lie, and rotten economics.

Indeed the real authors of the bill are the British "post-industrial" trade bureaucrats in London and in the European Community, who want to take down both Japanese and U.S. industry to British levels. The day after the introduction of Gephardt-Riegle, Britain's EC Commissioner for Competition and Financial Services Sir Leon Brittan attacked the idea that Japan and the U.S. might work together to save auto jobs, and demanded just such a global scheme. Sir Leon was scheduled to visit Japan Feb. 16-21, to lodge his demands with Prime Minister Kiichi Miyazawa. The British expect Americans to fall for this routine. "Blaming Japan: throw that in front of 'Joe Hardhat,' and it's like throwing raw meat to a lion," laughed Ken Goldstein, an economist at Wall Street's Conference Board, regarding the bill.

NAFTA cheap wage plan

Leif Johnson, a LaRouche Democratic candidate for Congress challenging Gephardt in Missouri, issued a press release in St. Louis on Feb. 10, headlined "H.R. 4100 Could Wipe Out Domestic Auto Production." The bill, he said, is "an extension of the North American Free Trade Agreement (NAFTA) . . . [which] will enable the Big Three auto makers to close plants in the U.S. and shift production to low-wage areas, escaping high-wage, high-productivity competition

from Japanese companies. . . .

"The bill mandates the U.S. Trade Representative to 'initiate multilateral negotiations with the European Community, Japan, and other auto-producing countries to create a multilateral agreement [cartel] to *rationalize worldwide auto markets and production*,' shutting down the least productive plants. This cartel would be negotiated within 180 days of the passage of H.R. 4100. Older U.S. auto plants would be first on the chopping block. General Motors has already announced closure of 26 U.S. factories."

The bill's claim to keep open U.S. domestic auto makers is a fraud, Johnson explains. "According to the bill, to be a 'Domestic Vehicle Manufacturer,' a company (which the bill specifies cannot be Japanese-owned) is only required to have one plant in the United States, and have at least 60% of its parts produced by a 'Domestic Parts Manufacturer.' Therefore, if any or all of the Big Three shut down, or moved to Mexico, all but one plant, they would still be a 'Domestic Manufacturer.' Even if any or all Big Three companies were taken over by a foreign company (except Japanese), but left one plant in the U.S., it would be a 'Domestic Manufacturer.' All parts made in Canada are considered 'domestic,' since they are covered by the United States-Canada Free Trade Agreement. If the NAFTA treaty is signed within the next two months, as Bush and Gephardt expect, all 'runaway' production south of the border will *also be* 'domestic.' It will actively encourage the auto companies to shift production to low-wage areas abroad. . . .

"H.R. 4100 claims that it will force Japan to buy more American-made autos and auto parts," Johnson points out, but in fact would shut down the very U.S. plants now producing the cars and parts Japan buys! "These vehicles and parts, produced mainly in Japanese-owned plants in the U.S. employing American workers, are also targeted in Mr. Gephardt's bill, along with Japanese-made vehicles."

Trade destruction act

The bill also writes into law a general slashing of all U.S.-Japan trade, a Wall Street austerity program first proposed by Treasury Secretary Nicholas Brady during Bush's Japan trip last month. The act declares Japan to be solely responsible for cutting the \$42 billion Japan-U.S. trade imbalance by 20% a year, for the next five years. Japan must somehow cut the deficit by \$8 billion a year at a rate of \$2 billion a quarter. The scheme was rejected by the Japanese as impossible.

Under the act, if the trade deficit does not fall by \$2 billion a quarter, U.S. retaliation against Japan will be automatically triggered. Measures include putting a cap on U.S. imports of Japanese cars at the 1991 level of 3.8 million units and lowering the cap by 250,000 cars each quarter Japan fails to cut the deficit. The act further requires the White House to immediately bring several Section 301 "cartel" suits against Japanese companies for merely buying Japanese auto parts, with the aim of destroying Japan's corporate system.