MARCH 21, 1959.

MR. PRESIDENT, LADIES AND GENTLEMEN:

I am grateful for this opportunity to be with you at your annual convention. My appreciation is not limited to the fact that this occasion provides good fellowship in a climate which contributes immeasurably to our enjoyment.

Coming as I do from a State which enjoys such a broad base of textile manufacturing, I have always felt a close bond with this organization and its members. During the recent work of the Senate Subcommittee studying the problems of the domestic textile industry, these bonds have been strengthened by the fine cooperation of this group and its members.

I would like to again express my gratitude to your able president, Mr. Halbert Jones, to Bob Jackson and his capable staff, and to each of your members who so cooperatively contributed to this study.

By now, you are all probably familiar with the report of the Subcommittee. I cannot miss this opportunity to tell you that without the patient and objective leadership of our chairman, Senator Pastore, and the splendid contributions of Senator Cotton, the job could never have been completed in the form which resulted.

There were three principal factors which guided our Subcommittee in the considerations which led to our report. The first was the necessity for unanimity. We realized that if our small Subcommittee could not agree on the conclusions to be drawn from the voluminous testimony taken, we could hardly expect the Congress, the administration, or any other group, to use the report as a basis for improving the lot of the domestic textile industry. The desire for accord, based on objectivity, was the first factor underlying our deliberations.

The desire for unanimity, and its ultimate achievement, did not result in major compromises. While each member of the Subcommittee, if he had been solely responsible for the report, might have somewhat altered the emphasis placed on the various subjects of the recommendations, I am satisfied that no member compromised on any
principle. Rather, our desire for unanimity prompted a more objective approach and resulted in recommendations in which all members fully concurred.

The second influence which guided our thoughts was the necessity for arriving at practical recommendations. In order to be practical, both procedural and substantive obstacles to implementation had to be taken into account. Broad and general recommendations might make more pleasant reading, and possibly indicate higher aims, but it was the conclusion of the Subcommittee that its recommendations should be specific and probable of implementation, and not just possible.

The third thing with which we were impressed was the necessity for speed. We were thoroughly acquainted with the problems of the industry and the need for immediate improvement of the conditions which fostered those problems. It is obvious that the problems we found were continually increasing in perplexity and some immediate check and reversal of this trend was vital. As most of you know, negotiations between our State Department and the Japanese on voluntary quotas were in progress; and while voluntary quotas are unlikely to provide a complete solution to any facet of our domestic textile problems, it was felt that the negotiations would be influenced toward more beneficial agreements by the issuance of the report.

Thus, it was that these three factors were present in our deliberations -- the necessity for unanimity, practicality and speed.

At this point I would like to comment on the conclusions, three in number, which we reached. At first glance, many of you might think that the conclusions were obvious even before the study was undertaken.

I, myself, was aware, prior to the investigation, that these conclusions, generally, were substantiated by fact. Nevertheless, we felt that the study would have been well worthwhile even if nothing more were accomplished by it than a unanimous positive statement, substantiated unequivocally, to the effect that: First, the domestic textile industry was lagging behind other segments of the economy; Second, that the seriousness of the domestic textile industry's condition affected the general peace-time economy of the
country to such an extent that Congress and the administration should act to alleviate the problem; and Third, that the textile industry was a vitally essential part of our war mobilization base. In the final analysis, the study justified an even stronger statement of these conclusions, as is illustrated by the finding of the Department of Defense that textiles ranked second only to steel in terms of military essentiality.

These conclusions, backed by unquestionable facts and statistics, are the armament with which we must seek to win the battle for the implementation of the recommendations, and eventually, the return of the domestic textile industry into a healthy, vigorous, and growing segment of our manufacturing economy.

Before commenting on the specific recommendations, let me make one thing clear. This study was commenced with an attitude and realization that the industry with which we were concerned was private enterprise in every sense of the word. We fully recognized that there was a distinct difference in the problems with which we would deal and those posed by the recent study of the tightly regulated surface transportation industry, for example. It was necessary to keep this clearly in mind at all times while we were conducting our study, just as it is essential to a full appreciation of the report.

