

ters as safety and health conditions; (6) Government subsidies to domestic industries; and (7) monopolistic practices in the private sector.

There are great opportunities for U.S. export expansion if foreign nontariff barriers can be reduced. The United States also has erected certain restrictive nontariff barriers. However, most of our barriers are represented by clear-cut laws and well-known public regulations. In many foreign countries, on the other hand, informal administrative devices are used to thwart the attempts of U.S. businessmen to sell abroad. It is important to bring these measures out into the open and establish clear-cut rules that do not discriminate against foreigners in cases where the national interest is not involved.

It will take many years to reduce these barriers, but we should start soon to undertake the time-consuming, technical analysis that will be necessary to achieve a significant reduction of these barriers.

My first point concerns improvements in the negotiating process. First, we must greatly improve the level of economic analysis supporting our negotiators. The steps outlined in the Trade Expansion Act for assessing the economic effects of tariff cuts in various industries as well as the possibilities for export expansion look impressive on paper. But the size and level of competency of the staffs of the various departments and agencies involved in this work is quite inadequate for the job. I suggest that the Congress provide a small amount of funds annually for the purpose of undertaking economic studies designed to determine the ability of workers and employers in various industries to adjust to increased import competition. These studies should be undertaken by economists both within and outside of the Government. We should immediately, for example, set up a study that will trace the economic effects of the Kennedy Round cuts as they take place. From this we can get a much better idea of the possible effects of future cuts than we have ever had.

With respect to the nature of the negotiations themselves, I would suggest that the negotiators adopt a less rigid view of the concept of "reciprocity" than is often used and that in the future we do not tie ourselves to any one tariff-cutting technique. Flexibility is essential for tariff-cutting negotiations.

A number of highly competent observers interpret our recent tariff-cutting experience as requiring radical changes in our approach to worldwide trade liberalization. Some of them suggest the formation of free trade blocs between the United States and various other industrial nations. Others propose the abandonment of the most-favored-nations principle in our tariff-cutting policies. While these various proposals have points in their favor, the merits of proceeding along the same general lines as in the last six GATT negotiations to me seem greater, especially if the goal is the economic one of lowering artificial impediments to world trade.

There is still much to be done in reducing the trade-inhibiting effects of nontariff barriers. This will be a very difficult task but there is some evidence to suggest that at least the major industrial countries are willing to proceed toward a harmonization and reduction of some of these barriers. With an effective adjustment assistance program together with an adequate background of economic analysis, a less