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ADJUSTMENT ASSISTANCE

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RUSSELL B. LONG, *Chairman*

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ADJUSTMENT ASSISTANCE FOR WORKERS, FIRMS, AND COMMUNITIES

I. Introduction

A. BACKGROUND OF PRESENT LAW

The Trade Expansion Act of 1962 established a program of adjustment assistance for workers and firms adversely affected by import competition. The program was intended to serve as an alternative to import relief in cases in which serious injury from imports was found by the Tariff Commission. Assistance would be made available to workers and firms if it could be shown that increased imports, attributable *in major part* to trade agreement concessions, were *the major factor* in causing or threatening to cause unemployment or serious injury. From October 1962, until November 1969, the Tariff Commission received 26 petitions for adjustment assistance (6 by workers, 7 by firms, and 13 by industries) and delivered not a single affirmative finding. Since November, 1969, when the first worker certification was issued, an estimated 46,000 workers in 29 states have been certified as eligible. Total outlays for worker adjustment assistance now total more than $65.6 million (an average outlay of approximately $1,500 per worker). Thirty-three firms have received assistance. Firm adjustment assistance authorized is estimated at $37.4 million.

The Trade Reform Act of 1973 (H.R. 10710), as passed by the House, proposes a major revision of the present program. Generally, the House bill would alter the injury test for workers and firms, streamline administrative procedures, and increase workers' cash allowances. The administration in its original proposal sought to eliminate special unemployment benefits for workers whose job loss was related to foreign imports; instead, it proposed enactment of minimum Federal standards for unemployment compensation to all unemployed workers, regardless of the cause of their unemployment.

B. TRADE ADJUSTMENT ASSISTANCE AND RELATED PROGRAMS

Most workers who become involuntarily unemployed are entitled to benefits under various government programs. By far the largest of these programs is the unemployment insurance system operated by the States and Federal Government under the Social Security Act. Unemployment insurance now covers about 60 million workers, paying cash benefits to eligible workers in amounts and over periods of time which vary from State to State. The maximum weekly benefit amount payable to an unemployed worker with no dependents is estimated to range from $60 to $122.

In addition to the unemployment insurance system there are a number of Federal programs which offer special assistance to workers adversely affected by government policies and programs. Examples are the special assistance offered to workers adversely affected by mergers of railroads (Transportation Act of 1940) or communication firms (Federal Communications Act Amendments of 1943).

The Trade Expansion Act of 1962 represented the first application of the special worker protection principle outside the public utility field. Congress has since included similar provisions in legislation relating to urban mass transit systems (Urban Mass Transportation Act, 1964), projects for high-speed trains (High Speed Rail Transportation Act, 1965), and the railroad passenger operations of Amtrak (Rail Passenger Service Act, 1970). During the past year, worker protection provisions have been included in a number of other legislative proposals. The most detailed set of such provisions ever enacted was included in the Regional Rail Reorganization Act of 1973. Worker protection provisions were contained in the National Energy Emergency Act vetoed by President Nixon, and are included in the Surface Mining Reclamation Act pending before the Congress.

The concept underlying such provisions is that workers experiencing unemployment, loss of earnings or reductions in other job-related benefits because of Federal policies are entitled to some special protection beyond that otherwise available through collective bargaining (such as severance pay) or existing law (particularly unemployment insurance benefits).

C. THE RATIONALE OF TRADE ADJUSTMENT ASSISTANCE

The policy rationale of special worker protection programs is that the burden of Federal decisions and actions, undertaken for the overall benefit of the country, should be borne not by a particular group of workers, but by the government. In the case of trade adjustment assistance, the rationale is that the Federal Government has a special obligation to assist persons, firms, and industries adversely affected by increased imports resulting from tariff concessions made under trade agreements.

The economic rationale that has been made for trade adjustment assistance is that it is the less expensive, more economically efficient form of import relief. When competition from increasing imports attributable to trade concessions disrupts an industry, forcing workers into unemployment and firms into bankruptcy, a country traditionally confronts two policy alternatives: one is to attempt to stem or halt the flow of imports through import restrictions (escape clause actions); the other is to relieve the parties over the short term and to restore them as soon as possible to economic productivity. The theory of free trade posits that adjustment assistance will facilitate the most efficient allocation of resources, and do it at a lower cost to the econ-

omy than import restrictions. Congress, in the Trade Expansion Act of 1962 intended adjustment assistance to be the preferred remedy, believing it to be the more efficient, less disruptive response to import competition.

