

# TRADE ADJUSTMENT ASSISTANCE AMENDMENTS

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## HEARING

BEFORE THE

SUBCOMMITTEE ON INTERNATIONAL TRADE

OF THE

COMMITTEE ON FINANCE

UNITED STATES SENATE

NINETY-FIFTH CONGRESS

SECOND SESSION

ON

H.R. 11711

AN ACT TO IMPROVE THE OPERATION OF THE ADJUSTMENT ASSISTANCE PROGRAMS FOR WORKERS AND FIRMS UNDER THE TRADE ACT OF 1974

S. 939

A BILL TO AMEND THE WORKER ADJUSTMENT ASSISTANCE PROVISIONS OF THE TRADE ACT OF 1974 IN ORDER TO PROVIDE THAT WORKERS MAY BE COVERED UNDER CERTIFICATION OF ELIGIBILITY TO APPLY FOR SUCH ASSISTANCE IF THEY ARE TOTALLY OR PARTIALLY SEPARATED FROM ADVERSELY AFFECTED EMPLOYMENT WITHIN TWO YEARS BEFORE THE DATE OF THE PETITION FOR SUCH CERTIFICATION

S. 1658

A BILL TO AMEND TITLE II OF THE TRADE ACT OF 1974 RELATING TO RELIEF FROM INJURY CAUSED BY IMPORT COMPETITION

S. 3500

A BILL TO AMEND THE TRADE ACT OF 1974 IN ORDER TO PROVIDE FOR FEDERAL REIMBURSEMENT TO STATES FOR UNEMPLOYMENT INSURANCE BENEFITS PAID TO WORKERS WHO ARE ELIGIBLE FOR ADJUSTMENT ASSISTANCE BENEFITS UNDER SUCH ACT, AND TO REPEAL THE PROVISIONS OF LAW WHICH REDUCE CERTAIN TAX CREDITS FOR EMPLOYERS IN ANY STATE WHICH DOES NOT ENTER INTO, OR FULFILL ITS COMMITMENTS UNDER, A FEDERAL-STATE AGREEMENT REGARDING THE ADMINISTRATION OF WORKER ADJUSTMENT ASSISTANCE BENEFITS

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OCTOBER 2, 1978



Printed for the use of the Committee on Finance

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(II)

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# TRADE ADJUSTMENT ASSISTANCE AMENDMENTS

MONDAY, OCTOBER 2, 1978

U.S. SENATE,  
SUBCOMMITTEE ON INTERNATIONAL TRADE OF THE  
COMMITTEE ON FINANCE,  
*Washington, D.C.*

The subcommittee met, pursuant to notice, at 10:10 a.m. in room 2221, Dirksen Senate Office Building, Hon. Bill Roth presiding.

Present: Senators Hanson, Packwood, and Roth.

[The committee press release announcing this hearing and the bills H.R. 11711, S. 936, S. 1658, S. 3500 follow:]

[Press release]

## FINANCE SUBCOMMITTEE ON INTERNATIONAL TRADE TO HOLD HEARING ON AMENDMENTS TO THE TRADE ADJUSTMENT ASSISTANCE PROGRAMS

The Honorable William V. Roth, Jr., (R.-Del.), ranking minority member of the Subcommittee on International Trade of the Committee on Finance, today announced that the Subcommittee will hold a public hearing on H.R. 11711, S. 939, S. 1658, and S. 3500. Each of these bills would amend the trade adjustment assistance programs for workers and firms in title II of the Trade Act of 1974. The hearing will be held at 10:00 a.m., on Monday, October 2, 1978, in Room 2221 Dirksen Senate Office Building.

Senator Roth stated that "increasing import problems require an effective and equitable trade adjustment assistance program." The bills on which the Subcommittee will hear testimony would amend title II of the Trade Act of 1974 (Public Law 93-618) to broaden the coverage of workers and firms who may become eligible for adjustment assistance benefits, to liberalize adjustment assistance benefits to workers and firms, and to accelerate the certification process and delivery of benefits.

### WITNESSES

The subcommittee will hear testimony from the following witnesses:

The Honorable Birch Bayh, Senator from the State of Indiana.

The Honorable H. John Heinz III, Senator from the State of Pennsylvania.

### AN ADMINISTRATION PANEL

The Honorable Alan W. Wolff, Deputy Special Representative for Trade Negotiations, Office of the Special Representative for Trade Negotiations.

Mr. Frederick P. Knickerbocker, Deputy Assistant Secretary for International Policy Coordination, Department of Commerce.

Mr. Marvin M. Fooks, Director, Office of Trade Adjustment Assistance, Department of Labor.

### A PANEL REPRESENTING UNIONS WHOSE MEMBERS RECEIVE WORKERS ADJUSTMENT ASSISTANCE

Mr. John J. Sheehan, Legislative Director, United Steelworkers of America.

Mr. John L. Oshinski, International Representative, United Steelworkers of America.

Mr. Leonard Page, Attorney, United Automobile, Aerospace and Agricultural Implements Workers of America.

Mr. George Weaver, Research Department, United Automobile, Aerospace and Agricultural Implements Workers of America.

Mr. George Collins, Assistant to the President, United Electrical Workers Union.

Mr. William Duchessi, Vice-President for Legislation, Amalgamated Clothing and Textile Workers Union.

Ms. Evelyn DuBrow, Vice President, International Ladies Garment Workers Union.

**A PANEL REPRESENTING COMPANIES WHICH RECEIVE FIRM ADJUSTMENT ASSISTANCE**

Mr. William J. Glaser, Vice-President, Dynamic Instrument Corp.

Mr. James R. McGinnity, President, Mrs. Day's Ideal Baby Shoe Company, Inc.

Mr. Kurt M. Swenson, President, John Swenson Granite Co., Inc.

**WRITTEN STATEMENTS**

Persons who wish to submit written testimony to the subcommittee for inclusion in the printed record of the hearings must submit their statements to Michael Stern, Staff Director, Senate Finance Committee, Room 2227, Dirksen Senate Office Building, Washington, D.C. 20515, not later than Friday, October 20, 1978.

95<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 11711

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IN THE SENATE OF THE UNITED STATES

SEPTEMBER 11 (legislative day, AUGUST 16), 1978

Read twice and referred to the Committee on Finance

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## AN ACT

To improve the operation of the adjustment assistance programs for workers and firms under the Trade Act of 1974.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **TITLE I—IMPROVEMENTS IN ADJUSTMENT**

4 **ASSISTANCE FOR WORKERS**

5 **SEC. 101. SPECIAL TREATMENT OF CERTAIN CERTIFICA-**  
6 **TIONS AND PETITIONS.**

7 (a) (1) This subsection applies—

8 (A) to any petition for a certification of eligibility  
9 to apply for adjustment assistance under chapter 2 of  
10 title II of the Trade Act of 1974—

II

1 (i) if such petition was filed with the Secretary  
2 of Labor (hereinafter in this section referred to  
3 as the "Secretary") before November 1, 1977;  
4 and

5 (ii) if the Secretary, on the basis of section  
6 223 (b) (1) of the Trade Act of 1974—

7 (I) denied issuance of such a certification,  
8 (II) refused to accept the petition,  
9 (III) caused the petition to be withdrawn,

10 or

11 (IV) terminated an investigation under-  
12 taken with respect to the petition; and

13 (B) to any worker covered by a certification is-  
14 sued under section 223 of the Trade Act of 1974 on  
15 the basis of a petition filed before November 1, 1977, if  
16 such worker was not eligible for adjustment assistance  
17 under such chapter 2 by reason of subsection (b) (1)  
18 of such section.

19 (2) The Secretary shall promptly reconsider any peti-  
20 tion referred to in paragraph (1) (A) and the eligibility for  
21 adjustment assistance of any worker referred to in paragraph  
22 (1) (B). In undertaking such reconsideration, the provi-  
23 sions of chapter 2 of title II of the Trade Act of 1974 shall  
24 apply, except that—

1 (A) for purposes of section 223 (b) (1) of such  
2 Act, an 18-month period shall be applied rather than  
3 a one-year period; and

4 (B) for purposes of section 231 (1) (B) of such  
5 Act, the date of the determination, if an affirmative  
6 determination is made incident to reconsideration, under  
7 section 223 shall be the 60th day after the date on  
8 which the petition concerned was initially filed with  
9 the Secretary, or, in the case of any petition to which  
10 paragraph (1) (A) (ii) (I) applies, the date of the  
11 initial determination by the Secretary denying certifica-  
12 tion.

13 (b) (1) Any group of workers separated from em-  
14 ployment after October 3, 1974, and before November 1,  
15 1977, may file, or have filed on their behalf (including a  
16 filing on their behalf by the Secretary), a petition for a  
17 certification of eligibility to apply for adjustment assistance  
18 under chapter 2 of title II of the Trade Act of 1974 if a  
19 petition for such a certification for such group was not filed  
20 with the Secretary after April 2, 1975, and before Novem-  
21 ber 1, 1977. The Secretary may not consider any petition  
22 filed under this subsection unless the petition is filed before  
23 the close of the 6-month period beginning on the effective  
24 date of this Act.

1 (2) The provisions of such chapter 2 shall apply with  
2 respect to any petition filed under this subsection; except  
3 that—

4 (A) for purposes of section 223 (b) (1) of the  
5 Trade Act of 1974, an 18-month period shall be applied  
6 rather than a one-year period,

7 (B) the date of the petition shall be April 3, 1975,  
8 or such other date deemed appropriate by the Secretary  
9 on the basis of the information obtained during the  
10 investigation, and

11 (C) for purposes of section 231 (1) (B) of such  
12 Act, the date of the determination, if an affirmative de-  
13 termination is made, under section 223 with respect to  
14 the petition shall be the 60th day after the date of the  
15 petition established under subparagraph (B).

16 (c) In carrying out subsections (a) and (b), the Sec-  
17 retary may not pay, or recompute the amount of, any pro-  
18 gram benefit under chapter 2 of title II of the Trade Act  
19 of 1974 for the same week of unemployment for which any  
20 worker received, or is eligible to receive, such a benefit pur-  
21 suant to such chapter under other than the authority of this  
22 section.

23 (d) The Secretary shall provide full information to  
24 workers regarding the provisions of this section and shall  
25 provide whatever assistance is necessary to enable work-

1 ers concerned to prepare petitions or applications for bene-  
2 fits.

3 **SEC. 102. FILING OF WORKER PETITIONS BY SECRETARY**  
4 **OF LABOR.**

5 Section 221 (a) of the Trade Act of 1974 (19 U.S.C.  
6 2271 (a) ) is amended to read as follows:

7 “(a) A petition for a certification of eligibility to apply  
8 for adjustment assistance under this chapter—

9 “(1) may be filed with the Secretary of Labor  
10 (hereinafter in this chapter referred to as the ‘Secre-  
11 tary’) by any group of workers or by their certified or  
12 recognized union or other duly authorized representa-  
13 tive; or

14 “(2) may be filed by the Secretary on behalf of  
15 any group of workers.

16 Upon the filing of a petition under paragraph (1) or (2),  
17 the Secretary shall promptly publish notice in the Federal  
18 Register that the filing has been made and that the Secretary  
19 has initiated an investigation.”.

20 **SEC. 103. GROUP ELIGIBILITY REQUIREMENTS FOR AD-**  
21 **JUSTMENT ASSISTANCE.**

22 (a) Section 222 of the Trade Act of 1974 (19 U.S.C.  
23 2272) is amended—

24 (1) by inserting “(a)” immediately before “The  
25 Secretary”;

1           (2) by amending paragraph (2) to read as  
2 follows:

3           “(2) that sales or production, or both, of such firm  
4 or subdivision have decreased absolutely, or threaten to  
5 decrease absolutely,”;

6           (3) by inserting “, or the threat thereof” immedi-  
7 ately before the period at the end of paragraph (3) ;

8           (4) by striking out the last sentence thereof; and

9           (5) by adding at the end thereof the following new  
10 subsections:

11           “(b) (1) The Secretary shall certify a group of work-  
12 ers as eligible to apply for adjustment assistance under this  
13 chapter if the Secretary determines—

14           “(A) that not less than 25 percent of the total  
15 sales, or not less than 25 percent of the total production,  
16 of such workers’ firm or subdivision is accounted for by  
17 the provision to import-impacted firms of—

18           “(i) any article (including, but not limited to,  
19 any component part) which is essential to the pro-  
20 duction of any import-impacted article,

21           “(ii) any service which is essential to the pro-  
22 duction, storage, or transportation of any import-  
23 impacted article, or

24           “(iii) any article and any service described in  
25 clauses (i) and (ii) ;

1           “(B) that a significant number or proportion of  
2 the workers in such workers’ firm or subdivision have  
3 become totally or partially separated, or are threatened  
4 to become totally or partially separated;

5           “(C) that the sales or production, or both, of such  
6 workers’ firm or subdivision have decreased absolutely,  
7 or threaten to decrease absolutely; and

8           “(D) that the absolute decrease, or the threat  
9 thereof, in the sales or production, or both, by import-  
10 impacted firms of import-impacted articles, with respect  
11 to which such workers’ firm or subdivision provides  
12 articles or services referred to in subparagraph (A),  
13 contributed importantly to the total or partial separation,  
14 or threat thereof, referred to in subparagraph (B) and  
15 to the decline in sales and production, or the threat  
16 thereof, referred to in subparagraph (C).

17           “(2) For purposes of this subsection—

18           “(A) the term ‘import-impacted article’ means  
19 any article produced by an import-impacted firm, if such  
20 article is one with respect to which a determination  
21 under subsection (a) (3) or section 251 (c) (3) was  
22 made incident to the certification of the group of workers  
23 or firm concerned.

24           “(B) The term ‘import-impacted firm’ means—

25           “(i) any form or appropriate subdivision there-

1 of the workers of which have been certified pur-  
2 suant to subsection (a), or

3 “(ii) any firm which has been certified pur-  
4 suant to section 251 (b).

5 “(c) For purposes of this section, the term ‘contributed  
6 importantly’ means a cause which is important but not neces-  
7 sarily more important than any other cause.”.

8 (b) The amendments made by subsection (a) shall  
9 apply with respect to petitions filed under section 221 (a) of  
10 the Trade Act of 1974 on or after the effective date of this  
11 Act.

12 **SEC. 104. DETERMINATIONS BY SECRETARY OF LABOR.**

13 Section 223 of the Trade Act of 1974 (19 U.S.C.  
14 2273) is amended—

15 (1) by redesignating subsection (d) as subsection  
16 (f); and

17 (2) by adding immediately after subsection (c) the  
18 following new subsections:

19 “(d) In any case in which the Secretary of Commerce  
20 notifies the Secretary that a petition has been filed under  
21 section 251 by any firm, if a petition has been filed under  
22 section 221 regarding any group of workers of such firm, the  
23 Secretary, notwithstanding any other provision of law, shall  
24 promptly provide to the Secretary of Commerce any data  
25 and other information obtained by the Secretary in taking

1 action on the petition which would be useful to the Secretary  
2 of Commerce in making a determination under section 251  
3 with respect to the firm.

4 “(e) If any certification issued under subsection (a) is  
5 based upon a determination made pursuant to section 222  
6 (a) (2) or (b) (1) (C) that the production or sales, or  
7 both, of the firm or subdivision concerned threaten to de-  
8 crease absolutely, no adjustment assistance under this chap-  
9 ter shall be provided to any worker covered by such certi-  
10 fication until after the date on which the Secretary deter-  
11 mines pursuant to such section that the production, or sales,  
12 or both, of such firm or subdivision have decreased  
13 absolutely.”.

14 **SEC. 105. PROVISION OF INFORMATION ON BENEFITS TO**  
15 **WORKERS.**

16 (a) Section 224 of the Trade Act of 1974 (19 U.S.C.  
17 2274) is amended—

18 (1) by striking out “; **ACTION WHERE THERE**  
19 **IS AFFIRMATIVE FINDING**” in the section heading  
20 thereto; and

21 (2) by striking out subsection (c) thereof.

22 (b) Subchapter A of chapter 2 of title II of the Trade  
23 Act of 1974 (19 U.S.C. 2271-2274) is amended by adding  
24 at the end thereof the following new section:

1 **"SEC. 225. BENEFIT INFORMATION TO WORKERS.**

2 "The Secretary shall provide full information to work-  
 3 ers about the benefit allowances, training, and other employ-  
 4 ment services available under this chapter, and under other  
 5 Federal programs, which may facilitate the adjustment of  
 6 such workers to import competition. The Secretary shall pro-  
 7 vide whatever assistance is necessary to enable groups of  
 8 workers to prepare petitions or applications for program  
 9 benefits. The Secretary shall make every effort to insure that  
 10 cooperating State agencies fully comply with the agreements  
 11 entered into under section 239 (a) and shall periodically  
 12 review such compliance."

13 (c) The table of contents of the Trade Act of 1974 is  
 14 amended by striking out

"Sec. 224. Study by Secretary of Labor when International Trade Com-  
 mission begins investigation; action where there is affirma-  
 tive finding."

15 and inserting in lieu thereof the following:

"Sec. 224. Study by Secretary of Labor when International Trade Com-  
 mission begins investigation.

"Sec. 225. Benefit information to workers."

16 **SEC. 106. WORKERS FOR MORE THAN ONE ADVERSELY**  
 17 **AFFECTED EMPLOYER.**

18 Section 231 (2) of the Trade Act of 1974 (19 U.S.C.  
 19 2291 (2) ) is amended to read as follows:

20 "(2) Such worker had—

21 "(A) in the 52 weeks immediately preceding such

1 total or partial separation, at least 26 weeks of employ-  
2 ment at wages of \$30 or more a week; or

3 “(B) in the 104 weeks immediately preceding such  
4 total or partial separation, at least 40 weeks of employ-  
5 ment at wages of \$30 or more;

6 in one or more firms or appropriate subdivisions thereof  
7 with respect to each of which a certification has been made  
8 under section 223 and which is in effect on the date of  
9 separation; or, if data with respect to weeks of employment  
10 with a firm are not available, equivalent amounts of employ-  
11 ment computed under regulations prescribed by the  
12 Secretary.”.

13 **SEC. 107. TIME LIMITATIONS ON READJUSTMENT ALLOW-**  
14 **ANCES.**

15 Section 233 (a) of the Trade Act of 1974 (19 U.S.C.  
16 2293 (a) ) is amended—

17 (1) by striking out “26 additional weeks” in para-  
18 graph (1) and inserting in lieu thereof “52 additional  
19 weeks”;

20 (2) by amending paragraph (2) to read as follows:

21 “(2) such payments shall be made for not more than  
22 26 additional weeks to an adversely affected worker who  
23 is not receiving payments under paragraph (1) and has  
24 attained age 60 on or before the date of total or partial

1 separation, except that if payment is made for the 26th  
2 additional week and such worker has not attained age 62  
3 before the close of such week, such payments shall be  
4 made for not more than the number of weeks occurring  
5 during the period beginning with the week after such 26th  
6 additional week and ending with, but including, the week  
7 in which the worker attains age 62.”; and

8 (3) by amending the last sentence thereof by striking  
9 out “78 weeks” and inserting in lieu thereof “104 weeks”.

10 **SEC. 103. EXPERIMENTAL TRAINING PROJECTS.**

11 (a) Part II of subchapter B of chapter 2 of title II  
12 of the Trade Act of 1974 (19 U.S.C. 2295-2296) is  
13 amended by adding at the end thereof the following new  
14 section:

15 **“SEC. 236A. EXPERIMENTAL TRAINING PROJECTS.**

16 “(a) The Secretary shall establish a program of ex-  
17 perimental, developmental, demonstration, or pilot projects,  
18 through grants to, or contracts with, public agencies or pri-  
19 vate nonprofit organizations, or through contracts with other  
20 private organizations, for the purpose of improving tech-  
21 niques, and demonstrating the effectiveness, of specialized  
22 methods in meeting the employment and training problems  
23 of workers displaced by import competition. One such spe-  
24 cialized method shall be the provision of certificates or vouch-  
25 ers to workers entitling employers and institutions to pay-

1 ment for on-the-job training, institutional training, or services  
2 provided by them to workers.

3 “(b) The Secretary shall carry out program projects  
4 under this section only within political subdivisions of States  
5 with respect to which the Secretary finds that—

6 “(1) a significant number or proportion of the  
7 workers within the political subdivision have become  
8 totally or partially separated, or are threatened to be-  
9 come totally or partially separated; and

10 “(2) increases in imports of articles like or directly  
11 competitive with articles produced by firms and subdi-  
12 visions thereof located within the political subdivision  
13 have contributed importantly to the total or partial  
14 separations, or threats thereof, referred to in paragraph  
15 (1).

16 For purposes of paragraph (2), the term ‘contributed im-  
17 portantly’ means a cause which is important but not neces-  
18 sarily more important than any other cause.

19 “(c) Participation by any worker in a program project  
20 established under subsection (a) shall be on a voluntary  
21 basis; except that a worker may not be selected by the  
22 Secretary for participation unless the worker is, at the time of  
23 his application for participation—

24 “(1) covered by a certification issued under section  
25 223 relating to employment or former employment with-

1 in the political subdivision in which the project will be  
2 undertaken; or

3 “(2) if not so covered, is—

4 “(A) included within a group of workers for  
5 which a petition has been filed under section 221  
6 and on which a determination under section 223 is  
7 pending, and

8 “(B) totally or partially separated from em-  
9 ployment within such political subdivision.

10 The Secretary shall select workers for participation in a pro-  
11 gram project on such basis as the Secretary deems appro-  
12 priate to carry out the purposes of this section, but such  
13 selections shall be made in a manner so as to insure that  
14 each project undertaken includes workers who represent di-  
15 verse skill levels and occupations within the political sub-  
16 division concerned.

17 “(d) Grants made, and contracts entered into, by the  
18 Secretary under this section shall be subject to such terms  
19 and conditions as the Secretary deems necessary and appro-  
20 priate to protect the interests of the United States. The au-  
21 thority of the Secretary to enter into contracts under this sec-  
22 tion shall be effective for any fiscal year only to such extent,  
23 and in such amounts, as are provided in appropriation Acts.

24 “(e) Section 239(c) shall apply in the case of any  
25 individual in training under a project undertaken pursuant

1 to this section with respect to entitlement to unemployment  
2 insurance otherwise payable to such individual. The agree-  
3 ment under section 239 with any State shall be modified  
4 to effect the purposes of this section, if the State deems  
5 such a modification to be necessary.

6 “(f) Not later than March 1, 1981, the Secretary shall  
7 submit to Congress a report setting forth a description and  
8 evaluation of the effectiveness of the projects implemented  
9 under the program established under subsection (a), together  
10 with such recommendations as the Secretary may have for  
11 implementing on a permanent basis those methods used in  
12 the program which have proven most effective.

13 “(g) For purposes of carrying out this section, there  
14 are authorized to be appropriated to the Department of Labor  
15 not to exceed \$1,500,000 for each of fiscal years 1979 and  
16 1980.”

17 (b) The table of contents of the Trade Act of 1974 is  
18 amended by inserting after

“236. Training.”

19 the following:

“236A. Experimental training projects.”

20 (c) Section 245 (b) (1) of the Trade Act of 1974 (19  
21 U.S.C. 2317) is amended by inserting “other than section  
22 236A” immediately before the period.

1 **SEC. 109. INCREASED JOB SEARCH ALLOWANCES.**

2 Section 237 of the Trade Act of 1974 (19 U.S.C.  
3 2297) is amended as follows:

4 (1) Subsection (a) thereof is amended—

5 (A) by striking out “who has been totally  
6 separated”;

7 (B) by striking out “80 percent of the cost of  
8 his necessary” and inserting in lieu thereof “100  
9 percent of the cost of his reasonable and necessary”;  
10 and /

11 (C) by striking out “\$500” and inserting in  
12 lieu thereof “\$600”.

13 (2) Subsection (b) thereof is amended—

14 (A) by amending paragraph (1) to read as  
15 follows:

16 “(1) to assist an adversely affected worker who  
17 has been totally separated in securing a job within the  
18 United States;” and

19 (B) by amending paragraph (3) to read as  
20 follows:

21 “(3) where the worker has filed an application for  
22 such allowance with the Secretary before—

23 “(A) the later of—

24 “(i) the 365th day after the date of the

1 certification under which the worker is eligi-  
2 ble, or

3 “(ii) the 365th day after the date of the  
4 worker’s last total separation;

5 “(B) if such worker is age 60 or older on the  
6 date of his last total separation, the later of—

7 “(i) the 547th day after such date; or

8 “(ii) the 547th day after the date of the  
9 certification under which the worker is eligible;

10 or

11 “(C) the 182d day after the concluding date of  
12 any training received by the worker, if the worker  
13 was referred to such training by the Secretary.”.

14 **SEC. 110. INCREASED RELOCATION ALLOWANCES.**

15 Section 238 of the Trade Act of 1974 (19 U.S.C. 2298)  
16 is amended—

17 (1) by amending subsection (a)—

18 (A) by striking out “who has been totally sep-  
19 arated”; and

20 (B) by striking out the period and inserting in  
21 lieu thereof the following:

22 “, if such worker was, or is, entitled to trade readjustment  
23 allowances under such certification and files such application  
24 before—

1           “(1) the later of—

2                   “(A) the 425th day after the date of the certi-  
3           fication, or

4                   “(B) the 425th day after the date of the work-  
5           er’s last total separation;

6           “(2) if such worker is age 60 or older on the date of  
7           his last total separation, the later of—

8                   “(A) the 547th day after such date or

9                   “(B) the 547th day after the date of the certifi-  
10          cation; or

11          “(3) the 182d day after the concluding date of  
12          any training received by such worker, if the worker was  
13          referred to such training by the Secretary.”;

14          (2) by amending subsection (c) to read as follows:

15          “(c) A relocation allowance shall not be granted to  
16          such worker unless his relocation occurs within 182 days  
17          before or after the filing of the application therefor or (in  
18          the case of worker who has been referred to training by  
19          the Secretary) within 182 days after the conclusion of  
20          such training.”; and

21          (3) by amending subsection (d)—

22                  (A) by striking out “80 percent” in para-  
23                  graph (1) and inserting in lieu thereof “100 per-  
24                  cent”, and

1 (B) by striking out "\$500" in paragraph (2)  
2 and inserting in lieu thereof "\$600".

