

I want to thank you for giving me this opportunity to speak -

My name is Herschel Sternlieb. I live in Brunswick, ~~Maine~~ and during my working life I ran the W.S. Libbey Company which was located at the falls in Lewiston. We employed about 300 people and manufactured specialty fabrics. I come to you from the real world and what I have to say is fact and not conjecture.

Two years ago, I attended a Small Business and Manufacturing Symposium put on by Senator Snowe in Lewiston. The Senator and her panel were well-meaning but blind to reality. They talked of helping with finances and taxes and leaving job creation ~~and protection~~ to wishful thinking. The reality is that there are a number of structural problems that exist both in the United States and in the world that must be faced and acted upon before there will be any meaningful manufacturing job creation in this country.

LET ME ENUMERATE

1. There is not a single business man in the world who would pay \$10 an hour for labor he could purchase for 50 cents an hour or even less.. For example, look around Lewiston, Auburn, Sacco, Biddeford and Sanford at all those old, empty mill buildings. Once they were humming with ~~activity~~ ^{extensive} manufacturing activity only to see them empty out and move south after the Second World War. Why? Because the companies were guaranteed free land, buildings, job training, lower wages and no unions. The differential in pay was about 50%. Today, in the Global Economy, that differential can be as high as 2,000 percent. IT JUST DOESN'T PAY TO SET UP FACTORIES IN THE UNITED STATES.

2. There is not a manager in the world who is not trying to produce more product with fewer workers. There is no economic incentive to hire more people but rather to cut jobs

wherever possible. Machines are much more cost effective than people except where the cost of labor is so low that it is less than the depreciation of the equipment. This is already apparent in the low wage production of flatbed knitted sweaters. Most of the recent improvement in productivity is not due to more skilled workers but to lower pay and more efficient machinery and processes.

3. There are over one billion unemployed and underemployed workers in the world. Half of those people have ~~above~~ ^{or lower} average IQs. Therefore, in the Global Marketplace, half of the American workers who have average or below average IQs (there are 75 million of them) have to compete with 500 million people who are as smart or smarter than they are and are willing to work for wages that are 1/10th to 1/20th of theirs. THE HONEST, HARDWORKING, SEMI-SKILLED AMERICAN WORKER OF JUST AVERAGE INTELLIGENCE DOES NOT HAVE A CHANCE IN THE GLOBAL MARKET PLACE.

4. The consolidation of the retail business into fewer and fewer hands has destroyed the small, independent retailer that used to be the natural customer for the small manufacturer. JUST LOOK AT ANY DOWN TOWN SHOPPING AREA IN MAINE TO SEE THE DAMAGE WAL-MART AND K-MART HAVE DONE BOTH TO THE LOCAL RETAILER AND TO THE RETAILER'S SUPPLIERS. Today, most manufacturers who are not large enough to supply the major chains, are out of business. Starting up a small manufacturing company that will supply the retail trade is an exercise in futility, NO MATTER HOW MUCH HELP THE GOVERNMENT CAN OFFER IN LOANS AND TAX BREAKS.

5. Technological innovation is now world-wide. The high-tech jobs of the future are just as likely to be in Europe, Japan, China, India or Brazil. as they are to be in America. WE DO NOT HAVE A MONOPOLY ON BRAINS, EDUCATION OR INNOVATION.

6. One of the great truths of history is that the accumulation of more and more wealth and power into fewer and fewer hands always ends in violence and catastrophe. The continued consolidation of retailing and banking may be called economic efficiency but it is the efficiency of a mortuary.

7. Our trade deficit is huge and if it continues much longer its cumulative effect will be to pauperize the country.

8. The buyers at the large multi-store retailers exert more control over the American economy than the Congress.

9. It is impossible for the United States to monitor the internal activities of other countries to make sure they are living up to decent labor standards. Therefore, all trade agreements based on improved labor rights, etc. are worthless.

10. The object of our trade policy must be to insure the manufacturing jobs we have and to create new jobs so that EVERY AMERICAN WORKER IS GUARANTEED A SAFE, SECURE AND WELL-PAID LIVING WAGE JOB. IT MUST NOT BE LEFT TO CHANCE OR WISHFUL THINKING.

GLOBALIZATION AND FREE TRADE AS THEY ARE CURRENTLY STRUCTURED WILL NOT INCREASE MANUFACTURING JOBS OR JOBS IN GENERAL BUT RATHER DECREASE THEM. I PROPOSE TWO SIMPLE STEPS THAT WOULD CREATE MILLIONS OF MANUFACTURING JOBS AND RESTRUCTURE THE RETAILING OF GOODS SO THAT JOB CREATION WOULD CONTINUE.

1. THE USA BY LAW WOULD NOT BE ALLOWED TO RUN A TRADE DEFICIT WITH ANY OTHER COUNTRY.

2. BREAK UP THE LARGE RETAILERS. Just as Standard Oil and the Bell System were broken up, so should Wal-Mart, Target, JC Penney, Cosco and every other multi-store company. Everything possible must be done to bring back and revitalize the small independent retailer.

I would suggest limiting the size of any retail operation to a maximum of one store in each congressional district. This would mean a maximum of 435 stores. This should certainly be of a sufficient size to satisfy the greed of any human being.

*This would create at least
10 million well paid jobs*