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THE FASHION INDUSTRY LEADERS

ABE SCHRADER
Chairman
Abe Schrader, Inc.

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Interviewed by
Mildred Finger
FOREWARD

ABE SCHRADER, INC.

ORAL HISTORY

Abe Schrader, Inc. is an excellent example of an apparel manufacturing firm which was started by an entrepreneur with great technical skills and background as a contractor. Founded in about 1954, it became a publicly listed firm on the American Stock Exchange, in 1969. It remains a family managed firm, with continuity as an entrepreneurial firm assured by the presence of family members as top management executives.

At the time the firm became a public company in 1969, the volume was about $13,000,000. By 1982, the volume had risen to about $60,000,000. Expansion has been achieved through internal growth; there have been no acquisitions.
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Q: Mr. Schrader, could we talk first about something that I'm very curious about? You have had a long and very fruitful career in this industry, and you are a very active man in many other things. What do you think has been the high point, to you, in your life?

A: Well, the first thing was my business. I was very active in business...

Q: You are still active in business.

A: I'm still active in business. I started as a contractor in the garment industry. And I started as a contractor, and I was a contractor for about 18 years.

Q: And so, as far as you're concerned, that is still...

A: I was a very successful contractor too.

Q: ...this is still the most important part of your life.

A: Oh, yes. The business is the most important.

Q: Then let's take a few minutes and go back in time. Where were you born, what did you do there, when did you come here, and so on.

A: I was born in Poland...Poland. And I came to this country, I believe, in 1923.

Q: How old were you then?

A: I was, oh, I would say, about...I was born in October, 1904...That would be about 19 years. Or eighteen...I was eighteen years old when I came here.

Q: And your family was in what kind of business in...?

A: In the lumber business.
Q: In the lumber business.
A: Lumber. Yes.

Q: So you had no connection in Europe with the ready-to-wear business.

A: They came over here...my family. My parents came over here and my mother and father came here a year later.

Q: Did you go straight to the United States, or did you go somewhere else...

A: No, I went to Cuba first. Then I came to this country. I lived in Cuba for about eight months. 

Q: That was waiting for your papers, to come here?
A: Yes.

Q: I see. And when you came to this country, did you come to New York City?
A: New York City, Yes.

Q: Alright. Then would you tell us what happened from that point on?

A: Well, I started to work in...as a shipping clerk. I had an uncle...I worked for an uncle in his business. And also my brother, my older brother, who passed away in 1946.

Q: But did your brother come here before you?
A: Oh, yes. He was much older than I was. And I came here in 1923, I started to work as a shipping clerk and then my uncle convinced me to learn a trade. And, of course, I'd never seen a machine in
my life. An operating machine. Or a tailor. So I said, "I'll never be able to make it." So I learned how to become a cutter, and it took me about a year to learn...

Q: At somebody's place of business.....
A: Yes. At my uncle's place. There were no schools at that time. And after that...

Q: Excuse me. I read somewhere that David Dubinsky had something to do with.....
A: Yes.

Q: And that was when you met him?
A: I didn't understand the patterns. So when he asked me for a skirt or a sleeve (in those days, he was in the coat business, at that time), and I didn't know which was a coat, which was a sleeve, or which was a front. So I couldn't pass the examination.

Q: What examination?
A: Well, you had to pass an examination to make a marker.

Q: Well, now, that's interesting. Who set the standards?
I hadn't heard about that.
A: Well, this was the union, set the standard. A cutter couldn't become.....Couldn't get a union book.

Q: You mean the ILGWU?
A: The ILGWU. Yes. Couldn't get a union book until you learned to make a marker, how to understand the business. Otherwise, he would just get the union book and they wouldn't know how to work.
Q: I haven't heard that from anybody else.
A: Well, that was in those days. Even now, you have to become an apprentice first. But in those days, it was a little harder to become a union man. So Dubinsky helped me a lot.

Q: How did you meet him?
A: Dubinsky? Well, I joined the union, and I met Dubinsky. I campaigned for him at that time, he was running for manager....

Q: Of a local?
A: No... Yeah, The local. He was running for manager and then President....

Q: So you worked for him in the campaign.
A: Yes, I worked for him in the campaign. I got very friendly with him, and he made me an apprentice. And after that, of course, I was in the union maybe three years, four years...

Q: How long did you have to stay as an apprentice?
A: About six months.

Q: So you could pass the exam?
A: Yes, Then I went into the contracting business.

Q: But first you stayed with your brother or your uncle for a couple of years,
A: Yes. Then they gave up the business. They gave up the business and, of course, they went into the real estate business. And I got a job as a cutter for a while, and then I went into the contracting
business, And in the beginning I had a lot of problems...

Q: As a contractor in those days, where was your business located?
A: Five-seventy-five Eighth Avenue....That's where I started this.
Q: That was very far uptown already. Businesses really started further downtown didn't they?
A: Yes, Well, I started in 1930, '31, something like that....
Q: So the businesses had begun to move up from the lower East Side.
A: And the beginning I had hard times, Very hard times.
Q: Why?
A: Well, business...I didn't know the business very well yet. Until I learned the business...I learned the business and...
Q: This was at the time of the Depression, wasn't it, just about?
A: It was the time of the Depression, yes. But worse than that was 1931, '32, '33, those were really bad years. Years of Depression. Naturally I had a lot of problems, But I overcame most of those problems...
Q: What kind of problems?
A: Well, financial problems. That if you don't do good...
But I overcame them, I borrowed money and...
Q: From family...
A: From family, from friends....
Q: What about banks? Were they involved?
A: For banks, I needed two or three signatures to borrow money. But now...

Q: Were you able to...?
A: Yes. Yes, I was able to. And I paid everybody off.

When I made money, in 1942, I was still a pauper, and in 1943 I became a very rich man. I made all the money in Wall Street too. It started to double...I understand finances. And I started to play Wall Street. And I hit on a certain stock and I made a million dollars, in '43. Naturally, in '43 I was already a successful contractor. I took in a lot of uniforms. I worked for the government. And at that time it was very hard to find a good place for a shop, so I had about 60 machines and I fixed more. I took a place, another floor, at 575 Eighth Avenue, and I had 110 machines...

Q: This is all during the time that you're making uniforms?
A: No...I was working for Arthur Cole and Sheila Lynn, Abe Goodman, and then for Leonard Arkin. And Leonard Arkin...I became his partner.

Q: Yes, I recall there was a firm called Arkin Schrader.
A: Yes, I became a partner, and I was with him for about a year and three months, and then I branched out into my own business.

Q: Before we get to your own business here...As a contractor, you worked on a price per garment. Is that right?
A: Yes, that's right.

Q: And was the merchandise sent to you already cut? Was that how it worked?
A: No, I had my own cutting room.

Q: You had your own cutting...?  
A: Yes.

Q: So all they sent you was what?  
A: They sent me the fabric.

Q: Did you make the patterns also?  
A: Yes, we made the patterns too. Later on, towards the end, 1940, they started to give us patterns. But until 1940, we had to make our own patterns.

Q: So you made your own patterns, and that meant that you did your own grading and...  
A: Oh, yes. Everything. Grading, marking, cutting...I had a big cutting room too. I had about six cutters working for me.

Q: When did the change come about, or why? Why did the change come about in the way you worked...? You said there was a big change-over from making your own patterns when the manufacturers began to send the patterns.

A: Well, the change came when the industry became very sophisticated after 1939-40, the industry became very sophisticated and they figured that it's much better and easier and safer to cut the merchandise, that the jobber should cut the merchandise themselves and give it to the contractors cut...It would...the fit was better. This way, if the manufacturer has plenty of contractors, every one of them would make a different fit. This way, the manufacturer has one fit. Like we, We have contractors, and we give them work,
Q: I would think it's also a question, perhaps, that fabric is used in its most efficient way.

A: Well, it's used very efficiently. That's one thing. And then the fit is right. And then the contractors cannot sell too many overcuts to the retailers.

Q: Was that a problem before this?

A: Yes. It was a big problem.

Q: It was.

A: I used to take merchandise to cut and I saved a lot of yardages too. This is how I knew I have to do it too. So when I started my business, I started right away with... I made my own patterns and used my own cutting room.

Q: Because you knew what it was all about.

A: Sure. Well, by that time, the manufacturers all knew about it too. They only gave us cut work. Most of them. In a better line today, they still give the contractors to cut, like Jerry Silverman. His contractors are doing their own cutting.

Q: I see. I was curious about that. Because, of course, Sheldon Landau is the son of a contractor. So he must have been aware-- I think he was practically raised in the contracting business--so he knew a lot about the things that could happen. But you're saying that Jerry always gave merchandise out to be cut,

A: Yes. They gave it out to the contractors to do. That's because they figure they can save a lot on the rent... You save a lot on
the fabric. The good part is that they made their own patterns too, right away. Shelley Landau made his own patterns.