I am quite sure that the other sponsors of Senate Resolution 287, which authorized the study, would agree with me that the resolution was prompted by a belief that the condition of the domestic textile industry was affected adversely by various Federal Government programs and policies. Despite the industry's essentiality, in both peace and war, there was no thought of substituting, to any degree, the judgment of Congress or the Administration for that of those, including you, who, in the operation of a free enterprise, determine the competitive pace for the industry. On the contrary, the aim of the study was to determine to what degree various Government programs and policies were unfairly and adversely affecting this particular industry, and to seek a correction of whatever inequities were discovered to exist as a result of these programs and policies.
It is quite obvious from a reading of them that the recommendations of the Subcommittee deal exclusively with Government action. It is just as obvious that the recommendations are broad in coverage and are, although practical, at the same time ambitious. Nonetheless, we recognized, and you should recognize, that essentially, the fate of the textile industry is in your hands and the hands of those who work with you in the textile industry. Neither the Committee, nor Congress, nor the Federal Government, by the action which has been taken, or which will be taken as a result of this study, has assumed responsibility for the fate of the textile industry. To do so would surely destroy that which we all seek to assist on the road to full recovery. Whatever will be done in the way of implementation of the recommendations, including research, will be in the way of assistance to the industry which, in our free enterprise system, must bear the burden of responsibility. To the extent you have been unjustly and inequitably handicapped by governmental policies, we seek to assist in relieving you. The fact that our recommendations are directed solely at Government action should not lead you to conclude that we on the Subcommittee completed the study unaware that problems existed which only the industry can solve. You have, as you must know, our interest and understanding in seeking to solve these problems which are without the scope of governmental activity. In the final analysis, however, the solutions to these problems depend on your leadership, which to succeed must be dynamic and imaginative. You have shown such leadership in the past and you must continue to provide it, possibly to an even greater extent, as your problems are magnified.

Keeping in mind, then, that they deal with the problems of the domestic textile industry only insofar as those problems are magnified by governmental action, let us briefly review the specific recommendations. As stated previously, practicability was a major factor in reaching the recommendations. As a result, to the maximum degree possible, the recommendations are capable of implementation by administrative, rather than legislative action. As difficult as the former may be to obtain, it can be obtained by degrees and more easily, than legislative action, as I am sure most of you realize by this time. If there be any doubt, one needs but to examine the results of our strenuous efforts to soften the blow of low-wage
foreign imports on domestic industries when the Trade Extension Act was before Congress last year.

The first recommendation comes to grip with the basic fact that governmental programs, and particularly the policies and attitudes which guide the administration of those programs, are adversely affecting the domestic textile industry. To a large extent, we feel that these attitudes and policies result from a lack of understanding and appreciation of their results on the domestic textile industry, and through them, on the domestic economy as a whole. In order to stimulate a new attitude and approach in the administration of programs affecting textiles, we recommended the establishment of a permanent interagency committee, within the Department of Commerce, with representatives from the Departments of Commerce, Agriculture, Defense, Labor, State, and Treasury, as well as representatives from the International Cooperation Administration, Office of Civilian Defense Mobilization, and the Tariff Commission. No legislation is necessary to implement this recommendation.

The Department of Commerce has already advised the Textile Subcommittee that it is favorably disposed toward the establishment of the Interagency committee, and the various Departments and Agencies have been requested to nominate appropriate representatives.

Neither the Advisory Committee to the Textile Interagency Committee, nor the special Textile Subcommittee of the Interstate and Foreign Commerce Committee of the Senate, require legislation for their establishment. I might add that the latter has already been appointed and is identical in membership to the study Subcommittee.

The study of the domestic textile industry revealed a substantial need for the collection and dissemination of statistical data on many phases of the textile industry. While realizing the danger of regulation inherent in any Federal Governmental action, it seems equally clear that this is a function and service which an agency of government, specifically the Department of Commerce, is singularly capable of performing and providing without ill effects to the private enterprise system. The function can be accomplished without legislative action. We should clearly recognize that the success of this program will depend, to no small degree, on the
cooperation of the industry and its ultimate utilization of the service.

The Secretary of Commerce has recognized the need for these services. Before commencing, however, the Commerce Department feels it necessary that an exhaustive review of current statistical series be conducted as a guide for the program to be conducted. Unquestionably, additional appropriations for the Department of Commerce will be essential to the development of this service, but this appears to be the only remaining hurdle to the implementation of this recommendation.

The third recommendation is in answer to the most vigorous complaint of domestic textiles; it is to the effect that import quotas should be established by specific category of textiles. Most of you will agree, I am sure, that this is the recommendation with the broadest implications of relief for the domestic textile industry, and at the same time, is probably the most difficult to implement.

