ADDRESS BY SENATOR STROM THURMOND (D-SC) BEFORE SOUTHERN GARMENT MANUFACTURERS ASSOCIATION, FONTAINEBLEAU HOTEL, 44TH STREET, MIAMI BEACH, FLORIDA, JUNE 25, 1958.

Mr. Chairman, Distinguished Guests, and Friends of the Southern Garment Manufacturers Association:

It is good to be here with you to help commemorate your 25th year of noteworthy service to one of the key industries in our national economy.

You are the manufacturers of one of the three essentials of life -- food, clothing, and shelter. From the standpoint of employment, your vital industry ranks as one of the largest manufacturing industries in this country. You provide a means of livelihood for more than a million American families. In addition, you are largely responsible for making this the best-clothed nation in the world, providing a variety of apparel ranging from cotton to wool to synthetics and to mixed fabrics.

The garment industry is essential, not only in time of peace, but also, and especially, in time of war. In fact, the Quartermaster General reports that during World War II, the members of your Association produced 65 per cent of all the cotton clothing and 20 per cent of all the woolen clothing required for the Armed Forces.

The old saying that "clothes make the man," contains more truth than some would like to admit; for, clothes, more often than not, mirror the personality inside. Given a million dollars, a tramp will still dress shabbily. On the other hand, a person of colorful personality with inadequate financial means will at least dress himself in neat attire, although the clothing he wears may not bear a Bond Street label.
All these facts point to the vital nature of your work and the great responsibility which your industry bears in keeping America strong, both economically and militarily. I might add that you have shouldered this responsibility with a spirit that merits great credit.

Your plants are located throughout the Southeast, Southwest, and Midwest, a territory somewhat more extensive than was bounded by the borders of the Confederacy. Nevertheless, we are proud to claim you all as Southerners and to have you join with us in that common bond which neither the ravages of time nor the reach of great distance can ever erase: A genuine love of our homeland -- the South.

Here in the Southland is found the most refreshing atmosphere for industrial operations in the world. Manufacturers have learned that it is more economical to build their plants in areas where people like to work, where raw materials are plentiful, and where markets are expanding almost at revolutionary speed. The mild climate and the adequate sources of power which have been developed in the South are also most advantageous.

It has been estimated that we will have 50 million consumers in the South by 1983, and that the 11-State Southeastern area will by then be using one trillion kilowatt hours of electricity per year. Truly, we are witnessing, in the South, an almost explosive growth in industrial development.

This is in marked contrast with the labelling of the South in 1937 by the late President Franklin D. Roosevelt as the "Nation's No. 1 Economic Problem." Were he alive today, Mr. Roosevelt would have to reverse that statement. He would be forced to look not south from Washington, but north, to find the Nation's No. 1 economic problem. The South today is, truly, the land of opportunity.
Since 1937, the South has not only learned much, but it has done much. Significantly, much of the impetus for this growth is coming from within the South. A leading New York banker has noted that the South is relying increasingly less on outside capital for its growth needs. "While banks in the Nation as a whole are decreasing," he pointed out, "the South is organizing more banks."

One of the major characteristics of the South, in this period of great expansion, is its abiding confidence in the future of the free enterprise system. Our State governments are in the forefront in building a climate in which private enterprise can develop with a minimum of interference. We in the South know that new industries generate new jobs, and that the increased buying income in the hands of our people is a foundation for a more prosperous economy than can be built by any socialistic welfare State.

My own State of South Carolina, for example, has recently enacted a new tax law for industries which we believe is one of the most forward-looking pieces of legislation of its kind in any of the 48 States. I invite each of you to study it.

These great changes in the South, with the blossoming of a great economy in which agriculture is being balanced with industry, have been characteristic of the post-war years. The South, once an undeveloped region within the United States, has now come into its own.

During this same post-war period, there has been a great change in the industrial complexion of the entire world, with some results that are less agreeable than those occurring in the South. New industries are being built in foreign lands, many of them with the active help and encouragement of the United States government. Naturally enough, many of these industries are fixing hopeful eyes on
the rich and ever-expanding markets in the United States. Some of them are finding a large place in that market, so much so that they are forcing vital segments of the American economy to the wall.

This is particularly true in an industry such as yours, where the cost of labor constitutes a large share of the cost of production. The average American production worker earns $2.07 per hour, and we are proud of this high wage standard. For the same money, however, a French employee will work 5½ hours, an Italian worker 6 hours, and a Japanese employee will put in a 9-hour day.

In other words, we are placing our domestic industries in peril so that we can promote near slave labor in foreign countries. Not only am I against slave labor, but I also reject the unsound economic theory that a Nation's economy can be promoted by encouraging slave labor.

