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INTERNATIONAL ASPECTS OF UNITED STATES TRADE POLICY

The first Congress passed tariff legislation¹ primarily for revenue purposes, although it contained some protectionist features.² The first essentially protective tariff in American history was introduced in 1816³ by John C. Calhoun and William Towndes of South Carolina in the belief that the South would prosper as a result of the stimulus of the War of 1812. Strongly opposed by commercial New England led by Daniel Webster, it imposed duties from seven and one-half to 30 per cent *ad valorem* and provided special protection for cotton, iron, woollens, and other manufactured goods whose production was stimulated by the war.⁴ However, since the United States was primarily an agrarian society, the function of the tariff continued to be largely that of producing revenue.⁵ After the Civil War, the tariff became the major protective device for the many new industries in an America rapidly being industrialized.⁶ Tariff activity continued along these lines, interrupted occasionally by a dissenting voice,⁷ but reaching culmination in the Hawley-Smoot Tariff,⁸ the highest in the history of the United States.⁹ The ascending tariffs of the Twenties were given impetus by what had happened during World War I when the United States was cut off from essential chemicals and pharmaceuticals from Germany.¹⁰ Combined with large Republican victories, and a continuing prosperity, the choice of a high tariff was affirmed over vigorous remonstrances from many of the nation's economists.¹¹

The great depression and heavy Democratic victories resulted in a complete change in our national tariff policy.¹² In order to combat the Depression, Cordell Hull began the Trade Agreements Program in 1934. This took the form of the Trade Agreements Act of 1934, which was an amendment (section 350) to the Tariff Act of 1930 (Hawley-Smoot).¹³ Hull's thesis was this: tariffs imposed to protect domestic industries and jobs had stifled exports that could increase production and employment. Nearly all other nations had raised tariffs for the same "anti-depression" reasons. Hull's program aimed at mutual tariff reduction through reciprocal agreements. The consequential renewal and expansion of trade was expected to spur a general economic revival by increasing markets. This act provided for continuance of the unconditional most-favored-nation policy started in 1923, *i.e.*, every tariff reduction is extended automatically to all countries that do

1 Act of July 4, 1789, 1 Stat. 24 (1789).

2 DEAN, *STUDIES IN HISTORY, ECONOMICS, AND PUBLIC LAW* No. 2, at 24 (1891). MORRIS, *ENCYCLOPEDIA OF AMERICAN HISTORY* 491 (1953).

3 1 MORISON AND COMMAGER, *GROWTH OF THE AMERICAN REPUBLIC* 33 (1st ed. 1942).

4 See TAUSSIG, *THE TARIFF HISTORY OF THE UNITED STATES* 17-20 (5th ed. 1910).

5 COMMITTEE FOR ECONOMIC DEVELOPMENT, *A STATEMENT ON NATIONAL POLICY BY THE RESEARCH POLICY COMMITTEE*, at 1 (1954).

6 See 2 MORISON AND COMMAGER, *GROWTH OF THE AMERICAN REPUBLIC* 67-68 (1st ed. 1942): "The Civil War tariffs, raising duties to unprecedented heights, were originally regarded as emergency revenue measures; protected industries soon came to regard them as permanent."

7 On the eve of his assassination, President McKinley stated a policy that is widely embraced today: "The period of exclusiveness is past. The expansion of our trade and commerce is the pressing problem. Reciprocity treaties are in harmony with the spirit of our times; measures of retaliation are not." *Ibid.*

8 See 2 MORISON AND COMMAGER, *Supra* note 6, at 411-12, 428-31, 532, for a discussion of tariff legislation between 1890 and 1922.

9 Tariff Act of 1930, 46 Stat. 3046 (1930); PIQUET, *TRADE AGREEMENTS ACT AND THE NATIONAL INTEREST* 12 (1958).

10 COMMITTEE FOR ECONOMIC DEVELOPMENT, *supra* note 5, at 1.

11 2 MORISON AND COMMAGER, *supra* note 6, at 533: ". . . [A] vigorous protest from 1028 economists had no effect on President Hoover, who signed the bill [Hawley-Smoot] on 17 June 1930."

