

the average consumer. Were import quotas made more restrictive, and hence conditions made less competitive for American businessmen, there would be less pressure on prices. Less competition and a reduced supply of goods are concomitants of high prices. Competition from abroad forces American industry to innovate more and to become more efficient. Foreign trade broadens the spectrum and variety of goods available, lowers prices, and stretches the wage earner's pay. It can be seen, then, that the primary benefactor of free trade is the American consumer, which is to say, the American people at large. Whatever short-run gains a particular interest group might gain from a protectionist policy is thus at the expense of the American people.

What about the effects on the business sector? The protectionist emphasizes only the negative effects of international trade. Certainly one cannot dispute that some businesses and their workers are subject to disruption as a consequence of competition from abroad. But, because of vast superiority in technology, education, productivity, and geographic advantages, when we choose to produce that which we can produce cheapest and best, we are not very much limited. If, through advancing technology and greater efficiency, domestic producers still cannot meet the foreign prices, perhaps we must admit to ourselves that there are certain areas in which other nations are better qualified. We can sell the goods which a more sophisticated technology can produce cheapest and buy certain cheap consumer goods, component parts, and ingredients for manufacture from other countries with less sophisticated economies and be the net gainer.

Free trade, it can be seen, has a two-sided effect on the business sector and employment. The Government does have an obligation to those establishments and employees for whom trade has a detrimental effect. I applaud the President for his recommendations on adjustment assistance to firms and workers. We must not overlook the fact, however, that trade can stimulate an otherwise lethargic firm or industry to action that might expand production and employment.

The absence of restraints on trade has possibly a greater effect on the positive side. A movement toward more liberalism will benefit all those industries and firms that have foreign markets. According to a recent Government report, employment in the United States related to exports of goods increased by nearly 4 percent, or by 91,000, between 1960 and 1965. In 1965, an estimated 2.4 million jobs were attributable to exports of merchandise and another half million to exports of services. (Monthly Labor Review, December 1967.) This does not include all of the indirect, supporting employment. If we follow a course of protectionism, which would undoubtedly be followed by retaliation abroad, what would happen to these people? I believe we have more to gain by promoting trade expansion and depending on American competitiveness to bring about a huge net gain in terms of profits and employment. I offer as a suggestion to the distinguished members of the committee the possibility of some formal, semiformal, or even moral arrangement whereby those industries greatly benefiting by the expansion of international trade would be obligated to rely for all additional employment on the rolls of those workers adversely affected by same. For instance, a foundry worker laid off by a