ments program and by leadership in the formation of the General Agreement on Tariffs and Trade.

The imposition of intensified restrictions against imports would be an announcement to the world that the United States had abandoned leadership with respect to international economic cooperation. Other countries would follow suit and world trade would become engulfed in a contracting spiral that would aggravate economic problems everywhere.

At the same time, those domestic producers who are being hard hit by import competition feel they should not have to bear the full burden of competitive imports that are deemed necessary because of economic foreign policy. Some of them feel that, notwithstanding the requirements of foreign policy, imports should be restricted, while others believe that some form of assistance to facilitate adjustment to less competitive lines of production would be in order.

In the past, the home market has been so large that most U.S. manufacturers have looked upon foreign markets as not much more than convenient sales outlets whenever there has been contraction in the home market. This has been the case especially since World War II while dollars were in short supply and Europe was not able to compete internationally. Since U.S. production costs could not be seriously undercut by Europe there was little reason for most U.S. producers to fear European competition.

Now, however, the situation is changing. European producers of manufactured goods not only have recovered from the war, but they have become competitive. It is important that U.S. exports increase, but if the increase is brought about by governmental subsidy it will only aggravate the problem by inviting retaliation. Other governments can play the same game. Competitive export subsidization by all countries would lead to the intensification of barriers against imports everywhere and result in a contracting spiral of world trade. Only by improving productive efficiency, by the reduction of costs, and by better selling methods can exports be increased. It is particularly important that U.S. manufacturers style their products for export to satisfy the demands of foreign buyers.

Now that the Western European countries and Japan have improved their balance of payments positions, there is no legitimate reason for them to continue discriminating against U.S. goods. Discrimination was tolerated during the period of the dollar shortage because other countries were not able to generate the exports needed to acquire dollars. This is no longer the case and the United States, quite appropriately, has appealed to other countries, particularly the members of GATT, to abandon their discriminatory import restrictions.

Response to the appeal had been gratifying. It is estimated that the reductions in dollar discrimination announced in 1959 will make possible an expansion of at least $300 million a year in U.S. exports. The movement needs to be continued and the U.S. Government should call attention to such barriers wherever they exist.

The European Common Market (Belgium, Netherlands, Luxembourg, France, West Germany, and Italy) and the European Free Trade Association (United Kingdom, Norway, Sweden, Denmark, Switzerland, Austria, and Portugal) are sympathetic with the idea of liberalizing trade and have announced their desire to negotiate with the United States for that purpose. Once the discriminations against