

1986 BARTELS SPEAKER

Charles Percy

Former U.S. Senator



Percy argues against protectionism

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Congress should reject trade legislation intended to protect domestic industry, and instead should increase its efforts to promote American products abroad, former Sen. Charles H. Percy said here last week.

"The last thing we should do is turn inward, adopt a fortress mentality and close our markets to imports," Percy said. "Erecting protection barriers would help the privileged few and would be at a tremendous cost to the vast majority of consumers. It would be a disaster for this country, after 40 years of free trade, to go protectionist."

During discussions with students and faculty over a three-day visit to Cornell as the 1986 Henry E. and Nancy Horton Bartels World Affairs Lecturer, Percy also expressed support for economic sanctions against South Africa and criticized federal farm-aid programs.

In a lecture Friday night on "The Challenge We Face: The U.S. and the Trade Deficit," the former chairman of the Senate Foreign Relations Committee called the trade and federal budget deficits the two most crucial problems facing the 100th Congress.

This year's trade deficit is expected to reach a record \$170 billion; the budget deficit will top \$200 billion for the third straight year, he said. Democratic senators, now in leadership positions after this month's election, undoubtedly will introduce legislation restricting imports to lower the trade imbalance and protect American industry, Percy predicted.

"Most political debate on trade is misleading," he warned. "Rather than looking for answers here at home, the overwhelming tendency is to blame our trading partners for the ills that are really of our own making. Our trade problems are made in America.

"Trade restrictions do not create jobs. At best, they redistribute jobs from more productive to less productive work," he added.

Instead, Americans must spend less and save more to alleviate the need for foreign capital to finance the budget deficit, Percy said. The government must act to reduce the budget deficit, possibly by cutting

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military spending, imposing energy consumption taxes or trimming social entitlement programs, he added.

In addition, Congress should provide increased funding for activities that promote American products. Japan spends 11 times what the United States allocates to identifying and developing international markets, Percy said.

During an appearance at the Law School, Percy told students and faculty that economic sanctions against South Africa probably will cause that government "to dig in even deeper. But at least we now are part of the world that is saying 'enough and no more.'"

Percy praised the withdrawal of General Motors Corp. and International Business Machines Corp. from South Africa, and said the American government should join with West Germany and Britain to encourage negotiations between the South African government and legitimate representatives of its majority population.