3 SEC. 111. DEFINITIONS.

4 Section 247 of the Trade Act of 1974 (19 U.S.C.  
5 2319) is amended—

6 (1) by amending paragraph (2) to read as fol-  
7 lows:

8 "(2) The term 'adversely affected worker' means  
9 an individual who—

10 "(A) because of lack of work in adversely  
11 affected employment, has been totally or partially  
12 separated from such employment;

13 "(B) has been totally separated from other  
14 employment with a firm, in which adversely af-  
15 fected employment exists, within 190 days after  
16 being transferred from work in adversely affected  
17 employment in the firm because of lack of work; or

18 "(C) has been totally separated from other  
19 employment in a firm in which adversely affected  
20 employment exists as the result of—

21 "(i) the transfer of an individual from  
22 such adversely affected employment because of  
23 lack of work, or

24 "(ii) the reemployment of an individual  
25 who was totally separated from such adversely

1 affected employment, if the reemployment oc-  
 2 curs within the 190-day period beginning on  
 3 the date of such separation.”;

4 (2) by redesignating paragraphs (3) through (5)  
 5 as paragraphs (4) through (6), respectively, and by  
 6 redesignating paragraphs (6) through (14) as para-  
 7 graphs (8) through (16), respectively;

8 (3) by inserting immediately after paragraph (2)  
 9 the following new paragraph:

10 “(3) The term ‘appropriate subdivision’ means—

11 “(A) any establishment or, where appropriate,  
 12 any group of establishments operating as an in-  
 13 tegrated production unit or engaging in an in-  
 14 tegrated process, which is within any multiestab-  
 15 lishment firm; or

16 “(B) any distinct part or section of any estab-  
 17 lishment which is within any firm, whether or not  
 18 such firm is a multiestablishment firm.”; and

19 (4) by inserting immediately after paragraph (4)  
 20 (as redesignated by paragraph (1) of this section) the  
 21 following new paragraph:

22 “(7) (A) The term ‘firm’ includes any of the fol-  
 23 lowing entities (regardless whether any such entity is  
 24 under a trustee in bankruptcy or receivership under  
 25 court decree):

- 1           “(i) Individual proprietorship.
- 2           “(ii) Partnership.
- 3           “(iii) Joint venture.
- 4           “(iv) Association.
- 5           “(v) Corporation (including any development
- 6           corporation).
- 7           “(vi) Business trust.
- 8           “(vii) Cooperative.
- 9           “(B) Any firm, together with any—
- 10           “(i) predecessor in interest,
- 11           “(ii) successor in interest, or
- 12           “(iii) other affiliated firm (if both such firms
- 13           are controlled or substantially beneficially owned by
- 14           substantially the same persons),
- 15           may be considered to be a single firm for the purposes
- 16           of this chapter.”.

17           **TITLE II—IMPROVEMENTS IN ADJUSTMENT**

18                           **ASSISTANCE TO FIRMS**

19           **SEC. 201. ELIGIBILITY REQUIREMENTS OF FIRMS FOR**

20                           **ADJUSTMENT ASSISTANCE.**

- 21           (a) Section 251 of the Trade Act of 1974 (19 U.S.C.
- 22           2341) is amended—
- 23                           (1) by amending subsection (c)—
- 24   (A) by amending paragraph (2) to read as
- 25                           follows:

1           “(2) that sales or production, or both, of such firm  
2 have decreased absolutely, or threaten to decrease ab-  
3 solutely,”

4           (B) by inserting “, or the threat thereof” im-  
5 mediately before the period at the end of paragraph  
6 (3), and

7           (C) by striking out the last sentence thereof;  
8 and

9           (2) by striking out subsection (d) and inserting  
10 in lieu thereof the following:

11           “(d) (1) The Secretary shall certify a firm as eligible  
12 to apply for adjustment assistance under this chapter if the  
13 Secretary determines—

14           “(A) that not less than 25 percent of the total  
15 sales of such firm is accounted for by the provision to  
16 import-impacted firms of—

17           “(i) any article (including, but not limited to,  
18 any component part) which is essential to the pro-  
19 duction of any import-impacted article,

20           “(ii) any service which is essential to the pro-  
21 duction, storage, or transportation of any import-  
22 impacted article, or

23           “(iii) any article and any service described in  
24 clauses (i) and (ii);

1           “(B) that a significant number or proportion of  
2           the workers in such firm have become totally or partial-  
3           ly separated, or are threatened to become totally or par-  
4           tially separated;

5           “(C) that the sale or production, or both, of such  
6           firm have decreased absolutely, or threaten to decrease  
7           absolutely; and

8           “(D) that the absolute decrease, or the threat  
9           thereof, in the sales or production, or both, by import-  
10          impacted firms of import-impacted articles, with respect  
11          to which such firm provides articles or services referred  
12          to in subparagraph (A), contributed importantly to the  
13          total or partial separation, or threat thereof, referred to  
14          in subparagraph (B) and to the decline in sales and  
15          production, or the threat thereof, referred to in sub-  
16          paragraph (C).

17          “(2) For purposes of this subsection—

18                 “(A) The term ‘import-impacted article’ means  
19                 any article produced by an import-impacted firm, if  
20                 such article is one with respect to which a determination  
21                 under section 222 (a) (3) or subsection (c) (3) was  
22                 made incident to the certification of the group of workers  
23                 or firm concerned.

24                 “(B) The term ‘import-impacted firm’ means—

1           “(i) any firm or appropriate subdivision there-  
2           of the workers of which have been certified pursuant  
3           to section 222 (a), or

4           “(ii) any firm which has been certified pur-  
5           suant to subsection (c).

6           “(e) For purposes of subsections (c) and (d) the term  
7 ‘contributed importantly’ means a cause which is important  
8 but not necessarily more important than any other cause.

9           “(f) A determination shall be made by the Secretary  
10 as soon as possible after the date on which any petition  
11 is filed under this section, but in any event not later than  
12 60 days after that date.

13          “(g) In any case in which the Secretary of Labor  
14 notifies the Secretary that a petition has been filed under  
15 section 221 by any group of workers, if a petition has been  
16 filed under subsection (a) regarding any firm in which  
17 such group of workers is, or was, employed, the Secretary,  
18 notwithstanding any other provision of law, shall promptly  
19 provide to the Secretary of Labor any data and other  
20 information obtained by the Secretary in taking action on  
21 the petition which would be useful to the Secretary of Labor  
22 in making a determination under section 223 with respect  
23 to the workers.

24          “(h) If any certification issued under this section is based  
25 upon a determination made pursuant to subsection (c) (2)

1 or (d) (1) (C) that the production or sales, or both, of the  
 2 firm concerned threaten to decrease absolutely, no technical  
 3 assistance (other than assistance provided for in section 253  
 4 (a) (1) ) or financial assistance under this chapter shall be  
 5 provided to the firm covered by such certification until after  
 6 the date on which the Secretary determines pursuant to such  
 7 subsection that the production, or sales, or both, of such firm  
 8 have decreased absolutely.”.

9 (b) The amendments made by subsection (a) shall  
 10 apply with respect to petitions filed under section 251 (a) of  
 11 the Trade Act of 1974 on or after the effective date of this  
 12 Act.

13 **SEC. 202. TECHNICAL ASSISTANCE.**

14 (a) Section 252 of the Trade Act of 1974 (19 U.S.C.  
 15 2342 (c) ) is amended—

16 (1) by striking out subsection (c) ; and

17 (2) by redesignating subsection (d) as subsection  
 18 (c).

19 (b) Section 253 of such Act (49 U.S.C. 2343) is  
 20 amended—

21 (1) by amending subsection (b) —

22 (A) by striking out “(b) The” and inserting  
 23 in lieu thereof “(b) (1) Except as provided in para-  
 24 graph (2), the”; and

1 (B) by adding at the end thereof the following  
2 new paragraph:

3 “(2) The Secretary shall provide technical assistance,  
4 on such terms and conditions as the Secretary determines to  
5 be appropriate, to any firm certified under section 251 for  
6 the purpose of assisting such firm in preparing a proposal for  
7 its economic adjustment, unless the Secretary determines, after  
8 consultation with the firm, that it is able to prepare such a  
9 proposal without such assistance. If technical assistance pro-  
10 vided to a firm under this paragraph is furnished, pursuant  
11 to subsection (c), through any private individual, firm, or  
12 institution, the Secretary shall bear, subject to the 90 per-  
13 cent limitation in such subsection (c), that portion of the  
14 cost of such assistance which, in the judgment of the Secre-  
15 tary, the firm is unable to pay.”

16 (2) by striking out “75 percent” in subsection (c)  
17 and inserting in lieu thereof “90 percent”.

18 **SEC. 203. FINANCIAL ASSISTANCE.**

19 (a) Section 254 of the Trade Act of 1974 (19 U.S.C.  
20 2344) is amended by adding at the end thereof the following  
21 new subsection:

22 “(d) With respect to any loan guaranteed under this  
23 section, the Secretary may, without regard to section 3679  
24 (a) of the Revised Statutes of the United States (31 U.S.C.  
25 665 (a) ), contract to pay annually, for not more than 10

1 years, to or on behalf of the borrower an amount sufficient  
2 to reduce by up to 4 percentage points the interest paid by  
3 such borrower on such guaranteed loan. No payment under  
4 this subsection shall result in the interest rate paid by a bor-  
5 rower on any guaranteed loan being less than the rate of  
6 interest for a direct loan made under this section. The author-  
7 ity of the Secretary to enter into contracts under this section  
8 shall be effective for any fiscal year only to such extent, and  
9 in such amounts, as are provided in appropriation Acts.”.

10 (b) The amendment made by subsection (a) shall apply  
11 with respect to loans guaranteed under section 254 of the  
12 Trade Act of 1974 on or after the effective date of this Act.

13 **SEC. 204. CONDITIONS FOR FINANCIAL ASSISTANCE.**

14 (a) Section 255 of the Trade Act of 1974 (19 U.S.C.  
15 2345) is amended—

16 (1) by amending subsection (b) by striking out  
17 “(i)”, and by striking out “, plus” and all that follows  
18 thereafter and inserting in lieu thereof a period; and

19 (2) by amending subsection (h)—

20 (A) by amending paragraph (1) to read as  
21 follows:

22 “(h) (1) The outstanding aggregate liability of the  
23 Government at any time with respect to loans guaranteed  
24 under this chapter on behalf of any one firm shall not exceed  
25 \$5,000,000.”; and

1           (B) by striking out "\$1,000,000" in para-  
2           graph (2) and inserting in lieu thereof "\$3,000,-  
3           000".

4           (b) (1) The amendments made by subsection (a) (1)  
5 shall apply with respect to direct loans made under section  
6 255 of the Trade Act of 1974 on or after the effective date  
7 of this Act.

8           (2) With respect to any direct loan made under such  
9 section 255 before such effective date, at the request of the  
10 borrower the Secretary of Commerce shall take such action  
11 as may be appropriate to adjust the rate of interest on such  
12 loan consistent with the amendment made by subsection (a)  
13 (1) effective with respect to the outstanding balance of the  
14 loan existing on October 31, 1977.

15 **SEC. 205. PROVISION OF INFORMATION ON BENEFITS TO**  
16 **FIRMS.**

17           (a) Section 264 of the Trade Act of 1974 (19 U.S.C.  
18 2354) is amended—

19           (1) by striking out “; **ACTION WHERE THERE**  
20 **IS AFFIRMATIVE FINDING**” in the section heading  
21 thereto; and

22           (2) by striking out subsection (c) thereof.

23           (b) Chapter 3 of title II of the Trade Act of 1974 (19  
24 U.S.C. 2341-2354) is amended by adding at the end there-  
25 of the following new section:

1 **"SEC. 265. BENEFIT INFORMATION TO FIRMS.**

2 "The Secretary shall provide full information to firms  
3 about the technical and financial assistance available under  
4 this chapter, and under other Federal programs, which may  
5 facilitate the adjustment of such firms to import competi-  
6 tion. The Secretary shall provide whatever assistance is  
7 necessary to enable firms to prepare petitions for certifica-  
8 tions of eligibility."

9 (c) The table of contents of the Trade Act of 1974 is  
10 amended by striking out

"Sec. 264. Study by Secretary of Commerce when International Trade  
Commission begins investigation; action where there is  
affirmative finding."

11 and inserting in lieu thereof the following:

"Sec. 264. Study by Secretary of Commerce when International Trade  
Commission begins investigation; action where there is  
"Sec. 265. Benefit information to firms."

12 **TITLE III—GENERAL PROVISIONS**

13 **SEC. 301. ADJUSTMENT ASSISTANCE COORDINATION.**

14 Section 281 of the Trade Act of 1974 (19 U.S.C. 2392)  
15 is amended to read as follows:

16 **"SEC. 281. ADJUSTMENT ASSISTANCE COORDINATION.**

17 "(a) There is established an Adjustment Assistance  
18 Coordinating Committee to consist of a Deputy Special  
19 Trade Representative as Chairman and the officials charged  
20 with adjustment assistance responsibilities of the Department  
21 of Labor, the Department of Commerce, and the Small

1 Business Administration. It shall be the function of the  
2 Adjustment Assistance Coordinating Committee to coordi-  
3 nate the development and review of all policies, studies,  
4 and programs of the various agencies involved pertaining  
5 to the adjustment assistance of workers, firms, and com-  
6 munities to import competition for the purpose of insuring  
7 prompt, efficient, and effective delivery of adjustment assist-  
8 ance available under this title.

9 “(b) There is established the Commerce-Labor Adjust-  
10 ment Action Committee (hereinafter referred to in this sub-  
11 section as the ‘Committee’) the members of which shall be  
12 officials charged with economic adjustment responsibilities  
13 in the Department of Commerce, the Department of Labor,  
14 and any other appropriate Federal agency. The chairman-  
15 ship of the Committee shall rotate among members repre-  
16 senting the Department of Commerce and the Department of  
17 Labor. In addition to any other function deemed appropriate  
18 by the Secretary of Commerce and the Secretary of Labor,  
19 the Committee shall facilitate the coordination between such  
20 departments in providing to trade-impacted workers, firms,  
21 and communities timely and effective assistance under this  
22 title (including, but not limited to, the implementation of  
23 sections 225 and 265) and under other appropriate programs  
24 administered by such departments. The Committee shall re-

1 port quarterly on its activities to the Adjustment Assistance  
2 Coordinating Committee.”.

3 **SEC. 302. GRANT PROGRAMS AND STUDIES.**

4 (a) Chapter 5 of title II of the Trade Act of 1974  
5 (19 U.S.C. 2391-2271) is amended—

6 (1) by redesignating section 284 as section 287;

7 and

8 (2) by inserting immediately after section 283 the  
9 following new sections:

10 **“SEC. 284. GRANTS TO LABOR ORGANIZATIONS.**

11 “(a) The Secretary of Labor may make grants to  
12 unions, employee associations, or other appropriate organi-  
13 zations for the purpose of enabling such organizations to  
14 carry out research on, and the development and evaluation  
15 of, issues relating to the design of an effective program of  
16 trade adjustment assistance for workers in industries in  
17 which significant numbers of the workers have been, or will  
18 likely be, certified as eligible for adjustment assistance. Such  
19 issues shall include, but not be limited to, the impact of new  
20 technologies on workers, the design of new workplace pro-  
21 cedures to improve efficiency, the creation of new jobs to  
22 replace those eliminated by foreign imports, and worker  
23 training and skill development. Any grant made under this  
24 section shall be subject to such terms and conditions as the

1 Secretary deems necessary and appropriate. The Secretary  
2 of Labor may not expend more than \$2,000,000 in any one  
3 year for grants under this section.

4 “(b) There are authorized to be appropriated such sums  
5 as may be necessary to carry out the purposes of this section.

6 **“SEC. 285. GRANTS TO INDUSTRY ORGANIZATIONS.**

7 “(a) The Secretary of Commerce may make grants, on  
8 such terms and conditions as the Secretary of Commerce  
9 deems appropriate, for the establishment of industrywide  
10 programs for research on, and the development and appli-  
11 cation of, technology and organizational techniques designed  
12 to improve economic efficiency. Eligible recipients may be  
13 associations or representative bodies of industries in which  
14 a substantial number of firms have been certified as eligible  
15 to apply for adjustment assistance under section 251. The  
16 Secretary of Commerce may not expend more than  
17 \$2,000,000 in any one year for grants under this section.

18 “(b) There are authorized to be appropriated such sums  
19 as may be necessary and appropriate to carry out the pur-  
20 poses of this section.

21 **“SEC. 286. INDUSTRY STUDIES BY SECRETARY OF COM-  
22 MERCE.**

23 “The Secretary of Commerce may conduct studies of  
24 those industries actually or potentially threatened by import  
25 competition. The purpose of such studies shall include—

1           “(1) the identification of basic industrywide char-  
2           acteristics contributing to the competitive weakness of  
3           domestic firms;

4           “(2) the analysis of all other considerations affect-  
5           ing the international competitiveness of industries; and

6           “(3) the formulation of options for assisting trade-  
7           impacted industries and member firms, including indus-  
8           trywide initiatives.”.

9           (b) The table of contents of the Trade Act of 1974  
10 is amended—

11           (1) by striking out

“Sec. 281. Coordination.”

12           and inserting in lieu thereof

“Sec. 281. Adjustment assistance coordination.”; and

13           (2) by striking out

“Sec. 284. Effective date.”

14           and inserting in lieu thereof

“Sec. 284. Grants to labor organizations.

“Sec. 285. Technical assistance grants.

“Sec. 286. Industry studies by Secretary of Commerce.

“Sec. 287. Effective date.”.

15 **SEC. 303. EFFECTIVE DATES.**

16           (a) Except as provided in subsection (b), this Act  
17 shall take effect on October 1, 1978, or on the date of the  
18 enactment of this Act if the date of the enactment is after  
19 October 1, 1978.

20           (b) The amendments made by sections 106, 107(2),

1 109, 110, and 111 (1) shall take effect on the 60th day  
2 after the effective date of this Act and shall apply with re-  
3 spect to workers separated from employment on or after such  
4 60th day.

5 (c) The amendments made by section 107 (1) and (3)  
6 shall take effect on the effective date of this act and shall  
7 apply:

8 (1) with respect to workers separated from em-  
9 ployment on or after such effective date, and,

10 (2) with respect to workers receiving trade read-  
11 justment allowances on the effective date to assist them  
12 in completing an approved training program as provided  
13 by section 233 (a) (1) of the Trade Act of 1974.

Passed the House of Representatives September 8,  
1978.

Attest: EDMUND L. HENSHAW, JR.,  
*Clerk.*

95TH CONGRESS  
1ST SESSION

# S. 939

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## IN THE SENATE OF THE UNITED STATES

MARCH 8 (legislative day, FEBRUARY 21), 1977

Mr. BAYH introduced the following bill; which was read twice and referred to the Committee on Finance

---

## A BILL

To amend the worker adjustment assistance provisions of the Trade Act of 1974 in order to provide that workers may be covered under certification of eligibility to apply for such assistance if they are totally or partially separated from adversely affected employment within two years before the date of the petition for such certification.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That section 223 (b) (1) of the Trade Act of 1974 (19  
4       U.S.C. 2273 (b) (1) ) is amended by striking out "one year"  
5       and inserting in lieu thereof "two years".

6       SEC. 2. (a) The amendment made by the first section  
7       of this Act shall take effect April 3, 1975.

8       (b) Section 223 (b) (1) (A) of the Trade Reform Act

1 of 1974 (as added by the first section of this Act) shall not  
2 apply with respect to any worker certified as eligible to apply  
3 for adjustment assistance under chapter 2 of such Act on the  
4 basis of a petition filed under section 221 of such Act before  
5 the date of the enactment of this Act.

95TH CONGRESS  
1ST SESSION

# S. 1658

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IN THE SENATE OF THE UNITED STATES

JUNE 9 (legislative day, MAY 18), 1977

Mr. HEINZ introduced the following bill; which was read twice and referred to the Committee on Finance

---

## A BILL

To amend title II of the Trade Act of 1974 relating to relief from injury caused by import competition.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. PERIOD OF TIME FOR WHICH WORKERS ARE**  
4 **ELIGIBLE FOR TRADE READJUSTMENT AL-**  
5 **LOWANCES.**

6 (a) IN GENERAL.—The text of section 233 of the  
7 Trade Act of 1974 (19 U.S.C. 2293) is amended to read  
8 as follows:

9 “(a) Except as provided in subsection (b), payment  
10 of trade readjustment allowances shall not be made to an  
11 adversely affected worker for more than 104 weeks.

II

1       “(b) In the case of an adversely affected worker the  
2       sum of whose age and years of service with the firm, or the  
3       appropriate subdivision of the firm, equals or exceeds 50,  
4       payment of a trade readjustment allowance shall be made  
5       until the worker attains age 65. The amount of any trade  
6       readjustment allowance paid under this subsection after the  
7       104th week of such payments shall be reduced by 50 percent  
8       of the wages, salary, or income from self-employment (de-  
9       termined on a weekly basis under regulations prescribed by  
10      the Secretary) of the worker from other employment.”.

11      (b) **EFFECTIVE DATE.**—The amendment made by this  
12      section shall take effect on April 3, 1975.

13      **SEC. 2. CHANGE IN LIMIT ON SEPARATION ELIGIBILITY.**

14      (a) **IN GENERAL.**—Paragraph (1) of section 223 (b)  
15      of the Trade Act of 1974 (19 U.S.C. 2273 (b) (1)) is  
16      amended by striking out “one year” and inserting in lieu  
17      thereof “2 years”.

18      (b) **EFFECTIVE DATE.**—The amendment made by sub-  
19      section (a) shall take effect January 3, 1975.

20      **SEC. 3. ELIGIBILITY FOR ASSISTANCE FOR WORKERS AND**  
21                   **FIRMS PRODUCING COMPONENT PARTS OF AF-**  
22                   **FECTED ARTICLES OR ENGAGED IN THE DELIV-**  
23                   **ERY OR DISTRIBUTION THEREOF.**

24      (a) **ADJUSTMENT ASSISTANCE FOR WORKERS.**—Sec-  
25      tion 222 of the Trade Act of 1974 (19 U.S.C. 2272) is  
26      amended—

1           (1) by striking out "The Secretary" and inserting  
2           in lieu thereof "(a) The Secretary",

3           (2) by striking out "For purposes of paragraph  
4           (3)," and inserting in lieu thereof the following: "(c)  
5           For purposes of this section," and

6           (3) by inserting immediately after the first sen-  
7           tence thereof the following new subsection:

8           "(b) Whenever the Secretary certifies the workers of  
9           a firm, or of a subdivision of a firm, under subsection (a) as  
10          eligible for assistance under this chapter, he shall also certify  
11          as eligible for such assistance the workers of any other firm,  
12          or appropriate subdivision thereof, which produces a com-  
13          ponent part of an article produced by the firm the workers  
14          of which were certified under subsection (a), or which dis-  
15          tributes or delivers such articles, if he finds—

16                 "(1) that a significant number or proportion of the  
17                 workers in such other firm, or an appropriate subdivision  
18                 of that firm, have become totally or partially separated,  
19                 or are threatened to become totally or partially separated,  
20                 and

21                 "(2) that the decline in sales or production of the  
22                 article or articles produced by the firm or subdivision with  
23                 respect to which the certification was made under sub-  
24                 section (a) contributed importantly to the separation or  
25                 threat of separation."

1 (b) ADJUSTMENT ASSISTANCE FOR FIRMS.—Subsec-  
2 tion (c) of section 251 of such Act (19 U.S.C. 2341 (c))  
3 is amended—

4 (1) by striking out “(c) The Secretary” and in-  
5 serting in lieu thereof “(c) (1) The Secretary”,

6 (2) by redesignating paragraphs (1), (2), and  
7 (3) as subparagraphs (A), (B), and (C),

8 (3) by striking out “For purposes of paragraph  
9 (3),” and inserting in lieu thereof the following: “(2)  
10 For purposes of this subsection,” and

11 (4) by inserting after the first sentence thereof  
12 the following:

13 “(3) Whenever the Secretary certifies a firm under  
14 paragraph (1) as eligible for adjustment assistance under  
15 this chapter, he shall also certify as eligible for such assist-  
16 ance any other firm which produces a component part of an  
17 article produced by the firm certified under paragraph (1)  
18 or which distributes or delivers such articles, if he finds—

19 “(A) that a significant number or proportion of  
20 the workers in such other firm have become totally or  
21 partially separated, or are threatened to become totally  
22 or partially separated, and

23 “(B) that the decline in sales or production of the  
24 articles produced by the firm certified under paragraph

1 (1) contributed importantly to the separation or threat  
2 of separation.”.

3 (c) EFFECTIVE DATE.—The amendments made by this  
4 section shall take effect on January 3, 1975.

5 **SEC. 4. EXPEDITING CERTIFICATION APPROVAL AND**  
6 **AVAILABILITY OF ADJUSTMENT ASSISTANCE**  
7 **FOR FIRMS.**

8 (a) SHORTENING TIME PERIOD FOR CERTIFICATION  
9 AND APPROVAL OF ADJUSTMENT ASSISTANCE.—Chapter  
10 3 of title II of the Trade Act of 1974 (19 U.S.C. 2341 et  
11 seq.) is amended by striking out “60 days” in section 251  
12 (d) and in section 252 (b) (2) and inserting in lieu thereof  
13 “30 days”.

