ORAL HISTORY PROJECT OF THE FASHION INDUSTRIES

FASHION INSTITUTE OF TECHNOLOGY

ELI ELIAS

NATIONAL SKIRT AND SPORTSWEAR ASSOCIATION

FOUNDER AND FORMER HEAD OF ELIAS SPORTSWEAR

THE FASHION INDUSTRY LEADERS

DATE OF INTERVIEW

Thursday, March 25, 1982

INTERVIEWED BY

Mildred Finger
ELI ELIAS is a fine example of the development of an entrepreneur in the Apparel Industry. Starting at a very early age, he became aware of and interested in various aspects of the Industry. He was born in 1912 in Rochester where his father worked as a tailor in the menswear industry. His father was born in Turkey and trained there as a tailor.

Eli Elias, unable to go to college because of the Depression, went to work for an uncle in the garment industry in New York in 1929. By 1932, he was a partner in a sportswear firm called Bermay. In 1934, he started his own business called Elias Sportswear, which continues as a business now.

Eli Elias has always been very active in the industry, and became involved many years ago with the National Skirt and Sportswear Association. He became Executive Director of the Association, remaining as consultant to Renlyn, the name to which Elias Sportswear had changed. In January 1981 he retired completely from Renlyn, leaving the business in the hands of his son Richard. He now spends all his time with the Association.

This Oral History includes many interesting topics, including the history of the sportswear industry structure, the relationship of Union, Industry Associations, and the Joint Boards; a discussion of offshore production and of imports and their impact on our industry; a comment on the relationship of gangsterism and segments of the industry; opportunities for new businesses to enter into the fashion industry.
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Q: Mr. Elias, would you like to tell us, first of all, where you were born, and when, and just talk about you and your life, and ultimately we'll get to your business.

A: I was born in Rochester, New York, August 2, 1912. I lived in Rochester, went to high school--went to Rochester Technical High--majoring in machine, both technical and drafting, so that I was able to make my drafting, go into the machine shop and work out the parts of whatever machine I was developing.

Q: What business was your father in?

A: My Dad was a tailor in the old country, born in Turkey. At the age of nine his middle finger was taped together so he was able to hold it in constant position to put the needle in, with a great deal of skill, and by the age of 15 he was a tailor. He came to America in 1907; met my mother in downtown New York. Married on Broome and Allen Street. Migrated to Rochester, where the head of the tailoring center in New York State was. The Hickey-Freemans. . the "Fashion Parks" the Steins, and all the plants that were...Actually Rochester, New York was the tailoring center of the country.

Q: For menswear.

A: For menswear. He was employed at Hickey Freeman as a presser, and wound up as top examiner. Quality man. In 1929, the crash came, and they cut down their force. My Dad was out of a job and he went to work for the National Clothing Company. I had at that time matriculated at Alabama University in Alabama as a mechanical engineer, I was told I couldn't go to college. By some stroke of luck--or misfortune, as it was--
my uncle, who lived in New York, had a partner who got hit, right at the Sixth Avenue Elevated, going to the post office on 8th and 33rd... Fractured his hip and was in the hospital. Knowing that I was not going to college, he wired my mother--it was my mother's brother--if I would come and give him a hand while he was left all alone. And the background of engineering and drafting...I came to New York on Allen Street, four stoops down with the Elevated over it...From the beauty of Rochester to the conglomeration of New York...It was a traumatic shock to me. Well, within a week, I had taken apart every machine in the area. Whatever machines he had, I literally took them apart and put them together. And I understood the whole mechanical feature of each machine. And pattern making is simple compared to drafting. So I learned pattern-making in a matter of a week.

Q: How many machines did he have?
A: He had 22 machines in the back.
Q: So he was pretty big...in those days.
A: It wasn't that he was pretty big...It was very, very...
It was not a business. It was like an artisan. He had ten pieces of goods, he would cut two of a size or three of a size and make two bundles...It was not the way we know business today. He was dealing with small, little retailers on the East Side and peddlers.

Q: So, in those days, and that must have been in...?
A: 1930...
Q: In 1930...What he was doing was working really...Was he considered a jobber, or a contractor?
Q: He was a manufacturer.
A: He cut and shipped his own product.
Q: And he got his orders directly from small retail stores.
A: In fact, we never operated on the basis of orders. He hung up 50 of this and a 100 of that, and the peddlers would come in and pick what they wanted and the retailers would pick. It was a stock house operation. So that my real background was very, very specialized. I would make patterns, and make a whole set of patterns and cut--maybe 20 pieces--and junk the set of patterns. So I was constantly working on the table..

Q: So you learned how to make patterns... Or, you learned very quickly.
A: Well, it was part and parcel of my whole training. The technical training of drafting is the technical training of pattern making. I learned the process of making a garment. I operated, I pressed, I finished, I did everything that there was to do, physically. So that even today I can take any garment and put it together. So I have a background that is total in the sense that from the yardstick, and a piece of paper and a pencil I can draft a pattern, get the goods, cut it, sew it, make it, press it, finish it, hang it and sell it... And lo and behold my uncle's partner had gotten back after six months, with a cane, and I was let out. That was the depth of the Depression. I tell you, I was getting $12 a week. I actually never went home. Five nights. I ate and slept right on the piece goods.
Q: Just one thing...I want to be sure I understood
...What were you making at that point? Were they women's suits...?
A: We were making...No...We were making women's skirts
and dresses and blouses. Actually, there wasn't the sportswear business
as we know it today. In those days it was a shirtwaist and a skirt and a
dress. The elite of the apparel business was the cloak and suit maker.
He was considered elite of the whole fashion...

Q: And were they located downtown where you were?
A: No. They were all located in lower Broadway, coming
towards 23rd Street. The movement was going north already. The...What
we've called the "slavery" end of the business was still downtown. Still
on the lower East Side. The manufacturing end of the apparel business was
moving uptown, into the twenties. I was then let out, and then I was a
full fledged member of the apparel business. I was good property. I imme-
diately got a job at an increase. I got $18 a week, and I took over the
table, I took over the cutting, and the plant managing...

Q: Of a similar operation?
A: For another partnership that just formed. As they
formed, they had me as the employee and then the Jr. executive. In 1932,
my partner...my uncle broke up with his partner and he asked me to come
back, with another uncle. So I was a nephew with two uncles. One handled
the pressing and the plant. I handled the pattern making, cutting, etc.
And he handled the selling and the merchandising. And we became equal
partners.

Q: Did the company have a name?
A: "Bermay" Sportswear. In 1933, December, my uncle—and we had done extremely well, by the way. We had come out of the first year's operation with $27,000 in profit, which was huge in those days. But it was all by virtue of our own labor, and I tell you, we worked seven days a week.

Q: Was it just the three of you...
A: The three of us, plus... Now we only had a little plant of ten machines.

Q: And you had ten operators, right?
A: Right. And we gave out a little work. Now we're starting to pick up manufacturer/jobber.