Q: Yes. Right.
A: You take Trigere today...They don't today...They don't cut everything inside. They give contractors to cut too.
Q: Even in her price range?
A: I believe so. Yes.
Q: Or Geoffrey Beene, Adele Simpson or Oscar de la Renta...
A: Or Oscar de la Renta...They can't cut everything themselves. They give work out to be cut.
Q: Yes...I imagine one of the problems must be the amount of space required if you're going to do your own cutting.
A: Space. And don't forget that every contractor (most of them are good mechanics), so when you give them the first patterns, then they can cut.
Q: And then they send in the...? Who makes the duplicates today?
A: Oh, the contractor. Well, we make Abe Schrader over here, and we make everything on the premises. In most places in my price range (we make clothes up to $700-800), we make the duplicates. That's $700-$800 retail. We make...All duplicates are made by us, inside. Most of the people make the duplicates inside because the pattern has to fit. So they make it inside,
Q: That's if they make their own patterns. But some
give their patterns out to be made?

A: No.
Q: Nobody. They all make them inside?
A: They all make patterns inside. So they have to make the duplicates inside.
Q: Uh huh. Now, when you first went into business for yourself, you went right into business in this building. Same premises, on the 15th Floor.
A: No, I was on the Sixth Floor, partner with Leonard Arkin. And then when I separated from him I moved in here.
Q: And you've been here ever since?
A: I was a success instantly. We did six million dollars the first year.
Q: 195...?
A: 1954.
Q: That's right. Yeah, And you began... You went public in what year?
Q: 1970, And at that time you were doing $10 million—something like that?
A: No, I was doing about $13 million. Let me see... I have the statement right here...
Q: That's good. That would be... You actually went into...
You were listed on the American Stock Exchange in 1969. And you have been there ever since, right?
A: Right.

Q: What differences do you think that that made in your business? Or do you think it made a difference?

A: Well, the difference in this business is when you have to give out figures, there is a great incentive to go for more volume and more efficiency. In a way it is good.

Q: Uh huh, Now, from 1969, is it then that you began to expand with one division that you bought...

A: No. We never bought a division.

Q: Well, something called Calart.

A: That was not Schrader.

Q: That was not Schrader? According...You didn't have beaded dresses in Hong Kong?

A: No.

Q: So your expansion has always been inside expansion.

A: Yes...Oh, yes. We never bought that division, no. I put these two people on in Hong Kong, and it didn't work out so I closed it up right away.

Q: And that was called Calart. Yes. But apart from Calart, the way you've expanded internally is that you have added new divisions, is that right?

A: Yes, Always internally, We'd put up our own designers and production people, everything around, until...We built a place in New Jersey. We have now 135,000 sq. ft. in New Jersey and we have about
300 people working there.

Q: Is that a distribution center?
A: Yes. Cutters, shipping, and we have...we have the marking and grading by computer...computer machine, marking and grading, because it's over three quarters of a million dollars.

Q: When did you start to do your grading and marking by computer?
A: We did that about a year and a half ago.

Q: And do you find that that's very effective?
A: Yes. And the less expensive stuff, we make it over there. Because...the better line, the Abe Schrader, is still over here. We're still in New York City. We ship from New York and we make all the markers and do the grading over here on our own premises.

Q: Alright. So which firms are being done in New Jersey?
A: We have six companies or seven companies, over there in New Jersey.

Q: Do you know the names offhand?
A: Yes, Sure.

Q: Could you tell us?
A: Well, the first is Abe Schrader.

Q: But that you do here.
A: Yes. Then we have the Trigere coat, that we do over here. Then we have Schrader sport dresses, that we do over there.

All the patternmakers are here. Only the duplicate makers...Our duplicate
makers are also here. We have now about 50...No, 30 duplicate makers. Just making duplicates. We do about $60 million business now. This year will be $60 million.

Q: Really.
A: Against $58 1/2 (million) last year.
Q: And against $12-13 (million) when you went public.
A: Yes. And...Let's see. The other companies. Then we have Schrader sports dresses, Schrader sport petites, Schrader sports separates, Schrader sports separate petites. Then we have Custom Casuals. That's for the large women. Custom Casual petites. Then we have Trigere Sport:

Q: You've got more than six divisions now.
A: Yea, but this is only like, this....each division gives birth to petite. The pattern is the same, we just make it a little different. Or, the style, rather, is the same. We just call it another name. The style on a petite is the same as a regular. The only difference is the pattern will have to change.

Q: Trigere Sport is just making its debut now.
A: Yes, Trigere Sport is only about nine months old.
Q: And that's going to be shipped out of the New Jersey facility?
A: It's being shipped now from New Jersey. Yes.
Q: Right. What is your....What was your price range in '69 when you went public? Approximately?
A: Abe Schrader was about... wholesale or retail?
Q: Wholesale.
A: Wholesale was about... from $69 to $125, $135, seems more like it. And then we also made coats. We made coats with fur up to about $200 a coat. $225... And now we go up as high as $400, in the Abe Schrader line, because we use a lot of ultra-suedes and the fabric is $29.50 a yard.

Q: What happened to the little one piece dress in a nice wool, for example?
A: Well, we still make that. At $120-$125 wholesale.
Q: Really?
A: Yes.
Q: That's where the line starts now?
A: Yes.
Q: Yeah, well, that... Of course, everything has doubled at least since '67.
A: Oh, yeah... Labor doubled, and fabrics have gone up....
Q: But that sounds... Sure. Sure. There was an interesting article talking about the fact that in 1977, from 1977 through '79, the business didn't grow as much as it had grown before and has grown since.
A: There was a little slack from '77 to 1980. There was a lull for about four years...
Q: Right. And to what do you attribute that?
A: Well, the usual I guess. The economy of the country.
Because when Carter was President it kinda went down a little. No, Carter was not the President at that time. Who was the President?

Q: Oh...Let me see...
A: Oh, I think maybe it was the change in silhouette.
Q: Yes, 1970 we had the midi, or the longuette....
A: Yes, that was the change of the silhouette. That was the reason.

Q: And that made things very tough. But at that time you went more heavily into sportswear, and some of those divisions didn't work out. Right?
A: Ummm....No, they were not successful right away, but ...my son running it...I'm not running it. My son Mort Schrader. Mort is running these divisions, You know, they say the pupil sometimes learns better than the teacher.

Q: Well, I think that if I recall correctly, one of your great assets has been that you have opened a division, given it a good chance to make a success, but then not been afraid to close it if it doesn't work.
A: We have closed a lot of divisions that didn't work out because...We closed Stephan....When my younger son came out of the army.... When my older son came out of the army, I branched out a little more. I opened a division for him, Mort Schrader, and it was successful for about 5-6 years. And somehow he liked the sports business better so he gave it up, gave up his own business under his own name, and started to make sports.
And in the beginning it didn't go so well, but today he's on top of the world, with the sports. He's doing better than I do.

Q: So that part of that $60 million...the single biggest thing...

A: I would say two thirds. Two thirds is your less expensive stuff. Two thirds of the less expensive and one third for the Abe Schrader stuff.

Q: Let's talk about some of the other things I'm really interested in your opinion about. First of all, the unions. Now, you apparently had a very early association with the union, yourself, and Mr. Dubinsky. Would you like us to talk about that and what's happened over the years?

A: Well, I believe our union is...It was a great union over time. They were very straight, I would say it's a strict union and it's a great union because by comparison with other unions, I think our union is one of the finest in the country. They have compassion not only for the worker, but also for the manufacturer. You take, for instance, these people who are undercapitalized. We are an undercapitalized industry. The Health and Welfare fund that people don't pay: the union doesn't close them out. When you don't pay, they can strike you and close them out. They bear with them. They give them a chance. Because if they have to go to a bank and borrow and pay 15-16-17-18% for money, and some of them can't get it at all, how are you going to pay? The Health and Welfare fund, they use that money for manufacturing. But they pay, in the long run. The unions give them a chance to pay it out. And some of them, of course, go
into bankruptcy, and they owe the union money. And the union is after them, but as our union is concerned, I would say, it's a good union. We have the right agreements, every three years...

Q: There have only been...What was it, one strike or two in the industry?

A: We haven't had a strike, I believe, since 1926. The second one was...not yet...It was by the union, just in Pennsylvania. The third one was the contractors as I remember, the contractors, six years ago it was...Not the union...The contractors didn't want to go back to work. That's not the union.

Q: Mr. Schrader, would you explain--because you probably know better than anybody--This is mysterious to me, the relationship between the union contractors and the manufacturers. That's a particular understanding which I have not had made clear to me. Of all the people I've talked to...

A: We have a relationship...not a relationship, we have an agreement, with the unions, including the contractors. The contractors are supposed to make a certain percentage, and the workers settle the garment. That was my forte, since I started my business, I was in the production department, I was never in the selling department. But later on I used to do shows. People wanted to see me; and it was in the showroom that I took care of the big major accounts. Not to sell them, but just sitting with them, and seeing how the salesman was doing; but I was never a salesman. I was taking care of the production end of it. And as far as the union is
concerned, you see, it goes like this. The manufacturer gives a garment to the contractor. The union used to settle prices for every garment by stitches, and it didn't work out so well. So since Sol Chaikin came in, he made a... instead of settling garments by stitches--because some people don't know how to settle, so the worker is underpaid. And especially now, now they have a lot of section work. The workers...