14 (b) TIMELINESS OF LOANS AND LOAN GUARAN-  
15 TEES.—Section 254 of such Act (19 U.S.C. 2344) is  
16 amended by redesignating subsection (c) as (d), and by  
17 inserting after subsection (b) the following new subsection:

18 “(c) If the Secretary approves a firm’s application for  
19 adjustment assistance under section 252, and is going to pro-  
20 vide such assistance in the form of a loan or guarantee of  
21 loan under this section, such loan or guarantee of loan shall  
22 be first made available to the firm within 30 days after the  
23 Secretary approves the application for assistance under sec-  
24 tion 252.”.

1 **SEC. 5. RATE OF INTEREST ON DIRECT LOANS.**

2 The second sentence of subsection (b) of section 255 of  
3 the Trade Act of 1974 (19 U.S.C. 2345 (b) ) is amended  
4 to read as follows: "The rate of interest on direct loans made  
5 under this chapter shall be a rate, determined by the Secre-  
6 tary of the Treasury, equal to the current average market  
7 yield on outstanding marketable obligations of the United  
8 States forming part of the public debt (computed as of the  
9 end of the calendar month preceding the month in which  
10 the loan is made), adjusted to the nearest one-eighth of 1  
11 percent."

12 **SEC. 6. EXPANSION OF CLASS OF WORKERS ELIGIBLE FOR**  
13 **ADJUSTMENT ASSISTANCE.**

14 (a) **WORKERS SEPARATED BY THE EMPLOYMENT OF**  
15 **AN ADVERSELY AFFECTED WORKER.**—Paragraph (2) of  
16 section 247 of the Trade Act of 1974 (19 U.S.C. 2319 (2) )  
17 is amended to read as follows:

18 "(2) The term 'adversely affected worker' means  
19 an individual who—

20 "(A) because of lack of work in an adversely  
21 affected employment—

22 "(i) has been totally or partially sepa-  
23 rated from such employment, or

24 "(ii) has been totally separated from em-  
25 ployment with the firm in a subdivision of

1           which such adversely affected employment  
2           exists, or

3           “(B) has been totally or partially separated  
4           from employment with a firm because an adversely  
5           affected worker (as defined in subparagraph (A))  
6           has, under an agreement between the employer  
7           and his employees or their representative, been  
8           given such individual’s job on the basis of seniority.”.

9           (b) **WORKERS SEPARATED BEFORE THE BEGINNING**  
10 **OF THE CERTIFIED PERIOD.**—Section 231 of such Act (19  
11 U.S.C. 2291) is amended—

12           (1) by striking out “Payment” and inserting in  
13           lieu thereof “(a) Payment”, and

14           (2) by adding at the end thereof the following new  
15           subsection:

16           “(b) For purposes of subparagraph (A) of subsection  
17           (a) (1), a worker whose total or partial separation began  
18           before the date specified in the certification as the date on  
19           which total or partial separation began or threatened to  
20           begin in the adversely affected employment shall be con-  
21           sidered to have been separated on or after such date if—

22           “(1) he was on leave (with or without compensa-  
23           tion) immediately before such date, or he was totally  
24           or partially separated immediately before such date, and

25           “(2) his continued total or partial separation from

1 the firm is attributable to the conditions upon the basis  
2 of which the determination was made under section  
3 223.”.

4 (c) NUMBER OF WEEKS OF UNEMPLOYMENT RE-  
5 QUIRED.—Paragraph (2) of section 231 (a) of such Act  
6 (19 U.S.C. 2291), as amended by subsection (b) of this  
7 section, is amended—

8 (1) by striking out “26 weeks” and inserting in  
9 lieu thereof “20 weeks”, and

10 (2) by adding at the end thereof the following  
11 new sentence: “In the case of a worker who is receiv-  
12 ing, or is eligible to receive, unemployment assistance  
13 in a State which requires fewer than 20 weeks of  
14 employment in order to qualify to receive such  
15 assistance, this paragraph shall be applied by substitut-  
16 ing such fewer number of weeks for ‘20 weeks’ in the  
17 preceding sentence.”.

18 **SEC. 7. PERIOD OF ELIGIBILITY FOR JOB SEARCH AL-**  
19 **LOWANCE.**

20 Paragraph (3) of section 237 (b) (19 U.S.C. 2297  
21 (b) (3)) is amended by striking out “last total separation  
22 before his application” and inserting in lieu thereof  
23 “certification of eligibility for assistance”.

**1 SEC. 8. EFFECTIVE DATE.**

2       Except as otherwise provided in this Act, the amend-  
3 ments made by this Act shall take effect on the date of  
4 enactment of this Act.

95TH CONGRESS  
2D SESSION

# S. 3500

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## IN THE SENATE OF THE UNITED STATES

SEPTEMBER 18 (legislative day, AUGUST 16), 1978

Mr. DURKIN introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Trade Act of 1974 in order to provide for Federal reimbursement to States for unemployment insurance benefits paid to workers who are eligible for adjustment assistance benefits under such Act, and to repeal the provisions of law which reduce certain tax credits for employers in any State which does not enter into, or fulfill its commitments under, a Federal-State agreement regarding the administration of worker adjustment assistance benefits.

- 1       *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*  
3 That section 232 of the Trade Act of 1974 (19 U.S.C. 2292)  
4 is amended by adding at the end thereof the following new  
5 subsection:

1       “(g)(1) If unemployment insurance is paid under a State  
2 law to an adversely affected worker for a week for which—

3               “(A) he receives a trade readjustment allowance,  
4       or

5               “(B) he makes application for a trade readjust-  
6       ment allowance and would be entitled (determined  
7       without regard to subsection (c) or (e)) to receive such  
8       allowance,

9 the State agency making such payment shall, unless it has  
10 been reimbursed for such payment under Federal law, be re-  
11 imbursed from funds the authorization contained in pursuant  
12 to section 254(b)(1), to the extent such payment does not  
13 exceed the amount of the trade readjustment allowance  
14 which such worker would have received, or would have been  
15 entitled to receive, as the case may be, if he had not received  
16 the State payment. The amount of such reimbursement shall  
17 be determined by the Secretary on the basis of reports fur-  
18 nished to him by the State agency.

19       “(2) In any case in which a State agency is reimbursed  
20 under paragraph (1) for payments of unemployment insurance  
21 made to an adversely affected worker, such payments, and  
22 the period of unemployment of such worker for which such  
23 payments were made, may be disregarded under the State  
24 law (and for purposes of applying section 3303 of the Inter-  
25 nal Revenue Code of 1954) in determining whether or not an

1 employer is entitled to a reduced rate of contributions permit-  
2 ted by the State law.”.

3       SEC. 2. Section 241(a) of the Trade Act of 1974 (19  
4 U.S.C. 2313(a)) is amended by adding at the end thereof the  
5 following new sentence: “Sums reimbursable to a State pur-  
6 suant to section 232(g) shall be credited to the account of  
7 such State in the Unemployment Trust Fund and shall be  
8 used only for the payment of cash benefits to individuals with  
9 respect to their unemployment, exclusive of expenses of  
10 administration.”.

11       SEC. 3. Paragraph (4) of section 3302(c) of the Internal  
12 Revenue Code of 1954 (relating to credits against Federal  
13 unemployment tax) is repealed.

Senator ROTH. The subcommittee will be in order.

I would like to point out that we do have a long list of witnesses and a lot of territory to cover this morning so that I am going to ask each one to be as brief as possible and I will try to set that tone by being brief in my introductory remarks.

Today the Subcommittee on International Trade will consider various proposals for legislation to strengthen trade adjustment assistance programs for workers, firms, and communities. These programs are now, in my judgment, inequitable, ineffective, and inadequate.

Many workers who have lost their jobs because of imports are not eligible for assistance because of artificial eligibility criteria. For those who are eligible, assistance too often becomes little more than a dole rather than constructively helping them find new employment or develop new skills.

The ability of firms to make effective use of assistance is impeded by high interest rates and massive redtape problems. In a world characterized by rapid changes in international competitiveness and low import barriers, our Nation needs effective adjustment assistance programs. The House recognized this when it passed H.R. 11711 by a 261 to 24 vote on September 8.

The administration, in April 1977, promised "a new and integrated trade adjustment system." But the administration has made no legislative recommendation.

The House waited several months for recommendations before going ahead with its own bill. Because of this delay, the Senate now has little time left to consider this legislation. Obviously, there are enormous obstacles to enactment of adjustment assistance legislation in this Congress because of both time and budget constraints. Since all sides—both parties in Congress, the administration, workers, and firms—recognize that improvements are needed, I believe we should make a real effort to try to meet these needs.

We should not delay longer the help needed by our Nation's trade-impacted workers, firms, and communities.

At this time, I would like to welcome, as our first witness, Senator John Heinz of Pennsylvania. Senator Heinz is certainly one of the most knowledgeable Members of Congress on foreign trade problems, and his State of Pennsylvania probably has the highest per capita number of trade-impacted workers of any State in the Union.

He is an author of S. 1658, one of the bills designed to strengthen adjustment assistance programs.

John, we are very pleased to have you here.

#### **STATEMENT OF HON. H. JOHN HEINZ, A SENATOR FROM THE STATE OF PENNSYLVANIA**

Senator HEINZ. Mr. Chairman, I am very pleased to appear here today on behalf of a stronger, more efficient adjustment assistance program for workers and firms and to testify in support of S. 1658 and H.R. 11711. Let me ask, if I may, that my entire statement be a part of the record.

Senator ROTH. Yes, it has been made a part of the record.

Senator HEINZ. Mr. Chairman, my concern for this program grows out, among other things, of its important role in Pennsylvania, a State with more than its fair share, by far, of import-impacted industries. Since 1975, more than 42,000 Pennsylvanians have been certified as eligible for adjustment assistance, more than any other State. In addition, a nearly equal number have been denied certification.

I have been extremely disappointed that the administration so far has taken no concrete stand on the need for improvements in the adjustment assistance program. As a result there are in my home State of Pennsylvania, some 6,000 steelworkers who are being denied certification simply because of technicalities in the law.

I do not intend, in this testimony, to document at length the problems with the existing adjustment assistance program. There will be a number of witnesses today who can speak to the problem from more direct experience. Let me simply say I have never talked with anyone in labor or management or in Congress or the administration that feels this program is effective and is working the way it was intended to work. The problems are not new. They have been around for a long time. They have been well-identified.

In an effort to begin action in solving these problems, in June of last year I introduced S. 1658, which I believe is still the only comprehensive bill on the adjustment assistance program that has originated in the Senate in this Congress.

S. 1658 would make a number of important changes. The period of time during which benefits could be received would be lengthened, and additional benefits would be provided for more senior workers. Similarly, eligibility to apply for the job search allowance is extended.

The bill further expands eligibility by including the following: First, workers separated from their jobs up to 2 years, instead of 1 year under current legislation, before their petition was filed.

Second, workers and firms producing component parts of an import-impacted article or those engaged in the delivery or distribution of that article.

Third, workers who lost their jobs because they were bumped by more senior workers whose jobs were import-affected.

Fourth, workers who were laid off before the date of certification but whose separation is due to imports.

Fifth, workers with 20 weeks of unemployment, instead of 26, as in current law, in the preceding year.

For firms, the process of application and certification is shortened and the interest rate on direct loans is lowered.

Those, in brief, Mr. Chairman, are the provisions of my bill. Subsequent to its introduction, Congressman Vanik and the other members of the Trade Subcommittee of the House Ways and Means Committee undertook to develop legislation along the same lines, I understand, with some cooperation from the administration. Their final product is H.R. 11711 which passed the House on September 8.

In many ways, H.R. 11711 parallels my bill, particularly with regard to expansion of eligibility in the several categories I just mentioned. Of special importance is the retroactive coverage of those whose petitions were denied because of the requirement that separation take place no more than 1 year before the filing date of the petition.

This is the problem that has resulted in the denial of benefits to the 6,000 steelworkers I mentioned earlier. This is why my bill includes a similar section.

In addition to these similarities, however, H.R. 11711 goes beyond S. 1658 and includes provisions covering workers and firms threatened with a decrease in production in addition to those experiencing an actual decrease. The bill also expands the job search and relocation sections of the law and sets up a program of experimental training projects.

With respect to firms, in addition to the decrease in the interest rate on loans, loan and loan guarantee ceilings are raised and the Commerce Department is required to provide and pay for technical assistance to the extent the firm cannot do so.

In short, H.R. 11711 expands upon my earlier bill in overhauling the adjustment assistance program by streamlining it, enlarging coverage, and placing its emphasis more directly on adjustment rather than maintenance. For this reason, I would urge the committee to approve H.R. 11711 and bring it promptly to the floor so these badly needed improvements can be enacted in this Congress:

I do not think that I have to tell you, Mr. Chairman, that time is of the essence. The continuing growth of imports into the United States is creating an ever-increasing number of industries in trouble and workers whose jobs are threatened. Though we may disagree on the proper trade policy to deal with these problems, we can all agree that it is not the American worker who should bear the full impact of our trade deficit.

An effective adjustment assistance program is essential to a just and a dynamic economy and there is no reason to delay in enacting the legislation that will make this program effective.

I would further note in passing, Mr. Chairman, that the Ways and Means Committee estimated the cost of this bill had approximately \$130 million in fiscal 1979, declining to \$78.5 million in 1981 and 1982 and that the Budget Committee, on which I serve, informs me that the bill falls within the budget targets of the second concurrent budget resolution.

Adjustment assistance has often been scornfully, but accurately, called burial assistance—arriving only in time to dispose of the victim. We have an opportunity in the next 2 weeks to correct this situation in a cost-effective way by passing a bill which is the product of extensive hearings and markup in the House.

I urge your committee, Mr. Chairman, to rise to this challenge, despite your busy schedule, approve the bill and send it to the floor for action.

I would ask unanimous consent, Mr. Chairman, that the letter to Senator Ribicoff from myself and approximately 24 other Senators dated September 25 be included in the record.

Senator ROTH. Without objection, it will be so done.

[The letter referred to, and the prepared statements of Senator Bayh and Mr. Rhodes follow:]

#### STATEMENT OF SENATOR BIRCH BAYH

Mr. Chairman, I very much appreciate the opportunity to submit testimony today in support of badly needed revisions and improvements in the present trade adjustment assistance programs for workers and firms. Prompt and favorable consideration of H.R. 11711, the trade adjustment assistance bill passed by the House on September 7 will, I am sure, reflect the concern which the Committee shares over the deficiencies in the present program.

Mr. Chairman, such action will go a long way to restore the faith and confidence of workers and businessmen across the country in the ability and willingness of the federal government to provide timely and effective assistance to those adversely impacted by imports. It will also result in shoring up support for a liberal and aggressive trade policy which is as fair as it is "free."

In the recent past, we have witnessed the inability of the federal government to move forcefully to deter unfair trade practices by foreign competitors. These predatory trade policies of our trading partners have resulted in the loss of tens of thousands of jobs and millions of dollars in tax revenue to the federal government itself because many import impacted firms had to cease operations. Massive and, too often, unfairly traded imports of shoes, textiles, crude and specialty steel, electronics equipment, color televisions and other items have caused great economic dislocation to firms and workers. In some instances whole communities have suffered.

Owing largely to the inability of the federal government to act in timely manner to deter dumping in so many cases where such communities were vitally affected, the trade adjustment assistance program we are reviewing today, has been dubbed "burial insurance." This label is not without justification. Today, we do have the opportunity to consider a program which can transform the present system of "burial insurance" into a viable economic health care plan which promises to get the workers and businessmen hit hardest by imports back to work and back in business. But if we do not act promptly or defer action until next year, I am afraid that this task will not become any easier or less expensive.

#### KEY PROVISIONS OF H.R. 11711

As the Committee members know, H.R. 11711 broadens the adjustment assistance program for workers by extending the eligibility to workers in firms which provide services or articles which are essential to the production of import-impacted products, and to workers manufacturing component parts in a subdivision of an impacted company. In addition, benefits are extended for older workers. Job search and relocation benefits are increased. The threshold of eligibility is lowered somewhat for senior workers.

For firms, the bill broadens eligibility criteria to conform with the changes in the worker program. Technical assistance in preparing a proposal for financial assistance from the Department of Commerce is made more readily available and that level of assistance increased to reflect the rising costs of doing business. The proportion of the cost of that assistance the Department of Commerce will bear is also increased to 90 percent. The effective rate on loans and guaranteed loans to impacted businesses is decreased while the ceiling on loans and loan guarantees is increased.

With respect to both programs, the bill broadens eligibility to include workers and their firms threatened with an absolute decrease in sales or production, rather than limiting it to those which have experienced such a decrease. This expansion is necessary to insure that the programs are timely and that assistance does not arrive only in time for "burial insurance."

Mr. Chairman, I think the House has passed a good bill. It represents a large step in the right direction to make sure that firms and workers are not penalized as the result of our trade policy.

#### RECTIFY THE UNFAIRNESS OF THE PAST

As we move to assure maximum effectiveness of a trade adjustment program for the future, I think we must be mindful of arbitrary unfairness which have undermined the trade adjustment assistance program in the past. On March 3, 1977, I introduced S. 939 which is pending before this Subcommittee. That bill would retroactively extend the filing deadline for trade readjustment allowances for workers from one year to two. I know that the United Steel Workers and the United Auto Workers unions are particularly aware of the frustration and hardship which the one year deadline has wrought on steel and auto workers idled by imports. Nor is this situation confined to workers in those areas.

Simply put, the one year deadline in present law made no provision for lack of effort on the part of those administering it to get the message out to those workers idled by imports. As a result, ludicrous situations developed where hundreds of workers lost out to benefits they would otherwise be entitled to because the filing deadline was missed not by a few months or several weeks, but by a few days. Let me just cite three cases where the one year rule has caused considerable hardship, bitterness and frustration.

(1) At the Warner Gear Division of the Borg-Warner Corporation, in Muncie, Indiana, large layoffs began in October of 1974. As you know the Trade Act did not become effective until January 3, 1975, and information about the Trade Readjustment Allowances was not effectively disseminated until well after that date. Consequently, the petition for TRA benefits for workers at Warner Gear was not filed until February 10, 1976. As a result of the 12 month limitation, over 800 workers who were otherwise eligible for benefits didn't get them. They are still waiting. They are still angry. And they are still entitled to them. As Congressman Phil Sharp whose leadership brought this to the attention of the House of Representatives stated when hearings were held on retroactive extension of the TRA filing deadline: "Clearly, this kind of arbitrary and unfair discrimination was not intended by the Congress."

(2) Workers at the Jay Garment Company in Portland, Indiana filed a petition only two days late for TRA. In this case the Department of Labor certified that imports had "contributed importantly" to the layoffs and a petition was filed on March 9, 1976. The earliest eligibility date was March 9, 1975 if we apply the one-year rule which was done. March 9, 1975 turned out, however, to be a Sunday, and most of the workers had been terminated the previous Friday. In this case, a number of workers missed receiving badly needed TRA income supplements by a matter of several hours because no flexibility was contained in the law.

(3) The third case involves Allegheny Ludlum Steel Corporation in New Castle, Indiana and part of a larger specialty steel case affecting 5,000 workers throughout the country. In this case, it is my understanding that the petitions for assistance for each individual plant were not filed until after the U.S. International Trade Commission had issued its finding of import related injury. The result was familiar. The claims were denied because the 12 months deadline had slipped by.

Mr. Chairman, these cases are not limited to Indiana. Indeed, I have appended to my testimony a copy of my floor statement on introduction of S. 939 and with it a list of companies in most of these United States where extension of the one-year rule will benefit workers employed or formerly employed by these firms. Also, I would like to call the committee's attention to correspondence which I received from Secretary of Labor Ray Marshall on September 12, 1977 as well as my letter to him of earlier date regarding this problem. Especially significant is his statement that "... I believe that the Department of Labor can support legislation that would allow the Secretary of Labor to waive the 1 year rule to a maximum of 18 months, in cases where insufficient Trade Adjustment Assistance program information was given to potentially eligible workers at the time they wished to file a petition." H.R. 11711 contains a provision for just such a waiver by providing a retroactive extension of the 1 year deadline to 18 months.

More than ever, those workers who are eligible for TRA benefits but did not receive them because of ludicrous bureaucratic inflexibility should receive them. To some extent, we here in Congress must share in the blame by not providing for such flexibility when the Trade Act of 1974 passed. We must likewise join in making every effort to see that this unfairness is rectified.

I hope that the Committee will see fit to incorporate provisions of S. 939 into the bill finally reported to the Senate.

U.S. SENATE,  
COMMITTEE ON APPROPRIATIONS,  
*Washington, D.C., August 2, 1977.*

HON. F. RAY MARSHALL,  
*Department of Labor Building,  
Washington, D.C.*

DEAR MR. SECRETARY: Because you are participating in the interagency working group which is formulating recommendations to improve the Trade Adjustment Assistance Program, I am writing to express my concern about the eligibility standards for Trade Readjustment Allowances made available under current law.

On March 8 I introduced S. 939 in the Senate to amend Section 223(a)(1) of the Trade Act. This measure would extend from one year to two the period within which workers displaced by imports may petition for Trade Readjustment Allowances. This bill would also provide retroactive benefits for those workers who, because of lack of knowledge about the existence of the program, did not petition one year after their import related lay-off even though they met conditions of eligibility for TRA. In many instances this was due to an insufficient information being made available about the program. Whatever the reason, the result was clear. Many workers suffered the compounded economic hardship of unemployment as well as reduced compensation for which they were clearly qualified.

It is my understanding that there is contention that making these benefits retroactive is not necessary. It has been pointed out that many workers have been called back to their jobs and do not need TRA compensation. In the 10th Congressional District of Indiana, however, this is not the case. Representative Phil Sharp indicated this in his letter to you of June 15, with comments of workers directly affected. Elsewhere in Indiana and throughout the United States where manufacturing employment has been injured by a rise in foreign imports, the story is much the same.

The loss of income because of absence of TRA benefits can be rectified at least partially by making the extension of eligibility retroactive. Certainly the dislocation and financial hardship caused by even temporary unemployment can often never really be off-set. While I understand the difficult administrative task that implementation of the retroactivity provisions of S. 939 and companion legislation in the House would require, our responsibility to the American worker who is entitled to TRA benefits is greater. I know that you are committed as I am to seeing to it that those workers are treated fairly. I will certainly look forward to reviewing the President's recommendations on this matter later this summer.

Thank you for taking my comments into account during your work on this important aspect of the Trade Adjustment Assistance program.

Best personal regards,  
Sincerely,

BIRCH BAYH,  
*U.S. Senator.*

U.S. DEPARTMENT OF LABOR,  
OFFICE OF THE SECRETARY,  
*Washington, D.C., September 12, 1977.*

HON. BIRCH BAYH,  
*U.S. Senate,*  
*Washington, D.C.*

DEAR SENATOR BAYH: Thank you for your recent letter concerning certain eligibility requirements that individuals must meet in order to qualify for trade readjustment allowances (TRA) under Title II, Chapter 2 of the Trade Act of 1974. Of particular concern is section 223(b)(1) of the Act which provides that an impact date cannot be more than 1 year prior to the date the workers' petition was filed with the Department of Labor.

The interagency task force examining the trade adjustment assistance (TAA) program is concerned with a number of proposed changes in the program. Specifically, the task force has not addressed the 1-year rule issue in section 223 (b) (1) of the Act. However, this issue has been of prime concern, and, as you note in your letter, numerous bills have been introduced in Congress on this matter.

I concur with your view that there have been instances in the past when sufficient TAA program information was not given to potentially eligible workers, and that situation may have contributed in some cases to workers not receiving TRA benefits. Therefore, I believe that the Department of Labor can support legislation that would allow the Secretary of Labor to waive the 1 year rule, to a maximum of 18 months, in cases where insufficient TAA program information was given to potentially eligible workers at the time they wished to file a worker petition. Such a waiver would be for petitions filed before the passage of such legislation because this Department has already taken steps to ensure that sufficient program information is available at local levels to assist individuals to file timely worker petitions.

During testimony before the Subcommittee on Trade of the House Ways and Means Committee, UAW and Steelworkers' Union officials stated that a vast majority of the workers adversely affected by the 1-year rule were laid off less than 2 months prior to the impact date of the applicable certification. Therefore, the provision to allow the Secretary of Labor to make an impact date 18 months prior to the petition filing date would cover these workers.

The purpose of the TAA program is to provide employability services and allowances promptly and when needed. However, the more retroactive the program is the less it meets the purpose of providing needed services promptly. Therefore, the workers have a responsibility to file timely petitions, and the Federal Government and State employment security agencies have a responsibility to provide sufficient program information promptly to workers wishing to file petitions. The proposal to allow the Secretary of Labor to waive the 1-year rule to a maximum of 18 months satisfies the needs of the adversely affected workers and meets the intent of the TAA program.

Thank you for your thoughts on this matter, and I look forward to working with you and your colleagues on TAA program improvements.

Sincerely,

F. RAY MARSHALL,  
*Secretary of Labor.*

[From the Congressional Record, Mar. 8, 1977]

Mr. BAYH. Mr. President, I rise today to introduce a bill which will remedy some very serious shortcomings in the trade readjustment assistance program provided by the Trade Act of 1974. As my colleagues know, the act states that a worker will be eligible for assistance only if a petition is filed on his behalf within 1 year of the date he was separated from employment. The legislation which I am introducing today makes three important changes in the present program.

The 1-year limitation on eligibility has caused thousands of workers to be denied benefits to which they were otherwise entitled. My legislation will remedy this by providing a 2-year period of eligibility. Lack of knowledge about the trade readjustment assistance program, sparsity of information about the cause of layoffs, and a simple unavailability of trade data to justify a claim necessitate this change in present law.

