ADDRESS OF SENATOR STROM THURMOND (D-SC) ON THE IMPACT OF TEXTILE IMPORTS ON SENATE FLOOR, FEBRUARY 24, 1960.

Mr. President, in a number of leading newspapers across the country today there appears an advertisement by the J. P. Stevens Company which, in my opinion, is a public service type of advertisement. It portrays very ably to the American people a circumstance that portends grave difficulties for the American people. This full page advertisement reads as follows:
A MESSAGE OF IMPORTANCE TO AMERICANS, CONCERNING AN INDUSTRY ESSENTIAL TO OUR NATIONAL SECURITY AND PROSPERITY: THE INFLUENCE OF UNCONTROLLED TEXTILE IMPORTS ON OUR ECONOMY

The continuing growth of foreign imports constitutes a threat to the future of many American jobs. Today, textiles face an immediate problem as a result of these uncontrolled imports. The time has come to examine these conditions which so strongly affect our textile industry as well as the national economy.

It is a known fact that increasing imports of yard goods and garments have seriously hurt the textile industry. In a period of continued prosperity, many textile mills have had to close their doors—with the resultant loss of American jobs.

Though currently in a business upswing, the textile industry has been and continues to be close to the bottom of the national industry list in earnings. However, the issue here is not one of corporate earnings so much as it is the potential further loss of jobs through further liquidation of important segments of an essential industry.

Trade between nations is helpful and desirable. Our foreign trade policy is an integral part of our government's overall foreign policy, which should be respected for the important job it does. There is no question of willingness to share the load to enable the country to carry the economic burden of an enlightened foreign policy.

In sharing, however, circumstances have placed an undue portion of the burden on the American Textile Industry. And the need for some control, governed by a "rule of reason," has now become urgent.
Lately, the burden on textiles has increased alarmingly. Last December, yardage of imported cotton fabrics reached the highest total in history, with more countries than ever exporting into the American market. The upward zoom of imports is graphically shown on the chart in the center on this page. And these figures pertain only to cotton.

At this point, Mr. President, I would like to explain the graph which appears in the advertisement and to which the text of the advertisement refers. The graph shows the imports of countable cotton cloth, excluding all garments and other fabricated items, in millions of square yards by quarters for the years 1957, 1958, and 1959. For the year 1957, the graph shows that there was imported into the United States between 35 million square yards and 25 million square yards per quarter. There was very little fluctuation over the four quarters. There was little fluctuation in 1958, the level of imports being approximately 36 million square yards per quarter. The alarming thing indicated by this chart is the increase over the four quarters in 1959. For January, February, and March, 1959, a total of 36.8 million square yards of countable cotton cloth were imported. In April, May, and June, the imports increased to 45.3 million yards. In July, August, and September, they increased again to 55.9 million square yards. In October, November, and December—and this is the most alarming fact, Mr. President—the imports of countable cotton cloth, excluding garments and other fabricated items, increased to the amazing total of 102.8 million square yards, almost double the previous quarter. The text of the advertisement continues as follows:
As matters now stand, the cheap prices of textiles imported from low-wage countries cannot be matched by the American Textile Industry. The reasons are simple. First modern textile facilities have been built overseas, often with the aid of the American taxpayer. Second, and more important, is the higher wage scale and living standard of the American textile worker. This means higher costs, including health and hospitalization insurance, social security benefits, maintenance of safe working conditions, local, state and federal taxes and vacations with pay, all of which are part of the American way of life.

It seems abundantly clear that some reasonable restrictions are needed to check this flow of cheaply made imports. If it is not done, and soon, more and more American jobs will be lost and an essential American industry will be further impaired.

Others share this opinion. More than a year ago, a special Senate subcommittee, composed of Senator Pastore of Rhode Island, Chairman, Senator Cotton of New Hampshire and Senator Thurmond of South Carolina, studied the problems of the American Textile Industry and held public hearings. In its report to the Senate, the Committee said "...in view of the defense essentiality of the domestic textile industry we feel that the only answer to the problem is to regulate the flow of foreign textile products into this country. The quotas established need not be fixed for all time." To date, no action has been taken on this recommendation.

American cotton growers, too, are concerned as they see more and more of the domestic cotton market being taken away from their best customer, the American spinner.
We believe ceilings governing imports should be established to stem the rising tide of low-wage imports endangering the livelihoods of those who work in cotton growing, textile manufacturing and garment making. Without altering the fundamental objectives of our foreign policy, and without being unfair to anyone, sensible controls can lift part of the disproportionate load now carried by the textile industry.

