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Fogarty Defends New England Industry in Tariff Fight

SPEECH
OF

HON. JOHN E. FOGARTY

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

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Mr. FOGARTY. Mr. Chairman, I ask unanimous consent to proceed out of order, and to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Rhode Island?

There was no objection.

Mr. FOGARTY. Mr. Chairman, the essence of the report of the Randall Commission on Foreign Economic Policy is a proposal to throw open the markets of the United States to low-cost, cheap-labor imports. It proposes this without any assurance the United States will receive any concession in return, and in the face of direct evidence that this policy already has resulted in ruinous damage to American industry and agriculture.

I do not see in the proposal any net expansion in world trade, only the giving away of an increased share of our United States markets.

The Commission proposes this opening of our markets despite its own conclusions, which read like a good argument for doing away with the reciprocal trade adventure which Uncle Sam has been engaged in for the past 20 years. Here are the Commission's conclusions:

The United States is no longer a high-tariff country, a fact that cannot be disputed since 34 out of 42 countries have higher tariffs than the United States.

The present tariffs have never been tried under normal trade conditions. During the past 20 years of reciprocal trade, we have gone from depression into war, from heavy foreign aid again into war in Korea. These certainly cannot be called normal conditions for trade.

Exports and imports in American trade are now in approximate balance and the dollar gap has been virtually closed as foreign nations have built up their gold reserves.

There has been a great overemphasis on tariff reductions as a solution to trade

problems. This the Commission concedes in pointing out that other countries have discriminated heavily against the United States in regulating trade.

Finally, the report agrees that free trade is impossible as long as the threat of Communist aggression hangs over the world.

These conclusions appear convincing to me, Mr. Chairman. But the report turns its back on the facts and recommends a 3-year extension of the President's authority to negotiate new trade agreements, and authority drastically to reduce existing tariff rates. The escape and peril-point provisions would be retained, but the report wants expressly spelled out the President's authority to disregard such findings "whenever he finds that the national interest of the United States requires it." It is worth noting that without this express authority, relief from competitive imports under the escape clause has been given only 3 times in the past 5 years, out of 57 applications filed by 46 industries.

The Commission would eliminate the preference now given the United States merchant fleet in the shipment of Government-owned and Government-financed cargoes, and would weaken the Buy American Act.

The Commission's report not only passed over its own arguments in making these recommendations. It ignored the hard realities of unemployment and closed plants over the country that are the direct result of competition from low-wage foreign imports.

In my own State of Rhode Island, unemployment is mounting every day. Working hours are being reduced in some plants, others are laying off part of their work force, and in other cases plants have had to shut down. The situation is becoming acute in the lace, rubber footwear, textile, and jewelry industries—and it is due chiefly to imports which are invading United States markets for these domestic products.

More than 60 percent of the Nation's lace industry is located in Rhode Island. We have 55 plants providing jobs for some 10,000 workers. The lace industry represents a \$35 million a year business to Rhode Island. Today our lace manufacturers and their employees face a

struggle for survival against competitive imports. The greatest competitive factor in lace manufacture is the cost of wages. The machinery used in the world lace industry is all made in England. Production techniques are generally the same. Consequently, when an American manufacturer pays \$3 an hour in wages, the British manufacturer paying 59 cents for similar work, and the French manufacturer paying 39 cents have an almost insurmountable advantage. Foreign producers receive additional subsidies and encouragement for exports from their governments. For example, France rebates to her lace producers the social security taxes paid for French workers whose products go into export.

The only way to offset such a marked competitive advantage for foreign lace is through an equalizing tariff which will enable American manufacturers to meet this competition on an equal footing.

Ninety percent of the Nation's jewelry industry is located in Rhode Island, providing jobs for 25,000 wage earners. Here too the workers are troubled and uneasy over the threat that unfair foreign competition holds for their future.

The manufacture of rubber footwear is another important Rhode Island industry. The pattern of past competition in the export market foreshadows what our producers can expect if domestic markets are further opened to foreign competition. Thirty-five years ago the United States supplied more than half the world's need for rubber footwear. That export market almost vanished in 10 years as foreign producers copied American designs and methods. Today the United States supplies only 2 percent of the world demand. If American producers can be driven from the world market, they can be pushed out of their home market by foreign producers benefiting from lower production costs and export help from their governments.

These are relatively small industries, made up of many small plants scattered over our State. But they are no less important to Rhode Island's economy. They have equal rights with other American industries and it is because they are small that they must be protected when life-and-death decisions are being made.

And let me say this: The vitality of these industries is of equal importance to the economy of the United States.

It may be pleasant for one segment of our economy to sit smugly by, enjoying a taste of prosperity, shall we call it, while shedding a few crocodile tears over the sad plight of New England's industry. I would like to remind all of you, once again, that what injures New England industry injures the entire Nation.

My State is the most densely populated State in the Union. All of southern New England is crowded with people who buy products of the rest of the land—agricultural commodities, raw goods, and manufactured products.

