

Cato Institute Policy Analysis No. 32: Taking America for a Ride: The Politics of Motorcycle Tariffs

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Executive Summary

Last spring, the import duties on large motorcycles were raised drastically. By any economic criterion, the new tariff is counterproductive, and the Reagan administration was fully aware of it. The decision is thus an interesting case study in the political economy of protectionism.

Background of the Tariff

In the past three decades the motorcycle market has grown tremendously. The number of American motorcycle registrations has increased from 198,000 in 1945 to 1.4 million in 1965 and to nearly 6 million in 1981.

In the past two years, however, the American motorcycle market has severely contracted. The recession left many young people, the greatest motorcycle-buying age group, with less to spend. Employment in heavyweight-motorcycle production and related activities rose from 2,239 persons in 1977 to 3,110 in 1981, but (as a result of slackened demand) dropped to 1,974 in 1982. (Heavyweight motorcycles have engines with piston displacement of 700 cubic centimeters or more.) From 1981 to 1982, total inventories of unsold heavyweight bikes jumped from 108,000 to more than 200,000. For the first nine months of 1982, hours worked declined 20 percent and wages paid fell 12 percent from the same period in 1981.[1]

The Harley-Davidson Motor Company, the only American company to manufacture motorcycles since 1948, has been hit especially hard. In 1980 the company had record sales of \$289 million and pretax earnings of \$12.3 million, but in 1982 sales slumped to just over \$200 million, causing "substantial losses." [2] The company operated at a loss in 1981 as well.

Harley-Davidson, which produces bikes of 1000cc and 1300cc (although new, smaller models are planned), has continually been losing ground to Japanese competitors. In 1972, Harley had 100 percent of the market for motorcycles with engines of 1000cc or more; a decade later it had less than 15 percent.[3] Although it had accounted for 20 percent of the total American

market in the late 1970s, Harley-Davidson could claim only 14 percent in 1982. The four Japanese makers -- Honda, Yamaha, Suzuki, and Kawasaki -- are accustomed to tight competition. They excel in product innovation and keep their prices low -- earlier this year, they undercut their American counterparts by \$1,500 to \$2,000 per vehicle.[4]

In 1981, after 12 years as a subsidiary of AMF, Inc., Harley-Davidson was purchased from the parent company by a

group headed by Vaughn Beals, vice president at AMF since 1976. After the purchase, Beals left AMF to become chairman and chief executive officer for Harley. Beals felt optimistic when the purchase was made. Upon leaving the frustrating hierarchy of AMF, Beals explained his happiness with his new situation: "It's the independence, the satisfaction you receive when something works. And if it doesn't work, you have no one to blame but yourself." [5]

Many of the company's recent difficulties may have originated in its association with AMF, which (some say) concentrated on short-term sales and profit objectives at the cost of long-term investments needed to combat the import problem. [6] Phil Schilling, editor of Cycle magazine, said that during that time, "the quality of the product suffered, and that was no secret." [7] Gordon Jennings, an independent consultant to the motorcycle industry, said that Harley "ceased to be competitive with foreign motorcycles in terms of overall performance, which event [sic] occurred in the Sixties. . . . Product improvement at Harley has relied too much upon styling." [8] In an automotive survey, consumers rated Harley-Davidson last in advanced technology, though high in styling, power, and performance. [9]

Industrial analysts said that the Harley's Milwaukee plant (the firm also has plants in Tomahawk, Wisconsin, and York, Pennsylvania) suffered from inefficient production methods and poor management. [10] Because its workers are unionized and more highly skilled, Harley-Davidson has much higher labor costs than the American plants of Honda (Maryville, Ohio) and Kawasaki (Lincoln, Nebraska).