The second section of this bill makes this change retroactive to the start of the program in order to provide benefits to those who are presently ineligible because of the 1-year eligibility status. In addition, section 2(b) provides that benefits already paid will not have to be recomputed because of a change in certification resulting from this bill.

Mr. President, two extremely important trade cases affecting tens of thousands of American jobs are now in the process of being resolved through the "escape clause" provision of the Trade Act. Both of these issues vitally impact the people in Indiana. Today the U.S. International Trade Commission will vote to determine whether television receivers are being imported into the United States in such increased quantities as to be a substantial cause of serious injury to the domestic industry. If such a finding is made, the Commission will vote on March 10 to determine appropriate remedy. On February 8 the USITC did find nonrubber footwear imports to cause serious injury to U.S. footwear manufacturers who employed 163,000 workers in 1975. The remedy recommended here by a majority of the Commission is a variable-rate tariff.

My constituents have already felt the impacts of the rising tide of these and other imports. Plants in Shelbyville, Muncie, and Columbus have closed as a result of the flood of color television imports. The footwear problem has caused layoffs in such places as Salem, Ind., where the Bata Shoe Co. is located.

Nor is this problem confined to these industries alone as the workers at Allegheny Ludlum in New Castle, Jay Garment in Portland, and Warner Gear of Muncie know all too well. My House colleague, Congressman PHIL SHARP, introduced legislation on March 3 improving the present program and, in his district alone, the legislation could provide retroactive benefits to some 1,000 workers in the area.

Mr. President, with the severe winter and fuel shortage adding to the ranks of the unemployed, we must make every effort to be sure that laws which are designed to provide maximum benefits to those workers involuntarily idled really work.

We might remember that one recommendation made to the President by the USITC with regard to footwear imports was adjustment assistance. Unfortunately, present restrictions might very well prevent a number of workers from receiving the special unemployment and training benefits from the Department of Labor unless we act quickly. Mr. President, I urge my colleagues to join with me by enacting these necessary changes in the Trade Adjustment Assistance program.

Mr. President, at this time I ask unanimous consent for a list of companies affected by this bill be printed into the Record at this point. I also ask unanimous consent that a copy of this legislation be likewise printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

S. 939

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 223(b)(1) of the Trade Act of 1974 (19 U.S.C. 2273(b)(1)), is amended by striking out "one year" and inserting in lieu thereof "two years".*

SEC. 2. (a) The amendment made by the first section of this Act shall take effect April 3, 1975.

(b) Section 223(b)(1)(A) of the Trade Reform Act of 1974 (as added by the first section of this Act) shall not apply with respect to any worker certified as eligible to apply for adjustment assistance under chapter 2 of such Act on the basis of a petition filed under section 221 of such Act before the date of the enactment of this Act.

COMPANIES AFFECTED BY TAA AMENDMENT

ALABAMA

Alatex Inc., Brantley.  
Alatex Inc., Andalusia.  
Alatex Inc., Troy.  
Vulcan Rivet and Bolt Co., Birmingham.  
The Lamson and Sessions Co., Birmingham.

ARKANSAS

Ed White Junior Shoe Company, Paragould.  
Brown Shoe Company, Figgott.  
International Shoe Company, Conway.  
Hercules Trouser Co., Inc., Fordyce.

ARIZONA

Motorola Incorporated, Phoenix and Mesa.

CALIFORNIA

Cobblers, Inc., Culver City.  
Ratner Clothes Corp., Div. of San Diego, Calif. Divisions, Chula Vista.  
Russell, Burdsall and Ward, Inc., Los Angeles.  
Ford Motor Company, Los Angeles.  
RCA Corporation, Los Angeles.  
Ford Motor Company, San Jose.  
Rohr Industries, Inc., Riverside.  
Ford Motor Company, San Jose.

CONNECTICUT

International Silver Co., Meriden.  
Allegheny Ludlum Steel Corporation, Wallingford.  
Carpenter Technology Corporation, Bridgeport.

GEORGIA

RCA Corporation, Atlanta.  
Manhattan Shirt Co., Americus.  
Manhattan Shirt Co., Ashburn.  
Manhattan Shirt Co., Jessup.

ILLINOIS

Brown Shoe Co., Murphysboro.  
Brown Shoe Co., Sullivan.  
Ludlow Typograph Co., Chicago.  
Motorola Inc., Quincy.  
Hart, Schaffner and Marx., Rock Island.  
The Lamson and Session Co., Chicago.  
ITT Harper, Div. of International Telephone and Telegraph Corp., Morton Grove.  
U.S. Steel Corp., Waukegan.

INDIANA

The U.S. Shoe Corp., Crothersville.  
Sarkes Tarzain Inc., Bloomington & Jasper (also Brownsville, Tex.).  
Warner Gear Company, Muncie.  
Jay Garment Company, Portland.  
Frederick H. Burnham Glove, Michigan City.  
Albert Givens, East Chicago  
Arthur Winer, Inc., Gary.  
Allegheny Ludlum Steel Corp., New Castle.  
Bethlehem Steel Corp., Laman Bolt Plant, East Chicago.

## IOWA

Fairchild Glove Company, Fairfield.  
Fairchild Glove Company, Bonapart.

## LOUISIANA

Thermatomic Carbon Co., Sterlington.  
Haspel Bros. Inc., New Orleans.

## MAINE

Station Street Corp., Biddleford.

## MARYLAND

A. Brash and Sons Inc., Baltimore.  
Eastern Stainless Steel Co., Baltimore.

## MASSACHUSETTS

Cliftex Corporation, New Bedford.  
Dartmouth Clothing Co., New Bedford.  
Cap Cod Sportswear Co., Inc., New Bedford.  
Lee White Marble, Co., Lee  
Teledyne Vasco Company, Agawam.  
Marilinda Sportswear, Inc., Fall River.  
Goodyear Tire and Rubber Company, New Bedford.  
C. F. Hathaway, Inc., Lowell.  
Nyanza, Inc., Ashland.  
Deerfield Manufacturing Corporation, New Bedford.

## MICHIGAN

Ford Motor Company, Warren.  
Ford Motor Company, Warren.  
Ford Motor Company, Wood Haven.  
Ford Motor Company, Utica.  
Ford Motor Company, Dearborn.  
M. T. Shaw Inc., Coldwater.  
Jones and Laughlin Steel Co., Warren.

## MISSISSIPPI

Haspel Incorporated, Tylertown.

## MISSOURI

Town and Country Shoes, Sedalia.  
Fairfax Mfg. Co., Mound City.  
International Shoe Co., St. Clair.  
Brown Shoe Company, Bernie.  
General Motors Corporation, St. Louis.  
Brown Shoe Company Warehouse, St. Louis.  
Brown Shoe Co., Fredricktown.  
Cardozo Mfg. Co., Inc., Kansas City.  
The U.S. Shoe Corporation, Marionville.  
Brunham-Edina Mfg. Co., Edina.  
Midwest Footwear, Sullivan.

## MONTANA

The Anaconda Company, Butte.

## NEW JERSEY

Hudson Pants Co., Inc., Jersey City.  
Hilton Mfg. Co., Linden.  
William B. Kessler Inc., Hammonton.  
Clifton Clothing Co., Wallington.  
Ford Motor Company, Metuchen.  
Frank Saltz and Sons Inc., Passaic.

M. Ehrenberg Sons, Inc., Passaic.  
 Victor Roberts, Inc., Passaic.  
 Modern Junior, Matewan.

## OHIO

The U.S. Shoe Corp., Columbus.  
 Harris Corporation, Cleveland.  
 International Harvester Co., Shadyside.  
 International Harvester Co., Springfield.  
 General Motors Corp., Lordstown.  
 Ford Motor Company, Lima.  
 Ford Motor Company, Walton Hills.  
 Production Molded Plastic Inc., Alliance.  
 The Lamson & Sessions Company, Kent.  
 The Lamson & Sessions Company, Cleveland.  
 Republic Steel Corporation, Canton.  
 Republic Steel Corporation, Massillon.  
 Russell Burdsall & Ward Inc., Menton.  
 Hercules Trouser Co., Inc., Wellston.  
 Hercules Trouser Co., Inc., Manchester.  
 Hercules Trouser Co., Inc., Hillsboro.  
 Jones & Laughlin Steel Corp., Youngstown.  
 GTE Sylvania, Inc., Ottawa.  
 Jones & Laughlin Steel Corp., Louisville.  
 Advance Mfg. Corp., Cleveland.  
 Dana Corporation, Spicer Transmission Division, Toledo.  
 Republic Steel Corp., Union Drawn Division.  
 Satralloy, Inc., Steubenville.

## PENNSYLVANIA

Teplick Clothers, Inc., Philadelphia.  
 J. Maimon & Sons Inc., Philadelphia.  
 Majestic Sweater Mills, Inc., Philadelphia.  
 DeLuca Sportswear, Philadelphia.  
 Fulton Clothes Inc., Philadelphia.  
 Puritan Company, Lansdale.  
 GTE Sylvania, Inc., Altoona.  
 Quality Components, St. Marys.  
 Universal-Cyclops Specialty Steel Company, Bridgeville.  
 Teledyne Vasco, East Latrobe.  
 GTE Sylvania, Inc., Emporium.  
 Bristol Knitting Mills, Inc., Cornwells Heights.  
 Jay Knitwear Inc., Philadelphia.  
 Russell, Burdsall & Ward Inc., Corapolis.  
 Rubber Corporation of Penn.  
 Armco Steel Corporation, Butler Works, Steel Division, Butler.  
 Jessop Steel Company, Washington.  
 Carpenter Technology, Reading.  
 Greenville Tub Corp., Greenville.  
 Crucible Inc. Colt Industries, Midland.  
 D. Seidman's Sons, Philadelphia.  
 Teledyne Vasco, Monaca.  
 Washington Steel Corporation, Houston.  
 Pnee Footwear Company, Nanticoke.  
 Victory Clothes Company, Philadelphia.  
 Modern Slack Creations Inc., Northampton.  
 Northampton Pants Company, Easton.  
 Strongwear Pants Co., Inc., Easton.  
 Strongwear Slack Inc., Easton.  
 Allegheny Ludlum Steel Corp., Breckenridge.  
 Allegheny Ludlum Steel Corp., West Leechburg.  
 Continental Copper, Lower Burrel.  
 Norvelt Clothing Co., Inc., Norvelt.  
 Empire Shoe Manufacturing Co., Inc., Elizabethtown.  
 Galeton Production Co., Galeton.  
 Modulus Corporation, Mt. Pleasant.  
 Teledyne Pittsburgh Tool Steel, Monaca.  
 Bethlehem Steel Corp., Lebanon.  
 MLM Sportswear Inc., Philadelphia.

## RHODE ISLAND

William Haskell Mfg. Co., Pawtucket.  
 Crown Clothing Co., Vineland.  
 RCA Corporation, Cherry Hill.  
 RCA Corporation, Deptford.  
 Carpenter Technology Corp., Union.  
 Chico Sportswear Co., Inc., Elizabeth.  
 Miranda Manufacturing Co., Inc., Elizabeth.  
 Sweda International, Clifton.  
 Stylecraft Clothing Co., West Orange.  
 New Jersey Sportswear Co., Inc., Clifton.  
 Consolidated Pants, Inc., Hammononton.

## NEW YORK

Bergman Tool Mfg. Co. Inc., Buffalo.  
 Andrew Pallack & Co. Inc. and Bruce Ramsey Division, New York.  
 Eagle Clothes and Solbod, Inc., Brooklyn and New York.  
 Primo Coat Corp., New York.  
 Imperial Pants Co., Brooklyn.  
 Hy-Grade Sportswear Co., Inc. & Hy-Grade Coat Co., Inc., New York.  
 Eagle Pants Co., Brooklyn.  
 Catanta Clothing Corp., New York.  
 E. Bonelli & Co., Inc., New York.  
 Brookfield Clothes Inc., Long Island City.  
 M. Kopp Inc., New York.  
 Saint Laurie Limited, New York.  
 Harry Irwin, Inc., New York.  
 Ambassador Clothes Inc., New York.  
 Allegheny Ludlum Steel Corp., Dunkirk.  
 Gulant & Maslin, Inc., Brooklyn.  
 Fine Craft Coat Co., Inc., Brooklyn.  
 Moda Contracting Corp., New York.  
 Sidmar Clothing Co., Inc., New York.  
 Vicale-Catania Clothing Ltd., New York.  
 Shop Contracting Corp., Long Island City.  
 Manhattan Coat Co., New York.  
 M'Sieur Slacks, Inc., Brooklyn.  
 Albex Contractors Inc., Brooklyn.  
 General Motors Corporation, Tonawanda.  
 General Motors Corporation, Massena.  
 Ben Shapiro Shoe Co., Inc., Brooklyn.  
 Bond Stores, Inc., Rochester.  
 Gobar Footwear Inc., Middletown.  
 Hickey Freeman Co., Inc., Rochester.  
 Fownes Brothers & Co., Inc., Amsterdam.  
 Sussex Clothes Ltd., New York.  
 Weiss Marble Works, Inc., Brooklyn.  
 Mac Originals Company, Inc., New York.  
 Crucible Inc. Colt Industries, Syracuse.  
 Splendorform Brassiere Company, New York.  
 Lady Marlene Inc., New Ycrk.  
 Youthercraft Foundations Co., Brooklyn.  
 Anita Foundations, Inc., New York.  
 Do-All Brassiere Co., Brooklyn.  
 L & W Brassiere Co., Inc., New York.  
 Melton Shirt Co., Inc., Batavia.  
 Tara Hall Clothes, New York.  
 Alamo Accessories, Inc.  
 Dame Belt Company Inc., New York.  
 Marshall Ray Corp., Troy.  
 Ambroson Gloves Inc., Gloversville.  
 Joseph Perrelia, Inc., Gloversville.  
 General Electric Company, Liverpool.  
 Cluett Peabody & Company, Inc., New York.  
 Rud-Shaw Clothing Co., Inc., Brooklyn.  
 Wallace Murphy Corp., Simmons Steel Div., Lockport.

Chicago Pneumatic Tool Comp., Utica.  
 Washburn Wire Co., New York.  
 Excellent Bag Corp.  
 Dirzis Products Co., Inc., Richmond Hill.

## NORTH CAROLINA

Southern Screw Co., Statesville.

## SOUTH CAROLINA

Manhattan Shirt Co., Winnsboro.

## TENNESSEE

Knoxville Glove Co., Knoxville.  
 E. L. Bruce Co., Inc., Covington.  
 Jay Garment Co., Clarksville.  
 Sarkes Tarzain Inc., Brownsville. (Also Bloomington & Indiana).

## TEXAS

Armco Steel Corp., Houston.

## VIRGINIA

F. I. Bruce Co., Chesapeake.

## WISCONSIN

Leverenz Shoe Co., Sheboygan.  
 Allen Bradley Co., Milwaukee.  
 Weinbrenner Shoe Company, Antigo.  
 Alias-Chalmers Corporation, West Allis.  
 Apex Glove Company Inc., Milwaukee.

## PUERTO RICO

Dynamic International Corporation, Lajas.

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 STATEMENT OF JOHN J. RHODES

Mr. Chairman, today your subcommittee is listening to testimony concerning the recently passed House Trade Readjustment Assistance Act Amendments of 1978. My primary concern with this legislation centers on Title I, specifically Section 101(b). This section was adopted by the House so that workers who had been excluded from benefits under the Act because they did not make a timely filing under the original provisions, can receive the benefits they would otherwise be entitled to.

The need for this provision was the result of the problems that occurred during the first two years of implementation of the Trade Act. Because of the lack of knowledge about the program, many workers or their representatives did not file the required petition within one year of the first layoff. In my home state of Arizona, in December, 1975, employees who lost their jobs at the Mesa Motorola facility petitioned the Secretary of Labor and were awarded a certificate of eligibility for financial assistance. The original ruling affected approximately 3,100 Motorola employees separated from their employment between December 8, 1974, and April 1, 1975. Unfortunately, however, an additional 4,000 Motorola employees in the Phoenix area who had lost their jobs in November, 1974, as a result of increased import competition were denied benefits because they were not eligible under the one-year rule.

Obviously, for the workers separated from benefits by a mere 30 days, the lack of a remedy to include them for benefits has been very distressing. Clearly, the intent of the Trade Act as it was originally passed would have included these workers. Their exclusion is an unconscionable oversight that Section 101(b) corrects.

Therefore, I urge this Committee to consider the provisions of Title I of H.R. 11711, specifically Section 101, and promptly take action to correct this injustice to American workers who should otherwise have been provided the benefits we originally envisioned when the Trade Act of 1974 was signed into law.

Senator ROTH. I would like to thank the Senator for the leadership he has shown in this area. It is a pressing problem.

I must say I agree with you that it is important that something be done in the remaining days that lie ahead of us in the next 2 weeks.

As you are a member of the Budget Committee, I think your statement is important for the purposes of the record. What you are saying is that there are available now adequate funds to permit this legislation to be adopted.

Are there any other questions?

Senator Packwood?

Senator PACKWOOD. No questions.

Senator ROTH. Senator Hansen?

Senator HANSEN. No questions.

Senator ROTH. Thank you very much.

Senator HEINZ. Mr. Chairman, I thank you and members of the committee. I would like to add a note of special appreciation of your interest in this matter in scheduling the hearing. It is worth noting that all three of the Members present happen to be from the Republican side of the aisle. I am delighted that our party does take an interest, as we have for so many years, in the problems of workers who have experienced this kind of problem, and I am glad the record will make that clear again today.

Thank you.

Senator PACKWOOD. That is because we are a depressed industry.

Senator HANSEN. And an endangered species.

Senator ROTH. Senator Hansen, would you care to make any opening remarks at this time?

Senator HANSEN. I do not think so. I am sorry, Mr. Chairman, that I was unable to be here sooner. I appreciate your kind invitation. I am keenly interested in the hearings, and have nothing further.

Senator ROTH. Senator Packwood?

Senator PACKWOOD. No.

[The prepared statement of Senator Heinz follows:]

#### STATEMENT OF SENATOR JOHN HEINZ

Mr. Chairman, I am pleased to appear today on behalf of a stronger, more effective adjustment assistance program for workers and firms.

My concern for this program grows out of its important role in Pennsylvania, a state with more than its share of import-impacted industries. Since 1975 more than 42,000 Pennsylvanians have been certified as eligible for adjustment assistance, more than any other state. In addition, a nearly equal number have been denied certification.

It is clear that as our trade problems—and our trade deficit—continue to grow, we are experiencing not just a cyclical downswing but a fundamental alteration in the international terms of trade that will be increasingly harmful. Particularly hurt will be workers in the impact industries. In some sectors we are seeing management survive by diversifying into retailing and importing at the expense of their manufacturing capability in this country. In some cases they are moving their plants to lower cost labor areas abroad. In either case it is the American worker who is the primary victim.

There are many reasons for these unsettling developments. In some cases the problem is lower costs or more modern equipment in a foreign nation. Some of our industries, frankly, have gotten old and tired and are an easy mark for foreign competition.

A more important reason, however, is the export subsidies, direct and indirect, provided to foreign manufacturers by their governments. Such subsidies, far beyond anything we provide in our own free enterprise system, destroy the free market and prevent our products from competing on an equal basis.

In either case it is the American worker who is the victim, and it is the worker that we have a responsibility to protect. Two such means of protection, of course,

involve safeguard actions to provide a temporary bulwark against a surge of imports, and more aggressive enforcement of our various unfair trade statutes, not to mention amendments to those laws to make them more effective, such as Senator Danforth and I have proposed.

Beyond these preventive measures, however, we must also act on behalf of the workers and firms directly impacted by imports, knowing all the while that the magnitude of that task will be directly related to our success with the preventive efforts I've just described.

I do not intend in this testimony to document at length the problems with the existing adjustment assistance program. I understand there will be a number of witnesses today who can speak to the problems from direct experience. Let me simply say, then, that I have never talked to anyone—in labor, in management, in Congress, or in the Administration—who feels this program is effective and working the way it was intended to work.

The program for workers, though apparently not plagued by the inefficiencies of the program for firms, nonetheless is seriously defective because of the number of import-impacted workers it excludes, and because of its failure to provide true adjustment in the form of meaningful and effective retraining, job search, and relocation programs.

The business program is hamstrung by red tape and inefficiency in the form of a long, complicated path to be followed before actual assistance can be provided. The Commerce Department, to its credit, has made some progress in improving its dialogue with impacted firms so that what assistance is ultimately provided is more effectively targeted toward real adjustment in the form of improved management procedures and/or changes in product or production technique. Still, the program continues to have difficulties, most notably the restrictions and conditions on funds that are made available.

Mr. Chairman, these problems are not new. They have been around for a long time and they are well identified. In an effort to begin action on solving these problems, I introduced in June, 1977, what I believe is still the only comprehensive bill on the program that originated in the Senate this Congress.

S. 1658 would make a number of important changes. The period of time during which benefits could be received would be lengthened, and additional benefits would be provided for more senior workers. Similarly, eligibility to apply for the job search allowance is expanded.

The bill further expands eligibility by including:

- (1) workers separated from their jobs up to two years (instead of one year) before their petition was filed;
- (2) workers and firms producing component parts of an import-impacted article or those engaged in the delivery or distribution of that article;
- (3) workers who lost their jobs because they were "bumped" by more senior workers whose jobs were import-affected;
- (4) workers laid off before the date of certification in a petition but whose continued separation is due to imports;
- (5) workers with 20 weeks of employment (instead of 26) in the preceding year.

For firms, the process of application and certification is shortened, and the interest rate on direct loans is lowered.

In brief, Mr. Chairman, these are the provisions of my bill. Subsequent to its introduction, Congressman Vanik and the other members of the Trade Subcommittee of the House Ways and Means Committee undertook to develop legislation along the same lines, I understand with some cooperation from the Administration. Their final product is H.R. 11711, which passed the House on September 8.

In many respects H.R. 11711 parallels my bill, particularly with regard to expansion of eligibility in the several categories I just mentioned. Of special importance is the retroactive coverage of those whose petitions were denied because of the requirement that separation take place no more than one year before the filing date of the petition. This provision, similar to section 2 of my bill, is of particular importance to the more than 6,000 Steelworkers, among others, who fall into this category.

Beyond these similarities, however, H.R. 11711 goes beyond S. 1658 and includes provisions covering workers and firms threatened with a decrease in production in addition to those experiencing an actual decrease. The bill also expands the job search and relocation sections of the law and sets up a program of experimental training projects.

With respect to firms, in addition to the decrease in the interest rate on loans, loan and loan guarantee ceilings are raised and the Commerce Department is required to provide and pay for technical assistance to the extent the firm cannot do so.

In short, Mr. Chairman, H.R. 11711 expands upon my earlier bill in overhauling the adjustment assistance program by streamlining it, enlarging coverage and placing its emphasis more directly on adjustment rather than maintenance. For this reason, I would urge the Committee to approve H.R. 11711 and bring it promptly to the floor so these badly needed improvements can be enacted in this Congress.

Time is of the essence, Mr. Chairman. The continuing growth of imports into the United States is creating an ever-increasing number of industries in trouble and workers whose jobs are threatened. Though we may disagree on the proper trade policy to deal with these problems, we all can agree that it is not the American worker who should bear the full impact of our trade deficit. An effective adjustment assistance program is essential to a just and dynamic economy, and there is no reason to delay in enacting the legislation that will make this program effective.

I would further note in passing, Mr. Chairman, that the Ways and Means Committee estimated the cost of this bill at approximately \$130 million in 1979, declining to approximately \$78.5 million in 1981 and 1982; and that the Budget Committee informs me that the bill falls within the budget targets of the Second Concurrent Resolution.

Adjustment assistance has often been scornfully, but accurately, called burial assistance—arriving only in time to dispose of the victim. We have an opportunity in the next two weeks to correct this situation in a cost-effective way by passing a bill which is the product of extensive hearings and markup in the House. I urge your Committee, Mr. Chairman, to rise to this challenge, despite your busy schedule, approve the bill and send it to the floor for action.

Senator ROHN. At this time, we would like to call forward the administration panel, consisting of the Honorable Alan W. Wolff, Deputy Special Representative for Trade Negotiations, Office of the Special Representative for Trade Negotiations; Mr. Knickerbocker, Deputy Assistant Secretary for International Policy Coordination, Department of Commerce; and Mr. Fooks, Director, Office of Trade Adjustment Assistance, Department of Labor.

Ambassador Wolff, the Trade Act of 1974 established the Adjustment Assistance Coordinating Committee under the chairmanship of a Deputy Special Trade Representative, for the purpose of coordinating adjustment assistance policy studies and programs of the various agencies involved, and to promote the efficient and effective delivery of adjustment assistance benefits. This is a direct quote from the law.

Since you are Chairman of this interagency committee and thus have special responsibility for coordination of adjustment assistance policies, I am pleased that you are here with us today. Of course, we will be very much interested in your comments on the administration's policies.

Before starting out, I would like to make two or three comments in light of what happened last week on the Hollings amendment, because I think it is of extraordinary importance that the administration recognizes that that was, I think, a very serious storm signal to the negotiators and the administration.

I have to say, in all candor, that I am not personally receiving any strong statements of support as to what is going on in Geneva. I am not arguing the merits or the demerits at this point, but I am saying that if it is the hope of the administration to submit proposals that are going to have a chance of approval, then it is going to be essential that the various segments of our community—labor, business, agriculture—feel that the proposed agreements and, of course, we only act on the nontariff barriers, not the tariff cuts, but that the entire negotiations represent a major step forward for this country.

