We would particularly like to go on record as being strongly opposed to the types of non-tariff barriers such as quotas which have been recently proposed. Senator Ribicoff of Connecticut in Senate Bill #2618 proposed that the import of scissors be limited to the average annual amounts imported in a representative period of three years prior to 1967. He further proposed that if countries refuse to negotiate an agreement to this effect that imports would be limited to the average annual amounts imported in the years 1962 thru 1966.

It is self-evident that this would destroy the scissors industries in developing countries. By the very use of the word developing, we recognize that change is basic. No one who deals with an underdeveloped country assumes that production will be stagnant. The increase of production and the development of increasing markets are a necessary part of dealing with manufacturers in underdeveloped countries.

It is also true that because of the often precarious financial condition of some developing countries the greatest amount of security and confidence are necessary to promote the growth of their exports. It must indeed mystify developing countries throughout the world to find us espousing such programs as the Alliance for Progress on the one hand and on the other hand suggesting quotas which would restrict imports into the United States. Because of this two-sided attitude on the part of the United States, many manufacturers in developing countries are apprehensive about dealing with us. If we are sincerely interested in the welfare of the people of these countries and, ultimately, our own standing in the world, we must commit ourselves to a consistent stand in favor of encouraging developing countries.

Finally, we are attaching to this brief a reprint of an editorial from the Wall Street Journal of November 24, 1967 which we believe expresses our basic philosophy on this manner.

[From the Wall Street Journal, Friday, Nov. 24, 1967]

## Review and Outlook

### THE RISING PRICE OF PROTECTIONISM

Britain's devaluation of the pound provides a fresh reason to resist the pleas of the steel, textile and other industries for new import quotas. It points up the fact that a plunge back into protectionism could have repercussions that are not solely economic.

The economic impact alone could be bad enough. In fact it's rather ironic that Congress can resist the Administration's tax surcharge plan and at the same time seriously consider imposing hidden taxes on consumers, taxes paid through the higher prices that import restrictions would bring.

There is, moreover, no getting around the truth that the curbs amount to subsidies to certain favored domestic industries. Either quotas or tariffs tend to distort markets, promote misallocation of resources and lessen the pressures for increasing industrial efficiency.

With the pound's devaluation raising questions about the stability of the dollar, a move to curb imports would also attack what has up to now been, the strongest element in America's international accounts, its excess of exports over imports. Other nations would be sure to retaliate with restrictions against exports from the U.S.; some are already planning steps they would take.

Outside the area of pure economics, foreign countries would be likely to regard the import curbs, at this particular time, as a desperate measure to defend the dollar. Their confidence in America's currency, far from rock-solid as it is, would be further weakened.

On a political level, a stepup in international trade warfare—and that's exactly what the protectionists are inviting—would fray the already fragile ties among Western nations. The friendlier the trade relations among countries, the easier it is for them to work together in other endeavors.

Besides the heavy economic costs at home, a new outburst of protectionism could, if pushed far enough, actually weaken our nation's democratic principles.

A system of import quotas, after all, usually does not evolve from any thoughtful, overall study of a nation's economic condition. Instead it grows willy-nilly as one special-interest group after another is able to persuade Government to do its bidding.

Government thus takes on one of the aspects of totalitarianism: Blatant economic discrimination. In a number of countries in recent years, trade favors