Due to the change in market demand, its own entrepreneurial deficiencies, and a crushing debt problem, Harley was quickly approaching bankruptcy. The firm turned to the government for aid, and consequently, in hopes of forestalling any protective measures, the Japanese motorcycle industry offered to help the company. "According to the sources, the Japanese said they would provide technological assistance valued at about \$10 million and would guarantee \$20 million of bank loans." [11] Harley turned down the offer. Instead, Harley-Davidson contracted with Porsche, the German car manufacturer, to build a model called "Nova." which will be available with both 800cc and 1000cc engines. It is specifically designed to meet Japanese competition. There also has been talk of a new 700cc model. [12]

Presumably, Harley-Davidson was confident that it would get import relief from the government. Bob Moffit, chairman of the board of directors of the Motorcycle Industry Council, thought the political climate made it likely that Harley would receive some relief. [13]

Description of the Tariff

In September of 1982, Harley-Davidson petitioned the U.S. International Trade Commission (ITC) for relief from the importation of heavyweight motorcycles and power-train subassemblies (an engine part). The petition was filed under Section 201 of the Trade Act of 1974, known as the "Escape Clause," which allows an industry to request import relief from foreign competition when increasing imports are causing or threatening serious injury to the domestic industry. In these cases, the ITC investigates the claim and then reports to the president. If the finding is affirmative, the executive branch examines the matter and the president makes a decision within 60 days.

After its hearing on November 30, 1982, the ITC found that Harley-Davidson made up 75 percent of the American motorcycle industry (as measured in terms of capital and labor). The rest of the industry is composed of one Honda plant and one Kawasaki plant. On January 19, 1983, the ITC concluded by a vote of two to one that imports of heavyweight cycles, but not power-train subassemblies, posed a substantial threat to the American motorcycle industry. [14]

To provide relief, the ITC recommended the following five-year tariff plan for heavyweight motorcycles: Raise the current tariff of 4.4 percent to 49.4 percent and keep it there for a year; lower the rate to 39.4 percent in the second year, to 24.4 percent in the third year, to 19.4 percent in the fourth year, and to 14.4 percent in the fifth year. After the fifth year the tariff is to return to 4.4 percent.

On April 1, 1983, President Reagan adopted the ITC recommendation, with minor alterations. Appended were provisions to lessen the impact of the federal relief on small foreign suppliers. The order allows 5,000 West German motorcycles each year to come in without duty increases, with the allowance rising to 6,000 in the second year, 7,000 in the third year, 8,500 in the fourth year, and 10,000 in the fifth year. It also allows 4,000 units from Britain and Italy to come in at the old rate (increasing by 1,000 units annually for five years). Japan is to be permitted to send 6,000

units (increasing by 1,000 units annually) to the United States at the old duty. In 1982, 80 percent of the imported heavyweight motorcycles were Japanese. With the provisions that were added to the ITC plan, the tariff affects trade with the Japanese companies almost exclusively.

The Economic Impact of the New Motorcycle Tariff

According to the economic analysis and estimation that have been done on the Harley-Davidson case, the new tariff will unambiguously prove to be a setback for the American economy. ITC specialists predict that the tariff hike will raise prices 10 percent the first year.[15] Other officials believe that the price increase might be as high as 17 percent. In 1982, retail prices on heavyweight motorcycles ranged from \$1,000 to \$5,000.[16] Stockpiles of unsold bikes accumulated during 1982 because motorcycle-industry anticipations had been overoptimistic for what turned out to be a recessionary period. Some say these bikes make up a year and a half of inventory.[17] As they are sold off, they will gradually be replaced by bikes affected by the new tariff, and prices will begin to rise more dramatically. The ITC estimated an increase of 12.5 percent for the second year.

One result of the price increases, said government officials, would be to reduce sales of all makes by 20,000 units during the first two years. Harley-Davidson is expected to see an increase of 8,000 to 10,000 units sold within the same period.

