STATEMENT OF HON. W. WILLARD WIRTZ, SECRETARY OF LABOR

Thank you Mr. Chairman and Members of the Committee, for the opportunity to express my views on our foreign trade policies.

I will confine my remarks largely to the employment aspects of our trade policy and the proposed revision of the criteria for eligibility of firms and workers to apply for assistance in adjusting to increased import competition.

The Trade Expansion Act of 1968 (H.R. 17551) is a continuation of policies which over the years have contributed to the creation of job opportunities in a growing economy.

The lowering of world-wide trade barriers will provide improved access to foreign markets and stimulate job opportunities in our major export industries. It has long been recognized that increased imports are a necessary concomitant of expanded exports. Furthermore, in today's economy, imports have a clear relationship to the issues of economic stabilization which we face.

In general—although obviously not in particular situations viewed separately—the lowering of trade barriers increases, rather than reduces, net employment.

In recent years expanded trade and high employment have gone hand in hand. Our current employment problems result in large measure from the inadequate development of our own human resources. There are too often jobs available but no qualified workers available to fill them.

In a competitive society such as ours we do not, in my judgment, need the kind of broad import controls incorporated in the quota proposals before this Committee. Existing trade policy, with the modifications proposed in H.R. 17551, provides the means to safeguard industry and workers against adverse import competition.

We have better direct measures of the effects of exports than of imports. In the case of manufacturing almost seven percent of total employment is directly related to exports. In some industries exports account for better than one out of every ten jobs. For example, in 1965, almost 45,000 jobs—one out of every four—in the construction and mining machinery industry could be attributed to exports. In aircraft there were 60,000 jobs resulting from export activities. In the machinery industry as a whole almost 350,000 jobs—or slightly better than 10 percent of the total—were traceable to exports. For paper industries the figure was 10 percent. In the chemicals and synthetic materials the ratios are 16 percent and 14 percent. Agricultural exports account for one out of every nine jobs in agriculture.

Wages in our major export industries such as chemicals and machinery are 10 to 25 percent higher than the average for all maufacturing.

Unfortunately, we are not able to cite in the same manner the employment consequences of imports. We recognize that some imports may cause dislocation. That is why we urge liberalizing the adjustment assistance criteria so as to deal effectively with employment dislocations resulting from import competition. But taking import and export factors together, it appears certain that a tightening up of foreign trade policy would result in fewer, not more, jobs.

Adjustment assistance provisions were included in the Trade Expansion Act of 1962 to help firms and workers faced with problems caused by the competitive challenge of increased imports. That Act represented the first United States effort to help individual firms and workers in adjusting to increased import competition.

Assistance available to workers includes: monetary payments to tide them over; training to help prepare for alternative employment; job counseling and referral; and, if desired, relocation to places where jobs are available.

To be eligible to apply for adjustment assistance under the 1962 Act, a company or its employees must demonstrate that tariff concessions have been the major cause of increased competitive imports and that these increased imports have been the major cause of the injury.

These provisions have not had the effect intended by the legislation and anticipated by American workers and firms. In practice the tests have proven to be too rigorous and too complicated. Under the Trade Act of 1962 not one petition has been approved to date. The bill now before you proposes that the criteria for eligibility to apply for adjustment assistance be made more realistic and equitable.

To accomplish this we propose elimination of the requirement that *tariff concessions* be shown to have been *the major cause* of increased imports. Relief should be available whenever *increased imports* have been *a substantial cause* of injury. Since the Trade Agreements Act was first passed in 1934, we have pur-