by Barry Eichengreen as "pragmatic and interventionist," in the U.S. Treasury that a full-fledged policy shift in the United States took place.[38] The main economic problems in the United States were now seen to lie in the over-valued dollar and the trade protectionism of its partners, in particular of Japan, which was again building up large surpluses. The post-Tokyo Round hiatus for trade policy would soon be over.

The Establishment of Launch Conditions and the Role of Japan

The renewed interest of the United States in its external position found Japan (and to a lesser extent Germany) in a vulnerable position. Even as the U.S. current account deficit climbed to US$124 in 1985, Japan's surplus rose to US$51 billion. Germany also had seen its surplus increase, albeit to a much more modest level of US$18 billion.

The first major action taken to address this was the Plaza Accord of December 1985, which signalled the desire for a substantially lower valuation for the dollar, and a significant appreciation of the yen and the European currencies. Japan also came under pressure again from the United States and other G7 partners to adopt more expansionary monetary and fiscal policies.

However, rather than improving, the external imbalances widened in 1986. The U.S. deficit sank to a new record of almost US$150 billion while Japan's surplus soared to US$86 billion and Germany's to US$41 billion. The focus shifted to trade and the road led to Punta del Este, Uruguay, where on September 15, 1986, yet another GATT Ministerial convened and a round of trade negotiations, the eighth, was launched.

The United States is generally credited with taking the lead in launching the Uruguay Round. Indeed, the EC and Japan are typically described as cautious about the proposed negotiating agenda, while some developing countries, notably India and

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[38] See Barry Eichengreen, *Globalizing Capital*, op. cit. p. 149.