Another factor which gives a competitive edge to foreign textile manufacturers is the differential of approximately eight cents between the price they have to pay for cotton and the higher price our textile manufacturers have to pay in this country.

We have encouraged these foreign competitors in two ways.

First, we have recklessly and indiscriminately shipped money overseas in a misguided attempt to build up the strength of foreign nations. We have spent $70 billion, or one-fourth of our national debt, for foreign aid and similar "give-away" programs since World War II. Paying the interest on our huge debt costs the American taxpayers $7 billion a year -- about one-tenth of the total Federal budget.

Even if we devoted all of our Nation's resources to a great humanitarian effort to improve the living standard of the rest of the
world, we could hardly make a dent in the impossible task of abolishing poverty. In the attempt, we would succeed only in impoverishing ourselves.

I have often wondered -- and I know that many of you have done the same -- how any thinking person can arrive at the irrational conclusion that we can increase the strength of America by pouring the tax money of this country into an effort to breathe new vigor into overseas economies.

I have searched my mind to try to understand the rationale for this kind of thinking. It stems, I believe, from one central fallacy. The great error in our trade and aid policy is that we have proceeded on the assumption that military alliances are built on economic alliances. Stated another way, we have assumed that nations which have progressed economically because of American help will be strongly inclined to join us in the event of war.

The lesson of history does not bear out this assumption. Military alliances are made for military purposes, and each nation uses its military power in the way it decides is best for its own self-preservation. In arriving at these military conclusions, the status of civilian trade is only one of many factors which must be taken into account. Thus we find the various NATO nations taking varying positions on the establishment of missile bases within their borders, depending on the amount of risk involved. The Scandinavian countries, being close to the Soviet Union, have been extremely reluctant to make missile sites available, because, in their considered judgment, the risk outweighs the advantages. Trade is a small consideration in such a decision.

We have assumed otherwise.
Our foreign aiders have poured millions of dollars into setting up textile and other industries in foreign countries without regard to the effect that low-wage competition can have on domestic employment. At the same time, they have given our tax dollars to foreign countries to enable them to purchase textile products from our foreign competitors. In 1957, these foreign nations used only 7.5 per cent of the textile procurement funds supplied by the United States to buy our own products. The bulk of the textiles, in the amount of $89 million, was bought from Japan and other foreign competitors. I am glad to report that we have been able to amend the 1958 foreign aid bill so that at least an effort will be made to have more of our own products purchased with our aid money.

In our reckless generosity with global trade-and-aid programs, we have given millions of dollars in assistance to socialistic countries, to the so-called "neutralist" nations, and to countries dominated by Communists, without the least assurance that this aid will not be used against us in the event of war. By a margin of one vote we were able to strike from the 1958 foreign aid bill a provision which would have authorized the President to provide assistance to all Communist countries except Russia, Red China, and North Korea. To me, this proposal was one of the most absurd that I have ever encountered in the Senate. No one can convince me that we can fight Communism by nourishing Communist nations.

The second way in which we have encouraged foreign competitors of American industry is through progressively lowering our tariffs on a broad scale to make the American markets more inviting to foreign producers. The House of Representatives has recently approved a five-year extension of the Trade Agreements Act, giving the President authority to reduce tariffs by another 25 per cent over the next five
years.

By establishing competitors for vital segments of American business overseas, we have weakened our own industrial mobilization base. We will be greatly handicapped, in the event of war, if our domestic industries are not at full strength.

What is the alternative? As quickly as I can, let me outline a few of the basic principles which should guide us in our economic relations with foreign governments. Taken together, these principles make up a trade policy that is truly American.

First, as I have indicated, we should shun every program which attempts to use trade concessions and gifts to foreign governments as diplomatic bargaining tools. The paying of tribute in an attempt to buy protection is both immoral and ineffective.

Second, while we all wish to foster world trade, we must adjust our own tariff rates to provide adequate safeguards for our own industries at home. We should not commit ourselves to a policy of fixing tariff rates through the medium of international agencies, as we did when we proposed the General Agreement on Tariffs and Trade. The United States has only one vote in this 37-member body, but policies set by a majority vote of the organization become, for all practical purposes, morally binding on the United States government. Our obligation will be even more binding if we make the error of joining the Organization for Trade Cooperation.

In attempting to regulate world trade, GATT adopts such a broad view of its function that it even takes cognizance of purely domestic affairs when, in GATT's opinion, they have a bearing on world trade. In following this policy, this international organization has been openly critical of the American farm price support program, claiming
it tends to increase production and affect world trade.

By modelling our trade policy on principles laid down by GATT, we are permitting foreign governments to lay down the basic framework on which our trade policy is built.