There is a strong sentiment in the Congress, and I think the vote last week shows this, that there is concern that what we are doing is not going to move the export or sale abroad of American-made products.

So that I do say that we are not going to be able to sell a C-plus agreement. It is going to have to be an A-plus agreement that is definitely in the American interests.

In all candor, I cannot emphasize that too strongly. I was one of the few who voted against the amendment—not that I did not have a lot of sympathy for what they are saying, but because I was concerned that it would undercut your hand and that of Ambassador Strauss.

I would just say further that the failure of following through on trade adjustment assistance legislation has helped create this atmosphere, this problem. I think it is important that the administration gets its program together.

You take this area, you take DISC—and, in all candor, the administration's proposal last week to promote exports—none of them were affirmative, aggressive steps to help American sales abroad. I think that is what has to be done if we are going to succeed.

I hate to be pessimistic, Ambassador Wolff, but I think that it is important that the administration recognizes this and I recognize the good work you are doing in this area and Mr. Strauss.

So, at this time, I will call upon you for your remarks.

**STATEMENT OF HON. ALAN W. WOLFF, DEPUTY SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS, OFFICE OF THE SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS**

Mr. Wolff. Thank you, Mr. Chairman, members of the committee. I would like to comment just briefly on the Multilateral Trade Negotiations (MTN) and on the Hollings amendment that was adopted on the floor of the Senate on Friday afternoon. In this context, I firmly believe that the Congress was not wrong in voting the Trade Act authorities in 1974 to the executive branch and I do not think that that trust has been in any way betrayed.

The package of agreements in the MTN that we hope to have by December I think will move this country forward in the trade area. As you know our exports face many barriers abroad.

Today and tomorrow we meet in a subcabinet meeting with our counterparts in the Japanese Government. We have pressed them very hard in the industrial area and I think that we have gotten a very good industrial tariff result. Though we still have a good distance to go in the agricultural area, I think that agriculture holds out promise as well.

I understand the negative mood that prevails with respect to trade now, because of our trade imbalance, the weakness of the dollar and the need to move forward with positive programs.

In that connection, the delivery of prompt and effective adjustment assistance is essential and we share that concern with members of this committee and with members of the labor movement. An export program is also essential, and President Carter's message on this subject is an important beginning in turning our attention toward exporting and in increasing our efforts in that direction.

Turning to the bill before the subcommittee this morning, H.R. 11711, I very much appreciate the opportunity to testify.

The adjustment assistance program addressed by this bill is only one part of our entire trade program. The philosophy behind adjustment assistance is that in our dynamic economy, the very large benefits of a liberal trade policy entail some adjustments as well.

It is unfortunate, I might say, that the benefits of trade are far less visible and far less defined than the immediate impact in import competing industries. Trade is beneficial in terms of expanded exports and dampened inflation, but there are also accompanying costs. At the same time, trade does cause an accelerated rate of change in our economy as more and better jobs are created, but other jobs are lost.

The benefits of trade liberalization and the benefits of maintaining a liberal trade policy are felt throughout the economy. They are spread broadly across the products we buy and sell and, ultimately, each of us is benefited individually in important ways. In contrast to the wide and general geographic, product, and per capita benefits of a liberal trade policy, the needs for adjustment to competition from abroad—which also follow from a liberal trade policy—are often sharply focused on specific and easily identifiable industries, geographic locations, firms, workers, and even individuals.

While the benefits of this Nation's trade policy outweigh the adjustment costs, the broad impact of the benefits relative to the specificity of the adjustment costs calls upon the Government—both the Congress and the executive branch—to attempt to alleviate the legitimate social and economic costs of adjustment.

The Trade Act of 1974 for the first time included a workable adjustment assistance program. We needed an effective, efficient adjustment assistance program. The administration has put a great deal of effort into the program and while it has, of course, not been perfect, we believe it has now achieved some notable success.

The very size of the program, the number of workers and firms certified, and the funds expended prove that a great deal of help is going out to those in need. Some \$460 million has been expended in worker benefits for 373,500 workers since the Trade Act was enacted; 63 firms have received benefits of \$68 million under the current program resulting from the adjustment assistance program.

The enormous and growing workload means that it is difficult to stay up with the delivery of benefits, but the administration is committed to making the program work.

Since this administration took office, the Departments of Labor and Commerce have been working hard to improve this program and to deliver adjustment assistance to firms and workers in need of that assistance. The improvements in the program have been substantial. I have here today representatives of the Commerce Department and the Department of Labor who will testify on the specifics of their programs and the improvements that have been initiated.

Representatives of the Commerce and Labor Departments have formed a subgroup called the Adjustment Assistance Coordinating Committee to allow direct coordination and cooperation throughout the planning and delivery of the adjustment assistance programs. There is now routine and close coordination between these two departments and with the Office of the Special Representative for Trade Negotiations.

The theme that this administration wants most to pursue in this program is that of adjustment. We want a program that uses the substantial benefits available in an effective and efficacious manner. We know that this goal is not always reached. For example, 70 percent of benefits under the program delivered to workers after the adjustment to import competition has been made or firms are no longer able to use the delivery system effectively. We want to push forward on improvements that will assist in the adjustment process and help those in need.

I might add, at this point, Mr. Chairman, that the Commerce Department has just issued a publication on the shoe adjustment assistance program. This was a special effort that Commerce led and it indicates of 95 firms petitioning for certifications in the last 14 months, 68 were certified. Specialist teams were sent out to 54 of these firms, and loans amounting to \$12 million were granted. This was a special effort to an industry in great distress, and I think there has been some success in that area.

This brings me to H.R. 11711, the bill before us. The administration shares the commitment of the authors of the bill to the adjustment assistance concept, to the need for an effective program, and to improvements in the current program.

We share the House Trade Subcommittee's strong interest in this subject and, indeed, the overwhelming vote in the House indicates their interest in this issue. I have read the materials circulated by Jack Sheehan and I understand fully and sympathize with the objectives that he seeks. Unfortunately, the administration cannot support all of the provisions of this bill. Overall, the bill calls for a large expenditure of resources that are not actually directed at assisting in the adjustment to profitable operation or at returning people to productive employment. It is this cost feature that is the main element of our opposition to the enactment of this bill.

The adjustment assistance program does need improvement. We see the need for increased outreach—we are doing that. We see the need for improved delivery—we are working very hard at that. But we cannot support the provisions of this bill which cost large sums but are not directed at the adjustment process. This is unfortunate because there are a good number of provisions in this bill which could bring necessary and appropriate improvements to the current program.

I would now like to introduce Mr. Frederick Knickerbocker, Deputy Assistant Secretary of Commerce and Mr. Marvin Fooks, Director of the Office of Trade Adjustment Assistance in the Labor Department, who are responsible, in their agencies, for the effective administration of the worker, firm, and community assistance programs.

Their statements will address, with greater specificity, the particular provisions of H.R. 11711, and they will be able to comment on the positive and negative aspects of these provisions.

Thank you.

Senator ROHN. Thank you, Ambassador. I think we will have the other testimony before we ask questions.

**STATEMENT OF FREDERICK T. KNICKERBOCKER, DEPUTY ASSISTANT SECRETARY FOR INTERNATIONAL POLICY COORDINATION, DEPARTMENT OF COMMERCE**

Mr. KNICKERBOCKER. Mr. Chairman and members of the subcommittee, thank you for the opportunity to present the administration's position on H.R. 11711, a bill to improve the operation of the adjustment assistance programs for workers and firms under the Trade Act of 1974. I am accompanied by Marvin Fooks, Director of the Office of Trade Adjustment Assistance of the Department of Labor.

At the conclusion of our statements, I shall be pleased to answer questions relating to the firm provisions of H.R. 11711 and Mr. Fooks will be pleased to answer questions relating to the worker provisions of H.R. 11711.

The administration regards trade adjustment assistance as an important component of our overall international economic strategy. The administration recognizes, however, that shortcomings lessen the effectiveness of our current adjustment assistance program.

The administration supports appropriate measures to correct these shortcomings, but in the administration's view, all measures proposed to correct the deficiencies of the current program must be judged against the fundamental objective of adjustment assistance; namely, whether they will stimulate adjustment.

Job creation and business and community rejuvenation are the true goals of adjustment assistance. To the extent that adjustment assistance is used to achieve other ends, it produces results which do not address workers' and communities' real needs nor which foster increased efficiency and productivity in American industry.

The administration opposes enactment of H.R. 11711, as the bill is now constituted, because it believes the bill contains a number of provisions inconsistent with the fundamental goals of adjustment assistance. The administration also believes enactment of H.R. 11711, in its current version, would result in an imprudently high and unproductive use of Federal funds.

Title I of H.R. 11711 contains many amendments to the worker provisions of the adjustment assistance program. Mr. Fooks will address these.

Title II of H.R. 11711 consists of provisions to amend the adjustment assistance program for firms. In the administration's view, most of these measures would strengthen the adjustment assistance program for firms. They would facilitate program administration and make program benefits more useful and adjustment inducing for certified firms.

Consequently, except for two provisions, the administration supports enactment of title II of H.R. 11711.

The administration opposes enactment of the amendment to section 251(c) which would change the certification criteria for firms to include certification in cases where firms are threatened with a decline in sales or production—in addition to the current language which requires actual decline in sales or production. Because of the administrative difficulties of establishing that firms are threatened with a decline in

sales or production and because of the possibility of premature firm certifications, the administration believes it would not be appropriate not practicable to make this change to the firm certification criteria.

The administration also opposes enactment of the amendment to section 251(d) which would authorize certification of firms providing not less than 25 percent of their sales of articles or services to import-impacted firms—the so-called independent supplier provision. Extension of trade adjustment assistance to secondary supplier firms and their workers would move the program onto uncertain ground. Extension of the program to second-tier suppliers of services would broaden trade adjustment assistance to firms whose businesses are increasingly remote from trade imports.

The administration believes any broadening of the field of eligibility for adjustment assistance beyond firms and workers directly affected by imports of goods, as defined in current law, should be approached with extreme caution. Given the untried nature of this change and its uncertain implications, the administration would support congressional enactment of a provision limited to firms which provided 50 percent of their goods for use in the production of import-impacted articles by firms which have been certified under the act. We believe that the effect of incorporating the 25-percent rather than the 50-percent cutoff would be to aid those whose problems are related only tenuously, if at all to changes in imports, while adding greatly to the cost of the program.

Title III of H.R. 11711 consists of miscellaneous general provisions. These provisions redefine the role of the Adjustment Assistance Coordinating Committee, establish the Commerce-Labor Adjustment Action Committee, establish within the Departments of Labor and Commerce, grant programs to seed industry-wide investigations of adjustment opportunities and authorize the Department of Commerce to conduct studies of those industries actually or potentially threatened by import competition. The administration supports enactment of the provisions of title III of H.R. 11711.

To sum up, the administration opposes enactment of H.R. 11711 in its current form. I have indicated the provision which the administration believes should be eliminated from title II of H.R. 11711 and indicated an important modification to the independent supplier provision that the administration regards as essential.

That concludes my statement, Mr. Chairman.

Senator ROHN. Thank you.

Mr. Fooks?

**STATEMENT OF MARVIN M. FOOKS, DIRECTOR, OFFICE OF TRADE  
ADJUSTMENT ASSISTANCE, BUREAU OF INTERNATIONAL LABOR  
AFFAIRS, U.S. DEPARTMENT OF LABOR**

Mr. Fooks. Thank you, Mr. Chairman and members of the subcommittee. I appreciate the opportunity to appear before the committee to respond to questions about H.R. 11711, a bill which amends the Trade Act of 1974. That act, as passed by the House of Representatives, addresses problems of certification and benefit coverage that cannot satisfactorily be dealt with under existing legislation. The administration supports many of the changes the House-passed

bill would make to improve program coverage and facilitate program administration. However, the administration opposes several provisions.

Secretary of Labor Ray Marshall conveyed the basis for administration opposition to several specific provisions in H.R. 11711 in a recent letter to Congressman Vanik, chairman of the Trade Subcommittee of the House Ways and Means Committee as follows:

The alternative qualifying requirement, in the amendment to Section 106 of the bill, would permit workers to qualify for up to 78 weeks of employment in 104 weeks immediately preceding layoff with one or more firms. This would be an alternative in addition to the present qualifying tests of 26 weeks of employment in the 52 weeks preceding layoff. The Administration opposes this provision because the proposed alternative does not reflect a sufficient attachment to the labor force. The Department of Labor estimates that the cost of this provision would be \$16 million annually.

Under the amendment to Section 107 of the bill, the extended duration of benefits for workers aged 60 or older would allow the payment of trade readjustment allowances to workers up to the time that reduced social security benefits became payable. The Administration believes that providing additional tax-free TRA would result in the de facto establishment of an income maintenance program for such workers until they qualify for social security insurance benefits. The Department of Labor estimates that this provision would cost an additional \$984,000 on an annual basis.

Under current law, the impact date under a certification must be within one year of the date of the filing of a petition for certification. Section 101 of the bill would extend the impact date from 12 months to 18 months. This provision would be retroactive. It would have the effect of qualifying workers separated from employment but not covered by certification as far back as 1974. The Administration sees no adjustment purposes to be served by making Federal transfer payments to workers who were unemployed as long as four years ago. It believes that this amendment is a costly and inappropriate extension of the program. It is estimated that this provision would involve a one-time cost of \$50 million.

Under current law, workers may be certified for eligibility for trade adjustment assistance if imports of goods were an important cause, but not necessarily more important than any other cause, of their separation from work. Section 103 of the bill would extend benefits to workers of independent suppliers if 25 percent of their goods or services are used for the production, storage or transportation of import-impacted articles of certified firms.

The Congressional Budget Office has estimated the cost of this change at \$73 million in FY 1979. The extension of TAA to secondary supplier firms and their workers would move the program on to uncertain ground. Extension of the TAA program to second tier suppliers of services would broaden the program to workers from firms increasingly remote from trade impact.

The Administration believes any broadening of eligibility for TAA beyond workers directly affected by imports of goods should be approached with extreme caution. Given the untried nature of this change and its uncertain implications, the Administration would support congressional enactment of a provision permitting the Secretary of Labor to certify workers from independent suppliers which provide 50 percent or more of their goods for use in the production of import-impacted articles by firms which have been certified under the Act. The Administration believes that the effect of using a 25 percent rather than a 50 percent cutoff would be to aid those whose problems are related only tenuously, if at all, to changes in imports, while adding greatly to the cost of the program. The Administration opposes the extension of benefits to workers of independent suppliers of services.

Mr. Chairman, the remaining provisions of title I generally stress the adjustment objectives of the act and the administration can wholeheartedly support those. That concludes my statement, Mr. Chairman.

Senator ROTH. Ambassador Wolff, is it the administration's position if we were able to resolve some of these differences that it would support legislation before the end of the current session?

Mr. WOLFF. Yes. There are a number of provisions in this bill which would foster the adjustment process, procedural changes, changes in the criteria, a better outreach program, a number of the firm provisions as well, that would be a positive contribution to the program.

Senator ROTH. My concern is that I believe very strongly that something needs to be done and needs to be done now, but time is of the essence. Would it be possible for you to have people over here this afternoon to see if we cannot work out a bill that meets at least your key objections so we can move forward?

Mr. WOLFF. I would be happy to do so.

Senator ROTH. I would appreciate that being done, because I think that we have to resolve those today if we are going to have any chance of taking meaningful action during the current session.

One of my concerns, looking down the road, is it does seem to me that we have to have a good trade adjustment assistance act, and every time we talk about it, of course, the cost, which is a legitimate concern, rises. Section 245 of the Trade Act establishes a trust fund for the operation of the worker adjustment assistance program. Would you please comment on the feasibility of placing a percentage of Customs revenues derived from the collection of import duties into this fund and expanding its scope to cover worker, firm, and community programs?

I have raised this point a number of times. It seems to me that no matter how good a trade package that you have that there are people who are going to be hurt in the process and we have an obligation to protect them and the cost of providing meaningful help really should be a burden of the trade itself, because it is a result of national policy.

I wonder if you would care to comment on this approach?

Mr. WOLFF. I think that it is essential that there be adequate funding for the program. There is a question as to whether, since Customs revenues fluctuate over time, whether a fixed percentage of Customs revenues would really be properly applicable to this function.

Senator ROTH. Let me put the question another way. We are in these multinational trade negotiations. Presumably, the purpose of that negotiation is to promote the export of products that a country can best sell at a lower price. Are there ever any discussions in these negotiations to try to provide some financial means of providing economic adjustment to the workers adversely affected?

Mr. WOLFF. As a part of the safeguard negotiations, I think there is an international consensus that trade adjustment assistance programs be made to work. The foreign countries, as well as ourselves, give stress to those programs to make them efficient.

There have not been discussions of function, because that is a matter of national consideration.

Senator ROTH. What I am talking about is receiving part of a fee on products that are imported as a means of financing this economic adjustment. Would that be appropriate and proper?

Mr. WOLFF. That would be prohibited under the general agreement of tariffs and trade as an additional fee. It would be, in essence, an increase in tariffs.

Senator ROTH. It seems to me—I recognize it as such, but, nevertheless, it seems to me that fixing part of existing tariffs for the purposes of financing worker adjustment charges as well as for firms might be very desirable as a means of promoting trade and it seems to me that it makes good sense because these workers, these firms are going

out of business. They are being hurt, losing jobs, because of the national policy of promoting foreign imports. So that I would hope that this would be a factor to be considered in those negotiations. I do not expect you to give me a final answer, but I am going to write you a letter along those lines.

Mr. WOLFF. Yes, sir.

Senator ROTH. Last week, the Department of Commerce announced that millions of dollars would be awarded to various universities and institutes to study adjustment problems. I wonder, is this a wise use of limited resources? How will the conclusions of these studies actually help trade-impacted firms?

In your testimony today, you objected to certain provisions because of their cost. In one case, it was \$50 million and in another case it was less than that, but yet we are talking about here the Department of Commerce spending \$13 million for studies.

Frankly, I think that is why we are having the problems we are today. As I said, that so-called export program last week to me was a typical bureaucratic nightmare. It talked about studies and what you are going to do in the future, but not any real affirmative action to promote the sale of American-made products.

Here, again, we are saying let's spend \$13 million to study economic adjustment. I do not see how this is going to help the situation much.

Mr. KNICKERBOCKER. Senator, if I may respond, the \$13 million goes to a number of different purposes. First of all, the Department of Commerce is in the process of establishing about a dozen trade adjustment assistance centers located all over the Nation. These regional centers will permit adjustment assistance to deal with immediately available and locally knowledgeable personnel. Applicants will not have to come through Washington to get their questions answered conveniently and promptly.

In addition a portion of those funds are directed toward universities and technical institutes for the purpose of conducting studies of technological opportunities in various import-sensitive industries; for example, the steel industry, the footwear industry, the apparel industry, flatware, industrial fasteners. These grants to various universities and independent institutes amount to approximately \$3.5 million.

For import-sensitive industries, a crucial question is often what are the technological, R. & D. and productivity upgrading possibilities which can either reverse declining international competitiveness or foster increasing international competitiveness in such industries. That is the question these studies are designed to answer.

Senator ROTH. Well, the thing that bothers me, we talk about spending \$12 or \$13 million in that area. At the same time the administration objects to the extended duration of benefits for workers 60 or over because it would cost roughly \$984,000 on an annual basis. I would just like to see the money go to help those who are in need.

Ambassador Wolff, I will not extend the discussion, but I would appreciate, and do appreciate, the fact that you and the others are interested in working immediately and trying to promote legislation that the administration can support. I would hope that those people would be available this afternoon.

Thank you very much.

Mr. WOLFF. Thank you.

Senator ROTH. At this time I would like to call the labor panel, consisting of: Mr. John Sheehan, legislative director of the United Steelworkers of America; Mr. John J. Oshinski, international representative, United Steelworkers of America; Mr. Leonard Page, attorney, United Automobile, Aerospace & Agricultural Implements Workers of America; Mr. George Weaver, research department, United Automobile, Aerospace & Agricultural Workers of America; Mr. George Collins, assistant to the president, United Electrical Workers Union; Ms. Ellen Cramer, assistant to the director of international affairs, International Association of Machinists & Aerospace Workers; and Mr. William Lawbaugh, research department, International Association of Bridge, Structural & Ornamental Iron Workers.

I want to welcome and thank you for appearing here today on rather short notice. I do not think there is any disagreement as to the importance of timely action.

We are going to try to complete the hearings this morning so that we can proceed, so that we will include each of your remarks in their entirety, so that if you want to summarize them, however you want to proceed, please feel free to do it. We would like to try to keep each one, if we could, within 5 minutes, and then have a question-and-answer period.

Mr. Sheehan?

**STATEMENT OF JOHN J. SHEEHAN, LEGISLATIVE DIRECTOR,  
UNITED STEELWORKERS OF AMERICA**

Mr. SHEEHAN. Thank you, Mr. Chairman. As you have already indicated, there are a number of us present from labor and industry most affected by current trade policies and perhaps potential impact. We are from the United Automobile Workers, the Electrical Workers, the Ironworkers and Machinists and, of course, from the Steelworkers.

I would like to take this opportunity to give some recognition to other steelworkers in the room, particularly from Lackawanna, at the Bethlehem Steel Corp. We have four such local unions present.

They have, as you know, recently been tremendously hurt by permanent shutdowns of those facilities. There are also others present this morning, including Sparrows Point, Md.—some of whom, I do not immediately recognize.

Mr. Chairman, the comments that you just made about moving very quickly into a discussion with the administration is very encouraging to us because we all know we only have a few days left in this Congress. I wish that our remarks could help you in the session with the administration this afternoon.

We have prepared statements that may not be as completed and on target as we would like them to be in view of what you said, but we will try to proceed.

Senator ROTH. I might just interrupt for a moment. We would like to have your people available this afternoon so that we could, if necessary, consult with you at that time.

Mr. SHEEHAN. We would appreciate that offer and would be available also. Thank you.

The trade adjustment programs, which really began in 1962 with the Trade Expansion Act, have really grown in scope and with impact on workers. Workers who are adversely affected by imports can receive a real benefit from these programs.

This is especially true in circumstances where we are experiencing temporary layoffs as distinct from permanent shutdowns. We would like to emphasize that point.

In the former situation, namely, temporary layoffs, our domestic companies may be experiencing a surge in imports even though there may be a decline in demand or a small increase in demand.

Hence, the imports which come at that particular time accelerate unemployment or seize too great of a share of the very small growth market, thereby preventing unemployed workers from being recalled.

Because our trade policy does not have an adjustment mechanism to moderate imports in response to temporary market conditions, it is necessary to have a worker readjustment program. TAA therefore acts like a shock absorber until market conditions stabilize themselves.

In this aspect, the members of our union are very supportive of this temporary relief aspect of the TAA program. However, where there are permanent shutdowns of facilities, the adjustment programs, while not being rejected, are not being accepted as a substitute for a job, especially since they do not entail any job security benefit at all, but only provide an income security for a limited period of time.

The bill before this committee is, indeed, very conservative in its intent, Mr. Chairman. There is little reference to job security. Thus specific individuals and communities are now forced to bear the social cost of economic changes which are being actively encouraged and pursued by Government trade policies on the assumption that the Nation as a whole will benefit from them.

Be that as it may, we are not discussing that point this morning; but we do recognize that the bill does not have a job security provision to it. It is within this context that our union would like to recommend some need changes in the income security provisions.

We do so with the realization that the current multilateral trade negotiations at the GATT may result in additional dislocations and unemployment of which you made mention yourself. A more liberal trade assistance program is necessary, the cost of which, Mr. Chairman, must be evaluated. There will be an added cost in terms of the benefits which the total economy will presumably receive from the negotiations and in terms of the increased hardship which workers will endure in order for this country to receive those benefits.

If, indeed, we cannot afford to pay for the adjustments as the administration witnesses have testified, neither can we avoid the benefits.

There are some specific income provisions to which I would like to refer directly in my remarks, and my fellows here will also comment on other sections.

H.R. 11711 attempts to solve some of the rigidity in the eligibility criteria which prevents individual workers from receiving benefits. The actual number of workers who receive benefits at a plant, which has already been certified by the Department of Labor as import-impacted, are substantially less than the number certified because some of the workers do not meet personal eligibility requirements.

One of these has to do with the impact period. The current law extends trade readjustment benefits to affected workers at import-impacted plants if their injury began 1 year prior to the petition for relief. Thus, it is not the beginning of the injury but the filing of the petition which is the major determinant of the receiving of relief. This is an automatic 1-year cutoff which is mandated by the 1974 act.

This was not a condition for relief in the 1961 act.

Now, the House responds to this abrupt change in that condition to the extent that the bill grants a 1½-year retroactivity period to those earlier workers who filed petition for relief but were hurt by the 1-year limitation. I notice the bell went off. I do not know if I should stop now, but if I might take just a few seconds to indicate this—it is not that this bill is asking for a 1½-year retroactivity period for the earlier workers which is the problem. Rather the problem is the unrealistic cutoff which was changed by the 1974 act. It is the intent of the House, and the labor representatives have been testifying to this issue, at least for those workers, that we do not burden them with this abrupt change which took place from the 1962 act.

This is one part of the bill that is before you.

The other part of the bill that I think is necessary for me to comment on, and then I will stop at this point, because there are other witnesses. This issue has to do with personal, individual qualifications.

A worker must be employed for a 26-week period out of the immediate 52-week period in order to qualify for the TRA benefit. This was put in the act to establish that such a worker has a connection with the work force. No doubt about it. But we are not asking that casual employees get the full line of benefits. What is happening, as a result of the Congress putting in this very rigid determination date, is that many workers in our plants who are long-term employees, some of them going back 30 years, are disqualified. As the import inroads occur these workers start going on short-time work. They are sometimes working as little as 14 weeks or even as little as 10 weeks throughout the year because of the degree which the imports begin to make their impact felt.