II. Present Law

A. INDUSTRY-WORKER PETITIONS UNDER PRESENT LAW

Under present law there are two ways that individual firms and groups of workers may become eligible for adjustment assistance. The first is when representatives of an industry petition the Tariff Commission for relief in an escape clause action. Upon notification of an affirmative finding by the Tariff Commission, the President may provide that firms and groups of workers in the affected industry may request of the Secretaries of Commerce and Labor (respectively) to be certified as eligible to apply for assistance. Upon a satisfactory showing, the firm or group of workers may be certified as eligible to apply for appropriate assistance.

During fiscal years 1970–73, the President authorized workers in five industries to apply to the Secretary of Labor for a determination and certification for adjustment. As of March, 1974, the Secretary of Labor had received 17 worker petitions filed on behalf of about 4,300 workers in four industries (earthenware, marble, sheet glass, and pianos). Fifteen of the petitions were certified, authorizing assistance to over 4,100 workers.

B. DIRECT PETITIONS UNDER PRESENT LAW

The second way individual firms and groups of workers may obtain assistance is by direct petition to the Tariff Commission for a determination of eligibility to apply for adjustment assistance. Upon receipt of such a petition, the Tariff Commission makes an investigation to determine whether, as a result *in major part* of concessions granted under trade agreements, an article like or directly competitive with an article produced by the petitioners is being imported in such increased quantities as to be *the major factor* causing or threatening to cause serious injury to the petitioning firm or unemployment or under-employment to the group of workers.

The results of each investigation must be reported to the President no later than 60 days after the petition is filed. If the Tariff Commission finds serious injury to a firm or unemployment or underemployment of a group of workers, the President may certify them as eligible to apply for adjustment assistance. (The President has delegated this authority to the Secretaries of Labor and Commerce.)

From October 11, 1962 until June 30, 1974 the U.S. Tariff Commission issued determinations of eligibility for adjustment assistance

on 233 direct worker petitions filed on behalf of about 103,000 persons. Approximately two-fifths of these workers were ultimately certified eligible to receive aid. During fiscal years 1970–73, the Commission made affirmative findings on 41 petitions; negative findings on 148 petitions; and split decisions on 41 petitions. In 38 of the latter cases, the President accepted the affirmative view and authorized that the Secretary of Labor may certify the workers as eligible to apply for assistance.

C. ASSISTANCE FOR WORKERS UNDER PRESENT LAW

Workers certified as eligible for benefits under present law may receive trade adjustment allowances (cash benefits), training, testing, and counseling services, and relocation allowances. The program is funded by appropriations to the Secretary of Labor from the general funds of the Treasury.

Trade readjustment allowances under present law are the lesser of 65 percent of the worker's average weekly wage or 65 percent of the national average manufacturing wage, reduced by 50 percent of the amount of the worker's renumeration for services performed during each week. Thus, the maximum weekly payment under current law would be about $111—65% of the national average weekly manufacturing wage of $170. Such payments are generally limited to a period of 52 weeks, except that workers 60 years of age or older at the time of separation are entitled to 13 additional weeks and a worker undergoing approved training may receive up to 26 additional weeks of allowances if necessary to complete such training.

When appropriate, workers are given the testing, counseling, placement, and training facilities provided under any Federal law. Transportation and subsistence payments are authorized when the training provided is not within commuting distance of the worker's residence. A worker who is the head of a family and who has been totally separated from adversely affected employment may qualify for relocation allowances. Such allowances are paid for moves within the United States if the Secretary of Labor determines that the worker does not have reasonable prospects of gaining suitable employment within commuting distance.

The Department of Labor estimates that only three-fourths the number of workers certified as eligible for adjustment assistance actually receive benefits. In addition, it is estimated that only 5–10 percent of the workers received special training and fewer than 1 percent received relocation benefits. A large proportion of the workers receive counseling, testing, and placement services through local and state employment agencies. Table 1 compares a worker's disposable income (for various gross income levels) with adjustment benefits under present law.

TABLE 1.—COMPARISON OF TRADE ADJUSTMENT BENEFITS AND EARNINGS: PRESENT LAW

Adjusted gross income [1]	$6,000	$8,000	$10,000	$12,000	$16,000
Social security tax	−351	−468	−585	−702	−772
Federal income tax	−249	−573	−901	−1,228	−2,040
State income tax	−49	−115	−182	−246	−408
Net income	5,351	6,844	8,332	9,824	12,780
Work expenses [2]	−800	−800	−800	−800	−800
Disposable income	4,553	6,044	7,532	9,024	11,824
Adjustment benefit (65 percent of earnings): [3]					
Amount	3,900	5,200	5,772	5,772	5,772
Percent of net income	73	76	69	59	45
Percent of disposable income	86	86	77	64	49

[1] Does not take into consideration fringe benefits; tax based on married worker with family of 4; State tax assumed to be 20 percent of Federa ltax.