It seems to us that full discussion of this problem at this time will serve a very useful purpose in seeking a fair solution for a resulting situation which was not contemplated or intended at the time our existing foreign trade policy was being formulated.

The 34,000 employees of J. P. Stevens & Co., Inc. produce over 700,000,000 yards of fabric annually to serve all America through its vital industries, such as: Agriculture, Aircraft & Missile, Automotive, Building, Chemical, Clothing, Electrical, Home Furnishing, Rubber, Shipping—and many others.

That, Mr. President, is the text of the full-page advertisement which appeared in many of the leading papers across the country.

Mr. President, as I have said, this advertisement is a public service, for the public should be advised of the alarming facts which are taking place under and by virtue of our so-called reciprocal trade program. Unfortunately, even in a full-page newspaper advertisement, sufficient space is not available to give the entire statistical picture. This advertisement portrays, primarily, the drastic jump in imports of cotton cloth and, indeed, it shows an alarming picture.

Traditionally, the United States has been a net exporter of cotton cloth by a very wide margin. For instance, the ratio of
United States imports of cotton cloth to exports of cotton cloth for the years 1949-1958 are as follows: for 1949, the ratio was 2%; for 1950, 9%; for 1951, 6%; for 1952, 5%; and at this point, Mr. President, the increase began in earnest. In 1953 the ratio was 10%; 1954, 12%; 1955, 25%; 1956, 37%; 1957, 22%; and 1958, 28%. Over the years the ratio has fluctuated, but for the ten-year period it has increased steadily. This steady increase over the ten-year period is, in itself, a considerable cause for concern, but as stated by the advertisement, does not show the truly drastic picture which has come into focus in view of the events in 1959.

The ratio of imports of cotton cloth to exports by months in 1959 are as follows: January, 21%; February, 41%; March, 33%; April, 33%; May, 41%; June, 39%; July, 55%; August, 45%; September, 55%; October, 62%; November, 90%; and December, 93%. Nothing could more emphatically demonstrate our worsening trade position with respect to cotton cloth than the fact that as late as January, 1959, United States imports of cotton cloth were 21% as large as the exports; but by December, 1959, United States imports were 93% of exports, imports having reached an all-time record high of 241 million square yards in 1959.

Although the figures are not available for the part of 1960 to date, there is every indication that the ratio is continuing to increase. We are on the verge of becoming a net importer of cotton cloth and, in fact, we may have already reached that point.

Unfortunately, Mr. President, the statistics on imports of cotton cloth, as black a picture as they show, do not reveal the entirety of the picture. The figures on the imports of cotton
yarn and cotton apparel are equally as frightening.

With respect to imports of cotton yarn, the same trend is obvious that is shown by the statistics on imports of cotton cloth. For instance, in the first quarter of 1959, imports of cotton yarn were 282,756 pounds. In the second quarter, they were 223,065 pounds. In the third quarter, they were 194,189 pounds. The fourth quarter, Mr. President, as was the case with imports of cotton cloth, shows a tremendous increase, for our imports of cotton yarn in the fourth quarter of 1959 reached the astounding total of 680,427 pounds. This brings the total imports of yarn for 1959 to 1,380,437 pounds, as compared with the 835,000 pounds which were imported in 1958.

Although it is difficult to measure the imports of the total apparel which was made of cotton, the trend in apparel imports can be graphically illustrated by selecting specific items which have been brought into this country. For instance, in the first quarter of 1959, the United States imported 379,000 dozen shirts. In the second quarter of 1959, imports of cotton shirts were up 22 per cent to 461,000 dozen. By September of 1959, imports of cotton shirts had reached 1.5 million dozen, which was equal to the total imports for the entire year of 1958. Although the final figures for imports on cotton shirts have not been released by the Tariff Commission for the last portion of 1959, the total rate for 1959 is up to 2.41 million dozen. Mr. President, as pointed out in the advertisement, these statistics do not relate solely to the fact that some American industries will have their profits impaired. Every yard of cloth, every item of apparel, and every pound of yarn which is imported into the United States
represents labor performed by someone other than an American citizen, and as our imports continuously approach--and possibly by this time equal or surpass our exports--jobs for American citizens are decreasing correspondingly.

This is no time for the national government to adhere to and administer policies which have the net effect of decreasing employment for American citizens. It is quite true that at the present time employment in the United States is at an almost all-time high. We must ever keep in mind, however, that the number of workers in the United States will increase by nearly 20%, up 13.5 million, to a total of 87 million, by 1970. The increase in the number of workers during the 1960's will be by far the largest for any ten-year period in our history--50% greater than during the 1950's. According to recent estimates by the Department of Labor, a greater percentage of the increased work force will be constituted of unskilled and semi-skilled workers, including those in the older age groups and a larger percentage of women workers. Despite earlier retirements, it is estimated that 20% more workers will be 45 years and over in 1970 than in 1960. By 1970 it is estimated that there will be about 30 million women workers--6 million more than in 1960.

