eign goods would be small compared to the bureaucracy that would be needed to regulate wages, prices, and profits to prevent the rapid inflation that is sure to arise from the elimination of competition.

We earnestly submit that the quantitative controls over a wide range of American imports that are proposed would spell the end of a whole era of expanding trade and would introduce a new period of inward-looking, self-impoverishing policies.

UNFORTUNATE CONSEQUENCES OF TRADE RESTRICTIONS FOR THE U.S. ECONOMY

A program of trade restrictions would be unfortunate for the U.S. economy for two main reasons. First, it would negate the incalculable benefits of imports in helping to maintain moderate price levels in the United States. This effect is much greater than is indicated by the amount of imports actually received, because the very possibility of imports exercises a restraining influence upon prices.

Inflation brings a wide variety of economic evils, the most obvious of which is that ordinary people have to pay more for the products that they buy. The important service rendered by imports—largely ignored in most discussions of trade policy—is to make a wider variety of products available at lower prices.

Secondly, the enactment of the pending trade restrictive bills would be unfortunate for the American economy because it would inevitably lead to a serious decline in American exports. At this point, I should like to offer as part of my testimony two statistical publications of the U.S.-Japan Trade Council: (1) *United States Imports from Japan, 1967;* and (2) *United States Exports from Japan, 1967*, both by customs districts. Note first that iron and steel imports from Japan, totalled $533 million in 1967. Note second that textile articles were imported to the value of $215 million, and clothing to the extent of $164 million, a total of $379 million. Thus, the bills on textiles and steel alone would control about $900 million of American imports from Japan in 1967—to say nothing of the array of other products entering into the grand total of almost $3 billion imported from Japan last year that could be affected by the more general quota bills under consideration.

Since 1960 U.S. trade with Japan, both ways, has totalled $28 billion, with imports and exports almost evenly balanced. Japanese exports to the U.S. in 1967 were up less than two percent while our exports to Japan were up 15 percent over the same period.

When we look at 1967 exports to Japan we see that of the $2.7 billion shipped by the U.S. about $650 million consisted of food and feeds, and this of course was mostly grains: wheat, corn, soybeams. We see cotton valued at $118 million, oil seeds (soybeans) valued at $188 million, including tobacco, hides, and skins, a total of about $900 million in agricultural products. In another big category we see machinery and transport equipment, $502 million, including aircraft valued at $71; $79 million in office machines; and $53 million in power generating machinery.

These figures are simply a brief illustration, which could be expanded at length, of the fact that American ships to Japan the products of its most efficient industries, its farm products, its computers, its aircraft, and many other products and receives from Japan those products in which the United States is not necessarily inefficient or even less efficient than Japan, but for which the comparative advantage tends to favor that country.

If American markets are restricted for Japanese steel, Japanese textiles, and Japanese miscellaneous manufatcure of various kinds which are also produced in the United States, then the Japanese are denied the dollars to buy goods from America's most efficient producers. The American people as a whole will be the poorer for it.

U.S. exports could be affected in yet another way. If the United States violates the Kennedy Round Agreement by instituting quantitative restrictions on trade, other nations have the right under GATT to retaliate against U.S. products, as the United States retaliated several years ago against the products of the EEC in the "chicken war."

We have been examining in detail the trade between the United States and Japan, but what has just been said is applicable to U.S. trade with Europe and indeed with the whole world.