[2] Rough estimate; assumes $10 weekly for travel and $300 per year for lunches, clothes, and other incidental expenses.

[3] Up to a limit of $5,772 (65 percent of the national average wage in manufacturing which is estimated at $170/week or $8,840/year for 1974).

Source: Department of Labor.

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D. ASSISTANCE FOR FIRMS UNDER PRESENT LAW

Firms certified as eligible to receive adjustment assistance under present law may receive technical assistance, financial assistance, and tax assistance.

Technical assistance includes aid in preparing an adjustment proposal for a firm, managerial advice and counseling, research and development assistance, and market research.

Financial assistance consists of loans—either direct, or in cooperation with banks or other lenders—for the purchase of land, plant, buildings, equipment, facilities, machinery, and, in exceptional cases, for use as working capital. There is no limit on the size of loans, but maturities may not exceed 25 years. The applicable interest rate is determined by the Treasury Department.

Tax assistance in the form of a net operating loss carryback over a five-year period is provided by the Internal Revenue Service when the Secretary of Commerce determines, among other legal requirements, that such tax assistance will materially contribute to the economic adjustment of the firm. Without such a determination by the Secretary, the tax loss carryback is limited to the normal three years.

E. ADMINISTRATIVE DELAYS AND RETROACTIVE PAYMENTS UNDER PRESENT LAW

Given the *ex post facto* nature of the present system and the length of the petitioning process, assistance typically has become available only after a prolonged period. Under present law, definite time limits exist *only* for findings of injury made by the Tariff Commission (6 months for industries, 60 days for workers and firms) and for Presidential action following an industry finding of injury. The industry process requires at least 8 to 11 months before an individual worker or firm can be certified as eligible to apply for adjustment assistance benefits. Direct worker petitions require substantially less time though they too can involve delays of several months. Following the petitioning process, individual workers (and firms) must follow application procedures which may require additional weeks and months (no time limit is imposed). In the case of workers, the typical result is that a worker qualifies for unemployment compensation, pending completion of the petition and application process, and later receives retroactive payments possibly long after he has become re-employed. In the first 29 certifications by the Department of Labor, the elapsed time between the impact date (the date after which import injury is determined to have occurred) and the issuance of a certification averaged about 16

months and ranged from 2½ months to 39 months. Retroactive payments call into question the rationale for separate unemployment compensation payments as part of an adjustment assistance program.

Administrative delays also characterize the petitioning and applications by firms for adjustment assistance. Further time is required in the preparation and submission of firm adjustment assistance proposals.

III. The House Bill

A. DELIVERY SYSTEM

The Trade Expansion Act related adjustment assistance to import injury resulting from trade agreements; the House bill proposes to sever this connection and instead base adjustment assistance solely on increased imports, regardless of cause. In addition, under the House bill the administrative procedure for determining eligibility for assistance would be simplified.

Under the House bill, the Tariff Commission would no longer play a direct role in determining adjustment assistance eligibility. A group of workers, their union or other authorized representative would petition directly to the Secretary of Labor for a certification of eligibility. Upon receiving such a petition the Secretary of Labor would be required to publish in the Federal Register notice that he has received the petition and begun an investigation. If the petitioner or any other interested party within ten days submits a request for a public hearing, the Secretary would be required to conduct such a public hearing. Under the House bill, a group of workers would be certified as eligible to apply for adjustment assistance if the Secretary of Labor, not later than 60 days after the petition is filed, determines:

(1) that a significant number or proportion of workers in an affected firm have been or threaten to become totally or partially separated;

(2) that sales or production or both of such firm have decreased absolutely, and

(3) that increased imports have *contributed importantly* to such total or partial separation or threat thereof and to such decline in sales or production.

The House bill would eliminate the requirement that there be any causal link between tariff concessions and increased imports. Increased imports would only have to *contribute importantly* to any separation and to the decline in sales or production. Under present law, increased imports must be the *major factor* causing unemployment or underemployment of the workers.

The administrative procedure and eligibility criteria for firms petitioning the Secretary of Commerce would be essentially identical to those required of workers.

B. WORKERS' BENEFITS

The House bill proposes to make two principal changes in benefits for workers:

(1) changes in qualifying requirements for individual workers at the time of their application,

(2) enhanced weekly benefits and other forms of assistance.