Q: Excuse me. In those days, did people still make the entire garment?
A: The entire garment.
Q: The entire garment. Piece work was later.
A: No. The entire garment, piece work.
Q: So one person...
A: Sat down and made the whole product. But it was piece work. So much per garment. When I think of what an operator, sitting down, working 40-45-48 hours a week, and going home with $12-13 a week, and I look at what's happening today, it's a different world. The whole perspective's changed. I know the misery of running a miserable business. I know what they talk about when they say "sweatshops." I've lived it. I've gone through it. And I was also a boss through it all. In '33, December, there was a split of opinion. My senior uncle wanted 51% of the business, and he
offered the nephew and the other brother-in-law to divide the other 49%
however they could agree, and I said, "If it's 51%, and suppose the other
two of us agree--half and half, each of us 24½%..." I said to my uncle,
"there is no man living who is twice as good as I am." And I offered to
quit. We had a long series of discussions. It became an inter-family
squabble. And I was just totally disinterested in carrying on anymore.
Although I loved (and I still love) my uncle dearly. I just didn't want
to be with him. And we split. And I opened up Elias Sportswear March 1,
1934. So the firm is 48 years old. The principal is 52 years in business.
We opened up in 1934 and I got married on August 11, 1934. I started out
with what was supposedly my $9,000, which was my share of the capital that
I was supposed to recover from Bermay Sportswear (which, by the way, took
two years to get back, so I actually started with $2,000 in cash, that he
gave us as a deposit). And I took my Dad...I asked him to cash in his
insurance policy, so I got $3,000 more and I capitalized the firm for $10,000,
of which I had paid $5,000 in. By August 30, 1934, my total net worth was
two racks and a pretzel.

Q: Where were you located at that time...with your two racks
and a pretzel?

A: At that time I moved directly to 35th Street...
Q: West 35th.
A: West 35th. 213 W. 35th...Elias Sportswear had its birth.
Q: What was your price range then?
A: My price range then was skirts from $9 a dozen to
$15.75 a dozen. The $9 a dozen were $1 retailers, and the $15.75 was
$1.98 retailers. And if I tell you that they complain about business today, in 1982, March, or the word is recession--they don't know what recession is and they don't know what problems are. Unless they lived through the depth of that Depression. Roosevelt came in, the NRA came in, and the NRA gave the laborer the right to join and to become a union, and the then existing International Ladies Garment Workers' Union was totally bankrupt. The NRA gave them a shot.

Q: How long had they been in existence then?
A: Turn of the century. They are now 82 years old.

They were militant and very, very active right after World War I. They became almost non-existent in the 1930s, until 1934.

Q: When Roosevelt...
A: Right. And the NRA actually forced the manufacturers to recognize labor organization. Actually. The labor laws became effective. One labor law on top of another, so we now have a huge background of labor laws that never existed. We, as Elias Sportswear, had a very erratic first four years. But ironically, they had accumulated a bit of profit at the end of each year. So that when 1939 came about, and Europe went to war, Elias Sportswear was already substantially set.

Q: Mr. Elias, before you go on...Who were your customers at that time. How did you get...?
A: We catered to every chain and every mail order house that we could, and every "popular priced" retailer. Cheap.

Q: In other words, it might be the basement of a department store.
A: Right.

Q: Right. And did you have a staff of sales people?

A: For the first four years, upon my entering into business, I took my brother, who came with me to New York...

Q: Younger brother?

A: Yes.

Q: How many children were you, by the way?

A: We had two brothers and a sister. We subsequently lost the sister in 1949...forty-nine years ago...1933. My sister was the first one who was treated with sulfa in the strep throat. She ran 107° fever, they couldn't stop it and she passed away. I remember the doctor coming in and asking if we would sign for them to experiment with the sulfa which was in liquid form at that time. Anything to help. But that's gone. We wound up in 1939, we opened up the first sizable plant and moved to 1370 Broadway...

Q: Excuse me...the sale people, you were talking about...

A: Sales people...myself and my brother. I handled the total administration and production and sales. He handled fashion and sales. He was the outside man; I was the inside man.

Q: And you had a two man operation with the workers, and so on, but in terms of sales...

A: Two bosses. Right. In 1939, moving into 1370, we then put in the first salesman. And then we had salesmen all over. I'll get back into that, but let's go slowly to understand the progression. In 1934, entering into business, NRA was in existence. We immediately
were signed up with the union. And then I became, in 1935, a Board member of the National Skirts & Sportswear Association.

Q: Which existed already.

A: As of 1933. When NRA came in we were forced to "band" and we formed the association "to deal with the union" and it was all part of the labor code at that time. By 1937 I was on the labor committee and by 1939 I was a Board member involved deeply in the association. Our original President, Sam Elowsky of Sporteens.

Q: I'm sorry. Would you spell his name?

A: E-l-o-w-s-k-y. He was our founder-President for two years. Subsequently, Henry Perhaia became President and he took over for 13 years.

Q: I'm sorry. Would you spell his last name too, please?

A: P-e-r-h-a-i-a. I became President 32 years ago. So my involvement with the Association was the outcome of my going into business and becoming a part of an organization. That was the input. Back to 1939, we then opened up a plant of 110 machines in 1370.

Q: So that was an inside shop.

A: Yes. We never cared for contractors in those days. The contract development became bigger as we entered into World War II. "The reason for being," if you were a manufacturer, was your own plant structure. The reason for being as a jobber was to have your own contractors, and when the jobber went in as a jobber, the most important part of the operation was that contractor, because that contractor was a vital part of his production. There was a different association between
jobber and contractor than there is today...... Today a jobber and contractor is like fighting on the slave market. What do you bid? Whereas, in those days, you took the contractor in, showed him the line, priced it with him, and you took him into consideration in everything you did. Because he was part of your organization. But philosophically we believed in our own plants. And subsequently we did wind up in 1946 with the largest single plant in the whole International. (ILGWU) We had 1,200 people in Brooklyn. . under one roof. We believed in product. We believed in a standard quality produced product, and that was our trademark. That was our stamp of approval. They could complain about our styling. They could complain about anything, but they could never complain about make. That was inviolate. Anything who would complain about make, I would throw him out of the firm. That's how adamant we were. . . . We were committed and we were dedicated to the word "quality." You ask about piece work, and section work...We were the first plant under one roof in the International, with the International engineering department that set up a section work plant to make a jacket. To break it down to a minimum of 117 sections to make one jacket. And that's how detailed it was. And we had a plant that would deliver 5,000 jackets per diem, but every jacket was like a soldier.

Q: And the jackets then were not made by one worker, they were made by...in your plants...a multiplicity of workers, each doing one particular part of that jacket.

A: The breaking down process and the engineering process of that last detail...And to be able to say that each section would have
sufficient manpower to give this efficient flow to go through because a collar setter would be a different type of an operator than a seam ... A pocketmaker was a head operator. A sleeve setter was considered.... So you had to have "a balance of hours production vis a vis the type of production." In one plant we would have 10 stitchers, just joiners. In other plants, we would have 20 sleeve setters to accommodate the stitching that the joiners did.

