

Mr. KAHN. Since Mr. Adams raised this problem, I might say that perhaps there is a difference of opinion between us.

I certainly agree with him to the extent that this flow of capital abroad is encouraged by tax preferences, tax havens.

Mr. ADAMS. Which it is.

Senator PROXMIRE. I think that is right.

We have a proposition we are probably going to lose in the Senate a week or so when it comes up but I think that is true.

Mr. KAHN. Apart from that I don't think there is anything wrong with it.

Mr. LANZILLOTTI. I would like to inquire about that statement, Professor Kahn, whether you don't mean to recognize that these companies, by going abroad, still have a protected or captive concentrated market at home.

Now, if our own home market were free to have the encroachment from abroad in different forms, then I would have no objections to it.

But here is where they can have their cake and eat it, too. These companies need not fear the encroachment, the competition from foreign markets under protective tariffs or quotas or what have you in chemicals.

Senator PROXMIRE. We are inviting other countries to come in and develop their own industries in this country, and Japan said they would take us up on it but of course they don't have the capital.

Mr. LANZILLOTTI. I would suggest lowering our tariffs, and other trade barriers that Professor Kahn has alluded to earlier. You ask if there is anything wrong with our companies investing in plants abroad. No, I would support the notion and I would tend to support Professor Kahn provided we open our markets more to foreign competition.

Senator PROXMIRE. I would like to ask you gentlemen if any of you could tell me, if there is any substance, in your judgment, in the claim that business confidence would be badly damaged if we followed a policy of vigorous antitrust.

President Kennedy, whenever he runs across what to him is a puzzling and I must say is quite puzzling to me, criticism that he is antibusiness, says, "What do you mean, because we are enforcing the antitrust laws?"

He said that a couple of times, and I think that there may be a general feeling in the business community that if any administration enforces the antitrust laws vigorously they don't like business. Because of antitrust big firms have to be careful about growth and expansion and about building more plants and about hiring more people, and this may have an adverse effect on the economy.

How about that?

Mr. Barber?

Mr. BARBER. I think there is no question but that this is a serious problem. To my way of thinking though, it is a problem that is not limited only to this kind of question.

It seems to me there are many things which a Chief Executive or a political figure must take which are unpopular.

Senator PROXMIRE. I am not talking about the unpopularity but talking about what effect it is going to have on the economy, on employment, purchasing power and so on.