The Department of Labor has estimated the total first year cost of worker adjustment under the House bill, assuming 100,000 workers become eligible to apply for benefits, at approximately $350 million, as compared with total annual costs of about $20 million under present law.

1. *Qualifying Requirements for Workers.*—Under the House bill a worker must have been employed with the same trade-impacted firm for at least 26 out of the 52 weeks preceding his separation at wages of at least $30 a week. These qualifications differ from those in present law in that (a) they would omit the requirement of total employment during 78 of 156 weeks immediately preceding the separation, (b) they would increase the required wages for a qualifying week of employment from $15 to $30, and (c) they would add a new requirement that the qualifying weeks be with a single firm or subdivision of a firm.

2. *Benefits for Workers.*—Under the House bill, the basic formula for a worker's weekly trade readjustment allowance would be increased from 65 percent to 70 percent of his average weekly wage for the first 26 weeks. For subsequent weeks of entitlement, a worker would receive a benefit equal to 65 percent of his average weekly wage as under present law. The maximum trade readjustment allowance for any week would be increased from 65 percent to 100 percent of the average weekly wage in manufacturing. Benefits would (as under present law) be paid up to 52 weeks except for workers over 60, who could receive an additional 13 weeks, and except for workers exhausting their allowance while still in approved training programs, who could receive an additional 26 weeks. A worker's readjustment allowance would be limited by the worker's income from other sources. Table 2 compares a worker's disposable income (for various gross income levels) with adjustment benefits under the House bill.

TABLE 2.—COMPARISON OF TRADE ADJUSTMENT BENEFITS AND EARNINGS: H.R. 10710 (HOUSE BILL)

Adjusted gross income [1]	$6,000	$8,000	$10,000	$12,000	$16,000
Social security tax	−351	−468	−585	−702	−772
Federal income tax	−249	−573	−901	−1,228	−2,040
State income tax	−49	−115	−182	−246	−408
Net income	5,351	6,844	8,332	9,824	12,780
Work expenses [2]	−800	−800	−800	−800	−800
Disposable income	4,553	6,044	7,532	9,024	11,824
Adjustment benefit (70 percent of earnings): [3]					
Amount	4,200	5,600	7,000	8,400	8,840
Percent of net income	78	82	84	86	69
Percent of disposable income	92	93	93	93	75

[1] Does not take into consideration fringe benefits; tax based on married worker with family of 4; State tax assumed to be 20 percent of Federal tax.

[2] Rough estimate; assumes $10 weekly for travel and $300 per year for lunches, clothes, and other incidental expenses.

[3] Up to a limit of $8,840 (100 percent of the national average wage in manufacturing which is estimated at $170/week or $8,840/year for 1974.

Note: Under H.R. 10710, these amounts would be applicable only for the first 6 months. The amount for an entire year would be about 3.7 percent less.

Source: Department of Labor.

In addition to his trade readjustment allowance, a worker under the House bill would be entitled to job counseling, testing, placement and other employment services available under existing Federal law. Under certain circumstances (usually, a finding that suitable employment would not otherwise be available), workers could also become eligible for job search allowance (up to 80 percent of necessary job search expenses, not exceeding $500), relocation allowances (80 percent of reasonable and necessary moving expenses plus an amount equal to three times their average weekly wages up to $500), and job training.

C. ASSISTANCE FOR FIRMS

Adjustment assistance for firms under the House bill would include technical assistance in developing and implementing proposals for economic adjustment, as well as financial assistance in the form of loans and guarantees for acquisition and modernization of plants and equipment and for such working capital as may be necessary. A firm would qualify for *adjustment assistance* only if the Secretary of Commerce determines that it does not have reasonable access to private financing. Furthermore, no *financial assistance* of any kind would be provided unless the Secretary determines that the funds required are not available from the firm's own resources and that there is reasonable assurance of repayment. In other words, the firm would have to be nearly broke with a reasonable chance of recovery if the loan is to be made, a somewhat difficult combination.

The Committee on Ways and Means has estimated the total first year of firm adjustment assistance under the House bill at approximately $25 million.

IV. The Administration's Proposal (H.R. 6767 and S. 3257)

In its original trade proposal, (H.R. 6767), the Administration sought enactment of a transitional program of worker trade adjustment assistance, pending adoption of minimum Federal standards of unemployment insurance. The Job Security Assistance Act of 1974 (S. 3257, introduced by Senator Bennett by request) would establish these minimum standards. Specifically, the administration bill would require each State to provide an eligible claimant with a weekly benefit amount equal to at least 50 percent of the individual's average weekly wage up to the State maximum. The bill would also require the State maximum to be at least two-thirds of the average wage of all covered workers in the State.

