

EXECUTIVE SESSION

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TUESDAY, OCTOBER 23, 1979

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United States Senate,  
Committee on Finance,  
Washington, D. C.

The Committee met, pursuant to recess, at 10:20 a.m. in room 2221, Dirksen Senate Office Building, Hon. Russell B. Long (Chairman of the Committee) presiding.

Present: Senators Long, Talmadge Ribicoff, Byrd, Nelson, Bentsen, Matsunaga, Moynihan, Boren, Bradley, Dole, Packwood, Roth, Chafee, Heinz and Durenberger.

The Chairman: Why do you not commence to explain several of these suggestions to us and tell us what the bill is that we have before us and what the suggestions are?

As I understand it, we are mandated by the Budget Committee to report out -- how many billions of dollars of savings did they mandate us to report out?

Mr. Stern: The Budget Resolution is in conference now, but the Senate position was that the Finance Committee should save \$1.4 billion under a special reconciliation process and another \$900 million in general, for a total of \$2.3 billion.

The Chairman: Another \$900 million of what?

Mr. Stern: They had already taken into account the fact

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1 that the Finance Committee had reported out savings in the  
2 health area, so when you add the total of savings in health  
3 that had been achieved by the time of the resolution plus the  
4 additional amount that they require, and the resolution comes  
5 to a total of \$2.3 billion.

6 So far, you have done a net of \$700 million in the health  
7 area and you have done \$200 million in Aid to Families with  
8 Dependent Children as part of the Social Services bill.

9 So the staff had prepared, for committees considerations,  
10 a number of suggestions for savings in the unemployment area  
11 and Senator Boren's subcommittee had held hearings on them.

12 Just to set the stage, Mr. Chairman, it might be worth  
13 looking at the blackboard a minute.

14 Senator Moynihan: Mr. Chairman, if I may make a point?

15 The Chairman: Yes.

16 Senator Moynihan: Mr. Stern did say that the question of  
17 what reductions we may have to make is in conference now and we  
18 do not have any final instructions.

19 Mr. Stern: That is correct.

20 Senator Moynihan: The House does not have the reductions  
21 that are imposed upon us?

22 Mr. Stern: That is correct.

23 There is a large difference.

24 The Chairman: What is the House figure?

25 Mr. Stern: Basically speaking, the House does not

1 contemplate any savings in the income maintenance areas and, in  
2 fact, has made allowances for such legislation as has already  
3 passed the House.

4 Senator Moynihan: It would not be wrong, Mr. Chairman, to  
5 keep it somewhat tentatively in our mind. A normal outcome of  
6 that kind of House-Sentate conference may be something in the  
7 middle, perhaps. In any event, it is not likely to be as  
8 large.

9 Mr. Stern: We do not know what the numbers are.

10 One of the problems as you do the reconciliation process  
11 you are under the gun without the ordinary process of amendment  
12 on the Senate Floor.

13 To some extent, if you think you are going to have to  
14 achieve some savings it is worth your while to look at the  
15 thing substasntively now before you are in that position.

16 At any rate, what is shown on the blackboard is the  
17 different parts of the unemployment program as they exist now.

18 During the first six months, that is to say the first 26  
19 weeks, regular benefits are payable to unemployed workers, and  
20 those benefits are paid 100 percent out of state unemployment  
21 tax funds.

22 If the unemployment level in a state is sufficiently high,  
23 or if nationally the unemployment level is sufficiently high,  
24 that triggers then the extended benefit program which would pay  
25 an additional three months worth of benefits. Those benefits

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1 are paid 50 percent federally from unemployment taxes and 50  
2 percent state.

3 The reason why we would put the word "ultimately" in  
4 parenthesis for the time being, the Federal unemployment taxes  
5 have not paid the cost of the program and there have been loans  
6 made from the general fund to the unemployment funds.  
7 Ultimately 50 percent Federal funds did get paid for  
8 unemployment taxes on employers.

9 Finally, there is a trade adjustment assistance program,  
10 part of which pays benefits to workers, and that is 100 Federal  
11 funds paid out of general funds of appropriations.

12 The Trade Adjustment Assistance Program is paid out of 100  
13 percent general funds. That is appropriations for the first  
14 six months. Those benefits supplement the regular unemployment  
15 benefits because they are typically higher and then for the  
16 last six months they are entirely Federal.

17 In the case of an individual who is over age 60 or in  
18 training, the benefits may actually go on for another six  
19 months for a total of a year and a half's worth of benefits.

20 On the agenda today, we are proposing discussing a number  
21 of possible savings in the unemployment area. In the regular  
22 unemployment and extended benefit unemployment programs first,  
23 then to take up an actual bill that has passed the House in  
24 Trade Adjustment Assistance.

25 There is no bill pending before you on unemployment

1 benefits. These are suggestions for possible savings in the  
2 unemployment program.

3 Senator Ribicoff: Mr. Chairman, if I may interrupt, are  
4 we not at a disadvantage to try to vote on something that we  
5 may or may not have to do?

6 If the conference report takes a completely different  
7 tack, what we are required to do might influence how we may  
8 vote on many of these measures. So it is premature.

9 As I read the papers, there seems to be a very bitter  
10 impasse between the House and Senate Budget Committees, so we  
11 do not know where they are going.

12 The Chairman: Well, we are under a mandate to try to  
13 balance this budget for fiscal year 1981. Most of us voted for  
14 that.

15 If we are going to do that, I believe that we will have no  
16 choice but to do some of the kinds of things that are suggested  
17 in the staff memorandum. We are going to have to cut down on  
18 unemployment insurance where we can.

19 Senator Packwood: Mr. Chairman?

20 The Chairman: Yes, sir.

21 Senator Packwood: I would respectfully disagree, only to  
22 this extent.

23 If we mean fitting within a mandate of a reconciliation or  
24 some other cut in this Committee, you may or may not be right.  
25 You may balance the budget in 1981. I am willing to be, as

1 sure as we are sitting here when the revenue projections come  
2 out and the higher oil prices, we are going to balance the  
3 budget. The budget the President submitted us will be  
4 balanced, and Congress will balance it. Whether or not we save  
5 \$500 million to \$1 billion in a variety of programs within the  
6 jurisdiction of this Committee, I would be willing to bet that  
7 there would be as much as a \$10 billion to \$20 billion surplus  
8 next year when we project our revenues in January.

9 The Chairman: Well, that would be good news to me. I was  
10 not counting on it.

11 I figured if we were going to balance the budget, we were  
12 going to have to. I know this year it is out of the question  
13 to balance the budget. It looks to me as if we are going to do  
14 it next year, we are going to have to make some real cuts.

15 Senator Packwood: In the testimony before this Committee  
16 -- somebody correct me if I am wrong -- when Alice Rivlin  
17 testified about three weeks ago, as I recall she projected that  
18 we would have a surplus of \$10 billion to \$15 billion next  
19 year. I cannot remember if anybody was here at the time of  
20 that hearing but I am quite sure those were her figures.

21 This assumed no tax cut. It assumed a number of things,  
22 gross revenues and projected expenditures.

23 Congress can do all kinds of things with the money.

24 The Chairman: Well, we do not have to consider any of  
25 this this morning.

1 Senator Moynihan: Mr. Chairman?

2 The Chairman: Yes, sir.

3 Senator Moynihan: If we are going to make some  
4 preliminary remarks -- which I think we should --

5 The Chairman: Yes, sir.

6 Senator Moynihan: I would like to associate myself with  
7 Senator Ribicoff's statement about the problem. I would like  
8 very much to associate myself with Senator Packwood's hopes for  
9 revenue.

10 But, in any event, there is a specific which the President  
11 has established -- the National Commission on Unemployment  
12 Compensation which has been doing a very serious piece of work  
13 here and is taking up measures which Senator Boren has done and  
14 will, no doubt, reach many of the same conclusions. Perhaps it  
15 will not.

16 But as a procedural matter, if we are going to have  
17 Presidential Commissions and ask people to take them seriously,  
18 I wonder if this is not premature. I would have thought the  
19 Commission would report ---which it will do next year -- and  
20 then the Subcommittee -- Senator Boren -- then we will have not  
21 only our judgment about the budget but a consensus of the  
22 communities involved about this major social insurance program.

23 This is not just another Federal program. This is  
24 probably, next to Social Security, this is the most important  
25 income maintenance program the Federal government has, and in

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1 your working lives it is by far your most important.

2 I just make this point, Mr. Chairman.

3 The Chairman: Senator Boren?

4 Senator Boren: Mr. Chairman, I have to disagree, at least  
5 in part, with what has been said. I do not think -- whatever  
6 the projections are, I think it is far too early for us to  
7 know. I do not think it is ever the wrong time to try to find  
8 ways to save money, if it can be done in a manner that is  
9 constructive and useful.

10 Now, the Commission of course, we have passed out the  
11 continuation of the study commission. It will be underway for  
12 another year, and they did get a late start. Some of the  
13 issues there are under study there by the Commission and some  
14 are not. There are also studies of many other things that are  
15 not listed here.

16 I think what we have here is a staff assessment of some  
17 possibilities that might in the very near term leave to some  
18 savings. I think some of these things are fairly  
19 straightforward and they are merely the kinds of things that we  
20 can look at, but I think they deserve consideration.

21 If the Committee felt that these were areas where there is  
22 substantial debate or is undecided on some of these things, it  
23 would be very simple to pass those over. On the other hand, we  
24 might go through the whole list. Maybe we would only pick two  
25 or three things out of the list that we thought were possible,



1 or alternatives to what is suggested here. We might end up  
2 saving \$100 million instead of \$2 billion. \$100 million is  
3 \$100 million and a step in the right direction.

4 The Chairman: There are some suggestions here in this  
5 list.

6 Senator Boren: Which are not controversial.

7 The Chairman: Which, it seems to me, should not be  
8 controversial. Some of them might be, but there are some of  
9 them that I think are hardly controversial at all.

10 One of them back here in the rear, for example, wherein an  
11 employee leaves in order to take a pension. A fellow has  
12 earned his retirement and he retires after working for many  
13 years, let us say at a plant. And he has a very good  
14 retirement available to him, so he retires.

15 This fellow was telling me about it. After he retired  
16 from the plant someone said why did you not go down there and  
17 get your unemployment money. He said, what unemployment money?  
18 I retired. I have a good pension.

19 And the fellow said, yes, but you can go down there and  
20 tell them you are unemployed and you can get six months of  
21 unemployment money even though you are retired.

22 He said, that seems to me like stealing and he said  
23 everybody else is doing it, go down there and get your money.  
24 So he inquires around among the people. That seems to be the  
25 thing to do, go down there.

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1 Here is a fellow who earns a good retirement from a  
2 company who had a very good retirement program. Go down there  
3 and get your unemployment money in addition to your pension.

4 That is not what we passed this program for and it seems  
5 to me that in a situation like that, that is a rip off. That  
6 is a rip off.

7 It does get down to something that I have said around this  
8 committee other times. By the time you give somebody something  
9 he has no right whatever to expect he does not appreciate that  
10 any more than when you give him something that he has earned.  
11 It is more like a gift than it is when a fellow has actually  
12 worked for something and earned it.

13 But the unemployment program is not supposed to be a  
14 giveaway or a vacation with pay program. It seems to me that  
15 that item is one we could agree on, where you have a pension  
16 coming but you earn from your regular retirement that you would  
17 reduce the unemployment payment by the pension.

18 I am not talking about a case where a guy has got a  
19 disability pension coming from his service-connected disability  
20 from wartime and all of that, but where he earned a pension  
21 which is for the purpose of taking him out of the work program.

22 In a case like that, it seems that he would not be drawing  
23 the pension. Which suggestion is that, that is the last one?

24 Mr. Stern: On page 4, item number 10 on the top of the  
25 page, a couple of years ago you enacted a law which says you

1 have to have a dollar for dollar offset for any pension benefit  
2 and that will go into effect next April, if you do not do  
3 anything else.

4 The Administration suggestion, which I believe is  
5 basically what you referred to, Mr. Chairman, you modify that  
6 so as to say when an individual is receiving a pension from the  
7 same employer for whom he receives unemployment benefits, then  
8 you would have a dollar for dollar offset.

9 If a person retires from the XYZ Company and is  
10 unemployed with the XYZ company is the basis for his  
11 unemployment benefit, then he could not both receive a pension  
12 and an unemployment benefit from that company. If he had a  
13 pension, however, based on some military service of some prior  
14 years or some other employer who was his employer three, four,  
15 or five years before that, that would not be taken into  
16 account.

17 The concept here is you are being insured against the risk  
18 of loss of income due to unemployment with that particular  
19 employer and therefore when you are no longer employed by that  
20 employer, getting a pension benefit, you would have an offset.  
21 Otherwise, you would not.

