

BALANCE OF PAYMENTS AND TRADE

[In billions]

	Balance of payments	Balance of trade
1958.....	-\$3.4	+\$3.3
1959.....	-3.9	+1.0
1960.....	-3.9	+4.8
1961.....	-2.4	+5.4
1962.....	-2.2	+4.4
1963.....	-2.7	+5.1
1964.....	-2.8	+6.7
1965.....	-1.3	+4.8
1966.....	-1.4	+3.7
1967.....	-3.6	+3.6

It is no wonder then that we accepted the fact that our national trade policy was correct. It was working. But, gentlemen, the same logic should prevail today and we should acknowledge it. Our trade balances have dipped and not just because of temporary factors. Deep penetrations by foreign producers have been made into domestic industries and apparently there is no leveling off in view. At any rate, the clarity of the logic is being felt in the steel industry and the Steelworkers' Union has responded to it because it may mean the livelihood and jobs of our members.

My comments should be taken within the context of our union's support for an expansionary trade policy. We have traditionally fought for the concept of wider trade relations with other countries because of its political and economic advantages. The international political aspects of freer trade are readily recognized. We have equated our national political interest with the advancing of international cooperation. As Dean Rusk recently indicated:

The trade policy the United States has pursued for more than three decades contributes to our broad political objectives.

Moreover, we have felt that our foreign economic policy has enhanced our national economic welfare. As a matter of fact, the most persuasive justification of our trade policy was the very evident contribution which it did make to our economic growth. We are, therefore, convinced that an isolationist economic policy is outdated in a world of interdependence. It was probably one of the achievements of the New Deal era that the philosophical position of Fortress America—at least as far as trade is concerned—was demolished. However, current evaluation cannot rest upon past performance or past factual situations. International trade has now taken on different dimensions.

I make these comments precisely because the problems of the past and their solutions are not necessarily the problems facing international trade today. Unfortunately, there are too many who would apply, in a doctrinaire manner, the public policy decisions of the past and criticize any contemporary evaluation of present-day problems as an attempt to return to the days of the Smoot-Hawley Act.

Our past trade policy grew out of an economic atmosphere of scarcity. At that time, artificial trade barriers, which further restricted each country's limited productive facilities, had condemned the various individual national economies to total dependency upon each country's weaknesses. Within an economy of scarcity, there was little room for improvement.