Again I say that the effect of these decisions by American companies had an obvious effect on domestic production, employment, payrolls, growth, tax receipts, and the U.S. balance of payments.

(*d*) *Market results.*—What then are the effects of these corporate decisions with respect to pricing, product design, and exports on the economic performance of the automobile industry—and, indirectly, the levels of production and employment in the American economy? To approach an answer, let us first examine the domestic automobile market, and then the world market.

In the domestic market, European imports became a significant factor between 1955 and 1959. Their number increased from 57,000 to 668,000, and their relative share of the American market rose from less than 1 percent in 1955 to more than 10 percent in 1959. The reasons, according to a survey of the National Automobile Dealers Association, was that the imports were cheaper to operate and gave better gas mileage; that the original purchase price was lower; that they were easier to park; and that they were easier to handle in traffic. In other words, the American consumer was in open revolt against the Big Three's price policy and product design. While the price of the standard six-cyclinder two-door Ford increased from $1,707 in 1955 to $2,261 in 1961, the comparable Plymouth from $1,738 to $2,260, and the comparable Chevrolet from $1,685 to $2,230, the European makes effectively held the line. The Volkswagen went up from $1,495 in 1955 to $1,565 in 1961; the Fiat 600 from $1,298 in 1957 to $1,398 in 1961; and the Renault Dauphine actually reduced its price from $1,645 in 1957 to $1,385 in 1961. (These are all delivered prices in the United States, after payment of transport costs and import duties.)

The reason for the success of the European imports obviously was not that American producers were incapable of turning out a competitive model, but rather that they had chosen not to do so. They had become sufficiently insensitive to consumer desires—persuaded by their own propaganda that they could foist ever larger gas-guzzling monsters at ever higher prices on the hapless American public. Once the oligopolists were brought back to reality by the marginal competition of the European imports, they proceeded to bring out the compact cars which quickly terminated the import threat. Since 1959, both the number of imported cars and their percentage share of the American market has decreased steadily. A different price and product policy by the Big Three—forced on them by "outside" competition—had obviously turned the trick.

In the international arena, too, there is dramatic evidence that the Big Three's price, product, and export policies have caused the United States to lose out in world markets. In motor vehicle exports to the world at large (excluding the United States), according to the Department of Commerce, the U.S. share has declined from 41 percent in 1954 to 26 percent in 1960. At the same time, Germany's share rose from 16 to 24 percent, and that of the other OEEC countries from 15 to 25 percent. Even in Latin America, an area in which we enjoy massive advantages and which by geography and tradition is so closely tied to the United States, the U.S. market share declined from 81 percent in 1954 to 65 percent in 1960, while the United Kingdom's share increased from 5 to 7 percent, Germany's share from 8 to 15 percent, and the other OEEC countries' share from 7 to 12 percent. Put differently, the shortfall in U.S. automobile exports between 1954 and 1960 amounted to some $656 million; that is, if American exporters had been able to command the same share of world markets in 1960 as they held in 1954, the United States would have earned an additional $656 million through automobile sales abroad. (This, incidentally, is the largest shortfall of any manufactured commodity group—followed by a $395 million shortfall in iron and steel, a $335 million shortfall in industrial machinery, and a $108 million shortfall in agricultural machinery and tractors.)

Clearly, the Big Three have priced and designed themselves out of world markets, on the one hand, and have made a conscious decision to supply oversea markets from their foreign subsidiaries, on the other. The impact of these private corporate decisions on domestic production, employment, and growth require no elaboration.

By using General Motors and the Big Three in the auto industry as an example—and no more than an example—I have tried to illustrate the existence of the vast discretionary power in the hands of some large corporations. "That power," as Justice Douglas once said, "can be used with lightning speed. It can be benign or it can be dangerous." In a democracy, dedicated to free competitive enterprise, such power should not exist. It should be decentralized. "It