Q: So that the person who regulated that flow of work was...?

A: Was Eli Elias.

Q: Was Eli Elias. You did the production.

A: And the quality standards. And the rate fixing. Pricing. And the merchandising. And Ben took care of sales with the sales staff. At that time we had 23 men on the road, and we had...It was a different ballgame. That was the beginning of another business. That went on up until 1954. My Dad retired...I had taken my Dad in too, in the thirties. In 1935. My Dad then was the head quality man for the National Clothing Co. in Rochester, and was taken into the retail end of the article they produced and sold.

Q: And you took him out of that and put him into your business?

A: No, I brought him to New York and Weber & Heilbronner.... which there was a tie in... hired him as the top fitter and the whole works. I still have letters to show that Weber & Heilbronner acknowledged the fact that Mr. Elias came in and saved them over $250,000 on alteration
ELI ELIAS/Tape 1/Side 1

charges. Also, my old man was a genius with the needle. A genius.
We got through...My Dad retired in '54, and then my brother and I split in 1956. My brother retired. I had the business from 1956 until 1964.
I was then the father of three....

Q: Yes, I was just going to stop you and ask you about that. You were married in 1934..
A: Well, my first...my daughter Rosalind was born in 1936, December. In 1938, January, my son was born. And then my younger daughter we lost in an accident, may she rest in peace. And then my youngest son, who now owns the business.
Q: Oh. In other words, your older son did not go into the business.
A: No, he did. In fact, he was the cause of all that happened subsequently. He went to work...
Q: What was his name?
A: Alan Elias.
Q: Alan Elias.
A: My daughter Rosalind Elias, (now married, Rosalind Hazen), my son Alan Elias and my son Richard Elias....Alan Elias graduated Wharton, one of the youngest graduates in 87 years of Wharton history. And he came to me and he says, "Dad, I got offers to go into the top 10% of the corporations in this country. I can get placed in any one of them. But I don't want to get placed in any one of them because I'm going to be called into the army." He was 18½ when he graduated. He says, "Until they call me, how about giving me a job?" I said. "Well.." We had then
liquidated our plants of 550 machines. Everything went down into the dumps. The suit business dropped...

Q: I'm sorry...but...You must tell me about that. But when did this happen and why?

A: In 1954 my Dad retired. The suit business had started to...by that time we were making suits.

Q: I see. Okay.

A: The suit business started to drop by 1956. One "word" led to another and he says he's had enough he wants to quit, so my brother left. I still was in the suit business. We wound up....We sold our plant, we auctioned our plant, in Brooklyn. We opened up a little plant here, at 500 Seventh Avenue, and we gave contracts. That's the beginning of giving contracts in my life.

Q: You mean that you no longer owned your own facilities, but you used an outside contractor?

A: After selling the plant and everything I started to do contracting. As the business went way up, we elevated our standards and we elevated everything in our whole life. We moved to Great Neck, we had cars; you know everything pyramids.

Q. Now, Alan....

A. He went to Wharton.

Q. And then he came to work.....
A: He came to work for me because he didn't want to go anyplace until he got through with the army. Within the year, he was married, and married men were not taken in the draft. Within the year ... two years... he had the first son... So at the age of 21 my Alan became a father. P.S., he wound up with three kids and he was with me for ten years. 1954 to 1964. In the process, he became the total administrator and the total chief executive officer of the whole operation. I was practically semi-retired. In 1963, December, he calls in all of the plants, the contractors. Opened up a case of liquor to celebrate Christmas. They're gonna go into 1964, new year. New Year's Day, he says "What are you doing?" I say, "I'm watching the Rose Bowl game." He says, "I want to see you. I want to talk to you." I say, "I'll talk to you tomorrow." He says, "Yes, okay. But I got to be early because I've got to go to Patterson." We had a contractor in Patterson... to pick up some samples for market week, January. So he says, "All right. I'll see you at 6:00." At 6:00 in the morning, I'm at the penthouse... We have a penthouse in 1407 Broadway by then. We had a beautiful spot. And lo and behold I get up and he says... He was sitting at his desk, and he says, "Sit down." And I say, "No." He say, "No, you sit down." I sat down. He put his hand across the desk and he says, "Effective immediately, I quit." I says, "You can't do that. We're going into market. We've got everything set. I don't even know where to begin. Since you've been here..." And in ten years, he negated me completely.

Q: Excuse me. About how much volume were you doing then?
A: About $4 1/2 million. It was good... He says, "I'm leaving."
If you have any questions to ask me, I'll be home." He turned around, walked out, rang for the elevator. He comes back, and he says, "By the way, I don't think I'm doing you any harm." He goes back to the elevator and he goes home. And I sit at the desk with my hands under my chin, and for eight and a half hours, just stuck. I pick up the phone at 3:00 and I said, "I want to see you." He says, "All right. Get through with dinner. I'll be over at the house." He came over to the house. And there was no sense in repeating the fact that he was committed to quit. He comes over to the house and he says, "I cannot give this business one more day of my life." He says, "I was supposedly a top student and a good, good administrator. And I've tried every trick in the bag and I can't get this business off dead center. This is not my cup of tea." I saw he was committed. I saw there was no sense in trying to dissuade him. I said, "Okay, you go ahead. Take off. You haven't taken off one day in ten years. Even on your honeymoon, you went off for a week and came back in three days. Take off. You've got a leave of absence for six months." I paid his salary for six months. He calls me up in February and says "I'm going to go down to Pebble Beach. I want to see the golf...the Bing Crosby tournament." I said, "Go any place you want...It's on the house." He went down. He took his wife. We took the three kids, which he had by then. We were babysitting for two weeks. He came back and he says, "I went to Tucson and I saw my friend, my school friend." In fact, his boyhood friend, our next door neighbor. He says, "I liked what I saw." And I said, "You can do anything you want. You've got a six month leave. But don't make any decisions for six months." P.S. Easter Sunday we put him on an airplane, he
and his family, and he settled in Tucson. He had already purchased a
garden apartment at the base of the hills in Tucson. And he settled in
Tucson. Went back to the University of Arizona and took a law degree;
went back to the University of Arizona and took his architecture degree.
So he has three degrees. And he went into the real estate business. He
had syndicated about $110 million, commercial stuff. He bought the Union
Bank of Tucson. Two years ago he liquidated all of his holdings and he
went to La Jolla. He built himself a little million dollar teepee. Today he's involved as an entrepreneur...I tell you this little...

Q: It's very interesting...
A: So you'll understand that there's a lot of things in
my lifetime. We get back into harness and we go to work...

Q: This was '64...
A: 1964

Q: What had happened to the younger son?
A: My younger son was then the younger. He was...He went
to Northeastern University, came back and went to C.W. Post, business
administration. He graduated; he didn't want the business. He went into
real estate. No, wait, first he went into advertising. Got involved with
some organization that had newspaper and they sent him down to Florida and
he went through the whole State of Florida to sell advertising. He came back
and he said, "That's not for me." And went into real estate. Subsequently,
he got married. And he had a kid. And little David is eight years old.
Just about a month before he was about to become a father he comes to me
and he says, "Look. I've been bouncing around. I haven't asked you for
anything. Wherever I've gone I've made my livelihood. But I think I've got
to settle down. I'm gonna become a father. I've got to have a guaranteed income. What can you do for me?" So I gave him a shipping clerk's job.