If relief had not been granted, Harley's creditors might have called in their loans, forcing the firm into bankruptcy. Approximately 2,500 employees of Harley-Davidson and its suppliers could have been put out of work. However, some administration officials said that the tariff threatens as many as 3,000 workers in motorcycle retail, distribution, and after-market (parts, accessories, service, etc.). In a letter (6 December 1982) to Secretary Kenneth Mason of the ITC, Ed Lemco, a motorcycle-industry consultant, argued that with a large tariff, "the net effect would be substantial loss of American jobs and the failure of a great number of American businesses."

In 1982, the United States imported about 160,000 heavy-weight motorcycles from Japan.[18] Considering that by 1984 the prices on some bikes may be \$500 higher due to the tariff and that prices will be increasingly higher in later years, it is clear that the cost to motorcycle buyers is great. Despite this burden, Chairman Alfred E. Eckes of the ITC argued that the long-range domestic result would be positive: "In the short run, price increases may have some adverse impact on consumers, but the domestic industry's adjustment will have a positive long-term effect. The proposed relief will save domestic jobs and lead to increased domestic production of competitive motorcycles." [19] The U.S. tariff imposition came at a very bad time for the Japanese motorcycle makers and is sure to strain economic relations between the two countries further. In 1982, Japan's motorcycle production and exports declined when industry executives had anticipated upturns. Honda, Yamaha, Suzuki, and Kawasaki are heatedly battling in their domestic market by combining severe price cutting with an accelerated pace of new-product introductions. Last year, Japanese producers introduced a record 117 new models in motorcycles, and another 119 were scheduled for this 1983.[20] Also, nations in Southeast Asia, which are attempting to establish their own motorcycle industries, are limiting the growth of motorcycle importation from Japan. In other nations, high unemployment of the 16-to-24-year-olds, the primary group for purchasing motorcycles, has further jeopardized the sales of the world's leading bike makers.

The Japanese were angry over the tariff hike. "We consider it unfortunate that the American side decided to take this kind of drastic measure," said the counselor for public affairs at the Japanese Embassy in Washington.[21] The Japanese threatened to file charges of unfair trade against the United States under the Geneva-based General Agreement on

Tariffs and Trade (GATT).

In his memorandum for the U.S. Trade Representative (1 April 1983), Reagan said:

I also direct you to keep the issue under close review so that, should the U.S. motorcycle industry no longer need this level of relief, you may, in consultation with the Trade Policy Committee, obtain other necessary advice and propose changes in the terms of relief. If no earlier review is initiated by such conditions, you are to undertake such a review in two years. The objectives of this would be to assess the effectiveness of import relief and Harley-Davidson's trade-adjustment efforts.

After the American motorcycle industry has the advantage of the protection of a tariff for five years, it is likely that additional protection will be demanded. Temporary tariffs, as Ronald Reagan has often said of temporary government agencies, are the nearest thing to eternal life on this earth. Trade Representative William Brock's monitoring of the situation could lead to an extension of protection as easily as it can lead to a curtailment.

Since the tariff went into effect, approximately six months ago, comprehensive data showing the price changes resulting from the tariff have not been compiled. We can, however, see the effects on innovation in the 1984 product lines. Suzuki is introducing just 2 new models over the 700cc mark; last year, it introduced 13. Honda will introduce just two new models in 1984, down from four in 1983. Honda's entrepreneurial efforts have gone into developing bikes with engines just under 700cc. Honda is introducing four bikes with engines measuring between 694cc and 698cc. Similarly, Yamaha is now producing a 699cc bike. Kawasaki's main response to the tariff has been to shift more of its assembly activities to its U.S. plant in order to escape the duty. While the Japanese motorcycle companies are doing their best to counteract the effects of the tariff -- and, thereby, to lessen the support it will give to Harley -- it is still clear that in an economic sense, the new tariff is a step backwards on both the domestic and international levels.

The Politics behind the Tariff

The Reagan administration was fully aware of the economic losses that the tariff increase would cause. It was generally recognized that the economic losses from the new tariff would outweigh the economic gains.

