STATEMENT BY SENATOR STROM THURMOND (D-SC) IN SUPPORT OF HIS AMENDMENTS TO H. R. 12591 BEFORE SENATE FINANCE COMMITTEE, 10 A.M., JULY 2, 1958.

MR. CHAIRMAN AND MEMBERS OF THE FINANCE COMMITTEE:

I appreciate your courtesy in permitting me to testify today in favor of my proposed amendments to H.R. 12591, the Trade Agreements Extension Bill. I shall try to be as brief as possible in explaining my amendments, and then I shall offer for the record two statements from South Carolinians who have been grievously affected by our present trade policies.

Since its very inception, the Trade Agreements Program has been tagged as "reciprocal". Indeed, its author, Cordell Hull so envisioned it, yet in the ten previous extensions of the Act, we have marched steadily in the direction of lowering our Nation's tariff barriers with very little "reciprocity" on the part of the nations with which we do business. The credit, exchange, licensing, and the myriad of other hindrances to free trade invoked against us by foreign governments is an old story to this Committee.

My amendments to H.R. 12591, which I have introduced in the Senate and which I formally present to the Committee today, are, I believe, a strong step toward the goal of fairness to all. For those of our citizens interested in freer trade, they do not affect most of the provisions of the House bill. For import-affected domestic industries and employees, they offer a portion of the safeguards to which they are entitled.

I am sure that most of you gentlemen are aware that I favor full and proper safeguards to protect our domestic industries, our war mobilization base, and the jobs of the millions of
working people and their families. It is my opinion that these safeguards can best be provided by a system of select legislative quotas. I am, however, enough of a realist to know that legislative quotas cannot be enacted at this session of the Congress.

I am, therefore, proposing a more than reasonable approach to make it possible to continue an effective and efficient trade program with a few amendments that will give our domestic industries and their employees a fighting chance to survive. I feel certain that you gentlemen will agree with me, after hearing the explanation of my amendments, that they are very reasonable.

My three amendments to the bill would accomplish two major purposes: first, to extend the trade program for two years instead of five, thereby providing the President with the power to reduce tariffs by five per cent each year, or a total of 10 per cent, instead of 25 per cent; and second, to return to the Congress a portion of its full power to regulate commerce, as authorized in Article I, Section 8 of the Constitution.

I feel that two years is the maximum period that the Act should be extended for several reasons.

First, there is no precedent for a presidential request to extend the Act for five years. In ten previous extensions, none has covered more than three years. In postwar years, the trend has been toward one and two-year extensions.

Secondly, the Tariff Commission's Report and Recommendation on Reclassification under the Customs Simplification Act of 1954 will be filed with Congress on January 1, 1959. Congress will act on this report at the next session, approving or modifying
recommendations by the Tariff Commission. These will then be the statutory tariff classifications and rates. This will require adjustments and reconsiderations of actions/taken under the Trade Agreements Act; thus, the only safe and logical procedure/requires that the Trade Agreements Act be reviewed/at the time the reclassifications are under consideration.

Next, the Administration has indicated that no agreements will be negotiated/until the course of the European Customs and Trade Union is clearly determined, so our trade relations will not suffer by the extension for only two years.

As my fourth point, I would like to suggest that we not extend this program into the next administration—regardless of whether it be Democratic or Republican—but that we re-appraise it after a two-year extension. There is ample reason for this limitation. World conditions are subject to rapid change. In recent years, we have come to expect sudden upheavals in political and economic structures. We have learned that a policy considered sensible today/may be outdated and ineffective tomorrow. Hence, Congress must act to encourage frequent review of our foreign trade policy, and it should not seek to tie the hands of a new administration on such a controversial program.

Next, I believe we should re-appraise our trade policy in the next two years/in order to permit early evaluation of the switch in imports from raw and partly processed materials to more finished goods. This trend can have serious repercussions on our economy and on employment.

As my sixth and final reason, I would point out that the Congress just recently extended the Export Control Act for two
years. Why should not we also limit the extension of the Trade
Agreements Act to this same period of time?

The second major purpose of my amendments is of the utmost
importance, not only to our domestic industries and their
employees, but also to the Congress itself. As I have already
stated, it would restore to the Congress some of its power to
regulate foreign commerce, as provided in the Constitution.

My proposal would require that the President/obtain the
support of a majority of both Houses of Congress/before he could
be sustained in his refusal to implement a Tariff Commission
escape clause finding. The President would be given 90 days/
within which to gain approval through passage of a concurrent
resolution/of the two Houses of Congress. These resolutions
would be regarded as privileged matter/in order to insure that
the Congress would definitely act within the 90-day period.