22 That is a suggestion.

23 Senator Moynihan: May I make a slight amendment, Mr.  
24 Chairman?

25 It seems to me in the theory and practice of unemployment

1 insurance, unemployment insurance is a deferred wage. It is  
2 bargained for. It is a part of the agreement on compensation.

3 There is an insurance principle involved, but the employee  
4 has obtained it as a benefit. It is no different, that retired  
5 person is no different receiving his pension, then a person  
6 receiving dividends in bucks. And a pension is negotiated as a  
7 deferred wage.

8 We would not ask a person who took stock options from a  
9 company, as it were, not to receive other benefits. That is  
10 his property. He may be looking for work. If he is looking  
11 for work, he is entitled to that.

12 These are large questions. I do not think they should be  
13 resolved. They are issues of social policy. I do not think  
14 they should be resolved in the context of employing the  
15 budget resolution that we are not sure is going to take  
16 effect.

17 Mr. Stern: This is the only item on the list where you  
18 actually have a policy written into the law that is harsher  
19 than that. It simply says that there is a dollar for dollar  
20 offset. Unlike the other items, there is something that is  
21 written into law.

22 Senator Chafee: Mr. Chairman?

23 The Chairman: Senator Chafee?

24 Senator Chafee: A possible compromise might be not to  
25 deduct from the unemployment compensation that portion of the

1 pension that the employee contributed to.

2 In other words, let us say that there is an entitlement  
3 plan from Company X which the employee contributed half to, say  
4 the total pension is \$100 a month of which the employee's  
5 contribution would be responsible for, say, 50, just like our  
6 own pensions here with the Federal government which we make a  
7 contribution to.

8 So thus the income from the pension for the employee -- we  
9 will say \$100 a week. Let's put it on that basis. \$50 is a  
10 return of his own contribution. \$50 is the employer's  
11 contribution.

12 Then have the employer's contribution be deducted from the  
13 unemployment comp rather than the full dollars since the  
14 employer is the sole person to pay into unemployment comp.

15 Senator Packwood: Would the same theory be true for the  
16 half of Social Security that the employer pays?

17 Senator Chafee: Yes, I think so. Yes, I think you could  
18 work that out.

19 Senator Packwood: What is it, Mike, that the National  
20 Commission recommends on this?

21 Mr. Stern: They mention simply repealing the pension  
22 offset provision.

23 Senator Packwood: Repealing what?

24 Mr. Stern: Repealing the provision in present law that  
25 requires the offset so each state would make its own

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1 determination on how to handle it.

2 Senator Packwood: They would recommend allowing each  
3 state to determine for itself?

4 Mr. Stern: That is correct.

5 Senator Packwood: Eliminate that March 31, 1980 date we  
6 have?

7 Mr. Stern: That is right.

8 Senator Chafee: The House has not gone that far, have  
9 they?

10 Mr. Stern: The Ways and Means Subcommittee has held  
11 hearings -- I guess even the full Committee has reported out  
12 the administration proposal.

13 Senator Chafee: Which is what?

14 Mr. Stern: I think it is -- I had thought it was based  
15 only on employers. Maybe Mr. Weatherford would like to  
16 comment. I believe he is saying it is the proposal you  
17 described, Senator.

18 Mr. Weatherford: Basically ours was basically what you  
19 had outlined, that you do take into account employee  
20 contributions into it. If the employer contributed, say, 50  
21 percent or more, then you would make some sort of pro ration in  
22 there. I think that would be what we would support on this.

23 That is basically what the House Ways and Means Committee  
24 reported out also, sir.

25 Mr. Stern: Under this suggestion you would not take into

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1 account Social Security. You would only be talking about  
2 private pensions.

3 Senator Chafee: You could take Social Security. I do not  
4 know.

5 Mr. Weatherford: We understand Social Security is taken  
6 into account, I believe, in the House bill.

7 That is right, sir.

8 Mr. Stern: I am sorry.

9 Senator Packwood: Have we had any hearings on this? I  
10 feel like I am legislating in the dark.

11 The Chairman: Senator Boren conducted hearings on this  
12 subject.

13 Senator Boren: Yes, Mr. Chairman. We have had two  
14 hearings on this.

15 I would like at this point, in terms of urging the  
16 Committee to proceed ahead, I know when I served at the state  
17 level when I was running for the Senate, nothing was talked  
18 about to me by the average citizen on the street more than  
19 abuses in the unemployment system. I had more comments about  
20 that, more resentment toward it.

21 We have found, for example, in our state, by making some  
22 of these changes -- which, by the way, have been adopted by 39  
23 states, not exactly controversial since 39 states have followed  
24 them -- by changing items one, two and four on the sheet that  
25 the Committee staff has prepared in terms of disallowing

1 benefits to those who voluntarily quit work without cause and  
2 will not accept employment, we have found astounding results in  
3 our state.

4 Our fund was broke. I would point out I see a number of  
5 people around this table whose funds are not only broke, but  
6 owe \$6 billion back to the Federal Treasury.

7 What is the outstanding owed by the states now?

8 Mr. Humphreys: \$5 billion.

9 Senator Boren: Do we have a list here of the states that  
10 are owing substantial amounts of money?

11 Mr. Humphreys: It is on page 8.

12 Senator Boren: Page 8.

13 Mr. Humphreys: Of the blue book.

14 Senator Boren: The number of states that still have  
15 outstanding amounts, \$410 million in the state of Connecticut;  
16 \$694 million in the state of New Jersey; \$103 million in the  
17 state of Rhode Island; \$1.2 billion in the state of  
18 Pennsylvania and so on.

19 There are some very significant -- \$335 million in the  
20 state of New York -- some very significant amounts of money  
21 that are still owed and if we are, indeed, coming into a period  
22 of some economic problems under which we might see the  
23 unemployment rate go up and some of these additional benefits  
24 triggered and all of us want to take care of the people who are  
25 genuinely unemployed, I would say we are running grave risks if



1 we do not anticipate these developments and try to save in the  
2 areas where the funds are being paid out on an illegitimate  
3 basis.

4 Our fund was broke in our state. We were absolutely broke  
5 in 1976. We were going to have to raise employer contributions  
6 significantly or face having to go into debt again to the  
7 Federal government for it.

8 We made some of these changes. The result was, within two  
9 years, our reserves had risen from \$155 million -- the highest  
10 in the state history. We reduced the employer contribution for  
11 30,000 employers.

12 We found that over 60 percent, I think, of the claims in  
13 our state were being made by people who voluntarily quit work  
14 or were fired for cause, not laid off in any kind of economic  
15 downturn, or people who refused to accept work when offered.

16 What we are dealing with here is a program that has been  
17 highly abused, funds that are set aside in an insurance program  
18 to take care of people who are thrown out of work by recession,  
19 by change in the trade laws, or other things.

20 We are really threatening, I think, money that is set  
21 aside for them. We are allowing abuse of money that they paid  
22 into.

23 If we are going into a period of downturn with \$5 billion  
24 still owing, with all due respect, especially the states that  
25 have money owing, I think they would have the first

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1 responsibility of trying to void any abuses so we do not have  
2 this problem in the future.

3       So I would hope that we would not say to the American  
4 public that we want to turn our backs on this. The Commission  
5 when we had the hearings in which we considered their  
6 continuation, I have urged them again to look at areas in which  
7 we can prevent abuse and where we can find some areas of  
8 savings, so we can pay to those who generally deserve it.

9       I do not think we ought to drag our feet on some of these  
10 things which are very clear-cut. The issues are not going to  
11 change. It is going to be the same thing next year, the same  
12 thing two years from now.

13       When the Commission reports back, they are not going to  
14 change. We either want to face up to them or we do not. I  
15 think we should.

16       The Chairman: Mr. Moynihan?

17       Senator Moynihan: Mr. Chairman, Senator Boren has not  
18 said a word I disagree with except that the element of time and  
19 the fact that the Commission -- what the Senator's subcommittee  
20 is thinking about is a major departure in this area towards  
21 Federal standards and really sort of Federal rules, almost, and  
22 there is a logic to that, but it is a logic that this  
23 Committee, which has a responsibility for the Social Security  
24 Act and the Unemployment Compensation legislation, would really  
25 want to give a month's serious consideration to, and will next

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1 year.

2 I wonder, sir, if we could ask the administration what it  
3 feels at this point?

4 The Labor Department is here.

5 The Chairman: Mr. Weatherford, would you like to speak to  
6 that?

7 Mr. Weatherford: Thank you.

8 Senator Moynihan, in our testimony, we generally took the  
9 same position that you did. I think the National Study  
10 Commission has just been extended and has under consideration  
11 many of these particular areas here.

12 As we indicated, many of them we have concerns about but  
13 believe that that Commission ought to take that under  
14 consideration.

15 I think another comment I would like to make, Senator  
16 Long, is that many states already have these provisions in  
17 place.

18 As Senator Moynihan said, you are going towards putting a  
19 standard in, because 43 states now address the question of  
20 duration, disqualification, that Senator Boren is talking  
21 about. They already do that.

22 Senator Nelson: I do not understand. Forty-three  
23 states --

24 Mr. Weatherford: Forty-three states already have a  
25 provision to disqualify people who quit, or voluntarily quit,

1 their jobs to disqualify them for the duration of their  
2 unemployment.

3 The Chairman: Forty-three states already have it?

4 Mr. Weatherford: Yes, sir.

5 The Chairman: We are talking here in the areas where you  
6 have got most of these recommendations have to do with areas of  
7 the extended benefits which is where the Federal government is  
8 paying the whole thing. All right.

9 Now, where you have got something that works out to be a  
10 rip-off and forty-three states already recognize the thing to  
11 be a rip-off, why do we have to wait for that Commission to  
12 report.

13 They were supposed to have reported already. When Mr.  
14 Cowen, who is the Chairman of that Commission, was up here I  
15 told him out there on the Senate Floor, they mandated us to  
16 come up with \$1.4 billion worth of savings. He did not say it  
17 for the record; we were not talking on the record at that  
18 point. He said, I could give you a number of things where you  
19 could save some money and you have every right to do it, he  
20 said.

21 For example, the states have a right to complain about  
22 your mandating in the area where the state matching applies and  
23 where the state laws apply but in the area where the Federal  
24 government is paying the whole cost of it, you have the right  
25 to tell them how it should be done. Where you get down to

1 something that 43 states agree that it is a rip-off and all  
2 logic agrees that it would suggest that it is a rip-off, why do  
3 we have to wait for some commission to come in here?

4 Senator Packwood: Could I ask a further question? Did  
5 you say --

6 The Chairman: The Chairman of the Commission could tell  
7 you right now that he thinks it is a rip-off.

8 Senator Packwood: Did you say that 43 states have a  
9 provision that if you voluntarily quit you are never eligible  
10 for unemployment compensation?

11 Mr. Weatherford: No, sir. Until you become re-employed.

12 Senator Packwood: I understand the re-employed part. You  
13 were saying if you voluntarily quit this job, 20 weeks 30  
14 weeks, 50 weeks go by and you cannot find a job. In those 43  
15 states you are not eligible for unemployment compensation?

16 Mr. Weatherford: That is correct, sir.

17 I would just like to have, in addition, in the remainder,  
18 no state pays an individual unemployment benefits when they  
19 quit. They disqualify them for a specified period of time, and  
20 after that if they are unable to find work, that is the  
21 difference.

22 But no state in the country pays benefits just if you quit  
23 your job and start paying benefits.

24 Senator Packwood: Only seven will pay them after a  
25 certain specified period of time. Is that right?

1 Mr. Weatherford; We call it nine because we include  
2 Puerto Rico and the Virgin Islands.

3 Senator Packwood: Forty-three will not pay them no matter  
4 what length of time has elapsed?

5 Mr. Weatherford: That is correct.

6 Senator Long, if I could respond, one of the difficulties  
7 in dealing with the Federal standard in terms of individual  
8 state law -- for example, one of the states now that provides  
9 for a fixed duration or a fixed disqualification, Texas, they  
10 can disqualify an individual up to 25 weeks.

11 If we put in the provision we are talking about here which  
12 is duration disqualification, the individual quit the job, goes  
13 back and gets another job for six to eight weeks and qualifies  
14 so that they would be back to your rolls well before the time  
15 under the proposed deal than you have under current law. It is  
16 a complex thing, trying to deal with something where you have  
17 so many different state laws involved.

18 I think that is at the heart of trying to be sure.

19 You know, we have had some standards where we have had to  
20 wrestle around on how to impose those things.

21 The Chairman: Where we are paying 100 percent of it, not  
22 the state program at all, a Federal program, we are paying 100  
23 percent, the states are just passing the money on through. Do  
24 we not have a right to say how that should be handled?

25 Mr. Weatherford: There is no question about your right to

1 do it.

