

STATEMENT BY SENATOR JOHN HEINZ
SPEECH BEFORE APPAREL AND TEXTILE INDUSTRY LEADERS, ALLENTOWN, PA.
OCTOBER 8, 1979

IT'S A PLEASURE TO BE HERE TODAY IN WHAT WE MIGHT CALL PENNSYLVANIA'S GARMENT DISTRICT. NOT ONLY THE NUMBER TWO INDUSTRY IN PENNSYLVANIA, BUT IN COMMUNITY AFTER COMMUNITY, APPAREL IS THE MAJOR EMPLOYER, EMPLOYING OVER HALF THE WORK FORCE.

IT'S A PRIVILEGE NOT ONLY TO HAVE BEEN INVITED HERE BUT TO HAVE THE OUTSTANDING WORKING RELATIONSHIP I'VE ENJOYED WITH ARNOLD DELIN.

ARNOLD, ALONG WITH YOUR PRESIDENT, GEORGE GIAQUINTO, ARE THE ONES RESPONSIBLE FOR MAKING APPAREL CONTRACTORS

(A POLITICAL FORCE...)

A POLITICAL FORCE IN THE STATE AND IN CONTRIBUTING TO THE
OVERALL CLOUT THE INDUSTRY HAS IN WASHINGTON,

AND IT IS A PARTICULARLY HIGH HONOR TO SHARE THIS
PODIUM WITH CHICK CHAIKEN, ALTHOUGH I FIRST MET CHICK
WHEN HE ADDRESSED THE PENNSYLVANIA AFL-CIO IN PHILADELPHIA
MANY YEARS AGO. WE LAST MET IN GENEVA LAST YEAR WHEN WE
WERE BOTH THERE TO TAKE A LOOK AT THE MTN AND SEE WHAT OUR
NEGOTIATORS WERE DOING TO YOUR JOBS AND INCOMES.

YOU AND I KNOW CHICK AS A FIGHTER, FOR HIS BELIEFS,
FOR HIS UNION. BUT I'VE ALSO COME TO KNOW HIM AS A THOUGHTFUL
MAN WHO UNDERSTANDS THE COMPLEX RELATIONSHIP BETWEEN LABOR
AND MANAGEMENT AND IS DEDICATED TO KEEPING THAT RELATIONSHIP
TOGETHER WHILE WE ALL FIGHT FOR THE FUTURE OF THE APPAREL
INDUSTRY. IT'S A REAL PRIVILEGE FOR ME TO SHARE THE PODIUM

(WITH HIM TODAY, OUR...)

WITH HIM TODAY.

OUR DISCUSSION AT THE MTN IN GENEVA IS A POWERFUL MEMORY OF THE EVENTS OF THE PAST TWO YEARS THAT WILL HAVE A LASTING IMPACT ON OUR COUNTRY AND YOUR INDUSTRY IN PARTICULAR. IT HAS BEEN A DIFFICULT TWO YEARS,

AMERICA, THE STRONGEST WEALTHIEST, MOST RESOURCEFUL NATION IN THE WORLD IS IN GREAT DANGER BECAUSE OF OUR COMPLETE DEPENDENCE ON IMPORTED OIL AND OUR FAILURE TO COMBAT RUNAWAY INFLATION. WE ARE IN TURMOIL BECAUSE THERE IS NO TRUE LEADERSHIP. OUR WAY OF LIFE, BOTH OUR EXPECTATIONS FOR OURSELVES AND FOR OTHERS LESS FORTUNATE, IS THREATENED WITH EXTINCTION BECAUSE THE CONGRESS AND THE WHITE HOUSE HAVE ABANDONED THE GOAL OF - AND ANY MEANINGFUL POLICY TO ACHIEVE - REAL ECONOMIC GROWTH.

(OUR GROWTH IN ...)

-- OUR GROWTH IN PRODUCTIVITY IS NEARLY FLAT -- THE
LOWEST OF ANY DEVELOPED NATION.

--WE ARE NOW EXPERIENCING DOUBLE DIGIT INFLATION --
14 PERCENT - AND A GENUINE RECESSION IS NOW IN PROGRESS.