If the President submits his report to the Congress when
the Congress is not in session, or less than 90 days before the
adjournment of the Congress sine die, and no action is taken
by the Congress prior to adjournment, then the decision of the
President would stand provisionally/until 90 days after the
Congress reconvenes. If he is not sustained within 90 days
after Congress reconvenes, then the Tariff Commission finding
would become final.

Mr. Chairman, there is not a thing unreasonable about this
proposal. If the President has any case at all for vetoing a
Tariff Commission finding, then he could easily obtain a majority
vote in both Houses. It might be noted that in recent years /

- 4 -
the President has vetoed approximately two-thirds of the Commission's recommendations for relief.

I assume, Mr. Chairman, that no one questions the right of Congress, under the Constitution, to regulate foreign commerce. Furthermore, it is evident that the need for returning to Congress a portion of this power has been clearly established to the satisfaction of the House. Otherwise, the Ways and Means Committee would not have proposed that the Congress re-enter the trade picture.

I am glad that the Ways and Means Committee, and also the House recognized this need, but I am alarmed at the unreasonable approach which they took in placing the burden of obtaining a two-thirds vote of the Congress on a single industry to override the President's veto of a Commission escape clause finding. To pretend that this would bring any relief at all to an industry found by the Commission to be injured by foreign imports or other aspects of our trade program would be a sheer delusion of the most grandiose nature. Congressmen and Senators are only too aware of the difficulty of obtaining a two-thirds vote in both Houses on most any issue. To say that a small domestic industry with limited resources and few plants in few States—or for that matter any single American industry, no matter what its size—could obtain the necessary two-thirds majority vote in both Houses is ridiculous.

The amendment I am offering as a substitute for this provision in the House bill is a reasonable approach. I repeat, that if the President has any case at all for vetoing a Commission finding of relief for a domestic industry, then the President will have no trouble in winning a simple majority vote in both Houses to
sustain his action. By making the concurrent resolutions in each House privileged matter, the President would be assured of a vote within the 90-day period.

I am not asking that you give American industry and American workers anything but a small parcel of what they are due—that is, that the Congress shall re-enter the field of regulating foreign commerce, not to the full extent demanded by the Constitution, but just partially. In other words—as I stated previously—give them a fighting chance to continue to exist. I do not believe that this is asking too much.

I have here with me today two statements from representatives of two of South Carolina's most vital industries, the textile and plywood-veneer industries. One gentleman, Mr. Walter A. Stilley, Jr., the President of Stilley Plywood Company in Conway, South Carolina, is here in the committee room today. He has already talked to several committee members, explaining his present plight as a result of low-wage foreign imports which today account for 52 per cent of our domestic plywood market.

Unless Congress acts to provide some way of giving Mr. Stilley and his employees a chance of competing on some equitable basis with Japanese labor costs that run about one-tenth of his, then he will be forced to follow countless others and give up his business and put more Americans out of work. He is a man who could have walked away with pockets full of insurance money after his plant burned to the ground in 1955. Instead, he put his trust in the President's promise that he would not let any American industry go under as a result of his trade policies.
Mr. Stilley is not guilty of exercising bad business judgment, Mr. Chairman; he merely put his faith in the President's word, and in his country. Now, he stands to lose everything, unless Congress amends this bill to provide some small safeguards.

The other statement which I have comes from Mr. William J. Roddey, Jr., the president of Victoria Cotton Mill in Rock Hill, South Carolina. Mr. Roddey's mill, which was organized in 1898 and has provided employment for 250 families for these many years, was forced to close its doors a few weeks ago. Mr. Roddey states that he had to quit as a result of the terrific competition which he has been receiving from low-wage Japanese gingham imports. He states further that the carded gingham industry has now been effectively destroyed in America, and he expresses the hope that the Congress will not permit the same fate to befall the entire textile industry.

We have already dallied too long to save many plants and jobs in the textile industry. Since World War II, employment in this vital industry has declined by 345,000 jobs, and more than 700 mills have shut down. I do not know how this industry can stand much more.

Textiles, plywood and veneer are not the only American industries that are in peril today. I am sure that the committee has also heard testimony from representatives of the following industries that have been seriously affected by foreign competition: appliances, cameras, ceramics, chemicals, metals, machinery, machine and hand tools, tuna, and many other industries that provide numerous jobs in America.
I ask permission, Mr. Chairman, to have both of these statements placed in the record of these hearings at the conclusion of my remarks.

In closing, Mr. Chairman, I again thank you for permitting me to present these amendments and these statements for your earnest consideration. If this committee should act to adopt these very reasonable amendments, then I am confident that they will be approved by the Senate and the conference committee. Once these amendments are approved by the Congress, some vital segments of American industry will at least have a chance to survive; our war mobilization base will thereby be given some added strength; unemployed Americans can have some hope of returning to work; and employed American workers and their families can sleep at night knowing that their country is for them and not against them in that they will stand a reasonable chance of continuing on their jobs.

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