A matter that further obscures the motivations for the action is that even with the tariff hike there is a good chance that Harley-Davidson will fold, and this fact also was known to the officials. As Paula Stern, one of the three ITC commissioners, put it, "No amount of import relief will rectify the poor financial performance of the petitioner in this case . . . since the causes of Harley's problems lie elsewhere." [22] Stern feels that the shrinking market in motorcycles is the ultimate cause of Harley-Davidson's problems, as this problem led to the inventory buildup -- the imminent threat to Harley-Davidson. [23] Industry consultant Gordon Jennings said in his prehearing statement before the ITC hearing, "I do not believe they [Harley-Davidson] will be improved by any action aimed at restricting the importation or sale of Japanese motorcycles"; he thinks that the situation is ultimately due to Harley-Davidson's internal problems. [24] Also, many of the bikes restricted by the tariff are not direct substitutes for Harley bikes. Approximately half of the competitors' bikes larger than 700cc are 750cc. Their engines are 25 percent smaller than even the smallest Harley engine. In size, styling, performance, and price, a competitors' 750cc bike is much closer to a 650cc bike than to any Harley-Davidson bike. [25] Buyers of the smaller bikes in the 700cc-and-up range would be much more likely to substitute one of these bikes with a 650cc bike than with a Harley-Davidson bike. A survey showed that only 10 percent of all owners of Japanese-brand bikes of 900cc or larger ever bothered to visit a Harley-Davidson showroom to look at a bike and get a quote from a Harley salesman. [27] Presumably an even smaller percentage of buyers of Japanese bikes in the 700-to-900cc range even considered purchasing a Harley. Harley-Davidson still must compete on equal terms with the American plants of Kawasaki and Honda (the second of which is very strong). Thus, even with the new tariff, Harley-Davidson's inability to live up to the demands of the market may still make bankruptcy inescapable. Why, then, was the tariff hike ordered? One of the central factors of the decision was that in the past few years Congress has been seriously considering rewriting the international trade statutes, specifically Section 201 (the "Escape Clause") of the Trade Act of 1974, to scale down the president's powers in these matters. The recommendations of the ITC have never been accepted in full by any president. Many believe that a reduction in presidential authority would make protectionist measures easier to implement.

Senator John Heinz (R.-Pa.), the chairman of the International Finance Subcommittee of the Banking Committee and a member of the International Trade Subcommittee of the Finance Committee, is perhaps the leader of this movement. Last year he included in his trade bill (S. 2497) a requirement that Congress authorize, by resolution, any action the president proposed to take that differed from the ITC recommendation. The Industrial Revitalization Act of 1983 (S. 849) that Heinz proposed would require implementing all of the ITC recommendations. Heinz, one of the most vocal protectionists in Congress, played a major role in the motorcycle decision.

President Reagan may have feared that rejecting the ITC proposal for motorcycle protection would play into the hands of those who wanted changes in the trade laws. It would fuel their argument that the present law gives the president too

much discretionary authority. This concern, no doubt, was one rationale for his decision.

Another reason for the president's decision was that if the relief had not been adopted, Harley-Davidson might have gone under immediately, with unfortunate consequences for the president's reelection chances. As we have seen, it is very questionable whether Harley-Davidson will survive even with the protection. But that demise, if it happens, will not come for a few years. If Reagan had refused relief and Harley-Davidson had folded immediately, many would have seen the president's decision as the cause of Harley's demise. Reagan's difficulties with blue-collar workers, especially in the industrial Northeast, where Harley-Davidson has plants, might have been exacerbated.