So, as a consequence, long-term employees are under the act designated as casual employees and therefore ineligible for benefits.

The House adjusted this provision, Mr. Chairman, by requiring that those workers could then qualify by working at least 40 weeks out of a 2 year period. This is even a more stringent, if you wish, connection with the work force because you could get one worker working only 26 weeks and obtain maximum benefit as opposed to this other worker who has to establish a work record of at least 40 weeks in the 104-week period.

We do not think therefore that we are saying the casual employee will get benefits under this bill—and as a matter of fact it may, in some situations, be a more stringent criteria. This is a provision certainly that we strongly support. The older-worker benefit of an additional 26 weeks of payments we also strongly support.

For fear I would steal too much time from the others, Mr. Chairman, I would like, at this point, to hope that the announcement that you made this morning is conducive to some very rapid progress by the committee today and we will stand by to offer any help that we might give.

At that point, I would turn the mike over to the representative of the United Automobile Workers

**STATEMENT OF LEONARD PAGE, ESQ., UNITED AUTOMOBILE, AEROSPACE & AGRICULTURAL IMPLEMENT WORKERS OF AMERICA**

Mr. PAGE. My name is Leonard Page. On behalf of the autoworkers I would like to address myself to two problems that are before you. One is the component or the supplier problem. The other is the 1-year limitation on filing petitions.

First, on the component part supplier problem, this bill would eliminate this capricious qualification of workers and supplier and service companies. Under the current act, the eligible worker must produce an article which is like, or directly competitive with, imported goods. This has been interpreted to mean that workers qualify only if employed by companies making the particular end product. Workers of integrally linked products which supply parts or services to companies making import-competitive products cannot receive benefits.

When auto assembly workers are certified as laid off due to increased car imports, other workers in the same company who make parts for that model are similarly certified. However, other workers employed by outside parts suppliers cannot qualify on the basis of the increased car imports.

For example, when production of a Ford model is reduced due to car imports and layoffs result, not only workers on the assembly line qualify, but those Ford workers who make steel and machine parts may qualify as well. On the other hand, workers for other companies supplying Ford with identical parts cannot qualify on the basis of car imports. Indeed, two workers may both use Ford steel to make the same part for the same Ford model and be laid off at the same time, but only the one employed by the Ford Motor Co. would qualify while the other workers employed by the outside supplier cannot. Workers at the outside supplier qualify for adjustment assistance only when imports of the precise part they make are increasing.

The disqualification of workers in supplier companies results in a special hardship in the auto industry. The auto companies often produce the same parts in-house that they simultaneously purchase from outside sources. When production of autos shrink, such as in 1974 and 1975, the auto companies cut back their outside purchases more than their in-house production. As a result, a higher proportion of layoffs may occur at supplier companies than in the auto companies themselves. In addition, since outside purchases are resumed more slowly, layoffs at supplier companies may last longer.

In model year 1975, when 29 percent of the cars sold in the United States were foreign made, almost 70,000 autoworkers later got relief. We have to keep in mind that there are many, many more independent parts supplier workers than there are workers working for the Big Three automobile companies. Yet not a single worker of an independent parts supplier firm was similarly covered in model year 1975.

I would also like at this time to reply to the administration's alleged compromise, that they would be interested in permitting certification where 50 percent of the parts went into the import-impacted product. Well, in reality this compromise is no compromise at all. The nature of the parts industry is that they make parts for possibly several different companies, or at least within that company for several different models, yet the Department of Labor certifies only on a model basis.

Very few parts suppliers would ever be eligible for benefits if this 50-percent criterion were used. You could have a situation where 40

percent of the workers were laid off at a given time and yet, because of this 50-percent criteria, nobody would get benefits.

I see my time is running. I did want to address myself somewhat to the 1-year limitation. In my prepared statement, I have listed thousands of workers in Indiana, Ohio, New York, and Pennsylvania that have been arbitrarily cut off from benefits because of this 1-year limitation and our opposition to that current provision is based on simple equity.

First and foremost, it denies benefits to workers who are otherwise eligible.

And last, I would like to point out that I guess that pink slip from the employer does not say "laid off due to foreign imports." A worker just does not know, and the company, in many cases, is not about to tell the worker why he has been laid off, particularly when there are imports of the same company.

Many times, unions are left to U.S. Census data or other published information not available for months. Even then, it is aggregated so that you cannot pick out what is happening.

The 12-month limitation also creates pressure on the unions to file petitions for workers which may not be meritorious. When you face that 12-month deadline and you are unsure of a case, you are pressured just to file the petition just because of the merits. I think that is a waste of the taxpayers' money to not give us time to thoroughly consider a petition and it falsely raises the hopes of workers. They think they are going to get benefits. They are denied benefits and then they pressure the unions to sue because the Secretary of Labor has, in their view, of course, arbitrarily denied them benefits.

So I really think that this amendment to permit an 18-month period for filing petitions is very fair and we strongly support passage of that amendment, too.

Thank you, Mr. Roth.

Senator ROTH. Thank you.

Mr. SHEEHAN. Mr. Chairman, at this time I would like to present Mr. Bill Lawbaugh from the International Association of Bridge, Structural & Ornamental Iron Workers.

**STATEMENT OF WILLIAM LAWBAUGH, RESEARCH DEPARTMENT,  
INTERNATIONAL ASSOCIATION OF BRIDGE, STRUCTURAL & ORNAMENTAL IRON WORKERS**

Mr. LAWBAUGH. My name is William Lawbaugh. I am legislative director for Ironworkers International. By way of introduction, while the steelworkers make the steel, the ironworkers will fabricate it and erect it. They are the men on high steel.

I appreciate the opportunity to speak on behalf of substantive improvements in the trade adjustment assistance program as mandated by the Trade Act of 1974 and being amended by this subcommittee.

In the past 3 years, some very highly skilled ironworkers—we call them shopmen—who have 3 to 5 years of apprenticeship, training, or retraining, have experienced increasingly high levels of unemployment, due mainly to imports of fabricated structural steel. Last year alone, a total of 139 fabricating shops went out of business, mainly because of foreign predatory pricing and unfair trading practices.

Since the U.S. antidumping laws are not designed to protect custom-made products, such as fabricated structural steel, shopmen ironworkers are at the mercy of U.S. trade policies and an uncertain world market.

By way of explanation, I might add, you cannot build a bridge or building with basic steel. This steel has to be fabricated. It has to be cut, bent, punched, drilled, welded before it can be used for construction. This process of fabrication may increase the value of that steel twofold; depending on complicated girder bridge, it may increase the value of that steel 20 times.

With the administration's inauguration of the trigger price mechanism which covers only basic steel and not fabricated steel, the import problem has become more serious for shopmen ironworkers. As the President warned last December, some of our trading partners may divert their steel exports to fabricated steel in order to avoid the trigger price mechanism, thus creating a larger bulge of imports of fabricated steel. Such a situation hurts not only our shopmen ironworkers but our steelworkers as well.

While reports from the field indicate that such a diversion into imports of fabricated steel has already occurred, we do not have the official Government figures which the President promised last December. President Carter assured our trading partners that imports of "fabrications" and "top-of-the-line steel items" would be monitored closely, but the customs steel task force, charged with the monitoring job, has not yet begun to monitor the imports of fabricated steel, despite a Presidential mandate to do so.

In addition, the United States this year lost its supremacy in the fabrication of offshore drilling rigs, no thanks to a questionable ruling from a customs official who declared this April that the massive steel platforms are not considered fixed structures in the Outer Continental Shelf and thus not subject to duties or tariffs. However, he did rule that the portion affixed above water is subject to duties, but not for so-called developing countries such as Malaysia who can ship duty free. As a result, our workers lost an estimated 2.5 million man-hours of work this year when all three U.S. offshore drilling rigs went to Japan or Malaysia.

All of this points to the fact that an increasing number of jobs of shopmen ironworkers has disappeared overseas by decisions and policies beyond their control. New trade negotiations at the GATT will cause more erosion of domestic steel fabrication jobs. And while these highly skilled tradesmen would rather continue with their chosen trade, many will unwillingly be forced to seek relocation if not retraining in another occupation.

Thus, the Government which either caused or let happen this disruption in the fabricated steel industry must provide a more responsive and efficient trade adjustment assistance program in all justice to the victimized workers.

Some 2,600 workers in the steel fabrication industry, we are told, have qualified for trade adjustment assistance. However, with nearly one-third of all bridge fabrication now being done overseas and virtually all of the offshore drilling rig fabrication lost, not to mention total U.S. neglect of this industry in GATT negotiations, that figure represents only a small portion of shopmen ironworkers who should be entitled to these benefits now and in the near future. The trade

adjustment assistance program must be liberalized to ease the shock of instant job dislocation when a fabricator is forced to shut down as bids are lost to cutthroat foreign competition.

Basically, we are calling for the same improvements in the trade adjustment assistance program as those passed by the House of Representatives in H.R. 11711.

I have outlined some of these improvements. I would like to zero in on one of these improvements and challenge the statement made by Mr. Marvin Fooks for the Carter administration; namely, the older worker concern.

The current TAA program recognizes that workers over the age of 60 will find it more difficult to find alternative employment. Hence this group of workers is already entitled to a benefit duration of 78 weeks rather than the 52 weeks that other workers enjoy. The intent is to allow these workers to maintain a longer period of income security.

Since that purpose is already the intent of the act, it seems most proper that we should not fall 6 months short of wholly meeting that objective. The 60-year-old workers under the current program will have their benefits terminated at 61½ years of age, 6 months short of eligibility for early social security benefits. The administration claims that this would be a disincentive to work and that we would establish an income maintenance program for such workers. If that is true, then the criticism is equally applicable to the current program.

While we do agree with the bridge concept, it is surely ridiculous to declare that the benefits will act as a disincentive to a 61-year-old employee.

If the trade adjustment assistance system is designed to be humane, at least we should agree to allow these workers to reach their social security benefits without becoming welfare cases.

I will stop there, Mr. Chairman, and ask that the committee refer to my entire testimony and attachments. Thank you.

Senator ROTH. Yes. Each of your statements and the attachments will be included in their entirety.

Mr. SHEEHAN. At this time, I would like to introduce Helen Cramer from the Machinist Workers Union.

#### **STATEMENT OF HELEN CRAMER, INTERNATIONAL ASSOCIATION OF MACHINISTS & AEROSPACE WORKERS**

Ms. CRAMER. Thank you, Mr. Chairman. The International Association of Machinists & Aerospace Workers represents about 925,000 members, cutting across 16 industrial sectors. We have experienced many frustrations in the operation of the trade adjustment assistance program since the enactment of the Trade Act of 1974.

We believe, very strongly, that the Federal Government has a responsibility for helping people and communities adjust to economic dislocations caused by Government policies, and we therefore support very strongly the bill passed by the House even though its provisions are limited to technical improvements in the program.

I would like to confine my remarks to section 103(a) of H.R. 11711, pertaining to the expansion of coverage to workers supplying services and components to firms that have been certified as eligible for trade adjustment assistance.

We have had problems with denials of certification to workers in firms that produce capital equipment for heavily trade-impacted industries. For example, adjustment assistance has been denied to workers producing cutting dyes for the shoe industry on the grounds that it is the shoes that are being imported and not the dyes themselves. And I would like to read into the record a letter we received from one of our members who was so denied assistance. This is written by a worker in the St. Louis, Mo. area:

SIRS: I am writing you to give you my views on the cutting dye makers in our area. I would like to explain to you that a cutting dye maker manufactures steel dyes that are used in the shoe industry. We made an adequate living for our families until about five years ago when the imported shoes began to flood the American market. But now the few shops that remain open are on a very low production basis. With each remaining shop working far below our former output.

There are only seven shops that I know of remaining open out of eleven that were in existence just five years ago in our area. I might also point out that I am one of the few lucky ones to even have a job in my trade. I belong to Local 787, District Dye IAMW. Our membership is down from the 600 we had five years ago to just over 200 dues paying members.

Our members who are out of work also have not been able to get TRA because we are not shoe workers. This is also a crock of " [expletive deleted] "because if the shoes are not made here there is no need for the dyes to be produced.

I am sure you have received many letters such as the one I am sending you and I hope that something can be used to reduce the imports that are taking our jobs. We are skilled workers and taxpayers and we want an opportunity to care for our families. We do not need or want welfare—just a chance to be productive Americans.

Sincerely,

C. H. HOFSTADER.

I think that letter speaks for itself, Mr. Chairman, and I would just like to point out that among the workers providing services who also have been denied any assistance under the existing program are the machinists employed by the railroads who have been laid off because of cutbacks in steel shipments and iron ore shipments resulting from the flood of imports into the country.

I do not think that the administration has a good case in arguing that granting assistance to such workers is stretching the definition of trade impact to a very tenuous length. The extension under this bill is confined to workers providing services and components to firms who have been certified as trade impacted.

I think that, in all justice, that workers who supplied 25 percent of that particular service or component should also be included. To require 50 percent would have the effect of excluding anybody from coverage. It is much too strict a definition.

Thank you.

Senator ROTH. I might say that I have had some similar problems at home—for example, the tanners not being eligible in the case of shoes. We argued otherwise, unsuccessfully.

Mr. SHEEHAN. Our final witness this morning is Mr. George Collins from the United Electrical Workers Union.

**STATEMENT OF GEORGE COLLINS, ASSISTANT TO THE PRESIDENT,  
UNITED ELECTRICAL WORKERS UNION**

Mr. COLLINS. Mr. Chairman, the electrical unions, the International Brotherhood of Electrical Workers, and my union, the United Electrical Workers, are in the manufacturing center and the

impact of trade on our membership has been very intense. We suffer through all the periods of loss, dips, and peaks, trade most directly.

We were early practitioners under the Trade Act of 1962 for trade relief when the problem of imports of consumer electronics first manifested itself in the radio sector of our union and we were denied benefits very early and very early in the period lost interest in pursuing relief under the Trade Act of 1962.

The Trade Act of 1974 found us early practitioners before the appropriate agencies for relief under the Trade Act of 1974 and we were denied our share of benefits quite frequently and regularly.

Ms. Cramer has already mentioned the problem of denial to workers in a center where other workers are eligible. In this particular area of meeting the test of a product being like or directly competitive, we have seen many of our petitions fail.

I could cite many examples, but there is one that continues to nag at me. It is the example where the Department of Labor, Trade Adjustment Assistance Division, found the workers producing golf carts as to be eligible because of the heavy import of golf carts from Poland. However, our employees are members—Springfield Specialty Products employees making motors which would have powered the golf carts produced in the United States were denied benefits because their product was not a golf cart but merely a motor for a golf cart. And there are so many examples of that in our experience.

I would cite that as one of the reasons that we would want to see this provision adopted in the Senate version as it is in the House bill. It would help many cases. It would not break the bank, in my opinion, but it would prevent those kinds of situations that we have come across where petitions have failed because of this narrow, technical definition test that has to be met.

Thank you very much.

Senator ROTH. Thank you.

I must confess that it bothers me too, in the case of the workers involved in the components are ruled out from being eligible when they are just as affected as the manufacturer of the end item. I realize there has to be a cutoff somewhere but it is hard to argue that what is the present practice is equitable.

At least, that is my judgment of it.

Mr. SHEEHAN. Might I therefore indicate, Mr. Chairman, that there are four or five points that we are pointing out this morning. One of them has to do with the 1-year retroactive rule. We are asking for some liberality on that to correct the abrupt change in the law in 1974 and this 1½-year period would only apply to workers between October 1974 and November 1977.

The second item to which we made reference is this whole question of the casual employee in that the bill recommends an additional option, namely 40 weeks out of a 104-week period. John Oshinski, who works with our union in regard to this, just indicated to me that the Phoenix Steel plant, 70 percent of the workers at that plant, although it was certified, did not meet either the 1-year retroactive rule because of the filing date or the 26-week requirement.

The third item is the senior citizen provision. We are saying give the guy a chance to bridge into early, reduced social security benefits.

The fourth item is this whole question of the component parts and the services. We wish to highlight, as the GAO report does, that what is in the House bill, namely the 25-percent criteria, is the rule that the

Labor Department itself is applying to those who supply services and component parts if the firm that supplies them is affiliated with the parent company.

If the 25-percent rule helps identify import-impacted component parts and services of affiliated plants, why is that rule inconsistent if we apply it to independent firms?

Senator ROTH. You say that this is in a GAO study?

Mr. SHEEHAN. It is in a GAO study.

Senator ROTH. If you would give us the reference?

Mr. SHEEHAN. I quote that in my own testimony. There are other provisions, but I think we should stop at this point. The bill does clarify certain problems that the Labor Department has with the act with regard to bumper and bumpee situation.

Senator ROTH. If I understand the thrust of your testimony, you agree it is important to get something through immediately.

Mr. SHEEHAN. Yes.

Senator ROTH. So we will take into consideration your comments, as well as the other interested parties, the administration in particular. I am anxious to try to get something done if we can in the next 2 weeks. That is a part of the problem.

One final, general question. Perhaps two.

I would be interested in your comments as to the whole general thrust, perhaps. Do you have any further thoughts on what we should be doing long range as we move closer to the completion of the multinational negotiations? You heard me, I guess, comment that it is my judgment that one basis of financing the cost of this type of adjustment, it seems to me proper to be borne by international trade through some kind of a fee. That, of course, in a sense would require special negotiations.

It seems to me if government policy promotes imports as well as exports and that affects individual workers and individual firms, then the trade should bear that cost.

I do not know whether you care to comment on that or not.

Mr. SHEEHAN. One point I might comment on, under the current act in section 245, such a fund should be created. Certainly I do not think that you will find the unions to be opposed to another method of financing some of these benefits because we are fearful that the injury will increase. It is tragic, Mr. Chairman, that we come to the Congress which indicates to labor that it is providing an adjustment assistance program to take care of the injury. Yey we have administration witnesses testifying that it cannot afford the assistance. Maybe that is a real problem—they cannot afford the assistance. It has to be worked out through the appropriations committees and the OMB.

But your proposal, I think would relieve some of the money problems in providing the funds for the benefits that apparently all interested parties are willing to extend. But they will not provide the money. They will only provide the intent. That is not going to help us out.

Senator ROTH. The individual worker or firm is not going to benefit.

Mr. SHEEHAN. No way whatsoever. If you can tap into these tariff funds and if, indeed, the imports benefit the Nation, then one way or the other, it should be the policy of the Government to provide relief to those who are injured. They should therefore provide the funds for it also.

What you are suggesting, I would assume, would be that there would be an additional flow of funds, one from the appropriations system of the Congress and the other from some kind of a trust account, which would not necessarily be bound by the budget requirements of that year.

Senator ROTH. Basically, what I am saying is that there would be a recognition in the international negotiations that a country has a right to impose some type of special charge for the purpose of making the economic adjustment to help those who are hurt by the national policy.

I want to thank all of you for being here. I would appreciate, again, if you would make yourself, or someone, available this afternoon as we proceed. Thank you very much.

Mr. SHEEHAN. Thank you.

[The prepared statements of the preceding panel follow:]

STATEMENT OF JOHN J. SHEEHAN, LEGISLATIVE DIRECTOR, UNITED STEEL WORKERS OF AMERICA

Trade readjustment programs, modestly initiated in the Trade Expansion Act of 1962, have grown in scope and impact. Workers, who are adversely affected by imports, can receive a real benefit from these programs. This is especially true in circumstances of temporary layoffs as distinct from permanent terminations. In the former situation, our domestic markets may experience a surge of imports even though there may be a decline in demand or a small increase. Hence, the imports accelerate unemployment or seize too great a share of the growth, thereby preventing the recall of unemployed workers.

Because our trade policy does not have an adjustment mechanism to moderate imports in response to adverse domestic market conditions, it is necessary to have a worker readjustment program. TAA is, therefore, like a shock absorber until market conditions stabilize themselves. Our members are very supportive of this aspect of the program.

However, where there are permanent shutdowns of facilities, the adjustment programs, while not being rejected, are not acceptable as a substitute for a job, especially since they do not entail a job security benefit but only an income security benefit for a limited period of time. The bill before this committee is, indeed, very conservative in its intent—there is little reference to a job security program so that specific individuals and communities are not forced to bear the social costs of economic changes which are actively encouraged by governmental policies on the assumption that the nation as a whole will benefit from them.

It is within this context that our union would like to recommend some needed changes in the income security provisions. We do so with the realization that the current multilateral trade negotiations under GATT will result in additional dislocations and unemployment. A more liberal assistance program is necessary—the cost of which, Mr. Chairman, must be evaluated both in terms of benefits which the total economy will presumably receive from the negotiations and in terms of the increased hardships which workers will endure. If, indeed, we cannot pay for the adjustments, as Administration witnesses declare, then neither can we afford the benefits.

There are some specific income security benefits to which I would like to direct my comments. H.R.-11711 attempts to soften some of the rigidity in the eligibility criteria which prevents individual workers from obtaining benefits. The actual number of workers who receive benefits at a plant which has been certified by the Department of Labor as import-impacted are substantially less than the number certified because some of the workers certified do not meet the criteria for personal eligibility.

## 2. IMPACT DATE

The current law extends TRA benefits to affected workers at import-impacted plants if their injury began within one year prior to their petition for relief. Thus, it is not the beginning of the injury but the filing of the petition which is a major determinant of the recipients of relief. This is an automatic cutoff which is mandated by the 1974 Trade Act. It was not a condition for relief in the 1962 Trade Act.

On August 4, 1977, several Congressmen<sup>1</sup> wrote to President Carter decrying the rigidity of this provision and especially the abruptness of its application:

"When the adjustment assistance program was new, many affected workers were unaware of its provisions and consequently missed the one-year deadline for applying for certification. The fault was not theirs, but they are the ones who are suffering. Although some of them are back at work, all suffered financial loss which continues in the form of debts, discontinued insurance, lost home or cars, bad credit, and depleted savings. They understandably feel that the promise of assistance made to them in the Trade Act of 1974 has not been kept.

"Retroactive extension of the one-year deadline to a two-year deadline would fulfill the government's commitment to these people. It would also be a signal to the American workers who bear the burden of import competition, and to their representatives, that the Administration intends to keep its promises. This will be an important signal as Congress considers your recommendations in the whole area of trade policy and readjustment assistance."

The GAO, in its June, 1977, report on the TAA program, stated:

"... program awareness in most of the workforce appears limited.

"A reason for this lack of awareness is that the Department of Labor has not effectively publicized the adjustment assistance program. The Department has relied on making program literature available to State unemployment offices, giving program information to publications and newspapers, attending regional conferences and union conventions, and issuing press releases on petition determinations. Labor officials believe the major cause of unawareness is the failure of State unemployment offices to inform workers of the program."

Many workers during this period, therefore, were denied benefits both because of lack of information and the abruptness of the change. The Administration indicates that "no adjustment purpose can be served" by this provision. Yet, it is the unrealistic cutoff date itself which is the burden. While it is true that we can prospectively—at least for the organized sector of the labor force—adjust to this restriction, the earlier worker petitions should not be the victims of such a rigid change. Thus, the House bill would remove the barrier for those workers who were unemployed or who filed petitions because of import penetration between October 3, 1977, and November 1, 1977.

Furthermore, it should be noted that in Section 201 for escape clause relief, the establishment of injury is not limited to a finding of such a condition within a one-year period. The injury rule should be uniform both for relief from imports and compensation because of imports. More pointedly, Section 251, Adjustment Assistance for Firms, does not limit the period for establishing injury.

We consider this to be a satisfactory response to our original contention that the Department of Labor should not be restricted in establishing the retroactive impact period. Actually, if the injury occurs, the Department of Labor should be able to certify it and not be constrained by arbitrary time limitations. We hope that the committee can, at least, approve the House compromise if it cannot adopt a broader approach.

## 2. WORK-RELATED ELIGIBILITY

Even though a plant may be certified for TAA, many workers may be disqualified because they are adjudged not to have a long enough attachment to the workforce if their length of employment in a particular job is less than 26 weeks in a 52-week period preceeding such lay-off.

Certainly our union is not advocating that the casual employee should be entitled to the full scope of benefits. But how does one define the non-casual employee? We have expressed disagreement with the 26-week rule because it, as a federal standard, is more restrictive than many states in the implementation of their unemployment compensation system. In some states, the condition for qualification is as low as a 14-week attachment to the workforce. In testimony before the House, we recommended that since the TAA program is tied to the unemployment compensation program and such payments offset TAA levels of benefits, it is logical to reduce the restrictive provision to the 14-week level, where the state has such a provision. In no case should the requirement be for more than 20 weeks in the previous 52-week period.

<sup>1</sup> Burke, Brademas, Sharp, Rhodes, Applegate, Brodhead, LaFalce, A. Murphy, Oaker, Richmond, Simon, Vento.

However onerous we found the 26-week requirement to be in distinguishing between casual and non-casual workers who are in the labor force during a particular 52-week period, we were particularly disturbed that this rule also defines as "casual workers" those who have had a long attachment with a particular company. These are workers who because of early inroads of imports were subjected to intermittent lay-offs and, therefore, did not work the requisite 26 weeks. Yet because of the restrictive one-year retroactive rule, referred to above, the automatic impact period excludes them from coverage. It is a case of double jeopardy or double penalty. Some of these workers have been actively employed with seniority status as long as 30 years. It is this group of workers which should not be defined as casual.

The House bill has, therefore, lowered the accumulative number of weeks of employment over a two-year period; namely, 40 weeks out of 104 weeks as an alternative to the 26 weeks out of a 52-week period. The intent, of course, is to liberalize TAA payments but not to do so indiscriminately. This provision does, therefore, eliminate the defect in our proposal in that it does not allow the casual employee to draw benefits. As a matter of fact, it requires a greater attachment to the workforce than the 26-week rule. The new option would require a worker to have a 40-week involvement. We are surprised, therefore, that the Administration opposes this provision "because the proposed alternative does not reflect a sufficient attachment to the labor force." Quite the opposite is true.

