

stick we carry is our ability to retaliate, if you like, if they do not agree. I think this is the next order of business in world trade negotiations.

Senator MILLER. Of course, when you talk about retaliatory action, let me make one last observation. Our position before the Common Market of our negotiating team during the Kennedy Round was that the Common Market should give us access for our grains based upon a base period percentage. That was our request.

Now some of these quota bills, vis-a-vis the Common Market, would establish a quota-guaranteeing access based upon a certain percentage of our market according to a base period. There is something that if the Common Market, if we should do this, should retaliate, we might end up getting exactly what we asked them for during the Kennedy Round of negotiations. Might this not be a desired result? This was our position. This was Ambassador Roth's position. They turned us down on it, but maybe this might be one way of obtaining what we asked for by way of retaliation.

Mr. BUTLER. Well, one of the great problems is that world trade policy in agricultural products has made no economic sense for many years, and I doubt that it will, so this becomes a completely political matter of negotiations, and this being the case, you try and get the best deal you can possibly get in the best way you can get it. But, I think, to go down the road of increasing quotas and industrial products would be a tremendous backward step in the development of the world economy, and I hope we would not get it, and I would argue this is true even if we do guarantee access based on a certain base period in the past. It is a bad route to embark upon, and I think the consequences, over time, will be extremely damaging.

Senator MILLER. Do you think it is a bad route to follow until such time as we are able to get into reciprocal lowering of nontrade barriers, which as the committee has found can be just as effective and even more insidious than trade and tariff barriers?

Mr. BUTLER. That is right.

Senator MILLER. You think that until such time that it would be better not to follow any quota route?

Mr. BUTLER. I made a calculation once which is very hard to document that something like 20 percent of the world's production of industrial products of movable goods as some economists call them enter into international trade, and the fact that they do so in view of the difficulties, the obvious difficulties of selling something in another country, I think, is a great tribute to the forces that make trade move. The fact that they do so despite these restrictions, again, I think indicates the tremendous propensity on the part of the world to trade and the very great advantages in trading.

Now, to the extent you can reduce the barriers, you can increase trade and the well-being that goes along with it very significantly, and my only plea would be that we move in this direction and not in the direction of enmeshing trade in control restrictions which I think would not be to the advantage of the world.

Senator MILLER. Thank you, Mr. Butler. I share your policy views in the long run. But, I must say, I think that looking at the hard facts we have to sometimes recognize certain situations which may delay the change of that policy but I do believe that we have a duty to the