My descriptions of the problems in the other major industrial sectors—chemicals, textiles, aluminum, and pulp and paper—begin on Monday, July 10, Congressional Record pages H8380–H8394, with a discussion of chemicals. The second section of part IV will be submitted next Monday, July 17, and it will conclude the discussion of the industrial sector negotiations. I would conclude that these sector negotiations, an innovation in the Kennedy Round, resulted in more intensive study of the international and domestic economics of these industries than any previous negotiation. This has been a major positive result of the Kennedy Round approach to the industry sectors.

Study of these sectors of international trade negotiations, and the domestic economics of the U.S. industries in question, has led me to emphasize the importance of change—that is, shifting inputs of resources among and within industry groups as a result of new technology, new demands, and new sources of supply. These continuing changes are the expression of a truly dynamic economy. A tendency I see is that, in examining intensively an industry, some of us become wedded to a static view of the industry in question, forgetting that change is incessant and that some very profound economic changes can take place very rapidly.

This is an attitude sometimes adopted also by businessmen themselves. Used to looking at their role in the economy in terms of a certain share of production or sales or other measure of size, they are proud to see an increase and very reluctant to accept a decreased share, even though the larger forces of economic activity and innovation may demand constant changes in the relative importance of various industries. And I must add that the actual amount of that industry has increased, the proportionate share may decrease, but the industry still is expanding.

So we are continually faced with the question whether to maximize economic growth, thereby increasing the totality of economic activity, or accept some lesser amount of activity in order to preserve certain dominant or less dominant interrelationships among major industrial groups.

Implied in this observation is that certain industries may in a sense be "doomed" to suffer declines. This is not necessarily the case, as we know. By flexibly responding to new challenges in the marketplace, perhaps by diversifying into related but more growth-oriented lines of production, perhaps even by selective foreign investments, so-called "older" industries may rejuvenate themselves. And all of this activity should take place in terms of fair competition, both domestic and international, in a situation where the competitive rules of the road, the "conditions of the market and the exchange" must become internationally understood.

My researches into the textile industry have given me some insights into this dynamic economic process. These were published in the Congressional Record of August 29, 1966, pages 20077–20113. A new report on textiles will update much of the data that I then related.

I found that what seemed to be a genuine economic depression in the cotton textile manufacturing industry in the late 1950's and early 1960's was diagnosed as a problem of import competition, when the essential problems were those of industry modernization and of arti-