And the other thing is that there is another barrier which is in the form of the United Nations resolutions which have been implemented by countries with respect to, for example, Rhodesia and South Africa. There are some limitations. And it is really not on all four's with other products.

Mr. GREENWALD. I don't think you can really call it free trade when there is a complete licensing system, certainly on exports as far as we are concerned, and on imports in most countries. The fact that the tariff is rebated because the purchase is for the account of the government doesn't make it free trade in the usual sense. As Mr. McQuade says, it is not the same as a private transaction, and you can't call it free trade. The most effective nontariff barrier to trade is a quota or licensing system. And that is what you have in arms and ammunition.

Representative WIDNALL. I have been very much disturbed since receiving word recently that a great amount of the arms trade between our country and the countries in the Middle East have been financed through the Export-Import Bank. Now, this is more than just licensing, too. And if it is true—and I'm going to pin it down, and I intend to follow it up—I think it is something that the country can well look into to our present posture and our future position with respect to this kind of trade.

Mr. McQUADE. I am sure the answer, Mr. Widnall, is that if we make a national decision to sell arms, that it is the sensible thing to do under the military assistance program, why then we will facilitate that sale with credit if that is appropriate.

Representative WIDNALL. We certainly find ourselves in a great box since this Middle East system blew up. And a lot of things have come to light with respect to our own participation and that of the Soviet Union. And I think we had better have everything fully on the record as to what we are doing with respect to this entire trade.

Representative REUSS. Will the gentleman yield?

Representative WIDNALL. I will yield.

Representative REUSS. I think the gentleman from New Jersey is performing a very useful service here. I was not aware of the use of the Export-Import Bank for this purpose. But it was certainly not the intent of Congress to set up a Sir Basil Zaharoff institution when it inaugurated the Export-Import Bank. And I hope the gentleman will pursue this. I pledge my help with it.

Representative WIDNALL. I thank the gentleman.

If Britain fails in its bid to enter the European Common Market, what alternative sources of action might be open to the United Kingdom, and what might be the United States attitude toward such possibilities?

Mr. GREENWALD. Let me try to answer the question.

If the United Kingdom doesn't succeed on this occasion in joining the European communities, there will certainly be a great deal of consideration given to what people describe as alternative arrangements. As a matter of fact, I think both in the United Kingdom and in other countries people have thought about this on past occasions, and something called contingency planning is going on all the time.

My own feeling is that perhaps too much attention is given to the institutional aspects of these alternative schemes. People talk, for ex-