Q: I'm sorry, There's piece work.....There's...

A: Piece work. Yes. Piece work is section work. Yes.

So, the operators work on piece work. The pressers work on piece work. The finisher works on piece work. The drapers work....They are week workers. The cutters are week workers. And for them, of course, when we give an increase, we give a percentage increase. For the other workers we also give an increase, but it's also a percentage increase. Like, we were up to 478% on each dollar. So now we settle....flat settlement up until this agreement, with a flat settlement...

Q: Which agreement, when you say "this agreement"?

A: This last agreement, we just wrote this last agreement, and it begins...

Q: In June of '82.

A: In June of '82, and it begins, rather, we got an extension until the first of December, and Chaikin equalized it, because before, the operators were a little underpaid because it was piece work. Every piece worker is underpaid, with the exception of the pressers because they work at a flat price, Let's say I pay 70¢ or 75¢ a dress, so
if there is one presser or two presses and the contractor ships 400-500 dresses a week, a man has to make $600-$700 a week. But there is a percentage, .70¢, there's 378%..It comes out. It's no more 75¢. It comes out $4.75.

Q: With all of the...?
A: They're all different percentages.
Q: Well, the percentages represent the benefits?
A: No...Oh, yes.
Q: That includes the benefits.
A: These percentages...Now, let me think about this. Percentages...No. These percentages are only for actual work. The benefits, later, the health and welfare benefits are on top of this.

Q: I see. So, if I understand up till now, the manufacturer gives the contractor the garment to price. The contractor works with somebody from the union to price out the garment by piece by section. Right?
A: They price it out with the chairlady, with their own people. Yes.
Q: And then, really, the manufacturer ultimately is told what the price is, and it's been worked out between the contractor and the union.
A: Yes,
Q: Okay, So when you say, therefore, that...When you talk about the strike of the contractors, you said it has nothing to with the manufacturers...
A: It has nothing to do with the union. You see, the union did not strike. The contractors struck.

Q: Because they felt they were not getting enough?

A: No, they felt that the manufacturer and the union made an agreement without the contractors; we did not ask them.

Q: Is that how negotiations work? That it's the union and the manufacturers, ...?

A: Well, the manufacturers are the ones that give, and the contractors are only paying out. However, I believe that a mistake was made. In that agreement, I think when they struck they were right. Because you cannot...You can't just go ahead.....They were the third part to the agreement, they should have been in with us...

Q: But up until now they have not, ...?

A: No, but now they do, Yes.

Q: And that's very recent.

A: Yes.

Q: Yeah. Because that really has always been one of the most difficult things to understand. And apparently it varies by industry. Skirt makers...I talked to Eli Elias...

A: Yeah...

Q: And the skirt makers work differently, apparently, from the dress manufacturers.

A: A little different, yes.

Q: So it's been very confusing, but a very important point to understand, or to try to understand.
A: Well, a lot of people think the contractors don't mean anything, but to my estimation, if the manufacturers had to set up factories, they couldn't possibly stay in business today, because first of all, there's no room for them. There's no management to do it. This way, if I had today 35 contractors—between 30 and 35 contractors—now each contractor has a partner, or sometimes two partners, so immediately I have 70 foremen, out of 35 contractors. Now, if I had my own factory, I would need, let's say, 2,000 machines or 3,000 machines. First, there's no place like this in here. You'd have to go to the South for it. And number two, where would you get 70 managers? You can put in two or three people, but you can't put on 70 managers; it would be like putting two or three cats in one bag. They'd be fighting. So that's why the contractors are never appreciated. And I feel it, because I know what they're doing for the manufacturer. First, they're paying the rent, in a slow time. I know how much a garment costs, and if I give a contractor a garment, I know how much a garment costs, and if I give a contractor a garment, I know how much it costs me. Right away it costs me let's say $30. But whatever it costs, it doesn't cost any more. But if you have your own factory, and a big overhead, you figure $40, but it may cost you $60. While I was in that factory, I never made less than a quarter of a million dollars a year in the good years, like from 1945 up to 1954. And when I left, I had that factory working for me.

Q: When you went into business.

A: When I went into business. They lost every year $100,000 for me. So I gave it up, and I started to work with contractors only.
Because he couldn't get good management. Management is very important. It's people today. It's not how much money a man has, it's not what you do, it's only people that do it.

Q: Where do all these people get training now?
A: Well, there are a lot of people who come from F.I.T., but the production people are the ones who come over from Europe. The Italians.

Q: Still.
A: Yes. The Italians. From Italy. They are taking over the whole industry today. As far as production is concerned, it's only Italians. It's in Italian hands. In the beginning, when there was Russian immigration, it was the Jewish immigrants that came over. The Polish were Jews, the Rumanians were Jews, but not today. They don't come over here. And the French people don't come over either. They come over, they're designers over here; but as to actual workers, we have no operators. Not enough. And nobody wants to come into this industry as operators because the parents, the Jewish parents, want them to be doctors or lawyers. And the Italians are doing the same today. It's only the new ones that are coming in. Some of the Italians are still breaking in the daughters operating on the machines, particularly in small towns in New Jersey or in Pennsylvania. Somebody has factories around there; you can still get the help. But the contractors are mostly today, I would say, 75% are Italians.

Q: Do you see any future for the Orientals, because we do have... They have...
A: I would say a great future. Yes.
Q: And not just shops downtown. Not just the ones who have their own places in Chinatown. But Orientals who come into the mainstream in the industry.
A: Oh, you're not talking about the Far East...
Q: I'm not talking about offshore production....I'm talking about over here. That's only my idea. Have you seen any evidence of it?
A: In the less expensive stuff, yes. But there's a lot of handwork, and still the Italians and the Jews are the best for...
Q: Now, you mentioned what I wanted to come to next, which is offshore production. There has been a lot of it and it's growing all the time, especially in the sportswear industry...
A: Well, the offshore production did not only originate with the manufacturer. The offshore production started up with the retailers. Take Bloomingdale's, Saks Fifth Avenue or B. Altman...
Q: J.C. Penney, Sears...
A: Well, these are the less expensive. I'm giving you major stores that have better merchandise. They're all in Hong Kong. They have offices in Hong Kong today. Naturally, that's where we're losing out. Sure the Trigere and Bill Blass clothes are not made there, but eventually they will. Oscar de la Renta is making them over there...
Q: A lot of firms are doing offshore...
A: We are making a little, but very little, Very little.
We are one of the few that's making...because until the merchandise comes in a little better from there, but when it comes in better we will all go over there. I believe that our industry,...But, of course, our industry. I think, is going to last four or five years, Everything will come in from Hong Kong I think,

Q: After four or five years.
A: After four or five years. Eventually, it has to.
Q: Well, ILGWU's people have come down in numbers to about 160,000...The ILG population today is about 160,000, which is a great cut-back from say 400,000 ten years ago,
A: Yes. We had more, about 450,000.
Q: Really,
A: Sure, I would say that between five or ten years--I made a mistake saying 5 years--what good is it if it goes down. Now we have 160,000. If it goes down to 80,000 it's almost like nothing already. And the reason for it, it's not that the manufacturers are going to join the manufacturers over there. The retailers are going to be buying over there, So the manufacturer is compelled to go over there and induce the retailer to buy from the manufacturer over here. Because, see, if the retailer goes over there, let's say, and you have to buy a lot, three or four or 5,000 of a style.... Now, that particular retailer can only buy it for themselves. But if a manufacturer goes there and buys 3-4,000 or 5,000 of a style, he's got a country to sell it to. So, the retailers would like the manufacturer to go over there and do it better than they are doing, But not very many manufacturers are there, yet,
Q: Well, almost the entire sweater industry is over there.

A: Yes. Well, I don't know much about the sweater industry. I'm talking about the dresses. Coats cannot be made over there yet, because they haven't got the woolens over there yet. They haven't got a J.P. Stevens or an Anglo over there, but as soon as they have it, I think they can make coats over there too, for half the price.

Q: And you do think that, within 10 years, most production will be over there.

A: Unless they change the duty, I think the duty should be higher. The only thing that can help for a thing like this... The union cannot help. Because, what can they do? You can't stop it. You can't live in a vacuum. If General Motors can't do anything about it and U.S. Steel can't do anything about it, I don't have to tell you how much steel was brought into this country from Japan, and cheaper, and it's sold cheaper in this country than it is sold for over there. And why are they doing it? Just to keep the people over there busy. Because over there, when you hire workers, you can't lay them off, in Japan.

Q: Well, of course, Japan is very expensive. Most of the work now is being done in Korea, Hong Kong, and the less expensive things in Taiwan. But Korea is doing a great deal, from what I've been able to see.

Q: Korea and Hong Kong. Hong Kong is better merchandise. You know, a lot of Hong Kong is better merchandise.
Q: So you think unless something drastic happens, like the increase of tariff or duties...

