

REMARKS OF SENATOR JOHN HEINZ (R-PA)  
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It is a pleasure for me to be here this morning with men and women who are part of an industry that is so vital to American business and to American consumers. And of course, as attendance at this convention indicates, the industry and the union's reach extends across our northern border to our good friends and neighbors in Canada.

One reason I am delighted to be here today is to join in your tributes to Murray Finley and Jack Sheinkman. Murray and Jack were elected together in 1972 and have led your union effectively through some difficult times over the past fifteen years. I have known them for ten of those years and have watched with admiration as they have faced challenge after challenge with conviction and wisdom -- never losing sight of your interests and what your union stands for. And what it stands for is social justice. Murray and Jack have led the fight for worker dignity and the right to collective bargaining.

The other reason I am here this morning is to discuss trade, because, for too many Americans, trade has come to mean lost industries, lost jobs and lost hope. My purpose is to call on you to join with me in supporting an agenda of action to fight unfair trade, regain our industrial strength and our jobs, and restore hope for the future.

The dignity of Americans today and the economic survival of our future generations depend on the ability of our country and our policymakers to respond to an increasingly aggressive global economy.

We are not a throw-away society, no matter what the fast food chains tell us. We strive to have more disposable income. We can not tolerate having disposable jobs.

We have fewer manufacturing jobs today than in 1981, and they pay less. A problem? It's a crisis! And we have to take bold action before more working people in this country go from white collar or blue collar to no collar.

Economists tell us we are creating new jobs. They don't tell us that those new jobs pay 40% less than the ones we've lost. They don't tell us that our growing foreign debt is literally mortgaging our children's lives... and that our children will repay our trade debts with a lower standard of living.

America's doors are wide open to imports -- some subsidized, some dumped. Today we accept 40 percent of Korea's exports. Of Japan's --40%; of Taiwan's -- 50%, of less developed countries -- 58%. We are the engine of growth for the rest of the world, but America's products don't get into foreign doors because of high tariffs, low quotas and hidden barriers.

We have problems at home as well. Like the complacency of our friends. Some of my colleagues ... you can find them in both parties

... don't care about our disappearing manufacturing base. They don't care about high imports, lost industries, lost jobs, lost communities. They say the market system will work everything out.

That's a "know nothing, do nothing" approach. Instead of working things out, we are leaving millions out of work.

It is true the unemployment rate has been going down. But it does not reflect the growing number of workers who have given up the search for jobs, who have simply dropped out of the labor force. They apparently don't count any more. That reminds me of the footwear import relief case in 1984 when the ITC decided the industry had not been injured -- with imports over 70%. That was because they didn't count the companies that closed. That's like saying if you're hit by a truck and break your leg, you're injured. But if you're hit by a truck and killed, you're not.

It is clear that our trade and adjustment policies are failing. More importantly, they will continue to fail unless we change them. That is what the Congress will be debating this week.

For 5 years, economists have told us that reducing the dollar's value will solve all our problems. They refer to something called the "J" curve -- a diagram showing how the trade deficit will first get worse and then get better. In fact, the curve has turned out to be more like an "L" than a "J". There is very little evidence we are making any progress at all, despite a 36% decline in the dollar in 2 years, and a 40% decline against the Japanese yen.

What has happened is very simple, but unforeseen by our economic managers. The Japanese and others have aimed at maintaining their share of the market rather than their profits and have kept their prices low. The result is that they have lost money and jobs -- but we have not gained.

We have not gained because our government does not understand the problem. The problem is that these countries are getting away with economic murder by ignoring economic laws.

Japan for more than 20 years has been able to protect its infant industries by keeping all kinds of competitors out. That is, in effect, a large subsidy that the protected companies can use to enhance their research, their development, and their production engineering at our expense.

We have had market opening or trade barrier negotiations with Japan on electronics, pharmaceuticals, tobacco, aluminum, medical equipment, telecommunications, forest products, transportation machinery, semi-conductors, leather, computers, wine and liquor, chocolate, construction services, and numerous agricultural products. And we have virtually nothing to show for it.

The Japanese are for free trade. . . in our market. At home it's a different story.

Every time we challenge the Japanese, they promise a new deal. Since 1981, Japan has come up with eight trade reform initiatives responding to American pressure. None of them have made any

difference.

