

VETO OF H.R. 1154

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

HIS VETO OF H.R. 1154, THE "TEXTILE APPAREL AND FOOTWEAR
TRADE ACT OF 1988"



SEPTEMBER 28, 1988.—Message and accompanying bill ordered to be printed.

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To the House of Representatives:

I am returning without my approval H.R. 1154, the "Textile Apparel and Footwear Trade Act of 1988," a bill that would have disastrous effects on the U.S. economy. It would impose needless costs on American consumers, threaten jobs in our export industries, jeopardize our overseas farm sales, and undermine our efforts to obtain a more open trading system for U.S. exports.

This bill represents protectionism at its worst. The supposed benefits of the bill would be temporary at best. Protectionism does not save jobs. Only improved competitiveness can truly protect jobs, yet there is nothing in this bill that would encourage domestic industries to become more competitive. At a time when American exports are booming, the United States must not embark on a course that would diminish our trade opportunities.

Moreover, there is no economic justification for the bill. Fibers consumed by U.S. mills were at record levels in 1987. Domestic textile and apparel production, profits, and exports all posted sharp gains in 1986 and 1987, and this trend is continuing in 1988. Capacity utilization in this industry remains well above the national average. Consumer apparel prices, which rose sharply in the first half of this year, would be forced up even faster by the bill. This would break the clothing budgets of many American families.

When I vetoed an earlier version of the textile bill 3 years ago, I directed the Office of the U.S. Trade Representative to renegotiate the Multi-Fiber Arrangement—the multilateral agreement that sets the rules for trade in textiles—in order to strengthen our ability to control textile and apparel imports. That task was accomplished on August 1, 1986. Under this Arrangement, we have negotiated tough, new agreements with our largest textile trading partners. Nearly 1,500 quotas, in addition to textile and apparel tariffs averaging almost 18 percent, make this industry the most protected sector of our economy. Indeed, textile and apparel imports increased only 2 percent in 1987 and have decreased almost 10 percent during the first 7 months of 1988. There is no need for further protection from imports.

At the same time I am sensitive to the difficulties that families and communities face because of internal restructuring in the textile, apparel, and footwear industries. This bill would not stop these trends. They are the inevitable result of a dynamic, expanding economy. The best way to help displaced workers is to retrain them for new jobs. Thanks to dislocated workers assistance, Trade Adjustment Assistance, and the Worker Readjustment Assistance Program I proposed, many services are now available for workers who must shift jobs as the economy adjusts to competitive challenges. Our goal must be to retrain and move dislocated workers into the industries of the future, not to maintain them in noncompetitive and inefficient facilities at all costs.

Our free and fair trade policies have created 17 million new jobs in the past 6 years. The percentage of the working-age population now employed is the highest in our Nation's history. Exports are running at record levels, and our manufacturing industries are stronger and more competitive than they have been in a decade. H.R. 1154 would threaten these gains by setting off a dangerous chain reaction of retaliation and counter-retaliation in the international trade system.

Three years ago I announced an aggressive, growth-oriented trade strategy aimed at opening markets currently closed to American exporters. Since then we have challenged unfair trade practices around the world and negotiated trade agreements that have created significant export opportunities for American firms. In August I signed into law the "Omnibus Trade and Competitiveness Act of 1988," which provides additional tools for prying open closed foreign markets. And today I am approving legislation to implement the U.S.-Canada Free Trade Agreement, a historic trade pact that will create the world's largest free trade area. The protectionism of H.R. 1154 is the antithesis of the free trade principles of these two laws.

America's export opportunities have never been brighter and our prospects for continued economic growth have never been better. Increased trade means more jobs and a better standard of living. It would be a tragic mistake to change course now that American businesses have regained their competitive edge and are winning sales around the globe. Accordingly, I am disapproving H.R. 1154.

RONALD REAGAN.

THE WHITE HOUSE, *September 28, 1988.*