

An efficiency investigation is called for in cases handled by the Tariff Commission under section 337 of the Tariff Act of 1930, as amended, the section dealing with "unfair competition" from imports. (In recent practice this section has been used mainly for investigations of alleged patent infringements by foreign producers.) In investigations under section 7 of the Trade Agreements Extension Act, as amended, the so-called escape clause, no formal efficiency investigation of applicant firms is called for. It is known, however, that the Commission for internal use has not infrequently collected information on the quality of managerial practices inside the firms under consideration, as well as on methods of marketing and other matters pertaining to efficiency of operation. Such information is almost never made public.²⁷

Recommendations of the Tariff Commission concerning readjustment assistance to be made available would be directed to a Standing Committee on Trade Adjustment. On this Standing Committee would be represented, in addition to the Commission, one of whose representatives could act as Chairman, other agencies of the Federal Government as necessary.

Four elements of primary responsibility would be involved in the operation of this Standing Committee. These would be divided among various Federal departments and agencies as follows:

1. Determination of need for assistance, and referral: Tariff Commission.
2. Decision on amount of assistance needed: Standing Committee.
3. Rendering of technical assistance: Departments of Commerce and Labor.
4. Financing of services and loans: Treasury Department and Small Business Administration.

Agencies of secondary responsibility in the trade adjustment apparatus, and thus represented on the Standing Committee, would be the State Department, the Administration for International Development (on account of matters of foreign trade, foreign aid, and foreign economic policy involved in the program); the Departments of Defense, Agriculture, and Interior (as being familiar and concerned with the problems of particular industries that might be involved in the program);²⁸ the Department of Health, Education, and Welfare, and the Executive Office of the President.

Within the Standing Committee, a steering group consisting of representatives of the Tariff Commission, the Department of Commerce, and the Small Business Administration would be established to expedite proceedings of the full Committee. The steering group would have powers to coordinate agency functions and force necessary action to be taken.

²⁷ The one apparent exception to this rule in recent years is found in U.S. Tariff Commission, "Motorcycles and Parts," Report on the Escape Clause Investigation (Rept. No. 180, second series), Washington, D.C., 1953. (The report was first released in June 1952.) On pages 7 and 8 of this report the majority of the Commission ascribes the decline in the profits of the principal domestic manufacturer in part to "substantially increased overhead expense resulting from the major expansion of the company's production facilities" undertaken at a time when demand for motorcycles had sharply decreased, and resulting in a large volume of unutilized capacity at a time when the company could ill afford the "increase in the costs of depreciation and maintenance of expanded plant and facilities that have not been fully utilized."

²⁸ The Departments of Commerce and Labor, already represented on the Committee, would share in this secondary responsibility.