

sued a policy aimed at enlarging world trade and U.S. exports by reducing tariffs and other trade restrictions on the basis of reciprocity. Through this policy we have effectively reduced one or more times the duties on almost everything we import. The relationship between increased imports and the multiplicity of duty reductions and other factors affecting trade patterns make it virtually impossible to demonstrate clearly that tariff concessions have been the most important element in the import increase.

The proposal that eligibility to apply for adjustment assistance be based on a finding that increased imports have been "a substantial cause" of the injury would mean that it would not be necessary that the effect of the increased imports be greater than that of all other causes, or greater than any other single cause—but rather that they be an actual and considerable cause.

I want to emphasize that only the eligibility requirements for groups of workers would be changed. The conditions that individual workers must meet to receive assistance would remain unchanged.

For example, to qualify for adjustment assistance a worker would still be required to have been gainfully employed for at least half the preceding three years and have worked for an adversely affected firm for half the previous year.

Finally, we are recommending that determinations of eligibility for firms and workers to apply for adjustment assistance be made by the President on the basis of a factual investigation by the Tariff Commission. The President has indicated his intention to pattern the administration of this program on the Automotive Products Trade Act of 1965. Determinations of eligibility will be made jointly by the Secretary of Labor, Commerce, and Treasury.

The adjustment assistance program does not have a direct effect on the agreements with trading partners or on our exports. It avoids, therefore, the issue of compensatory duty chances or retaliatory action.

It is our belief that these changes in the criteria and procedures will insure that the intent and promise of the program can be realized. That these changes will work can be seen in the results of the Automotive Products Trade Act of 1965. There the criteria and procedures were designed to reflect the particular nature of the U.S.-Canadian Automobile Agreement and the industry involved. Under the terms of that act certifications have been issued in 14 of 21 cases—covering approximately 2,500 workers. The cost over 3 years has been about \$3.5 million.

It is difficult to estimate the caseload that would develop under the proposed revised standards in H.R. 17551. The pattern of increase in imports and their impact on firms and workers are influenced by factors other than tariff changes. Such variables as the general level of economic activity and the flexibility of U.S. producers are important. We estimate that about 10,000 workers per year would become eligible to apply for adjustment assistance. The gross annual costs for adjustment assistance to workers will be around \$10 million. The net costs will, of course, be less since workers who draw trade readjustment allowances would not usually collect Unemployment Insurance. These estimates reflect our experience under the Automotive Products Trade Act and the record of applications for certification filed by groups of workers under the Trade Expansion Act of 1962.

H.R. 17551 proposes the elimination of the American Selling Price system of import valuation. This system now applies to rubber-soled footwear, certain benzenoid chemical products, canned clams, and one extremely low-priced type of woolen glove. The elimination of the ASP system would result in important reciprocal concessions from our trading partners.

These would include further reductions of chemical tariffs abroad and important concessions in some foreign non-tariff barriers to our exports. Our judgment is that implementation of this proposal would, in the long run, result in a net increase in U.S. employment.

Such dislocation as results in particular industries will be handled under the revised adjustment assistance program for firms and workers.

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I urge the extension for three years of the adjustment assistance provisions of the Automotive Products Trade Act of 1965. These provide assistance for the kinds of dislocation resulting from the U.S.-Canadian Automotive Products Agreement.

Special assistance provisions of the Automotive Products Trade Act were considered necessary because of these factors: