VASCO—A Teledyne Company, Latrobe, Pennsylvania 15650.
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Mr. HERLONG. I see our colleague, Senator Hartke, of the other body is here.

We are happy to welcome you to the committee, Senator.

STATEMENT OF HON. VANCE HARTKE, A U.S. SENATOR FROM THE STATE OF INDIANA

Senator HARTKE. It is indeed an honor for me to appear before this committee.

Today our Nation is suffering a bad case of economic pessimism. It is frequently said that our economic progress has reached its zenith; that we must retract and retreat; that we must tighten our belts; that we must cave in to the threats of European money changers; that the rapid improvement in our standard of living must slow down; that a decline in our prosperity is likely to be our lot for the next few years.

I believe that this is a wildly mistaken interpretation of what is happening to us. We are not suffering from the rheumatics of old age. We seem to forget that we are rapidly approaching a trillion dollar gross national product. There is no doubt, however, as you gentlemen are painfully aware, that we are facing today a number of crucial economic issues, that we must find solutions to a number of problems if our prosperity is to continue.

I submit that if we are to take our task seriously we must get beyond the sterile debate of protectionism versus free trade. We must focus not on utopia, but upon the hard realities of the present international economic situation. Today I want to focus on those realities relating to steel. But first permit me a word about American attitudes toward trade policies. Those attitudes are rapidly changing. The phrase "free trade" is almost a religion among economists, but today I see no other road by which we can achieve trade equilibrium.

I am opposed to quotas. I believe free trade is one way to triumph over selfish nationalism. But I believe that quotas are necessary in the short term now, in order to force free and fair trade in the long term.

If quotas are long delayed, under present circumstances, substantial unemployment must most certainly result. I prefer quotas to competitive international wage cutting as the road to international balance with the attendant social strife that wage cutting could bring. I firmly believe that unless we take limited steps now on behalf of some of our crucial industries, despite the screams about protectionism that we will hear from some critics we will be called upon by the American public in the next few years to take extreme steps on behalf of many of our industries. We will witness a conservatization of our trade policy to the extreme. Steps can be taken now to preserve and promote our prosperity and stave off such conservatization. But our failure to enact quotas as a defensive, not as an offensive, device for U.S. workers and the continued use of nontariff barriers by our trading partners will come to a result that will astound the free world; extreme isolationism and economic nationalism.

Mr. Chairman, right now the administration is seeking some solution to our deteriorating balance of trade—let me repeat, that is our balance