Every day I gain more respect for the wisdom of the Framers of our Constitution. They had no difficulty in seeing the difference between a treaty and a trade agreement. Article I, Section 8, of the Constitution, specifically delegates to Congress the power to "regulate commerce with foreign nations." Article II, Section 2, gives to the President the power to make treaties, with the advice and consent of the Senate.

The Trade Agreements Act, passed in 1934, was an emergency act to stimulate our export trade in a period of world depressions. It is not consistent with our Constitution. The drafters of our Constitution recognized that the power to regulate tariffs should be held by Congress, since this is the branch of the Federal government which best represents the many different attitudes, interests and shades of opinion prevalent in the 48 States and 435 Congressional Districts.

Therefore, I propose as Point Three of my trade policy the return to Congress of its proper powers to regulate foreign commerce. Since 1951, when the escape clause was inserted in our Trade Agreements Act, the Tariff Commission has found a necessity for the relief of domestic industry in 25 cases. It has also reported to the President five other cases, in which the Commission was evenly divided. Of these 30 cases, the President declined to implement the action of the Tariff Commission in 20 cases and allowed the Commission's action to stand in only 10. Thus, in two-thirds of the
cases, the President rejected the plea for relief.

On Monday I introduced an amendment in the Senate to require the President to win the approval of a majority of both houses of Congress before he can deny implementation of Tariff Commission actions, under the "escape clause" provision. I plan to discuss this and other possible amendments to the trade bill when I appear before the Senate Finance Committee on Saturday. Personally, I would like to completely remove the President's authority with respect to Commission findings, but being a realist, I know that it would be impossible to gain approval of this proposal at this session, in view of the recent House action. Another of my amendments would limit the extension of the trade program to two years instead of the five proposed by the President.

The fourth point I will mention, in outlining this broad trade policy, is perhaps the most important of all. We must be prepared to compete with foreign producers for our share of the world market.

We cannot reduce our labor costs to compete with foreign producers. We do not want to. We must continue to strive to maintain the American standard of living as the highest in the world.

This, we must realize, poses a stern challenge to American industry. We have been able to maintain high wages, in the past, because greater efficiency in American industry resulted in higher productivity. Now, the productivity gap is narrowing. Foreign competitors are becoming more efficient, whether the efficiency be measured by price per unit produced or by the quality of the product.

It is imperative for every producer to make his operation as efficient as he can, in order to maintain a place in the world market. This means that there can be no room for bad management-labor
relations, featherbedding, racketeering, or misuse of the privilege held by union leaders of collecting and spending dues from our working people.

The Senate recently took action in this field, by approving and sending to the House the Labor Reform Bill of 1958. The bill is not as effective as it should be, in order to accomplish its intended objectives, but it contains some badly-needed provisions. Since this bill will materially affect your industry and your employees, I shall tell you briefly of its main provisions and its shortcomings.

The bill provides that all labor organizations shall file detailed reports with the Secretary of Labor concerning their internal organization and financial transactions. These reports are to be public information, and the membership of the unions must be furnished copies of them. The sanctions of the Taft-Hartley Act, which denied non-reporting unions access to the National Labor Relations Board, were abandoned, and fines of $10,000 against non-complying unions, along with fines and imprisonment of non-complying union officers, were substituted for the Taft-Hartley sanctions.

Trusteeships, which investigations have proved to be instruments of the worst abuses, have been limited to 18 months duration. During this period, the administration of the trusteeship is subjected to close scrutiny by the Secretary of Labor, through the medium of detailed reports.

The bill provides that all union officers shall be elected by secret ballot, and the terms of officers are limited in duration. Office holding by persons convicted of felonies and the use of union funds to promote an individual candidacy in union elections, are prohibited. Provision is also made for the Secretary of Labor to
investigate complaints of misconduct of union elections.

The so-called labor relations consultants, many of whom have been responsible for the most flagrant extortions, are subjected to regulation and reporting.

The bill also undertakes to change certain provisions in the Taft-Hartley Act. One amendment, which I managed to have placed in the bill, would prohibit offending unions from continuing their extortion racket in connection with truck unloading fees.

The Communist affidavit required by union officials was retained, and the labor leaders' cry of discrimination has been dealt with by requiring employers to also file the affidavit.

Much of the strength of this bill was added after it was drafted and reported by the Senate Labor Subcommittee. The changes were incorporated both in the full Committee and on the floor of the Senate.

As reported by the full Committee, the bill contained a provision which replaced the Taft-Hartley language, denying a vote to replaced economic strikers, with the broadest type of language. This language would have allowed these replaced strikers to vote five or more years later if the strike were still in progress, even though they were guilty of unlawful practices such as mass picketing and violence. By an amendment we were able to return the status of the law to that existing under the Wagner Act, thereby allowing the NLRB to determine who should and who should not vote in an NLRB election.