The Japanese say they don't want a trade war. Well, I say we've already got one -- only all the casualties are on this side of the Pacific!

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

Other countries on the Pacific Rim are copying the Japanese example and developing their own road maps for these beggar-thy-neighbor policies. Unfortunately we are the neighbors.

In other words, the world is drifting away from the market system and from fair trade. and it is the United States -- which continues to play by the rules -- that is the loser.

And What do we do about it?

The Administration has demonstrated that it cannot -- or will not -- solve the problem. That leaves legislation, and Congress is well on the way to passing it. In the Senate, the Finance Committee has approved a bill, and the full Senate will start its debate next week.

The Senate trade bill is not everything I wanted -- and certainly not everything you wanted -- but it contains some important initiatives that will be helpful to you and to other manufacturing industries.

First, we have included a strong workers' rights provision sponsored by Don Riegle and myself.

Now we will be able to identify and go after countries that do not allow their workers to bargain collectively, that do not limit child labor, that do not set up minimum standards for worker health and safety.

The exploitation of workers is what gives many countries their price advantage, and it is time to stop it.

The history of our country has been a history of the workers struggle for freedom and dignity. We attacked and destroyed slavery in the last century. We have guaranteed the right to bargain collectively, to have a safe workplace, and to receive a minimum wage.

There are still battles to fight here on some of these points, but we also have an obligation to carry the campaign abroad. Just as we have done with human rights over the last decade. Workers' rights also are human rights. This is an economic issue, but it is also a moral issue. To give preferred market access to those who exploit the worker discriminates against fair treatment, rewards the exploiter and betrays the hard earned rights of workers everywhere.

Second, we have imposed tough restrictions on the President's ability to deny import relief or not act against other countries' trade barriers. Working closely with the Industrial Union Department of the AFL-CIO, we persuaded the committee to adopt a new way to provide import relief that encourages adjustment in industries hard-hit by imports through real consultation between workers and

management. It also puts effective limits on the President's ability to walk away from these problems.

Third, we have saved for the full Senate the question of overall trade deficit reduction -- the so-called Gephardt amendment. For those of you who haven't heard that term, it refers to a House amendment that requires phased reduction of excessive trade surpluses from selected countries, like Japan, who want trade to be a one-way street.

I am prepared to support that amendment but must tell you that it is unlikely it will pass the Senate if offered. I am currently working with other Senators like Don Riegle, and with the UAW, to produce something that will pass, so we can go to conference with the House.

These will be important improvements in our trade law. But they will not be enough for everybody. For textiles and apparel, in particular, we need to do more.

For more than 25 years the world has been treating this industry as a special case. Its low entry costs and labor-intensive nature have made it the first line of industrialization for every developing country in the world it has been the first line of their attack on our markets.

As a result the world is drowning in apparel. Worse, it is our industry that is slowly sinking below the surface of those imports, because the international system -- the Multifiber Arrangement -- has completely failed to control growth.

And what has happened here?

In 1980, Ronald Reagan promised to hold import growth to the rate of growth in the U.S. industry. That has been around 1 or 2 percent.

What has import growth been? 17 percent last year. Over 30 percent in 1983 and 1984. That is only the first of a long line of broken promises you have suffered in the last six years.

Two more times that same promise has been made -- and two more times it has been broken.

The only progress we have made in the past 2 years is that the Administration has stopped making promises!

Unfortunately they have not stopped letting in the imports.

There can be only one answer to this problem. Congress must force the President to keep his promise, even if it means taking trade policy out of his hands.

We almost succeeded last year, until the House sustained the President's veto. I supported that bill from the beginning and did my best to get it passed.

This year we have a new bill. S. 549. It addresses the criticisms of the last one. It would put into law a global limit on

imports, but would leave it up to the President to divide the quota. So far in the Senate, we have more support for this new bill than we did for the last one.

But this is no easy battle. There are determined opponents who will delay and filibuster. A veto is certain, and an override challenge. I have committed myself to this battle, and I know you have too.

And between us I know we can succeed. Because looking out across this room I see the kind of men and women who made this country the greatest nation on earth. It's people like you, the working people, whose talented, dedicated and loving hands have helped mold and shape the American Dream we all enjoy. You are the real American heroes --our nation's heart and soul.

You know it. The Congress knows it. And you know we will not abandon you.