

This decision apparently became a policy trend in the industry. In 1958, J. Wilner Sundelson, manager of facilities and operations planning, Ford International Division, openly said:

* * * in our planning, we have taken the view that vehicle exports from the United States, which are playing a declining role in Europe, will virtually vanish. * * * Given the geographic penalty of the U.S. exporters in the European market * * * it will readily be understood why we do not anticipate selling many U.S.-made cars in 1970 in the Common Market. Not only vehicles and vehicle components but parts and accessories will be exported from the United States in limited quantities.

In 1961, Frederic G. Donner, chairman of the board of General Motors, echoed these sentiments:

* * * we will build cars and trucks in the United States for the home market and for those markets that want American-type cars, and we will continue our long-time policy of building cars abroad for sale in our oversea markets.

No wonder that American automobile exports between 1950 and 1959 declined from 120,000 to 104,000, while GM's Opel exports from Germany increased from 25,000 to 169,000, the German Ford exports rose from 8,000 to 65,000, and Chrysler's Simca exports from France rose from 7,000 to 121,000.

No wonder that the percentage share of American automobile exports declined radically not only in Europe and the world at large, but also (and significantly) in the Latin American market at our back door.

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.

In commonsense terms, ask the people of Detroit. They understand the implications of this. The answer is jobs, payrolls, purchasing power, and the economic welfare of the State of Michigan.

(d) Market results: What are the results of these kinds of policies?

Let me try and approach an answer by talking first about the domestic effects, and secondly about the international effect.

Now, in the domestic market, the effect of this pricing and product design policy became obvious between 1955 and 1959, with the tremendous increase in imported cars. These imports from Europe increased in number 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, et cetera. Again, the record shows the relative prices of the European imports held the line, whereas, of course, the prices of American models kept going up. American cars became ever larger gas guzzling monsters sold at ever higher prices to the American public.

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 the 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.