Mr. SCHNEEBELI. Even the small tax concession that you talk about, let's say, or the large one you talk about, reducing it from 50 to 30 percent, would more than increase our exports to bring in the $500 million surplus the Government is looking for in this balance-of-trade area.

Mr. DANIELIAN. I think here we are dealing with motivations. I think that business corporations are going to put more human resources and give more attention to an area which promises a greater net return and therefore $200 million that we are going to appropriate, for instance, for studies, and market studies, and so on, if that were made available in the way of tax concessions to a number of companies, I think you would find a great enthusiasm in promoting exports.

Mr. SCHNEEBELI. Do you think you would agree that with our large labor-increased costs we are pricing ourselves out of a competitive position in foreign trade? Isn't this a factor? I didn't notice that you mentioned this, but isn't this one of the reasons why we have had a declining trade, our costs are going up more than our competitors' costs?

Mr. DANIELIAN. There is no question that in many products this is true. In others, however, I am sure that we are just as competitive as any. We can make tires, for instance, here that are cheaper because of long production lines than you can buy anywhere else in the world. We can produce cars similarly, but wherever we have a product in which we are competitive the other side puts up some impediments.

Mr. SCHNEEBELI. To what degree has our wage-price spiral been a hinderance to developing larger exports in the past couple of years? Do you have the figures on this? You have figures on a lot of things, but to what degree are we having a difficult time meeting competition due to the recent wage-price spiral?

Mr. DANIELIAN. Surprisingly enough, there are no comparitive price studies product by product and country by country. We tried to encourage the State Department some years ago to put their commercial attachés to work to get such figures, but we haven't got them. They threw their hands up and said it was too extensive a study.

Mr. SCHNEEBELI. Isn't this a rather basic analysis of what our problem would be, the problem of to what degree we are pricing ourselves out of the international market?

Mr. DANIELIAN. That is true. I can say in my travels around the world, in South America and other places, and even in Eastern Europe, they have told me they will buy in the United States only those things they cannot buy anywhere else because our prices are 25 percent higher than in other countries.

On the other hand, we do have products that are competitive—coal, for instance, and grains. We can produce grains, wheat, for instance, at $1.50 a bushel. The Common Market price is $2.89, but they won't allow us to sell wheat because they have this variable levy, so this does not become only a question of price competitiveness. It is a question of really hard diplomatic sell.

Mr. SCHNEEBELI. It seems to me that one of the big motivations of why they buy or don't buy is the price of the item.

Mr. DANIELIAN. No; they exclude the things that we can sell to them competitively.

Mr. SCHNEEBELI. Hasn't our wage-price differential gone up a lot faster than the Common Market countries in the last 2 or 3 years.