2 Senator Nelson: 100 percent of what? What benefit is 100  
3 percent paid for by the Federal government?

4 The Chairman: The extended benefits.

5 Senator Boren: The Chairman is right. If you look at  
6 items one, two and four on this sheet, where we are saying you  
7 are disqualified for the duration of the unemployment from  
8 that incident, voluntarily quits, discharged for misconduct,  
9 and so on.

10 Let's take number one. Let's settle with number one.

11 If we were to do that and mandate that that all states do  
12 it, the savings would be \$300 million a year. In fact, 41  
13 states plus Puerto Rico and the District have already done  
14 that.

15 What you are saying is, let's not get into the whole  
16 philosophical area of mandating something on the states. Let's  
17 just over the part that the Federal government, and the Federal  
18 government pays it after the 26 weeks. When we go into the  
19 extended benefits, then we are talking about Federal money.

20 All you are saying is why not have the Federal government  
21 adopt the same standards with Federal money that 43 of the  
22 states have already seen fit to adopt, to prevent abuse.

23 We are lagging far behind the states in terms of what the  
24 Federal government is willing to say in terms of spending its  
25 own money. That is not controversial to me.

1 The Chairman: Senator Moynihan had his hand up, then  
2 Senator Chafee.

3 Senator Moynihan: I had spoken more than I intended, Mr.  
4 Chairman, I would just like to say that when we have heard each  
5 other out here, I am going to offer a motion to defer this  
6 matter until the report of the Commission is before us. I  
7 think it is a large and important undertaking and this  
8 Committee should give a good chunk of its time next year and  
9 that will be time enough.

10 That is all I have to say.

11 The Chairman: Mr. Chafee?

12 Senator Chafee: Mr. Chairman, I would like to point out  
13 that the Federal government does not solely come into this  
14 program after the 26 weeks has expired. The Federal  
15 government, right from the beginning of the program, pays the  
16 entire administrative cost of it, so what is our annual --  
17 forget what we pay for extended benefits. What do we pay just  
18 year by year for administrative costs?

19 Mr. Humphreys: \$1.8 billion right now.

20 Senator Chafee: So the Federal government has some reason  
21 to insert themselves into this whole program and set some  
22 standards.

23 The Chairman: Mr. Packwood, then Mr. Dole.

24 Senator Packwood: I want to come back again to the 26  
25 weeks. You are saying in these 43 states, after the person has



1 quit, he never gets any benefits. After 26 weeks has gone by,  
2 the Federal government will start to pick up benefits?

3 Mr. Weatherford: No, sir.

4 Senator Packwood: Where did the 100 percent Federal  
5 funding come from that the Chairman talks about? What benefits  
6 are those?

7 Mr. Weatherford: I do not think it is 100 percent Federal  
8 funding. 50 percent for the extended benefit program which  
9 triggers in after week 26 when unemployment reaches the trigger  
10 level.

11 Senator Packwood: Let's come back to the voluntary quit,  
12 where you have those states that will allow an individual to be  
13 qualified for unemployment compensation after a period of time  
14 has gone by. Who pays those benefits?

15 Mr. Weatherford: The states. After week 26.

16 Senator Packwood: From week 26 onward they are fully  
17 funded from the Federal government?

18 Mr. Weatherford: 50 percent.

19 Senator Packwood: 50 percent.

20 Are any of the benefits 100 percent fully funded by the  
21 Federal government?

22 Mr. Weatherford: Not currently.

23 Senator Packwood: Those states that choose to go beyond  
24 the 26 weeks or the extended benefits or allow benefits after a  
25 voluntary quit are paying 100 percent of the benefits up until

1 week 26. If they allow a person to come back on unemployment  
2 compensation after quitting, they are paying 100 percent of the  
3 benefits?

4 Mr. Weatherford: Yes.

5 Senator Packwood: After that, they are paying 50 percent  
6 of the benefits, so in no event is the Chairman right that we  
7 are paying 100 percent of the benefits?

8 Mr. Weatherford: That is correct.

9 Senator Packwood: The \$1.8 billion in terms of  
10 administration that Senator Chafee talks about would be very,  
11 very insignificantly affected, the administrative cost, by  
12 whether or not we adopt any of these suggested reforms. Is  
13 that not true?

14 Mr. Weatherford: The additional administrative costs, or  
15 savings, would not be that great, no sir.

16 Senator Packwood: When we say this is Federal money --  
17 here again, we love to use this distinction. That money is  
18 simply money paid into the Unemployment Compensation fund at  
19 the Federal Treasury by the employees, is it not?

20 Mr. Weatherford: Federal unemployment.

21 Senator Packwood: Whereas they pay another portion of the  
22 money to the state fund?

23 Mr. Weatherford: That is correct.

24 Senator Packwood: The only reason it becomes Federal  
25 money is because we happen to have got it, so while that may

1 give us a right ---I hate to use that word ---a right to tell  
2 the states how to spend the money we would have the same right  
3 with the revenue sharing or anything else, if you go under the  
4 theory that the money belongs to us.

5 The Chairman: Senator Dole?

6 Senator Dole: Apparently Senator Moynihan is going to  
7 offer a motion. Maybe we should dispose of that.

8 If he prevails, we would not be discussing any specifics.  
9 I just read in the St. Louis Post-Dispatch over the week-end  
10 that Kansas is being visited by a lot of military retirees  
11 because they come into the state and qualify as soon as they  
12 are discharged. They are told by the Veterans Administration  
13 to head for Kansas where they can pick up 26 weeks of  
14 unemployment comp. They cannot do it in Colorado, so we are  
15 getting a lot of Chamber of Commerces helping along. They  
16 spend a lot of their money there while they are in Kansas, and  
17 they need it.

18 It seems to me that ought to be stopped. Kansas gives  
19 military retirees an opportunity to double dip and they tell  
20 them to head for Kansas and you get \$123 a week for 26 weeks  
21 while they search for a civilian job. They come to Kansas  
22 because in Colorado unemployment benefits are reduced by the  
23 amount of military pension, so they come to our state.

24 I just wonder, would this be taken care of, Mike?

25 Mr. Stern: I read the article. The way the article

1 starts out is about a sergeant who is just now discharged.  
2 This proposal would take care of that because his recent  
3 employer is the military and that is also the basis for  
4 unemployment and pension, but if he were to take another job  
5 with a company and two years later become unemployed, then the  
6 pension would not be taken into account under the proposal that  
7 we have been discussing.

8 Senator Packwood: Are we not in a situation -- am I not  
9 correct, Bob -- the state of Kansas is apparently paying half  
10 of the benefits.

11 Mr. Stern: This is probably Federal. He would be under  
12 the Federal ex-military program which is probably 100 percent  
13 Federal.

14 Senator Packwood: I thought you said there were no 100  
15 percent Federal unemployment benefits.

16 Mr. Weatherford: For Federal employees, we use general  
17 revenue to pay those benefits, Senator Packwood.

18 Senator Packwood: For retired or discharged Federal  
19 employees?

20 Senator Moynihan: It costs Kansas nothing?

21 Mr. Weatherford: That is correct. However, they are  
22 treated like all other people in Kansas, military people,  
23 Senator Dole. They do not deduct any pension from anybody,  
24 as we understand it in Kansas, military, Federal or private.

25 Senator Dole: I guess there are several states, come

1 April 1st, unless we postpone this, it will be changed.

2 In '76, Alaska, California, Georgia, Kentucky, Nevada, New  
3 Jersey, North Carolina, North Dakota, Puerto Rico, Rhode  
4 Island, South Carolina, Texas and Vermont are not in compliance  
5 but they will make the appropriate changes, hopefully before  
6 April 1st.

7 Senator Nelson: Mr. Chairman, I want to say something on  
8 the motion which has been, or will be, made by Senator  
9 Moynihan. I think that there is no doubt, at least from what  
10 I have read and looked at over the years, that there are  
11 abuses, waste, some worse in some states than others, and there  
12 ought to be some corrective action.

13 That is the reason that we have a national commission.

14 I used to understand quite a bit about the program when I  
15 had to work with it in the legislature and as Governor, but it  
16 has been a good many years and it is enormously complex and it  
17 does seem to me that we ought to address ourselves to all of  
18 these issues after the Commission has made its report.

19 We have the same thing on Social Security. Some people  
20 wanted to make corrections in the Social Security law. That is  
21 what we created the Social Security Commission for. In fact,  
22 it has not completed its work, so we are now going -- I will be  
23 proposing on a bill next week, this week, the disability act,  
24 that we extend the Commission another year because they tell us  
25 they cannot complete their work.

1 Some of this stuff sounds very simple. I undertand  
2 Senator Long's argument. I also understand Senator Moynihan's  
3 argument.

4 I am not prepared without looking at the Commission's  
5 report, plus some hearings, to make a judgment piecemeal on  
6 various aspects of the unemployment insurance business.

7 So I prefer, and shall vote, to postpone taking any action  
8 until the Commission reports.

9 Senator Bentsen: I would like to ask the Senator from  
10 Oklahoma, you had two days of hearings?

11 Senator Boren: Yes. We had two days of hearings.

12 Senator Bentsen: On any specifics?

13 Senator Boren: We had hearings on all 14 items, the  
14 second set of hearings we had ---we had hearings on all of the  
15 14 suggested staff items.

16 Senator Bentsen; If this motion of Senator Moynihan's  
17 does not prevail, are you going to be offering some of these  
18 suggestions? Do you feel that your Committee has taken  
19 sufficient action or not?

20 Senator Boren: I cannot speak for the Committee because  
21 the subcommittee did not attempt to take any action. The staff  
22 merely prepared these as a set of suggestions and I would think  
23 that what we should do is go through them.

24 There may be some that have a great deal of opposition or  
25 a lot of confusion about them that we can discard. There may

1 be others that may be fairly noncontroversial that we can go  
2 ahead and adopt at this point.

3 Certainly there are many of them which I favor. I realize  
4 that my views may not be representative of everybody on the  
5 Committee. I see a few nods to that effect.

6 The Senator from Oklahoma, when would this report be made  
7 by the advisory committee.\*

8 Mr. Stern: July, 1980 is the statutory date.

9 Senator Chafee: How long have they been in existence?

10 Mr. Stern: They were established by the 1976 unemployment  
11 amendments. They were a little bit late.

12 Senator Roth: One of the things that concerns me, to be  
13 very candid, I do not think it is at all realistic to think  
14 that some time after July, 1980 in a major Presidential  
15 election that there is going to be major reform, at least in so  
16 far as tightening the requirements of this legislation.

17 So that it seems to me that there is a great deal of merit  
18 to the position of the Senator from Oklahoma, at least with  
19 respect to what appeared to be some of the more glaring  
20 weaknesses that we ought to consider and correct them. If we  
21 do not like them, we can always change it again later.

22 Could I ask the Senator from Oklahoma how much savings  
23 would you expect per year to be a result of your  
24 recommendations?

25 Senator Boren: This would depend somewhat on whether or

1 not the national rate of unemployment was such that we had a  
2 national trigger activated.

3       The higher the rate of unemployment, and if the national  
4 trigger were activated, the savings, if all of these things  
5 were adopted, could run between \$2 billion and \$3 billion.

6       Senator Roth: Per year?

7       Senator Boren: Yes.

8       Senator Roth: We are talking about a very substantial  
9 amount of money.

10       Senator Boren: A very substantial amount of money even if  
11 we just adopted a part of them, a fourth of them, you are still  
12 talking about significant amounts of money.

13       Your point about the Commission is well taken. I support  
14 the extension of the Commission.

15       Frankly, I would not have done so if I thought it would  
16 cause us to lag behind in our duty and hide behind a study  
17 commission which itself is going. Whenever you try to get the  
18 business groups, the labor groups, all of the others who are  
19 interested in this kind of thing to come out with a consensus,  
20 it is difficult and I would suspect it is not just because  
21 they had a late start after two years that they have not been  
22 able to come out with any recommendations.

