

mowers, air-conditioning apparatus, equipment for gas stations and so on. Some woolen and worsted mills make automobile fabrics as well as apparel cloth; others are producing synthetic and blended fabrics. Manufacturers of hand-fashioned glass have begun to turn out Fiberglas. Manufacturers of fine household china also make hotel ware. And watch companies in addition to defense items are making watch cases and bracelets, men's jewelry, and electronic apparatus.

Producers of import-sensitive goods often have taken to selling imported goods to improve their position. Some watch manufacturers also are importers of Swiss watch movements, which they case and sell under their own or another trade name. Several bicycle manufacturers have made arrangements with foreign firms to market their products in the United States. American producers of dye-stuffs also are engaged in importing. For, while the manufacturer is mainly interested in turning out the goods himself, importing as a sideline provides him with a more complete line of products, including items which can be procured more cheaply abroad than produced at home.

But unassisted readaptation may not always be enough for coping with a changed competitive situation. When, for example, an import-sensitive industry has been the sole or predominant source of employment in a community, a tariff reduction may push an already weak producer to the brink of disaster. This may not be a tariff problem pure and simple, for overspecialization too would have made the community vulnerable to any sudden change, whether of domestic or foreign origin. Whatever the cause, the remedy in these cases would be to broaden the industrial base and thereby create new opportunities for employment.

From the point of view of the workers, even a successful diversification program may involve considerable hardship.³ Labor is far from being perfectly mobile. Older workers in particular lack the inclination and the ability to find employment in other industries. Workers who do not move suffer losses in earnings because of downgrading in skill classification. And many a new job may be less satisfactory than the old.

To cope with such difficulties is in the first instance the responsibility of both management and labor in the affected industry, and of State and local authorities. But since such efforts often are inadequate, the Federal Government tends to assume responsibility for providing help, and has done so in the past. In fact, our Federal social security and unemployment assistance programs are reflections of that tendency, as is the recently adopted depressed area program. The thesis of this study is that more should be done.

Advocates of freer trade deny that the higher American wage scale makes this country more vulnerable to import competition originating in low-wage countries, since higher wages in our industries reflect higher productivity, and are therefore no indication of higher unit costs. However, this superiority holds true chiefly for standardized commodities which are turned out in quantity by mass production methods.⁴

³ See, e.g., National Planning Association, "Depressed Industrial Areas—A National Problem," Planning Pamphlet No. 98, Washington, D.C., January 1957, p. 7.

⁴ See also Bidwell, *op. cit.*, pp. 288-284.