I fear we have been misled by comparisons. We note how rapidly European nations and Japan have expanded production and employment, and we say: "We're laggards. We're not doing as well." We forget that the war destroyed the farms, factories, and commercial organizations of these countries. We also forget that these countries had lagged far behind the United States even before the war—in industrial techniques.

After the war, as the Good Samaritan, we made available funds to build plants, technicians to explain our technology to them, and economic aid of all sorts. It was only natural these countries would grow more rapidly than the United States. So much more had to be done.

These countries have one other big advantage in the growth race. They can imitate and emulate. We have to innovate. Thus, after the war, the French, Italian, West German, Belgian and to a lesser extent British manufacturers had a whole line of proven consumer products which they could offer housewives—washing machines, dryers, mixers of all sorts, freezers—household conveniences which had sold well here and presumably would excite European housewives too. The manufacturers and distributors didn't have to engage in extensive market research; they didn't have to invent. All they had to do was copy. And they're still doing it—manufacturing and distributing products which were first widely marketed in this country. Most industrial countries of the world are just finishing the first lap in postwar development, whereas we are in our second or third. Hence, the slower pace.

I fear that we, the emulated, are in danger of becoming the emulators. We have looked at the rapid development of European nations in recent years, and said, almost childishly, "Gee, how fast they are growing. What are they doing that we ought to do?" Instead of recognizing that in most of these countries they are doing what we already have done. We note that some of their plants are more modern than ours; that their steel mills, having been built from the ground up, are in excellent competitive shape, and that their governments have offered special incentives to encourage plant development.

Should we not ask ourselves: Are their policies and tax structures useful here, or were they devised to meet specific and indigenous postwar conditions?

Let me cite an example. This administration has favored an investment tax credit. This amounts to a 7 or 8 percent subsidy to manufacturers of equipment. Undoubtedly lower prices will induce some firms to buy equipment.

But it seems to me, this can be accomplished more easily and less deviously by tax reform.

The investment tax credit has been used in Europe, I have been told by Treasury officials, effectively. But Europe has a scarcity of labor. Laborsaving devices are especially needed at the present time.

We don't have a shortage of workers.

Furthermore, Europe has been short of capital and the investment credit was the European way of encouraging investment. We are not short of capital in the United States. Rather, we are long on both labor and capital.

Why should the Government encourage investment to modernize plant and equipment, or to save labor? Might it not be better for the