12 PIQUET, *supra* note 9, at 13.

13 48 Stat. 1694 (1934).

not discriminate against United States exports.¹⁴

Congress has had ample opportunity to review executive action under the act by renewing it for short periods of time only. In 1945 Congress authorized the President to reduce tariffs to 50 per cent of the rates in effect on the first of January of that year. The original act gave the same authority, but made 1934 the base year.¹⁵ In 1942, producers who thought their individual welfare would be overlooked if changes required the reopening of an entire trade agreement caused the administration to include an "escape clause" in a trade agreement with Mexico.¹⁶ This enabled either party to an agreement to suspend or modify any concessions made when increased imports unexpectedly threatened to cause serious injury to a domestic industry.¹⁷ In 1947, the President issued an executive order declaring that all new trade agreements would contain an escape clause.¹⁸ In 1948, the first Republican Congress in fifteen years renewed the program, but added the controversial "peril points" amendment. This required the Tariff Commission to review the effective rates on all commodities concerning which the President intended to negotiate. The Commission determined the level below which tariffs could not be reduced without causing injury to United States industry or business. The President did not have to abide by the Commission's findings, but if he did not, he was required to explain his action to Congress.¹⁹ In 1949, Congress repealed the "peril points" provision, but renewed it again in 1951, and required for the first time that an escape clause be written into every agreement. The act was renewed again in 1953 for one year. It provided for shortening escape clause investigations from 12 to 9 months, and created a special commission to investigate foreign economic policy.²⁰ The Randall Commission²¹ made its report to the President and to the Congress on January 23, 1954.²² The act was renewed for one year in 1954. In 1955 the President asked Congress to enact most of the recommendations of the Randall Commission.²³ Congress renewed the act for a period of three years, giving the President the authority to reduce tariffs five per cent a year over the three year period. Failure to reduce the rate in any one year did not permit a ten per cent reduction the following year; that potential five per cent lapsed. The President was also empowered to reduce all rates to 50 per cent *ad valorem* over the three year period. The Office of Defense Mobilization was given a function for the first time. When the President accepted and confirmed findings by that organization that imports threatened the national security, he was authorized to take necessary steps to alleviate this situation.²⁴

In 1958 President Eisenhower asked Congress for a five year extension, two years longer than the longest renewal given since the act's enactment.²⁵ Protectionist opposition had increased; the program was being seriously threatened.²⁶ After

14 PIQUET, *supra* note 9, at 11 n.2. The conditional-most-favored-nation policy was followed until 1923 and it was a source of continuing international friction. This provided for extending a reduction given for a concession to all nations willing to make the same concession.

15 COMMISSION ON FOREIGN ECONOMIC POLICY, STAFF PAPERS 265 (1954).

16 *Id.* at 266; PIQUET, *supra* note 9, at 16.

17 COMMISSION ON FOREIGN ECONOMIC POLICY, STAFF PAPERS 266-67 (1954).

18 PIQUET, *supra* note 9, at 16.

19 COMMISSION ON FOREIGN ECONOMIC POLICY, STAFF PAPERS 267 (1954); PIQUET, *supra* note 9, at 16.

20 COMMISSION ON FOREIGN ECONOMIC POLICY, STAFF PAPERS 268 (1954).

21 This commission included members of both houses of Congress, and was headed by Clarence B. Randall, Chairman of the Board of Inland Steel. PIQUET, *supra* note 9, at 17 n.5.

22 See COMMISSION ON FOREIGN ECONOMIC POLICY, STAFF PAPERS (1954).

23 PIQUET, *supra* note 9, at 18.

24 *Id.* at 20.

25 104 CONG. REC. 1362-63 (1958); H.R. DOCUMENT No. 320, 85th Cong., 2d Sess. (1958).