Harley does not employ many people, so Reagan's primary concern was not about losing the support of those who would have lost their jobs, but about losing the support of the many who identify Harley-Davidson as a great American company. Harley-Davidson has become a cultural institution for many blue-collar Americans. Motorcycle mania has been continually growing during the last three decades (until the past two years). Harley-Davidson, America's only representative in motorcycle making, has traditionally built the largest and most powerful bikes. In the summer of 1982, William G. Davidson, head of Harley's styling department, boasted, "The red, white, and blue loyalty of Harley-Davidson's customers is extraordinary." The refrain of a recent jingoistic country song is "Thank God for Chevrolet, Harley-Davidson, and RCA." There are motorcycle-riding clubs that grant membership only to Harley-Davidson owners, and Harley enthusiasts have been known to tattoo the company name on their bodies. Davidson said, "We offer a different kind of vehicle, something that has personality, a charisma. Our religion, our cult, is hard to describe."^[28] Harley-Davidson sympathizers showed their support for import relief. "They wrote letters urging that the President adopt the recommendation and signed petitions that resulted in 54,125 signatures of support being passed on to the President."^[29] By approving the tariff, Reagan not only avoids being identified as the destroyer of an American institution, but even becomes a hero for saving it.

A strong lobbying effort in favor of protection was made by several members of Congress, and this probably played an important role in determining the outcome of the dispute. Heinz, Arlen Specter (R.-Pa.), Robert Kasten (R.-Wis.), and William Proxmire (D.-Wis.) -- all senators from states with Harley-Davidson plants -- were the principal advocates of relief. Kasten testified at the ITC hearing on Harley-Davidson's petition, and testimony was received from Proxmire. A letter (8 March 1983) to the president urging acceptance of the ITC proposal was jointly signed by those four senators. Then an identical letter (25 March 1983) was sent to the president, this time over the signatures of seven more senators.^[30] Another letter urging relief, sent to the president by the Pennsylvania congressional delegation (10 March 1983), was signed by Heinz, Specter, and Pennsylvania's 23 representatives. Two others who submitted testimony to the ITC were the late Rep. Clement Zablocki (D.-Wis.), then chairman of the House Foreign Affairs Committee, and Rep. Henry Reuss (D.-Wis.), then chairman of the Joint Economic Committee. A host of others showed their support for relief in letters to the president.^[31] Beals said:

We enjoyed outstanding support from our entire Congressional delegations in the home states of Wisconsin and Pennsylvania. Senator Heinz and his assistant, William Reinsch, worked tirelessly on our behalf. Their efforts through the Senate Finance Committee were instrumental in expediting this case and ultimately getting relief sooner than would otherwise have been possible. Senator Kasten's staunch support included an appearance on our behalf at the ITC hearing to present testimony. Senator Proxmire and Senator Specter were particularly helpful, as were Representatives Zablocki, Goodling and other members of Congress.^[32]

This is obviously only a surface sketch of the politicking that was involved, but Washington observers agreed with Beals that the intensive lobbying by the Wisconsin and Pennsylvania delegations was an important force in the motorcycle-tariff debate.^[33]

A final fact to consider in reviewing the motivations behind the president's decision is that Harley-Davidson has been manufacturing shell casings for the Department of Defense since 1977. Despite Reagan's interest in a military buildup, it seems unlikely that defense work of this magnitude -- about 3 percent of Harley-Davidson's revenues ^[34] -- would have played a major role in his decision.

Conclusion

"I have determined that import relief in this case is consistent with our national economic interest," said President

Reagan in the Message to Congress (1 April 1983) concerning his decision. Reagan offered no further explanation to justify the decision.

Reagan was surely aware of the economic consequences of the tariff, yet he may well have felt that in the long run his decision was best for our "national economic interest." The president may believe that other goals -- his own reelection, backing from Harley's supporters on other issues, or the preservation of the international trade laws -- are more crucial to the American economy in the long run than the free importation of heavyweight motorcycles. Unfortunately, Reagan's instinctive or at least rhetorical commitment to economic freedom was once again overridden, apparently for political reasons.

