INTERNATIONAL TRADE AND THE AMERICAN WORKER**

1. Background


The author provides an overview of American international trade and its relation to wages, employment and unemployment. A discussion of the worker adjustment assistance program follows. The final chapter considers the impact on labor of multinational corporations.

2. Impact of Foreign Trade


The authors estimate the number of jobs in various sectors directly and indirectly related to the production and distribution of exported merchandise. While the number of export merchandise jobs rose during the period, it continued to represent a relatively small proportion of total U.S. jobs.


The authors develop a taxonomy of investment situations and assess the evidence on the employment impact of foreign operations in both the investing and the host countries. They are concerned with changes in the mix of jobs in the U.S. economy, with which groups of workers are affected, and with the rapidity with which structural changes occur.

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** Items from this list should be ordered directly from the publisher. Addresses are given in connection with each reference.

This article is based on testimony by J. W. Abel, Paul Jennings, and Floyd E. Smith before the Senate Committee on Finance during hearings on U.S. foreign trade policy. The labor leaders contend that the 1974 trade act has hurt American industry and caused unemployment.


For the period 1969-1974, the author examines changes in employment, separations and layoffs, productivity, order backlogs, and capacity utilization in the U.S. steel industry. He concludes that imports did not cause any significant unemployment among steel workers.


Based on data for 1970-1974, a period of high demand for steel and of some domestic shortages, the authors estimate that 1.7 million jobs were generated in steel consuming industries by steel imports.


The hearings included testimony from a representative from the United Automobile Workers on unemployment of American workers due to foreign car imports. The president of the Motor Vehicle Manufacturers Association analyzed trends in the domestic automobile industry, the impact of imports on production and employment and discussed the benefits of foreign direct investment by domestic manufacturers.

The hearings were held to investigate the causes of the loss of jobs in the American garment industry. Representatives of the Amalgamated Clothing Workers of America and of the International Ladies' Garment Workers' Union testified as to the amount of unemployment in the apparel industry attributable to imports and the need to negotiate lower import ceilings. Professor Robert G. Hawkins found that while the total of U.S. jobs had not suffered from the operations of American foreign affiliates, higher wage, higher skilled jobs have been created at the expense of lower paid, lower skilled jobs. He attributes the job loss in the textile industry to import competition. The second part of the hearings included testimony by representatives from government agencies and labor unions on the need to collect additional information on foreign direct and indirect investment in the U.S. and on American investment abroad.


The report of the Interagency Task Force, headed by Anthony M. Solomon, outlined a plan to aid the domestic steel industry by barring sales of imported steel at below trigger prices. The plan also calls for tax breaks for the industry, loan guarantees, modifications in the enforcement of environmental regulations. Noting the permanent loss of 20,000 jobs, the Task Force recommends additional funds to the Economic Development Administration for assistance to communities and regions affected by cutbacks in steel production.

3. The Trade-Adjustment Assistance Programs


The major portion of this book is a series of case studies of adjustment assistance to regions and communities, to individual workers and to particular industries. The author discusses policy issues and estimates job loss through import competing industries. He suggests changes in the adjustment assistance program as part of a broader program for dealing with economic dislocations.


This brief review of the trade adjustment assistance program stresses the difficulties of administering the program and of interpreting the criteria
for eligibility. The author also raises the philosophical question of the equity of special assistance for trade impacted unemployment and its relation to the basic unemployment insurance program.


The author interviewed both workers who had lost their jobs and executives of firms who had received assistance under the 1962 Act. One fourth of the workers had never found another job and one half were not employed full time. Adjustment assistance consisted almost entirely of trade adjustment allowances to supplement unemployment insurance. Little use had been made of the training, placement and relocation aspects of the program. The effectiveness of the firm assistance which can be either tax, technical or financial aid, to solve the long-run problems of the firm was not proven. A short summary of the report appears in the *Monthly Labor Review* for June, 1975, pp. 25-30.


This report summarizes the testimony of representatives of industry, unions, and government officials on proposed amendments to the trade adjustment assistance programs, and reviews the operations of the three components of the program—worker assistance, firm assistance and community assistance. The study finds that the one-year limitation on retroactive applications should be extended, that eligibility requirements should be modified, and that administrative procedures should be improved.


This report analyzes the record of the first year of assistance to workers under the Trade Act of 1974. The General Accounting Office recommends that the act be amended to include assistance to all workers affected by increased imports, including those employed by component parts manufacturers and those performing intermediate services in the manufacturing process. The Labor Department is criticized for not having established well defined criteria and specific guidelines for eligibility.