--AS A MEASURE OF RESEARCH AND DEVELOPMENT, 62 PERCENT
OF THE PATENTS ISSUED IN THE US LAST YEAR WENT TO FOREIGN
INVESTORS.

--OUR NATION'S TRADE DEFICIT ... RUNNING AT \$33 BILLION
IS LARGER THAN OUR PROJECTED FEDERAL BUDGET DEFICIT OF
\$29 BILLION.

THE BOTTOM LINE IS THAT WE ARE BUYING MORE THAN WE ARE
PRODUCING, WE ARE SPENDING MORE THAN WE EARN, WE ARE TAKING
MORE THAN WE CONTRIBUTE.

THE ALTERNATIVE OF IGNORING OUR ECONOMIC ILLS SIMPLY

(IS IRRESPONSIBLE. WITHOUT...)

IS IRRESPONSIBLE. WITHOUT A GENUINE COMMITMENT TO REAL GROWTH, WE CANNOT MEET OUR CURRENT COMMITMENTS - WHETHER IT BE TO THE JOBLESS OR THE AGED ON SOCIAL SECURITY OR TO A STRONG NATIONAL DEFENSE - LET ALONE REACH ANY ADDITIONAL ASPIRATIONS FOR YOUR PEOPLE.

WHAT I AM TALKING ABOUT IS IMPROVING OUR PRODUCTIVITY AND HALTING INFLATION SO THAT OUR REAL WEALTH, OUR REAL PURCHASING POWER IS GREATER, NOT LESS.

THERE ARE THREE BASIC ACTIONS THAT WE MUST TAKE:

- (1) WE MUST STIMULATE SAVINGS.
- (2) WE MUST CONTROL THE EXCESSES OF GOVERNMENT, AND
- (3) WE MUST MAKE MAKING INVESTMENTS ATTRACTIVE TO THOSE WHO CAN MAKE THEM.

(FIRST. WE CAN ...)

FIRST, WE CAN STIMULATE SAVINGS IF WE STOP THE DOUBLE TAXATION OF SAVINGS AND INDIVIDUAL INVESTORS AND STOP DISCRIMINATING AGAINST THE SMALL SAVER. WITH INFLATION AT OVER 13 PERCENT, WHY SHOULD ANYONE BE SATISFIED WITH A 5 1/2 PERCENT INTEREST CEILING ON SAVINGS DEPOSITS? IT IS RIDICULOUS THAT MONEY MARKET CERTIFICATES, WHICH HAVE YEILDED OVER 10 PERCENT, ARE ONLY AVAILABLE TO THOSE WITH \$10,000 AND MORE TO INVEST.

SECOND, EXCESSIVE GOVERNMENT. THERE ARE MANY SOLUTIONS, BUT ONE RESPONSIBLE EFFECTIVE WAY TO CONTROL THE OVERSPENDING OF GOVERNMENT IS TO ADOPT THE CONSTITUTIONAL AMENDMENT I HAVE AUTHORED, WITH THE HELP OF DR. MILTON FRIEDMAN, TO ANNUALLY CAP AND LIMIT THE GROWTH OF FEDERAL SPENDING TO

(NO MORE THAN THE...)

NO MORE THAN THE GROWTH OF THE GNP, THE BASIC MEASURE OF
WHAT WE PRODUCE.

WE CAN STOP OVER-GROWN BUREAUCRACY BY ENACTING SUNSET
PROVISIONS ACROSS THE BOARD; THAT MEANS REQUIRING THE PERIODIC
JUSTIFICATION OF EVERY FEDERAL PROGRAM RATHER THAN ALLOWING
THEM TO GO ON FOREVER ONCE THEY ARE ON THE BOOKS.

AND, WE CAN HALT OVER-REGULATION BY A VARIETY OF MEANS,
INCLUDING:

A REGULATORY BUDGET -- TO LIMIT THE REGULATORY COSTS
EACH AGENCY COULD IMPOSE ON THE PRIVATE SECTOR.

