

Let me conclude by saying that none of these bills is radical in nature. None wants to build high protective tariff walls that completely shut out foreign goods. There have been statements made that to set up quotas on imports would be to return to the days of high tariff and unreasonable protection. This simply is not so. Anyone who will take the time to study these bills will find that they are modest in approach and reasonable in spirit and tone.

Again I urge that favorable and speedy action be taken on these items. I hope that your committee will give serious consideration to this legislation.

Thank you very much.

The CHAIRMAN. We thank you, Mr. Burton, for bringing to us your thoughts. Are there any questions?

Thank you, sir.

Mr. BURTON. Thank you.

The CHAIRMAN. The next witness is the Honorable Bob Eckhardt, our colleague from Texas.

We appreciate having you with us this morning, and you are recognized.

STATEMENT OF HON. BOB ECKHARDT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

Mr. ECKHARDT. Thank you, sir; I wish to thank the committee for this opportunity to present my views on tariff and trade proposals. I will try to be brief and concise. There are three points I would like to make:

(1) The most beneficial international economic policy for the United States is essentially one of free trade;

(2) As a Representative from the Houston port area, I feel that my constituents would have much to lose if a wall of protectionism arose around our country; and

(3) I support the President in his call for the elimination of the American selling price system.

There has been increasing discussion and support in the halls of Congress for general and specific increases in quota restrictions on foreign imports. There are two reasons given to justify stiffer trade barriers, first, that such is a broad economic prescription to cure our balance-of-payments difficulties, and second, that we should give relief to specific industries under pressure from rising imports. I wish to challenge both of these arguments; they are fallacious. Protective measures will do more to aggravate the situation than to help it.

One must keep in mind, in a discussion like this, the distinction between the balance of payments and the balance of trade. The balance of payments is made up, basically, of two separate categories; the balance of trade, which is the actual flow of goods and services, and the capital account, which includes the flow of investments and Government transactions—loans, foreign aid, military expenditures, and so forth. Until very recently, the balance of trade has always been well in our favor. The drastic reduction in our trade surplus is primarily due to the excessive aggregate demand of our economy. There has been an almost incredible rise in imports due to this inflation. If Congress passes the fiscal restraint measures presently pending, the flow of imports should return to normal.