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Address by Senator Strom Thurmond at Lions Club Appreciation Night, Laurens, S.C., 1958 April 8

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MR. TOASTMASTER, CONGRESSMAN DORN, CONGRESSMAN ASHMORE, DISTINGUISHED GUESTS AND FRIENDS:

The Lions Club of Laurens is to be congratulated for sponsoring this auspicious occasion. I am proud to be here and have a part in it.

I am a charter member of the Lions Club at Edgefield, and am still proud to be a member of this fine organization which is rendering such a great public service to the communities of our nation.

This is "Appreciation Night." You know, it takes an unusual person to recognize talent when he sees it. Most of us have a pretty good appreciation of our own talents, of course, but not enough of us appreciate the talents of other people and the efforts they are applying. And so, I don't think it is carrying the theme of this evening's program too far to say that I appreciate the work of those who have planned and arranged this "Appreciation Night." I think it is a fine thing to pause, now and then, to pay tribute to the people who are working for the good of all of us.

Right now, I want to add my word of congratulation and
thanks to the gentlemen who are being honored here tonight.
In the years since World War II, we have witnessed a striking change in the economy of South Carolina. In the seven years from 1947 to 1954, industrial payrolls in the State of South Carolina increased by an astonishing 67 per cent. I am confident that the next Census of Manufactures will show that the increase has continued. Moreover, we have made great strides toward diversification of industry in South Carolina. Much of the credit belongs to the guests we are honoring tonight.

In my career in public life, it has been my privilege on numerous occasions to work in close cooperation with Senator Charles E. Daniel and the Honorable Robert M. Cooper, and I can testify that they have the touch of genius, which, with the willingness to work long and unselfishly, has made them two of South Carolina's most valuable citizens. When it comes to talking with industrial prospects, these two gentlemen are super-salesmen in the best sense of the word.

Senator Daniel is probably responsible for more industry coming to South Carolina than any other living man.

I do not believe any State has a development director superior to our own Bob Cooper.

You all know Ernest Easterby and Dwight Patterson, and I am sure Laurens is proud to count them among its citizens. They are great South Carolinians of whom
we are proud. It is fitting that Laurens honor these
two great South Carolinians along with these fine citizens
of Laurens. I wish we had more like them.

Because of the achievements of men like Charlie Daniel,
Bob Cooper, Ernest Easterby and Dwight Patterson, more
opportunities are afforded the people of South Carolina,
and Laurens County will be a better place in which to live.

People like these are a part of the human resources of
South Carolina, one of the reasons why South Carolina is
making such rapid industrial progress.

Let's stop just a moment to count our blessings.

We have certain advantages which were given to us by
God. We have a mild, healthful climate. We have a
plentiful water supply, and that's something that is becoming
increasingly important as the water resources of the United
States become scarcer. Our land -- with the advantage of
a long growing season -- has supported the production of
cotton, lumber, tobacco, and other raw materials used in
industry. And South Carolina turns a "face to the sea"
with some of the best natural harbors on the East Coast.

To these God-given advantages, we have added others.
We have, in our State, a good network of railroads and
highways. We have made good use of our water power, and
now, on the thresh-hold of the nuclear age, we are ready
to tap that great source of energy, so that our industries
need never lack for adequate power. Then, as I suggested
a moment ago, we have good people in South Carolina -- a
labor force composed of intelligent workers, willing to do a day's work for a day's pay, plus wise leaders like the men we are honoring tonight.

We have one other advantage that I would like to mention. We have, in South Carolina, a sound government that is friendly to business.

At this time of year, with the tax collector demanding his annual accounting, it is understandable that the businessman gets the feeling that the government is just one more added handicap to the conduct of his business. But tonight, I would like for us to examine the relationship between government and business to see how government can help and support the businessman.

The average businessman has a close relationship with his city and county government, close enough so that he can usually see what it is doing -- or not doing -- for him.

Local government can encourage industrial growth by providing the proper climate for business. The businessman wants certain essential services -- police, fire protection, access roads, water and sewer lines. With these essential services, he also wants other services, such as good schools libraries and playgrounds. These are things that make one community more attractive than another to an out-of-state executive who is shopping for a new place to build a plant. He wants a place where he and his employees will be happy.