26 N.Y. Times, June 8, 1958, § 8, p. 8 col. 1.

voluminous testimony was taken by committees of both houses,²⁷ different bills were introduced in each house. The House bill was passed first.²⁸ It differed principally from the Senate bill²⁹ in that it called for a five year renewal, power to reduce rates 25 per cent below present levels, and permitted a two-thirds vote of both houses of Congress to override a Presidential veto of escape-clause findings of the Tariff Commission; the Senate bill called for a three year renewal, authority to reduce rates 15 per cent below present levels, and required the President to consider unemployment in making tariff decisions. The Kerr amendment (to the Senate bill),³⁰ which would have required a two-thirds vote of both houses in favor of Presidential decisions contrary to the recommendations of the Tariff Commission, was defeated in the Senate.³¹ The joint conference committee divided their differences. The bill which was finally passed renewed the act for a period of four years, and granted authority to reduce rates 20 per cent below present levels, with a maximum of ten per cent reduction on a given commodity within any 12 month period, the unused portion of any year to accumulate with a possibility of being negotiated during the length of the act and designated to have effect in any of the four years following 1962. It required the President to consider any "substantial unemployment" in invoking the national security clause, and reserved to Congress the authority to override a President's veto of a Tariff Commission recommendation.³²

It is apparent that tariff considerations have undergone changes reflecting the changes the United States has experienced through the years. Our early tariffs were largely remunerative in objective. Later tariffs sheltered a blossoming industrialization. The first tariff in the present program recognized the effect of international trade on our economic conditions. Present day tariff decisions encompass many criteria other than the traditional question of economic effect on the United States.

The number one question in any tariff decision today seems to be its effect on foreign affairs. The events of modern history have elevated the tariff above rival sectional interests of our own country. President Eisenhower, promoting the cause of the 1958 act, declared:

In the world of today the tariff policy of the United States can have profound effects not only on our foreign relations generally, but upon the security of the entire free world.

Some nations of the free world must export or die. . . . For the United States to close its doors . . . could force them into economic dependence on the communists. . . .³³

When protectionist opposition to the 1958 renewal of the Trade Agreements Program looked formidable, many of the nation's leaders spoke out eloquently to inform the people of the international effects of our tariff policy. In a speech on the Senate floor, Senator Paul Douglas noted that the failure to renew the program could have three perilous effects: (1.) causing a Western trade war, (2.) causing parts of the free world to establish ties with Russia, and (3.) endangering our relations with West European countries at a time when intermediate missile bases in those countries are vital.³⁴

John Foster Dulles pointed out to the Senate Finance Committee that the nature of Soviet policy necessitates an international outlook to our economic program:

²⁷ *Hearings on H.R. 12597 Before the Senate Committee on Finance, 85th Cong., 2d Sess. (1958); Hearings on H.R. 10368 Before the House Committee on Ways and Means, 85th Cong., 2d Sess. (1958).*

²⁸ H.R. 12591, 104 CONG. REC. 10882 (1958).

²⁹ H.R. 12591, 104 CONG. REC. 14625 (1958).

³⁰ 104 CONG. REC. 14123 (1958).

³¹ 104 CONG. REC. 14625 (1958).

³² 72 Stat. 673 (1958).

³³ Letter from President Eisenhower to Representative Wilbur D. Mills, May 29, 1958, in 104 CONG. REC. 10716 (1958).

³⁴ 104 CONG. REC. 1502-06 (1958).

The strategy of communist imperialism involves subversion of country after country until the United States is isolated and subject to strangulation. You have heard . . . his [Khrushchev's] boast that the Soviets will win this economic war. . . .³⁵

Douglas Dillon,³⁶ Sinclair Weeks,³⁷ the National Foreign Trade Council,³⁸ and many other organizations expressed their concern over the increasing tendency of protectionists to ignore the international aspects of our trade program.³⁹

The emerging free nations of Africa were often mentioned during the 1958 hearings. Today, they have precipitated a world crisis. As we watch Soviet attempts to undermine the United Nations' efforts in order to satisfy their own avarice in the Congo, the words of John Foster Dulles in 1958 become especially pertinent:

700,000,000 people are engaged in . . . rapid transformation from the long established system of colonialism. . . . Mass aspirations follow these new grants of independence. . . . [I]f they are frustrated, [by the free world] they can be expected to direct their search elsewhere.⁴⁰

Douglas Dillon voiced the same sentiment when he said:

