

Thus we have descended, step by step, from the rates fixed by the 1930 act—rates that still appear in column 2 of our tariff schedules—to levels where the tariff per se has ceased to be really meaningful restriction to flows of international trade in the industrialized free world.

With the successful conclusion of the Kennedy Round we have come, then, to the end of an era, and we stand at the threshold of a new effort. Now, if only because of the relative unimportance of tariffs, many new trade problems spring to our attention, demanding study and action. I will discuss some of these problems and what to do about them later. I wish to note here however that I detect a new trend of thought, one that I feel contradicts the thrust of U.S. foreign economic policy evident in the progressive reduction of tariffs.

The purpose of this tariff reduction has been to establish a more competitive international economy based on the fuller operation of a fair marketplace. But this objective is endangered by developments such as measures that use quotas and licenses as means of regulating trade in order to bring about objectives that governments consider to be important. Commodity agreements, for example, are major deviations from marketplace conditions because they use quotas and licenses to completely regulate trade in a certain product, often of major importance. The Long Term Cotton Textile Arrangement, renewed for 3 years by the same Kennedy Round agreement that will result in the reduction of tariffs, is just such a measure. It establishes a comprehensive quota system for cotton textile imports, and this has had a profound effect on economic development in the poorer countries.

So I see two themes, two ideas of foreign trade, now current. On the one hand, there are those who wish to expand international trade and payments on the basis of freely operating, competitive international marketplace. The reduction of tariffs has brought us toward this objective. On the other hand, there are those who, though they may even support tariff reduction, at the same time seek to establish new methods of trade regulation that will impair the function of the marketplace. I believe that it is important to resist such "neomercantilist" efforts and to adhere in the new period that lies ahead, to the principles of international competition that have guided our policy in the tariff-reduction period.

Beyond these comments I will limit my remarks to observations about the role of Congressional Delegate for Trade Negotiations, some post-Kennedy Round concerns of international trade policy and some comments on our administrative organization for formulating foreign trade policy, conducting trade negotiations and in other ways implementing that policy.

The function of congressional delegate is set out in section 243 of the Trade Expansion Act as follows:

CONGRESSIONAL DELEGATES FOR TRADE NEGOTIATIONS. Before each negotiation under this title, the President shall, upon the recommendation of the Speaker of the House of Representatives, select two members (not of the same political party) of the Committee on Ways and Means, and shall, upon the recommendation of the President of the Senate, select two members (not of the same political party) of the Committee on Finance, who shall be accredited as members of the United States delegation to such negotiation."

I should note that, in addition to the two full Senate delegates, two alternate delegates have been designated from the Senate Finance Committee as a measure of the interest of that committee in the trade nego-