Along with these tangible services, the businessman
asks that his local community provide a sound tax base, so that industry pays its fair share of local taxes -- and no more.

Local government plays an important part in attracting and keeping industrial plants and other businesses. State government has a vital part to play, too.

State governments can advise and cooperate with municipal and county governments in numerous ways. The State with the welcome mat out for new industry, as South Carolina has, can do a great deal to bring in new business.

It is the duty of the State to maintain a continuing inventory of the State's natural resources and other industrial assets, with two aims in mind: First, as the basis for a research and development program, so that the resources may be developed for new uses, on which new industries may be built; and, Second, so that the State Development Board will be able to present the full facts to industrialists planning plant expansions.

The State should provide a tax program that is inviting to industry, one which seeks to encourage industry to expand, so as to provide a broadened tax base, rather than milking to death existing industries. South Carolina is doing this. Our new flexible and optional corporate tax law, which will become effective in January, 1960, offers income tax computation to meet the varying individual requirements of today's diverse industry. It is the kind of law that business likes. Its value to South Carolina, in new
business, is more than can be calculated.

It is the responsibility of the State to provide labor laws that are fair to employers, fair to labor, and fair to the public. In South Carolina, we have a right-to-work law, which safeguards the right of a worker to hold his job without the compulsion of joining a union. In the long run, a law of this kind will develop new job opportunities for South Carolina workers, because it is a law that is fair to both labor and management.

Senator Goldwater and I have introduced a bill in the Senate which would remove the federal sanction of compulsory union membership from the Taft-Hartley Act. This would require those who favor forcing a man to join a union in order to hold his job to get their individual States to pass legislation approving such a requirement. Under the present law, those who are against compulsory membership are required to pass State legislation protecting the right to work. Our bill would shift the burden of taking affirmative action to those who advocate the Union Shop.

Like the local government, the State can attract new business by providing good services to the people -- good highways, good schools, good public health facilities. All of these contribute to building up a climate in which industry can grow and prosper.

With all this, it is important that the State run its affairs with prudent regard to economy. No far-sighted businessman will set up shop in a State where the government
is profligate in spending, for heavy spending today is sure to mean higher taxes when the day of reckoning comes. A balanced budget, such as we have in South Carolina, is a distinct attraction to new industry.

I cannot stress too much how important this is to our State. The per capita income of the farmer is about half that of the industrial worker. We sorely need new industrial opportunities in our State. We are glad that the transition is being made to balance our agricultural economy with more industry.

I am reminded of the cotton farmer who fell into the habit of going into town each Saturday and buying several hammers at the hardware store. After several weeks of this, the hardware merchant could control his curiosity no longer. He had to ask the farmer what he was doing with all those hammers. The farmer replied that he was selling them to folks in his neighborhood for a dollar apiece.

"That doesn't make sense," the merchant said. "Those hammers cost you 1.25. You are losing a quarter on every sale."

"I know it," said the customer, "but it sure beats farming."

I don't believe the farmer is quite as bad off as this story would indicate, but I do believe that we in South Carolina must balance agriculture with industrial expansion if our young people are to have the job opportunities they deserve.

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Up to this point, I have been talking from the viewpoint of a South Carolinian who wants his State to have its full share of prospering business. Now, as a U. S. Senator from South Carolina, I want to discuss the Federal government's work of keeping business in a healthy condition.

In supporting the businessman, the Federal government has several duties which are distinctly its responsibility, in contrast with the duties of State and local government.

One very important Federal duty is that of regulating foreign trade. The government's broad aim must be to encourage American participation in world trade. There are some products -- raw cotton is a familiar example -- that are produced here in quantities too large for the domestic market to absorb. The ideal solution to the problem of surplus production is to find new markets, and the expanded market is very often found in exports to foreign countries.

Most wars are the result of economic tensions. Establishing good trade relations is an excellent way to build good-will and, through mutual prosperity, to preserve world peace. Trade, which usually continues as long as it is profitable to the nations involved, is a much better way of promoting world peace than foreign aid, which merely exhausts the resources of the donor without building any lasting prosperity for the recipient.

