

munity's distress is rooted in more fundamental economic causes than competition from imports, such as plants shut down because of inefficient management, a shift of plants to other localities, a change in demand for certain goods. For these communities, the only remedy would be attracting new enterprises.¹¹

DAVID J. McDONALD AND THE RANDALL REPORT

The most widely publicized proposal dealing with trade adjustment was that submitted in early 1954, by Commissioner David J. McDonald, United Steel Workers of America-CIO, for consideration by the Randall Commission.¹² The Commission's majority did not accept the proposal, but ordered it published in the body of the report, with appended dissents.¹³

Substantively there was little new in McDonald's proposal. He proposed that when the administration finds it in the national interest to lower a tariff below the "peril point," or to maintain a tariff concession despite a Tariff Commission finding of injury to an industry in an escape-clause action, the affected companies, their employees and the communities in which they are located should become eligible for aid under an adjustment assistance program. Companies and communities should have access to technical assistance, comprising such financial aid as may be necessary to carry out their adjustment program, including accelerated amortization, and receive special consideration in the award of Government contracts. Employees of these firms should also be eligible for adjustment assistance if they are not able to find new jobs promptly. A special unemployment program administered through existing Federal-State machinery, but financed by Federal funds would serve that purpose. Such a program would also include intensive counselling and placement work, special training allowances, special moving allowances, and advance eligibility for retirement benefits for unemployable older workers.

The immediate reaction to the McDonald proposal outside the Randall Commission was not unfavorable.¹⁴ It was felt, for example, that if adopted, the program would make tariff reform easier by diminishing opposition to it and also by making it easier to argue the free-trade position. At the same time it was pointed out that the policy of helping communities ought to be a general one, and should not be limited to damage from tariff reductions. But in all instances of economic dislocation, emphasis should be placed on marginal assistance for adaptation, with the initiative coming from local areas, and Federal aid only as a supplement to local initiative.¹⁵

¹¹ In passing, the report observes that, "the national interest [from a defense viewpoint] in industrial dispersion is the counterpart of the local interest in industrial diversification * * * (loc. cit., p. 67).

¹² See Commission on Foreign Economic Policy, "Report to the President and the Congress," (Washington, D.C., January 1954), pp. 54-61. See also the separate volume of "Staff Papers Presented to the Commission on Foreign Economic Policy" (Washington, D.C., February 1954). Ch. 7 deals with the problems of adjustment to imports.

¹³ McDonald's colleagues did not endorse his readjustment proposal because they viewed the problem of workers and businesses suffering from declining markets owing to tariff reductions as part of the broader problem of general economic change.

¹⁴ See Knorr, Klaus and Patterson, Gardner, eds., "A Critique of the Randall Commission Report on United States Foreign Economic Policy," Princeton, 1954. (A digest and summary of a conference of 17 economists held at Princeton in February 1954.)

¹⁵ The Princeton critique pointed out an important omission of the McDonald program in that it did not concern itself in a balanced way with the problems of agricultural or mining areas which might wither as a result of increased import competition. Adjustment there would entail transferring people and the still usable capital resources to other locations. (For a discussion of problems likely to be encountered in trade adjustment programs in these fields, see chs. VII and VIII, below.)