

or even absent from many discussions in recent years. Many arguments are being made and forces are at work to reduce the scope for equal treatment. Often, I think, people respond to these ideas and pressures without adequate attention to what the alternatives are, or the position this country would be in the kind of trading world we would have if we abandoned equal treatment.

This may seem an old-fashioned sentiment. But I am glad to stand on it, provided you remember, from what I said at the beginning, that the content of trade policy is going to be quite different in the next 10 years from what it has been in the last 30.

Thank you.

Chairman Boggs. Thank you very much, Mr. Diebold.

Professor Baldwin?

**STATEMENT OF ROBERT E. BALDWIN, PROFESSOR OF ECONOMICS,
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Mr. BALDWIN. The first section of my paper consists of a very brief survey of previous trade negotiations. Since this is background material that you are already familiar with, I shall skip over this part and summarize my main points concerning certain key problems that I think must be handled more adequately in the future than has been done in previous negotiations.

We are now at the point in our tariff-cutting negotiations where most of the tariff protection that was largely superfluous, has been eliminated. Increasingly, we have moved into sectors where significant resource-reallocation effects are produced by tariff cuts. If this remaining hard core of protection is to be reduced significantly at least three important problems should receive more attention than in the past:

(1) We must achieve a better balance of consumer and producer interests in economically vulnerable industries.

(2) We must devote greater efforts to the reduction of nontariff barriers.

(3) We must make the negotiating process more effective in achieving its goal of trade liberalization and expansion.

With regard to the first point—a better balancing of consumer and producer interests—I would urge that the Congress liberalize the adjustment assistance provisions of the Trade Expansion Act. There is only one way whereby consumers can obtain the benefits of lower prices that tariff cuts bring, and yet whereby workers in certain economically vulnerable industries will not suffer a deep and long-lasting reduction in their incomes. This is by a substantial adjustment assistance program that really tries to retrain and relocate workers and employers who have lost their jobs through no fault of their own. The “escape clause” portion of the act, incidentally, should not be changed, I think. This action should only be used in exceptional cases.

There is more and more interest here and abroad in trying to harmonize and reduce the many nontariff barriers that restrict world trade. These include such measures as (1) quantitative restrictions; (2) Government procurement policies; (3) customs valuation practices; (4) border tax adjustments; (5) regulations covering such mat-