23       Some of these issues are tough. They are pretty  
24 straightforward, but they are tough to resolve.

25       I do not think that we should -- some of the technical

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1 Senator Talmadge: No.  
2 Mr. Stern: Mr. Ribicoff?  
3 Senator Ribicoff: Aye.  
4 Mr. Stern: Mr. Byrd?  
5 Senator Byrd: No.  
6 Mr. Stern: Mr. Nelson?  
7 Senator Nelson: Aye.  
8 Mr. Stern: Mr. Gravel?  
9 (No response)  
10 Mr. Stern: Mr. Bentsen?  
11 Senator Bentsen: No.  
12 Mr. Stern: Mr. Matsunaga?  
13 (No response)  
14 Mr. Stern: Mr. Moynihan?  
15 Senator Moynihan: Aye.  
16 Mr. Stern: Mr. Baucus?  
17 (No response)  
18 Mr. Stern: Mr. Boren?  
19 Senator Boren: No.  
20 Mr. Stern: Mr. Bradley?  
21 Senator Bradley: Aye.  
22 Mr. Stern: Mr. Dole?  
23 Senator Dole: No.  
24 Mr. Stern: Mr. Packwood?  
25 (No response)

1 Mr. Stern: Mr. Roth?

2 Senator Roth: No.

3 Mr. Stern: Mr. Danforth?

4 (No response)

5 Mr. Stern: Mr. Chafee?

6 Senator Chafee: No.

7 Mr. Stern: Mr. Heinz?

8 Senator Heinz: Aye.

9 Mr. Stern: Mr. Wallop?

10 (No response)

11 Mr. Stern: Mr. Durenberger?

12 Senator Durenberger: Aye.

13 Mr. Stern: Mr. Chairman?

14 The Chairman: No.

15 Mr. Stern: Mr. Packwood?

16 Senator Packwood: Aye.

17 The Chairman: On this vote, the yeas are seven and the  
18 nays are eight. Not voting at this moment are Messers. Gravel,  
19 Baucus, Danforth and Wallop and Matsunaga.

20 Senator Dole: It looks like a draw.

21 The Chairman: Here is letter. I have Mr. Baucus's proxy  
22 here. He would record himself --

23 Senator Boren: Is it safe to say it is not an overwhelming  
24 mandate?

25 Senator Ribicoff: I would think, Mr. Chairman, it is

1 complicated by another problem because it is so close. That is  
2 the question that we are here basically under special  
3 reconciliation process under the Budget Act and the conference  
4 is deadlocked between the House and the Senate.

5 I think many of the proposals of Senator Boren are  
6 excellent, but if we are going to have to determine which one  
7 we take and which one we do not take, now we do not know what  
8 the requirement will be in reconciliation when the Budget  
9 Committees come to an agreement.

10 Just to see what the feeling is, I would move that we  
11 defer any further action on this this until we have a  
12 conference report from the two houses on the Budget Resolution.  
13 Then we would know. We would have the feeling here if we  
14 should wait on this until these decisions are made.

15 The Chairman: I think that might be a fair compromise of  
16 the issue.

17 Senator Boren: Mr. Chairman, I would move that we defer  
18 action of the Committee until the Budget Committee --

19 The Chairman: If the Budget Committee is going to call  
20 and estimate major savings in these areas, it would seem to me  
21 if we have to make major savings in the social welfare areas we  
22 are going to have to make recommendations here and frankly  
23 looking at the Senate Budget Committee expects of us, my  
24 reaction was to plead with people to vote to put something out  
25 there that would save a lot of money even though we anticipate

1 the Senate might vote it down.

2 If we want the recommendations of them, my reaction would  
3 be let's put something out there and those who want to vote for  
4 it, give them an opportunity to vote that way if they want to  
5 and anticipate that the Senate would not do it, probably would  
6 not.

7 In any event we would have discharged the burden put on us  
8 by making the recommendations.

9 All in favor of the Ribicoff motion, say aye?

10 (A chorus of ayes)

11 The Chairman: Opposed, no?

12 (No response)

13 The Chairman: The ayes have it.

14 Let's go on to the next matter.

15 Mr. Stern: I am not sure, Mr. Chairman, that there is  
16 anything more to bring up until you know what the amount  
17 allowed by the Budget Committee is. I am not sure that there  
18 is anything to go on to, then, until you know what amount you  
19 are talking about in general for the Budget Committee.

20 The Chairman: How about the Trade Adjustment Assistance?

21 Mr. Stern: The Trade Adjustment Assistance bill as it  
22 passed the House cost \$200 million. I would think that would  
23 be in the same category.

24 If you at act on that --

25 Senator Packwood: Is that a dispute between the House and

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1 budget offset? That is part of what they have to resolve. It  
2 falls into the same category.

3 The Chairman: If that is the case, without objection we  
4 will save that one.

5 Senator Roth: Mr. Chairman, on the House side -- could I  
6 have the attention of the Committee?

7 The Chairman: The Senator from Delaware is recognized.

8 Senator Roth: Mr. Chairman, I would just like to point  
9 out in the case of trade adjustment legislation, on the House  
10 side, funds have been specifically provided for. They have  
11 already acted on the legislation and I would point out that  
12 last year in the very closing hours of the Congress both sides  
13 acted favorably on this legislation.

14 I think that there is, in a sense, what you might call a  
15 social compact in this area. We recently passed, I believe,  
16 almost unanimously the multi-national trade agreement. At that  
17 time, labor went along with that legislation, but I think there  
18 was a general understanding that we were going to take action  
19 on the trade adjustment legislation and correct certain  
20 weaknesses.

21 It concerns me that, again, we are saying, let's delay.  
22 This legislation was adopted. I think there was something like  
23 16 votes against it in the closing hours. The only reason it  
24 is not law today is the fact that some nongermane amendments  
25 were offered and they were killed because there was no way of

1 resolving that in the closing minutes of the Congress was  
2 possible.

3 I would wish that we could at least that we could at least  
4 report it out of committee and move that far ahead and see  
5 where we are, then, with respect to the Budget reconciliation.

6 Senator Nelson: I agree with Senator Roth. We did act on  
7 this last year. I think there is an understanding that we  
8 would act on it again.

9 I think we are going to act on it. We might as well act  
10 on it now.

11 Senator Byrd: How much money is involved?

12 Mr. Stern: There is about \$200 million in the bill.

13 Senator Nelson: It is pretty much a compromise agreement,  
14 is it not?

15 Senator Roth: That is correct.

16 Senator Nelson: The administration?

17 Senator Roth: Everybody has been working very hard on  
18 this legislation, Senator Moynihan, Senator Nelson as well as  
19 others.

20 And I think we have ironed out most of the areas of  
21 dispute and for that reason I would hope that we could at least  
22 report it out of this committee and the Chairma and the rest  
23 can decide at what time it should be brought up.

24 The days are slipping by very rapidly and if we do not act  
25 today, I can see exactly the same thing happening, Senator

1 Nelson, that happened last year. We had to add it at the very  
2 last moment and it fell -- not because it did not have almost  
3 unanimous support, but because people had been up all night and  
4 were tired. That is not fair to the people we are trying to  
5 help.

6 This country has adopted a liberal trade policy. It is a  
7 policy that has been in effect for many years. We have made  
8 the deliberate decision that we are going to permit competitors  
9 to export their products to this country which causes the loss  
10 of jobs for American workers.

11 It seems to me that we have an obligation to those people  
12 when it is a deliberate act of the Federal government to make  
13 that adjustment.

14 I would urge that we would act.

15 Senator Heinz: Mr. Chairman?

16 The Chairman: Let me just ask about this matter.

17 Do I understand that there are funds, \$200 million, for  
18 this in the House Budget Resolution and nothing in the Senate  
19 Budget Resolution?

20 Mr. Stern: That is my understanding, Mr. Chairman.

21 The Chairman: Then it would seem to me that a logical  
22 compromise would be to split the difference. It is all right  
23 with me to report out whatever amount of money they would put  
24 in the budget for it. I would think we could take enough time  
25 to see what they are going to allow us. That is what we are



1 talking about here.

2 The part I am concerned about, I am willing to vote for  
3 enough money to use whatever the budget will allow us for this  
4 function.

5 Senator Packwood: Mr. Chairman, I will tell you exactly  
6 what the situation is. The House had \$200 million, we have  
7 nothing. The House Budget Conferees will be happy to accede to  
8 our figure and have nothing, period.

9 It is going to be a battle over whether that or \$100  
10 million so that there is no particularly heart among the Senate  
11 or the House conferees to keep the figure.

12 Senator Heinz: Mr. Chairman, on the merits of the  
13 legislation, this is an issue that I know that Senator Roth has  
14 been deeply involved in for a number of years, as I have I and  
15 a number of other members of this Committee. I am sorry, of  
16 this Committee. And as a result of that involvement, I think  
17 that legislation represents a rather carefully crafted meeting  
18 of the minds and it takes some of the ideas that all of us have  
19 been working on for some period of time. The administration  
20 has sat down with affected parties. They have worked out a very  
21 carefully crafted approach that is quite thoughtful.

22 I think that it would be a shame to first of all ignore all  
23 of the work and time and effort that has gone into this. It  
24 would also, as a second point, be very, very unfair to American  
25 workers.

1 I think Senator Roth is correct that we have opted for an  
2 approach best known as free trade. We all know that there are  
3 casualties when it comes to the question of free trade. Many  
4 of the people on this committee have taken considerable  
5 political risk because it is in the interests of the greatest  
6 number to have free trade, not protectionism.

7 But we have all, I think, got to recognize that we need to  
8 have some kind of safety net for workers or small firms that  
9 are caught and are casualties of what is a right policy.

10 That is essentially what Sentaor Roth is trying to  
11 achieve for us here.

12 I would hope that we could get on with it.

13 Senator Roth: May I make one observation? We do not know  
14 what the Budget Committee will do, but I think, as has been  
15 brought out, that all sides have reached, I think, pretty  
16 careful compromises, so I would think the legislation could go  
17 through rather easily.

18 As far as the amount of money is concerned, how you phase  
19 it in, there is some flexibility. We have several members on  
20 the Budget Committee, Senator Packwood and Senator Moynihan  
21 just to mention two, so I think that the ways and means of  
22 taking care of it, as far as the Budget is concerned -- would  
23 you agree with that, Mr. Moynihan?

24 Senator Moynihan: I would hope that is so. Senator  
25 Packwood would, also.

1 Senator Ribicoff: If the Senator would yield, could you  
2 not, Mr. Chairman, hereto, as before, since the sentiment seems  
3 almost unanimous for this legislation to vote it out with the  
4 understanding that if the Budget Conference has a different  
5 figure we can come back here and reopen and adjust the figure  
6 to take care of whatever the Budget Committee has.

7 Senator Roth: As I say, at that time, by some adjustment  
8 of the dates and so forth we could probably take care of the  
9 problem.

10 Senator Moynihan: Senator Packwood, do you share that  
11 view?

12 Senator Packwood: As long as the Committee realizes that  
13 we vote on a \$200 million, we may still have to come back and  
14 make choices.

15 Senator Moynihan: We will do our best. We may have to  
16 come back. We would.

17 Senator Packwood: Mr. Chairman, I would like to add one  
18 thing to this. I am not asking for money. One of the things  
19 that we face in Oregon, Trade Adjustment Assistance for people  
20 who lose their jobs. I would like to have a study attached to  
21 this bill by Commerce, labor or both, to report back within six  
22 months to a year as to whether or not one, workers are affected  
23 in the same manner by imports and two, what they would suggest.

24 Senator Nelson: A study?

25 Senator Packwood: A study from Commerce or the Department

1 of Labor or both on the effect -- we are talking about lowering  
 2 trade barriers. It hurts both ways. One on imports and one on  
 3 people who lose jobs and exports where we are exporting raw  
 4 materials when we used to put in finished products here, and we  
 5 are becoming more and more a raw material exporting country and  
 6 I would like to have a study on that.

7 We have never had hearings. I am not suggesting it become  
 8 a part of this bill for payments, but I would like to have a  
 9 study on it.

10 Senator Roth: Mr. Chairman, it is my understanding that  
 11 there is a committee chaired by the STR that includes  
 12 representation from Commerce and Labor that would be  
 13 appropriate to make that kind of study and I would think that  
 14 -- I do not know its official name, but there is a committee  
 15 already involved in this sort of thing.

16 Do you know what they call that Committee?

17 Mr. Stern: A coordinating committee.

18 Senator Roth: A coordinating committee.

19 I think that is a worthwhile proposal.

20 Senator Packwood: I would be happy to draw up an  
 21 amendment. I am not asking for benefits, but I would ask for a  
 22 study.

23 Mr. Stern: Mr. Chairman, if you are going to ask for the  
 24 substance of trade adjustment assistance, we would like to call  
 25 your attention that there is a GAO study which takes quite a

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1 different viewpoint on trade adjustment assistance and  
2 questions, whether there is a value in having a special higher,  
3 longer, benefit program for persons whose unemployment is due  
4 to imports than persons whose unemployment is due to other  
5 economic causes.

6 Their suggestion was that the Trade Adjustment Assistance  
7 program be modified so that it applies only after the six  
8 months and that the benefits be at the same level as the  
9 ongoing regular unemployment benefits. That was a suggestion  
10 that we would have made in the context of having to achieve  
11 savings overall in the unemployment area.

12 Senator Boren: Mr. Chairman, I would point out we did  
13 have testimony on the trade adjustment program. This is  
14 another area, by the way, that the Commission on Unemployment  
15 Compensation has in its study purview. One of the areas they  
16 are still looking into, in fact, the state director's  
17 association offered testimony expressing great skepticism and  
18 reservatoins about the program because the program because they  
19 say once you give special benefits to people who are unemployed  
20 for specific reasons, that you are doing some damage to the  
21 coherence of the system because an unemployed person is an  
22 unemployed person is sort of the line of reasoning.

