2. Western Europe, on the other hand, has a large pent-up demand for all sorts of household appliances—washers, driers, dishwashers—a potential $6 billion annual market, of which the United States could well aim at a $2 billion share.

3. Western Europe, with its over-full employment, is unlikely to be able to satisfy its domestic demand for consumer durable goods by its own production in the years immediately ahead. The United States has ample existing plant capacity.

4. A massive U.S. entry into the European market as soon as possible would help diminish U.S. unemployment, and accelerate our growth rate. Reciprocal tariff reductions which would make this possible would also reduce or eliminate our payments deficits, since the probability for the short-term is that our trade surplus with Western Europe would increase.

5. From the European standpoint, accepting larger U.S. exports would enable European employers to grant wage increases without severe inflationary consequences, thus helping to bring United States and European wages more closely into line as well as improving the European standard of living.

6. The biggest single obstacle to our entering this vast export market is the high tariff wall—20 percent or more—of the Common Market and of other European countries on these household appliances.

7. The special bargaining authority of the Trade Expansion Act to permit the tariffs to be reduced to zero on commodities for which the United States and the Common Market account for 80 percent of world trade is now largely meaningless since aircraft is the only major category affected, until and unless the United Kingdom and other EFTA countries join the Common Market. A current guess is that the United Kingdom is unlikely to become a member of the Common Market until at least 1964.

8. If the Trade Expansion Act were amended so that we had the power to bargain European tariffs down to zero, independently of the United Kingdom's joining the Common Market, we could start vigorous bargaining immediately, with active negotiations to start in 6 months. This would provide no incentive for the United Kingdom to refrain from joining the Common Market, since its own independent tariffs would have to be reduced.

Why does not the administration recognize the realities of the situation, amend the Trade Expansion Act, and move vigorously for lower tariffs to help us and the free world?

Dr. HELLER. Mr. Reuss, may I make just one general comment and then turn this question over to Mr. Gordon, who has been working with the State Department, the White House staff, and the Commerce Department in the general area of the Trade Expansion Act?

I hope your question does not imply that the American consumer is not a pretty ingenious fellow. We have certainly found over the years that when additional income is put into the hand of consumers, they are quite capable of finding ways and means of putting it to good use to the tune of 92 to 94 percent of their incomes, year in and year out.

I believe what you are stressing, however, is that there is apparent on the horizon no big, new, durable goods to take the lead in expansion; and you are suggesting that we do everything possible to exploit