Consistent with this broad aim of expanding world trade, the United States must make certain that vital segments of the American economy are not destroyed by
foreign competition.

We have seen, in the textile business, and in the plywood business, what can happen when we invite massive foreign competition. Since 1946, the textile industry has lost 717 mills and 345,000 jobs -- an almost incredible total. During this period, textile imports coming into the United States have increased 1000 per cent -- not one hundred but one thousand per cent -- and some segments of the textile industry have been affected in a most serious way. The textile industry today has fewer jobs available than it did in 1933, at the height of the Great Depression. This is a classic example of an industry that needs protection.

Speaking to a group in this part of the State, where textiles and plywood are both important to the economy, I need hardly mention that plywood needs protection from foreign competition along with the textile industry. We have seen 52 per cent of the domestic plywood market taken over by foreign products.

What can we do about it? We need world trade; it benefits everybody. The solution to the problem is not found by building tariff walls so high that they stifle trade. Nor is the solution in voluntary quota arrangements, helpful as our present voluntary quota on Japanese textiles has been to the South Carolina economy. Voluntary quotas are a temporary solution. They may be abrogated at any time, or they may be evaded through trans-shipment through
Hong Kong, or other ports. Congress should impose selective import quotas to limit imports in critical industries where U. S. producers are being forced to the wall.

Foreign trade is only part of the story. The Constitution also gives the Federal government the duty of regulating commerce among the States. In regulating interstate commerce, the Federal government has already shown more zeal in this direction than the Framers of the Constitution ever intended.

There is pending in the Senate Labor Committee a bill which would extend the long arm of the Federal government into essentially local business activities. It would expand the coverage of the minimum wage law so as to bring many of our retail stores and other local businesses under Federal control.

This is an example of the kind of Federal law that is not helpful to employers or employees. Many of the businesses which would be affected either directly or indirectly would not be able to survive. Thus, an unwise extension of the present law would close many small businesses and force thousands of workers out of their jobs. As a member of the Senate Labor Committee, I believe that I am helping both business and labor in South Carolina by opposing the proposed change in this law. I am glad to report to you that a few of us have been able to hold this bill in committee and we shall continue our efforts to do so.

Some of the Federal government's duties in regulating
interstate commerce have been assigned to the Interstate Commerce Commission. It is the duty of the ICC to follow policy laid down by the Congress to encourage trade between the States by promoting the growth of common carriers, without favoring any one carrier at the expense of others, and by promoting a freight rate structure that is fair to all sections of the country. Sometimes it takes a little prodding. Just recently, I have drawn assurances from the Interstate Commerce Commission that it will make an early study of freight rate discrimination in the shipment of lumber -- a discrimination that has had a disastrous effect on the production of lumber of South Carolina.

Another Constitutional duty of the Federal government is that of coining money, and, from this, the duty of protecting the integrity of the dollar from the inroads of inflation. At the same time, the government has the authority and the responsibility of stimulating the flow of money, when necessary, through its control of the Federal Reserve System.

Now here is a word of caution to be kept in mind whenever somebody suggests a "liberalized" money program, or "pump-priming" measures to stimulate the economy. The government issues money, but it does not produce any wealth. Real wealth is produced by industry and agriculture. Government spending adds nothing to the national wealth; it merely adds to the national debt.

Congress has recently approved a $1.8 billion housing
program and a speed-up in the highway program. These are worthwhile projects, because highways and housing have a lasting value, and will be useful to the nation for many years to come. However, it would be foolish of us to spend money in unmeritorious and make-work projects, just to stimulate the economy. Real wealth is not generated by government spending, but by productive enterprise.

A much better way to achieve full employment is to give a helping hand to those basic and fundamental activities which are essential to a healthy economy but which are not getting their proper share of the rewards.

Example No. 1: The Farmer. Every major depression that this country has ever experienced has been preceded by a depression in agriculture. Unless the farmer is making money and spending money, all other segments of the economy are in danger. I regret that the President saw fit to veto the farm bill passed at this session of Congress, which would have maintained support prices and acreage allotments at levels at least as high as those of 1957.