23 I am not necessarily opposed to the trade adjustment  
24 itself, the assistance. I think there are some special  
25 problems here because of the recent changes in the trade laws

1 that we hve passed. I just would point out that that is also  
2 an item that the Commission will include in its report and  
3 where there is a substantial disagreement among the state  
4 directors of the unemployment programs.

5 Senator Roth: Mr. Chairman, I would like to go back to  
6 the basic concept here. I recognize and I respect that there  
7 are a number of people, particularly of the staff, who disagree  
8 with the concept, who feel that workman's compensation is the  
9 answer, but I think that the basic condition under which we  
10 have agreed in the past on trade adjustment is that this is  
11 only equitable, this is only fair in return for support among  
12 the people who are going to be affected for a liberal trade  
13 policy.

14 I happen to have been a strong supporter for the  
15 multi-national trade agreements. I happen to recognize that  
16 that is going to have an adverse effect on workers. It is  
17 going to have an adverse effect on firms.

18 This legislation involves firms as well.

19 It also has an adverse effect on communities that depend  
20 on these industries.

21 I think that the concept has already been recognized.  
22 Basically what we are going to do is try to work out some of  
23 the inequities and coverage so that we do deal fairly and  
24 squarely.

25 As I mentioned while there are some groups in disageement,

1 General Accounting's report is not out. It will not come out  
2 until next year, as I understand it.

3 We have a number of employees who have been unfairly  
4 treated in the past. I just think that this is, again, time to  
5 act. I will be very blunt with you. I will bet that there is  
6 not a piece of legislation before the Congress that somewhere,  
7 somehow, we do not have some kind of commission or study group  
8 reviewing, and that is all very fine. The General Accounting  
9 Office is the tool, or servant of the Congress, but we are the  
10 ones who have to make the decisions.

11 Since we have had discussions I will not belabor -- labor,  
12 business, I must say people on both sides of the aisle on this  
13 committee have worked very hard to feel that we have a viable  
14 vehicle. For that reason, I think we should move ahead.

15 The Chairman: Let's talk about the bill. Let's talk  
16 about the GAO recommendation at the same time.

17 Senator Roth: Let me, if I may, Mr. Chairman, I would  
18 welcome any of the other Senators to step in at any time, but  
19 there have been, as I have said, a number of compromises worked  
20 out.

21 One of the inequities which have happened in the past is  
22 that a number of employees were not eligible for trade  
23 adjustment because of a so-called one year rule. The one-year  
24 rule meant that the application had to be made with a year of  
25 the severance. Unfortunately, it was not well known that many

1 employees were not covered who otherwise would have been  
2 entitled to it.

3 As a result many of the proposals have been developed to  
4 cover these employees and a compromise has been reached on the  
5 part of OMB and the labor unions supporting the bill.

6 It provides that retroactive benefits would be available  
7 only to those workers who filed petitions but were denied  
8 benefits because of the one-year rule. Those who never filed  
9 for benefits would not be eligible for retroactive benefits and  
10 this would reduce the roughly \$200 million cost by about \$20  
11 million.

12 The retroactive costs would drop from \$50 million to \$30  
13 million.

14 A second area where a compromise has been reached is with  
15 respect to the number of work weeks required for  
16 eligibility. Under the bill, under the present law, to be  
17 eligible for Trade Adjustment Assistance, one had to work 26 of  
18 the last 52 weeks. The House modified that to provide that you  
19 had to work 40 of the last 104 weeks.

20 One of the great concerns and unhappiness about the  
21 present law was that if an older employee, for example, was  
22 sick and did not work was that that counted against him and he  
23 was not eligible for trade adjustment.

24 Again, a compromise has been reached, that we would  
25 continue the present requirement of 26 of the last 52 weeks,



1 but sick leave, military leave and vacation time would be  
2 included and would not count against you and this would reduce  
3 the cost of this provision from approximately \$5 billion.

4 A third compromise that has been reached by OMB and the  
5 labor unions was that an additional 26 weeks for older workers  
6 as a bridge to Social Security would be retained.

7 The report language would clarify that these benefits  
8 would terminate when Social Security is available even if a  
9 worker theoretically were eligible for adjustment assistance.

10 Finally, at our request, the labor unions have agreed to  
11 eliminate the recomputation requirements. A number of the  
12 states have been very unhappy because, under the present law,  
13 there had to be a recomputation of a worker's benefit as  
14 frequently as every quarter.

15 This requirement increased the cost of the present program  
16 of administration as a burden to state governments and also  
17 delays in delivery of benefits to workers. So agreeent has  
18 been reached on that.

19 Senator Moynihan: Mr. Chairman, may I just endorse what  
20 Senator Roth has said?

21 This is sound legislation. There have been improvements  
22 made that Senator Roth has described and there is a  
23 repsonsibility incumbent upon this committee. This was an  
24 agreement made. It is not unfair.

25 Senator Heinz and Senator Nelson would agree that this was

1 an agreement made about the conditions under hwich the United  
2 States would take what seemed to be at the time an unlikely  
3 decision to maintain the liberal trade policies of the past two  
4 generations, which would keep our agreement.

5 Senator Ribicoff: Mr. Chairman, I think we do owe an  
6 obligation. Senator Roth, Senator Heinz and Senator Moynihan  
7 make a very sound point. It is even more important.

8 One of the problems that weakens America's competitive  
9 position in the world is that our international competitors do  
10 everything that they can to buttress strong industries.  
11 American policies is usually surrounding weak industries and  
12 therefore, as a government, we constantly lose out.

13 With MTN it would seem, having voted 90 to 4 that we are  
14 about to change our policies and do everything we can for  
15 strong industries that there wlll be a period in American  
16 society that the weak industries are going to be hurt and go  
17 under and to wait until the strong industry can absorb that  
18 employment will take a considerable period of time.

19 During all the discussion it was assumed that we were  
20 going to do whatever we could in trade adjustment assistance.

21 So, I think having voted 90 to 4 to change America's  
22 export-import policy that this Committee really owes an  
23 obligation to pass this legislation. It is an implied promise  
24 that we made to the people who are going to be hurt, and I  
25 would hope that we could vote it out.

1           Again, in the event that the conference committee  
2 indicates that we are overboard, we can adjust the amount in  
3 this legislation.

4           The Chairman:   Sentaor Dole?

5           Senator Dole:   I agree with everything that has been said.  
6 At the same time, if there is some credibility to the GAO  
7 study, parts of which are available, it is just a waste of  
8 money to prove that we all believe in what we are about to do.  
9 It does not make much sense.

10          We have a GAO representative here and I understand that  
11 the study will be completed on January 1, 1980 -- either that  
12 or before then.

13          I do not want to hold up anything, but if there is a  
14 chance that we can reduce the cost, and not have any impact on  
15 what Senators Roth, Heinz, Moynihan, Ribicoff and others seek  
16 to do, then I think we ought to make those modifications.

17          We are talking about a retroactive eligibility which is a  
18 \$50 million item.

19          I wonder if I could have GAO comment on the area that you  
20 feel needs to be addressed?

21          Mr. Coughenour:   I believe our basic feeling is that the  
22 benefits ought to be added on to the end of the regular  
23 unemployment insurance eligibility period which would provide  
24 the benefit period adjustment that the workers need.

25          We found that most people who received benefits went back

5

1 to work by the time they received them. There were many people  
2 who, of course, did need the benefits who were off a long  
3 period of time. Those are the people, I believe, that the  
4 benefits ought to be addressed to.

5 By adding the trade adjustment assistance cash payments on  
6 after they have exhausted their regular unemployment insurance  
7 benefits, but that they would get an extended period of  
8 employment, of income protection, in which to find employment,  
9 and that is our basic feeling which would save quite a bit of  
10 money, based on the results of our study.

11 Senator Dole: Is there any quarrel with that?

12 Senator Roth: Mr. Chairman, what I would point out, what  
13 the GAO is proposing is a very different approach. What they  
14 are saying is that you add on the so-called trade adjustment at  
15 the end of unemployment compensation. Unemployment  
16 compensation depends on what the state does and varies by area  
17 to area.

18 I would point out that you already have a reconciliation  
19 in the sense that your unemployment compensation is deducted  
20 from your trade adjustment but I do disagree that that is a  
21 very different, very fundamental change in this legislation  
22 from what is already on the books.

23 What we are saying, what Senator Moynihan and others have  
24 said, in return for a national policy that we should take care  
25 of these people especially because they do suffer from a

1 deliberate Federal policy of promoting the importation of  
2 foreign goods. That means a loss of jobs.

3 You know, conceivably you could have all kinds of  
4 different approaches, but I think we already have a law on the  
5 books. What we are proposing is to do away with some of the  
6 inequities and I would move that we could vote it out  
7 accordingly.

8 The Chairman: I think we should discuss the bill point by  
9 point. It is the job of the Committee to recommend what would  
10 be done about it.

11 Why do you not, Mr. Stern, if you can, give us the points  
12 that we need to decide and see if we can decide them?

13 Mr. Stern: The first element in the House bill -- maybe  
14 the best way would be to take the staff blue book called "The  
15 Trade Adjustment Assistance Program", the description of the  
16 House bill which is identical to S. 227 by Senator Roth and  
17 others.

18 It begins on page 5 of this blue book.

19 The requirement under present law for eligibility says  
20 that sales or production of the workers' firm or appropriate  
21 subdivision must have decreased absolutely and increased import  
22 articles like or directly competitive produced by the workers'  
23 firm, or an appropriate subdivision, must have contributed  
24 importantly to the workers' **partial or total separation.**

25 The first provision in the House bill, which is the

1 longest single cost item, says you can permit a finding of  
2 eligibility on the basis of a threatened absolute decrease in  
3 sales or production and you can expand the eligibility to  
4 employees of firms or appropriate subdivisions who provide  
5 essential parts or services to trade-impacted firms, not simply  
6 the employees of the firms themselves immediately trade  
7 impacted.

8       The House bill does not actually specify a minimum portion  
9 of sales or production they would have to be provided. The  
10 Senate passed bill last year provided that at least 25 percent  
11 of total sales or production of the secondary firm have to --  
12 that was the minimum threshold in order for them to get trade  
13 adjustment assistance.

14       The Chairman: Let me ask you this. Let's look at some of  
15 these points.

16       Do we want to provide adjustment assistance where there is  
17 a mere threat of injury?

18       Senator Roth: Mr. Chairman, I think that that has to be  
19 clarified. The findings can be made on the threat of damage,  
20 but no payments can be made until it is actually suffered.

21       The problem under the present legislation is that there  
22 has been too long of a delay. For that reason the workers have  
23 not received the assistance when most needed.

24       That is when they are out of a job. All they are  
25 providing is to do the preliminary investigation, that there is

1 this threat of suffering, loss of workers, but no payment can  
2 be made upon that finding.

3 It is only when there is actually a resultant loss of  
4 work.

5 The Chairman: Is that what the bill provides?

6 Mr. Stern: I am sorry. I should have left out that  
7 parenthetical remark. This is designed to allow the processing  
8 of the claims faster, not to change the eligibility standard.

9 The part that is important, the second part in terms of  
10 cost, namely expanding eligibility to secondary firms, that is,  
11 firms that supply parts or services.

12 Senator Roth suggested a few minutes ago the standard  
13 there be 50 percent.

14 Senator Roth: I did not suggest it would be 50 percent.

15 Mr. Stern: You did not?

16 Senator Roth: The administration suggested it.

17 Let me spell out what is here. That is a very important  
18 change that needs -- what the House bill does --

19 Senator Dole: The Downey amendment.

20 Senator Roth: Which I think is only ethical.

21 Let me point out what I am talking about. You are an  
22 automobile manufacturer. You produce some of the bumpers for  
23 your cars but you also buy bumpers from an outside supplier.

24 The Toyota, or some other foreign car, comes in reduces  
25 sale and there is a certification required under the law.

1 Under current law, the workers who make the bumpers for the  
2 American automobile manufacturer, is entitled to trade  
3 adjustment and would secure it. Right across the street, the  
4 independent supplier who is making these bumpers for the  
5 American manufacturer is left out in the cold.

6 To me, it is very hard to argue that there is anything  
7 fair or equitable about that.

8 So what has been done, they have eliminated that  
9 requirement that that outside supplier has to supply 25 percent  
10 of its sales to this company and instead when you use exactly  
11 the same criterion which is used in buying the automobile, the  
12 manufacturer itself has suffered from imports.

13 This to me is just a clear-cut case of equity and fairness  
14 in treating the American worker.

15 Senator Moynihan: May I say it is a clear-cut case of a  
16 realistic understanding of what our economy is like? The end  
17 product that is affected by trade ---this automobile or that  
18 television set -- a complex economy draws components from  
19 hundreds of purchasers. This deals with reality.