Actually, it is the cost of the provision to which the Administration is opposed. We do not deny the cost except to reiterate that these long term workers are being denied benefits while some workers "more casual" than they, i.e., even with only 26 weeks of seniority, may be drawing benefits. This is highly inequitable. We note in Secretary Marshall's letter that the cost is divided according to its retroactive impact (\$32 million) and its prospective impact (\$16 million). We feel strongly that these noncasual employees should not be denied benefits because of an unintended quirk of the 26-week rule and the one-year rule.

### 3. OLDER WORKER CONCERN

The current TAA program recognizes that workers over the age of sixty will find it more difficult to find alternative employment. Hence, this group of workers are already entitled to a benefit duration of 78 weeks rather than the 52 weeks which other workers enjoy. The intent is to allow these workers to maintain a longer period of income security. Since that purpose is already the intent of the Act, it seems most proper that we should not fall six months short of fully meeting the objective. The 60-year-old workers, under the current program, will have their benefits terminated at 61½ years of age—six months short of eligibility for early social security benefits.

It is for this reason that the House bill provides an additional six-months benefits to bridge such an employee to social security benefits. The Administration claims that the new provision "would serve as a disincentive to work and would result in the de facto establishment of an income maintenance program for such workers until they qualify for social security insurance benefits." Well, if that is true, the criticism is equally applicable to the current program. While we do agree with the "bridge concept," it surely is ridiculous to declare that the benefits will act as a disincentive to a 61-year-old employee. If the TAA system is designed to be humane, then, at least, we should agree to allow these workers to reach their social security benefits without becoming welfare cases.

### 4. COMPONENT PARTS AND SERVICE EMPLOYEES

The GAO report indicates that there is a real problem with the way the Department of Labor is interpreting the 1974 Act—

"Workers who provide services and those who produce component parts of manufactured goods may be excluded from the adjustment assistance program due to legal interpretations. Labor has observed that in the absence of

"any clear expression in the statute or legislative history to the contrary, the phrase 'articles produced' or 'imports of articles' \* \* \* does not extend to services unrelated to the production of a tangible item."

"And, component-part workers have been excluded on the grounds that a component part is not 'like or directly competitive' with the end product.

"However, if the service unit or the component-part factory is affiliated with a plant demonstrated to be import-affected, then workers may be included in the program, because the statutory wording covers not only workers separated from a firm but workers in 'an appropriate subdivision.'"

We think it significant that the GAO indicates that the Department of Labor thought congressional action was necessary to resolve this dilemma—

"Excluding workers from adjustment assistance because they produce a component part or provide an intermediate service for an industry affected by changes in international trade appears inconsistent with the intent of the Trade Act. The Congress should modify the law to include all workers affected by increased import competition. We recognize, of course, that, in the case of intermediate service and component parts producers, an eligibility cutoff is necessary or the petitioning process could extend back to producers of raw materials and all related products.

**"AGENCY COMMENTS**

Labor agreed that program inequities have arisen from interpretations of the law. They also agree with our proposal that the Congress should modify the law to include all workers affected by increased import competition."

The Administration apparently has changed its mind. The House bill allows employees of independent firms which supply essential component parts or services, comprising 25 per cent of total sales on production of such firms to be considered eligible for TAA.

Our union has workers who would be affected by these necessary changes. When steel mills shut down, there are a number of satellite firms which provide direct essential services also shutting down. One of our plants, for instance produced bumpers for automobiles which were heavily impacted by imports. While the auto workers received benefits, the bumper workers did not. This is an inequity which GAO recommended be changed and which the House provision corrects.

There are, of course, other provisions of the House bill which call for comments. Suffice it say that we support them. We do hope that the TAA can become a more effective income support program for import displaced workers. The House bill is an advance. We look, however, to a much broader approach to the issue of job security, the seeds of which are in this program and in this bill. Nevertheless, the development of that framework must unfortunately await another time.

Mr. Chairman, I thank you.

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**STATEMENT OF LEONARD R. PAGE, ASSISTANT GENERAL COUNSEL, INTERNATIONAL UNION UNITED AUTOMOBILE, AEROSPACE AND AGRICULTURAL IMPLEMENT WORKERS OF AMERICA (UAW)**

My name is Leonard R. Page. I am an Assistant General Counsel of the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America, UAW. The UAW represents approximately 1,400,000 workers and their families in the United States and Canada.

I welcome this opportunity to testify before this Subcommittee on H.R. 11711 and to bring to your attention some of the problems UAW members have experienced in petitioning for benefits under that Act. Former UAW President Leonard Woodcock testified before the House Subcommittee on Ways and Means on April 1, 1977 on the need for improvements in adjustment assistance. I previously testified before the same House Subcommittee in favor of a prior, related bill (H.R. 15421) on September 28, 1976.

My duties in the UAW Legal Department have included the coordination and overview of petitions filed on behalf of UAW members under the Trade Act of 1974. The UAW has been one of the principal petitioners for worker benefits under the Trade Expansion Act of 1962, the Automotive Products Trade Act of 1965 and the current Trade Act of 1974. Title II, Chapter 2 of the current Act (Adjustment Assistance for Workers) represents a substantial improvement over similar provisions contained in the Trade Expansion Act of 1962. Congress, after reviewing the almost total lack of certifications extending benefits to workers under the Trade Expansion Act of 1962, reduced the eligibility criteria and the quality of adjustment assistance in the new Act. The 1974 Act, therefore, represents a strong national policy to assure workers easier access to real adjustment assistance benefits where increased foreign imports have contributed to unemployment.

H.R. 11711 addresses itself to several major defects in the present adjustment assistance program. The bill would eliminate the capricious disqualification of workers in supplier and service companies. To be eligible for adjustment assistance currently, workers must produce an article "like or directly competitive" with imported goods. This has been interpreted to mean that workers qualify only if

employed by companies making the particular end product. Workers of integrally-linked companies which supply parts or services to companies making the import-competitive product cannot receive benefits, *United Shoe Workers v. Bedell*, 506 F. 2d 174 (D.C. Cir. 1974).

When auto assembly workers are certified as laid off due to increased car imports, other workers in the company who make parts for that model are similarly certified. However, other workers employed by outside parts suppliers cannot qualify on the basis of increased car imports.

For example, when production of a Ford model is reduced due to car imports and layoffs result, not only workers on the assembly line qualify, but those who had been employed by Ford to make steel and to machine parts may qualify as well. On the other hand, workers for other companies supplying Ford with identical parts cannot qualify on the basis of car imports. Indeed, two workers may both use Ford steel to make the same part for the same Ford model and be laid off at the same time, but only the one employed at Ford will qualify while the one employed by the outside supplier does not. Workers at the outside supplier qualify for adjustment assistance only when imports of the precise part they make are increasing.

The disqualification of workers in supplier companies results in a special hardship in the auto industry. The auto companies often produce the same parts in-house that they simultaneously purchase from outside suppliers. When production of autos shrinks, as in 1974 and 1975, the auto companies cut back their outside purchases more than their in-house production. As a result, a higher proportion of layoffs may occur at supplier companies than in the auto companies themselves. In addition, since outside purchases are resumed more slowly, layoffs at suppliers can be longer.

In Model Year 1975, when 29% of the cars sold in the United States were foreign made, almost 70,000 auto workers later got relief. Yet not a single worker of an independent parts supplier was similarly covered.

To its credit, this bill eliminates the irrelevant distinction between workers based on the corporate identity of their employer. Instead, it would give benefits to workers in supplier companies on the same basis that the Department of Labor now certifies workers on parts in-house. Parts workers would be certified when 25% of their production goes into a product whose output has fallen due to imports.

The bill also eliminates the arbitrary one-year limitation on filing petitions. Section 223(b)(1) of the current Act provides: "a certification under this section shall not apply to any worker whose last total or partial separation from the firm or appropriate subdivision of the firm . . . occurred—(1) more than one year before the date of the petition on which such certification is granted, . . ." In plain language, this provision denies adjustment assistance benefits to workers who may otherwise qualify for the sole reason that the petition for benefits was filed more than one year subsequent to their layoff or separation.

The 12-month limitation is unfair for a number of reasons.

First and foremost, it denies benefits to workers who are otherwise eligible. The Act is intended to grant benefits to workers who are laid off because of increased imports of like or directly competitive products. Obviously, the denial of benefits to a worker who has been clearly injured by increased foreign competition does not advance the national policy of opening up worker adjustment assistance. Our own experience has been that thousands of UAW members have been totally excluded from adjustment assistance benefits for the simple reason that petitions for benefits were not filed within one year of their import-caused layoffs.

In Warner Gear, Div. of Borg Warner, (TA-W-617), Muncie, Indiana, the petition was filed on February 10, 1976, allowing a certification date of February 10, 1975. Unfortunately, this certification cut off approximately 800 workers who were laid off between November, 1974 and the certification date.

In Lamson & Sessions Co., (TA-W-653), located in Cleveland, Ohio, the certification date of February 16, 1975, cut off approximately 300 workers (almost one half of the total work force).

At the Ford Lima Engine Plant, (TA-W-429), Lima, Ohio, the certification date of November 18, 1974, eliminated over 600 workers laid off just one week before.

Workers at two General Motors Plants in New York were also adversely affected. At the Messena Casting Plant, (TA-W-413), another week of certification would have covered 40 more workers. At the Buffalo Gear & Axle Plant, (TA-W-416), over 170 workers would have received benefits if the certification had been two weeks earlier.

Finally, in Zenith Electronics Corporation, (TA-W-913), located in Landsdale, Pennsylvania, the entire plant involving 1,300 workers was denied benefits because the layoffs occurred outside the 12-month limitation period.

The above cases represent only a sampling of our experience.

One year is just too short a period for filing petitions in all cases. The biggest problem is getting data from employers on the causes of slumping production and employment. When a worker is handed a pink slip, it does not say "laid off due to foreign imports." This is particularly true where the employer is a multinational and the imports are from a foreign subsidiary.

Thus, the connection between the production downturn and foreign imports may not come to public knowledge until industry or government-gathered data is published. But such figures are generally not available until months after the imports have already begun. Even U.S. Census data is often too aggregated to determine what is happening to a particular product or component. The problem with trying to decipher aggregate data is even worse given the Department of Labor's tendency to narrowly define articles which are "like or directly competitive."

The need for data and additional time for its evaluation is also supported by the legislative history which makes it clear that the Act is not intended to benefit layoffs caused by seasonal or cyclical patterns of unemployment. It often takes data over a period of several months to determine if there is an import-related trend as opposed to an aberration. Thus, the lack of availability of specific import and domestic production data alone makes the one-year limitation period totally unrealistic.

The 12-month limitation also creates pressure to file petitions for workers which may not be meritorious. Before filing petitions under the Trade Act, it has been the UAW policy to independently review the facts and import data so as to determine if a prima facie case exists. We believe that it is a waste of the taxpayers' money and a disservice to our members to file petitions where there is no likelihood of success. The present one-year limitation, thus, represents a substantial impediment to responsible petitioners.

We note that the Secretary of Labor, Ray Marshall, has expressed his opposition to H.R. 11711 by letter dated August 16, 1978 to House Chairman Charles Vanik. The tone of that letter is basically that these improvements will cost too much money. We are disappointed that the Secretary apparently budgets fairness to American workers. The concept of adjustment assistance is not appropriate for a cost analysis. As the D.C. Court of Appeals put in in *UAW v. Marshall*, — F. 2d. — (1978):

"Congress was of the view that fairness demanded some mechanism whereby the national public, which realizes an overall gain through trade readjustments, can compensate the particular industries and workers who suffer a loss—much as the doctrine of eminent domain requires compensation when private property is taken for public use. Otherwise the costs of a federal policy that conferred benefits on the nation as a whole would be imposed on a minority of American workers and industries."

In other words, if domestic workers are adversely affected by imports, they should be covered without consideration of maintaining someone's arbitrary budget. The UAW believes it is grossly unfair, if not cruel, to have a program which only covers portions of the domestic work force hurt by our foreign trade policies.

The UAW, therefore, strongly supports the passage of H.R. 11711.

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#### STATEMENT OF WILLIAM M. LAWBAUGH, LEGISLATIVE DIRECTOR, IRONWORKERS INTERNATIONAL

I appreciate the opportunity to speak on behalf of substantive improvements in the Trade Adjustment Assistance program as mandated by the Trade Act of 1974 and being amended by this Subcommittee.

My name is William M. Lawbaugh, legislative director for Ironworkers International headquartered here in Washington representing 184,000 members in the United States and Canada. By way of introduction, Steelworkers make the steel and Ironworkers fabricate and erect it for bridges, buildings and structures of all kinds.

Ironworkers International represent some 52,000 Shopmen, more than half of all those engaged in the fabrication of structural steel prior to construction. Structural steel must be fabricated before construction, a work process involving

cutting, bending, shaping, punching and welding, plus the application of clips, flanges and connections. Virtually every piece of fabricated component of a bridge, for example, is slightly or radically different, whether it be a beam, strut or girder. In addition every bridge is different, because of terrain, load limits, length and specified building materials. Fabrication may double the value of raw steel or even increase its value 20 times depending upon manhours and materials of custom work.

In the past three years, these highly-skilled Shopmen Ironworkers, with three to five years of apprenticeship, training or re-training, have experienced increasingly high levels of unemployment, due mainly to imports of fabricated steel. Last year alone, a total of 139 fabricating shops went out of business, mainly because of foreign predatory pricing and unfair trading practices. Since U.S. Anti-Dumping Laws are not designed to protect custom-made products such as fabricated structural steel, Shopmen Ironworkers are at the mercy of U.S. trade policies and an uncertain world market.

With the Administration's inauguration of the Trigger Price Mechanism which covers only basic steel and not fabricated steel, the import problem has become more serious for Shopmen Ironworkers. As the President warned last December, some of our trading partners may divert their steel exports to fabricated steel in order to avoid the Trigger Price Mechanism, thus creating a larger bulge of imports of fabricated steel. Such a situation hurts not only our Shopmen Ironworkers but our Steelworkers as well.

While reports from the field indicate that such a diversion into imports of fabricated steel has already occurred, we do not have the official government figures which the President promised last December. President Carter assured our trading partners that imports of "fabrications" and "top-of-the-line steel items" would be monitored closely, but the Customs Steel Task Force, charged with the monitoring job, has not yet begun to monitor the imports of fabricated steel, despite a Presidential mandate to do so.

In addition, the United States this year lost its supremacy in the fabrication of offshore drilling rigs, no thanks to a questionable ruling from a Customs official who declared this April that the massive steel platforms are not considered fixed structures in the Outer Continental Shelf and thus not subject to duties or tariffs. However, he did rule that the portion affixed above water is subject to duties, but not for so-called developing countries such as Malaysia who can ship duty-free. As a result, our workers lost an estimated 2.5 million manhours of work this year when all three U.S. offshore drilling rigs went to Japan and Malaysia.

All of this points to the fact that an increasing number of jobs of Shopmen Ironworkers has disappeared overseas by decisions and policies beyond their control. New trade negotiations at the GATT will cause more erosion of domestic steel fabrication jobs. And while these highly-skilled tradesmen would rather continue with their chosen trade, many will unwillingly be forced to seek re-location if not re-training in another occupation. Thus, the government which either caused or let happen this disruption in the fabricated steel industry must provide a more responsive and efficient Trade Adjustment Assistance program in all justice to the victimized workers.

Some 2,600 workers in the steel fabrication industry, we are told, have qualified for Trade Adjustment Assistance. However, with nearly one-third of all bridge fabrication now being done overseas and virtually all of the offshore drilling rig fabrication lost, not to mention total U.S. neglect of this industry in GATT negotiations, that figure represents only a small portion of Shopmen Ironworkers who should be entitled to these benefits now and in the near future. The Trade Adjustment Assistance program must be liberalized to ease the shock of instant job dislocation when a fabricator is forced to shut down as bids are lost to cut-throat foreign competition.

Basically, we are calling for the same improvements in the Trade Adjustment Assistance program as those passed by the House of Representatives in H.R. 11711. Specifically, the one-year rule in the 1974 Act which was not part of the original 1962 Act should be amended so that workers who are entitled to such benefits, were it not for the one-year loophole, can be certified for Trade Adjustment Assistance. Coverage should be extended to those whose jobs were lost to imports of component parts or services, because their jobs are lost all the same, due to no fault of their own. Given the fact that most of the fabricating plants in the Pacific Northwest, for example, are working at 50-percent capacity because of import competition, senior workers who do find at least 40 weeks of employment in short work weeks in the previous two years ought to have the same option to assistance as a younger worker under the 26-week, one-year rule. Job search and relocation benefits of up to \$1,200 in H.R. 11711 is not extravagant by any means

to a worker trying to keep one home or trying to buy another. And, finally, the whole study of technical assistance and retraining should be funded by government and conducted by competent labor and industry associations. Presently, the Trade Adjustment Assistance program is poorly explained and hardly advertised. It is by no means the answer to our very serious trade problems but it can be a useful short-term cushioning for the sudden shock of overnight loss of an occupation or home due to imports.

In closing, I would like to emphasize three distinct points. First of all, the current Administration has dealt American workers an unprecedented loss of skilled jobs, by failing to discourage unfair trading practices and by frightening GATT concessions. Subsequently, our recent and possibly current record-breaking trade deficit has put such a strain on the Trade Adjustment Assistance program that the administrators have noticeably adopted the posture of trying to determine why a worker, employer or community should not be certified for assistance rather than being more responsive to applications or seeking out those who are injured by imports but unaware of the program. Finally, it must be emphasized that we do not believe that Trade Adjustment Assistance is compensation enough for job loss or even relocation. Nor does it do anything to solve our growing trade problems. But it is needed, and it should be improved by legislation such as H.R. 11711.

At a time when the United States must improve its export ability in order to curb the inflation caused by the devalued dollar on the world market, our fabricating shops are going under. If for economic reasons or for national security, we must gear up for production, the shops and manpower will take years to re-develop. I don't think we can afford to lose any more of this vital capability to fabricate steel.

The most important changes that are incorporated in H.R. 11711 are:

(1) Provides retroactive eligibility to those workers in units laid-off between October 3, 1974 to November 1, 1977, but who were denied eligibility because of the one year rule in the Act. Many workers were unaware of the changes in the Trade Act of 1974 over the 1962 Act which had no such time limitation. This provision by allowing an additional six months retroactivity responds to that particular circumstance.

(2) Extends eligibility to workers in firms which provide services or articles which are essential to the production of the import-impacted articles. The "like or directly competitive" factor is also liberalized so that workers, who produce component parts of the product in a subdivision of the company, may also be eligible for TRA.

(3) Adds an option to the criteria of the 26-week work requirement in the year prior to layoff or separation, so that a worker could qualify by having worked 40 weeks in the previous 104 weeks (2 years) before layoff. This allows workers with longer seniority, who may have been on short work weeks during the previous year, to be as equally eligible as an employee with only 26 weeks connection in the plant.

(4) Extends benefits for an additional 26 weeks to older workers (60 years and over) up to 104 weeks, thereby bridging his eligibility into early social security benefits.

(5) Clarifies worker rights with regard to job transfers, providing eligibility to "bumper and bumpee" workers.

(6) Improves job search and relocation in benefits up to \$1,200.

(7) Authorizes \$2 million yearly to industry and labor associations for studies on technical assistance and retraining.

MAY 11, 1978.

This is in reference to your letter of April 27, 1978, concerning the tariff status of offshore drilling and production platforms from Japan or Malaysia.

In Headquarters letter dated March 8, 1977, file No. 101854 ML, you were advised that offshore drilling platforms erected or attached to the seabed of the outer Continental Shelf are not considered imported into Customs territory. However, once there exists on the Continental Shelf a fixed structure erected for the purpose of exploring for or exploiting the natural resources of the shelf, then Customs and navigation laws are applicable to such structure, with the result that merchandise imported to such platform is subject to the imposition of duty. This rule follows from the Outer Continental Shelf Lands Act, 43 U.S.C. 1333(a)(1) which provides:

"The Constitution and laws and civil and political jurisdiction of the United States are extended to the subsoil and seabed of the outer Continental Shelf and to all artificial islands and fixed structures which may be erected thereon for the

purpose of exploring for, developing, removing, and transporting resources therefrom, to the same extent as if the outer Continental Shelf were an area of exclusive Federal jurisdiction located within a State."

The subject merchandise will consist of offshore drilling and production platforms affixed to the seabed of the outer Continental Shelf nine miles from shore by piling. Each of the two platforms, two hundred feet apart and connected by a steel walkway, will consist of a jacket and deck. The jacket is a multi-legged, flat-topped pyramidal structure which will be towed to the erection site by barge, tilted into the vertical position and then piled into the seabed. Once affixed, it will rise 15 feet above the surface of the ocean. The deck will have several levels for housing equipment and personnel and will be mounted above the jacket.

Your present inquiry prompts us to determine at what point a fixed structure exists, so that the rule, subjecting merchandise imported to the platform to duty, goes into effect.

It is our position that each platform will not be considered a fixed structure until the jacket and deck are assembled at the site of erection and ready to receive outfitting and ancillary equipment such as cranes, towers, elevators, connecting steel walking bridge, and living quarters. Each platform, consisting of jacket and deck, will be considered a fixed structure under the Outer Continental Shelf Lands Act at this point. Such ancillary equipment, including drilling and production machinery, supplies and furnishings, imported to these platforms will be considered imported into Customs territory and subject to duty. In the absence of a full and complete description of the equipment, we are unable to give you definite advice concerning the rate of duty applicable.

It is pertinent to note, however, that if the jacket and deck were assembled for erection in the territorial waters of the United States, i.e., within the traditional three-mile limit, then the jacket and deck would be considered imported and classifiable under the provision for structures and parts thereof, in item 652.98, Tariff Schedules of the United States (TSUS), subject to duty at the rate of 9.5 percent ad valorem.

Merchandise classifiable under item 652.98, TSUS, which is a product of Malaysia may be entitled to duty-free treatment under the Generalized System of Preferences (GSP), if the requirements for eligibility are met. We are enclosing a copy of General Headnote 3(c), TSUS, which sets forth the requirements under GSP. We are also enclosing a copy of part 10.171, Customs Regulations, concerning GSP.

Sincerely yours,

SALVATORE E. CARAMAGNO,  
*Director, Classification and Value Division.*

Senator ROTH. At this time, I would like to call the panel of businessmen: Mr. William Glaser, vice president, Dynamic Instrument Corp.; Mr. James R. McGinnity, president, Mrs. Day's Ideal Baby Shoe Co.; and Mr. Kurt M. Swenson, president, John Swenson Granite Co., Inc.

Gentlemen, I welcome you to these hearings and appreciate your being here. We will use the same general rules as we had before. If you can keep your comments to 5 minutes, it would be helpful. We will, of course, include your prepared comments in their entirety and any exhibits attached thereto.

#### **STATEMENT OF WILLIAM J. GLASER, VICE PRESIDENT, DYNAMIC INSTRUMENT CORP.**

Mr. GLASER. Mr. Chairman, my name is William J. Glaser and I am vice president of Dynamic Instrument Corp. My testimony before this distinguished committee today is not only on behalf of Dynamic Instrument Corp., but also on behalf of many other firms which have qualified for trade adjustment assistance, and my remarks today are supported by all of these firms.

With me here is Mr. James McGinnity and Mr. Kurt Swenson who are also representatives of trade-impacted firms as well as Mr. Paul Delaney who is our special counsel.

I wish first to thank you, Senator Roth, and other members of the Senate Finance Committee and the Senate as a whole for their efforts to expedite this legislation through the Senate.

Our company, Dynamic Instrument Corp., is a manufacturer which has been very seriously impacted by imports from abroad. In 1975, we applied for financial assistance under the provisions of the Trade Act of 1974.

Our company is a producer of wall plug-in power supplies that are used in conjunction with hand-held calculators, electronic games, and portable battery-operated products which operate on rechargeable nickel cadmium batteries. The company was responsible for the introduction and development of this product over 15 years ago and has been the largest manufacturer and developer of similar products in the very specialized field of low-voltage power supplies. We have always been proud of our image as a developer and innovator of new products associated with battery charging and power supplies.

Between 1972 and 1974, Dynamic Instrument saw its sales increase from \$5 million to \$12 million, primarily as a result of the rapid development of the hand-held calculator market, as well as the introduction of other products which require Dynamic's adaptors and chargers. The rapid growth in Dynamic's markets during this period attracted offshore manufacturers who, because of their low costs and subsidies provided by their governments, were able to sell their products at significantly lower prices in the U.S. market. The result was that Dynamic saw its sales volume and backlog in 1975 decrease by 50 percent and its operating results turn from a profit in 1974 to extremely large losses in its 1975 and 1976 fiscal years.

The company responded by cutting its overhead and reducing the number of its production workers by more than 50 percent. The company saw the number of its production workers decrease from over 800 to less than 350. The fall off in volume, however, was so significant that the company could not respond with a sufficient number of cost reductions to offset the loss of revenue. At this point, the very survival of the company was threatened.

In 1975, the company applied for assistance under the Trade Act of 1974. We received a working capital loan in June of 1976. This working capital loan has resulted in preserving our company and has allowed us to retain our production workers.

At this point, however, we are clearly aware of the need for improvements in the trade adjustment assistance to firms under the provisions of the Trade Act of 1974, and the group of companies and workers which we represent today, fully support the firm provisions of H.R. 11711, the House bill to improve the trade adjustment assistance programs.

