

Chart C compares the industry distribution of U.S. direct private foreign investments in 1957 with 1966. You will note a strong upward thrust in manufacturing investment, a 9 percent increase over 1957, a decline in petroleum, mining, and public utilities. Manufacturing leads all other industry investment with a 1966 foreign total of \$22 billion in all areas, while petroleum is in second place with \$16 billion.

The three charts which show the increases in U.S. private foreign investment bear out a prediction made by Mr. Robert M. Mitchell, vice president of the Whirlpool Corp., in hearings held on the subject of private foreign investment by the Subcommittee on Foreign Trade Policy, December 1958. After Mr. Mitchell's testimony, questions were asked by Congressman John W. Byrnes:

Mr. BYRNES. As I gather the basis of your concern here, among other things, is the fact that you foresee a necessity as far as American business is concerned to shift from an export business to manufacturing abroad, an investing and going through the manufacturing process abroad; is that right?

Mr. MITCHELL. That is correct, Mr. Byrnes.

Mr. BYRNES. Do you attribute that trend in part to this common market trend, the European Common Market and the proposals for a common market in other areas? Is there any other factor that gives rise to that?

Mr. MITCHELL. Basically that is it, Mr. Byrnes. In many of the Latin American countries at the moment for practical purposes it is impossible to export particularly consumer durable goods. There is a rising nationalism in many of these countries, and they are trying to industrialize, and to raise their standard of living. So that American companies, if they are going to have a part of that market at all, must invest in some form or other.

Mr. BYRNES. You don't see a great future then as far as the export of finished commodities from this country. You see that contracting, I gather, and an increase in manufacturing abroad and with foreign labor?

Mr. MITCHELL. I think that is the way it will happen; yes, sir.

Mr. BYRNES. Great emphasis has been put on the fact of the importance of the trade-agreements program and all of the rest of it, and the increase in our exports, and the developing of this freer trade. I gather that you would suggest at least by your testimony that we may be getting into a period where that is going to be reversed?

Mr. MITCHELL. I think that that is quite right, sir.

Mr. BYRNES. That is all.

This prediction of increasing investment abroad and the decrease in the export of finished commodities from this country has come to pass. This increased foreign capacity can only serve to decrease our exports and increase our imports, and since capital is mobile and labor is not, the result has been loss of American jobs and loss to those American industries that do not choose to move or that do not have the capital to make such a move.

Many U.S. corporations are becoming global in their makeup, with vast holdings and assets in other nations. Consider that in 1950, in direct private foreign investment the United States had \$11.8 billion invested around the world, this rose to \$25.3 billion in 1957 and to \$54.5 billion in 1966. Many of these global corporations are showing their concern against any restriction to their access to the U.S. market. They recognize that free access to U.S. markets is in their corporation interest; they want to invest abroad, enjoy the markets and low-wage labor; and they also want to enjoy the U.S. market from abroad, in some cases in direct competition with their domestic operation or other domestic producers of the same product.

U.S. foreign manufacturing affiliates' sales in 1965 were \$42.4 billion compared to \$18.3 billion in 1957, for an increase of 132 percent.