Q: You gave him a what?

A: I gave him a shipping clerk's job. P. S. He came in and I put him into the cutting room, and I put him into the designing room, and I put him into the factory, and into the selling room, and I put him into every facet of the whole operation. Now we're only doing about a million and a half. The suit business is totally down to nothing. And I don't change, because suits are my forte. In 1934, Lady Renlyn... Elias Sportswear became Lady Renlyn and Lady Renlyn became Renlyn Casuals. ..R-e-n-l-y-n...named between my niece, Renee, and my daughter, Roslyn. Renlyn. My existence within the business was fully committed. But my involvement in the Associations became more and more involved. Ben Lerner, our first Executive Director, had died and we had an office manager, and I was then the President, so I assumed the position of President, acting as Executive Director. And for all the years, which was about 18 years, that I have been involved as the leader, besides the Presidency, the actual running of the operation, we had a great deal of...We had a great deal of ability to serve as the arm of the members. We understood their problems of selling--we understood everything. We related to every problem that came across this table. And I became more and more effective as I became more and more involved. So that in 1978, Eddy Weismann was the office manager then....He says, "I'm gonna retire as of December." So I got a hold of the Board. I says, "Look. We have a chance to hire somebody
as an Executive Director, now that we're getting rid of the Office Manager. Let's look around and see what we can find." And they unanimously said, "Why should we look around? You're here." But I said, "I'm running a business."..... By that time (as we said that Ricky came to me 8 years ago and said "I gotta get...") Ricky was now becoming a full, rounded out man. If you've got your son, all you've got to be is a consultant to your son. So with the agreement that I'm going to come in here as the Executive Director officially and I want to be able to give my son whatever assist he needs, I took the job. That was '79, January. In '79 January I said to Richard, "Richard, I'm going to turn around and give you an opportunity to be a boss. You're getting 50% of the stock. As I become more and more involved with the Association, and you become more successful here, by December, if you do good, you've got 25% more of the stock." And In December, '79, he got 25% more. And in January 1980, I said, "By December, 1980, if we're still in business--not that we're making money; we're just doing business and able to carry on--you own the business." So, in December, 1980, I gave him 100% stock. Now I'm here 100% of the time.

Q: Okay. How old is he now? Or how old was he at the end of 1980?

A: At the end of 1980, 31. He's 33 now.

Q: Now, tell me some more about that business before you leave it. It's...Now it's a sportswear business...

A: Now it is a combination of suits and sportswear. Now it has upgraded the product tremendously. He has...Now he makes the suits
starting at $125 wholesale, that's $250 retail. And goes up to $375, which is $750 retail. He has a different...His forte is that he's able to put together the product without having corporate designer's name--Bill Blass to whomever--but he's got a great concept of distribution that he makes top stuff, top quality stuff, private label. He's able to produce a great deal of flow, and he's taken that one and a quarter million and he's now into $5 (million). So his growth in three years is tremendous.

Q: Is he in 1407?

A: No. 1407 Broadway was given up in 1957, and then we went to 500 Seventh Avenue, and then we went to 500 on the 38th Street side, and then we went...and finally we wound up in 498, and we've been in 498 now for 12 years. That's the whole history.

Q: But it is interesting. You went from a very budget priced firm to a firm which is certainly middle to upper...

A: Oh, no. We sell to only the better department stores.

Q: So that, it's interesting, how did you make that transition? That's often hard to do.

A: That transition, of course, is added up by three things. One is the product warranted an upgrading. And in order to be able to maintain the quality standards, throughout the inflationary spiral, we had no other alternative but to continue to add on price. Because we never sacrificed the quality. Never.

Q: But you changed the departments in the stores...

A: We have changed the departments in stores...We know the Presidents that became Presidents of stores from the basement, we know
them. Because we've changed the departments right up. I think we're now as good as...I mean, the top level, without being a designer couture. We sell to the better department stores only. And the better...

Q: ...specialty stores.
A: Specialty stores.

Q: You no longer sell to chains.
A: Now...

Q: Right. Now, and what price range...
A: I'm going to give you another little gem. There was a Morris Ginsberg, who was Vice President of Montgomery Ward, General Merchandise man. And I used to do in those days a million ($) a year with Montgomery Ward, way back when. We just bought a place, January, in Hillcrest, Hollywood, Florida. Morris Ginsberg is there maybe 10-15 years. He's retired. He's a consultant. And I saw Morris Ginsberg--and I haven't seen him in 20-some odd years...He looked at me; I looked at him. He embraced me and I embraced him. And we both kissed each other. Because the relationship...Though we'd never had it then...as we would like to have had it, the fact remains that there was a great deal of warmth that was developed in the years that we serviced them. And though I hadn't seen him in all these years, Morris Ginsberg told me, he says, "Eli, your name crops up every single time that we have anything to talk about." And of course with the publicity that I've had in the industry, with the overview that we've had with "security," with F.I.T., all the rest of it, I get involved with it once in a while. I'm either in television or I'm in the paper. And he says...He still gets Women's Wear, in
Florida. And he says, "Every time I read the Women's Wear, every time I read the Times, every time I open the television, there you are. And every time I see you my chest comes out. So that is what I think is the beauty of this business. The relationships that you build over the years.

Q: Or that has been...
A: Still is...
Q: Still...
A: Because I see the relationships that my son is building with what will tomorrow be the owners or Presidents of stores.

Q: So that you don't feel that it's becoming more impersonal?
A: No. By far, it's become more personal. Because the security that any retailer has is to have a guaranteed source of supply, and he don't care when, where or how, because whatever hangs on his rack, that hanger comes off the rack and goes into a box, he's got a sale.

Q: But the buyer changes are so much faster now than they used to be.
A: The buyer changes at the drop of a hat. You've got a whole....

Q: Right. So that developing close personal relationships with buyers is not...
A: But the second management team and the first management team never change. The lower end changes. The lower end changes all the time.
Q: So, actually, you're talking about relationships that start higher up. That that's where, really.

A: That's where Richard is a great, tactful man... He'll be a factor in this business...

Q: Uh huh. I started asking.... What's the price range of the separates? The sportswear?

A: Separates... We start out with a $60 skirt up to a $150 skirt, and jacket from $150 to $200. Very, very specific. They're little gems.

Q: And the labels are.... Elias....

A: No, the labels are "Renlyn, Inc." "E.R. Gerard," E. R. Gerard...

Q: Why Gerard?

A: Gerard is our designer. Gery. So we call it Eli Ricky, Gerard. E.R. Gerard. And that label is going to supersede Renlyn, because Renlyn will be out of business and we're going to put the designers...

Q: As of when...?

A: The transition, of course, will take place within the year. So... because as the name Gerard gets recognition, at the design level, it will also be put on the suits.