A: That's the only thing that are the duties. The only thing that will help is the duty. Even it out. Now let's say in Canada, if I sell to Canada a coat for $200, they have to sell it for three times as much, for $600, because their duties are so high over there. And if I send something to Paris, France, the duty, I don't have to tell you, is extremely high. Why? Because the government takes an interest to protect their people. Our government did not take an interest yet because...for what reason...We are only a small industry. Our industry cannot complain, because they can tell you...Look about all the cars. Look about the Chrysler. Look about the Ford. And look what's happening to steel. If government doesn't do anything about the big industries, and we are just a small industry in comparison to them...If they don't do anything for them, why should we be the chosen people, that they should do it for us? The government says we have to exchange. And we sell otherwise...We sell them merchandise and they sell us...

Q: Have you as a firm done any selling abroad?

A: In France, Paris, a couple of times. Jerry Silverman and I and a couple of people, but it was not successful, because they're very clannish over there. They're not going to buy merchandise from us. The European countries will buy from Europe, but they will not buy from here. England is about the only one that will buy from us. It would buy, if it would be something it could not get over there. Now what can they not get when it comes to clothes? There they have...the nicest clothes are made
in Europe. Expensive too.

Q: And a good deal of it is made in the Far East now.
Q: And so does France.
A: France too. Yes.
Q: It was interesting. Sometimes people shop factories in Hong Kong and they see merchandise with French labels. They are apparently contracting over there too.

[Side 2]

Q: Mr. Schrader, let's talk a little about finances.
You started to tell me what it cost to go into business when you first went into business as a contractor. Could you go through that again and tell me how much did it cost to become a contractor, and how did you raise the money? And the same thing...How did it work when you became a manufacturer?

A: Well, I only started with eight machines, and I...
Q: As a contractor.
A: As a contractor, My capital, I think, was about $1,000. And...
Q: And that was in about what year? Approximately?
A: That was in 1930. So...Yeah...And I took in a lady for a partner. I knew she was a good pattern maker and I learned a lot from her. About dresses, about the fit, the pattern and everything. She was with
me for about 14 years.

Q: In your contracting business,
A: In the contracting business.
Q: Do you remember her name?
A: Helen, Helen was her name. I don't remember her last name... She was married to a policeman.
Q: And then... You said for 14 years. Then you went into a manufacturing business in about 1954.
A: I remained by myself because she was sick and she couldn't work, so, I paid her out and...
Q: And in those days, as a contractor, were you able to maintain enough cash flow so that you didn't have to go to the bank?
A: Well, the banks didn't lend money to contractors.
Q: They did not?
A: No. Because the contractor is supposed to get paid for labor. So, the manufacturers would pay the labor. They would pay, and the rest of it, the profit would remain and I would have it. Every week we would have to get checks from the manufacturers for payroll.
Q: So it became important that nobody hold back on his payments.
A: That's right. Yes.
Q: So that you really had to be prepared to take risks as a contractor, I would think.
A: No, you didn't take any risk.
Q: Well, what if the manufacturers didn't pay on time?
A: Oh, well, if they didn't pay on time, then the union would come in and the manufacturer was responsible for the labor. The unions would come in...

Q: And help you to collect your money.
A: The unions would collect the money for the payroll.

Q: Was that typical? I mean, was that always the way it worked?
A: Always. That always worked. The manufacturer—the jobber, rather, like I am today—the manufacturer is responsible for the payroll.

Q: And, but what I mean to say, when I said, "Was that always the way it worked?” The union was performing a very important service for you then.
A: Yes. When I started, at that time the union was not strong. It was non-union when I started in 1930; the union was not strong. The union only became strong in 1934 when Roosevelt came in. That's the time, the NRA and Dubinsky wrote that agreement.

Q: What agreement? Tell me about that.
A: That agreement was written....First they had to have an impartial chairman. That's number one. Number two, this agreement was written so that we incorporated the contractor, had to register contractors...I couldn't put on a certain contractor unless he was registered, In his contract, the work had to be divided, if I had ten contractors, the work had to be divided amongst the ten contractors.
Q: That's if you were a manufacturer...

A: Yes, But I'm talking as a contractor... As a contractor, as a contractor... You manufacture... at that time, in that agreement, Dubinsky had written that the manufacturer is responsible to the contractor and the contractor is responsible to the workers to give their pay. If the contractor did not make the pay, the manufacturers would have to make... The contractor took the money and ran away, let's say; the manufacturer would have to pay the workers. Even if I had already given him the money. This is how much responsibility the manufacturer has to the people.

Q: And this was...

A: In 1934,

Q: Right. Okay,

A: When the NRA came in. That was the time... that was the greatest thing... Every contractor had to get his percentages. That was the greatest thing that happened.

Q: In other words it was written into the contract that he had to be able...

A: The contractors were responsible, the manufacturers were responsible. These two parties were partners with the union in one agreement. Then we had an impartial chairman so if there was any dispute, for instance, like cutters, if I laid them off, it would go before the impartial chairman. For what reasons did I lay them off? If I was right, they would rule in my favor.

Q: The impartial chairman was paid by whom?

A: By the three organizations. By the union, by the
manufacturers...Well, we had three organizations at that time, not four. But figure the manufacturers as one organization and the union another. It was paid by the union and the manufacturers. The association, You had an Affiliated Association, and we had the National Association, and we had the United Popular Association. These were all representing the manufacturers.

Q: And were all these groups with the ILG? I mean, not with Amalgamated?

A: No, Amalgamated is a different group entirely. All these groups had contractual relations with the union. There were the three manufacturing groups, Then there were two contractors' groups, here in New York City. One was United Better, which is still in business, United Better, Then was a cheaper organization headed by Boroskin,

Q: Nat Boroskin?

A: Nat Boroskin. Yes, That was contractors. Then, of course, he became the head of the manufacturers' association, and someone else's son-in-law I think took over the cheaper association. So there are two contractors' associations today in New York, and two associations....The National went out of business and the Popular took over the National, so they merged together. The National and the Popular merged, and the Affiliated remained by itself. Now, in Pennsylvania they have another contractors' association...

Q: Yes, because they do a lot...

A: They do a lot of work, but they also are all union, and it's incorporated in the agreement with the union.

Q: So their workers are part of that 160,000?

A: Yes.
Q: In other words, the 160,000 don't all work in New York City.

A: No. Once upon a time, yeah. Everything was in New York City. When Morris Haft and others... when they all had factories.

Q: But all that changed.

A: Yes. Once upon a time they had factories, this was just at the time when I came to this country, I remember. Everything was week work in the coat industry. The dress industry at that time was not sophisticated. Not efficient enough. There was a lot of home work, like private dressmakers. Nobody was big at that time; no man could do $3 or $4 million or $5 million, even International. The International Dress Company already came out of that time, and they only started to get big in 19... I would say 1935 or 1936. Until then, nobody was big, as a manufacturer, where they got to have a lot of contractors and so on. The coat industry was bigger than the dress industry, and then the dress industry became bigger than the coat industry. There's nobody in the coat industry who does $300 or $400 million, like Jonathan Logan.

Q: No.

A: Now going back to... [interruption]

Q: You were saying that nobody in the coat business does the volume of the major houses, like Jonathan Logan and Leslie Fay.

A: Nobody. Not even as much as we do. And they all had factories. The reason they gave up... A lot of factories were given up because it was 'week work.' When Dubinsky saw that it didn't work out, even
though he had an agreement. He changed the agreement...

Q: This was when? Before 1934?

A: Yeah, that was before. That was about 1926 or '27. They had a big strike. A big one. I remember, at that time. The strike, and Dubinsky changed it to piece work again. When it's piece work, the manufacturer knows how much a garment cost him, even if he has his own factory. The only thing is the manufacturer doesn't know how much it costs for his overhead, the busheling, and the extra work that they have, and their rent, and the overhead. That they didn't know. So it's easier for them... When Morris Haft gave up his factory, he worked with the contractors he had; 30-40 contractors, and if he did a $30-40 million business, every contractor should have a million dollars... It was easy. He knew how much it cost. Because of a lack of space, the factories went out of New York City. Everybody. First of all, there's no big plants. So the contractors, there... a 100 machines in Brooklyn or in New Jersey, you have the place for it. We haven't got a place in here. There isn't one place in New York City here you could put in 100 machines today. Even I, who was a contractor, when I had 100 machines, I had to have two floors and one floor for cutting. I had three floors in 575. And we were getting bigger here, as a manufacturer, I had six floors in this building, in 214 W. 39th Street, and we were always in the elevators going back and forth...

Q: Up and down...

A: That made us move out to New Jersey.

Q: We were talking about the financing of the businesses, and you said when you started as a contractor you started with like $1,000
for eight machines. How much did it cost you to go into the manufacturing business in '54?

A: Oh, I put in, I believe, in 1954, I had a lot of money. I put in about a quarter of a million dollars,

Q: So that to become a manufacturer you would need $250,000 then...

A: About $200,000....Well, I didn't need it. I just put in $200,000 because I had it.

Q: Now, that would be covering a multiplicity of expenses. A design room, your initial investment in fabric. What else went into that need?

A: Well, money to fix up the place over here. Because this place was owned at that time, they gave up the business, it was the Carmel Brothers. A whole floor.

