and concurrent increases in prices—and thus impose hidden taxes on consumers while subsidizing favored domestic industries. In the electronics field, quotas would raise the price of various electronic products, thereby squeezing low-income purchasers out of the market. In the case of Fairchild, this process would come about in two stages. First, quotas on semiconductors or integrated circuits would drive up our price to end-use producers. The resulting increase in the price of such products as radio and TV sets would ultimately reduce end-use sales and then the sales of Fairchild to these consumer goods producers.

Second, countries whose products are subject to our quotas will normally retaliate by raising their own trade barriers against goods from the quota-imposing nations. This result would be particularly true if quotas should be established for electronic products. Foreign countries will never understand why this country should impose quotas for an American industry which is healthy, growing, and maintaining a favorable balance of trade. Under those circumstances, if this Nation should limit the import of various electronic commodities, our trading partners will be exceedingly tempted to limit our export of other electronic commodities.

It is my impression that in the last Kennedy round one of the reasons why people have been concerned about the fact that the electronics industry in this country was not well treated was the fact that in the negotiations, in the give-and-take which went on at those meetings of the industries which were involved, the electronics industry in this country perhaps was the strongest and needed less protection and aid was given to some of the less, you might say, technologically prominent industries in this country.

Third, quotas would also produce great administrative difficulties and resist moderation or removal once enacted. In the electronics field, technology is changing so rapidly that it would be an administrative nightmare in my opinion, to determine which products should be subject to quotas or ceilings and which should not.

Finally, and most importantly, import quotas are simply not needed for the electronics industry. On the whole, our industry is prosperous and capable of meeting the challenge of foreign competition both at home and abroad. In fact, I think that a majority of the electronics industry realize this fact. At recent meetings of the Electronic Industries Association, some of whom you have heard from today, four divisions of that association—Consumer Products, Government Products, Semiconductors and Tube—have gone on record as being emphatically opposed to import quotas; while, to the best of my knowledge, only one division—Parts—has gone on record as favoring them.

Mr. Chairman, it is the judgment of the Fairchild Camera & Instrument Corp. that this Nation's current balance-of-trade and balance-of-payments problems are solvable. But it is also the judgment of my corporation that these problems must be treated within a framework of multinational cooperation and through an international effort to reach agreements and common goals. For the United States will only exacerbate its difficulties if it should now embark upon a unilateral, trade-restricting program in which national boundaries are transformed into national barriers and the private enterprise quest for new markets is replaced by governmental regulation of the movement of goods and capital.