

The following considerations will prove this point :

1. ECONOMIC CONSIDERATIONS

In the course of the past years both American importers and American exporters have profited from the considerable increase in American foreign trade.

In 1960 U.S. exports amounted to over \$20 billion. In 1966 they rose to over \$30 billion.

Imports into the United States totalled about \$15 billion in 1960, and over \$25 billion in 1966. Hence, both exports and imports have shown an almost identical increase of about \$10 billion over this period.

The most characteristic aspect of U.S. foreign trade is the structural surplus in the balance of trade in favor of the United States. This is true not only for the overall pattern of U.S. trade, but also for U.S. trade with Western Europe and with Austria in particular.

So for instance in 1966 Austrian exports to the U.S. amounted to \$77 million, Austrian imports from the U.S. to \$101 million; the surplus in the balance of trade was \$24 million in favor of the United States. In other words, Austria buys by about 25 per cent more merchandise in the United States than she sells on the U.S. market. The cited example is by no means an exception: similar trade balances are characteristic of the preceding years.

U.S. imports from the countries of the European Economic Community (Common Market) and the European Free Trade Association (EFTA) combined amounted to \$7.1 billion in 1966, U.S. exports to these two trading groups to \$9.5 billion. The surplus in the balance of trade was \$2.4 billion in favor of the United States.

One can easily foresee that a curtailment of imports on the part of the United States that will in all probability provoke similar measures on the part of the trading partners will *eventually affect the interests of American exporters to a much greater degree than those of foreign importers.*

There is another important aspect of the problem: in view of the considerable share of U.S. exports and imports in world trade any significant restriction of U.S. imports will inevitably affect the earning power of many countries so that they in turn will be compelled to limit their imports. Furthermore, while the American economy as a whole depends only to a relatively limited degree on international trade, *the international exchange of goods is of vital importance for the economies of the smaller industrialized countries.* About 25 to 30 per cent of the Austrian production goes into export. Any sizeable reduction in exports must therefore have strong repercussions both economically and socially.

2. SOCIAL CONSIDERATIONS

One of the immediate effects of protectionist curbs on imports is the restriction or complete elimination of foreign competition. Thus the advantages of an international division of labor cannot be enjoyed any longer. One result is a rise in prices which will eventually have to be borne by the consumer.

Protectionism is therefore also detrimental to consumer interests. One of the reasons frequently given for protectionist measures is the necessity of protecting jobs in industries which would otherwise succumb to foreign competition. This argument can be a justification only in special cases, as for instance with regard to new industries in their initial phase, particularly in developing countries. But it can hardly be invoked in the case of the most highly developed industrial nation with the highest productivity in the world.

However, those who advocate such measures for the reason mentioned above should not overlook the fact that not only those in the United States who are directly profiting from imports like importers, banks, shipping interests, port authorities, longshoremen etc. would suffer from a curtailment of imports; protectionism as has been demonstrated above would also seriously impair the exports of the United States which in turn would mean *the loss of numerous jobs in export-oriented branches of the economy.* All these developments must ultimately have their effect on the economy as a whole and may lead right into an economic depression. *The hey-day of protectionism in the Thirties is connected with the dire memories of the most serious economic depression and the highest rate of unemployment in history.*

Austria can be cited as a striking example. Lack of confidence in the economic viability of this small country, lack of meaningful international cooperation as