If governments of the free countries cannot satisfy the basic economic needs of their people through growing trade with the free world, they will be compelled to turn more and more to trade with the Soviet bloc.⁴¹

Japan's plight well demonstrates the wisdom of these statements. Japan is a humming industrial nation consisting of four main islands whose total land area is about the size of California. Its less than 15 per cent arable land provides food for only a small percentage of its more than 90,000,000 people. It is a vital link to the cause of freedom in a turbulent Far East. In 1958, Walter Robertson, then Assistant Secretary for Far Eastern Affairs, told the Senate Foreign Relations Committee:

Here is a country of greatest consequence to the United States. Commercially, it is our second largest market, purchasing in 1957 some \$625,000,000 more goods from the United States than we bought from Japan.

Our relations with Japan today are good and of great mutual benefit, but let us be under no illusion: *Japan must trade to live.*⁴²

Japan must trade to live. She is a symbol to an Asia that realizes that industrialization is a *sine qua non* of providing huge populations with a decent standard

35 104 CONG. REC. 12825 (1958).

36 *Hearings on H.R. 10368 Before the Committee on Ways and Means*, 85th Cong., 2d Sess. (1958). Mr. Dillon said, at 2645:

What they [the Russians] are aiming for is to create economic dependence upon the Soviet Bloc, to spread Communist ideology, to weaken and disrupt economic relations among free world countries, and to pave the way for ultimate communist political domination.

37 *Hearings on H.R. 10368 Before the House Committee on Ways and Means*, 85th Cong., 2d Sess. (1958). Secretary Weeks said at 2713:

It [Extension of Trade Agreements Act] will increase the solidarity and economic well-being of the free world. It will be a powerful, effective instrument in counteracting the Soviet Union's new global economic drive.

38 *Id.* at 466. The Council said:

The Council believes the failure of the U.S. to support the Trade Agreements Program . . . would be a serious blow to world confidence and to trade relationships between the nations upon which rests to a great extent the ability of the free people to advance their well being and, at the same time, remain free.

39 N.Y. Times, March 3, 1958, § 3, p. 1, col. 4, records:

Among major groups [supporting renewal] are the League of Women Voters, the National Foreign Trade Council, the United States Council of the International Chamber of Commerce, the Committee for a National Trade Policy, the National Council of American Importers, the Committee on Foreign Trade Education and various export and trade groups.

40 104 CONG. REC. 12925 (1958).

41 *Hearings on H.R. 10368 Before the House Committee on Ways and Means*, 85th Cong., 2d Sess. 2646 (1958).

42 *Hearings on S. 1275, Before the Senate Committee on Foreign Relations*, 85th Cong., 2d Sess., pt. 2, at 41 (1958). (Emphasis added.)

of living. Japan is accomplishing this through freedom. If this method should falter, the Communists would be only too glad to provide assistance.⁴³

Under any circumstances, but especially in the light of the current emphasis on "limited warfare," Japan represents the core of any collective effort to defend the Far East against aggression.⁴⁴ It is apparent that any decision to curtail Japanese imports involves the security of the nation, if not the security of the free world. Under these circumstances it will often be necessary for individuals adversely affected to be relieved in some other manner. It is vital to our survival that we recognize the issue as it exists.⁴⁵

Another aspect of our foreign policy is economic aid. After World War II, much of Europe was devastated. Their productive capacity destroyed,⁴⁶ these nations appeared to be in danger of falling under the ominous Communist cloud arising in the wake of the war. The Marshall Plan was devised to provide for the rehabilitation of those nations. It is estimated that by 1954 the American people had invested some 40 billion dollars in this mutual security program.⁴⁷ European recovery is an accomplished fact⁴⁸ that has surprised even the optimistic. Foreign aid served its purpose by turning back the threat of communism in promoting such recovery. Now that these countries have accomplished the objectives of that program, they are in a position to augment the economic effort of the free world; this will necessarily come through trade, since they are required to trade to obtain many of their goods and to realize economic expansion. The President of International Business Machines recognized the problems involved when he said:

Foreign Aid must one day cease, even in underdeveloped areas. It must be supplanted by a trade program of major proportions on a two-way basis. The Soviet is most active in making trade agreements . . . and we must compete and win in this area.