A REGULATORY CALENDAR -- TO RECONCILE AND ELIMINATE
DUPLICATIVE REGULATIONS.

AND REQUIRING AGENCIES TO PURSUE REGULATORY GOALS IN

(THE MOST COST EFFECTIVE ...)

THE MOST COST EFFECTIVE MANNER.

A THIRD - AND TO MY MIND THE MOST IMPORTANT - WAY OF INCREASING OUR REAL ECONOMIC GROWTH IS TO BOLSTER OUR DOMESTIC INDUSTRIES. THIS IS A QUESTION OF ENCOURAGING CAPITAL FORMATION INVESTMENT TO IMPROVE PRODUCTIVITY. IT IS A QUESTION OF GIVING BETTER TAX BREAKS TO SMALL BUSINESS, SUCH AS MUCH FASTER DEPRECIATION WHICH CREATE THE COMPETITION AND THE NEW JOBS IN THIS COUNTRY (87 PERCENT - 100 OR FEWER PEOPLE).

IT IS A QUESTION OF HAVING A NATIONAL TRADE POLICY AS WELL.

WE ARE ALL AWARE OF THE DECLINING VALUE OF THE US DOLLAR. THE PROBLEM WORSENS AS OTHER NATIONS LOSE CONFIDENCE

(IN OUR ABILITY TO ...)

IN OUR ABILITY TO SOLVE OUR ECONOMIC PROBLEMS. ONE OF THE MOST IMPORTANT OF THOSE PROBLEMS IS OUR TRADE DEFICIT. IT SEEMS TO BE NEITHER UP NOR DOWN; JUST ALWAYS WITH US. AUGUST'S DEFICIT WAS THE 39TH IN A ROW.

THE TRADE DEFICIT IS VIVID EVIDENCE OF OUR INABILITY TO CONTROL OURSELVES. OUR THIRST FOR OIL. OUR DEMAND FOR MORE GOODS.

IT IS ALSO EVIDENCE OF OUR CHANGING WORLD ECONOMIC RELATIONSHIPS. THE ERA WHEN AMERICA WAS CLEARLY THE BIGGEST, THE BEST, AND THE MOST COMPETITIVE IS OVER. MORE AND MORE COUNTRIES ARE BECOMING PLAYERS IN THE INTERNATIONAL ECONOMIC POKER GAME. AND IN SOME CASES THEY ARE PLAYING IT BETTER THAN WE ARE. IN OTHER CASES THEY ARE BENDING

(THE RULES TO THEIR ...)

THE RULES TO THEIR OWN, UNFAIR, ADVANTAGE.

IN NO INDUSTRY HAVE WE SEEN THIS MORE CLEARLY THAN APPAREL. AND IN NO INDUSTRY HAVE WE FOUGHT BACK WITH MORE DETERMINATION THAN IN APPAREL, ALTHOUGH THE ASSAULTS CONTINUE.

THESE ASSAULTS ON AMERICAN ECONOMIC SUPREMACY AND THE DOLLAR HAVE REVOLUTIONIZED TRADE POLICY IN THE PAST TWO YEARS, BEGINNING WITH THE CONCLUSION OF THE MULTILATERAL TRADE NEGOTIATIONS, THE MOST SIGNIFICANT REVISION OF INTERNATIONAL TRADE RULES IN THE POST-WAR YEARS.

THAT EFFORT IS NOW LARGELY FINISHED. WE HAVE A LANDMARK NEW LAW -- WHICH I WAS PRIVILEGED TO HELP WRITE -- GOING INTO EFFECT IN JAUNARY.

(AS A MEMBER OF THE ...)

AS A MEMBER OF THE SENATE FINANCE COMMITTEE I WAS DEEPLY INVOLVED IN THE CLOSED-DOOR SESSIONS THAT PRODUCED THIS LAW. ALTHOUGH WE DID NOT WIN ALL OUR BATTLES, WE DID WIN SOME. AND IN THE PROCESS ESTABLISHED SOME IMPORTANT PRINCIPLES THAT EMPHASIZE FAIR TRADE AS A PRECONDITION TO TRADE.

