lost much of their force in Europe in recent years, though they have not yet entirely vanished. But, quite independently of these arguments, there will continue to be an enormous advantage, both for the developed and for the less developed world in keeping international trade upon a multilateral and, so far as possible, a free basis. We do not want to see another retreat into national or regional economic defensiveness such as the world experienced in the inter-war slump.

It is true that we are not likely to achieve the objective of complete free trade, in the sense in which we inherited this idea from the 19th century. The responsibilities which modern governments have to accept for a wide range of economic policies virtually rule out any such simple solution. Moreover, when trading partners are at widely different levels of economic and industrial development, unregulated, free trading relationships tend to favour the stronger partner, so that special arrangements designed to facilitate the development of the weaker have to be envisaged.

We have become accustomed to this notion in considering the arrangements to be made between the developed and the less developed world, though, as I have said, we have not yet gone far enough in carrying it into practice and are under pressure to go further. We are less accustomed to recognise that a similar kind of tension may also arise between industrialised countries, as it has in the current argument about the technological gap which has opened up between the United States and Europe.

I have not spoken of this because it is not strictly a question of trade policy, but it is one of the causes of a certain defensiveness in the European attitude to its economic relations with the United States and it would be unwise to ignore it.

An improvement in European performance in both technology and industrial management is, no doubt, the indispensible remedy for this situation and one may hope that the evolution of a larger and more integrated community in Europe will contribute to this end. But this is bound to take time. In so far as American policy can help, perhaps attention should be paid to some modification of the attitude of American Corporations in the modalities of their overseas investment. The reluctance to share ownership of the equity of overseas subsidiaries with non-Americans and the difficulty of decentralising advanced research so that an undue share of it is not concentrated in the United States is already giving rise to defensive reactions in some European countries, both against American domination of whole industries and against the prospect of advanced technology becoming increasingly an American prerogative.

The fact that this situation arises from American excellence rather than from errors of policy does not make it less disruptive in American-European relations. It is in fact one of the most powerful arguments used at the present time in Europe by those who, for a variety of reasons, wish to see Europe maintain a certain distance and aloofness in all her dealings with the United States. There would be political and, in the long run, economic dividends to be earned if American investors could be persuaded to content themselves with less complete control and to permit a larger amount of research and development to take place in Europe. This is a serious problem which if it cannot be handled in cooperation with American business, is likely to result in the erection at the European end of new barriers between the United States and Europe at a time when in the general interest, we should be moving in the opposite direction.

I will not pursue further this question of the technological gap, only remarking that it provides an example of the extent to which United States policies are of direct concern to her trading partners in Europe and elsewhere. These partners have reason to be grateful for the attitudes adopted by the United States in recent decades. If they seem to Americans to be constantly asking for more, this is a tribute both to United States strength, which carries inescapable obligations with it, and to past American policies which have shown that the United States is capable, even at some cost in short-term inconvenience, of taking a long view of world trading problems.

Chairman Boggs. Thank you very much, Mr. Younger.

Mr. Rumsfeld was here first, so I will call on him first.

Representative Rumsfeld. Thank you, Mr. Chairman.

I would be interested in having a comment from both of these distinguished gentlemen, concerning the procedures used within their