

The adjustment assistance provisions of the Trade Expansion Act, and especially the modifications and improvements contained in the Administration's draft bill on trade now before the Congress provides the avenue to attack the real problems of the smaller, less efficient units of production.

It has been suggested that import quotas are the solution to the problems of employment, especially those of unskilled minority groups. There has, in the first place, been increasing rather than decreasing employment in both industries. This has been particularly true in the South and particularly true among Negroes. These assertions are well documented in the report of the Bureau of Labor Statistics cited above.

The problem of employment in the future is also discussed in this article. Future problems stem from the rapid development of labor-saving devices and more efficient production, especially in the textile sector. This progress in the industry, however, also means greater productivity per worker which can, in turn, support a higher wage level. Given a rapidly expanding economy over the long run it would be economic suicide and no service to workers to impede this progress and with it the possibility of a higher wage level. This may mean a gradually decreasing level of employment in this particular industry. It augurs well, however, for increasing worker prosperity in the economy as a whole.

The solution to the problem of unskilled minority workers certainly does not lie in artificially creating jobs for the unskilled for wages at an extremely low level. The future would be mortgaged by a policy which called for impediments to technological development at the expense of creating immediate jobs for the unskilled. Certainly the solution lies in more positive programs such as an adequate program of worker training.

Constructive solutions to these problems are certainly not beyond our imagination, intelligence and will.

Certainly quotas are not the answer to problems of employment. Import restriction in the textile field would beget retaliation on United States exports in other fields. Any protection which might be afforded workers in the textile and apparel industries would be at the expense of employment in other industries.

It is also claimed that somehow import restrictions will solve the problem of the cotton farmer and the sheep grower. Clearly, their problems lie in the competition of manmade fibers. The available supply of cotton has been drastically reduced while the price of cotton has increased to levels not competitive with manmade fibers. With or without import quotas a steady attrition in the consumption of cotton by textile mills is clearly indicated unless an effective program can be mounted encompassing research, fiber improvement, more competitive prices to the mills and finished product promotion.

The domestic industries have claimed that our balance of payments problem would be solved by import quotas. The weakening of the foreign trade balance in textiles and fibers has in large part been due to a vastly restricted availability of raw cotton for export. Here again a solution to the problems of cotton would probably do much to ease the balance of trade in this particular sector.

Certainly, however, a favorable trade balance in each sector of production is not a realistic goal for the national economy. An import balance in textiles, fibers and apparel is certainly tolerable if there is an overall export balance.

The real answer to the balance of payments argument, however, is that import quotas on textiles would be self-defeating and would beget at least equivalent protection by other countries, with a real danger that the imposition of such quotas could trigger a trade war.

Fundamentally, our balance of payments has suffered because our economy is inflationary and because of overseas military expenditures. Imports are attracted, and exports discouraged under these conditions. General measures to remedy our internal situation are clearly the constructive and meaningful responses to our current balance of payments difficulties.

The domestic industries have threatened to run away to foreign countries unless their demands for import restrictions are satisfied. We heard the same story in connection with the flight from New England in the 1950's. This industry will invest overseas if it is profitable to invest overseas and in those areas and those products where such investment is economically meaningful. Import quotas, unless drastically restrictive would not stop whatever investment which would take place without quota protection. In fact, since profit, not volume, is the motive of these enterprises, a quota system might even stimulate foreign investment in some product lines, since reduced overseas costs combined with a controlled market in the United States and quota allocation could mean higher profits in some cases.