These nations are capital shortage nations. They can raise capital by trading abroad. . . . We should aid them by lowering tariffs, investing abroad, and sharing our great stockpile of know-how with them.⁴⁹

This necessity of trade for self-advancement has manifested itself in the creation of some unique organizations in Europe that are of great importance to the United States. In 1957, the Treaty of Rome created the European Economic Community, known as the "Common Market." The countries involved are France, Germany, Italy, and the three Benelux countries — Belgium, Luxemburg and the Netherlands.⁵⁰ They have committed themselves to the abolition of tariffs through a program of progressive reduction that will culminate in free trade around 1970. The common market has a three-branch government, and looks toward political

43 "Having Japan's huge industrial-mercantile complex humming for the Sino-Soviet account is something the Communists dearly seek." *Id.* at 41.

44 COMMISSION ON FOREIGN ECONOMIC POLICY, STAFF PAPERS 251 (1954). PIQUET, THE TRADE AGREEMENTS ACT AND THE NATIONAL INTEREST 8 (1958).

45 President Eisenhower declared in his 1960 State of the Union Address:

A rich nation can for a time . . . pursue a course of self-indulgence, making its single goal the material ease and comfort of its own citizens . . . But the enmities it will incur, and the internal . . . softness that will be engendered will . . . bring disaster. 106 CONG. REC. 135 (daily ed. Jan. 6, 1960).

46 *Our New Position in World Trade*, Address by Carroll M. Shanks, President, The Prudential Insurance Co. of America, before the Rotary Club of Washington, D.C., Oct. 14, 1959, in 26 VITAL SPEECHES 74 (1959-60). Mr. Shanks said at 75:

European Industrial Capacity was crippled by the war. . . . American exporters experienced little serious competition. . . . New and modern facilities have given these countries an unprecedented capacity to produce, to export and to compete.

47 COLEMAN, AMERICA'S VITAL STAKE IN WORLD TRADE 4 (1954).

48 Shanks, *supra* note 46, at 75.

49 *Achieving a Peaceful and Prosperous World*, Address by Thomas J. Watson before the 84th Congress of American Industry, Dec. 2, 1959, in 26 VITAL SPEECHES 170 (1959-60).

50 See Nemes and Aversa, *Legal Aspects of the European Economy Since World War II*, 36 NOTRE DAME LAWYER 111 (1961).

as well as economic unity.⁵¹ Prominent Europeans enthusiastically predict a large market second only to the United States.⁵² The European Free Trade Association, or "Outer Seven," consisting of England, Denmark, Norway, Sweden, Switzerland, Austria, and Portugal, and formed in 1952, represents a vast potential free-market area, although they profess no thought of political ties.⁵³

That this will strengthen the free world is heartening to the United States. But our interests run deeper. Our own high standard of living is not totally independent of world trade. In 1958, United States exports of 16.3 billion constituted about 17.3 percent of the world total excluding the Communist bloc.⁵⁴ We export a high percentage of our automobiles, tractors, chemicals, industrial, electric and development machinery. About 17 per cent of our exports are to the common market area, and about 28 per cent to the common market and outer-seven countries combined.⁵⁵ In the 1958 hearings before the Senate Finance Committee, George Dietz of the American Farm Bureau Federation told the Committee: "It is not unreasonable to contend that the high and increasing standard of living enjoyed in this country may in part be attributed to the trade agreements program."⁵⁶

Secretary Benson told the same committee: "Without such an outlet for marketing [exports] American farmers literally would smother in their own production."⁵⁷ Secretary Weeks told the House Ways and Means Committee: "I am here to urge legislation to . . . protect the jobs of more than 4,500,000 American workers whose livelihood is provided by world trade."⁵⁸

That trade with these European blocs is of concern to us is manifest.⁵⁹ The question then is, how will these new organizations affect the United States, and what is the most effective way to deal with them? Common Market uniform tariffs against outside imports will have short-term adverse effects on the United States since we will tend to encounter increasing difficulty exporting to either bloc. West German machinery and industrial equipment are assured progressively lower tariffs to Common Market countries.⁶⁰ In 1962, when the group will establish common external tariffs toward outside countries, American exporters may find it extremely difficult to compete. The question of long-term effects depends on our answer to the question concerning the most effective way to meet this challenge. It is important, therefore, that favorable trade agreements be worked out with these blocs that will allow for an expanding world trade.

