

COMMITTEE FOR A NATIONAL TRADE POLICY*

Editorial¹

THE TIME HAS COME

At the end of January, in his Economic Report to the Congress, President Johnson said:

"This Administration is committed to reducing barriers to international trade. . . . But the Kennedy Round is not the end of the road. We must look beyond the negotiations in Geneva to further progress in the years ahead. We must begin to shape a trade policy for the next decade that is responsible to the needs of both the less developed and the advanced countries."

In October 1966 the President told the National Conference of Editorial Writers: "Our goal is to free the trade of the world—to free it from arbitrary and artificial restraints."

Whether or not the Kennedy Round is a success, forward movement is essential. The need is not only to maintain our momentum on the route of freer international trade according to rules of navigation established by the General Agreement on Tariffs and Trade, but to prepare our economy for new initiatives, in cooperation with industrialized countries everywhere, to achieve the trade policy goal to which the President referred—free trade.

The timetable for such initiative is highly uncertain. The time has come, however, for governments and entrepreneurs to set their sights on free trade as a definitive goal, making it a premise for decision-making both by government and the private sector of the economy. We are a long way from that kind of preparedness. Yet, accepting free trade as inevitable in the not too distant future, and recognizing resolute preparation for it as indispensable, would go a long way toward helping our economy combat such foes of economic progress as damaging inflation at home, lack of confidence in the dollar abroad, and such obstacles to international cooperation and development as inward-looking regionalism in Western Europe and abysmally low levels of economic growth in the southern hemisphere.

The timing of the next step in U.S. trade legislation to provide the basis for a U.S. initiative of this kind is a highly controversial question requiring judgments on political timing and the need to avoid anything that might impair the present GATT negotiations. But uncertainty about decisions regarding new legislation should not delay decisions to step up the pace at which the American economy prepares itself for the trade policy initiative that must lie just ahead.

To achieve this trade objective will test the resourcefulness of our free enterprise system and the persuasiveness (both at home and abroad) of those who understand the need. Of first importance is a clear understanding of what needs to be done and of the ability of the United States in cooperation with other advanced nations and regional instrumentalities, to reach the ultimate goal of free trade. Then comes the determination to move in this direction.

Editorial²

NEEDED: A POLICY

It has been well over a year since a citizens committee on trade—chaired by Stacy May, a widely respected economist, and including a political and economic spectrum ranging from General Lucius Clay to Walter Reuther—articulated the following priorities in its report to the White House Conference on International Cooperation in December 1965:

"Impressive as our record and that of other industrialized nations have been in achieving a substantial lowering of trade barriers in such a relatively short period of time, what these countries have accomplished has not measured up to the degree of trade liberalization of which they are capable and from which they

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