Mr. WATSON. Yes, Congressman Bush, I think we have to face the fact that—I don't like to call it retaliation. I would rather say there are barriers, and the particular country you spoke about has definite barriers. They have barriers in my industry and they have barriers in every industry.

It is further complicated by the fact that they will also export a comparable automobile, say, from Japan to Venezuela as an example, a car comparable to a Ford Falcon or Chevy II, let's say, and inevitably they will undersell the competition by $500.

In this case, in my own judgment, I believe you have to go to Japan on a very high level in a face-to-face encounter, government to government, and just point out the problem clearly, and ask for solutions. We in our committee have had, within the last several weeks, meetings with the leading Japanese business association. We pointed out very clearly that they can't any longer have those barriers that have been in existence for Lord knows how long.

Mr. BUSH. What have they done about it?

Mr. WATSON. I think now they are waking up. I think there was a period when they wanted to get their economy going. That period is probably over, and I think the GATT rules can certainly be one way to begin correcting these practices.

I think we have to face these problems and face them squarely. These things exist, but I think we, in our positions as businessmen engaged in international business, feel we have to attack them, and when we fail we have to call on the Government to help us; but we are fighting very hard, and I think we are having some success.

Mr. BUSH. One more question, Mr. Chairman. In the conclusion of your formal printed statement you said that the answer lies not in our retaliation or not in duties or imports controls, something like that, but rather in fundamental U.S. economic policy measures.

One of you gentlemen referred to the tax bill and the spending. I believe you did, Mr. Watson. What other fundamental U.S. economic policy measures were you referring to in your statement on page 17?

Mr. WATSON. I think our main emphasis there was on generally sound fiscal and monetary policies. That is what we were referring to, primarily.

Mr. BUSH. And you would consider this legislation that we will consider next week on taxes and spending cuts as a fundamental part of this.

Mr. WATSON. Absolutely. We could knock some of these barriers down, particularly those in Europe, if the Europeans suddenly saw we meant business insofar as controlling our inflation and getting back to some fundamental principles.

Mr. BUSH. Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Watson, there is equal concern abroad too, that we improve our balance-of-payments situation, I am told. Is that right?

Mr. WATSON. Yes, sir, there certainly is, and I think that again goes to the tax spending cuts situation and that is why we who are engaged in both manufacturing abroad and exporting abroad are so anxious to keep the barriers here down so we can push these exports.

I don't like to quote my own company's figures but I am proud of the fact that in the last 5 years we have contributed over a billion dol-