(1) ENFORCEMENT AGAINST DUMPED OR SUBSIDIZED PRODUCTS WILL BE FASTER AND MORE EFFECTIVE.

(2) THE CONCEPT OF WHAT A SUBSIDY IS HAS BEEN BROADENED SO WE "CATCH" MORE UNFAIR PRACTICES.

(3) WE HAVE SIGNIFICANTLY REDUCED THE ADMINISTRATION'S ABILITY TO MAKE SUBSIDIES DISAPPEAR THROUGH CONTRIVED COUNTING RULES.

(4) WE HAVE PUT STRICT LIMITS ON THE ADMINISTRATION'S

(AUTHORITY TO LET ...)

AUTHORITY TO LET FOREIGN GOVERNMENTS OR IMPORTERS PLEA BARGAIN. YOU CAN BE MORE CONFIDENT THAT IF THERE IS A SUBSIDY, IT WILL BE FOUND, IDENTIFIED, AND PENALIZED.

(5) WE HAVE OPENED THE PROCESS UP SO PETITIONERS ARE MORE AWARE OF THEIR RIGHTS AND CAN SEE THE ARGUMENTS OF THE OTHER SIDE.

(6) LOOKING SPECIFICALLY AT TEXTILES AND APPAREL, WE HAVE PROVIDED BOTH A SNAPBACK CLAUSE RESTORING TARIFFS TO PRE-MTN LEVELS IF THE MULTIFIBRE ARRANGEMENT CEASES TO BE IN EFFECT, AND AN EXCLUSION FOR CERTAIN TEXTILE AND APPAREL ITEMS IN THE GOVERNMENT PROCUREMENT CODE.

THESE ARE HELPFUL STEPS FORWARD, BUT IN MY OPINION, WE HAVEN'T GONE FAR ENOUGH. SOME LOOPHOLES ARE STILL THERE. BUT WE HAVE A BEGINNING, AGAINST VERY HIGH ODDS.

(YOUR IMPACT IN THE ...)

YOUR IMPACT IN THE CONGRESS HAS BEEN CLEAR. THIS YEAR'S NEGOTIATIONS WITH THE ADMINISTRATION AND THE RESULTS OF THE MTN LEGISLATION SUGGEST YOU ARE HAVING A GROWING IMPACT THERE AS WELL. MOST RECENTLY YOU CAN SEE YOUR INFLUENCE IN THE EARLY IMPOSITION OF QUOTAS ON TEXTILES AND APPAREL FROM CHINA, IN ADVANCE OF A TRADE AGREEMENT WITH THEM.

IN ANOTHER TRADE DEVELOPMENT THE ADMINISTRATION RECENTLY ANNOUNCED ITS REORGANIZATION PLAN, WHICH IS ANOTHER UNFORTUNATE EXAMPLE OF INDECISIVE LEADERSHIP. THE CARTER PLAN IS A TYPICAL POLITICAL REACTION INSPIRED BY THE DESIRE TO AVOID HARD DECISIONS.

THE PLAN CONTINUES THE CURRENT DIVISION AND CONFUSION

(BETWEEN THE SEVERAL ...)

BETWEEN THE SEVERAL AGENCIES HANDLING TRADE POLICY. IT CENTRALIZES GREATER POLICY CONTROL IN THE WHITE HOUSE, THROUGH THE SPECIAL TRADE REPRESENTATIVE, WHILE LEAVING NUTS AND BOLTS MANAGEMENT IN THE HANDS OF THE COMMERCE DEPARTMENT.

PLACING POLICY AUTHORITY IN THE WHITE HOUSE WILL MEAN THAT BASIC TRADE ENFORCEMENT DECISIONS -- DUMPING AND COUNTERVAILING DUTIES -- WILL INEVITABLY BE MADE ON THE BASIS OF SHORT TERM POLITICAL CONSIDERATIONS. IN THE MTN, I FOUGHT HARD FOR INDEPENDENT, AGGRESSIVE, AND NEUTRAL ENFORCEMENT OF OUR TRADE LAWS. THIS PLAN JEOPARDIZES THAT INDEPENDENCE, AND ITS CUMBERSOME OVERLAPPING PROCEDURES BETWEEN STR AND THE COMMERCE DEPARTMENT JEOPARDIZE AGGRESSIVE ENFORCEMENT. AS USUAL, THE LOSERS WILL BE AMERICAN WORKERS, (BUSINESSES, AND TAXPAYERS.)