Executing these agreements requires continued authority in the President under the trade agreements program. It has been pointed out that during that part of our history when these agreements required the advice and consent of the Senate, only three reciprocal trade treaties were negotiated and ratified.⁶¹ From 1934 until 1947, however, the United States concluded 29 trade agreements with separate

51 *Europe is on the Move*, Address by Dr. Walter Hallstein, President of the Commission, European Economic Community, delivered to the Royal Institute of International Relations, Brussels, Belgium, November 10, 1959, in 26 VITAL SPEECHES 74 (1959-60). See also CABOT, ECONOMIC FOUNDATION FOR A UNITED STATES OF EUROPE 5-9 (1959).

52 Hallstein, *supra* note 51, at 74.

53 Nemes and Aversa, *supra* note 50, at 126.

54 BERNSTEIN, INTERNATIONAL EFFECTS OF UNITED STATES ECONOMIC POLICY 9-10 (1960).

55 104 CONG. REC. 1502 (1958).

56 *Hearings on H.R. 12591 Before the Senate Committee on Finance*, 85th Cong., 2d Sess., pt. 1 (1958).

57 *Ibid.*

58 *Hearings on H.R. 10368 Before the House Committee on Ways and Means*, 85th Cong., 2d Sess., pt. 2, at 15 (1958).

59 *Achieving a Peaceful and Prosperous World*, Address by Thomas J. Watson Before the 64th Congress of American Industry, Dec. 2, 1959, in 26 VITAL SPEECHES 170 (1959-60).

60 104 CONG. REC. 12925 (1958).

61 PIQUET, THE TRADE AGREEMENTS ACT AND THE NATIONAL INTEREST 12 (1958).

countries.⁶² The lessons of history, indicating the necessity of workable authority in the President, registered in 1958. Early in the hearings of the House Ways and Means Committee, the protectionist forces were dealt a crippling blow when five of the six members of the Tariff Commission testified that the Commission shouldn't have final authority, and the sixth member declared that anything Congress did would be fine.⁶³ President Eisenhower declared:

The Tariff Commission was not appointed to make judgment on such matters [national interest], involving as they do evaluations of the impact of escape clause actions on the whole range of the American Economy.⁶⁴

The importance of having authority to negotiate with the common market for a reasonable period without subjecting pending negotiations to the caprice of the political pressures of congressional renewal every other year was illustrated by Secretary Dulles:

The next five years will be the critical years for the European Economic Community. . . . Negotiation cannot begin until three years from now. . . . Other countries will not be willing to make the complicated preparations for these negotiations unless they are sure the United States Government has the authority to see them through to completion.⁶⁵

The Trade Agreements Program is an asset to the free world and to the nation as a whole. However, even though we export more than we import, and even though exports supply 4,500,000 Americans with jobs,⁶⁶ it is possible that individuals who build up a business over a long period of time may be injured when a tariff is lowered. Although no one should acquire a vested right in economic inefficiency,⁶⁷ it is not right for decisions made for the national security and economy to be made at great sacrifice to a few individuals. In order to stabilize the industry and win votes for renewal of the Trade Agreements Act, the administration announced plans in 1958 to buy 150,000 tons of copper from domestic producers and stockpile the metal at a cost of \$68,730,000.⁶⁸ President Eisenhower probably had in mind the mess resulting from the application of this kind of economics to the farm problem when he expressed misgivings about this action in a speech in 1959.⁶⁹ A much more realistic approach has been suggested:

Ways and means must be found, therefore, to cushion any adjustments required by overriding national policy. In days of growing federal power it may be hazardous to suggest new government expenditures. Yet, a tariff is a government subsidy. It is an interference with the free market; it denies the rights of the consumer whom in our economic system we so often proclaim as king. It may be, therefore, that we must accept an alternative to tariffs, namely government loans and grants while protected industries diversify their products and retrain their labor in new enterprises.⁷⁰

62 *Id.* at 13.

