Even if Congress were to be selective in passing one or two quota bills, what criteria will be adopted for deciding that one industry's case for a quota is more meritorious than another? Will it be based on economic consideration and on a careful weighing of all factors, including the consumer's interest? Or will it be based on political accommodations? Clearly the end would never be in sight once one quota gets on the books.

Under the discredited Smoot-Hawley Tariff of 1930, U.S. foreign trade fell from a 1929 high of $3 billion to a low of $1 billion in 1933. From 1934 onward, under the trade guidelines and tariff procedures in the Reciprocal Trade Act, U.S. foreign commerce has risen to over $90 billion annually. This rate of growth far exceeds the growth in our national product over the same span of years. Most certainly the national economy has benefited from reciprocal tariff adjustments through the earlier bilateral Reciprocal Trade Agreements and the more recent multilateral adjustments through our participation in the General Agreements on Tariffs and Trade.

And most certainly the nation has benefited from keeping specific tariffs and quotas out of the political arena. It would be national folly, and would be viewed abroad as national hypocrisy to turn inward now and adopt a unilateral set of non-tariff barriers such as the quotas pending before your committee. It would be substituting failure for success. It would harm hundreds of millions of farm and factory workers who produce our exports and market our imports.

The dedicated work of the American delegation at the two-year trade negotiations with other GATT Countries ending in 1967 while, of course, not completely satisfactory to certain United States industries, was a major step toward trade liberalization and included many concessions from our foreign customer nations. These concessions in turn make possible the expansion of existing exports and open up markets for United States products previously barred by tariff barriers of various kinds. The balance of payments will benefit if these concessions open up new markets. The President's bill, H.R. 17551, is designed to honor the United States commitment at GATT; failure to enact certain features of this bill will deny to our exporters the new marketing opportunities which these concessions will open up.

Our industry has been in the forefront of our Export Expansion Program, and has itself contributed nearly $1 billion annually to the plus side of the United States balance of payments. Our contribution is as much a result of increased import cargoes as it is expanded export cargoes. And however exporters view the level of current freight rates on exports from the United States, they would inevitably have to be higher if the import freight revenue were to be decimated by means of quotas. A healthy two-way freight revenue is an essential element in preserving and encouraging investments in U.S.-flag vessels and the Government itself has a stake, through subsidies to most foreign trade vessels, in the outcome.

We therefore urge, not only from the standpoint of our own particular role as a servant of foreign trade, but from the standpoint of our concern for the overall national benefits and freedom of trade, that the Committees of Congress enact in substantial manner the President's bill, H.R. 17551, and reject unequivocally any quota legislation now pending.

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## STATEMENT OF FARRELL LINES, INC.

Farrell Lines is an American-flag steamship company with forty years experience in U.S. Atlantic Coast/Africa trade. We recently entered the Australia/New Zealand-U.S. Atlantic and Gulf service by purchase from the United States Lines Company of their Australian ships and service.

Farrell Lines appreciates the opportunity to present its comments to the House of Representatives Committee on Ways and Means on a timely subject vital to the interests of the United States, Australia/New Zealand and our organization. The remarks are directed to the overall aspects of import quotas and to the quantitative aspects of the U.S. Australia/New Zealand trade.

In summary, we note—

Inflation will be encouraged by limiting alternative sources of supply.

The balance of payments problem will increase as other nations are unable to purchase American goods and services.