THE BELL REPORT [9]

Regarding assisted readjustment to increased imports, the Bell report made a distinction between injury to the national economy and injury to particular industries. Injury to a particular industry may occur when certain imports are accepted. But the national economy would be injured if increased imports were not accepted. The escape clause procedure, as provided by section 7 of the Trade Agreements Extension Act, is concerned solely with the avoidance of serious injury to domestic producers from import competition. Consumer preferences receive no consideration under the law. Nor are domestic producers protected from foreign restrictions on exports as a result of U.S. restrictions on imports. Injury to the national economy should therefore be prevented by accepting imports and by providing adjustment assistance to those domestic industries for whom an increase in imports would bring competition that might be hard to meet.

The problems of adjustment in import-competing industries would be relatively simple, if these industries were located in great industrial centers where alternative job opportunities are available. Here the normal growth of the economy would provide adequate jobs for those displaced in import-competing industries. But some of the industries that would be most affected by imports are located in communities where other types of industrial employment are not easily available.[10] Measures must be devised to facilitate adjustment in these communities.

Although there is no basis for compensating them, the Bell report continues, there is good reason for helping industries faced with keener import competition to adjust their production to a more diversified line of products which they can produce profitably in the face of declining tariffs. Aside from granting some form of tax relief, the Federal Government could give special consideration to the conversion problems of such industries by loaning part or all of the new capital requirements in cases where the loan would be a good business risk.

The central readjustment problem, next to the difficulties faced by communities overly dependent upon one or a limited number of plants, was seen by the Bell Committee as finding new jobs for workers dislocated by import competition. While workers often can and do find jobs in the same community or in nearby communities, for a small number, those with less mobility, especially women and older workers, there may nevertheless ensue a longer waiting period before a new job is found. Such workers could be given unemployment insurance for a longer than ordinary period, the report suggests, the added cost to be borne by the Federal Government. Retraining programs and helping to meet the cost of moving to job opportunities in other communities would also be included in the program.

In dealing with the vulnerability of one-industry communities to increased import competition, the Bell Committee report concludes that it is a consequence of inadequate diversification. Often the com-

[9] Its full title is: "A Trade and Tariff Policy in the National Interest: A Report to the President by the Public Advisory Board for Mutual Security" (Washington, D.C., February 1953). Trade adjustment is discussed in ch. IV of the report.

[10] See, for example, the case of the leather glove industry in Fulton County, N.Y., treated more fully in ch. VI, below.