The Committee bill, as reported to the Senate, also contained a section which authorized a so-called "pre-hearing" election. This provision, in effect, would have allowed the NLRB to hold a certification election without giving to the parties a hearing to
determine whether a question of representation existed. I introduced an amendment to strike this section from the bill, and the amendment carried, over determined opposition.

The bill still retains undesirable features despite the efforts of some of us to delete them. One of these features is a redefinition of the term "supervisor," to include a substantially larger number of employees than is included under the definition as it exists in the Taft-Hartley Act. This provision, I fear, will create endless confusion as to which employees would be subjected to compulsory unionism. Another undesirable provision remaining in the bill is the so-called building trades section. While some change in the law may be needed in this respect, the Senate bill's language goes entirely too far.

The no-man's-land between State and Federal authority was dealt with, but, in my opinion, inadequately. The Watkins amendment, which would have allowed the States to assert jurisdiction in any field in which the NLRB declined jurisdiction, was the correct solution, but a majority of the Senate rejected this approach. In lieu thereof, an amendment was adopted which requires the National Labor Relations Board to take jurisdiction in all cases covered by the Taft-Hartley Act. It provides further, that the Board may cede jurisdiction to a State in certain cases, provided the State has laws and administrative machinery in this field which are not inconsistent with the Federal law and machinery in the same field.

The bill falls short of meeting the recommendations of the McClellan Select Committee on Labor-Management Relations in several respects. I offered amendments, and vigorously supported others, to overcome these shortcomings, but the opposition prevailed.
For instance, there is no control or regulation of union funds in the bill, as passed. This, in my opinion, is one of the major inadequacies of the bill. As I pointed out in the debate, union funds are used predominately for purposes other than collective bargaining. These fund uses, in many instances, are in direct conflict with the desires of the union members. As an example, I pointed out that labor unions contribute approximately one-third of the budget for the Americans for Democratic Action, whose socialistic programs are inconsistent with the beliefs of an overwhelming majority of the citizens of our country.

Another organization to which the labor unions contribute substantially is the National Association for the Advancement of Colored People. I will never be convinced that these contributions are consistent with the desires of Southern union members. Unfortunately, the Potter amendment, which would have controlled such ultra-vires donations and expenditures, was defeated by a vote of 51 to 30.

The bill, while providing for the secret ballot election of officers, fails to give union members a direct voice by secret ballot on such important issues as the terms of the collective bargaining agreement, the question of whether or not to strike, and the provisions of their constitution and by-laws, including the amount of dues and initiation fees. The amendments which would have provided these prerogatives were also defeated.

Other badly needed amendments which I supported, but which were defeated, were prohibitions against secondary boycotts and organizational picketing.

In addition to the need for better labor legislation to improve
our competitive ability, it is imperative that the government give industry a chance to expand and keep pace with new developments in technology, by maintaining a sound tax policy, by offering opportunities to the small businessman, by refraining from imposing unnecessary and costly regulations, and by staying out of business where private enterprise is willing to do the job, except where government action is vital to the national defense.

There are those who say that we cannot make the grade in competition with foreign producers. They maintain that we must adopt a socialistic form of production, in which the government takes away the earnings of industry, in the form of taxes, and redistributes these earnings for whatever purposes might seem best to the Administration in power.

I, for one, am steadfastly opposed to this abandonment of the free enterprise system.

Such a program is not American, and it is not efficient.

I have faith in our ability to maintain our position in the world, and I have faith in our ability to do it in an American way. That is why I have vigorously opposed passage of a number of socialistic schemes designed to place the government further into business and deeper into debt.

We can remain strong, if we will stand fast to the principles which have made us a strong Nation. We cannot remain strong, however, by giving away our resources, by destroying our industries through building up foreign competitors, by permitting union corruption and bad labor-management relations, or by weakening our free enterprise system with socialistic legislation.

I believe that we can continue to sell $20 billion worth of
American goods abroad each year, and that we can do it without giving our foreign customers the money with which to buy. We can do it by making a better product.

Finally, I believe this fervently -- and this is the thought with which I will leave you:

There is no better way in which America can remain the symbol of freedom in our world, than by continuing to serve as the example of how a free economic system can bring prosperity to all of its people. The best way to combat the Communist system is to prove, beyond a doubt, that the free enterprise system offers greater rewards -- in domestic tranquility, in economic welfare, and in spiritual satisfaction.

In closing,

I want to thank you for this opportunity to address such an outstanding assemblage of Americans, whom I know are devoted and dedicated to the principles of Americanism and our great free enterprise system.

When you are in Washington, please stop by to see me.

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