benefit of readily available help from their governments. There is also some corroborative evidence of their effectiveness in foreign balance-of-payments figures of these countries, showing, for example, European surpluses achieved in third areas, say, Latin America. The comparability of available figures is open to question; the various nonuniform balance-of-payments accounts do not yield clear evidence on the geographic sources of export earnings.

Nonetheless, an arresting case can be made out inferentially that major U.S. competitors are earning their trade surpluses—and ultimately their net dollars and their gold—not with this country but with "third countries." No doubt there are real possibilities for improving our commercial competitive position including increased exports to the LDC's. But whatever may be the export gains to be achieved temporarily, a real and sustainable improvement in LDC purchases from abroad, including the United States, depends on the further development of basic LDC income (production), with accompanying growth of LDC earning capacity (LDC exports).

Trade Policy is Production Policy

The U.S. delivery system to foreign markets—based on advancing production, marketing, and above all, organization techniques—has now evolved into an essentially foreign-base plant system of supply. Although this development has carried exports to an ever rising level and at a rate of growth (7 percent) about halfway between that of domestic U.S. production (say 5 percent) and our production abroad (a steady 10 percent), U.S. companies' total deliveries to foreign markets are some six times larger than "conventional" exports alone.

This does not mean that United States has a diminishing interest in good international trade policy. The freer international movement of goods and money—capital goods and capital funds as well as current goods and current funds—is now for us internationally as well as nationally an essential condition of production itself, not just of peripheral trading benefits. Production since the not entirely fictitious Robinson Crusoe has meant specialization and money. The effect of our intensively developed international producing position is a reminder that trade is an integral part of production, internationally as well as nationally. The sweep of international investment since World War II has removed any overtone of whimsy from the concept of a world economy rather than just an international one. From elaborated interproduction among nations, world production is emerging, and from international trade, world trade.

The policy implications of this shift away from the mere swapping of national products and toward world production cannot be fully anticipated. We are at a beginning here, and it is most appropriate, in my opinion, that we pause at this juncture to study, beginning our study with the responsible deliberations of this joint congressional committee.

Some major shortcomings of present policy can be sensed when reviewed against any sober effort to assess the irreversible requirements of our worldwide producing position:

1. We should squarely face the possibility that our present general policy of discouraging the normal growth of our producing establishment abroad by putting restraints and restrictions on investment