The protectionist does not see it this way. He reasons that by cutting down on foreign imports, our balance-of-trade surplus will increase and this in turn will reduce the balance-of-payments deficit. Rather than pursuing a course of trade expansion and liberalization, he seeks a curtailment. Rather than expanding the flow of goods, services, and international goodwill, he seeks the easy way out.

The basic flaw in the protectionist's reasoning is this: While imports to this Nation will be reduced by the stiffer quotas, American exports will similarly decline. There is no doubt that other nations, whose economies would suffer due to the reduction of the American market for their goods, would retaliate.

Now we must consider for a moment our trade posture now, as compared to that in a more normal economic environment. Over the last several years—before we unduly procrastinated in levying a tax to stave off inflation—we had a trade surplus that ran around $4.5 billion, more or less, over a number of years.

Now, because of the abnormally inflated prices of American goods subject to foreign trade, our trading partners are doing no more than swapping even. They can afford to buy only about the same value of goods as they sell. Now suppose we enact trade restrictions against their products at a time when our products are most dear. It is quite reasonable, if not absolutely necessary on their part, to quit buying expensive American goods and start making it themselves. Thus, our exports, already diminished, reduce to an absolute minimum.

Then, when we enact the necessary fiscal restraints to restore the value of the dollar, we find ourselves in a world market in which the economies of other nations have been geared to be more self-sustaining. Obviously, we have much more to lose then—than our trading partners do—because, normally, we export goods valued at about $4½ billion more than the value of the goods we import.

Thus, if our trading partners retaliate by a percentage cut in their normal level of imports equal to our percentage cut in our imports, we come out the big loser. Therefore, there is no question but that, in the long run, restrictive import quotas would hurt, not help, our international accounts difficulties.

Now, why did we become the most advantageously situated trading Nation during most of this decade? By being in the forefront of the march toward liberalizing international trade. We inspired the most favored nation clause of the early tariff reductions of the 1930's, we were the inspiration behind GATT, it was an American President for whom the most recent round of tariff reductions was named, all postwar and recent international economic cooperation arises from American indealism. Thus, the mere talk of protectionism turns those who, through our quest for liberal free trade, became dependent upon our markets into cynics instead of good customers. Protectionism is a repudiation of all our free trade ideals.

Furthermore, quotas are nearly always arbitrary and discriminatory Under either a base period or first-come, first-served basis, some nations are singled out to come under stricter quotas. Those penalized will take this action as an indication of the arbitrariness of the American foreign policy.

Also, free trade is a hedge against inflation. The segment of our society which has the most to lose if the protectionists have their way is