

We have had some very interesting experiences and consequences with that application of national purpose and political instrument.

The Czechoslovakian shoes Mr. Goldstein cited, those are not an instance of free competition of value finding its level. Those are, primarily, an instance of a controlled economic plan seeking a deliberate and definite purpose.

Where do you draw the line between the outright planned totalitarian economy and the semicontrolled economy where, in one way or another, such as in Italy or Spain or Western Germany there is a planned, preconceived purposeful effort made to utilize trade as an instrument of national policy?

We submit, gentlemen, that you cannot draw the line, and that for that reason the basic policy we have followed in the past no longer applies to the world as it is.

We must modify our thinking. We must modify our tactics. We have to recognize the realities and deal with them in terms of their immediate impact. There seems to be only one feasible, reasonable, logical way to do that, the imposition of controls, reasonable controls on quotas so that we can protect our friends abroad as well as ourselves.

(Mr. Glass' prepared statement follows:)

STATEMENT OF IRVING R. GLASS, EXECUTIVE VICE PRESIDENT, TANNERS' COUNCIL OF AMERICA, INC.

Mr. Chairman, my name is Irving Glass. I am the Executive Vice President of the Tanners' Council. The facts and figures of foreign trade in the leather and leather products area are appended to the statements we are submitting. There is no merit in dwelling on these statistics because they instance in varying degree a uniform trend: Growth of imports out of all proportion to the growth of our domestic markets. It is our belief that the lopsided balance of trade in the leather products area is a mirror and a portent of a much wider trend affecting all manufacturing industry.

We call your attention to the fact that the United States now exports one-third of the hides we produce, our basic raw material, and that the equivalent of all these hides come back to us as finished goods. In other words, through no fault or shortcoming of our industry, we are well on the way to become an underdeveloped agricultural nation. We are becoming the figurative hewers of wood and drawers of water for manufacturing industry abroad.

The President of the Tanners' Council has indicated to you the economic reasons, the job reasons, which have led our industry to support the principle of import quotas. I would like to point out to you several other hard facts supporting the same conclusion. These are facts which have not been recognized in national discussion of trade policy but which we as tanners have learned from bitter experience.

First, we believe that the underlying concept of our foreign trade policy for more than a generation has failed. The cumulative result of non-reciprocity has contributed in very large measure to the dangerous present import trend. For many years we have asked for nothing more than true reciprocity which meant for the tanning industry the ability to compete on equal terms with foreign industry. And, for many years we have been blandly assured that these evasions were minor and would fade away in the polite remonstrance of our diplomatic officials. There have been many occasions when we have wondered why foreigners were more deserving clients to the framers and administrators of our foreign trade policy than our own tax-paying industry.

The evils of non-tariff restrictions, barriers, impediments and discrimination have not faded. They have grown. Import taxes, subsidies, export taxes to penalize raw material as against leather, and outright embargoes have actually multiplied. Moreover, on the score of tariffs alone, scandalous rates are imposed by some countries. Permit me to cite a few examples of trade inequity.

The system of border taxes and remission of internal turnover taxes in Western Europe has long been a thorn in the side of fair trade or competition. Early this year, for the first time, our government officially acknowledged the