Q: But you are still a private corporation. Totally privately held, right? And what has happened with financing over the years? Have you worked with factors? Is that...?

A: Financing over the years at the... back from '34 to '82,
has changed a lot. At the beginning, it was of course, strictly loans. And then as we grew, we had accumulated enough cash flow that we were out of the banks for years. And as we descended, we went back into the banks...

Q: Banks or factors?
A: Banks.
Q: Banks.
A: Today we are on accounts receivable, but on the bank level. The...We were always very wary never to milk the business dry. We always were in a position to say that when you project the season or the year--in fact, Alan used to project the year, from January to December--and never fall off more than 2% on his projections. That's how much of a genius he is with figures. He's a human computer. Ricky, or Richard, now, projects a season, and he projects a season, and he comes out with the cash flow requirements, and he makes it his business to see that he is always in a position to be able to meet his obligations. They'd been taught that by the old man. Because no way can you drain a business of its life blood line without having the cash flow. There are times when it's very, very tight. There are times when I would say to the powers that be, or...
Q: ... and so that's the way you have run your business, so that your cash flow always...

A: ...always was available "when it was needed."

And when it was a surplus, well, you lived accordingly.

Q: Tell me one other thing. At what point in the history of this firm did you take on a designer, whose name is one which you are apparently looking to have recognition?

A: Gery came to me in 19....ssss....

Q: Approximately....

A: I'm going to have to correct two things. ... Alan's history is ten years prior '64.

Q: I picked up...You meant '54.

A: So. .. in 1964, when Alan was about to leave, I hired Gery. So Gery's with me now 18 years.

Q: Yeah. I picked that up then.

A: It was '74 that Richard came in.

Q: So there was a 10 year period where you didn't have either son in your business. So, Gery came in in '64, and I would assume that he is, in your thinking, very much a part of the company. He established himself as that...

A: Oh, God, yes. He's like my third son.

Q: All right. Okay.

A: In fact, I must tell you that I told Richard that starting in 1982, in my opinion, and my wish, I wish he would give Gery 25% of the business. And this was January and it's now March. I just questioned him about it last week. He said it's already in the lawyer's
hands. No, Gery's entitled too. He should share the total because his heart is there. His heart and mind and soul.

Q: And also, I gather, he's a pretty good designer.

A: Great, great, great tailor. He reminded me of Montesano, when he used to put the garment together. He used to watch every stitch, and this is Gery. Great tailor.

Q: Very good. So, now we have a business that was started...that had run successfully for a great many years, and the succession is pretty well established for the next period of time, however long that might be.

A: As long as Richard wants it.

Q: Right. So, now I think, if we could switch over to our second major theme, which is, from your point of view, and from your knowledge, the structure of the industry over a period of time. Starting when it was all privately owned, and a lot of it just in the hands of people...

A: Well, then, we can go back to post World War I. Because World War I actually gave the impetus, the push to make the apparel business a business...

Q: Because before that it was primarily shirtwaists...

A: It was a specific part of a costume. The post-World War I period opened a whole new way of life. Clothing wise...The development of fashion after World War I. The beginning of a strong dress business. The flappers of the '20s. The subsequent great development of fashion, which was practically every year, a new fashion. The white zoot suits,
short, and then long, long, long, and then they came out with all kinds of silhouettes. The beginning of fashion is the silhouette; the pyramid. Narrow shoulders, wide, which are now coming back with the huge sweeps of coats and suits, etc. Or the tube, or the wide shoulders...Now that is the whole beginning of fashion. Three geometrical figures. The pyramid, base-opposite pyramid, and the tube. So they developed after 1919, 1920, the beginning of what we know today as sportswear. Skirts became a huge, huge item. The development of the sweater became very big. The development of the blouse, instead of shirtwaist. The blouse gave you a tremendous room to style the top, whereas a shirt was strictly a shirt and that was it. So you had developing as a method of a business, they had to make new things, and they had to make a wardrobe constantly out of things in order to create a new business. And we used all of our inspiration—which came out of Paris or wherever—and it took almost 30 years—'20 to '50—and involved you in post-World War II. And today we've developed a fashion business in New York which is...has no competition. None whatsoever. We create more fashion, produce more units, produce more of everything, right in this center, than in the rest of the world put together.

Q: All right. As this was happening, how did the structure of the business...

A: Now, the moment you had a choice, a variance of product lines, you had to have a variance of production lines. And it took almost 30 years to develop a contracting system that...this contract is for blouses, this contract is for skirts, this contract is for coats—
order to be able, for the manufacturers to put it in the line, all of the "separates" or components needed to make a costume or a dress or whatever....So the need created the system of design; the need created the system of production; the need created the system of finance; the need created the system of distribution; and the need created the system of developing "computerized" open-to-buys from these various conglomerates and department, and so forth. The need of knowing how many garments of Type A we're going to put in this chain and how many of Type B and C,D,E,F, whatever the pigeonhole of their structure or merchandising, and to divide within each pigeonhole the colors and the styles and the trims and all of what you have to have at the retail level....It's become very scientific. Whereas....I remember that Morris W. Haft had the reputation of having at all times 5,000 coats hanging. People would come in and pick out what they wanted and they would just ship it out. Morris W. Haft couldn't operate under that climate of today's marketing operation. He just couldn't. Because it's an entirely different ballgame. You ask me in 1933 how my uncle operated, and I said he would get a dress that was given to him, knock it off, cut a hundred and hang them. X amount of people would come in and pull them off. If he didn't sell enough in three weeks, he dropped the price. After six weeks he dropped the price once more. And he'd reach a point where everything was disposed of. So, therefore, his reason for being was "hang it and have it ready for the retailer or the peddler." Today, if you don't consult your source of distribution as to where their pigeonholes are going to be, and where their plans of open-to-buys are going to be, and what type...and what is their color scheme, because they have their own fashion coor-
ordinators. They have their own internal development of where they're going, and you cater to whomever. Let's say we cater to Macy's. I better find out what Macy's wants, when they want it, how many they want, what price they want, what sizes and what styles, or you can't service Macy's. You may become a marginal resource, but you'll never be a business.

Q: Could we talk about the union, its development, what the associations are, how many there are, how the associations work within the union structure or do they?

A: The unions, as we stated, were given the right to exist in 1933, NRA. The Recovery Act and the National Labor Relations Act, gave the unions the right, the license, to come in and to unionize. And if they got themselves X percent of your people that were working for you and they signed the card, they had a right to come in and they had a right to have you negotiate with them in good faith for the total.

Q: That's company by company?

A: Company by company. The NRA said to industry, "In order for you to be able to present your problems (because the NRA gave you price structures, which you may or may not go above; they gave controls of everything you were able to do within the industry), and as long as the union is coming in, you may as well band yourself together as a component in the industry, and you confront the union as a group, on a one to one base." So the beginning and the right to live for the associations was the NRA, the beginning of associations. The NRA, in its wisdom, broke the industry down by categories, standard industrial classifi-
cations, s.i.c., sic...Do they still use sic. in research?

