

From the viewpoint of the economy as a whole it seems best to focus such a program on the individual business firm immediately affected by increased imports. Workers and communities are affected by such imports less directly; their injury is a function of the extent to which the business firms employing the workers, or situated in the communities, fail to make the necessary adaptation.

Trade liberalization generally is more likely to take place when there is little resistance to moves of that sort, e.g., in times of comparative prosperity, when workers can shift without too much difficulty to jobs similar to those they had been doing before being dislocated. If necessary, workers can be given preference in existing public welfare and assistance facilities. Larger enterprises in general can be counted on to make necessary adjustments in operations without assistance. There would remain only the smaller business units to be looked after. A comprehensive adjustment program could then be devised for every type of industry.

The true test of a readjustment program would be the real economic gain it could produce through a shift of resources to more profitable employment. That gain is difficult to measure. Parts of it are quantifiable in money terms. Other parts defy that kind of measurement, being widely diffused through the economy.

THE PUBLIC POLICY ASPECT OF TRADE ADJUSTMENT

Public policy enters into a program of assisted readjustment by virtue of the fact that through such a program the Government could insulate problems of *foreign* economic policy, of which tariff and trade policy is one variety, from *domestic* economic policy problems created by trade liberalization. Separating the effects of governmental action in the two areas would allow greater freedom of movement as well as greater precision in achieving the respective policy objectives.

At home, the major policy problem is to keep competition at least workable by preventing undue increases in concentration of economic power. Small units have to be kept from being pushed to the wall, and economic self-reliance among entrepreneurs is to be fostered.

In the domestic policy area also, the Government has to face a problem pertaining to the national security. It has to decide which industries and what portion of the labor force are important enough from a defense standpoint to be kept at their current tasks despite relatively and often uneconomically high costs.

The problem of national security also arises in the field of foreign economic policy, where we strive to maintain mutually beneficial economic relations with allied nations. To maintain these relations requires eventual achievement of relatively unrestricted trade. As a condition for fulfilling this requirement, this country will have to accept a sizable increase in the volume of imports. Since existing trade barriers in general are still too high to permit such an increase the Government is endeavoring to lower barriers accordingly. As a result, certain domestic industries are already suffering injury from increased import competition despite existing safeguards, and more industries are likely to do so before this particular policy objective is attained. The industries injured are mostly those who in some way had