2. Retail establishments would find it more difficult to meet consumer demands for fashion, style, variety, and novelty found in imports or stimulated by imports.

3. Quota systems result in disruptions in established sources of supply. It is not only that quotas would be administered by countries, but within each country, systems would have to be set up to allocate quotas among individual manufacturers. Experience under the cotton arrangement has been a competitive search for an available quota. This is disruptive of established overseas sources.

4. Foreign competitors have challenged domestic producers on prices and productive efficiency and have stimulated them to increased ingenuity and inventiveness. The result has been both direct and indirect savings to the consumer, because the availability of imports has had an effect far exceeding their dollar volume.

5. An overwhelming proportion of retail sales comes from domestic production. Therefore, any influence on the price retailers must pay for domestic products is a matter of immediate concern. A most beneficial aspect of imports is their competitive influence on U.S. manufacturers.

6. At a time when the private sector and the National Government are deeply concerned about inflation, profit squeezes, and price increases, one cannot ignore the potential inflationary effects of a reduction in the supply of imports and resultant higher costs for domestically produced goods.

7. If the United States seeks to impose import quotas, either unilaterally or by coercion, the danger of retaliation by our foreign trading partners is very real. The United States then would face the difficult question of what concessions in other commodity areas would be made to compensate for the special protective measures benefiting special segments of domestic industry. There are many indications that our trading partners, as a matter of principle, would pick U.S. export areas which would hurt American industry most. U.S. exports subject to retaliation would likely include: all agricultural products, machinery, chemicals, automotive equipment, and raw cotton.

SUMMARY OF RETAILING'S POSITION ON TRADE POLICY

Retailing supports the Trade Expansion Act of 1968 and its three purposes:

1. To continue and strengthen the trade agreements program of the United States.

2. To establish a viable program of adjustment assistance for firms and workers affected by imports.

3. To promote the reduction or elimination of nontariff barriers to trade.

Retailing opposes import quotas, which decrease the supply of imported products; and have inflationary economic effect; are disruptive of trade relations with our allies; and have destructive effects flowing from the administration of quota systems.

Retailing supports a trade policy in keeping with our private enterprise system—which offers the American consumer value and choice among goods available at reasonable prices.

To sum up, I believe that the Congress should continue its policy of promoting the free flow of merchandise across national boundaries and of upholding the right of our citizens to have access to the widest