Q: That's the 15th floor at 530 Seventh Avenue?

A: Yeah,...I didn't need a whole floor. We cut it up into one third. There were two other tenants on the floor. Later, these tenants gave up the business and I took it over over there. But...You needed money to fix up the place.

Q: You needed money for rent.

A: You needed money for rent. You had to pay the engineer who fixed up the place over here. But, in my particular case, I was a success right away, so I had no problem. And the first year I went to the bank. And then I never went to the back...

Q: You went to the bank because you were expanding very
fast.

A: I was expanding fast. And I had a lot of stocks at that time so I sold... I had U.S. Steel... I must have had 30-40,000 shares that I sold for $25 a share. And it didn't cost me anything. And later, that stock went to $110.

Q: Twenty years later...

A: Yeah... No, not 20 years later. In... U.S. Steel was $110 in 19... About 17-18 years ago. 19 years ago, it was $110. But I sold it, and I had money to manufacture.

Q: Yes. So that you were really able to put together enough capital on your own...

A: Yes...

Q: ..., without having to go to the banks.

A: I'm in business now 29 years. In 1954, it would be when...

Q: Twenty eight years ago.

A: Twenty eight years ago. After the first two years I never went to the bank for money.

Q: But in the beginning you used them to get credit...

A: Well, $100,000 or so. Very little.

Q: So your business really exploded very quickly.

A: That's right.

Q: What do you think it would take to go into business today? As a contractor first, and then as a manufacturer.
A: As a contractor today, you still don't need much. Because you can go in, in contracting, you can go in for about $25-30,000. You have to buy machinery. With $25,000 a man can go in, because the payrolls you get, and the overhead is only...A contractor..... What is his overhead? He has no merchandise. Somebody buys his cotton, Cotton and seam binding. That's all they buy.

Q: So that sounds like a good way to get into business, for young people, who wanted to go into...

A: As a contractor? No, it's not a good business.

Q: It is not?

A: Contracting today is not a good business. No. The young people are going into manufacturing. If they have $50-100,000 each, they go to the bank...

Q: Fifty to One-hundred thousand you think will put you into the manufacturing business?

A: In a small way. And then you go to the bank, and the bank will give you $25,000 and $100,000. So, $125,000 you operate. You have a turnover, fast turnover, you know, especially people who work for J.C. Penney, or the less expensive...They don't need so much. Because J.C. Penney takes the merchandise in and they can get a check right away. For a major store...From specialty stores you can get it.

Q: Well, the...

A: I would say, in a small way, you can do it with $150,000 today, but... Well, I don't think so. I may be wrong. I think the least you
need today to get in business is a quarter of a million dollars. The rent alone...because you can't get anything less than $50-60,000.

Q: What about the young people who go into businesses in Soho? All the way downtown. Small businesses. Usually very expensive.

A: Expensive clothes? Well, they make a couple of dresses and they ship it. They have no overhead. Young people, two or three people...very few.

Q: But are you really talking about people who are going into the mainstream of the industry?... I mean...

A: Yeah,...I'm not talking about small people. They go in like contractors. You don't need money. You buy a piece of goods, you make up something, you make up six dresses at $1,000 a piece, $6,000...Very few people do that. Very few. That's not an industry.

Q: But you don't think contracting is a particularly good way to get started in the business?

A: No. If they work for manufacturers, who are successful, they are successful. I don't put on too many contractors in Abe Schrader because, you see, every contractor has to have a couple thousand garments, and they don't have to come up to the place. We send that in to them, to make sure that they have enough work. My contractors work like 40-45 weeks a year. We take care of them, every day. Everything that's shipped in today. This is a new week already. See, that's what they have in the place, It all depends on how many machines they have. Some of them 3,000 dresses too. Three thousand, 2,000, 1,500--it all depends on what capacity they can ship. But it's really not a good business. It's not a good business for young people
today. Young people don't go in today in the contracting business.

Q: Then what's going to happen as the people who are in it now die out?

A: Well, it's a problem. What's gonna happen now when a man has 40 machines and he only has 8-10 operators....You can't get operators at all.

Q: That's one of the reasons, I guess, why you think this business is going to be offshore in another 10 years.

A: Well, in 10 years, I would say so. That's one of the reasons. The main reason is that the retailers are going over there, and the manufacturer is going to have to compete with them, and if you understand what I mean...If the retailer buys over there, they have to buy thousands of pieces over there...Now, if they have 30-40 stores, they can sell it, but otherwise they get stuck with it and they have to give to Filene's at the end. But a manufacturer goes over there...Saks Fifth Avenue's buyer, instead of buying 5,000, buys 50-60 pieces and then reorders it. They don't have to spend that much and hold the bag.

Q: Incidentally, you're raising something that I just wanted to ask you about too, and that's reorders. This used to be a very important element in this business. Is it still, today?

A: Reorders?

Q: Uh huh.

A: The business, today, in the last year and a half, is being operated by accountants and figure heads, not by buyers. I predicted
all the time that this is a mistake that they are making. If they want to reorder and they haven't the money to reorder, because the merchandise man does not allow—they haven't got the budget—But somebody else has the budget. The specialty shop across from Saks Fifth Avenue, or Macy's, or anybody—They get it. We send it to them and they sell. That's why it's better today, the specialty stores, we do a bigger business today with specialty stores than major stores. The major stores today...

Q: You mean department stores, when you say "majors."

A: Yes. I mean, a Bloomingdale's, and I mean an I. Magnin's, and Neiman Marcus...They're operating on a budget, and an economical...And if they reorder, they have to make it in the way of a special. A special order they can give out without, but a reorder--like ten pieces--they cannot. Six special orders, they will make it. The major stores will make it six specials, that they can do. This is how they're holding them down, because of the inventory, and of course it was also the interest rates that they were paying a lot of interest and they didn't want to hold merchandise. In a way, they were operating in the last year and a half that the manufacturer had to hold the bag for them.

Q: Is there some relationship between that and the lessening of reorders and the growth of the discount stores? Because there certainly has been an enormous growth of discount stores, in every city I know of.

A: Well, somehow I would think the retailer is responsible for it.
Q: That's what I'm asking; whether it is not an indirect relationship to that.

A: Well, the relationship to that would only mean, you have to have a dialogue in business. When a man goes into manufacturing, goes into business, and he starts operating... He goes in, or a man who was in business, operates the business, and you have to keep the factories going. You have to buy fabric in advance. You buy the fabric in advance. We gamble with the fabric, and if the retailers don't buy because they can't get through with the budget, They haven't got the budget for us. Naturally, what is the manufacturer gonna do? He sells to discounters. The retailer,... I think the retailer is responsible for the discount stores. The legitimate retailer is really responsible for it, because they don't work like they used to work,

Q: Alright, Tell me how they used to work?

A: They used to work,... When Adam Gimbel was a merchant, he was a merchant. He would make sure that they live happily with their vendors. And they would work with their vendors, and that was for every store. Lord & Taylor... Today, they don't care. They don't care if you have the merchandise or not. If not, they can get it someplace else. They don't care for these particular vendors.

Q: You're saying that loyalty to particular vendors was higher, Twenty years ago, thirty years ago...

A: Oh,... Not only 20,... 12 years ago, 13 years ago... Today there's no loyalty. If they don't care that I have merchandise left over, and they did not give me the orders--me or any manufacturer--because they
can get it in Hong Kong. That's one. Number two, even if they want to buy it they can't buy it because they haven't the budget. What is the manufacturer gonna do? He has to sell it. What is he going to do with the merchandise? How is he going to keep the factories going? And then he has the fabric already. So he sells it to discounters.

Q: Well, now, it used to be, years ago, that stores like Loehmann's and Ohrbach's, when I was there, and other such stores, would go and just buy the leftovers. Nowadays, manufacturers are doing...cutting tickets for discounters, Is that right?

Q: Yes.

Q: And as I understand...

A: We didn't do it yet, but I have to do it. We didn't do it yet.

Q: But I've talked to a lot of manufacturers who have been doing it, because...

A: The smaller people. We are trying our best to protect...

I never condone to sell a retailer right across the street to sell a discounter. It hurts the manufacturer...It hurts the retailer. And in the long run, the retailer cannot tell the manufacturer what to do today. They cannot tell me I should not sell this store or I shouldn't sell this one because it's against the Federal Trade Commission. However, I couldn't possibly sit here and think that I can condone to sell somebody, to sell a garment for $50-60-100 less in a store right opposite Saks Fifth Avenue or I, Magnin or Neiman Marcus, I don't condone it.
Q: That means, probably, that the sales force has to be very, very alert to who is located where.

A: You can't, no matter what you do. You can't... If Loehmann's has,

Q: Fifty-six,

A: Fifty-six stores. You can imagine having a store in every major city. But I think the responsibility I would say lies on the retailer. And the first one I would blame is Bloomingdale's, because they never had good relations with the manufacturers. They just didn't care. And they were the first ones to go abroad to the Far East, And when they went, other people went.