Q: Yes.

A: So, under the standard identification, they broke the apparel industry into categories--coat and suit, blouse, sportswear, dresses, children's dresses, children's sportswear, raincoats, sweaters, etc., and they made and created a situation where there were at one time 18 associations. There were the belt men, the pleaters and the stitchers--they all had their own associations. They still have, but they're not involved, as we now call them, Federation of Apparel Manufacturers. Because they only service part of the apparel industry. The outcome of all these associations brought about the structure, which was parallel to the structure of the union. They had their Coat and Suit Joint Board. They had their Dress Board, they had their Sportswear, they had their Sweater, they had their Blouses. They had Separate... So that you confronted your segment of the industry, and you resolved your problems with them on a segment or fragmented part of the apparel industry...

Q: Without regard to price range?

A: Without...on the contrary, with total regard to price range. Because in the sportswear industry you have a price range from popular to Archie Sloat...Remember Sloat and Company?

Q: Stella Sloat I remember very well. So, . . . when I say without regard, I mean, there was one association within the category.

A: All of the prices within the category of the product. That's exactly the way they defined it. So we had our reason for being, that we were servicing our members against the union. That took place
from '33 to 1972. Ten years ago. The union had, by virtue of the
law, that says even though you pay vacation to your employees through
your funds, you have to pay social security on that vacation. F.I.C.A.
So I said, "Hey, where we gonna get that F.I.C.A. so they charge us...
like, if F.I.C.A. was 3/8 of a percent, they charge us half a percent.
So we said, "You want to charge half a percent, you got to give us back
an eighth of a percent." That was the beginning of "individual assoc­
iations" called "promotional funds." In 1972, Harry Silverman and Abe
Schrader had talked to Stolberg, and said Harry said "We're gonna put
together an industry organization called the Fashion Capital of the
World." And that failed. It didn't fail in that it wasn't recognized.
It failed because it didn't serve the vast base of manufacturers that
were not making the fashion goods. They were making apparel. And the
base of apparel in this town is not the pyramid of the Jerry Silvermans
and Abe Schraders but 35th Street, and the Broadways and the Seventh
Avenue lower priced firms that produce millions and millions of garments,
and they thought they were giving money for nothing. And it wasn't
funded with any degree of security, because it was a handout. Whoever
became a member they were asked to contribute. So there was no security
of financing. There was a great idea of promotion but no money to back
it up. And it failed from its sheer inability to exist. But, for the
first time in the history, they put together the nine associations of
apparel, and they are under the banner of "Fashion Capital"--coat and suit,
dress, children's, children's sportswear, blouse and skirt and raincoats,
and the belts...Now we have a source of funding, that is reverted back to
each association.

Q: From "FICA"?

A: From "FICA." And their one-eighth of one percent reverts back to the industry, and to the nine associations conglomerately, it's about a million and some odd dollars, so we have a source of supply. So within the principles of "Fashion Capital,"... creators of Fashion Capital--Jerry and we agreed that we should now organize a Federation of Apparel Manufacturers. Instead of servicing the Fashion Capital of the World as a concept, we are now going to be in business for various other reasons, and that is for legislation with a great deal of input towards our accounts, which is customer relationships, with a great deal of import between landlords, which is called...not that we make leases for our people, but we step in when it's necessary. We step in with a great deal of impact at the sub-metering of electricity...This building buys electricity from Con Ed, and it buys it at a wholesale price that charges 300% over the retail price. It's a captive audience. So, we become involved in various parts of service to our industry where there was never a representative of the industry in City Hall nor in Albany nor in Washington. And today we have a lobby structure in Washington. We have a personal touch in Albany, and we have somebody in City Hall who speaks for us constantly.

Q: As a Federation.

A: As a Federation. And each one of the nine associations contributes to that budget in proportion to their income from FICA...

Q: Which is based on their employees,...

A: Which is based on the volume of labor that they have.
So we have now a different concept of association, and the associations that were put together under NRA, they service a lot of other needs. We're always there as a buffer between a member and the union, and there's always some discrepancy in the way one or the other acts. And to a degree, no two people can be right. Some are part right and some are part wrong. Somebody has to turn around and make this right or that right, has to make a decision.

Q: So you spend a lot of time trying to be a peacemaker I would think.

A: You have a lot of time being a negotiator, right. And you service your members to whatever need they have to be serviced.

Q: What is the relationship of an organization like the one I read about, the Greater Skirt Organization...

A: The Greater Blouse and Skirt Sportswear Contract Association...

Q: Oh, the Contractors' Association.

A: You see, the manufacturers' association, or jobbers' association, to which... They have the union on one side, constantly battering. On the other side, the counterparts are the contractors' association, the two dress contractors' association, the sportswear contractors, the blousewear contractors, the raincoat contractors—so you have 9 contractors' associations.

Q: That parallel your...

A: That are on the other side of the barrel... So you
Q: Now, do you deal with them a great deal?
A: Constantly.
Q: Constantly.
A: The contractor finds a jobber is... for whatever reason... the jobber finds a contractor... not quality, did not deliver on time, or whatever. There's a million reasons why you can have a conflict.
Q: You are really the one who...
A: I'm the one who's in between...
Q: Between the manufacturer and the contractors' association...
A: Now the overall bridge over the union--manufacturers' and contractors' associations--we developed an impartial chairman structure. So that when there's a conflict that isn't resolved at this level or this level, it goes to the Impartial Chairman.
Q: And there is an Impartial Chairman...
A: Also for each segment...
Q: For each segment. So there are nine impartial...
A: No... I said it wrong. They have now put together coats, suits and dresses so there's only one Joint Board so there's only one... a chairman from amongst the four. He takes care of coats, suits...
Q: Among contractors or manufacturers?
A: Both.
Q: Both.
A: The segment of the industry has one Impartial Chairman. And then we have the other Impartial Chairman, so there's two.

Q: I see. I see. Okay. So what is called ready-to-wear, meaning coats and suits and dresses, has one Impartial Chairman. And sportswear elements has the other Impartial Chairman. I see. Well, now, that's the first time in my whole life that I have understood. Okay. Now, does... do the associations have any hand... Or how do they function with regard to... or do they... with regard to institutions like F.I.T. or philanthropy, or with promotion like...

A: Yes...

Q: What happens?

A: We have... The Association, by by-laws, undertakes to support three different types of functions:... UJA, the Boy Scouts of America—that takes care of philanthropy. Any other philanthropy cannot go to our membership unless the Board okays it. But the UJA, of course, has an open door. Not that we... we get constantly hammered to be able to come in. The Association is very liberal, but they must first get permission to come in and solicit. And when it comes to F.I.T. and Parsons, by virtue of Board action, we have constantly contributed. In fact, F.I.T. has two perpetual scholarships for eternity that this association gave. Parsons has one. But we support each "functions" at the end of each year. When it comes to the third part, that really and truthfully matters, is internally, and that's within plant structure and contractors. When we have any problem, we step in to see if we can help them.
Q: Right. When there are union negotiations, is it with the associations that the negotiations take place?
A: We are now in the process of negotiating a contract, which is up the 31st of May of '82. We have now received our registered letter begging us to come to the first meeting the 31st of this month, next Wednesday, to open negotiations. And the union will present their demands, we will present our counter demands, and from there on in we will have the next two months of negotiating.