V. Amendment No. 1555 (Senators Nelson, Bentsen, and Others)

Amendment No. 1555, introduced by Senator Nelson on July 16, proposes several significant changes in the provisions of the House bill relating to workers' benefits. The amendment would alter the injury test by inserting the words "absolute or relative" in front of "increases in imports" thereby permitting assistance in cases not only where imports have increased but where imports have gained a larger share of the domestic market (even though the market is static or declining). This change in the statutory language is consistent with the interpretation which is now contained in the House report. The Secretary of Labor would be authorized to initiate investigations on his own motion. Adverse decisions by the Secretary of Labor could be appealed in the Federal courts. The amendment would increase a worker's benefits to 75 percent of his average salary, limited by 130 percent of the average weekly manufacturing wage, for so long as he is eligible for assistance, generally up to 52 weeks. The two-tier system proposed in H.R. 10710 under which a worker's benefits would be reduced from 70 percent to 65 percent after twenty-six weeks would be eliminated.

For older workers, amendment No. 1555 would provide these benefits:

1. workers over 55 would be made eligible for up to 52 weeks of additional assistance if suitable new employment cannot be found, and
2. workers over 60 would be made eligible for additional assistance until age 65.

The amendment would authorize the Secretary of Labor to make Federal employee health insurance benefits available to any worker not covered under other health plans.

In addition, the amendment would make several significant changes in the manpower training provisions of the House bill:

1. workers undergoing training could obtain an additional 52 weeks of eligibility for cash benefits;
2. workers in public or private training programs (including institutions of higher learning) could obtain full payment of fees; and
3. employers participating in approved on the job training programs could receive direct payments.

The Secretary of Labor would be authorized to offer job search and relocation allowances to workers not yet separated from employment but who are threatened with the loss of their jobs.

Table 3 below compares a worker's disposable income (for various gross income levels) with adjustment benefits under amendment No. 1555. Table 4 compares weekly benefit amounts of trade adjustment payments under present law, the House bill and amendment No. 1555. Table 5 shows the percentage replacement of disposable income represented by adjustment benefits under the three proposals. Table 6 compares maximum unemployment benefits State by State with adjustment assistance under the various proposals. Table 7 compares the estimated costs of worker adjustment assistance under the House bill and amendment No. 1555.

TABLE 3.—COMPARISON OF TRADE ADJUSTMENT BENEFITS AND EARNINGS: NELSON-BENTSEN AMENDMENT NO. 1555

Adjusted gross income [1]	$6,000	$8,000	$10,000	$12,000	$16,000
Social security tax	−351	−468	−585	−702	−772
Federal income tax	−249	−573	−901	−1,228	−2,040
State income tax	−49	−115	−182	−246	−408
Net income	5,351	6,844	8,332	9,824	12,780
Work expenses [2]	−800	−800	−800	−800	−800
Disposable income	4,553	6,044	7,532	9,024	11,824
Adjustment benefit (75 percent of earnings) [3]:					
Amount	4,500	6,006	7,488	9,009	11,492
Percent of net income	84	88	90	92	90
Percent of disposable income	99	99	99	99.8	97

[1] Does not take into consideration fringe benefits; tax based on married worker with family of 4; State tax assumed to be 20 percent of Federal tax.

[2] Rough estimate; assumes $10 weekly for travel and $300 per year for lunches, clothes, and other incidental expenses.

[3] Up to a limit of $11,492 (130 percent of the national average wage in manufacturing which is estimated at $170/week or $8,840/year for 1974).

Source: Department of Labor.

TABLE 4.—WEEKLY BENEFIT AMOUNTS OF TRADE ADJUSTMENT PAYMENTS

	Percent of worker's weekly wage but not more than	National average weekly wage	
		Percent	Amount [1]
Present law	65	65	$111
H.R. 10710:			
1st 26 weeks	70	100	170
27th–52d week	65	100	170
Amendment 1555	75	130	221

[1] Labor Department estimate of 1974 average weekly wage in manufacturing: $170.

TABLE 5.—TRADE ADJUSTMENT BENEFITS AS A PERCENTAGE OF PRIOR DISPOSABLE INCOME UNDER THREE PROPOSALS

Earnings level	$6,000	$8,000	$10,000	$12,000	$16,000
Trade adjustment benefits as a percentage of prior disposable income:					
Present law	86%	86%	76%	64%	49%
H.R. 10710 (as passed by House)	92%	93%	93%	93%	75%
Nelson-Bentsen Amendment No. 1555	99%	99%	99%	99.8%	97%

Source: Based on data furnished by Department of Labor.

