

much concerned with what is happening but I also have a lot of problems with the alternatives.

You are recommending legislation that would generally impose quotas, would it not?

Mr. STEWART. It would impose quotas on five basic industries and provide machinery under which other industries might qualify in a Tariff Commission investigation for quotas. It would in each instance, however, then authorize the President to negotiate with the affected countries for a liberalization of the quota plan under guidelines specified in the legislation, including a growth formula.

Mr. ULLMAN. The Government then would be directly in the business of dividing up the marketplace, is that right?

Mr. STEWART. Well, the initial quotas are based upon the division that has resulted in the marketplace. The subsequent allocation formula would be proportioned to the growth of the market which again is reflection of what the marketplace itself has determined in the past and the right of the President to negotiate to liberalize that means, as in the case of cotton textiles, the affected countries could recognize the problem and mutually solve it in a way which did not curtail the trade of any of them.

There is no reason why, having worked in cotton textiles, it could not work in other basic industries.

Mr. ULLMAN. Well, I have heard a lot of witnesses who would be very much concerned about the Government actually getting into the business of setting up the quotas, dividing up the marketplace, rigid formulas.

Is there any new way that it could be administered that would allow the flexibility that you need in the market?

Mr. STEWART. I think this is a very helpful point, Mr. Ullman, and I appreciate your raising it. Consider the alternative to the Government doing it first by statute to provide a basis and then by negotiation. The alternative in the flat glass industry is that the world market will be divided up by cartels from which the U.S. industry is excluded.

Is that to be preferred over a system in which all of the governments sit down and on the basis of equity with some congressional guidelines accomplish a more fair division?

We think that there is a need in this instance because nothing else can accomplish it than for the Government through negotiation to do it.

Now, as to those who protest Government intervention, I wonder what they think trade agreement negotiations over the past 30 years have been. When the Government decides to reduce duties they make a decision to alter the conditions of competition between the domestic and the foreign industries and systematically they have done it with the enthusiastic endorsement of those who now say that judgment