

that if costs got out of line in one country and were low in another the high-cost country would lose its business, unemployment would result, the low-cost country would gain the business and employment would rise there. As a result of unemployment in the high-cost country there would be reductions in wages because of the difficulties that ensued and equilibrium would be restored.

That philosophy presumed that people were to be treated like a commodity subject to the law of supply and demand. The world has long since left this posture and we in the United States have long since left it, and the recent developments in France have indicated that even with a strong one-man control you can't maintain this posture and maintain order in the streets.

If you talk to any American employer, he will say that his future plans do not envisage a reduction in wages, nor do his future plans envisage anything but full employment for the people for whom he has a responsibility. These circumstances constitute the basic reason why I say that free trade in the Adam Smith sense will not resurrect because we are now dealing with people as human beings and not as a commodity.

If that is the way world trade has now been restructured, and if the old laws don't apply, we should stop talking about free trade. If we talk about liberalization of trade, liberalization is something which comes by its very nature in waves, in stages.

You don't turn it on or off. It is something that moves, and if something is going to move, it has to move from a controlled situation and in a controlled situation.

I think our position has been and should continue to be that we have a problem. We have studied it. We think you have a solution. We have not studied the problems of other American industry.

It would not surprise us if other segments of American industry have a problem similar to ours. If in your wisdom after you have looked at all of American industry you think special treatment is needed or a quantitative approach is needed for a significant segment of American industry, we would urge you to write it into law and we will support it.

If on the other hand you find American industry that does not need it, don't include it at this time. We would urge you not to do that.

We are just as anxious as you to see liberalization of trade and would like to see it arrived at in an orderly fashion. We think the only way that you can have order is to have some kind of an orderly arrangement prescribed by law.

Mr. CURTIS. Well, you certainly are quite responsive. You and I read history a little differently. I never knew there was free trade in Adam Smith's day or any day up to 1968. There has not been a restructuring. Adam Smith might have had a dream.

Mr. DARMAN. It was a theory. I agree.

Mr. CURTIS. It was an ideal.

Mr. DARMAN. Right.

Mr. CURTIS. Free trade is dead, God is dead, ideals are dead. I don't agree with this.

Mr. DARMAN. I don't agree with the second, sir.

Mr. CURTIS. It's the same thing. To me an ideal is something you set your course by. You don't attain it in your lifetime or possibly