20 Senator Dole: How far down the line does this go?

21 Senator Roth: Just the first tier.

22 Senator Dole: you could have a third and fourth tier.

23 Senator Roth: you could make a strong argument that it  
24 ought to be carried further but I think that it is perfectly  
25 obviously at least at the first tier at this time that we



1 should take that step.

2 On the basis of equity, I could argue it should go further  
3 because of cost and otherwise there has been agreement reached  
4 by most people concerned that this is the fairest way.

5 Senator Dole: Does the administration support this?

6 Mr. Fooks: Senator Dole, the administration does not  
7 support the Downey amendment or the version that this committee  
8 reported out last year. The administration feels that because  
9 of the uncertainty of the scope of the additional coverage  
10 involved when you go beyond the first tier that you should go  
11 through on expanding coverage in this area, that it should  
12 cover only components at a 50 percent ratio, no stated ratio at  
13 all, or 25 percent.

14 The Chairman: You represent a 50 percent ratio?

15 Mr. Fooks: Yes, sir.

16 Senator Dole: Lower tier and upper tier. It is the sme  
17 thing.

18 The Chairman: Assuming he loses 50 percent of his  
19 business. Supposing he is making parts' going into an  
20 automobile, he is making parts going into an automobile. Would  
21 you contend that the suppliers ---say he is making bumpers that  
22 go on an automobile, that the supplier would have to lose 50  
23 percent of his business before he could get some help.

24 Mr. Fooks: The way it would work, Senator Long, if the  
25 workers are employed on bumpers in a particular production

1 line, supplying 50 percent of their output to an automobile  
2 that was import impacted they would come under the coverage of  
3 the program. It would not have to be a 50 percent sales loss.  
4 There would still have to be a decline in sales or production.

5 The Chairman: They would have to provide 50 percent of  
6 their output to somebody who comes under that?

7 Mr. Fooks: That is correct.

8 The Chairman: Does the House bill say 25 percent?

9 Mr. Stern: The House bill has no minimum.

10 Senator Roth: The House bill does what I say is fair and  
11 equitable. It provides that the same standard would be used  
12 with respect to the first tier supplier in determining whether  
13 it contributed substantially to his loss of business.

14 Senator Dole: Last year's bill we passed was 25 percent,  
15 was it not?

16 Mr. Stern: Last year's was 25 percent.

17 Senator Dole: That cost \$78 million. The administration  
18 approach would cost \$20 million and what we are looking at  
19 would be \$100 million.

20 Senator Roth: I feel very strongly if there is any merit  
21 to the case, as I think there is for the reasons I already  
22 outlined, you just cannot argue that it is fair to the second  
23 group of workers who make the bumpers that they are not  
24 covered, and the first group is because you are giving them  
25 a stricter test.

1 You are discriminating by giving a stricter test.

2 The Chairman: That employer, if he can, would like to  
3 attribute that unemployment, if he can, to the trade program.  
4 The trade program is 100 percent Federal funds. Is that right?

5 Mr. Stern: The trade adjustment assistance benefits  
6 are --

7 The Chairman: Otherwise if it is not attributed to the  
8 trade program, then it is applied against -- if it is not  
9 attributed to the trade program, it would be applied to the  
10 experience rating. He would have to pay more money.

11 Is that not right?

12 Mr. Stern: Well, for the first six months of benefits, I  
13 guess, the trade adjustment is supplementary to the regular  
14 benefits so he still would be charged, either way, for purposes  
15 of the regular benefits.

16 The Chairman: How about after that?

17 Mr. Stern: After that, if there was no extended benefit  
18 program as there is not in most states now, it would be 100  
19 percent.

20 Mr. Fooks: It has no effect on the employer's experience  
21 rating.

22 The Chairman: No effect on it.

23 Mr. Fooks: No.

24 Mr. Stern: Do I understand correctly that you are saying  
25 that the 50 percent rule would only apply to parts, not

1 services?

2 Mr. Fooks: That is the administration's approach, yes.

3 The Chairman: Parts, not services.

4 Senator Roth: Mr. Chairman, there are a number of cases  
5 throughout the country where employees suffer by the importation  
6 of the same foreign made products.

7 I do not know of any way you can explain that.

8 As I say, under the House bill ---which I strongly support  
9 -- you have exactly the same test for the manufacturer of the  
10 car as you do for the manufacturer of the bumper that is used.  
11 They have to show that it contributed substantially to the work  
12 loss.

13 Senator Dole: How would it work -- if we are all  
14 concerned about the People's Republic of China, the impact on  
15 textiles, next year they laid off a bunch of textile workers  
16 and they were concerned about not the actual industry, but the  
17 threat from the People's Republic of China and they would be  
18 paid under this provision?

19 Senator Roth: That is going to another point.

20 Senator Dole: The first part of that.

21 Senator Roth: As I mentioned, there would be no payments  
22 made unless, in fact, there was a reduction in employment  
23 because of the actual importation of textiles from Red China.

24 Senator Dole: If the cotton were produced here, would he  
25 get a secondary payment? Would he fall under it?

1 Mr. Foster: Senator, the way it would work, if you had an  
2 apparel manufacturer sewing a shirt, shirts were imported into  
3 the United States, and displaced some of his production and his  
4 workers, then the individual who supplied cotton cloth to him  
5 would definitely be covered under this extension of the  
6 program. The person who supplied the raw cotton to the cloth  
7 maker, it would not be considered a first tier producer at that  
8 point and would not be covered, as I understand the concept.

9 Senator Dole: Even though he cannot sell his cotton?

10 Mr. Foster: Yes.

11 The issue is you are extending this to a first tier  
12 supplier and as you move further away from the actual direct  
13 import impact, there is some concern that the causation element  
14 basically the relationship between the imports and actual  
15 injury gets weaker.

16 There is a desire to move it to one tier, because there is  
17 a feeling that there is a substantial relationship there. If  
18 you go beyond that, you are getting into an area where it  
19 becomes very, very difficult to prove anything with certainty.

20 So I think that proponents of this proposal are saying one  
21 tier because there we can say with some confidence you will  
22 still have the relationship between imports and the impact of  
23 the worker. Let's not go beyond the first tier until we have  
24 some more experience and we can demonstrate, in fact, that  
25 there is still going to be that relationship.

1 The Chairman: Let's just talk about the service parts of  
2 it. What kind of services are we thinking about? Can you give  
3 us some idea as to what type thing those services are likely to  
4 be?

5 Mr. Fooks: The administration does not support coverage  
6 of services.

7 The Chairman: What would it be likely to be?

8 Mr. Fooks: Both bills before the Committee, what they  
9 propose is services essential to the production of an article.  
10 That could be putting a coating on a metal. It could be  
11 cleaning a bolt of cloth before it is manufactured into an  
12 apparel item. Services such as that.

13 I do not think that the bills contemplate the coverage of  
14 banking, financial services or retail trade.

15 Senator Roth: What they have in mind is such things as  
16 trucking services where they truck material. I think that  
17 would be one example.

18 The Chairman: I can understand it to be injury if a guy  
19 has a cafe across the street from the plant, but I hope we are  
20 not including that.

21 Mr. Fooks: I do not think that is the intent.

22 The Chairman: I do not think we should have to take the  
23 restaurant workers in. You do not think that would be included  
24 anyway?

25 Mr. Fooks: In the legislative history from the House, it

1 indicates that that type service would not be included.

2       The Chairman: It would include such things as  
3 transportation of the product to the market and services  
4 provided?

5       Mr. Fooks: I do not think it would include  
6 transportation to the market except where a carrier had a more  
7 or less exclusive arrangement with a production facility.

8       Senator Roth: I think what is being talked about, Mr.  
9 Chairman, is essential services and in the House bill,  
10 certainly that could be done in the Senate bill. That would  
11 spell it out in some care in the report.

12       The Chairman: If I were to go along with it, I would  
13 think, at a minimum, we ought to have the 25 percent test that  
14 we voted for last time. It seems to me if somebody -- that is  
15 only about 1 percent of the person's business -- it just gets a  
16 little too nebulous it seems to me. That 25 percent test we  
17 voted for last time at least pins it down to the extent that  
18 there has to be something substantial. It cannot be some minor  
19 aspect of the person's business, and I would suggest that we at  
20 least include that much of a test if we are going to do it.

21       Senator Roth: May I point out, Mr. Chairman, you are  
22 talking in this case of the assistance to the workers. My  
23 concern is when you have that 25 percent figure and it depends  
24 on how large that company is; in the case of the automobile  
25 manufacturer himself, if he has 25 or 100 employees put out of

1 work who are making these bumpers, they are covered. Whereas,  
2 if we put on this additional requirement with respect to the  
3 first tier, that same number of employees would not be covered  
4 on the outside unless it met that second test.

5 I do not see why we need any additional test for that  
6 first tier. I would leave it exactly the same. It contributes  
7 substantially and that finding has to be made.

8 Let me point out under the Downey amendment, those firms  
9 and subdivisions supplying essential parts to import-impacted  
10 firms must show: one, a significant number of workers are  
11 totally or partially separated; two, sales or production has  
12 absolutely declined; and three, that the imports contributed  
13 importantly to the separation or decline before they receive any  
14 benefits.

15 That is the test for the first tier. The language  
16 contributed importantly, exactly the same use for the end  
17 product manufacturer. I think that is a hard line to draw, the  
18 25 percent.

19 For that reason I would hope that we could keep the House  
20 language.

21 Senator Dole: You are talking about \$22 million, I would  
22 think. You are not talking about very much -- \$25 million or  
23 \$50 million, but there ought to be some direct link to trade  
24 damage. That is the only objection I have.

25 If, in fact, they are displaced because of injury, I think



1 they should be taken care of, whatever tier they are in. I do  
2 not know. Anybody can do that without getting into  
3 percentages to show a more direct link.

4 Mr. Foster: Senator Dole, the House bill in its language  
5 does attempt to do that. What it essentially says, if you have  
6 an end product being imported and a first tier supplier wants  
7 adjustment assistance, he has to demonstrate to the Department  
8 of Labor that that end product contributed substantially to his  
9 unemployment, so his responsibility is to trace the effect  
10 through.

11 Senator Dole: Is that in our bill?

12 Mr. Foster: The House bill language right now, the 25  
13 percent requirement would be an additional requirement that  
14 would just weed out, if you will, a number of firms in an  
15 earlier stage who could not meet that.

16 On the theory, as a general rule, that they are not  
17 supplying 25 percent of their production to an impacted firm,  
18 they are not likely to be able to demonstrate this direct  
19 relationship.

20 The House basically said, why bother to have that second  
21 criterion? Let's make them demonstrate directly they can do  
22 it. If they get the relief, they get the relief; if they do  
23 not, they do not. But basically, they have to demonstrate it.

24 Senator Dole: I do not know if that will be acceptable,

25 Senator Roth: As long as there is a direct link, I do not

1 see any problem with it.

2 Mr. Foster: That is what the House bill requires, that  
3 there be that direct link.

4 Senator Roth: Yes.

5 The House bill provides "such guidelines should establish  
6 a direct significant supplier relationship exists." I would  
7 assume we would have the same language in the Senate Committee  
8 report. We want the link. There is no question about that.  
9 That is the whole purpose of the legislation.

10 The Chairman: Let's go to the next point, then.

11 Senator Dole: Do we accept that?

12 The Chairman: If somebody wants to move the 25 percent  
13 limitation, they can do so. I am not going to move it.

14 Senator Dole: Are we going to do as Senator Roth just  
15 suggested, to make sure that there is some direct link?

16 The Chairman: The bill so provides.

17 Mr. Stern: Senator Roth is suggesting the House language  
18 and reference in the House Committee Report that deals with the  
19 question, too. Are you not, Senator Roth?

20 Senator Roth: What?

21 Mr. Stern: That you preserve the House language and  
22 incorporate the House Committee Report language.

23 Senator Roth: That is correct.

24 The Chairman: The next point.

25 Mr. Stern: The next point is another major element of the

1 proposal and it relates to what connection to the labor force  
2 you have to have had in order to qualify for trade adjustment  
3 assistance benefits. Under the present law, you would have had  
4 to work 26 of the preceding 52 weeks in adversely affected  
5 employment with a firm, or subdivision of the firm.

6 The House bill gives an alternative test of 40 of the  
7 preceding 104 weeks. Senator Roth has proposed that you keep  
8 the 26 of 52 weeks test but you allow sick leave and vacation  
9 leave to be counted towards your 26 weeks of employment.

