

U.S. warned not to make Japan 'scapegoat' for domestic steel ills

By PETER BEHR

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Washington — Japanese officials warned yesterday that their country should not be made a "scapegoat" for the economic woes of the United States steel industry.

Hiromu Fukada, Japan's minister of economic affairs in the U.S., cushioned his warning with reassurances of Japan's underlying friendship and partnership with the U.S.

Nevertheless, there was an edge of frustration in his remarks to reporters yesterday, the first extensive public response by the Japanese government in this country to the escalating controversy over steel imports and to the complaints about Japan's international economic policies raised during the recent International Monetary Fund annual meeting here.

"We are partners, friends, and our close ties benefit both of us," said Mr. Fukada. But there are many in Japan who are wondering "why we should have to be explaining things" to the U.S., and "why those who are doing well should be always criticized."

That criticism was expected to resume today during a meeting of steel industry and union leaders and Carter administra-

tion officials at the White House.

The meeting is a response to a current wave of layoffs and plant closings involving older U.S. steel plants in a half dozen states. Administration officials say privately that the meeting is intended to let the steel industry and their congressional representatives let off steam. No policy recommendations are expected because at this point the Carter administration says it has no answer to the intertwined problems of rising steel imports and a slumping domestic steel industry.

Mr. Fukada stressed to reporters yesterday that the steel companies were in trouble worldwide, not just in the U.S.

Some 29 of 59 steel furnaces in Japan are shut down and the industry is operating at less than 70 per cent of capacity, he said.

"We are prepared to study any reasonable proposal" for easing the tension over Japanese exports, he said, adding that voluntary trade restrictions are a "possibility."

It is too early to discuss particular responses to the steel controversy, he said.

He outlined several measures to be taken by the Japanese government to further stimulate its economy. Japan came under heavy pressure to do so during the annual

meeting of the monetary fund's board of governors here last month, in the hope that an expanding Japanese economy would absorb some of the goods Japan is currently exporting, while also providing a larger market for imports into Japan.

Mr. Fukada said that the Japanese government will increase spending by \$7.8 billion in the current fiscal year, including \$3.8 billion for public works projects, \$3.8 billion in support for housing construction and \$576 million for local public works projects.

The Japanese government has chosen this course because a general tax cut would not give an adequate boost to the economy, he said. "Many Japanese feel insecure about the future," he said, and a general tax cut would go into savings rather than increase consumer spending.

He said the government believes that an annual growth rate of 7 per cent can be sustained this year, but he had no estimate of the effect on Japan's large trade and balance-of-payments surplus.

Japan's current account surplus, officially estimated at a substantial \$6.5 billion this year for the fiscal year ending next March, may reach \$9 billion, some U.S. officials predict.

Torrijos to meet Carter on canal

CANAL, from A1

erendum from a three-week trip through Europe and the Middle East.

Even as the White House initiative to resolve the crucial conflicts was announced, a new problem area for the treaties surfaced when the Senate Foreign Relations Committee turned its attention to Panamanian human rights and U.S. arms aid to Panama.

As part of the treaty package, the U.S. is committed to providing up to \$50 mil-

to place the treaties in further jeopardy. If Panama appeared to be in serious violation of human rights standards, then the credits could be cut off.

The issue dominated yesterday's proceedings, after Winston Robles, professor of law at the University of Panama until his exile last year, said, "That military aid is going to the National Guard. . . . Every single dollar is a contribution to the military dictatorship."

"They are not at war with Colombia or Costa Rica. But the government is at per-

bursting."

Asked his reaction to the human rights testimony, Cardinal Krol, representing 330 Catholic bishops who serve 50 million parishioners, said:

"We denounce and we deplore the violation of human rights in any measure, any place. At the same time, we do find a reason why the violation of human rights should be an obstacle to the ratification of the treaty, any more than the violation of human rights should be an obstacle to the SALT [strategic arms limitation] discussion."