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As surely as the sun rises, the Japanese are going to sell Toyotas here and we are not going to sell B-1 bombers there. This is just a symptom of basic economic realities that Americans must deal with before it's too late.

Japan has two fundamental, unfair advantages, which Washington must negotiate forcefully to change. First, Japanese companies historically have been incubated behind high tariffs and a maze of institutional barriers to U.S. products and services. Despite recent progress, major trade barriers remain in some areas.

Second, Japan has had a free ride on military security, spending one percent of GNP on defense while we spend six percent. America's defense burden drains resources from industrial innovation. (Over 60% of federal research and development goes to the Pentagon.) Our prosperous ally must find a way to pay for the protection that the American military provides.

With U.S. unemployment near a post-Depression high, and over 200,000 Massachusetts citizens out of work right now, business as usual with Japan must change.

But there is much more to Japan's growing prosperity than a protected economy and a bargain-basement defense. The Japanese have followed an overall industrial policy that has them headed toward market dominance in many products -- even if trade barriers disappeared tomorrow. In the long term, the Japanese approach could wreak havoc with the U.S. economy unless we adapt elements of it here.

The most basic need is to see the future clearly. We are shifting from an industrial society to an information society marked by computers, electronics and robotics. With its strength in high technology and education, Massachusetts is in a relatively strong position to benefit from this shift. But to have new jobs here -- not overseas -- labor, management and government must cooperate to speed the transition.

American jobs depend on our continued technological leadership. As world markets become more and more competitive, the cost of any failure to lead multiplies. Global competition also means that U.S. productivity across the board must rebound from its slump of recent years.

Labor, management and government must put together a long-term plan to meet this challenge, then work as partners to make it succeed.

Labor. Traditionally workers have let management worry about productivity, quality control and absenteeism. But these problems open the door to imports, which hurt workers as well as executives. Labor must pay more attention to these issues. In addition, workers have every reason to speak out for energy-efficiency and other factors in the long-term viability of products.

Labor's expanded role means new structures. These include employee seats on corporate boards, stock ownership plans, workers' councils and quality of work-life programs. They are practical ways to increase productivity.

Management. In general, American executives have failed to share enough decision-making down the line. There is one main reason to move in this direction: It works. Reducing the distance between managers and workers creates involved employees who do the job better and get more satisfaction from it.

Perhaps the most basic failure of corporate leaders has been their fixation on quarterly at the expense of strategic growth. Business has battled for profits while ignoring the long-term economic war. From the board room to the assembly line, Americans now must follow policies for future strength as well as current profits.

Government. Washington gives a hodgepodge of help to business and industry. The federal role seems nearly blind to international competition, the growth patterns of small business, and how to get the most impact from government involvement. Instead of using tax dollars in a targeted, intelligent way, Washington fritters away billions with the leasing of corporate tax breaks and the tax rollback for oil companies.

Government policies must focus on basics such as research and development, technical education and capital development.

- R&D must grow to help U.S. innovation keep pace with foreign competitors, but it is lagging.
- The supply of skilled workers falls short of rising demand, but federal aid to education is being slashed.
- Capital is the fuel of economic growth, but huge federal deficits make investment too expensive.

The need for investment shows the incredible weakness of Reaganomics. The President's tax and spending plans, which I voted against, were billed as the key to economic growth. Instead they have added up to a bill we cannot afford. Tax cuts tilted toward the wealthy and a blank check for the military mean huge deficits and high interest rates. The result is a recession -- not recovery -- because the funds for investment are unaffordable.

Our future depends on turning away from simple solutions like Kemp-Roth and simple scapegoats like Big Government or Japan, Inc. It demands that labor, business and government see long-term trends clearly, and work as partners to regain our prosperity.

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