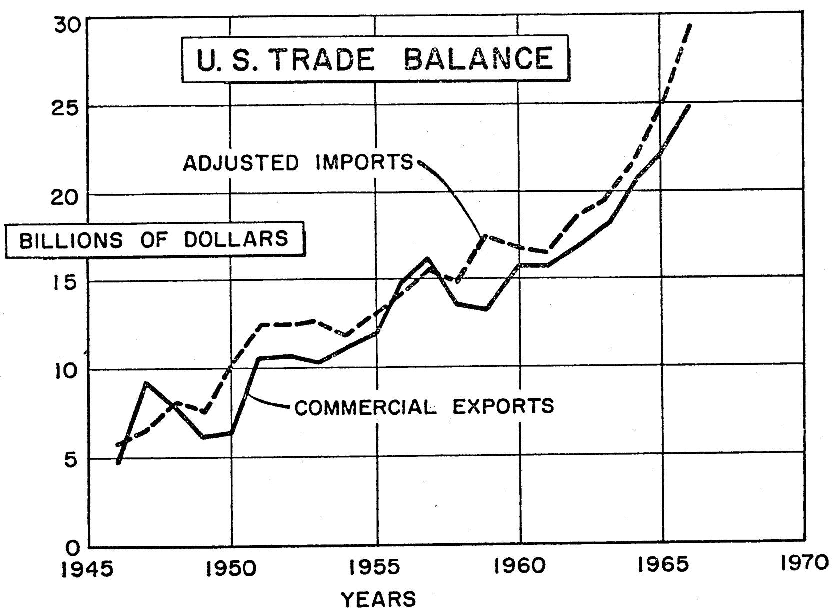

FIGURE 7

In many cases, these exports were not competitive and were justified solely on the basis of internal corporate accounting.

It is clear that we not only do not have a favorable trade balance but actually an unfavorable one as far as our competitive commercial exports are concerned. Instead of our trade data indicating that there would be a large growth in our exports relative to imports if all tariffs were lowered or eliminated, it indicates the exact opposite; namely, that we are not competitive in world markets and that, in the absence of tariff protection, imports can be expected to climb faster than exports. Moreover, there are other independent evidences that we are, on the average, noncompetitive with efficient foreign producers.

One such is the changing character of our exports and imports since the early 1950's. Dating back to early this century, the United States imported primarily tropical products, raw materials, and products of low labor content, and exported primarily manufactured goods. In the past decade and a half, this has been reversed. We now export, on balance, more agricultural products, raw materials, scrap iron, chemical raw materials, and products of low labor content, than manufactured products. More than half of our imports are now manufactured goods of high labor content—cameras, typewriters, automobiles, motorcycles, TV's, dyes, medicinals, etc. (In chemicals, for example, U.S. exports of crude coal tar products increased 746 percent from 1951 to 1960. In the same period, our exports of coal tar dyes and stains decreased by 32 percent, and our imports increased by 51 percent.) This striking change in the character of our trade is a clear-cut indication that our labor costs are pricing us out of world markets.

A final evidence of our noncompetitiveness is a continuing chronic negative balance of payments. Our merchandise exports and imports are, of course, only a part of our economic exchange with other na-