Studies by the Labor Department show that already the percentages of unemployed are much greater among groups who are less skilled and have a lower degree of education; and it is in these groups that the crucial problem of unemployment will develop, if it develops, in the next decade. Our economic history has clearly proven that textile workers can be trained readily from this
particular portion of the labor pool; to wit, older people, women, and persons who have been unable to secure a high level of formal education and technical training. This is the exact area in which we must concentrate our efforts to provide not less, but additional employment. We can no longer administer the policies of the national government exclusively for the benefit of foreign nations to the detriment of deserving American workers.

I do not mean to imply, Mr. President, that the textile industry is bearing or will bear ultimately the total brunt of the maladministration of the trade program. Already other basic industries, such as steel and automobiles, are feeling the pressure of increased imports and decreased exports. In the post-war era, our policies for the reconstruction and industrialization of the so-called backward nations of the world have been concentrated in the field of light industries, primarily textiles. As the industrialization program of these countries continues with or without our help—now that we have set them on the road—they will make greater and greater dents in all areas of the markets for our industrial products.

The so-called reciprocal trade program, as originally conceived and enacted into law, was certainly not designed to visit these drastic consequences on American industries and American workers. Despite the unwise delegation by Congress of its constitutional power, authority, and responsibility to regulate tariffs and imports to the executive branch, basic safeguards for the protection of domestic industries and American workers were provided in the law. Unfortunately, as our trade program has come ever increasingly to be administered as an instrument of foreign policy, rather than
as an economic program, those safeguards provided in the basic law
deleating the Congressional power to the Executive have been
usurped or ignored. In their place, half-hearted efforts have
been made to remedy the situation by extra-legal methods conceived
in the minds of those concerned with foreign policy, rather than
in the minds of economists. I refer, of course, to the so-called
voluntary quota agreements negotiated with the Japanese, who were
the source of the initial flood of our textile imports.

Mr. President, the voluntary quota system, so far as the
Japanese textile import situation is concerned, has undoubtedly
been of assistance to American textile plants and American
textile workers. It is not, however, a satisfactory solution of
even the Japanese import problem, much less the overall textile
import problem.

In the first place, Mr. President, the textile import situation
from Japan is a peculiar economic situation, in itself. Exports
from Japan are closely regulated by governmental agencies, and
it is therefore possible to negotiate directly with the Japanese
government on exports of a particular commodity, since the government
is in a position to supervise the exports and insure that the so-
called voluntary agreements are adhered to. At this point, let me
make it clear that in my opinion the voluntary quota agreements
are unsound, both as a matter of principle and practicality, even
in the case of such nations as Japan. It would seem that the least
that American industries and American workers have the right to
expect from their own government is action in protection of their
interests. They should not have to rely for that protection on
the grace of a foreign nation. Aside from the matter of principle, however, Mr. President, as I have pointed out, the situation with Japan is unique. Voluntary quotas cannot even be approached with other countries which have come into prominence as exporters of cotton textiles to the United States. These countries are many, and their exports to the United States are ever-increasing.

Consider, for example, the imports into the United States of unbleached cloth. In 1958 the United States imported a total of 50,383,000 square yards, of which 37,784,000 square yards originated in Japan. In 1959, however, United States imports of unbleached cotton cloth had increased to a total of 145,405,000 square yards, of which only 41,128,000 square yards were from Japan. Of the approximately 95,000,000 square yard increase, Japan was the originator of only 4,000,000 square yards of that increase. The bulk of the increase came from other places such as Hong Kong, which increased from 1,262,000 square yards to 29,898,000 square yards; India, which increased from 455,000 square yards to 22,419,000 square yards; France, which increased from 16,000 square yards to 10,288,000 square yards; Spain, which in 1958 exported no unbleached cotton cloth to the United States, but in 1959 exported 9,310,000 square yards. Other countries from which imports increased drastically included Korea, Pakistan, Formosa, West Germany, and Switzerland. It should be quite obvious that no voluntary quota system will satisfactorily meet the problem of the increased imports from these many countries.

Mr. President, it is still possible under the existing law for the executive department to counter and remedy this problem with machinery provided it. I refer primarily, of course, to the escape
clause procedure established in the Reciprocal Trade Act. The escape clause procedure was designed specifically for the purpose of preventing any domestic industry from being injured by the operation of the program. Unfortunately, however, the executive department has established such a consistent policy of declining to implement the Tariff Commission's findings that this procedure has, to all intents and purposes, been nullified as an instrument to provide the protection for which it was originally intended. Domestic industries have become so discouraged by the administration's refusal to give relief that Tariff Commission cases, expensive and cumbersome in the first place, have ceased to hold any hope.

