to take a scientific development and through management and engineering move it into production. We are ready to throw away old processes where the equipment is still capable of producing if we can see a way to do it better. And this, I think, has not been the characteristic of European industry. They have tended to want to hold on to everything that still works, repair it and repair it and repair it And the management is not directly oriented toward the techniques, if you like, of moving from invention to product with dispatch.

I don't know how this can be taught. There is a great deal of effort, as you know, over the years. Our graduate schools of business administration have staffed European colleges working in the same area. And there is practically a branch of the Harvard Business School at the Graduate School of Business Administration in Australia. And I think our educational institutions have made a tremendous effort to move out insofar as techniques can be taught. But I believe myself that it is a question of management's point of view, some bonus, some capacity that somehow or other I think American industry by and large has developed.

Chairman BOGGS. Last week we had Ambassador Roth here. And he said that he is beginning a study at the request of the administration on whether or not U.S. exporters need additional incentives, and also the relationship which exists between foreign investment in exports by American manufacturers. In connection with the last problem, do you mind commenting on the widespread view held by American industry that continued restrictions on U.S. foreign investment abroad will over the long run harm the growth of U.S. exports?

Mr. GILBERT. I would expect that this would be probably correct. I am not certain at this point how much real restriction on foreign investment has resulted from the voluntary payments program. I think that it has been a great stimulus to use the European capital market and avoided an excessive movement of funds from this country particularly to the European area.

I haven't seen any evidence of any real productive, proposed productive investment by an American company which has, in fact, been stopped by the so-called voluntary program. I think it has made many more people conscious of the fact that a private decision can have an effect on national problems. And to that extent I would say that the results of the so-called voluntary program have been good.

Continued for too long, and if allowed to trend over into a controlled situation rather than a voluntary restraint, then I think it holds real dangers, not only for international business, but for the national economy. And, of course, there is always a minority of people who get into government who think the government can run things better than the people who run them. If they ever came into ascendancy, I think we would have some very serious national problems resulting from controls of foreign investment.

I think it is clear that, maybe just by coincidence, or maybe it is just a sign that people are energetic and competent in the area, I think it is clear that a surprisingly large portion of American exports are conducted by the international companies which also invest abroad. And certainly to do an effective job. In a world market one cannot be solely an exporter. One does have to have local installations.