

REMARKS OF SEN. JOHN HEINZ  
ERIE AREA BUSINESS AND LABOR COUNCIL  
ERIE, PA  
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It is a great privilege and pleasure to join you here this evening; a pleasure to see so many old and good friends, and a privilege to address a group that signals the cutting edge of future labor-management relations.

Although only just over a year old, your organization has, between two historically adversarial groups already begun to build the kind of relationship of mutual respect and cooperation that our country needs if we are to compete successfully in the future. Our nation can no longer afford to do business as usual. Adversity must give way to cooperation, for, if we fail to learn how to work together, we will witness the slow, steady erosion of America's industrial base, and the withering of opportunities for all our children, and the decline of the American way of life.

I salute you all for your wisdom in recognizing the new course business and labor must choose to follow, and, I applaud your courage in building a cooperative program tailored to the needs of the Erie area.

The Council's program is ambitious: initiatives for health care cost containment, toxic waste management, tax reform, improved water and rail transportation, and ongoing investigations to solve the problems of displaced workers and to combat unfair foreign imports.

Tonight, I would like to share with you some thoughts on the last two items: retraining and imports. In the first place I believe that the Federal government has a solemn responsibility in both areas it cannot abdicate.

This nation cannot afford to waste the talents and lives of a generation of workers. Only government can take the necessary action to attack the international trade crisis -- and the unfair trade practices of others damaging our industrial heartland. That damage is mirrored here in Erie's economic crisis -- double digit unemployment.

Our crisis here has been severe and enduring. It is a crisis shared, unfortunately, in hundreds of communities across Pennsylvania and our nation.

And that is why there is a lot of work for us all -- business, labor, and government -- to do, before it is too late.

Like you, I am concerned about friends, neighbors, fellow citizens out of work through no fault of their own, displaced by new technologies, or factories closed by foreign imports. Like you, I worry about a new generation of other untrained or unskilled Americans, who may never enter the labor market because they lack the skills to earn their way.

What should we, at the Federal level be doing? Well, for a start, we need to learn from our mistakes.

Up until this last year, the Federal government's training efforts were concentrated in the Comprehensive Employment and Training Act (CETA). Under CETA, the intention was to provide public employment in order to train the unemployed for jobs in private industry. While the intentions were good, the results were disappointing. Most CETA workers didn't acquire usable skills, and didn't find jobs in the private sector. CETA workers often simply moved from program to program within the public employment system, or returned to the public assistance rolls.

Part of the problem was the centralization of rule-making. We in Washington thought we knew all the answers, and didn't need any help from people in Erie or Pittsburgh or Scranton to make the program work. And, of course, the program didn't work.

We now think we know how to avoid the make work jobs, inflexible policies and inability to train people that haunted CETA. That answer is the Jobs Partnership Training Act (JPTA), passed in 1982. It is fundamentally different in that the JPTA provides for a greater responsibility at the local level to devise flexible, even innovative approaches to overcoming the barriers to employment in each local labor market by matching training programs to employment needs among area businesses. And, it envisions a cooperative effort among business, labor, and educational institutions, through local "PICs" or Private Industry Councils, that can revive the hopes and realize the aspirations of millions of hurting, but still proud, Americans.

The JPTA is a powerful tool. But it will work best in skilled, knowledgeable hands ... yours. So, I urge you all to become as knowledgeable as you can about the JPTA, and to involve yourselves in making the most of this opportunity to help our less fortunate fellow Americans.

Another tool that I am working to expand the use of by local labor and management is the Targeted Jobs Tax Credit. It is a proven training initiative that last year helped 631,000 -- including 30,000 Pennsylvanians -- economically disadvantaged Americans -- welfare recipients, never before employed youth, ex-convicts, the blind and disabled, gain a foothold -- even if on a low rung of the ladder -- to the American dream. But this effort will work only if business and labor want it to work. It is another strong tool, but as to using it, the choice is very much yours.

So far I've talked training the unemployed or the unskilled getting employment up in our basic industries, and revitalizing our industrial base can be, should be, and must be our first and foremost goal.

Judging by the debate so far in this Presidential election year, we are not making much headway in either recognizing the challenges posed to our industries, or in devising appropriate solutions.

Since the end of 1980 we have increased U.S. employment by 6 million jobs. Yet, not every region, not every state, and not every industry has shared in the economic expansion that is now a clear reality.

President Reagan pins his hopes -- including his hopes for re-election -- on the premise that the recovery which opened another 1 million jobs in the last two months will open our mills in the months ahead.

Other candidates tell us that our smokestack industries are declining, disappearing sunset industries, that our lives will be transformed and our jobs saved by the miracles of a high-tech future.

Oh! If it were only all so simple.

I wish someone would explain how we'll get to the high employment high tech industries of the future without the basic industries to put the computer controls to work and build that high tech salvation.

Still other candidates want us to return to the days of Smoots-Hawley, to build an economic Fortress America, to close our ports to foreign products, and to institute a protectionist policy that will simply make our industries and their workers fat and soft and unable to compete.

There are those who want us to do nothing about foreign imports or the existing system of international trade. They urge us to adhere to a laissez-faire approach to trade.

Are we really ready as a nation to continue the status quo in international trade? Can we leave our workers and businesses defenseless when the People's Republic of China pays 12 cents an hour to its garment and textile workers? How can we do nothing when 1 of every 5 tons of steel not only comes from abroad, but comes at only two-thirds the actual cost to make it?

No, my friends, there is another way. We don't have to make the Hobson's Choice between closed factories or closed ports.

That's the whole point of my fair trade in steel act, which has the support of both steel management and labor. Under my bill, imports would be rolled back from the 26% of the market they now hold to a 15% level for 5 years. In exchange for the quota, the industry would be required to invest substantially all of its cash flow from steel operations back into steel. If the companies don't invest, the legislation provides for a repeal of the quota.

My bill recognizes the need for continued, cooperative efforts between management and labor to improve productivity, while acknowledging that government can provide a major ingredient crucial to successful modernization: import relief.

I believe my bill for steel has a wider application to other basic industries, like autos, being attacked by imports from abroad.

That's why I introduced the Industrial Revitalization Act. Under my proposal, a process would be set up through which individual smokestack industries, beset by foreign imports, can obtain swift, comprehensive relief from imports if labor and management first agree to a modernization plan.

What am I talking about? In many ways, this is exactly what the legislation did that helped Chrysler Corporation, only the government provided loan guarantees instead of import relief. As a condition of government help, we required self-help as well. Chrysler stockholders invested more; its bankers put up more money; its workers make contract concessions; and its management take pay cuts. Chrysler has not only survived, it has prospered.

My proposal is an industrial strategy which depends on a cooperative effort to meaningfully address the range of problems facing our smokestack industries.

My friends, we can find answers to the unemployment riddle, extend the economic expansion to basic industries attacked by abroad. We can do these things, but we won't if we allow adverserial tactics of the past to cloud the future.

Our nation demands better. Our heritage teaches us better. And, our children deserve better.

If we are to build a brighter future, if we are to pass along the benefits of our society to those that follow, if we are to uphold the uniquely American spirit, we must begin to do all these things together.

Earlier, I said that your group is the cutting edge of the future. I sincerely hope so, but hope isn't enough. We must act.

Let us fight side-by-side.

For the opportunity to address you here today, my sincere thanks.