

When that industry decries the paucity of its exports it generally seems to overlook the fact that Caterpillar, and steel users like it, are in effect its export department. These results have been attained gradually over a number of years and we believe we can carry them forward, provided that in addition to the hazards at home we are not handicapped by a reduction of opportunity to sell to other countries by reason of restrictions imposed by their governments.

In every developed country, just as in ours, there are industries that would rather operate under the shelter of some form of protection than face up to the rigors of open competition, and again just as in our country, these industries are looking for every possible opportunity to justify a claim for protection from their external competitors.

Not unexpectedly the arguments offered in support of their claims are not the same as those advanced here—full employment, defense essentiality, balance-of-payments betterment, et cetera. To be sure, none can claim harm from cheap American labor.

Instead they claim to be the suffering victims of the technological gap between U.S. industry and theirs.

They want, in effect, to be protected from our skills, from those proficiencies which have made it possible for American industry to pay higher wages and still be competitively effective in world markets.

Among the opportunities which could be created for such claims by foreign industries and for responsive actions by their governments would be any action on the part of our Government to restrict their imports into this country.

After years of multilateral reciprocity and a progressive expansion of international trade we would be faced with a variety of unilateral retaliatory measures leading to a regressive restriction of both international trade and international competition.

In the beginning, the battle would be fought on the ground of price. But price is only one of the elements in the competitive discipline. In the long run, it is likely to be superseded by the more important element of innovation, of invention, of ideas. Could it be entirely accident or coincidence that in American industry today those exports which are contributing so gratifyingly to our balance of trade and payments are for the most part being made by industries which, on the one hand, have had little or no protection from foreign competition and, on the other hand, have produced a disproportionately large contribution of innovation and enterprise?

Gentlemen, in any competitive situation the way of wisdom is to avoid creation of conditions under which one would lose.

In my judgment, we cannot retreat our way out of our present predicaments. With your help we can continue to move forward expanding our employment, increasing our tax base, strengthening the value of our dollar, and contributing more than ever to the welfare of this troubled world in which we hold such a responsible leadership position.

I thank you.

Mr. WATSON. Now, I would like to introduce once again Mr. Robert Purcell, chairman of the International Basic Economy Corp.; since some of your earlier witnesses have attached special importance to the question of job displacement, Mr. Purcell wants especially to address this topic.