Consider another of Reagan's statements in his Message to Congress: "I have maintained that I would enforce our trade laws where necessary and where such actions are consistent with our internal obligations." Even with this degree of latitude, Reagan cannot manage to be consistent. Under the motorcycle tariff, quotas were extended to small-volume suppliers in Europe. These quotas, exempting a number of units from the new tariff rate, made the plan discriminatory against the Japanese. According to GATT (Article XIII), the quota portion of a tariff-rate quota must be allocated among foreign suppliers in accordance with market shares. For instance, West Germany's BMW was given a tariff-rate quota of 5,000 units for the first year. This, according to GATT rules ("our international obligations"), would require that 162,000 Japanese units be exempted. Actually 6,000 units were exempted (for the first year). Britain and Italy were also shielded from the tariff.

And why were the tariff-rate quotas included in the import-relief package? The reason probably had much to do with the political importance of good relations with these foreign trade partners, especially West Berlin (the location of BMW's plant). Without the exemption, the tariff would have eliminated the U.S. market for heavyweight BMW bikes. Workers would have been laid off, thus further aggravating the unemployment problem in that city. In the city of West Berlin, as perhaps in no other, Reagan wishes to foster political cooperation. Reagan may have feared that if BMW had become subject to the tariff, anti-Americanism would have increased in West Berlin and relations with Germany would have worsened. To sidestep these problems with the Germans as well as problems with the British and the Italians, Reagan attached tariff-rate quotas that left those foreign producers unaffected by the ITC plan.

Once again, President Reagan chose to sacrifice free trade and economic prosperity to short-term political goals. Consumers may well view the higher price of motorcycles as just another form of public financing of presidential campaigns; this version is available to incumbents only.

FOOTNOTES

The author is grateful to Rena Henderson for vastly improving the expression of the paper and for providing useful comments.

[1] United States International Trade Commission, Heavyweight Motorcycles, and Power Train Subassemblies Therefor: Report to the President on Investigation No. TA-201-4F under Section 201 of the Trade Act of 1974, February 1983, p. 13.

[2] This is the assessment of Vaughn Beals, chief executive of Harley-Davidson; "Japanese Cut Company's Market Shares," New York Times (henceforth "NYT"), 26 January 1983, p. 5.

[3] "Protectionists ride pillion with Japan," The Economist, 9 April 1983, p. 65.

[4] "Rise Urged in Tariffs on Cycles," NYT, 1 April 1983, p. 1. A more detailed comparison is given in the Prehearing Brief on behalf of the Japanese companies for the ITC hearing on Harley-Davidson's petition: "The average dealer net price of a Harley-Davidson motorcycle is approximately \$4,780. This is \$890 more than the average dealer net price (\$3,890) of Japanese-brand motorcycles in the 1000cc and over class, and \$2,134 more than the average price (\$2,546) of all Japanese-brand motorcycles in the 700 to 899cc class." (From the brief filed by the firms Covington and Burling; Tanaka Walders and Ritger; Cladouhos and Brashares; and Arter Hadden and Hemmendinger, 23 November 1983, pp. 71-72).

[5] "AMF Lets Harley Ride Alone," Wall Street Journal, 15 November 1981, p. F26. Less than two years later, Beals was blaming the failure of his company on the inventory buildup of Japanese motorcycles, claiming, "We didn't start the war. The Japanese companies did by building up their inventories to the point where it threatened our existence. If that action had not been taken by the Japanese, we would not have filed the petition [for import relief] . . ." ("Harley's Beals Says Tariff Increases May Help Dealers," Motorcycle Dealer News, June 1983, p. 62.) See also Beals's letter in NYT, 20 April 1983, p. A26.

[6] NYT, 26 January 1983, p. D5.

[7] Ibid.

[8] Prehearing statement prepared by Gordon Jennings, 12 December 1982, pp. 3, 12.

[9] Survey conducted by J. D. Power and Associates, a Los Angeles consulting firm. NYT, 26 January 1983, p. D5.

[10] NYT, 26 January 1983, p. D5.

[11] NYT, 1 April 1983, p. D12.

[12] The Economist, 9 April 1983, p. 65.

[13] Motorcycle Dealer News, June 1983, p. 62.

