We believe that the United States should continue its lead in demonstrating to the world that free trade is the cornerstone of the economies of free nations. Certainly no country has more to lose from pursuing the dangerous policy of restricting trade than the United States of America.

The simple, yet essential truth, gentlemen, is that companies in the forefront technologically need world markets to remain competitive. Sales in world markets are frequently the difference between high unit cost production of smaller quantities and production sufficient to permit large-quantity economies, and therefore markedly lower costs.

By the same token, this dependence on foreign export markets makes our industry extremely vulnerable to retaliation. Our 60 foreign customers include government and government-controlled entities. As an example, three of the largest are British Overseas Airways Corp., Air France, Lufthansa of West Germany. The first two, BOAC and Air France, are wholly government owned and the third, Lufthansa, is about 75 percent government owned.

In light of such government-airline relationships it would seem likely that should the United States institute trade restrictive actions the governments of the countries affected might be inclined to further support foreign airplane companies whose products presently are not generally competitive with those in the United States.

Thank you, gentlemen, for the opportunity to express our views to this committee.

Mr. Watson. Now, if I may, gentlemen, I would like to present Mr. William Blackie, chairman of the Caterpillar Tractor Co.

STATEMENT OF WILLIAM BLACKIE, CHAIRMAN, CATERPILLAR TRACTOR CO.

Mr. Blackie. Good morning, gentlemen. I would like to support the position of the Emergency Committee by appealing for protection, protection of the jobs of millions of Americans who earn their living through all the U.S. manufacturing and commercial processes involved in exportation.

In total, I am informed that such employees far exceed any number that could possibly be harmed by any increase in imports, and I presume that one of the important objectives of our trade policy should be net advantage to us in terms of employment.

Using my own employer, Caterpillar Tractor Co., only for pragmatic illustrative purposes, we expect our exports this year to exceed $500 million and hopefully to make a contribution of about that amount to the U.S. balance of payments.

That will be about one-third of our total sales. On the basis of U.S. employment of more than 48,000 we estimate that about 15,000 of our American people owe their jobs to these exports. I might perhaps interject here the information that the greater proportion of our work force is engaged in Illinois, and it is no coincidence that Caterpillar is both the largest employer and the largest exporter in that State.

Other employment is located at our plants in California, Iowa, Ohio, Pennsylvania, and Wisconsin. In a footnote digression it might not be wholly inappropriate to mention that $500 million is roughly one-half of the adverse balance of trade for the entire U.S. steel industry.