takes place, and this has automatically weakened the power of cartels and monopolies which were dominant in individual nations but which could not dominate the broader Common Market. If I may tie this to something that Professor Kahn said just a moment ago, the danger of concentration is that you get industrial statesmanship.

Corporate managers look over their shoulder. They try to act responsibly in the interest of their stockholders, their laborers, and the consumers.

I don't want them to do that. I want them to go out in search of profit. I want them to compete.

If we think back, I think it is fair to say that Adam Smith looked upon competition not so much as a technique for allocating resources, but rather as a technique for stimulating economic growth.

He felt that the concentrated mercantilist system stifled growth in Europe. By introducing a competitive regime, by dispersing and decentralizing the centers of initiative, Smith hoped to liberate the creativeness and the growth energies that reside in the entrepreneur, and thereby achieve national economic growth.

Of course, the experienced Europe in the early 19th century proved the wisdom of that policy orientation.

In the latter 19th century, Europe suffered a relapse and returned to the cartel system that stifled growth. Today I think the Europeans have again recognized the benefits of competition. They have taken a leaf out of our book and, I might say, they have done us one better. They are more competitive than we are today, to their advantage and our disadvantage.

Senator PROXMIRE. I think that has to be documented, too. There is still a heavy concentration at least in some industries in Europe, is there not?

Mr. KAHN. There is.

Senator PROXMIRE. Some industries are far heavier than it is here.

Mr. KAHN. And particularly if you take it by countries. But I do think this is terribly important, that the liberalization of trade in Europe in the last 10 years even before the Common Market agreement—you had national quotas imposed on importation of foreign goods, and under the OEEC program in 1948 you got the progressive liberalization of intra-European trade—the consequence was in real economic terms that you got a sudden massive deconcentration; in effect, a massive deconcentration of European industry.

Fiat had 95 percent of the Italian automobile market. Now Fiat has to compete like mad with Renault and Volkswagen, and it is this opening opportunity and mutual market interpenetration that has, I think, played a major role in the expansion of European industry.

May I make one other historical analogy that I think might be illuminating?

The first book I wrote was on the position of Great Britain in the period between World War I and World War II.

And I think it has particular pertinence today when Great Britain is trying to get into the Common Market countries. One major problem of Great Britain, which had been, as we have been, the leading industrial country of the world, with higher wages, higher living standards than were enjoyed by any of their major competitors, was that British businessmen had become sluggish. They had a higher