When any one section of the United States or any one industry deliberately ignores the interests of New England, then that section of the country or that industry is deliberately spurning one of the country's greatest market places. For the sake of a temporary economic advantage, obtained through artificial means, or by adopting a "me first" attitude, it is indicating a willingness to let one of the country's greatest purchasing areas become stagnant and ineffective.

We in New England have seen much of our industry attracted elsewhere—lured by cheap labor costs and temporary tax benefits. We have listened to well-phrased pleas that our country's economy is so geared to heavy industry and agricultural production that these two great segments of our economy must be supported and sustained no matter what may be the cost in the way of price supports and export trade stimulation.

We have been loyal children in our mother's house. We appreciate full well that the general good of the entire Nation is the paramount concern. We are fully aware that our United States must discharge the responsibilities that go with being a member of the world's society of Nations.

But we also appreciate that we have Main Streets and Broadways; and mill villages and farm communities. We have heavy industry; we have some of the world's most skilled mechanics; we can build ships and submarines and airplanes, as well as produce the most delicate and intricate types of machinery. We can weave the fabric from which your clothes are made; and we can make your hats.

It would be impossible for me to attempt to run through the entire scope of New England's productive potential. It would be just as ridiculous if I should attempt to spell out the commodities, the articles, the products which New England consumers absorb in their every-day contribution to the sustaining of the Nation's economy.

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Suffice it to say this: New England industry is worthy of the concern of every one of you. It forms an integral part of the fabric which is industrial America. If our industry is to be penalized through tariff reductions in order to provide preferential consideration for some other section of the country, then I think we in New England shall have to resort to something like the artificial methods now employed by others to produce a form of prosperity, which, in the final analysis, is a will-o'-the-wisp.

I doubt very much that it is possible to find in any section of the country a more keen awareness of the fact that we are all part of one great organism than that which prevails in New England.

You will recall our forebears were among the first Americans. We helped in great measure to build this great institution which is the United States of America. Many of our farmyards were battlefields; many of our stone walls were behind which men bled and died in order that there might come into being this great community of people, all interested in the welfare of one another.

However, I want to say quite frankly that we in New England are bit by bit being forced into a closing of the ranks, where we will have to stand by our own decisions, for our own welfare; for the good of our families, our homes, and our shops.

We come from hardy stock. Our people have seen the ups and downs of many a cycle, political and economic. But the time comes, it seems to me, when we have to forget our political differences in order to preserve the community which we love so much.

Several years ago I recall proposing that the leaders in State government, labor, and industry should get together and study New England's problems and seek to reach a mutually agreeable solution to those problems. It has always been my belief that such groups could come to a meeting of the minds and arrive at decisions which would be beneficial to New England industry, yet would be in harmony with the aims of all who genuinely seek the general welfare of all the people of America.

I still urge that these leaders exercise all their talents and ingenuity to come up with recommendations for concrete action which will benefit our section of the country. It is also my feeling that such decisions fairly arrived at can best bind the members of the Federal legislature who represent New England constituencies into an impregnable unit, regardless of party politics.

I can support the concept of a healthy, two-way trade among nations. But in

this Randall report, which has disturbed me, there is the dangerous concept that Uncle Sam must make all the sacrifices. It proposes that we embark on a new program of tariff reductions in the hope that the rest of the world will go along with us. Let us remember that we launched such a program 20 years ago. In that time, the United States has reduced its general tariff level by more than 75 percent, and 60 percent of our imports are completely free of duty. But other nations have raised their tariff walls, applied embargoes and quotas, and further discriminated against the United States through currency manipulations, shipping preferences, subsidies, and other forms of favoritism to their own products.

In 1945—on May 26 to be exact—I suggested to this House that the authority to reduce tariffs to the extent proposed in the extension legislation then under discussion, was too much to place in the hands of my President. The Randall report proposes the same tariff reduction authority to which I objected then, and to which I still object. The proposal that the President be authorized, with or without receiving reciprocal concessions, to reduce tariffs by not more than 50 percent of the rates that prevailed on January 1, 1945, is one proposal with which I cannot go along. Whether or not any particular rate should be reduced, or perhaps increased, must be determined upon particular study of the particular situation in the industry involved and the impact of such a reduction or increase on that industry and the community immediately dependent upon that industry.

In 1945 I defended, here in this House, the principle of reciprocal trade—but I expressed the fear then that there would be little or no reciprocity resulting from our execution of these trade agreements. I said then:

In the further reduction of tariffs I am convinced there is grave danger to the men and women who toil in the textile mills of Rhode Island. You say, "They will not suffer." I am afraid to run the risk. There are too many signs of danger.

That I said in May of 1945. I voted against the passage of the reciprocal-trade agreements extension bill at that time. Nothing has happened since that date to cause me to change my attitude.

Tariff reductions as a solution to world trade problems have been given a fair trial. Standing alone they do not work. The United States has made concessions that other nations have not returned. New England industry can no longer afford to be the goat. If sacrifices must be made in the name of world stability then all must bear a portion of the burden.