

REMARKS OF SEN. JOHN HEINZ (Rep. PA)
ANNUAL AFL-CIO CONVENTION
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Thank you very much.

It is a privilege to join you, members of the AFL-CIO of Pennsylvania, and your leadership for what has become a welcome annual event for me; this opportunity to speak at your State-wide convention.

The Pennsylvania AFL-CIO has a proud tradition of leadership that continues today under the strong team of Julius Uehlein, Judy Heh and Bob McIntyre.

I am immensely proud of your leadership here in Pennsylvania and in Washington. Your national leader and my friend, Lane Kirkland, is one of the most respected voices in our Nation's Capital.

I am also proud of your consistently high ideals, proud of the working people of Pennsylvania you represent and proud of the stands we have taken together on civil rights, education, workers' rights and a better America.

Julius, Judy and Bob are able and effective advocates of these important causes in Pennsylvania. And, their advice and counsel is important to me when Congress works on legislation that affects working men and women in Pennsylvania.

Because I do meet with you every year, I usually take this opportunity to brief you on our progress on matters that concern us all.

Today, I'd like to focus most of my remarks on one issue: international trade. It's a story about deindustrialization, about unfair trade and lost industries, about lost jobs and lost hope. I will tell you what I think we should be doing about it, and ask your support to advance a constructive agenda of action to fight unfair trade, regain our industrial strength, our jobs, and restore hope for a better future.

Focus on this important issue does not mean that I have forgotten other issues important to all of us here today: **Civil Rights, workers' rights, education, job training, or a strong transportation and public facility infrastructure.

Our fight to restore fair trade does not mean that we can ignore our national commitment to the dignity of each working man and woman.

You know, some people want America to move from an industrial to a service-based economy. But I don't see how working people can feel secure or respected when they move from a solid paying industrial manufacturing job which can support a family to a job at a take-out counter which can barely keep one person out of poverty. And, I don't see how it enhances the dignity of working people to sacrifice a high standard of living through inaction and indifference. There's a lot of complacency and indifference today.

There are people who would still try to deprive American workers of their rights to organize, to bargain collectively and to make the workplace decent and safe.

If we were ever to allow them to rope in OSHA, it will mean a noose around the neck of American workers, and this we cannot permit!

If we were ever to see a retreat from a universal minimum wage or Davis-Bacon, it will mean abandoning America's commitment to a decent standard of living for an honest day's work, and this we must never permit!

And if we were to allow labor pickets to be tried under the Hobbs Act, it would mean a criminal code that was not used to stop crime but to bust unions instead, and that we must never permit!

And, today, there is another threat. Some people don't care if tax reform happens to plow under the gains made for working people in negotiating fringe benefits. Undermining the health benefits and retirement security of working people is not tax reform. Fringe benefits are not a fringe issue for this Senator!

(It sounds like we see eye to eye on fringe benefits.)

Professor Barry Bluestone has already outlined the problems of deindustrialization, and sketched in some possible solutions. But the bottom line, although we have created 7 million new jobs in the last two years, is that we have fewer manufacturing jobs today than in 1981. And in 41 states, including Pennsylvania, fewer than in 1971! This isn't just a problem, it's a crisis.

We must get the value of the dollar down. The strong dollar means there is an extra 30% subsidy on imports, and an added 30% tax on American exports. How can we compete? We can't. And we have the unemployment of millions of productive workers to prove it.

But, we won't get the dollar down, and get America's jobs back, unless we cut the federal deficit. You are all aware of those tough choices. Cutting spending is never easy -- that is how we got into the deficit mess in the first place -- but, cutting the deficit means getting interest rates down, and that will reduce the value of the dollar and let Americans compete in the international marketplace.

As I said, cutting deficits isn't easy. Charlie Little and Merrill Cooper, their transit and rail brethren, know what I'm talking about. They didn't think we'd have much of a chance to save Amtrak. It took a lot of work, but Amtrak will roll next year! And, we're not going to let the budget debate lead to a quick sale of Conrail that will cost railroad jobs, and, eventually, thousands of other jobs in this state.

We face some hard choices in Congress but we can make sure the hard choices are fair, across-the-board, and lead to a stronger economy, more jobs and greater opportunity.

But I'm here to tell you, important as the deficit is, even the strongest action on that front is not sufficient to ensure that American products get a fair shake in the international market.

I'll be blunt: America's doors are wide open to imports, some subsidized, some dumped; but, America's products can't even get in the door abroad because of high tariffs and nontariff barriers. And, Japan -- if not the only -- is the worst offender.

Japan's trade surplus with the U.S. was \$37 billion last year, and may go as high as \$50 billion this year. The surplus comes in manufactured goods and that costs jobs in steel, textiles, machine tools, shipyards, and on and on.

Now, don't get the Japanese wrong. They're all for free trade ... in our market. At home, in Japan, it is a different story.

The Japanese are profoundly protectionist. They protect infant industries, declining industries, agriculture and a variety of special interests. They 'rig' their financial markets. They 'rig' their customs activities. The Japanese policy is also profoundly successful.

And no one seems prepared to do anything about it!

Every time Congress begins to work itself up to finally challenge the Japanese, they promise a new deal. Since 1981, Japan has come up with no less than six major trade reform, market-opening initiatives in response to American complaints.