10 Senator Roth: That, Mr. Chairman, is acceptable to OMB or  
11 the Administration, as well as to the unions.

12 The Chairman: What is this recommendation?

13 Mr. Stern: The recommendation is that you preserve the  
14 requirement that an individual have worked 26 of the prior 52  
15 weeks and not change that test, but that you allow him to count  
16 towards his 26 weeks sick leave and vacation leave. So if he  
17 had worked 23 weeks but was sick for three weeks, that would  
18 count for 26 weeks.

19 Senator Roth: What has happened, Mr. Chairman, there have  
20 been many cases where older employees may be out sick. Under  
21 the present rule, those weeks that they were out sick counted  
22 against them.

23 In the interest of fairness to them it is proposed that  
24 those and vacations be counted in.

25 Senator Dole: I move that we adopt the Roth modification?

1 The Chairman: All in favor, say aye.

2 (A chorus of ayes)

3 The Chairman: Opposed, no.

4 (No response)

5 The Chairman: The ayes have it.

6 Mr. Stern: The next item on page 6 of the blue book, the  
7 House allows older workers -- that is, workers 60 years old --  
8 an additional period of 26 weeks of benefits and Senator Roth  
9 has suggested that that provision be included in the bill. It  
10 is in the House bill.

11 The Chairman: How is that? Give that to me again?

12 Mr. Stern: It allows workers who are at least 60 years  
13 old when they become separated an additional 26 weeks of  
14 benefits beyond 78 weeks.

15 Senator Roth: The administration here, again, has  
16 withdrawn its opposition to this. It is primarily a benefit to  
17 the older workers and would cost \$2 million.

18 Mr. Stern: It would allow up to two years of benefits  
19 instead of a year and a half.

20 The Chairman: All in favor, say aye.

21 (A chorus of ayes)

22 The Chairman: Opposed, no?

23 (No response)

24 Senator Roth: One final modification, which we have  
25 discussed with the unions who have been interested in this

1 legislation and it is satisfactory to them on the recomputing  
2 the benefits.

3 Under the present law, you have to recompute weekly wage  
4 and benefits. This delays the delivery of benefits. The  
5 states have objected. It has increased very substantially the  
6 administrative burdens to them.

7 I understand the administration supports the elimination  
8 of this requirement. I have checked it out with groups  
9 benefiting from the program. They do not oppose it.  
10 Therefore, I suggest the Committee adopt an amendment adopted  
11 by the Department of Labor eliminating this burdensome  
12 provision.

13 I so move, Mr. Chairman.

14 The Chairman: All in favor, say aye.

15 (A chorus of ayes)

16 The Chairman: Opposed, no?

17 (No response)

18 The Chairman: The ayes have it.

19 Senator Dole: That leaves the retroactive eligibility.

20 Mr. Stern: We have not come to that yet as to the extent  
21 we are going through the book. This is a provision that was  
22 not included in the House bill.

23 The next item to take up, Mr. Chairman, in the middle of  
24 page 6 is a liberalization in the House bill for expenses of  
25 unemployed workers finding new jobs.

1 The present law allows 80 percent of necessary costs with  
2 a maximum benefit of \$500 of the cost of finding suitable work  
3 and the House bill would increase that to 100 percent of his  
4 costs with a maximum of \$600.

5 It also provides for a long period of time in the case of  
6 older workers to seek new employment.

7 The Chairman: We are trying to hold the costs of it down.  
8 It does not seem to me that it is necessarily 80 percent. That  
9 is showing that he is looking for an additional job. If you  
10 are paying 80 percent of it you are doing pretty well. That is  
11 my thought, anyway.

12 Senator Roth: I wonder what the Labor Department thinks.

13 Mr. Fooks: We do not think there is a significant cost  
14 associated with this, Mr. Chairman. We also propose a change  
15 that would permit the government to reduce the grant or payment  
16 by the amount ordinarily paid by employers so it will not be a  
17 wash in terms of cost.

18 There is so little utilization now.

19 The Chairman: What do you think the cost of it would be.

20 Mr. Fooks: Less than \$1 million, probably.

21 The Chairman: All right.

22 Mr. Stern: The House provision is \$6 million. This is a  
23 modification, am I correct?

24 Mr. Fooks: The House has 100 percent.

25 Mr. Stern: That is right.

1 Mr. Fooks: The modification we are talking about is  
2 having the employer contributions offset is a modification.

3 Mr. Stern: This is a modification of the House provision.

4 Mr. Fooks: Yes.

5 The Chairman: Those in favor say aye.

6 (A chorus of ayes)

7 The Chairman: Opposed, no?

8 (No response)

9 The Chairman: The ayes have it.

10 All right.

11 Mr. Stern: The next item is at the top of page 7. This  
12 only involves a small amount of money, half a million dollars.

13 The bill broadens the definition of an adversely affected  
14 employer to include the cases where a worker is totally  
15 separated from other employment with a firm which adversely  
16 affected employment exists within 190 days of being transferred  
17 from adversely affected employment.

18 It would include workers totally separated from other  
19 employment in the firm which adversely affected employment  
20 results from the transfer because of lack of work or  
21 re-employment of another adversely affected worker.

22 That proposal is a fairly minor one and only involves a  
23 half a million dollars.

24 The Chairman: Without objection, agreed.

25 Senator Heinz: Mr. Chairman, there is an issue maybe I

1 should raise at this point which I think can be handled through  
2 report language which has to do, through loss of jobs through  
3 contract sales.

4 I would defer it to later, but I would like to discuss the  
5 issue briefly. I do not want to interrupt Mr. Stern's  
6 presentation. Let me just put a footnote.

7 The Chairman: We will get to it.

8 What else is there?

9 Mr. Stern: All right.

10 The next item, a significant cost item in the House bill  
11 cost \$50 million. It allows retroactive filing of applications  
12 in the case of workers separated from employment between  
13 October 3, 1974 and November 1, 1977.

14 Senator Roth has proposed a modification. That is to say,  
15 he would extend it to that period but not for workers who had  
16 never applied.

17 Senator Dole: Take out the open season.

18 Senator Roth: Take out the open seson. That would save  
19 \$20 million to \$25 million, about half.'

20 The modification that the administration would support  
21 this provision, if we eliminate the open season, it would only  
22 be retroactive with respect to those who had actually applied.

23 Senator Dole: Go to '77 or '76?

24 Senator Roth: '74 and '77. A worker between October, '74  
25 and November '77.



1 Senator Dole: The administration supports that?

2 Mr. Fooks: Yes, the administration supports it.

3 The Chairman: All in favor, say aye?

4 (A chorus of ayes)

5 The Chairman: Opposed, no?

6 (No response)

7 The Chairman: The ayes have it.

8 All right. Does that take care of it? Is that all we  
9 have on the bill?

10 Mr. Stern: That takes care of the worker portion.

11 Mr. Foster: The House bill, 1543, also has some  
12 provisions relating to firm adjustment assistance whereby a  
13 firm who is impacted by imports can receive loans or loan  
14 guarantees or technical assistance from the government.

15 The first amendment that would be made by the House bill  
16 would be to say, in addition to having to show that imports had  
17 actually resulted in a decrease of sales or production of the  
18 firm in order to qualify for assistance, a firm could also show  
19 that there is a threat of a decrease in its sales or  
20 production.

21 The theory behind this is the same as the analagous  
22 provision in the worker case. It would allow a quicker  
23 certification, but actual benefits would not be paid until  
24 there was an actual impact, an actual increase in the sale or  
25 production.

1 The administration does oppose this. The estimated cost  
2 is about \$300,000 a year for this proposal.

3 The Chairman: Those in favor, say aye?

4 (A chorus of ayes)

5 The Chairman: Opposed, no?

6 (No response)

7 The Chairman: What is the next one?

8 Mr. Foster: The next one is the analagous provision to  
9 the labor provision with respect to firms which supply goods or  
10 services to a producer that is actually impacted by imports.  
11 Here the House bill does have the 25 percent supplying  
12 requirement, i.e., that the supplying firm must supply at least  
13 25 percent of its production to the firm that is actually  
14 impacted.

15 The reason for the difference here, essentially is that in  
16 the firm case you are dealing with a unit and you are basically  
17 saying in order for a firm to receive adjustment assistance,  
18 this is the best way of making sure that there is, in effect, a  
19 relationship. In the worker case when you were dealing with  
20 individual workers they wanted to have that particular  
21 requirement.

22 The Chairman: Without objection, agreed.

23 Senator Dole: What is the administration position?

24 Mr. Foster: Well, the administration also opposes this.

25 They would be willing to accept an amendment if you raised the

1 25 percent requirement to 50 percent and applied it only to  
2 goods, they would support that. So they would eliminate  
3 services and raise the 25 percent requirement.

4 The Chairman: How much money is involved in that?

5 Mr. Foster: As in the House bill, it is \$13  
6 million. As would be acceptable to the administration, it is \$8  
7 million. So I think there is approximately a \$5 million  
8 saving.

9 The Chairman: Without objection, we will go along with  
10 the 25 percent test.

11 What else do you have?

12 Mr. Foster: The next series of amendments in the House  
13 bill relate to program benefits. The first amendment relates  
14 to technical assistance. When a firm has been certified for  
15 eligibility to apply for program benefits, they have to come up  
16 with a program demonstrating how they will adjust to the import  
17 competition and how they will use the loan or loan guarantee  
18 that is provided to them, in preparing this plan the government  
19 can now pick up 75 percent of that plan if it is prepared by a  
20 private contractor or they use some sort of private individual  
21 to do this.

22 The bill would raise that pick up by the government to 90  
23 percent. In each case, it is discretionary with the Secretary  
24 as to whether the firm is able to pay for it. If he decides  
25 the firm is able to pay on its own, the government does not

1 have to pay anything. If he decides the firm is unable to pay,  
2 then the government could pick up to 90 percent of it under the  
3 amendment.

4 The cost of this is approximately \$3 million a year.

5 Senator Roth The administration --

6 Mr. Foster: The administration has no objection to this.

7 The Chairman: Okay. Without objection, agreed.

8 What else?

9 Mr. Foster: The next provisions relate to financial  
10 assistance, the actual assistance that is given to the firm  
11 once they qualify. These include loans and loan guarantees.

12 Under present law, any single firm may, at any one time,  
13 not have more than \$1 million in loans from the Federal  
14 government nor more than \$3 million in loan guarantees.

15 The House bill would amend this to make it \$3 million at  
16 any one time for any one firm with respect to direct loans and  
17 \$5 million for loan guarantees. Additionally, the House bill  
18 provides that with respect to loan guarantees, the Secretary of  
19 Commerce contracts to pay annually for not more than ten years  
20 interest rates subsidies to, or on behalf of, the borrowing  
21 firm in amounts sufficient to reduce by a maximum of four  
22 percentage points the interest paid by the borrower on that  
23 loan.

24 So you have a firm that goes out and borrows money from a  
25 bank. It is guaranteed. The government could provide an

1 interest rate subsidy of up to 4 percent of the amount that the  
2 borrower is having to pay for the money.

3 There have been no objections to these provisions received  
4 by the committee.

5 One other provision, I should indicate. Right now, the  
6 cost on the direct loan to the borrower is essentially the  
7 Treasury cost of borrowing plus a small percentage to cover  
8 losses under the program.

9 What the House bill would do would be to eliminate that  
10 addition for small costs, for covering the costs of the  
11 program.

12 No objections to any of these provisions by the  
13 administration were received from any source. The annual cost  
14 for fiscal 1980 is about \$10.2 million for this provision.

15 The Chairman: Any objection?

16 Without objection, agreed.

17 Mr. Foster: That is all on the firm provisions. That is  
18 all that I am aware of in the bill.

19 I believe the administration may have some additional  
20 amendments they want to recommend in the labor provision.  
21 There was one area that was not covered there.

22 Mr. Stern: Mr. Chairman, I wanted to mention one thing.  
23 There are authorizations for appropriations here in the firm  
24 part and also in the worker part and for Budget Act purposes,  
25 would you prefer to leave the effective dates fiscal '80 but

1 seek a budget waiver. In the alternative, you could just start  
2 them in 1981. It is your choice.

3 Senator Roth: What are your feelings on that, Senator?

4 Mr. Stern: Under the Budget Act you are supposed to  
5 report out any legislation that authorizes appropriations for  
6 the fiscal year by May 15th and if you do it after that, you  
7 have to seek a waiver.

8 Senator Dole: How much is the waiver? How many dollars?

9 Mr. Stern: Well, it is a procedural matter rather than a  
10 dollar amount.

11 Senator Moynihan: That is a hard one.

12 Senator Dole: You are not talking about much in the  
13 waiver.

14 Mr. Stern: I do not think the money involved is very  
15 large, in any case.

16 Senator Moynihan: I think we can get the waiver. I think  
17 it is a fair bet that we will. And if we do not, we can then  
18 deal with that. We will move very quickly to do it.