Q: Uh huh. So, my question had been about reorders, which were once important, and it used to be said that you made the most money on your reorders. Right?

A: Yes.

Q: And that's not true any longer, at all.

A: First of all, even if you get a reorder, today, let's say in the better line, I pay $25-30 a yard, I haven't got the fabric. I buy it once. In the beginning of the season, I buy my fabric, for the fall season, let's say, in February or March when I open up the line. For September delivery. And a lot of it is imported fabric, and even if I have it made over here... If I have it made over here it would take three months. To bring from Europe would take five months. So we have very little time to make it. So you buy once. And we can't reorder fabric because delivery
would be too late. So we cannot give deliveries to....

Q: So the fact that there are few reorders is partly because the retailer is not buying or placing reorders, but it's also because you can't produce them.

A: I can't get the fabric. Even if I could produce them, I couldn't possibly get the fabric.

Q: Right. So it isn't just the retailers. It's also because you can't get the fabrics.

A: It's the retailers too. They wouldn't reorder anyway. Look, if I buy for 300-400 garments, I'm happy if I sell it out. I don't care about reorders,

Q: Well, that's... What were your relationships? You talked a little bit about them but I know there's more. When you started... When you first went into business, for example, your single biggest account, I believe, was Saks Fifth Avenue...

A: And Bergdorf Goodman.

Q: And that... If I remember correctly, those were close relationships,

A: Very close, And Lord & Taylor's...

Q: Now, what did those relationships involve, apart from the buying and the selling? What did they involve? Did they help you with... If you didn't have as good a collection one season as possible, would they help you make corrections? Did you ever depend on...?

A: No, I always had good designs, I had one designer--
Belle Saunders. She was good.

Q: Yes, I know.
A: Every season she was better. I mean, she was good.
Q: Right. Well, then, explain a little bit more what you mean by "a good relationship."
A: The relationship would mean that they were loyal. They would come in and know that I made a good garment, a good suit, that they would buy from me. And they had no where to go, because there was...They couldn't go to Hong Kong then. They had to buy from me.
Q: But if they didn't like one collection as much as some other...
A: So they bought a little less. What's the difference.
But...
Q: But they maintained the continuity.
A: Oh, yes, So instead of doing $300,000 one year, so I did $250,000, whatever. But they bought every year, And a manufacturer was able...was independent. Now, a manufacturer is not independent at all. You cannot be independent and say, "I'm not gonna do this, and I'm not gonna do that." You know they want a lot of advertising; I give it to them. And so does anybody else.
Q: Yes, that's another whole big subject I wanted to ask you about. What happens with advertising and publicity?
A: Well, we go half and half with them most of the time.
Q: On advertising?
A: Yes.
Q: Do you still do a lot of it?
A: Yes. You have to. Well, that promotes business. If advertising is good, it promotes business. But once upon a time, Saks Fifth Avenue did not take manufacturer's money. They used the manufacturer's name up until 7, 8 years ago.

Q: And Altman's, as I remember...
A: Used the name.
Q: Yes, they always did...
A: And Altman's never asked for money because they are,... They had their own money.

Q: They are a foundation. They are owned by the Benjamin Altman Foundation. Right. Yeah, they didn't use the manufacturer's money unless you could get a signed statement that everybody was being offered the same amount. I remember from when I worked there. But, advertising you still believe in. Which magazines or newspapers do you think are especially useful for your kind of merchandise?

A: Well, the magazines, Vogue is the number one, Harper's is number two, and the other one is... What's the third one?

Q: Town & Country.
A: Town & Country.

Q: Do you use "W" ever?
A: Yes, We use it. Yeah, we had four pages...

Q: And what about the New York Times magazine?
A: New York Times magazine. Yes. We have also four pages...
in the New York Times magazine and, of course, we advertise with retailers when we're gonna cooperate...which could be once a week, or once a month...on a cooperative basis with the retailers.

Q: And what about trunk shows? Are you doing trunk shows?
A: Yes,
Q: When did that start?
A: That started 6-7 years ago. Jerry Silverman was the first one to start it.

Q: Jerry started it even longer ago than that.
A: We started also about 7-8 years ago.
Q: All over the country.
A: Oh, yes, Yes.
Q: Because...it's interesting...One of the things that sometimes happens when you do trunk shows is that store buyers buy less because they know you're going to be bringing clothes with you when you come...
A: Well, that's one of the things...
Q: Is that a problem? Has that been...?
A: Yes and no. Because sometimes you haven't got the merchandise. To give them. So they have to buy. But the most important thing is that...
Q: We're talking about sales promotion of all sorts, the advertising, publicity, trunk shows...
A: Yeah... In the last six years, seven years, the shows in Dallas, Chicago, Los Angeles, everybody took rooms over there... Now we only took it 7-8 years ago, it became very big. And the business is big there. The hotels are very expensive in New York, the small stores can't afford it, they don't want to spend the money, so they don't come to New York. So we have road men. The shows in Dallas are very successful. And Chicago was. Now it fell off a little bit. Los Angeles... where else is there?

Q: Dallas, Houston.

A: Dallas. Yes, Houston... We didn't go there. Dallas, they have a mart, The marts are very, very successful.

Q: And you have a show there all year round.

A: We got three showrooms in Dallas. We have three showrooms in Chicago. And we have showrooms in Los Angeles.

Q: How about Atlanta?

A: Yes, we go to Atlanta. There we stay in a hotel. Also Miami.

Q: But Atlanta and Miami. You said a hotel, meaning that you go there, or the sales force goes there for showings for a particular period of time.

A: Yeah... For about three or four days. Usually over weekends, because the smaller retailer does not come to New York, because of the expenses that they have.

Q: Yes, now, that's an interesting development because... That's one of the big things I was going to ask you about. What's happening
to the New York market in terms of store attendance, and the numbers of people who come into the city.

A: The smaller retailer does not come in.

Q: And the big stores, do they send as many people as they used to, as often?

A: No, no, Not as often. But they come in. They come in to every show. If they don't come in on that day, they come in a week later. But they're always in.

Q: Do you think New York can hold onto these people? Despite the problems in New York, of traffic and crime and so on?

A: Oh, yeah. With all the traffic and crime. They have it in Los Angeles. They have it in Houston. They have it all over. Every complex, wherever there is, where they have so many ethnic groups, you have it all over. You have it in Chicago too, Why, do they have less crime in Chicago than they have in New York?

Q: I don't know. I'm just...Sometimes it's the perception by people, of what New York City is all about.

A: Well, because they have to come here. But the people in St. Louis, who don't have to come here, think that New York City is...They come to buy clothes. They don't come to buy automobiles and they don't come to buy furniture. They have to come here to buy clothes, so this is the only city where they come. But if they have to go to Los Angeles, they'll find the same thing in Los Angeles that they'll find over here. The people in St. Louis or Kentucky, let's say, they have to come to Chicago, it's the same thing. But they don't go to Chicago. They come over here.
Q: So you think New York is going to be able to hold on to the traffic.

A: As far as crime is concerned... and everything else... It doesn't matter.

Q: Well, you know, I was just wondering... For example, we've talked about the fact that the workers have been diminishing in numbers, down to 160,000, some of whom are out of New York. So that means that New York has lost on the manufacturing end. And I just wondered how you felt about New York as the place for the selling of the merchandise.

A: The selling in New York is still as big as ever. In fact it's bigger than ever.

Q: Yes?

A: Oh, yes. You still can't find space in 1400 Broadway, you can't find space in 498, maybe 530. We needed another floor, we waited six months... No... A year and a half to get it. Because we just opened a new department. We opened up active sportswear, This is a brand new department and doing very well here.

Q: Tennis and golf and all that kind of thing.

A: Yes.

Q: Right. So, from what you judge, and that's a pretty good barometer, you say the availability, or the lack of availability of space, you think... That's your indication of the importance of the traffic, still, in New York.

A: Because the factories are not in New York City. You don't
need factories to sell. But you certainly need the showrooms to sell. I don't believe in a mart, because if you have a mart...Like, they asked me to have a mart on 42nd Street, or wherever they wanted to put up the mart. And they're putting up something over there...I was very much against it because a mart....What would I do with my showroom? I would have to....I would move into one floor instead of having two floors now. If I would move in there I would be on one floor, because I cannot take my sample makers, I cannot take my duplicate makers, I cannot take my pattern makers. All I can take is my showroom.

Q: Oh, yes? Is that how it's being set up?
A: And I believe this is a mart. You take this building alone, 530 Seventh Avenue and 550 Seventh Avenue....This is a mart for the better manufacturers. And if a buyer comes in here, she couldn't possibly finish in one day. She would take three days. Now you were a buyer yourself, and you know. It takes three days to go through the 550 and the 530 buildings. Then she goes to 498, which may be a little less expensive but whatever... Then you go to 1400 Broadway, for the much less expensive. And then you go to 463. Now these buildings are a mart in itself. Why does a manufacturer need a mart? That's just an extra expense, I told them. We don't need it. The Amalgamated needs it maybe, The Amalgamated people, they may need one. That's what they're doing over there.

Q: The Amalgamated represents menswear?
A: Menswear.