None of them has done much good. But, the Japanese promises to 'be good' have worked to ease growing pressure. And, while talks continue, Japanese protectionism -- and imports from Japan -- do too.

They said they would voluntarily restrict their steel imports last year. This year, they are exporting at above last year's record pace despite this agreement.

They pledged to hold their garment and textile imports to a 6% annual growth rate in our market in 1981. In 1985, they are exporting, as they have for the last four years, at above the agreed upon level; other nations have followed their lead; imports are up over 30% from last year's levels; and we have lost 300,000 jobs. 300,000 jobs.

The Japanese say they don't want a trade war with us. I'd say there is a trade war on right now, and all the casualties are on this side of the Pacific!

The time is past for continued discussions and endless negotiations and one-sided trade.

Today, I want to ask your support for my legislation, S. 770, to impose a 20% import surcharge on all Japanese imports for the next three years.

It is a tough bill. It is not protectionism. It is not racism. It is not starting a trade war. It is disruptive of our trade relationship with Japan. But, to my mind, that is the strongest point in its favor. We must disrupt the current trade relationship if we are to build a healthier one. And, that means creating in Japan the political will -- based on necessity -- to act and to change.

We need to retaliate against Japan. They deserve it.

Japan is the biggest problem, but not the only one.

There is nothing in the rule book that says you or I must stand idly by while American jobs are sacrificed by inaction and indifference. If other nations won't play fair, if other nations insist on making trade a one-way street, we should enforce the speed limit and put up a stop sign as well!

For starters, we can rollback imports of textiles and garments to the levels they should have been had the Reagan Administration kept its promises and policed the MFA agreements. Instead, the cop on the beat is asleep. That's why I cosponsored the Textile and Garment Quota Bill, and have been stumping Pennsylvania to generate support.

I would hope that this great convention could officially support this urgent measure.

A few minutes ago I mentioned complacency as an enemy.

My friends, you may not believe this, but some of my colleagues, in both Parties, don't think we should do anything to save our manufacturing base. They are unconcerned about high import penetration, lost industries, lost jobs, or distressed communities. They say things will work out in the end.

I don't agree with the 'do-nothing, know nothing' approach. Part of the reason I support a strong national defense is because I don't think America can stay free through good intentions and hopeful thinking. Nor can America stay free and retain her position of leadership if we do nothing while the backbone of our manufacturing base is broken by unfair trade!

What is at stake, and make no mistake about it, is the economic and political leadership of the United States.

Frankly, we need to re-align the international trading system. After the Second World War, the U.S. accounted for nearly 60% of the world's GNP. Six dollars of every \$10 of world gross national product came from the U.S.A. Now, it is down to 25% or only \$2.50 of every \$10 of world GNP.

Times have changed. We, as a nation, can no longer allow our industries to suffer from pernicious practices like dumping and subsidized foreign products that end up on our shores. We, as a nation, can no longer afford to bear the brunt of social and economic costs of someone else that end up on our shores. We, as a nation, can no longer afford the surge of unemployment that ends up on our shores.

What are we going to do about it?

The Industrial Union Department (IUD) of the AFL-CIO, Members of Congress, interested businesses, and I are working on legislation designed to overhaul and update our existing trade laws. The end result of our bill will be to attack the new forms of subsidy, and the new forms of industrial targeting and the new forms of cheating that have arisen in the last 30 years.

I expect to introduce this legislation in the very near future and I hope that you will be able to support it.

Your help is needed, now. Before it is too late ... but let me ask you now my friends, do you think it is time to arm America against economic attack?

Do you think it is time to strike hard for jobs and industry?

Do you think it is time to rouse the people and act for America's future?

Great minds think alike! You are right. This is a battle we must fight, and the time to do it is now.

My friends, our nation cannot remain a great power unless we preserve our industrial base. Once it is lost, we will never, never, get it back. With it will go our position of world leadership, and the hopes and dreams of Americans yet unborn.

We have sacrificed too much as a nation to let that happen through benign neglect.

You know, my colleagues in Washington think I may go too far. Even my office's softball team is called the "Buy Americans," so we can plug the good old U.S.A. every time we take the field.

You know, the Japanese are pretty good ball players. They've imported our national pastime. And, the Japanese Embassy in Washington recently challenged my team to a game. With all I've said about Japan recently, I guess they were trying to establish a detente ... sort of like the Ping-Pong exchanges we had with China some years back. Remember those?

Well, we've got a little friendly surprise for the Embassy team.

The Japanese barred import of American aluminum bats a few years ago, just long enough to get their own aluminum bat industry started, get the Japanese Little League to buy exclusively from their new industry, and steal a promising American market.

So, when we meet them on the softball field, we'll bring along some aluminum bats as a reminder, and we'll give them some red, white and blue T-shirts that read: "I've got a yen to buy American."

Softball games are fine and fun. But, they won't stop us from playing hard ball until they stop their unfair trading practices!

My friends, my message today has been direct. We must get to work on trade or lose our position of strength and world leadership. And, I need your help in bringing before Congress the kind of measures we need to save our basic industries and our nation from decline. I'm sure you'll be there when it counts.

Thank you all, once again, for this opportunity to join you here today.

I look forward to working with you to preserve industry and jobs in Pennsylvania and throughout the industrial heartland of America.