no modern products or equipment can be made without them, neither automobiles for the civilian nor tanks for the soldier.

The national defense need for maintaining a technologically advanced machine tool industry is recognized by every industrial nation in the world.

Gen. George C. Marshall, speaking as Chief of Staff during World War II, summed it up by observing:

> Practically every problem concerned with the production of arms and equipment, ships and planes, starts with the question of machine tools. The tool builders, therefore, constitute the keystone of the entire procurement structure.

General Marshall's observation is just as pertinent today as it was more than 25 years ago. The U.S. machine tool industry faces serious problems today resulting from the lower labor costs abroad that have created drastic changes in the pattern of U.S. imports and exports. We believe that immediate remedial steps are necessary to make certain that the United States continues to have the machine tool capability to meet the needs of both a defense and a peacetime economy.

Since 1964 when this industry testified at the Trade Information Committee hearings the industry's position in world trade has deteriorated. Chart 1 on my left, your right, "U.S. Imports and Exports of All Machine Tools," shows that in 1964 the value of machine tool exports was nearly $200 million, while imports amounted to only $36 million. Our favorable trade balance in 1964 of $162 million was reduced to only one-tenth of that amount, or $16 million, in 1967. Last year imports were $178 million, nearly five times the 1964 level. And

CHART I