The avenue of approach to implementation of this recommendation, which has the best chance of success, is again through administrative channels; to wit, either through action under Section 22 of the Agriculture Adjustment Act or as a result of action instigated by the Secretary of Commerce and the Textile Interagency Committee. In this regard, I have been favorably impressed with the attitude of the newly-appointed Secretary of Commerce, Admiral Strauss. He is a man whose objective and straightforward approach inspires hope and confidence.

A short while ago, I was discussing the textile report, and particularly the effect of textile imports, with Admiral Strauss. It was his immediate reaction that the trade program should not be permitted to contribute to the closing of domestic textile industries. He stated at that time, that the first problem of this nature with which he had been faced was with regard to oil imports. He explained that, after considering the problem of oil imports, he asked for a ten-day extension of the voluntary quotas, and during the ten-day period prepared an order for mandatory quotas on oil imports for the President's signature. This action, which, incidentally, has been carried to completion, indicates not only the willingness of the new Secretary of Commerce to act swiftly and decisively, but also
emphasizes the degree to which his recommendations are respected by the President and the administration. I might mention, also, that Admiral Strauss is familiar and sympathetic to the difficulties of the textile industry, having begun his business career as a salesman in a territory which covered both North and South Carolina.

In the event of failure to accomplish the establishment of quotas by administrative action, there will be no alternative to a renewed attempt for legislative action. In view of the almost insurmountable educational task which must precede such an attempt, if it is to be successful, every effort toward administrative action must be exhausted before legislative remedies are sought. An abortive legislative effort for quotas could possibly nullify the progress represented by the textile report.

Recommendations number four and five are directed specifically at obtaining a review of the policies which guide the administration of the country's foreign aid program and the escape clause of the Trade Act, respectively. You may be assured that the Textile Subcommittee of the Senate Commerce Committee will follow up with inquiries on compliance with these recommendations.

The utilization of a portion of custom duties collected on textile imports for research in textiles can be obtained only through legislation. The magnitude of this program is a matter which will require further study by the Interagency Committee, but as soon as this is accomplished, I assure you that the legislative effort will be made. I, personally, have high hopes for its success.

Outmoded depreciation rates can be revised by administrative action of the Internal Revenue Service.

A meeting of our Textile Subcommittee with representatives of the Treasury Department has tentatively been scheduled for early in April. By this time, the Internal Revenue Service should have had time to thoroughly consider and plan action on our recommendations.

Further action on the eighth recommendation, that the Finance Committee review the loss carry-forward and carry-back provisions of the Internal Revenue Code, is exclusively up to the judgment of that Committee, and any change of provisions must await any study the members of the Finance Committee deem advisable.

The fact that our eighth recommendation is somewhat of an
either-or approach is once again the result of attempting to be practicable. The tremendous disadvantage to domestic manufacturers of cotton textiles created by two-priced cotton has long been evident. Efforts to eliminate this differential have nevertheless been unsuccessful. While increasing realization of the ultimate effect of two-priced cotton on all concerned with cotton, daily improves the chances for legislative action necessary to eliminate it, the date when legislative efforts will be fruitful may still be some time off. In the meantime, the effects of the two-price system on cotton can be compensated for by adjusted tariffs on imported cotton products. The imposition of these tariffs can and must be obtained administratively. Once again, Section 22 of the Agriculture Adjustment Act appears to contain the best approach.

The last recommendation seeks a review, in the interest of consistency, by the Foreign Assets Control Division of the Treasury Department, of its policy regarding importation of certain partly-processed textile fibers. Here, too, the Textile Subcommittee will follow up to assure the review.

This brief discussion of the recommendations should make two facts crystal clear.

First, the fight to eliminate the adverse effects of governmental policy on the domestic textile industry has only just begun. There is still ahead a long uphill struggle.

Second, the progress made so far in no way shifts the ultimate burden of responsibility from the shoulders of the textile industry itself. We on the Textile Subcommittee have done our utmost, and I know I speak for Senators Pastore and Cotton when I say we will continue our efforts unabated. Our efforts will be directed at creating a Federal policy, devoid of discriminatory features toward the domestic textile industry; so that you will have the opportunity, in the free enterprise tradition, to promote the industrial strength and growth vital to the many thousands of people, who rely on textiles for their livelihood, and, indeed, to all Americans.