Specifically, as related in the subject House bill, there is a need for a reduction in the interest rates on direct loans as well as a Government subsidy for interest rates on Government-guaranteed loans. The present trade adjustment assistance interest rates are extremely high, up to 10% percent, and this has created a significant burden for the firms which have qualified for financial assistance under the Trade Act of 1974.

Another area where there is a need for improvement relates to present limitations on the amount of direct and Government-guaranteed loans. These limitations are not realistic in terms of the financial

needs of the typical firm applying for trade adjustment assistance under the Trade Act of 1974.

There is also a need for expedited administrative procedures which would insure more timely consideration and processing of cases by the U.S. Department of Commerce Economic Development Administration which administers the firm program. This would increase the prospects for recovery of trade-impacted firms.

On behalf of Dynamic Instrument Corp. and its workers, and also on behalf of those firms and workers which we represent today, we wish to express our sincere thanks to the Senate Finance Committee and the Senate as a whole for their interest and help regarding this matter, and we hope that our testimony will help provide you with a better understanding of the problems faced by trade-impacted firms which have qualified for trade adjustment assistance, and the necessity of improving the subject legislation to insure the survival and preservation of U.S. firms and workers who have been adversely affected by imports.

Again, we wish to thank the members of the Senate Finance Committee very much for their continuing efforts to provide representatives of the private sector an opportunity to express views on international trade matters, and more particularly for allowing us to present our comments and suggestions regarding needed improvements to the trade adjustment assistance program for firms, and to stress the urgency for prompt action on this matter.

At this point, before there are any questions, I would like to have our special counsel, Mr. Paul Delaney, show the committee a tabulation we have made in respect to interest rates. It shows the difference between the average rate charged under the trade assistance program and the Treasury rates of the last several years.

Mr. DELANEY. Mr. Chairman, as you are already aware, the interest rates which have been charged on the trade assistance loans under the Trade Act of 1974 have been very high. This chart, a copy of which we have submitted for the record, demonstrates what the interest cost has been on individual loans under the 1974 Trade Act and what the cost of money has been in terms of other borrowing rates.

The black line represents the Government trade assistance rate, which is now near 10 percent, but which has been as high as 10½ percent on direct loans to subject firms.

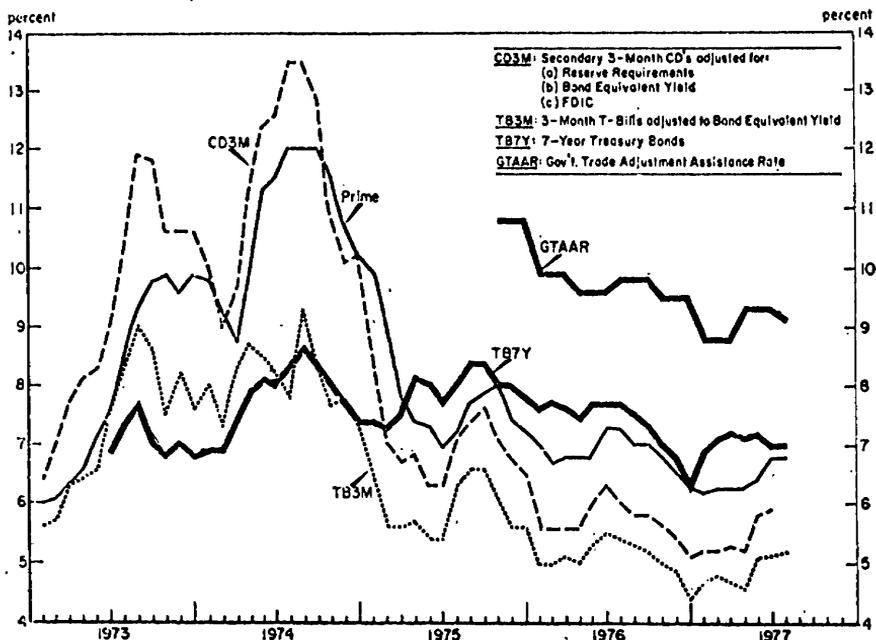
The other rates below include the prime rate, the Treasury 7-year borrowing rate, and other banking rates, all of which are substantially below the trade adjustment assistance interest rate which has been charged to firms. As you can see, this problem is addressed in the House bill.

The key point on this matter is that it is unrealistic and unfair to expect that trade-impacted firms, which may be marginal in the first place, will be able to service such debts at these interest rates, and in this regard we think it is helpful to see what the cost of money is to Government and what the cost has been to the firms under the trade adjustment assistance program.

Senator ROHN. If we ever get the legislation to the floor, maybe we should use the charts.

[The chart introduced by Mr. Delaney follows:]

## SELECTED INTEREST RATES



Mr. GLASER. At this point, I would like to introduce Mr. James R. McGinnity, president of Mrs. Day's Ideal Baby Shoe Co., who has a statement he would like to read.

**STATEMENT OF JAMES R. MCGINNITY, PRESIDENT, MRS. DAY'S IDEAL BABY SHOE CO., INC.**

Mr. MCGINNITY. The Honorable Mr. Roth and members of this committee, I am James R. McGinnity, president of Mrs. Day's Ideal Baby Shoe Co., and appearing on behalf of our company and a group of other firms which have qualified for trade adjustment assistance under the provisions of the Trade Act of 1974 to urge the speedy passage of H.R. 11711, a bill to improve the trade adjustment assistance programs. As you know, this bill passed the House by the overwhelming floor vote margin of 261 to 24.

We wish to thank the members of the Senate Finance Committee, and the Senate as a whole, and particularly Senator Roth who is chairing today's hearings, for your efforts to act expeditiously on improving the trade adjustment assistance provisions for firms.

Concerning my own background, I went to work for Mrs. Day's Ideal Baby Shoe Co. on my return from the U.S. Army in 1945. Our company was founded in 1902 with the principal focus of the business to put the right shoe on a child's foot. We were the first company to make right and left shoes for infants. The company was one of the largest employers in the town of Danvers, Mass., in the years 1957 through 1960, employing over 590 production people and 30 salesmen.

During this time, we had sales that amounted to \$3 to \$3.5 million a year and a payroll of \$1.5 to \$1.7 million, not including fringe benefits. Today we are doing about \$1 to \$1.5 million business and we have 80 production employees with a payroll of between \$600,000 and \$675,000 not including fringe benefits. We are a recipient of a trade adjustment assistance loan, and without this loan we would have been forced to close our doors and forced to let go our 80 production workers and our salesmen. We are very grateful to the U.S. Federal Government for attempting to help us in these very hard times of ever-increasing imports, but the substantial burden of the present trade adjustment assistance loans with the excessively high interest rates of up to 10½ percent is more than small firms such as our own can bear.

These large interest bills impair our working capital position and severely limit our chances of recovery which is certainly contrary to the legislative intent of this committee and the U.S. Congress under the provisions of the Trade Act of 1974. Without your help in promptly passing this legislation, we see no future ahead for us or our employees, many of whom have been with us for a great number of years.

There is little point in my urging you to push for quick passage of this legislation, as you have obviously done your homework and know the needs of our firms and employees such as ours as evidenced by the expeditious calling of this hearing.

As noted above, we are particularly concerned about needed improvements in the trade adjustment assistance program for firms under provisions of the Trade Act of 1974 and those companies and workers which we represent today wish to stress their full support for the firm provisions of H.R. 11711. More particularly, we wish to point out the importance of the House bill changes which would lower the interest rate on direct loans, raise the present ceiling on direct loans from \$1 million to \$3 million and the limit on loan guarantees from \$3 million to \$5 million, authorize interest rate subsidies on guaranteed loans to rates comparable to direct loans, and expedite procedures for handling cases by the U.S. Department of Commerce so as to increase the prospects for recovery of individual firms.

Again, we wish to thank the distinguished members of the Senate Finance Committee for your having afforded us the privilege of appearing before you today to offer our views on the trade adjustment assistance program for firms, and we urge you to do whatever you can to obtain prompt passage of this legislation and thus save U.S. trade-impacted firms and jobs.

Mr. Chairman, I want to thank you very much for your personal views and your urgency to have passage of this very important piece of legislation in this session of Congress.

Thank you.

Senator ROTH. Thank you.

Mr. GLASER. Mr. Chairman, your final speaker is Mr. Kurt Swenson, who is president of the John Swenson Granite Co.

**STATEMENT OF KURT M. SWENSON, PRESIDENT, JOHN SWENSON  
GRANITE CO., INC.**

Mr. SWENSON. Mr. Chairman, I would like to join the other panel members in thanking you for what really is a remarkable concern for our plight and the plight of many other firms who have been impacted so severely by imports, not only evidenced by the speed with which

this particular hearing was held, but also by your indication earlier this morning that you hope to get the parties together as soon as possible.

I think that one thing that we offer you as witnesses is that we have been through it personally—I know I have been through it. I saw what happened to our company. I was the one who had to lay the people off. I was the one who had to sell assets. And that, I think, gives us a perspective primarily with respect to urgency, and in this regard one of the things that this bill is going to do is speed up the process of obtaining money. That is a very critical thing as you might expect for any company that has encountered very severe competition from imports.

You probably wonder why someone in the granite business is here. I guess I am a strange duck as compared to electrical components and shoes and other things that are in the news a lot. Our major competition came from Italy. As you can see, there is no lack of granite and marble in Washington. Quite a bit of that was supplied by our company at one time. However, the Italians developed the capacity to produce this work far cheaper than our company could and most of the members in our industry could, and that is the reason that we qualify for trade adjustment assistance.

Our company goes back some time. It is a small business, a very small business, even compared to these other panel members, a four-generation company employing now about 40 or 50 employees. At one time, we employed 170.

I think that the impact on workers is evident, not only from prior testimony, but from the impact in job levels and in employment with respect to our company and in our communities. We were at one time the largest employer in Concord, N.H., and we are now one of the smallest employers.

My major concern has been the interest rate. I am one of those guys who happened to be a nearly qualifier, which was nice in one respect but was bad in another, because I came in at the very highest rate of interest—that is, 10% percent. That was subsequently reduced to 10¼ percent rate.

Looking at the situation, simply in fairness, when the SBA even as recently as 3 weeks ago was making direct loans in New Hampshire to other small businesses at the rate of 6% percent—I am paying 10¼ percent—it just does not seem fair to me, particularly where our problem arose from a decision by Congress to increase trade and to protect and help the people who were going to be injured by that decision.

I will say that the Congress tried at the time it passed the 1962 Trade Expansion Act and the 1974 Trade Act to take care of people like us, and our workers who have been severely hurt by import competition, and I think that the interest rate question is one that must be addressed in terms of fairness.

With respect to urgency, I got up before dark this morning in New Hampshire so I did not see the foliage. However, yesterday I did see the beautiful foliage which is always a matter of concern to us as this is the time of year when our production and sales begin to decline. At this time, it becomes more difficult to quarry granite, and when the snow starts to fall, that is when we have to stop operations. No money comes in. We have to live on receivables as long as we can. We try to keep our now small work force on so that we do not lose them, and it is very difficult when you do not have the cash.

That is what makes this legislation important. It has to be passed quickly, not only for our benefit, but for the benefit of many, many companies who are currently qualified for trade adjustment assistance.

Thank you.

Senator ROTH. Thank you, Mr. Swenson.

I might say I think it was in 1972 or 1973 that we did make a study of firm adjustment assistance in our office and, in fact, we sent a questionnaire to all the firms who had been certified and found many redtape delays. We included a number of deadlines in the Trade Act of 1974 because I do feel strongly that this kind of assistance, to be of help to the workers and firms, must be timely.

But I gather from what you people have been saying is that the Commerce Department has found ways around those deadlines, that it has not been as timely as it should be.

Gentlemen, I appreciate your coming here. As you have gathered, we do intend to proceed rapidly in an effort to see that this legislation does come up before the Senate in the next several days. I thank you very much for being here.

[The prepared statement of Mr. Swenson follows:]

STATEMENT ON BEHALF OF THE JOHN SWENSON GRANITE COMPANY, INC.

Mr. Chairman and members of the committee, my name is Kurt M. Swenson, and I live in Hopkinton, New Hampshire. I am President of the John Swenson Granite Company, Inc. of Concord, New Hampshire, and my purpose here is to testify on behalf of our company and many other firms which have qualified for trade adjustment assistance in support of H.R. 11711, the House Bill to improve the trade adjustment assistance programs.

I want to sincerely thank all interested Senators, Members of this Committee, and particularly Senator Roth for scheduling and holding this hearing so expeditiously. I am well aware of the many important pieces of legislation pending before the Finance Committee, and genuinely appreciate the opportunity to appear before you today to support this bill. The bill is extremely important not only to all of the companies, including ours, who have already qualified for trade adjustment assistance, but also for all other companies who have been injured or will be injured in the future by imports.

I think it is important at the very outset to place into perspective the impact of H.R. 11711. It does *not* deal with the very difficult questions of tariff levels, quotas, countervailing duties, or other restrictive or expansionary trade practices and their consequent effects. These issues and criteria for qualifying for adjustment assistance were addressed at length in the Trade Act of 1974 which amended the Trade Expansion Act of 1962. H.R. 11711 is limited solely to the issue of adjustment assistance to companies and employees who are found to be adversely impacted by imports. Our primary concern, and the areas of H.R. 11711 I will speak to, relate to the amount of monetary assistance available, the cost and time required to obtain that assistance, and most importantly the interest rate charged on the loans. I hope the following history and experience of our company will be helpful to you in making your decisions.

The John Swenson Granite Company, Inc. was founded in 1883 by my great-grandfather and the company has been owned and operated by four generations of Swensons. My brother and I are currently the only family members in management. Initially, the company manufactured granite monuments, but shortly after 1900, its major business became supplying granite for buildings. The company survived the Depression, and shortly thereafter, supplied granite for the Waldorf Astoria in New York City and a number of other major buildings in the United States. During World War II, our company converted its entire productive capacity to manufacturing submarine nets and reconditioning rockets to support the war effort.

After World War II, the company grew to be the second largest domestic supplier of building granite in the United States. The company quarried and/or fabricated granite for the CBS Building and Seagrams Plaza in New York City, the DuPont Brandywine Building in Wilmington, Delaware, and hundreds of other buildings throughout the United States. In Washington, our granites can

be found in numerous places and applications, including, among others, the Tomb of the Unknown Soldier, the Hirshhorn Museum and the Rayburn House Office Building.

While the foregoing recitation might lead you to believe that we are a big business, our highest annual sales level ever was \$4,000,000 achieved in the mid-1960's. While we were for many years Concord's largest private employer, our highest employment level was 170 employees. We always were a small business, and today our company is even a smaller business.

In 1962, Congress enacted the Trade Expansion Act of 1962. By its name alone, its intent to increase free trade is evident. Congress wisely provided for trade adjustment assistance in that Act, recognizing domestic business would be adversely affected by the contemplated reduction of tariff levels. I do not believe, however, that any one expected the magnitude of the problem as it has unfolded in the ten years since the Kennedy Round tariff reduction in 1968.

Our company, along with thousands of others, was severely impacted by the resulting increase in imports in the late 1960's and the 1970's. The shoe industry, the flatglass industry, the textile industry and the granite industry are industries where the effect was felt the earliest. The steel industry and television industry are more recent examples.

Our company had survived the Depression, two world wars, and domestic competition for over 75 years and our management thought it could survive imports. It could not. Despite what was, for our company, a massive investment of over \$1,000,000 to install and update machinery and equipment, and despite the diversification into the granite curb business and reentry into the monumental business, our company suffered staggering losses between 1968 and 1974, bringing it to the brink of bankruptcy. Employment levels dropped over 400% from 170 to 40.

There is no doubt in my mind that without trade adjustment assistance, our company would not exist today. That holds true, I expect, for every member of the group of firms which we represent which have qualified for and received trade adjustment assistance, and each of these firms and their workers support this bill. In this regard, we are certainly grateful for the actions of this Committee and the Congress in 1962 and 1974. Our experience in obtaining adjustment assistance however, made it clear to me that changes in the relief available to businesses are essential to meet the current situation.

I think it is obvious to everyone that the need for changes cannot become known until the program itself becomes tested. Enough experience now exists under the program to fully justify the changes so overwhelmingly approved by the House in its passage of H.R. 11711 (the vote was 261 to 24). Our experience with trade adjustment assistance will hopefully demonstrate to you the urgent need for this legislation.

One major effect of the bill is to expedite the process of obtaining assistance. We initiated procedures for trade adjustment assistance on June 24, 1974 by filing a petition with the then United States Tariff Commission. While we were certified eligible for assistance on September 25, 1974, we did not receive the desperately needed funds until April 6, 1976. This represents a period of almost two years between the initiation of the procedure to the receipt of the funds. I can assure you that both our company and the Commerce Department staff worked as expeditiously as possible. We survived this delay by selling assets, terminating additional employees, not paying our bills, and generally doing business on a shoe-string basis. It cost our company about \$25,000, 10% of our \$250,000 loan, for legal, accounting and other expenses to obtain the assistance. It is fairly obvious that it is in everyone's best interest, including the government's, to expedite the process and reduce expenses for the applicant and the government.

In the spring of 1975, for example, we came within days of being forced out of business. It would have been a great waste of time, money and effort on both our part and the government's part if we had failed. I am personally aware that one company that was qualified for assistance was forced out of business in the midst of the adjustment assistance process. Clearly the time and expense of obtaining assistance is in need of improvement.

A second major effect of the bill is to expand the amount of funds available. Many of the companies in the group we speak for today received substantially less than the amount of money they needed because of the \$1,000,000 loan limitation on direct loans and the \$3,000,000 limitation on guaranteed loans. If the trade adjustment assistance program is to work, it not only must be timely, but in an amount necessary to have the intended impact. This can only be done by raising the amount that can be loaned and increasing the flexibility of the Commerce Department to meet the specific needs of the particular business involved. H.R. 11711 meets this need.

In my view, and I think in the view of all of the qualified companies which we represent, the most important effect of this bill is to reduce the interest rate on the loans granted under the Trade Act of 1974. When the 1962 Act was passed, Congress first utilized the concept of determining the rate by taking into account the current average market yield of interest bearing marketable public debt obligations of the government. Under the Trade Act of 1974, this amount was increased by an amount determined by the Secretary of the Treasury to be necessary to cover the administrative costs and probable losses of the trade adjustment assistance program. No matter how laudable this formula was when originally enacted, changes in the money market in the past 15 years and the actual experience under the formula has created one of the unfairest anomalies I have ever personally experienced.

We undertook to qualify for trade adjustment assistance on the basis of our misguided and uninformed assumption that the interest rate would not exceed 6%. As it turned out, I was advised in the fall of 1975 that the rate of interest on our loan was to be 10%. I knew that at approximately the same time, the Small Business Administration was loaning money to New England businesses affected by the "red tide" at an interest rate of 3% and making "energy loans" at 6%. At the same time, our government was making loans to foreign countries, including those whose imports had caused our injuries, at a rate of 6%. Our company, that Congress itself had determined in 1962 should be aided because of increased imports, had spent 2 years and \$25,000 for a \$250,000 loan at 10% interest. I understate my reaction when I say that I was extremely upset. To bring the situation into current perspective, just two weeks ago, the New Hampshire branch of the Small Business Administration granted a total of \$3,000,000 in direct loans to small businesses at an interest rate of 6%.

The critical factor related to interest expense, and the factor that may very well destroy the whole adjustment assistance program if not remedied, is that our company and every other company in this group simply cannot pay such a high rate of interest, repay principal, and maintain or improve its employment levels and operations. I guess I have to be proud of the fact that our company has made every principal and interest payment under the terms of our note as originally written. I want to make it perfectly clear, however, that those payments are in lieu of necessary capital expenditures and increased employment levels to increase productive capacity. Our company sold out its entire productive capacity for the calendar year 1978 and stopped taking additional orders at the beginning of August of 1978. In addition, our interest expense essentially depletes all of our operating earnings.

Our company, however, is one of the lucky companies. Many members of our group will be forced out of business in the next few months if interest rates are not reduced substantially and additional funds provided. If one measures the success of the adjustment assistance program by the amount of estimated repayments achievable on the loans made, the program is in serious jeopardy.

I am confident, in view of this Committee's support of adjustment assistance in the past, that this Committee will expeditiously rectify these weaknesses in the trade adjustment assistance program and conform the actual impact of the program to the previous intent and purpose of this Committee and the Congress. I cannot overstress the need for immediate action, and I again thank the Committee for its demonstrated concern and urge it to continue expeditiously so that the bill becomes law this session. Thank you.

Senator ROTH. For the benefit of those who are going to be involved this afternoon, we hope to proceed in working out the legislation.

The subcommittee is in recess, subject to the call of the chairman.

[Thereupon, at 12 noon the subcommittee was recessed, to reconvene at the call of the Chair.]

[By direction of the chairman, the following communications were made a part of the record:]

#### STATEMENT OF SENATOR JOHN A. DURKIN

Mr. Chairman, with good intentions, Congress passed the Trade Act of 1974 which includes provisions to direct financial compensation to workers who are unemployed due to unfair foreign competition.

Unfortunately, this Act requires the States to carry the bulk of the financial burden of the trade readjustment assistance program. Additionally, the Trade

Act of 1974 stipulates that States which do not enter into or fulfill commitments under a Federal/State agreement regarding the administration of trade readjustment assistance benefits are penalized by having their employers lose substantial tax credits. Both these provisions are unreasonable and unfair.

S. 3500, which I have introduced, eliminates these two provisions and provides a workable medium for successful implementation of the Trade Act's intended benefits. My bill requires Federal reimbursement to States for unemployment insurance benefits. Also, the bill repeals the authority which permits reduction of tax credits for employers in States not engaged in an agreement with the Federal government.

My bill is particularly germane at a time of widespread employee layoffs, plant shutdowns and depressed profits due to unfair foreign competition. In the State of New Hampshire, the footwear industry alone has lost over 9,000 jobs and suffered 24 plant closings due to unfair foreign competition. Nationally, the textile industry has lost 400,000 jobs in the last five years.

The shoe and textile industries are not alone in being threatened by floods of cheap imports. As many of my colleagues know only too well, unfair foreign competition is costing American jobs in the television, steel, and electronics industries, to name just a few. There is much discussion of the importance of free trade and free market competition on a global scale. But free trade means fair trade. Products sent to this country from abroad must be manufactured and sold at reasonable costs, not at costs which are artificially low because a foreign government has effectively subsidized their production. I do not believe the American worker should be forced to compete against foreign governments.

It is ironic that Congress and the President, after recognizing the uniqueness of the unemployment problem caused by imports, continue to put the fiscal burden for dealing with the problem on the States, and indirectly on the very localities whose economies are depressed as a result of unfair competition from abroad. To effectively meet this problem with its international ramifications requires a coordinated nationwide effort by the Federal government. The special nature of those unemployed as a result of cheap imports dictates that compensation be paid to the States by the Federal government for the costs the States incur as part of trade readjustment assistance. My bill removes the present inequity by providing for Federal reimbursement to States for adjustment assistance benefits. It will end the unemployment spiral of the present system which penalizes states for not meeting what should be a Federal responsibility.

My bill also removes the blatantly unfair penalties imposed on State employers in any State which is not able to work out an agreement with the Federal government on the administration of the adjustment assistance programs. Punishing employers with a loss of 15 percent of their tax credits will not lead any State government to participate in the program. What it does lead to, however, is more unemployment, further drains on State treasuries, and magnification of the adverse economic impact of imports.

The inequities my bill seeks to redress affect every State in the nation which has lost jobs due to unfair foreign competition. To continue a system that places the financial burden on communities and States whose economies are already depressed as a result of imports is both unfair and unreasonable. The double inequity of the Trade Act of 1974—placing the readjustment assistance burden on the States and penalizing already hard hit employers with tax credit losses—is rectified by this legislation. S. 3500 is an appropriately national legislative remedy for what truly is a national problem.

I urge the Committee to adopt the bill and report it to the full Senate so that the good intentions of the Trade Adjustment Assistance Program might finally be realized. I thank the Chairman and members of the Committee for their consideration.

WASHINGTON, D.C., October 1, 1978.

MICHAEL STERN, Esq.,  
Staff Director, Senate Finance Committee,  
Washington, D.C.

DEAR MR. STERN: As a former director (1971-73) of the Commerce Department's Trade Adjustment Assistance Program, I would like to offer the following written comment as a public witness pertaining to the forthcoming hearings of Senator Roth's subcommittee concerning proposed amendments to Title II of the Trade Act of 1974.

As to the administration of trade adjustment assistance and its palpable deficiencies, I am reminded of an old Marx brothers skit. In this, the brothers rush into a room, brandishing magnifying glasses and other elemental tools of the detective's trade, in which a body lies at the center in a pool of blood. They race around wildly, examining curtains and chairs, bumping into one another, but without noticing the body—until at length Groucho stumbles across it. At this he pauses, and then exclaims "Hey! This may be a clue!"

Most discussion of trade adjustment assistance similarly ignore the body, the command problem. The Commerce Department, at any rate, has never proved willing or able to concentrate authority in a management team capable of creating a program worthy of the title. At present, the potential components of such a program lie scattered about the floor of the Economic Development Administration. Certification of eligibility and delivery of benefits are forcibly separated. Technical assistance is administered from a fiefdom of its own. Counsel is provided, also separately, from the Office of the Chief Counsel. The personnel officers do not even have job classification authority. Final accountability for the ragged and disjunctive operations resulting from this situation is theoretically vested in a deputy assistant secretary—who has many other, as far as dollar expenditures are concerned, even more serious worries.

I note, in the legislation itself and in related testimony before the Ways & Means Committee, repeated use of the term "co-ordination". The difficulty is that there is little or nothing to coordinate, nothing, at all events, that deserves the term "program". One recalls the recipe for jugged hare—first, catch the hare.

Sincerely,

ANDREW GRAY.

