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American Textile Institute

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(1) Subject*: American Textile Institute
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* "required information"
It is with considerable trepidation that I begin this discussion.

In 1985, total defense spending reached $300 billion.


Interest Rates: Real = Depression

Unemployment: 10.8% = 12 million; 1% = 25 million.

Business Failures = Depression

Underground Economy: high, with bridges crumbling.

Social Security belly up: expand.

Net Farm Income: Aggression
- $32 per acre per year, MT
- Farm Debt: $12 billion to $200 billion.

Japan and EEC flood of imports:

MX and $12 trillion 12% to 15% defense.
Problems not confined to U.S. World Wide

- Japan $3 B. reflation
- EEC in slump
- Mexico, Brazil, Poland debtors
- OPEC shaming

US tied up with foreign countries
World getting smaller
- 16% to 40% in 12 yrs
- don't have to tell you:
  - Sept apparel up 12% 
  - yarn up 65% 
  - 1970 apparel 8% yr

Trends ominous - That's the bad news!
Problems deep rooted - long time in developing, long time in solving.

- Technology changes
- Social customs, habits
- Institutions

Federal govt role '82 elections

'84 presidential election

Probable Cong actions:

1. Tighten deficit
2. Pressure Fed:
3. Jobo/highway gas tax
4. Modest protectionism - domestic content
5. Coal bill

I personally agree

Must protect basic industries
Support price under Wool Act: 85%
Orderly marketing agreements
1080
Stand up for our rights!
yet, we probably must do more

Democracies tend to bumble unless crises challenge is to act, prudently, before turning

No simple solution.
Must avoid paradoxes
It's complicated. Many parts. H. L. Mencken

1. Think at long term
2. More saving & investment

Your wisdom, exemplary wisdom

3. Tax reform - simplicity
   - Some stimulus
   - Aggressively develop Foreign Markets & Export Trade
4. Better education
   - Japan & All students 2x yr. Science & math
   - markets
   - trade
   - subsidies; bans

opportunity

ignorance breeds fear.
Question: will we do it?

Jefferson once said, "Strength of country...

Jack Kennedy said "something differently..."

"Ask not..."

Quality & Quantity of your service!

Offensive, not defensive

We've met other challenges & crises:

- Birth of a new county 200 yr ago.
- Two world wars
- Russian challenge: Sputnik: Man on Moon
- Depression

Now a new challenge. New kind.

Perhaps more imagination. But as in shop raising, there's no substitute for hard work. Wish us all good luck.