TABLE 6.—MAXIMUM UNEMPLOYMENT BENEFITS AND ADJUSTMENT ASSISTANCE BENEFITS

	Average weekly wage of covered workers	Maximum weekly benefits				
		Existing unemployment insurance programs	Administration proposed unemployment amendments (2/3 of State average weekly wage)	Existing trade adjustment assistance (65 percent of national average weekly wage)[3]	H.R. 10710 trade readjustment allowances (100 percent of national average weekly wage)[3]	Nelson-Bentsen amendment No. 1555 (130 percent of national average weekly wage)[3]
Alabama	$144	$75	$97	$111	$170	$221
Alaska	248	[1] 90	166	111	170	221
Arizona	168	78	113	111	170	221
Arkansas	128	[2] 86	86	111	170	221
California	186	90	124	111	170	221
Colorado	169	[2] 101	113	111	170	221
Connecticut	179	[1 2] 107	120	111	170	221
Delaware	180	85	120	111	170	221
District of Columbia	183	[1 2] 122	122	111	170	221
Florida	150	74	101	111	170	221
Georgia	150	70	101	111	170	221
Hawaii	167	[2] 112	112	111	170	221
Idaho	141	[2] 85	95	111	170	221
Illinois	190	[1] 60	127	111	170	221
Indiana	174	[1] 60	117	111	170	221

Footnotes at end of table p. 17.

TABLE 6.—MAXIMUM UNEMPLOYMENT BENEFITS AND ADJUSTMENT ASSISTANCE BENEFITS—Continued

	Average weekly wage of covered workers	Maximum weekly benefits				
		Existing unemployment insurance programs	Administration proposed unemployment amendments (2/3 of State average weekly wage)	Existing trade adjustment assistance (65 percent of national average weekly wage)[3]	H.R.10710 trade readjustment allowances (100 percent of national average weekly wage)[3]	Nelson-Bentsen amendment No. 1555 (130 percent of national average weekly wage)[3]
Iowa	$153	[2] $84	$102	$111	$170	$221
Kansas	146	[2] 80	98	111	170	221
Kentucky	154	[2] 77	103	111	170	221
Louisiana	158	70	106	111	170	221
Maine	138	[2] 72	93	111	170	221
Maryland	162	[1] 89	109	111	170	221
Massachusetts	169	[1 2] 97	113	111	170	221
Michigan	204	[1] 67	137	111	170	221
Minnesota	188	85	126	111	170	221
Mississippi	128	60	86	111	170	221
Missouri	167	67	112	111	170	221
Montana	143	[2] 72	96	111	170	221
Nebraska	144	74	97	111	170	221
Nevada	173	[2] 86	116	111	170	221
New Hampshire	146	80	98	111	170	221
New Jersey	186	[2] 93	124	111	170	221
New Mexico	141	[2] 70	94	111	170	221

New York	195	95	130	111	170	221
North Carolina	139	[2] 93	93	111	170	221
North Dakota	136	[2] 75	91	111	170	221
Ohio	181	[1] 77	121	111	170	221
Oklahoma	150	[2] 82	100	111	170	221
Oregon	163	[2] 82	109	111	170	221
Pennsylvania	167	[1 2] 100	112	111	170	221
Puerto Rico	102	[2] 61	69	111	170	221
Rhode Island	150	[1 2] 90	100	111	170	221
South Carolina	136	[2] 91	91	111	170	221
South Dakota	128	[2] 72	85	111	170	221
Tennessee	143	70	96	111	170	221
Texas	155	63	104	111	170	221
Utah	146	[2] 95	98	111	170	221
Vermont	146	[2] 88	98	111	170	221
Virginia	147	87	98	111	170	221
Washington	178	[2] 89	119	111	170	221
West Virginia	170	[2] 114	114	111	170	221
Wisconsin	169	[2] 106	113	111	170	221
Wyoming	143	[2] 72	96	111	170	221

[1] 11 States provide additional allowances for dependents. Maximum benefits for workers with maximum number of dependents would be: Alaska: $120; Connecticut: $160; Illinois: $105; Indiana: $100; Massachusetts: $146; Michigan: $106; Ohio: $114; Pennsylvania: $108; Rhode Island: $110. In Maryland and the District of Columbia, dependents' allowances do not affect maximums.