BUSINESSES, AND TAXPAYERS.

LET US FOCUS PARTICULARLY ON APPAREL AND TEXTILES.

IMPORTS OF TEXTILE FIBERS AND PRODUCTS CONTINUE TO INCREASE. OVER \$7 BILLION LAST YEAR, A BIG JUMP FROM THE \$5.5 BILLION OF 1977. THE EXCESS OF IMPORTS OVER EXPORTS REACHED A RECORD \$4.4 BILLION LAST YEAR.

UNEMPLOYMENT IN THE APPAREL INDUSTRY HAS BEEN OVER 9 PERCENT, FAR WORSE THAN THE NATION AS A WHOLE. AS THE STUDY OF THE INDUSTRY IN PENNSYLVANIA THAT ARNOLD HAD A HAND IN PRODUCING POINTS OUT, PENNSYLVANIA ALONE LOST 75,000 WORKERS BETWEEN 1965 AND 1976.

THESE PROBLEMS ARE PARTLY THE RESULT OF OUR NATIONAL

(ECONOMIC MALAISE AND ...)

ECONOMIC MALAISE AND PARTLY CAUSED BY IMPORTS.

WE WILL MAKE SOME PROGRESS ON IMPORTS IF THE ADMINISTRATION KEEPS ITS PROMISES OF LAST WINTER. IF IT DOESN'T, THE CONGRESS WILL HAVE TO CONSIDER STRONGER MEASURES -- STRICTER LIMITS ON QUOTA GROWTH UNDER MFA, AND ELIMINATION OF PREFERENTIAL DUTY TREATMENT FOR 807 ITEMS.

THESE ARE CONTROVERSIAL ACTIONS, AS YOU KNOW. BUT YOUR INDUSTRY IS THE LARGEST INDUSTRIAL EMPLOYER IN THE COUNTRY. IT HAS A LONG HISTORY OF PROVIDING JOBS FOR WOMEN AND MINORITIES, FOR UNTRAINED PEOPLE JUST ENTERING THE ECONOMIC MAINSTREAM. YOU HAVE A REPUTATION FOR HELPING PEOPLE GET OFF THE GROUND AND STAY OFF. THESE ARE ACCOMPLISHMENTS TO BE PROUD OF, AND THE GOVERNMENT OWES YOU ITS SUPPORT IN RETURN, THROUGH AS STRONG ACTION AS IS NECESSARY. WE

(ARE TALKING ABOUT ...)

ARE TALKING ABOUT JUSTICE. THE TARIFF ITEMS IN PARTICULAR DO NOTHING MORE THAN EXPORT JOBS AND INCOME, AND THEN THROW THE FINISHED PRODUCTS BACK IN OUR FACES. YET 807 APPAREL IMPORTS INCREASED ALMOST 15,000 PERCENT FROM 1965 THROUGH 1976!

OVERCOMING THESE PROBLEMS, HOWEVER, IS MORE THAN A MATTER OF PROTECTIONISM. IT'S THE PROBLEM OF CURING THE DISEASE THAT'S EATING AWAY AT OUR WHOLE ECONOMY.

OUR PRESENCE HERE, TO SEE THE NEWEST DEVELOPMENTS IN EQUIPMENT, IS AN AFFIRMATION OF THE STRENGTH AND IMPORTANCE OF THE APPAREL INDUSTRY IN THIS COUNTRY, AND OF ITS DETERMINATION TO CONTINUE DESPITE THE THREATS TO IT. I SALUTE YOU -- LABOR AND MANAGEMENT -- FOR WHAT YOU HAVE DONE OVER THE YEARS, AND WHAT, BY CONTINUING TO WORK TOGETHER YOU WILL DO FOR YEARS TO COME.