A second lesson is that a wartime economy cannot operate within the framework of unlimited freedom. It is the irony of the present situation that world communism and our determination to resist it in the name of preserving freedom and independence of other nations is forcing the United States into a controlled economy with serious curtailment of traditional personal freedoms.

Our NATO allies, as well as Japan, should recognize that lack of cooperation on their part, throwing the whole burden of sacrifice on the American public, may lead this Nation into a revulsion and inward withdrawal, which will revive the isolationism of the 1920's and 1930's. They should come forward of their own accord, just as the United States did in the lend-lease program of 1941 and the Marshall plan of 1948, and offer to consider the equitable distribution of our burdens in budgetary and foreign exchange terms.

I can think of nothing that would enhance the honor and assure the future security of France, for example, than a noble gesture in this direction. The alternative, either forced unilaterally by the United States, or resulting from the inexorable course of events, may well be complete collapse of the Western Alliance, with incalculable consequences for Europe's security and social and economic structure.

Failing a cooperative solution with our allies, Mr. Chairman, our next course demands a reassessment of priorities in our external commitments. The private sector will not be able to finance these Government outlays at the present scale or escalating scale. The American public is not likely to tolerate a garrison state existence in the name of freedom and prosperity for far distant peoples.

This country will be forced to reconsider its moral and political obligations in the light of the available capabilities. This will happen either as a deliberate and thoughtful process, or it will happen helter-skelter by the dictates of foreign creditors and hoarders of gold in a crisis atmosphere.

When this may occur no one can say. It may be 5 years, it may be longer, depending on the scale of our operations abroad and the rate of withdrawal of gold.

Mr. Chairman, this is the cost of the cold and now the hot war in our international accounts, not counting other psychological and political factors. If I were sitting in Moscow and figuring out what I could do to weaken the United States, without going to war with it by direct confrontation, it is a fair guess that I would plot ways of diminishing U.S. power abroad by increasing its expenditures and diminishing its earning power from trade and investments.

If you look around the world I think you will find that this is exactly what they are doing. While our attention is naturally focused on the human suffering in Asia, we may find some day that the issue of our freedom will be determined in this area of economic policy.

Your committee has a very heavy responsibility indeed.

Thank you very much.

Mr. Herlong. Thank you very much, Mr. Danielian, for your statement. Are there questions? Mr. Schneebeli will inquire.

Mr. Schneebeli. Mr. Danielian, up to this point you have given us the most comprehensive and capable statement that this committee has received, I believe, on this subject. I want to congratulate you on your book that you sent to all the members. It is excellent and it is one of the primary references we use in connection with the balance-