Q: Yes, right. And I guess...Well, I don't know, there are
a lot of sportswear buildings too.

A: Oh, yeah...

Q: 1411 Broadway...

A: Yeah, 1407, 1411....Yes, and the fabric people are in those buildings too, you know.

Q: That's something we haven't....

A: And if you take over here, these four blocks, you have the entire industry. If you build a mart on 42nd Street, and you start going down Eighth Avenue, from Eighth Avenue to Seventh Avenue, it's just as long as these four blocks.

Q: Uh huh. Tell me about the fabric houses...Please. There were lots of firms weren't there. Lots of fabric firms, like Stevens and Forstman and Hockanum and so forth. How do you feel about the fabric firms and what's happened to them and why?

A: Well, there's only two main people today. That's Stevens, number one, and Anglo is number two. They manufacture for the coat industry and also for the sport industry. They're about the biggest in the business today. And the others that gave up....Juilliard gave up and Forstman gave out...Because they were gobbled up by J.P. Stevens...Burlington I think. No, J.P. Stevens...When old man Forstman died, his sons didn't run it right or whatever. I really don't know why they gave up, but they took it over and they're running it.

Q: Do you buy any fabric in Europe?

A: Yes.

Q: Quite a lot, or...?
A: Abe Schrader. Yes. Imported...

Q: English, French, German...


Q: What about prints and crepes, whether they're silk or rayon?

A: Crepes I buy over here.

Q: Mostly polyester?

A: Yes, and a lot of it I buy from Italy. A lot of fabrics from Italy. Well, they have representatives over here. I buy it from here. I buy from William Rose. William Rose does not manufacture. Mostly it comes from Italy today. Prints.

Q: I am told that the unemployment rate in the fabric industry is 18%...

A: Oh, yes.

Q: Which is very high.

A: Very high. Because people import so much.

Q: Well, of course, a lot of people who import don't just import from Europe. They import from the Orient also.

A: Yes, From Japan. Suits from Japan. And some fabric that has like 20% silk and 80% polyester, with some sort of fabric...A lot of it from Japan. A lot of fabrics from Japan.

Q: It's my understanding that Dave Dubinsky, who had such an
influence on your life, really in some ways helped you get involved with New York, New York State, and U.S.A. politics. So would you like to talk about that?

A: Yes. He originally started me off with the federal government, not the State. Because the State, we had nothing to do with. It was only Lyndon Johnson that started it. When Johnson came to New York and wanted to visit a factory, he brought him to my place. I had one of the largest factories there, 120 machines on two floors. And Johnson visited both floors when he came to see me. And Dubinsky was there. Dubinsky showed him he could still be a cutter. And he was cutting... He was very nice. And Johnson appreciated it very much. At that time, Johnson had trouble with the Liberal Party, and he came to speak at the Liberal Party dinner. While going up in the elevator, I said to Johnson, "I came here as an immigrant boy, Mr. President, and today, I'm a multi-millionaire." And he told that story at the dinner. Johnson. And he really...

Q. He was the President at that time?

A. No, he was Vice President.

Q. He was Vice President?

A. Yes, he was Vice President. And he had trouble with the Liberal Party. And I was very friendly with Alex Rose and Dubinsky, and we straightened it out with the Liberals at that time, and he was very satisfied...

The President was very satisfied and he made a very good friend of David Dubinsky. In fact, he invited us to the White House right after he was elected President. So in '63... In '64 he was elected President...
Q: In '63 he took over when Mr. Kennedy died...
A: In fact, I have a letter over here after the day he was here, thanking me.

Q: Mr. Schrader, would you read us the letter, or letters, that you have, acknowledging the importance of your role...?
A: Yes, I have one when he was Vice President and he visited my factory, my place, and this is the letter: "It was a richly satisfying experience to be among your kind of folks recently in New York. It has been my privilege to greet Kings and Premiers in their foreign palaces but nothing--I can say this in all sincerity--provides me as much pleasure as meeting with the people who help make this nation great. I deeply appreciate your letting me disrupt your operations for the visit, and I shall look forward to seeing you again at sometime in the future. That relaxed visit, together, sounds great. My warmest personal regards. Sincerely, Lyndon Johnson."

Q: What was the date of that?
A: October 30, 1963. On November 17, 1964, I congratulated him at the time he was elected, so he sent me a letter: "Dear Abe: The thoughtful personal message is deeply appreciated, Lady Bird joins with me in thanking you. The unity of the American people demonstrated in this election is both a great trust and a great opportunity for us all. I pray that we may work together as we have voted together to keep our country safe, strong and successful as we continue our responsible efforts to assure freedom's victory in a world of peace. Best Wishes, Lyndon B. Johnson."

Q: Those are lovely letters. You have them framed, I see.
A: Oh, yeah.

Q: Were you involved with politics before your meeting with Mr. Johnson? Active at all in New York politics?

A: In New York politics, yes. Very little. But then later on I joined the Liberal party and I worked with Dubinsky very close, in electing Lindsay, and... You know, you get to know... You get to be known, and every politician is after you and you get involved, and I really worked very hard. But mostly I worked for the federal government. For instance, I was interested in Humphrey, when Humphrey was running for President. We raised for Johnson... I would say at that time we must have raised about $450,000, in our industry. And I was the Chairman. We formed a whole committee, and I was Chairman of the Committee, and I was, like, taking off from my business about six or seven weeks, working for Johnson.

Q: And you also... I don't mean that this was political, but you were very much involved in the "Fashion Capital," during the period when there was an effort to promote New York City...

A: Jerry Silverman and I, together, were co-chairmen of the "Fashion Capital." We started it and it worked for a couple of years...

Q: Do you know about what year that was? It was in the mid-'70s I think.

A: I would say around '74, '73-'74. Lindsay was Mayor.

Q: Uh huh. Right. That sounds right.

A: That was the time. But Lindsay took a great interest in it. He was the one who helped us, Lindsay was the one who was interested.
We collected money for the "Fashion Capital." And the first year we really struggled because there wasn't enough money. Later on, we incorporated the union, that the union should be collecting a certain amount of the percentage, like 1/10 of 1% from every manufacturer, so we would have money in the Fashion Capital to run the Fashion Capital. And we had a lot of shows and invited people from different cities to come here to the shows. We had shows at F.I.T., and Jerry and I worked, I'd say, about three and a half years on it.

Q: Do you think....is there any kind of indication of movement to try to active that sort of promotion?

A: Well, we changed the name of the street, you know, and that's the way it remained. Well, it is hard. It takes people to do it, and it also takes the city, that has to take a more active part in it. Our mayors, after Lindsay was gone, did not do it. Let's say Beame did not do anything for it. Koch is trying to help, but Koch is a good administrator where the city's concerned, but he's not a "fashion" type of man. He may make a good Mayor, but he's not a "fashion" Mayor.

Q: What about Herb Rickman? Herb Rickman has tried to do something hasn't he?

A: Yeah...No, it's not there. It's not like with Lindsay. Lindsay was a different type of Mayor, Lindsay created fashion, and if he didn't do it, his wife did, Rickman is helping us out a lot, with thefts and robbery problems, but as far as fashion is concerned, it's not being done by the City.
Q: You mentioned shows at F.I.T., which brings to my mind that I'd love to hear from you about your involvement in F.I.T., and some of the major philanthropies, because you are one of the great Seventh Avenue philanthropists.

A: Well, I'm not one of the... I'm not the greatest, but I'm giving money for UJA, I'm involved in the American Jewish Committee. I gave money to Einstein and I'm a Trustee of Beth Israel Hospital. I give them a lot of money...

Q: There really is a great tradition, isn't there, in the garment industry, about donating... supporting philanthropies?

A: Well, there are very few people who give. Last year I gave; ten years before I gave; five years before I gave. The very same people give again. There are certain people that are willing to give, certain people who are patriotic...

Q: Yes. Patriotism is one of the things you've been very...

A: Yes. Well, as far as patriotism, that's why I worked a lot with Washington. I used to go to the White House. Dubinsky and I went to the White House, we were the first ones invited to the White House. Of course, I do it from a patriotic point of view; my brother went to the gas chamber and my sister went to the gas chamber, in Europe. And I feel more than anybody who would have been born over here. I came here when I was about 18 years old, and naturally I feel differently than the other ones who were born over here.

Q: So you feel that you have a special responsibility perhaps, or special desire...
A: When I came over to this country, I didn't have $10 in my pocket. I was brought up rich, but by the time I got here...and my parents were poor, everything was taken away from them. We were in the lumber business. Everything was taken away from them, so naturally we were all poor and we had to work. We had to earn a living. And I didn't have any...I didn't get any help from anybody. So I worked myself up and I did it on my own. So, when you live in a country like this, you get such a chance, you can do whatever you want to do. And that's what I appreciate, and I love my country.

Q: You had been...During lots of years of your life you have also known how to have fun. You're known, certainly, as one of the great dancers. Would you like to talk about your dancing?

A: Well, dancing is like an avocation. It's...