Q: What's happened in these past several years when so much work has gone offshore, and the union ranks have diminished considerably, haven't they? Over a period of 5-7 years...
A: Well, I remember when Dubinsky made a speech and said "We are now becoming one of the major unions in this country." And we have 555,000 members. . .

Q: Right.
A: And I heard Sol Chaiken say that our membership is down to 250,000 and I'd be more correct if I said 220,000. So, the apparel industry in this country lost 300,000 jobs...350,000 jobs. What happened? The moment you negotiated with your union, and by virtue of what has happened in the past 35-40 years, the inflationary spiral kept on going higher, and no way could you turn around and employ a worker in the United States of America without giving him at least a chance to make his bread and butter. So you had no alternative but to increase prices or labor. Or, you increase prices of labor as a category....That means the whole country is on an increase. So that we go back now...Let's say you take the sheep. The grass
you feed them costs you nothing, but the minute you shear them, you have to pay the guy who shears them. And you have to pay the man who bales them, and the man who trucks and you have to pay the man who "scours," and you have to pay the man... And you've got all the multi-
hundreds of operations before you see the one garment. And at each level, they each get 10-15-20%. ... And how does that compound to the end product? So we've been going up sky high. True that all the rest of the world has gone up, but they've gone up sky low. So you had created a "gap" that allowed, as all vacuum allows air to rush in, and we've allowed a lot of import air to rush in, because in 1955 there was 2-3% of product that was imported, and it was always at the fashion level... the French or the high level couture. And now, in 1982, we're sitting down where 53 out of every 100 garments is imported. You've lost fifty three percent of your base operation. And the higher you go and the bigger the gap, the more you're going to lose. So, it's like Catch-22. Go, go, go--come back and lose it. Go, go, go--come back, you lose. Every time you go around you lose. And every time you lose, you open the door for more and more imports. Because the only part of the whole industrial complex, as much exposed, as vulnerable as we are, is... witness what happened to the television business in the United States of America. Non-existent. Your shoe business has disappeared. And they just read here where this new little chip, which was supposed to be security for a whole electronic, has now been reproduced better in Japan, at half the price, so we have a world to compete with.

Q: Well, do you see that for the next 5-10-15-20 years,
do you see that labor force continuing to go down?

A: Well, I think you're very, very, very conservative. I think when we let open the doors to China, you better start forgetting about 5-10-15-20%. You better start figuring about 90%.

Q: No...Years...I didn't say percent. If I said percent...

A: If they open the doors of China within the next year or two or three, you'd better start figuring a huge flood of what's coming in, at a price no other country can compete with. They're still in the "15, 7 day list". And by the way, it is a national policy, by various administrations that have come through this door since 1945--free trade. I hate like hell to see what would happen if we close our doors. We'd be setting the pattern for World War III as surely as you're sitting in that chair. Because the pressures of existence in this world will be mounting, because the pressures of existing in America have mounted in the past decade. You're living under at least 25% more pressure today than you did 20 years ago. And you don't know what kind of pressure you're going to live under in the next ten years. And by pressure I just mean to get up in the morning, got to work, and come back and go to sleep. Eat and put on a pair of shoes and a skirt and a blouse. That is what counts. So you're going to have to turn around and have a reason for existing, other than making clothes. You 250 million Americans have to have something else to live for. What is it going to be? Well Detroit finds out they're vulnerable as hell in the past ten years. And you can't pay $20 an hour for a worker when he's competing with a $9 Japanese. And Japan is going to lose it if somebody is going to make it for $2 an hour.
Q: Yes, because there was a time not so many years ago when ILG had a delegation over to Japan, which was going through exactly the same labor problems, or labor cost problems, that we were. But if you were looking at a crystal ball, would you see that we will still have the design and the sales and the administration done here...?

A: The center of creativity—merchandising, marketing, distribution—will still be the center of America, and New York City, the center of the world. No question about it. Now where you're going to produce it is another story. Another world. Because where you're going to produce it is going to seek its lowest possible denominator, throughout the world. And it's going to be produced at the lowest...Again, the best and cheapest possible way. Not everything is honey on imports. Because you open up the papers and you see importers who're going bust every day. So that means that your creativity, your merchandising and your marketing, at the import level, is going to sharpen up. They're going to have to cut the cycle of nine months and six months and three months to three weeks, if they have to...Because they can move goods out of here in three weeks, but they'll also be able to move goods out of Japan in three weeks. So you're going to have what is going to be a constant pressure. Remember I told you I used to cut a set of patterns, cut 50 dresses, and throw the patterns away. That kind of pressure I know. I've lived with it. That pressure is now going to be standard operational procedure, whether you produce in America or whether you produce wherever. You're going to have to be able to create a dated look in every year for every dress and every article. You've got to make yesterday's goods dated, and you're going to have
to have more creativity, more of everything new. You're going to have to make your customer financially capable to afford it. So you're going to have to have more and more equality of earnings. Not that I'm a communist. But you can't create a millionaire here, and put this guy down to die. It just can't happen. So you're gonna have to have the process... Remember in school when you had chemistry you had the word osmosis? Through a process of osmosis, a give and take of two densities of liquid, they'll come through one dish and they're going to be of one density eventually. How much time is that going to take? Much shorter than it would have taken a century ago. Twenty times shorter than what it would have taken 50 years ago. Ten times shorter than it's gonna take today. Because every day you're less than you are. Your speed of everything is huge.

Q: Could we talk a little bit about the gangsterism identified with... associated with the unions over the periods of years, and why it happened.

A: Gangsterism is not specific or endemic to the apparel business. Gangsterism is in every part of our way of life. Not in America. Throughout the world. So when you say "gangsterism," you have to turn around and redefine it. Because the gangster that you know of, who used to go out.... murder.... incorporated is non-existent today. They kill from within. A gangster today is the same kind of an entrepreneur as an Astor or a Rockefeller or... whomever.

Q: But I have heard stories, without mentioning names, of people like Lepke and Gurrah who were in some way, whether through the
union or through associations...I don't know whom...

A: Lepke and Gurrah....And I'm in this business, as I said to you, 50 some odd years...and I've been involved in every facet of the business....And I never met Lepke and Gurrah.

Q: Did you hear stories about them?

A: Stories...again, are "the Shylock that used to lend money on 35th Street was part of the family of Lepke and Gurrah. All right? Nobody came to anybody with a gun to borrow money from the Shylock. Who would go to the Shylock and borrow money?

Q: I've heard of showrooms being invaded and destroyed.

A: Why would they do that?

Q: Ah...

A: Why would you now turn around and destroy the showroom of somebody you lent money and didn't pay you? What would you do? Put flowers and perfume in the showroom? Or, would you go in and destroy them? Now remember, you're talking about power. They're exercising certain power over certain situations. But they didn't come and destroy me...