[2] States indicated have maximum based on a specified percentage of the State average weekly wage. For purposes of this table, the amount shown in this column represents that percentage applied to the estimated 1974 average wage as shown in the first column.

[3] Based on estimated national average weekly manufacturing wage of $170.55 for 1974.

Source: Based on data furnished by Department of Labor.

TABLE 7. —COMPARISON OF COST OF WORKER ADJUSTMENT ASSISTANCE UNDER HOUSE BILL AND AMENDMENT NO. 1555

(In millions of dollars)

	Fiscal year 1976		Fiscal year 1979	
	House bill	Amendment 1555	House bill	Amendment 1555
Cash benefits: [1]				
Workers up to age 60	$220	$600	$270	$880
Workers age 60 to 65	60	80	70	340
Subtotal, cash benefits	280	680	340	1,220
Other benefits:				
Training	[2] (30)	80	[2] (40)	130
Health insurance	.....	30	.....	60
Employment services	[2] (10)	10	[2] (10)	10
Job search allowances	10	20	10	20
Relocation allowances	20	20	20	20
Subtotal, other benefits	30	160	30	240
Administrative costs	40	130	50	220
Total	350	970	420	1,680

[1] Assumes 100,000 workers unemployed due to increased imports under either proposal; 81 percent of them would actually be eligible for benefits under the House bill, with 90 percent eligible under amendment 1555. In fiscal year 1976 unemployed workers would receive an estimated average weekly benefit of $142 for an average 26 weeks under the House bill, $151 for 45 weeks under amendment 1555. Under amendment 1555, unemployed workers in training programs are assumed to receive benefits for a total of 78 weeks.

[2] No authorization for additional appropriations; amounts shown are estimates of funding under existing programs.

Source: Department of Labor and Office of Management and Budget.

VI. S. 151 (Senator Hartke)

S. 151 would provide adjustment assistance for workers and firms if it is shown that increased imports are arriving in such quantities (actual or relative) of like or directly competitive articles as to *contribute substantially* to the cause or threat of serious injury or unemployment. The program would be administered by a new U.S. Foreign Trade Investment Commission. Benefits for both workers and firms would be the same as under present law.

VII. S. 1156 (Senators Percy and Taft)

S. 1156 would provide assistance for workers, firms, and communities if it could be shown that increased imports were a *substantial cause* of injury or unemployment. The program would be administered by the U.S. Tariff Commission. Cash readjustment allowances paid to workers would be equal to 80 percent of their average weekly wage, adjusted so that total payments equal 100 percent of their weekly wages for up to 52 weeks. Workers over age 60 could receive benefits until becoming eligible under social security. Employment services, manpower training programs, job search and relocation allowances would also be made available.

VIII. Amendment No. 1790 (Senator Hathaway)

Amendment No. 1790 would establish a program of community adjustment assistance to be administered by the Secretary of Commerce. Under the amendment, local and State governments would petition the Secretary of Commerce for a certification of eligibility to apply for adjustment assistance. The petitioner will be certified as eligible to apply for assistance if the Secretary determined that significant unemployment within the adversely affected "labor area" has occurred and that increased imports have *contributed substantially* to the unemployment. The Secretary of Commerce would be required to reach determinations no later than 60 days after receiving them. Program benefits under the Hathaway amendment would include the following: technical assistance, the creation of local adjustment assistance councils to plan and carry out local adjustment assistance programs, as well as direct grants for the acquisition and development of land for public works and other projects. In addition, the Secretary of Commerce would be authorized when appropriate to make loans and loan guarantees available to local government agencies for the purchase and development of land facilities for industrial and commercial parks. The amendment authorizes annual appropriations of $50 million for each fiscal year through the fiscal year ending June 30, 1979.

IX. Issues and Considerations

Following are several of the major policy issues which arise in the context of trade adjustment assistance legislation.

A. What is the relationship between trade adjustment assistance and other Federal assistance programs?

The Committee may wish to consider the proper relationship of trade adjustment assistance with other programs for unemployed workers and depressed regions. Does it make sense to distinguish between workers who become unemployed because of import competition and workers who become unemployed because of base closings or Federal procurement policies? Is there a basis for distinguishing among workers who become unemployed, whatever the reason? The House bill eliminates the requirement that increased imports must be causally linked to import concessions, thereby severing the link to Federal policy which was the original rationale of adjustment assistance. Is it good public policy to provide benefits for workers adversely affected by imports which may be double the benefits provided workers unemployed because of a decision, for example, not to build a supersonic transport? This is, perhaps, the major policy issue the Committee may wish to weigh in its consideration of trade adjustment assistance.