[14] Commission Chairman Alfred E. Eckes and Commissioner Veronica A. Haggart supported this conclusion (that imports of heavyweight cycles posed a threat to the U.S. motorcycle industry) and made the recommendation described (the five-year tariff plan). Commissioner Paula Stern dissented from this view and recommended no relief. Regarding the power-train subassemblies, Eckes and Stern concluded negatively (that imported subassemblies posed no threat), with Haggart dissenting. The president has discretion to provide import relief only when the ITC has a majority finding of affirmative.

[15] ITC, Heavyweight Motorcycles, p. 19. [16] NYT, 1 April 1983, p. D1.

[17] Vaughn Beals made this claim for unsold Japanese bikes in this country (Motorcycle Dealer News, June 1983, p. 61). In February 1983, ITC officials estimated the inventories of September 1983 to be a year's worth (Heavyweight Motorcycles, pp. 13, 74).

[18] "U.S. Raises Tariff for Heavy Cycles," NYT, 2 April 1983, p. 29.

[19] ITC, Heavyweight Motorcycles, p. 19.

[20] "Japan's Cycle Makers a Target," NYT, 5 April 1983, p. 15.

[21] NYT, 2 March 1983, p. 29.

[22] ITC, Heavyweight Motorcycles, p. 79.

[23] The ITC report, Heavyweight Motorcycles, discusses the threat posed by high inventories on pp. 5, 13, and 72. The huge increase in inventory was a focal point of the controversy that brought claims of inequitable trade practices from many who favored relief. In his testimony at the ITC hearing, Sen. Robert W. Kasten Jr. (R.-Wis.) provided the following analysis: "In essence, the Japanese motorcycle manufacturers, rather than laying off their own workers, are maintaining high levels of production while exporting the bulk of that production to the United States. In other words, the Japanese are exporting unemployment -- and that is not free trade." From this sort of reasoning he concludes in favor of Harley-Davidson's petition, "to preserve and foster the spirit of free and open competition of American industries."

[24] Prehearing Statement prepared by Gordon Jennings, 23 November 1982, p. 3.

[25] Prehearing Brief on behalf of the Japanese companies, p. 29.

[26] Indeed, Ed Lemco, executive director of Motorcycle Retailers of America, predicted last spring that some 699cc models would be produced to avoid the high tariff (Motorcycle Dealer News, June 1983, p. 64). His predictions were correct. In the 1984 lines, Honda and Yamaha already have bikes with engines in the range of 690cc to 700cc. This development makes the tariff even less effective.

[27] Prehearing Brief on behalf of the Japanese motorcycle companies, p. 63. [28] Quoted in Gordon Jennings, Prehearing Statement, pp. 19, 25.

[29] Harley-Davidson Motor Company News, "Harley Wins Import Relief," p. 5.

[30] The seven signing senators were Pete Domenici (R.-N.Mex.), Charles E. Grassley (R.-Iowa), Donald Riegle (D.-Mich.), Howard Metzenbaum (D.-Ohio), Jeremiah Denton (R.-Ala.), Dan Quayle (R.-Ind.), and Carl Levin (D.-Mich.).

[31] In 1983, letters came to President Reagan from Rep. Dante B. Fascell (D.-Fla.) March 8; from Rep. Robin Britt (D.-N.C.) March 10; from Rep. Robert H. Michel (R.-Ill.) March 14; and from Sen. John C. Danforth (R.-Mo.) March 22.

[32] Harley-Davidson Motor Company News, "Harley Wins," p. 5.

[33] By way of letters to Eckes, Harley-Davidson also received support from the Union of Allied Industrial Workers (the union of Harley-Davidson's Milwaukee plant) and from the AFL-CIO. In 1982, letters came from Rep. Les Aspin (D.-Wis.) and from Specter (both December 9). Heinz also showed his support in a letter the following year (January 12, 1983) to Secretary Kenneth Mason of the ITC.

[34] This information is available upon request from the Harley-Davidson Motor Co.