Q: But you're saying it's possible they came and destroyed somebody else.

A: It's possible that whomever got involved...Who got involved? And the reasons of their involvement, are huge and many. Many-faceted. The men that couldn't get 5¢ from a bank was able to get $5,000 from the Shylock. Or $50,000...Depending on the standard he was....

Q: So you're saying it was really a question of borrowing
money?

A: It was primarily a question of, "somebody had a need and somebody said "I don't care where I get it, I'm going to fulfill that need." And you can go to the devil, as you did in Mephistopheles, and sell your soul for love, or you can go to a Shylock, and sell your reason for being for the buck that you need. But there's always a devil. Q: You are saying, or...

A: What I'm saying is there's not an invasion of the industry as you...

Q: An invasion of an individual's showroom who did not wish to be unionized--according to him.

A: When and if the...Prior to labor laws, the invasion of showrooms and the stink bombs and the scissors and the cuttings and the raidings and everything that you say, was a method of operation... standard...S.O.P.....by the segment of unionization who had no other alternative but to involve strong arm men to push together some degree of fear in the manufacturer that he must be unionized. He had no legal right to unionize. NRA gave them the legal right. NRA came in, gave them the legal rights; out goes the strong arm man. So you got to really....And I'm talking with a great deal of background, because nobody ever came to me. Who did they go to? And you start to ask, as the good Lord used to say, "Seek and ye shall find." You're going to find out that they created the condition that was....they created a vacuum that allowed the winds of gangsterism to step in. Because....

Q: What's the situation at present? The kind of thing
I've been reading in WWD...

A: You have the remnants of "the gangsters that were at one time powerful." You have the remnants of families that are still involved in racketeering, from drugs down and up--prostitution, drugs, gambling, the whole gamut.

Q: And the trucking business.

A: The trucking business is practically 100% sired by the gangsters of yesteryear. But you talk about the truckman today. He's not the man who comes around with the gun. He's being drowned by the new Mafias that have been formed. The Haitian Mafia, the Caribbean Mafia, the Black Mafia, who don't know about the Italian Mafia. They don't care. They rob. And everything's a need. Necessity makes you do what you wouldn't dream of doing. And the degree of necessity, that's the degree of involvement that you're going to get.

Q: What do you think is the solution for this particular problem to the extent...

A: The solution is elevating the ethics of man, their morals, the mores. And Christ, you have a background of 2,000 years they created the havoc. . throughout the history of Christianity, and Moses had 3,700 years. The Jew exists but he's not 100% ethical, and the Buddhists and the Shintos and... What are you talking about? You're talking about mankind. Mankind is... in the raw, very, very, very seldom sweet. Because nature in the raw is seldom mild. You're talking about human need. You cannot legislate human avarice. You cannot even control human avariciousness. So the human factor is what we're talking about, and there's no way
in the world that you can turn around and make everybody live up to...

Q: You're saying there's no way to suppress the criminal...

A: Never in a million years can you suppress a criminal.

Q: In this industry.

A: In any industry. I'd like to see you move a car out of Detroit without having some truckman that's got a piece of the action. I'd like to see you move one drum of oil without having somebody that's got a piece of the action. I'd like to see you move one ship, in the harbor, without somebody getting a piece of the action. I'd like to see you take air, one breath, without somebody taking a piece of the action. You're paying for it all the way down the line. Why pick on this industry? If anything, this industry is more kosher than any other industry. Its funds were never raped, like the truckers' and the United Automobile Workers' funds were raped. Its total operation is as clean as it could possibly be, but there are certain parameters under which they can't operate. They cannot cross that line. Because if they cross that line, they're in jeopardy of life and limb. And I'm not a racketeer. And, by the way, I've never paid one red cent in 53 years in business. To anybody.

Q: Tell me, do you think it's possible, and if so, how, for young people, or new people coming in to the industry to go into business at this time?

A: I think, in my opinion, the need for younger people, the need for younger people, to come into this business, is going to be accelerated a thousand fold as we go along, as we become diversified in
production, and it will have to have its compensating factor of bringing in new talents of people. And it will be easier for a younger person to come into this business when the requirements of coming into the business are lessened, because today, with an idea, you can open up the door and you're in business. Whereas...

Q: But what about the money?

A: Money? Money in our business is ready to back up any new idea. You can get more money than you can dream of if you've got a reason for being. Did you know that?

Q: No.

A: Well, you've got the factors. You've got receivables financing. Every conglomerate is ready to open up another department. Give them a group that has a new idea, a new product, and they're ready to back it. Which didn't exist in the '30s. If you didn't have the capital, you couldn't go into business. In the '30s and '40s. Today get an idea, present something as a product, get you involved with any one of the 10-15 conglomerates that will finance you. Put you into business.

Q: Do you think the conglomerates are interested in small businesses?

A: Conglomerates are interested in ideas and creativity. They're ready to put the man that has it--or the girl--into business and give them a piece of the action. And keep them constantly under their wing. They give them an opportunity to grow that they've never had before.

Q: And that all fits into this whole idea that we will remain the center of creation of fashion.

A: Correct...There's going to be, in my opinion, a whole
new generation that's going to come into the fashion business, at a much
different level than when we were back in the '30s and '20s, and we're
going to have an open door for talent and for newness and new business,
constantly. Because now you don't have to operate from a 4-10-20
machine plant; you've got a world that you can operate from.

Q: And just one last word...One of the great questions
in this area for some time has been security, and you are doing something
special about it, aren't you?

A: Yes, I think that I....since I'm its Chairman, and
singlehandedly put together a package of $500,000 to finance it, and we
were very fortunate in putting together a group of every segment of the
industry, and we were again fortunate in hiring Sandy Carelick as our
Executive Director of Security, who is doing a marvelous job with practi-
cally nothing more than his background and personality. And putting an
awareness in the police department and in administration, and the whole...
You know, security isn't one thing. Security is a huge amount of problems.
First and foremost is what we do in our own little cubicles. We are
hiring our own crooks, because we don't have a source of information as
to whom we hire. You know how much of the thievery is happening in each
little place? And there are 5,500 cubicles in this area. Second of all, we
turn around and we have no visual way of identifying "who are you" and
"why are you pushing this pack or truck," or "why are you driving this
truck"? So that anybody can come in the area, and you don't know if they're
the thieves that took the rack or the one that's hired. So we have to have
identification. Three: The security from within. Each loft has to be
upgraded. Four: The security of each truck on a block has to be upgraded. You walk down the block and sometimes you don't see one person around an open truck with 500 garments in it. So that when you say "what is security?" Security doesn't mean putting a cop in every showroom. We don't have a militia to do that with. And security doesn't mean that we have to keep our doors open to be robbed. Security means that you watch your own place, then you watch your own building and then you watch your own block, and you watch your whole area. And each place will watch itself. And each building to have a committee to watch the building. And each block to have a committee to watch the block. And each area to watch the area; you have a secure area.
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