

ADJUSTMENT ASSISTANCE PROCEDURE

This Committee is fully informed as to the extent of the "assistance" which has been rendered to workers, firms and industries under this procedure during the nearly 6 years it has been in effect. The current score is 19 applications and 19 denials of assistance. The failure of such procedure to provide effective assistance in nearly 6 years is proof of its inadequacy. The following discussion of the reasons for its inadequacy may be of assistance to the Committee in evaluating the changes recommended in the President's message of May 28, 1968, wherein the President acknowledged that the assistance program had not been effective:

The Trade Expansion Act of 1962 makes no provision for those who are and will be injured indirectly by the trade agreement program. Neither does the proposed "Trade Expansion Act of 1968." These include the merchants and service establishments in small towns, who are dependent upon the plants and their workers located in such small towns for the success of their businesses; the thousands of individuals and firms who supply such plants with raw materials; the trucking companies and their employees who transport raw materials to the plants and finished products from the plants to market; and the small towns themselves.

While the specific firms likely to be sacrificed, to which the Administration spokesmen referred in 1962, were not identified, it is safe to say that most of them are located in small towns throughout the country. The industries most likely to be injured and sacrificed under the trade agreement program are generally the small producers located in small towns who are already in trouble as a result of increased imports directly traceable to concessions in duties heretofore granted. Small companies with high labor costs are unable to compete on a price basis with foreign producers paying low wages. Normally they do not have the capital to invest in highly efficient machinery and must rely on labor. The only domestic industries which can hope to survive without tariff protection are the large, highly mechanized and efficiently operated producers. Most of these are located in big industrial centers and produce items which can compete abroad with foreign-made merchandise.

This point can best be illustrated by specific examples:

1. *In the slide fastener industry*

Two of the plants producing slide fasteners are located in the so-called Appalachia region of Georgia. These are branch plants operated by Scovill Manufacturing Co., and Talon, Inc. and are designed to supplement the production of the principal plants of these concerns. They would be the first to cease to operate in the event it became necessary for these companies to curtail production because of a loss of part or all of the domestic market to imports. The economic effect of the closing of these plants is dramatically demonstrated by the following analysis made in 1964 and presented to the U.S. Tariff Commission:

"According to an article which appeared in The Atlanta Journal and The Atlanta Constitution on March 1, 1964, the largest monthly payroll in Georgia's Appalachia region is "public assistance".

"The article goes on to say:

"While poverty in Appalachia, Georgia, may not be as extensive as, say, in the coal fields of Kentucky, the region still is a dark spot on the face of shimmering prosperity.

"In Appalachia, Georgia (a region rich in natural resources and scenic grandeur):

"Taxpayers spent \$1,471,678 during January for welfare assistance. A total of 32,493 persons (out of a population of 675,000) drew an average of about \$45 each from their department of Family and Children Services in January.

"Fourteen Appalachia counties are listed by the U.S. labor Department as areas of substantial unemployment—at least 6 percent of the work force is out of work. Eleven of these are listed as areas of 'substantial and persistent unemployment'."

"The article concludes:

"Appalachia's problems may be among Georgia's most striking. But poverty is not limited to the mountains by any means.

"Almost incredible conditions of poorness exist within the shadow of the state Capitol. Urban areas such as Atlanta, are overburdened with rural families displaced by farm machines who have come to town only to find that the city has no place for them either."