

BUY AMERICAN OR ELSE

By Walter E. Williams

Where are all the so-called consumer advocates now that we need them? We are about to be ripped off. By whom? The United States Government.

U.S. Transportation Secretary Drew Lewis, speaking to reporters, said he is prepared to recommend restrictions on Japanese auto imports if the United Auto Workers union, the federal government, and the automobile companies can agree to a single plan. He went on to say that the current pace of Japanese car shipments to the United States is "unacceptable." Such a statement and the proposed course of action has to be very close to the peak of bureaucratic arrogance and callousness. Let's look at it.

Import car sales were a record 27 percent of total U.S. car sales last year. A full 80 percent of the total number of U.S. imports were Japanese-built cars. Secretary Lewis says this pace is unacceptable. I ask, unacceptable to whom? Surely not unacceptable to all those Americans who purchased these Japanese autos. I am not aware of a single incident involving a Japanese person carting an American off to a Honda showroom, in handcuffs, forcing him to buy one of those gasoline-nibbling, low maintenance, inexpensive Japanese cars.

If the current pace of Japanese auto shipments is acceptable to all of the American consumers who buy them, to whom are they unacceptable? You're right! They are unacceptable to those people in Detroit who have been producing unacceptable cars -- Chrysler leading the pack. These people in Detroit see their wages and profits threatened by your voluntary choice to buy imports. These people -- auto companies and the UAW -- want to use the coercive power of government, through the secretary of transportation and others, to limit your choice. If you won't voluntarily buy enough Detroit cars, they want to force you to do so by using government muscle to make Japanese cars more expensive. Of course these people don't state their objective this way; they wrap it in the flag. They claim that restricting imports is in the national interest or something like that.

According to one U.S. Department of Transportation study, the Japanese can build a car for \$1,000 to \$1,500 less than American companies. If you think this comes through worker exploitation -- the typical union allegation -- you're wrong. Japanese people have one of the world's highest standards of living. They are just more efficient producers, and they don't have the same costly government regulations to contend with that our companies have.

Drew Lewis continues, "Part of this program has to be fair prices." I guess he's saying that Japanese producers must sell their cars for a "fair price". Can you guess

what the UAW, U.S. auto companies, and Drew Lewis consider to be fair prices for Japanese cars? Go to the head of the class if you guessed higher. They all want higher prices for Japanese cars so they can charge higher prices for American made cars. There's nothing unique about this strategy which I call: jack up the price of somebody else's product so that you can sell more of your own at a higher price. Railroad lobbies work through the ICC to raise truck prices, truck companies do the same to railroads. United Parcel Service lobbies for postal rate increases, the U.S. Postal Service does the same to United Parcel. The list could go on. But who comes up with the sticky end of all this? You're right again.

If we were to ask UAW President Douglas Fraser about all of this, he would attempt to justify his position on restricting foreign imports by saying that the Japanese are "dumping" their autos on our markets (selling them at unreasonably low prices). Or he might say, as he has to me, that the Japanese are not fair to us in that they don't let American cars freely flow into their country. These arguments, on first blush, may appear appealing, but they don't stand up under close scrutiny.

Taking the dumping issue. Wouldn't Americans be much better off if foreign producers sold us their product at unreasonably low prices? In fact, I wish the Arabs would adopt such a policy with their oil. Just dump it on me and see if I complain. What applies to oil applies to cars. Lower prices make the consumer better off. Of course, in the case of oil, it would be the U.S. oil producers who would be complaining.

Last year, at a conference held in New York, I had a chance to ask Mr. Fraser about his union activity. I asked him whether Americans should be free to choose between foreign or American cars if they wished. His response was, the problem is not as simplistic as that. I think that 200,000 laid off auto workers have some rights too. Mr. Fraser summed up his answer by saying, "When Japan starts treating American favorably, the you can talk to the unemployed American auto worker about treating the Japanese favorably."

Yes, I agree with him that U.S. auto workers have rights. They have a right to produce the quality of car, and at the price that Americans want to pay. They have no right to use government force to make us buy more of their cars. Mr. Fraser is again correct by pointing out that Japan erects import controls at their discretion which is to merely point out that Japanese consumers are not completely free either. I didn't have a chance to ask Mr. Fraser another question following his response to mine. If I had been given the chance, I would have asked him if he thought Americans should be denied their freedom until other governments give their citizens freedom. I wonder what he would have said.

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