With respect to imports of cotton textiles, there is another remedy which might be utilized by the Administration to offset the impact of textile imports on our domestic industry. I refer to the provisions of Section 22 of the Agricultural Adjustment Act. A petition to the Secretary of Agriculture under Section 22 was filed on June 29, 1959, by the National Cotton Council, asking for relief under this section. Section 22 provides in part for relief against imports if it is found that imports tend to "render ineffective or materially interfere with" any agricultural program of the national government.

The very point that this petition was filed by the National Cotton Council raises another important point, Mr. President. The National Cotton Council is an association of all groups which deal with cotton; to wit, the cotton farmers, ginners, merchants, warehousemen, seed crushers, and spinners. The petition itself was actually originated by the cotton producers or farmers. The increasing imports of cotton textiles represent not only an impairment to the domestic textile industry and a loss of jobs to
American textile workers, but also represent a loss of markets to cotton producers in the United States. It is obvious from the fact that our exports of raw cotton are continuously decreasing that these imports consisted in an ever larger degree of cotton grown in foreign nations.

Only a few years ago about one-half of all the cotton consumed abroad was imported from the United States. In the last five years the situation has drastically changed, however, for the United States has not furnished one-half of the cotton for foreign consumption, but only one-seventh. The cotton producers, as well as the textile mills, are affected by these imports to the extent that our whole agricultural program for cotton is imperiled.

Mr. President, I would like to think that there is ground for optimism concerning the Administration's response to the National Cotton Council's petition under Section 22 of the Agricultural Adjustment Act. Complete candor leaves little room for any optimism. The Administration, while admitting that the Cotton Council has made a case in its petition, has taken the unjustifiable position of so narrowing the investigation authorized to be made by the Tariff Commission as to render almost impossible the granting of any substantial relief from these cotton textile imports. The limitation applied is applicable to the scope of the investigation and the scope of the remedy.

Section 22 provides that relief may be granted when imports into the United States, and I quote from the statute, "materially interfere with any government cotton program or reduces substantially the amount of any product processed in the United States from American-grown cotton." We are all well aware that included in the
government cotton programs are such as the price support program, marketing quotas and acreage allotments, conservation reserve and surplus disposal, including the cotton export subsidy program. In his letter the President restricted the scope of the Tariff Commission's investigation to the narrow field of the cotton export subsidy program alone. This is an undue and unwarranted deviation from the Congressional intent and expression in the statute.

The scope of the remedy was also limited unrealistically. Section 22 provides for relief in the form of imposition of such fees and tariffs as required, not to exceed 50 per cent ad valorem and/or imposition of quotas, at a level not less than 50 per cent of imports in the base period. The President's letter, however, requested recommendations only as to the advisability of the imposition of an 8 cents per pound (equivalent to the cotton price differential between domestic price and world price of cotton) on imports of manufactured textile goods. Such a limitation almost completely nullifies any excuse for a hearing since the price of manufactured goods would not be materially affected by an 8 cents per pound tariff. For instance, a man's dress shirt weighs approximately 3/4 of a pound and a 6 cents tariff per shirt would have very slight if any effect on the problem sought to be corrected by the petition.
The impracticality of the limitations imposed have been brought to the attention of the President himself, and he has been requested to reconsider the directions which he has given to the Tariff Commission. I regret to say that I was advised only this morning by the White House that although the President did reconsider his directions to the Tariff Commission, he once again has succumbed to the advice of those who concern themselves solely with use of the trade program as an instrument of foreign policy. The result, of course, is a continuation of the head-in-the-sand attitude with regard to the damage being done domestic industries by the administration of our trade program, and little hope for effective relief from the narrow investigation which is to be made by the Tariff Commission under the provisions of Section 22.

Mr. President, this situation cannot be allowed to continue. Too long the jobs of American citizens have been sacrificed on the altar of questionable foreign policy considerations. It appears that the Administration will continue to refuse to take action for relief of the situation under the provisions now contained in the Reciprocal Trade Act. Unless the Administration will immediately reconsider and take a practical view of this alarming situation, there is no alternative but for the Congress to resume the discharge of its constitutional responsibility in the control of imports and tariffs. The American public will not long continue to permit the jobs of its citizens to be wantonly traded away by a calloused national government, which apparently has no concern for the best interest and employment of its own citizens.

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