

being deprived of an opportunity to work for a living. This is why it is so easy to jump to the conclusion that job displacement brought about by foreign competition should be remedied by restricting imports.

Although an individual worker, or owner of a firm, should not be called upon to bear the cost of job displacement resulting from a liberal foreign trade policy, it is not correct to conclude that people should be frozen into their jobs by governmental action whenever there is an intensification of import competition.

Only when the problem of injury is conceived of in terms of individuals, rather than industries, does the "avoidance of injury" philosophy make sense. When it is tied to the requirement that imports should be curtailed there is danger of muddy thinking.

Injury to individuals needs to be avoided. Curtailment of imports under the escape clause, however, is only one type of remedy. The escape clause means what it says. It is an escape from a commitment made in good faith between the United States and another country to reduce trade barriers. It is the adjustment assistance philosophy, as yet inadequately implemented in the law, that affords the President a choice, either to impose a higher tariff (or an import quota) after receiving a finding of threat of injury from the Tariff Commission, or to provide for Government assistance to facilitate the transfer of those individuals who are adversely affected into lines of activity for which they are better suited. Adjustment assistance avoids injury to individual workers and firms without restricting imports. It provides the flexibility and the mobility that are essential to a world economy based on free enterprise.

THE MAGNITUDE OF ADJUSTMENT

Although the political resistance would be formidable, the economic magnitude of the adjustments that would be necessary to implement a freely functioning world economy would not be very great. They would be analagous to pruning the trees in a fruit orchard when dead and dying branches need to be removed if the chemicals in the soil are to be allowed to nourish the trees as a whole. Unless high-cost producers at the margin, in various lines of production, are allowed to be displaced by more efficient low-cost producers, the economic body, like the fruit trees, will not be sturdy.

It was estimated a little over a decade ago, that if the United States were to abandon all of its tariffs and import quotas its imports would increase by somewhere between 10 and 24 percent which, in terms of 1965 imports, would be an increase of between \$2.3 billion and \$5.2 billion. An increase in imports of this magnitude might necessitate the adjustment from one occupation to another of between 0.3 percent and 0.6 percent of the country's total civilian work force—which is certainly no greater than the percentage normally affected by technological changes in production.¹

¹ For estimates of probable imports in the event of suspension of all U.S. tariffs and import quotas, see Piquet, H. S., "Aid, Trade and the Tariff," 1953. For the meaning of increased imports in terms of adjustments in employment see Salant, W. S. and Vaccara, B., "Import Liberalization and Employment," 1961.