63 *Hearings on H.R. 10368 Before the House Committee on Ways and Means*, 85th Cong., 2d Sess., pt. 1, at 167-250 (1958).

64 Letter from President Eisenhower to Representative Wilbur D. Mills, May 29, 1958, in 104 CONG. REC. 10716 (1958).

65 104 CONG. REC. 12925 (1958).

66 *Hearings on H.R. 10368 Before the House Committee on Ways and Means*, 85th Cong. 2d Sess., pt 1, at 13 (1958); COMMISSION ON FOREIGN ECONOMIC POLICY, STAFF PAPERS 373-78, 382-85 (1954).

67 Labor costs and variances in living standards between trading countries can give the less efficient producer an advantage over a more efficient one, but this is not the kind of situation to which I refer. I refer to the situation where the theory of comparative advantage demonstrates a greater efficiency ratio in favor of an exporting country so that, unless "defense essentially" required otherwise, we could more profitably employ our productive resources in another area. This also assumes that the commodity to be imported is not being produced by a developing industry in our country that will eventually enjoy a comparative advantage, and that the costs of transferring our productive resources will not outweigh the advantage to be gained from importing from a more efficient country. See PIQUET, *supra* note 61, at 29.

68 N.Y. Times, June 11, 1958, p. 1, col. 1.

69 N.Y. Times, May 23, 1959, p. 1, col. 4.

70 COLEMAN, AMERICA'S VITAL STAKE IN WORLD TRADE 14 (1954).

The Committee for Economic Development (CED) has expressed similar views.⁷¹ Last August Senator Javits of New York introduced a bill that would have created two loan funds totaling \$150,000,000 to help seriously affected companies, supplement benefit payments for unemployed workers, finance retraining programs, and compensate workers for the expense of moving to a new job location.⁷² This would have given individual companies aid even though whole industries were not affected, and would have given benefits to workers laid off because of imports, even though the company did not qualify.

This type of program is called adjustment assistance,⁷³ and was discussed by the Randall Commission as one alternative of adjusting import injuries.⁷⁴ Other adjustment ideas were suggested, involving company adjustment through product diversification to avoid competitive lines,⁷⁵ community adjustment by broadening of a community's economic base to create more jobs,⁷⁶ government assistance to community adjustment,⁷⁷ and assistance in economic development from private industry.⁷⁸

More significant than the Javits proposal, which contains an overwhelming amount of prophylactic, but very little therapeutic, medicine, was a bill sponsored by several Congressmen and Senators in 1956.⁷⁹ It is significant because one of its sponsors is now the cornerstone of the Trade Agreements Program as President of the United States. The Republican platform⁸⁰ and candidate,⁸¹ as well as the Democratic platform⁸² and candidate,⁸³ of last year's election were on record as favoring liberalization of trade. Add to President Kennedy's voting⁸⁴ record and his introduction of the adjustment assistance bill his recent request for greater negotiating authority under the Trade Agreement Act, and the conclusion appears to be a broadening of the Program in the next few years.

Richard C. Wilbur

71 COMMITTEE FOR ECONOMIC DEVELOPMENT, A STATEMENT ON NATIONAL POLICY BY THE RESEARCH POLICY COMMITTEE, at 25, 26 (1954).

72 S. 3892, 86th Cong., 2d Sess. (1960).

73 PIQUET, *supra* note 61, at 56.

74 COMMISSION ON FOREIGN ECONOMIC POLICY, STAFF PAPERS 386-87 (1954).

75 *Id.* at 385.

76 *Id.* at 388.

77 *Id.* at 389-90.

78 *Id.* at 390-91.

79 PIQUET, *supra* note 61, at 58.

80 N.Y. Times, July 25, 1960, p. 14, col. 2.

81 N.Y. Times, April 24, 1960, p. 58, col. 7.

82 N.Y. Times, July 2, 1960, p. 20, col. 2.

83 N.Y. Times, July 16, 1960, p. 8, col. 3.