B. Should Congress provide for adjustment assistance for communities?

Since unemployed workers are eligible for unemployment benefits, the Committee may wish to consider directing additional Federal funds to job development in communities rather than to higher cash benefits to workers.

The economic dislocation caused by import competition occasionally falls heaviest upon particular communities or geographic regions. The Executive Branch estimates that there are approximately 400 areas in the United States which have experienced chronic unemployment and low income levels for various reasons despite the general increase of national prosperity.

Injury from import concessions, it is argued, can be incurred with little or no warning, leaving local leaders bewildered and communities in need of assistance. Many commentators (including the Chamber of Commerce of the United States, the United Auto Workers, as well as economists Fred Bergsten and Charles Frank) have urged that a program of adjustment assistance for communities be created. A program of community adjustment assistance could focus the resources of the Federal Government in helping a community recover from plant shutdowns and attain long term economic adjustment.

Two examples of successful Federal programs which are frequently cited are the Federal assistance which followed the closing of the Studebaker plant in South Bend, Indiana in December, 1963, and the continuing assistance of Defense Department's Office of Economic Adjustment to communities impacted by defense curtailment. The Committee may wish to consider establishing a program of community adjustment assistance.

Appendix

Tabular Matter

TABLE 1.—TRADE ADJUSTMENT ASSISTANCE ACTIVITY SUMMARY OCTOBER 1962 TO MARCH 12, 1974

	Number of petitions	Estimated number of workers
A. Total adjustment assistance certifications issued by the Department of Labor	93	44,519
1. Number of DOL certifications originating from worker petitions to the Tariff Commission	78	40,414
2. Number of DOL certifications arising from Presidential authorization of workers in an industry subject to an escape clause finding to apply to the Department of Labor for adjustment assistance.	15	4,105
B. Potential worker cases—Current month:		
1. Department of Labor (assisting workers in preparing petitions	5	1,025
2. Tariff Commission (investigation(s) not yet instituted)	3	525
C. Certification investigations in process at the Department of Labor—Current month	1	80
D. Tariff Commission activity:		
1. Industry (escape clause):		
(a) Denials	18	.....
(b) Affirmative	3	.....
(c) Evenly divided [1]	5	.....
(d) In process	0	.....
2. Worker adjustment assistance cases:		
(a) Denials	143	54,076
(b) Affirmative	39	20,526
(c) Evenly divided	40	19,968
(d) In process (investigation(s) instituted—current month)	1	125
3. Firm cases:		
(a) Denials	35	.....
(b) Affirmative	11	.....
(c) Evenly divided	11	.....
(d) In process	1	.....

[1] 1 industry case (nonrubber footwear TEA-1-18) is currently awaiting Presidential action. In 3 industry cases the President decided to accept the views of those Commissioners voting affirmatively and authorized that the workers may apply to the Secretary of Labor for adjustment assistance. In 1 case the President decided to accept the views of those Commissioners voting negatively.

Source: ILAB

TABLE 2.—SUMMARY OF PETITIONS FILED WITH THE LABOR DEPARTMENT PURSUANT TO PRESIDENTIAL AUTHORIZATION TO WORKERS IN AN INDUSTRY TO PETITION FOR ADJUSTMENT ASSISTANCE, FISCAL YEARS 1970–74 [1]

Industry	Petitions	Denied		Affirmed	
		Petitions	Estimated workers	Petitions	Estimated workers
Earthenware	2	1	200	1	270
Marble	2	.....	.....	2	280
Piano	8	1	30	7	1,785
Sheet glass	5	.....	.....	5	1,770
Total (4)	17	2	230	15	4,105

[1] March 12, 1974.

TABLE 3.—SUMMARY OF TRADE ADJUSTMENT ASSISTANCE CASES, MARCH 12, 1974

Status	Number	Estimated number of workers
1. Petitions certified	93	44,519
2. In process at Department of Labor	1	80
3. In process at Tariff Commission	1	125
4. Awaiting Presidential action	0	0
Summary: Cases in process or certified	95	44,724
5. Petitions being prepared by workers	3	630
6. Petitions denied	143	54,076
(a) October 1962 to October 1969	(6)	(1,410)
(b) November 1969 to date	(137)	(52,666)
7. Petitions withdrawn	2	850
8. Petitions dismissed	1	271
9. Allowances paid: $63,300,000 (estimate) [1]		

[1] Expenditures through Dec. 31, 1973.

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