Q: Oh, yes, I know. I knew you didn't earn a living doing it. A: Well, I could have. I was like a professional dancer. I used to dance with Kathryn Murray a lot of times, and we used to go to El Morocco and the Cotillion Room,....and I was a pro at that time....

Q: You say "at that time." It was for a long period of years.

A: Yes. I started in 1943, at Arthur Murray's. I started there. First come the bronze, silver...brass, silver and then gold. I was a gold medal dancer.

Q: Did you take it up because you felt this was a good way for you to get some relaxation?

A: Yes. I got relaxation. And it was also good exercise for me. Because, you know, during the day I didn't exercise. I didn't walk much.
Dancing was a great exercise, and I felt very good. I used to dance every night. I went two hours every night to Arthur Murray.

Q: I gather you expanded into... You went dancing socially...
A: Oh, yeah... You become a desirable person when you're a dancer. You're not afraid to go on the floor, or anybody that's a good dancer. And the ladies all want to dance with you. So you become a desirable person at a social event.

Q: Having fun and exercising at the same time.
A: Yeah.

Q: Is there anything else you enjoy doing for relaxation? Were you ever a golfer?..... Did you play...?
A: No, I go to the race track sometimes. Saturdays. Never during the week. Just on Saturdays. And now they're open Sundays, so I go Sunday too.

Q: So, where you used to work seven days a week, you don't work seven days a week anymore?
A: No. I work five days a week.

Q: To get back to a little more serious talk about the business, one of the things that's always interesting, and has been especially interesting going around taking people's histories, is how they feel... about what is going to be the succession in their businesses. You're a public company, I believe, are you not?
A: Yes.

Q: But have you got... I assume, I don't want to assume anything.
How do you see the next generation, and the generation after that? Do you have a long range plan in your head?

A: Well, we've opened a few new companies now. Here's one of them...

Q: Yes, I see that... That's a great looking sports bag.

Active sports...

A: And we believe sports will stay...

A: Yes..., I meant management succession.

A: Oh, management. My son... My son is only 48 years old.

Q: That's Mort you're talking about...

A: Mort... Then I have a younger son in the business. He's 45.

Q: Is Stephen in the business?

A: Stephen is in the business. He came in in the last year and a half.

Q: I see. Which division is he with?

A: He's with Mort's division.

Q: So you think that between the two of them, they will...

A: Well, the other one is planning to learn. Mort has been with the business since 1955 when he came out of the army. I think that he's pretty good. In fact, he's doing a bigger business than I'm doing. On my own, I only handle the better line. He handles the less expensive line, and we took a place in New Jersey. Not now. About 4 1/2 years ago. One hundred and thirty-five thousand square feet. And it's working very well.
We bought a computer, we have new machinery...

Q: And that's your distribution center as well...

A: Yes, We have a computer over there. Our own computer
...the marking and grading machinery. It cost three quarters of a million
dollars, the machinery we had done, and that saves a lot of handwork.
We couldn't possibly exist today without it.

Q: Where do new production people come from? Are there any
new production people? Coming into the industry?

A: No. And the only ones that we get are the ones that were
patternmakers, Italians. Mostly Italians. The Italians are pattern makers,
and they are becoming production people. In fact I have one that's a pattern-
maker, and I made a production man out of him, and he's a very good man.

Q: Well, do you think the computer technology...Because you
mentioned the computer...I'm sorry...You mentioned that your cutting is
now done by computer. Is that right?

A: The what?

Q: Cutting is done...

A: No, Marking and grading is done by computer.

Q: Marking and grading.

A: Cutting is still done by hand,

Q: And do you think that as the years go on, production men
will be different in their training.

A: They'll become a little more modern on account of the
computers. They'll become more modern...
Q: Well, they'll have to understand the computers....
A: Well, not necessarily. As long as they know the fittings and they know how that works. We have a girl over there, a Chinese girl over there, who works in the computer. I think she came here from the South. And she's very good.
Q: And she's been trained....Does she have to understand what goes into the cutting and marking and grading?
A: She has to understand the computer thoroughly. And she pushes a button and it grades and marks.
Q: But who feeds...Who feeds the program into the computer?
A: That young lady,
Q: She does. So she knows the computer, and she knows the technology of cutting.
A: Oh, yes. She knows the technology of cutting. Of course, she has four people working for her...five people working with her...
Q: Last time we talked a little bit about your relationships with stores, and I wonder if you'd like to go into that a little more fully.
A: Well, the retail business today is entirely different than it was up until 5-6 years ago. In the last five years, the retailers, the retail stores don't give the buyers the right to buy, at all. They are told to look. And they go back to the merchandise manager, who looks and looks and looks, and it takes weeks before we can get an order from them. And naturally a lot of manufacturers start selling discounts, because they have to have orders in the house. They have to buy the fabric, because if
if they don't buy, they will not be able to ship the major stores. But the major stores are interested. Now they're going overseas, and over there they'll lay down an order. A big order, and they'll take longer delivery. And with us, when they come in over here in New York, they just are chok-ing....

Q: Could we talk a little bit about licensing? How do you feel about the whole area, and when you started thinking about going into it?

A: Well, designers. Name designers, like Pauline Trigere, Bill Blass, Oscar de la Renta, you just can't stop it. If they're good, everybody wants their name. The Abe Schrader name is good too, but I use "Trigere" for coats. "Trigere" is very good for coats. It's not only the name. She makes it herself. That is the beauty part. Some designers, like Blass, they don't. When they give out a license, they don't interfere. They don't make it. Or Calvin Klein. They just give their names out. But Pauline Trigere makes coats for me.

Q: And she's now begun to do a sportswear collection as well.

A: Yes. But that... We have a designer doing it.

Q: I see.

A: But the coats... I think she's a master at it. She can do it, so we let her do it herself. I have a separate room for her, and it paid off pretty good. It happens it's a bad coat year this year. Very bad. But we're still on top. We're better off than anybody.

Q: When did this whole idea of promotion of the designers' names come into being do you think?
A: Well, it started, I would say, 7-8 years ago. It started with Bill Blass first. He gave out his name. And it started with Oscar de la Renta, And it started with Ralph Lauren, and Calvin Klein.

Q: Would you give us your feeling about any trends in the business? Trends of the day?

A: Well, I think eventually the business will remain in big hands. People that are capitalized and people that can deliver the merchandise, and the retailers will have more confidence in the bigger people than in the smaller people. The smaller people can sell, and when there is a reorder, they cannot fill the reorders, because the industry became very much under-capitalized, on the side streets especially.

Q: Well, what do you think is the right act for a young person to make when he or she comes out of a school let's say, or wants to get into this business? What's the best career pattern to follow?

A: Well, I would say designing is the best, because there's no limit. If a designer is good, there's always a place or room for a good designer. As many designers as we have now, if I can get somebody who can be very creative, I would put them on right away. The big manufacturers have a lot of money, but whether they are public or not, these people have the same thinking. They would always put on another designer, Designing is the most important thing.

Q: How do you feel about selling as a career?

A: Selling is a good career. Selling's alright. Selling you don't have to be born with. You just get trained, in selling. It's alright. Selling's alright. But not as much as designing. Designing pays
more than selling.

Q: And it has value, you think, because the creativity is needed no matter how big or small... a business is.

A: Yes, I remember, I had a girl working for me--Betty Yarmon. She did publicity work for me. And she was really good. And deserved more money, maybe, than what she was getting. However, she was always talking about why does Miss Saunders get so much money, and I had to tell her that designing pays off. And her publicity job doesn't pay off. But both of them were very good.

Q: Right. So you think basically designing is where the need is and where the money is.

A: Oh, yes. There's no limit how much a designer can make. They can become a partner in the business. You take a designer like Liz Claiborne. Look what she did. She is the business.

Q: What she did is about $80 million in seven years.

A: How about $110 million?

Q: I don't know.

A: It's a public company; has to be over $100 (million). Not seven. It's about six years.

Q: So, the answer is still... For the young person who wants to go into business, one of the great areas is the field of designing.

A: Designing, yes. That is the best. And, of course, the young people who are pattern makers, and so on... Well, the ones that are born here don't become pattern makers. The ones that come over from the other side, they don't have to go to school for pattern making because they know it, They're tailors. They don't come over now from Russia. They
don't come over from Poland. Most of the people who come over are from Italy. And the Spanish don't become pattern makers. They become operators. Finishers. Pressers. The Italians are the best now. I think they're the only ones that come over here. And the Russians can't come here, nor can the Polish.

Q: Right. Thank you very much... One last point that I'd like to have made about your own great talents, over and beyond the specifics of the industry. And I have heard, for example, that you are really a linguist. Would you just tell us so we know what the whole story is? What are the languages you speak?

A: Well, the first language I speak, of course, is Jewish. Yiddish. Then I speak Hebrew. And I speak German, that I studied... And I speak Polish. That's like my mother language. I was born there. And during the days when I was in Poland, it was Russia. I was born in Russia. Poland was occupied by the Russians, so I speak Russian...

Q: And then, of course, English... So there you are...

A: Like six languages.

Q: Thank you,

A: And German, I speak German.

Q: Thank you very much.
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