which the affected countries ar not obliged to limit their retaliation to the amount of trade directly affected.

A quota policy, therefore, would have equally serious effects on our domestic economy and our longer run ability to compete. Import quotas can have only one effect on domestic prices—to make them higher than they would otherwise be. Is any action designed to raise prices at this time a rational one?

An immediate increase in prices would be only the beginning of the damage. As the secondary effects of quotas are felt, they will be very different from those of tariffs. A fixed tariff permits competition from those imports that are able to surmount it. Such competition stimulates domestic producers to keep ahead of the foreign manufacturer—to improve their efficiency, to lower their costs. A quota, of course, permits none of these effects. The domestic producer knows that no matter how high his costs or his selling price he can lose only a specified part of his market to imports. But without the spur of import competition, he will eventually lose his ability to compete with the same foreigners for the markets of third countries. In fact, even industries not protected by quotas will find that their own costs have risen and their ability to compete diminished because of increases in the cost of materials they use.

On the surface, quotas that simply guarantee domestic producers a fair share of the market may sound attractive. But what is a fair market share? In the American tradition it is the share anyone is able to win by producing a better or cheaper product. That is why our overwhelming share of the world's computer market, for example, is a fair share. The United States has been especially successful in the development and marketing of products involving new technology. We would be the heaviest loser if we should lead the world in freezing present patterns of trade. Such a course means stagnation—higher costs to the consumer, loss of our international ability to compete, and loss of many other qualities that have made us a strong economic force in the world marketplace.

Some who advocate the extraordinary protection of quotas probably honestly believe that the United States has no choice but to adopt distasteful measures because we are faced by unfair trading practices of other countries. I agree, as has already been mentioned here today, that the practices of other countries are not always what we would like them to be. Where I do not agree is that we are helpless before them. Both under our international commitments and our domestic law we have remedies for many of them. We have the power to impose antidumping duties and countervailing duties to offset unfair pricing practices and subsidies. And we have authority to protect domestic producers seriously injured by imports even where foreign practices are perfectly fair. This includes the authority to increase tariffs under the escape clause and to impose quotas to protect domestically supported farm prices. Finally, we will have, if the Congress enacts the administration's trade bill, an adequate means for the first time for dealing with the problems of individual firms and groups of workers.

We have used and will continue to use these powers where justified. For example, we have recently imposed countervailing duties against the subsidies of others. We are subsidizing poultry exports in order to regain our market in Switzerland that was lost because of EEC and