

While there is agreement on these fundamental points, no working mechanism has yet been created to implement them.

The report of the Commission states in still more specific terms the principle involved. Thus the report includes among the "basic requirements" for individual adjustment situations that:

\* \* \* the displaced individual must have adequate financial security while searching for an alternative job or while undertaking training.

and that:

\* \* \* the displaced person should not have to suffer the loss of earned security rights such as vacation, retirement, insurance, and related credits to his total worklife account.

Such a forthright statement of principle deserves to be backed up by concrete proposals for its implementation. The following proposal is put forward with that end in view.

#### PROPOSAL

The investment tax credit under the Internal Revenue Act would be an appropriate vehicle for implementing the principle, since it is designed to stimulate modernization, and to the extent that it serves that end, it also adds to the human problems resulting from technological change. The investment credit can be used both to provide the incentive for employers to establish programs to meet the problems of workers dislocated from their jobs by reason of technological change, and to provide the necessary resources.

#### *Financing*

It is proposed that in each year, one-half of the investment credit to which each firm is entitled would be paid to it directly, and the other half would be placed in reserve in a Government trust fund where it would be held available for a period of 5 years to meet the needs resulting from disemployment of the employees of that firm resulting from technological change. At the end of 5 years, any amounts not so used would be returned to the firm.

If there is any fear that temporary diversion of part of the investment credit in this manner might weaken its effectiveness in serving the basic purpose of stimulating new investment, this problem could be met by raising the credit figure from the present 7 percent to, say 10 percent. The suggested figures are illustrative only. The purpose of this proposal is not to reduce the stimulus to investment, but to incorporate with it an additional stimulus to meet the human problems of employees which may result from that investment. There is no reason why the program cannot be so devised that an average firm which does meet such problems would end up in the same financial position as it would be under the present investment credit provision—and the company which by constructive and imaginative measures succeeds in finding means of meeting the human problem with less than average costs would end up in an improved situation.

#### *Benefits to displaced workers*

The funds set aside with respect to any given firm could be used to provide the following forms of assistance to laid-off employees of that firm (the details as to amounts, periods of time, etc., are purely illustrative):

1. They would supplement unemployment compensation or retraining allowances up to 80 percent of the displaced worker's wages, for a length of time equal to his period of employment with the firm (time-for-time) up to a maximum of, say, 5 years.

2. If the worker accepted a new job at lower wages, his earnings would be supplemented up to 100 percent of his former earnings on the same time-for-time, 5-year maximum basis.

3. If the worker accepted a job with inferior protection in the areas of health services and life insurance—or with none—such protection would be supplemented up to the level of that on his former job on the same time-for-time basis.

4. Starting on a new job, the worker's vacation pay entitlement would probably be less than on his former job. The funds would supplement his vacation pay on the same time-for-time basis up to the level to which he would have been entitled if he had kept his former job.

5. If he had not been employed on the former job long enough to vest his pension credits, or if there were no vesting provision, the fund would purchase an annuity equivalent to the value of the service credits he has lost.