Example No. 2: The Small Businessman. This country became wealthy on the proposition that any individual, rich or poor, has the opportunity of going into business for himself, and that, with the exercise of skill and hard work, he will have a reasonable chance of making a success of his business. Now pending in Congress is a bill which I am co-sponsoring with Senator Sparkman, chairman of the Select Committee on Small Business, which is designed to remove
from the tax laws certain inequities which make it difficult for small business to hold its own against larger competitors. Congress did not discriminate against the small businessman intentionally. It came about in the course of enacting and later amending some very complex tax legislation. I believe this legislation will be approved by Congress.

Now there is one final responsibility of the Federal government. Just like local government and State government, the Federal government can aid business -- and the whole economy -- by being careful about spending. When the government takes a large share of the nation's productive wealth, it is taking money that should be plowed back into business to produce more wealth.

Sometimes, some of us forget that the government has no money of its own. Sometimes -- particularly during a time of business recession -- some of us delude ourselves into thinking that the government is a source of wealth, and that it can easily pump this wealth into the economy to generate business activity.

But the government has no money of its own, only the money that it has raised through taxation and borrowing. This wealth, held by the government, was produced by individuals and productive enterprises conducted by the taxpayers.

It is most important to keep this in mind during a recession of the kind we are experiencing now. We have seen a slow-down in business activity, but there has been
no general decline in prices. The problem now is to stimulate business activity **without** causing prices to rise still higher.

Inflationary prices work a hardship on every individual. Inflation works a particular hardship on thrifty individuals who are looking toward the future and the prudent businessman who sets aside reserves for depreciation and the expansion of his business, because inflation reduces the value of savings. Inflation is a thief that reaches into every pocketbook.

Inflation is caused by many things. Fundamentally, the economists tell us, inflation is a state of affairs in which the supply of money and credit is too large, in proportion to the supply of real wealth -- that produced by productive enterprise. From that, you can readily see that the government can create inflation by heavy borrowing and heavy spending.

During the next fiscal year, the Federal government may have a deficit of $9 billion, perhaps even more. This is inflationary, to a dangerous degree, as well as bad business.

We need a restoration of confidence in the American economy, so that the businessman will be willing to invest money and take the risks that go with expanding his business. This is the way to create new jobs for our workers.

We should keep the government out of business, and leave business in the hands of free enterprise. We should
make it easier for business to conduct its affairs by simplifying the vast maze of government regulations, and reducing the number of complicated reports that must be made to the government.

The government should act, along the lines I have mentioned here tonight, to develop a climate in which free enterprise can operate at its best.

If the businessman feels that the government is sympathetic to his problems, that the government really wants him to make a fair return on his investment, then we will have a rebirth of confidence that we need today.

I think we realize this, in South Carolina.

It is one of the reasons why new business will continue to move into South Carolina.

We must be ready for it.

We must keep our local and State governments honest, alert, efficient. We must work hard, as we have worked hard in the past, to provide the best schools possible.

The future is bright for the skilled worker, but the unskilled worker is rapidly being replaced by the machine.

Looking back on my service as Governor, I think one of the most substantial achievements of my administration was the establishment of area trade schools for vocational training.

As we move into this era of the skilled worker, let us also maintain some of the traditional Southern virtues that will always be respected. Courage, initiative, willingness to work, hospitality, and respect for human
achievement are qualities that will never be out-dated.

We must continue to make every effort to attract new industry from out of the State. But we should not overlook the importance of pooling the resources we have in the communities of our own State to start new enterprises that will provide employment for our people. If we use our imagination and have faith in ourselves, we can use South Carolina capital to provide opportunities for South Carolina people.

Finally, as I am sure I do not need to remind this splendid group here tonight, we should support, by word and deed, the State Development Board, Chambers of Commerce, local civic and service clubs, and all other organizations that are working to push South Carolina ahead. These organizations are working for all of us.

Here in Laurens, we have seen what citizens like Charlie Daniel, Bob Cooper, Ernest Easterby and Dwight Patterson can do. I am confident that other industries will follow Libby-Owens-Ford and the Graham Manufacturing Company to Laurens.

Again, I salute the four leaders whom we are honoring tonight. I want to say to them that South Carolina is proud of you. You are performing a magnificent service to your State. The new businesses that are coming here are the best monuments that could be erected in your honor.