

The GATT rules have brought a large measure of order into international trading relations. The cost of the obligations they place upon the United States are far outweighed by the benefits we derive, as the world's biggest trader.

It is in order to maintain our GATT obligations, and to be able to act with initiative and flexibility within the GATT framework, that we need some negotiating authority. It need not be very substantial. It has been suggested, although no final decision has yet been taken, that the Trade Expansion Act negotiating authority simply be extended for 3 years, giving us the use of that part of it that was not exhausted in the Kennedy Round.

ADJUSTMENT ASSISTANCE MODIFICATION

Turning to the adjustment assistance question, we find ourselves dealing with the probability that the Congress, in writing the provisions of the Trade Expansion Act, intended far more readily available recourse to adjustment assistance than has proved possible.

These provisions were designed to authorize quick and substantial assistance to any worker or firm injured as a result of increased imports caused by tariff concessions. The underlying concept was that rather than restrict imports it was far preferable to help firms and workers meet problems created by import competition through improved productivity.

Unfortunately, however, the adjustment assistance provisions have not had the expected beneficial effect because in practice the present test of eligibility to apply for the assistance has proved too strict. In fact, in no case brought under the act have any firms or workers been able to prove eligibility.

The present test of eligibility requires (1) that tariff concessions be shown to be the major cause of increased imports, and (2) that such increased imports be shown to be the major cause of injury to the petitioner.

In the complex environment of our modern economy, a great variety of factors affect the productive capacity and competitiveness of American producers, making it virtually impossible to single out increased imports as the major cause of injury. In fact, it has usually been impossible to prove that tariff concessions were the major cause of increased imports.

Under these circumstances, it is apparent that action must be taken to make the intended assistance a reality. We now have under consideration several formulations that might meet the requirements of the situation. No final decisions have yet been taken, but it is the intention of the administration to propose congressional action to modify the present provisions of the act.

The new test of eligibility would insure that adjustment assistance would be available only in those cases of injury which are the result of tariff concessions. The specific kinds and levels of benefits would remain unchanged.

Also unchanged—and this is important, I believe—would be the provisions for relief for entire industries—as distinguished from individual workers and firms—which suffer serious injury through tariff concessions. The so-called escape clause makes possible the imposition