19 The Chairman: All right. We will seek the waiver.

20 Senator Moynihan: It is a bet.

21 The Chairman: Without objection, we will agree to that.

22 Mr. Stern: In other words, you have approved a resolution  
23 seeking a waiver on this bill when it is reported?

24 Senator Roth: Yes.

25 The Chairman: Without objection, agreed.

1 Mr. Fooks: Mr. Chairman, we would like a provision  
2 which would provide the Secretary of Labor with authority to  
3 suspend existing certifications so that workers whose most  
4 immediate lay off is clearly not related to trade would not  
5 receive benefits.

6 It is a situation that arose during the past coal strike  
7 where we found that steel workers were getting laid off at  
8 Sparrows Point and other mills in the country who were covered  
9 by an existing certification but whose immediate lay off had  
10 nothing to do with imports. It was the result of the coal  
11 strike, and that is a situation we would like to be able to  
12 manage.

13 We cannot do it under the existing authority.

14 The Chairman: Without objection, agreed.

15 Any more administration suggestions.

16 Senator Heinz?

17 Senator Heinz: If not, Mr. Chairman, I have two items I  
18 would like to raise which grow out of experiences we have had  
19 in my state.

20 The first issue has to do with the laws of contract sales.  
21 These have been discussed with the staff, but let me just cover  
22 them briefly.

23 When a firm sells an item that is produced under written  
24 contract rather than being sold from inventory and where there  
25 is a long lead time required for the manufacturer to ship those

1 items, there is a possibility the firm which has bid on  
2 contracts that are only awarded to a foreign competitor will,  
3 in fact, experience an absolute decrease in production and will  
4 have to lay off workers.

5 Yet, under present law they are denied adjustment  
6 assistance because an increase in imports of that product has  
7 not yet occurred, even though obviously it is going to occur.  
8 They have lost the contract to a foreign bidder.

9 In this situation, there is simply just no question that  
10 an increase in imports is going to occur when the production of  
11 the goods by the foreign supplier is completed, but that  
12 increase, as I mentioned, is not reflected in the import  
13 statistics at the time the petition is considered.

14 So under the way the present legislation works, workers in  
15 firms which are already suffering the injuries the program was  
16 intended to remedy cannot receive the help on a timely basis.

17 So what I would propose, Mr. Chairman, is that we have  
18 appropriate language to be included in the report to clarify as  
19 follows, that the Secretary of Commerce should provide all  
20 possible technical assistance -- and by that, I mean short of  
21 financial assistance which is permitted under the act in terms  
22 of the advances to prepare reports and so forth -- so that the  
23 firm may expedite the preparation of its proposal for economic  
24 assistance when, number one, a contract has been awarded to a  
25 foreign supplier to purchase goods whose production takes some



1 time and which will be delivered at a future date.

2 Two, it is highly probable that there will be increased  
3 imports of such products.

4 Three, there has been an observable impact on the firm and  
5 its workers by virtue of loss of the contract, namely, decrease  
6 in sales and production and separation of workers. By this  
7 means, firms that, in all likelihood would be eligible for  
8 economic assistance under this program would be able to receive  
9 that assistance more promptly by having been helped in  
10 preparing the application materials in advance.

11 Senator Moynihan: May I say, Mr. Chairman, that seems to  
12 me -- I know of comparable situations in my state and --

13 The Chairman: What is the administration's attitude  
14 towards that?

15 Mr. Williams: Mr. Chairman, this is the first we have  
16 heard of this but on the surface it appears to us to be highly  
17 speculative. A firm that is very prosperous that lost one  
18 contract could come in under this provision for trade  
19 adjustment assistance and it would be very, very difficult for  
20 us to make the determination --

21 Senator Heinz: I do not think you understand the  
22 proposal. It is not your fault; I am not saying that  
23 accusatorily. This does not grant adjustment assistance. What  
24 it does do is get things processed early.

25 Mr. Williams: We are processing things very quickly now.

1 It is just a question of receiving the petition. They would be  
2 covered under the threatened provision that is in the law  
3 right now. You would not need that.

4 Senator Heinz: The problem is that these contract sales  
5 situations are such long lead times and they deal with future  
6 production as opposed to selling from inventory. I think we  
7 would all be much more --

8 The problem is that somebody comes in and says we think we  
9 are going to be eligible for adjustment assistance. We have  
10 just lost a big contract of light railcar vehicles from  
11 Boeing-Bertahl or General Electric. AMTRAK has bought them  
12 from the French, or the Atlanta Mass Transit Authority has  
13 bought them from the French, and we anticipate that in nine  
14 months we will be out of business and we want to get ready for  
15 this now.

16 Mr. Williams: As I understand it --

17 Senator Heinz: Indeed, those two firms are out of  
18 business --

19 Mr. Williams: As I understand it --

20 Senator Heinz: We do not want them to be turned away by  
21 the Commerce Department because they cannot demonstrate that  
22 the import has not yet occurred.

23 Mr. Williams: As I understand it, the amendment that has  
24 just been adopted by this committee, which is in the House  
25 bill, that would be covered because there would be a threatened

1 decline in production or sales and we could then go ahead and  
2 do it under the way the House bill is now written.

3 Senator Heinz: It may, but I would be more comfortable if  
4 this were in. This does not change the law. It simply gives  
5 you guidelines.

6 Mr. Williams: We would have no problems.

7 The Chairman: All in favor say aye?

8 (A chorus of ayes)

9 The Chairman: Opposed, no.

10 (No response)

11 Senator Heinz: Mr. Chairman, the second issue concerns  
12 the treatment of subdivisions of firms where the subdivisions  
13 produce related or interim goods which have not experienced  
14 increased imports where the firm as a whole is no longer viable  
15 because of import competition.

16 My concern is based on the history of a firm in Pittsburg,  
17 Pennsylvania, the Heppenstahl Company, which ceased operations  
18 in December of 1978.

19 Most of the workers of Heppenstahl were certified eligible  
20 for trade adjustment assistance because they worked on products  
21 which had suffered a direct increase in imports. However, the  
22 employees of the materials handling division because imports of  
23 the particular product they had worked on had not increased,  
24 notwithstanding the fact that they, too, lost their jobs when  
25 the firm went out of business in 1978.

1        So they lost their jobs because of imports but were denied  
2 adjustment assistance because of the Catch-22 situation. The  
3 particular product they worked on were not, per se, impact  
4 related.

5        It seems to me that the Labor Department made a very  
6 tortured reading of the statute. I am told that the Labor  
7 Department evaluated the eligibility of this division  
8 separately because of the statutory provision that there must  
9 have been an increase of imports of articles like or directly  
10 competitive articles produced by the firm or an appropriate  
11 subdivision.

12       I think it should be clear that, in this instance, the  
13 materials handling division was an integral part of Heppenstahl  
14 and its economic viability was damaged by the increased  
15 imports.

16       To remedy this, I recommend that appropriate language be  
17 included in the report to clarify the meaning and significance  
18 of the term appropriate subdivision. That language should  
19 include consideration of the extent of legal and financial  
20 integration of the division into the firm as well as the nature  
21 of the product it manufacturers. It should make clear that  
22 workers of a particular subdivision shall not be denied  
23 adjustment assistance simply because they produce a different  
24 product when the subdivision is an integral part of the firm  
25 that goes out of business because of imports.

1 Senator Moynihan: May I endorse that proposal?

2 The Chairman: Does that give you any problem over in the  
3 administration part of it?

4 Mr. Fooks: I am afraid it will, Mr. Chairman. Again, we  
5 are in an area where imports are not a direct cause of the  
6 unemployment problem. If we could be confident that it would  
7 only be a half a dozen employees involved in every case, the  
8 cost implications would not be that serious but we just do not  
9 know. Conceivably, you could double the case load in a given  
10 situation.

11 The problem arises because the initial injury test  
12 contribute importantly test, that we apply to import-impacted  
13 workers is a minimal test. So it may be true, unfortunately,  
14 that workers who are producing an unimport-impacted product  
15 become displaced, because a plant just goes out of business in  
16 one major area. But the initial impact on imports should not  
17 be assumed to be the major cause, as it was in the Trade  
18 Expansion Act or anything more than an important cause which  
19 does not necessarily, under the legislation, have to be a very  
20 significant impact.

21 So we have problems with that.

22 The Chairman: Can somebody give me a concrete example so  
23 I could understand what we are talking about.

24 Senator Heinz: Yes. I will give you the example from  
25 Pittsburg, Pennsylvania, where I live.

1 The Heppenstahl Company manufactured a range of products  
2 including some products and controls from their materials  
3 handling division which was a small part of their operation.  
4 They had one big plant.

5 They went out of business and were found to have gone out  
6 of business because of import competition. All the employees  
7 in that plant save the employees in the materials handling  
8 division ---I do not have the exact number of employees -- are  
9 now getting trade adjustment assistance because they lost their  
10 job because of imports.

11 The few employees in the materials handling division who  
12 lost their jobs at exactly the same time as all the others --  
13 because the firm closed. It went out of business. That is it.  
14 Goodbye. They are just as out of work as the other 80 or 90  
15 percent of the other employees. They are out of work for  
16 exactly the same reason.

17 The only difference is that they are not getting  
18 adjustment assistance benefits.

19 The Chairman: Why is it they are not getting the  
20 benefits?

21 Senator Heinz: Because there is a provision in the  
22 present law, or an interpretation of the present law, that  
23 says unless the particular product line you are working on is  
24 in fact a line that was impacted by imports, you cannot get --

25 The Chairman: What were they working on?

1 Senator Heinz: They were working on the products produced  
2 by the materials handling division. Exactly what the materials  
3 handling division makes -- oh. They made little vehicles that  
4 carried all the other stuff in the plant around.

5 Mr. Fooks: If that was the case ---and I am not saying it  
6 is not the case -- we would have covered them. But if we  
7 denied them, that is not the case.

8 Senator Heinz: What happened was that there was an  
9 unofficial opinion given by the Labor Department. It was not  
10 a written opinion; it was not an official opinion; but it  
11 discouraged the company from applying.

12 The Chairman: Are you asking for an amendment to the  
13 bill, or are you --

14 Senator Heinz: No, I am asking for report language to  
15 qualify this and I think staff has the actual language, do you  
16 not?

17 Mr. Foster: We understand what your concept is.

18 Senator Moynihan: Do I not understand the Department of  
19 Labor to say that they would agree with you in such a case and  
20 therefore --

21 Senator Heinz: Actually, I have heard two things. I have  
22 heard that they disagree and that they agree.

23 Senator Moynihan: You have to have selective hearing in  
24 cases like that. The Department could accept such language,  
25 could you not?

1 Mr. Fooks: We could accept it if --

2 Senator Heinz: It does not change the law. It just tries  
3 to get your legal department on the stick.

4 Mr. Fooks: The problem that we are afraid of is that the  
5 language could be used to apply to a situation, say the  
6 Hemtronic plant in Detroit which produced several different  
7 types of vehicles and employed thousands and thousands of  
8 workers and I believe we have made a finding in that case that  
9 one production line was injured, was producing an intermediate  
10 type care and two or three other production lines were not  
11 injured.

12 Now, I am not sure with the language you are proposing  
13 whether we would have any grounds for denying certification to  
14 the other three production lines.

15 Senator Heinz: I understand your concern. My goal is not  
16 to qualify 90 percent of the production when a division  
17 accounting for 10 percent of it is lost to imports. That would  
18 be as tortured a construction of what I believe the Labor  
19 Department did in this instance.

20 I think what happened is that you had an inexperienced or  
21 too zealous lawyer saying, do not bother to apply on this.  
22 Here is what the law says. Do not bother us with these  
23 details. Just go after those product lines where there were  
24 import impacts and that clearly is not what you believe is  
25 right, either.



1 The Chairman: It seems to me as though if you want to  
2 spell it out in the language that where some minor aspect of a  
3 firm is not producing an import-competitive article but the  
4 overall operation is that when the whole firm shuts down those  
5 who produce that minor aspect of the overall operation would  
6 not be denied it just because that part of it was not import  
7 competitive.

8 Senator Heinz: Mr. Chairman, we will work out language  
9 which meets, I think, what we all agree on.

10 The idea is not to qualify the body for adjustment  
11 assistance if a hand or arms is lost. But if the head and the  
12 trunk are separated, we would like the remaining digits to  
13 qualify.

14 The Chairman: All right. That is fair.

15 All right. Without objection, agreed.

16 All in favor of reporting the bill, say aye?

17 (A chorus of ayes)

18 The Chairman: Opposed, no.

19 (No response)

20 The Chairman: The ayes have it.

21 Senator Heinz: Thank you, Mr. Chairman.

22 (Whereupon, at 12:35 p.m. the Committee recessed to  
23 reconvene at 10:00 a.m. on Wednesday, October 24, 1979.)

24 - - -

25