NATIONWIDE COMMITTEE ON IMPORT-EXPORT POLICY*

After 33 years of the trade policy that culminated in the so-called Kennedy Round on June 30, 1967, a stage has been reached in which an assessment of the results achieved should be possible, including any fall-out of an injurious character that may have occurred.

From a review of the results of three decades of tariff reduction certain conclusions may be reached on the possible modification of existing policy to adapt it to the present-day realities of the foreign-trade position of this country.

OBJECTIVE OF THE TRADE PROGRAM

It was the intent of the trade program to reduce tariffs and other trade barriers throughout the world. The purpose, as it evolved, was to free trade of restrictions so that global commerce might expand and thus lead to great economic benefits and to world peace. The benefit to the United States would come in some beneficent round-about way from the assured blessing bespoken of free trade by Adam Smith.

First, however, a little history.

Adam Smith, together with later British economists, notably John Stuart Mill and David Ricardo, no less than the philosopher Herbert Spencer, were staunch laissez-faire (free-market) political economists. They believed that the free market under competition would give the best economic return over all alternatives. Therefore economic forces should be left alone, with the least possible interference from the government. That was the laissez-faire philosophy.

It is not surprising then that there was a long period of time when the tariff was regarded by the laissez-faire economists in general as a black beast that despoiled the fair fields and meadows upon which grazed the gentle herds to which we looked for meat, wool, milk and weal. It was the tariff that stood in the way of the free market in which all interaction of supply, demand and prices would work itself out to the greatest benefit of all.

American economists imbibed freely of this philosophy and it was meted out to students of economics through college textbooks and lectures throughout the land, decade after decade.

Even as this country was moving toward unquestioned world industrial leadership under the tariff system, the tariff was pictured as the unredeemed enemy of all that was economically good and sensible in the eyes of the classical economists. It interfered with the free flow of commerce. Then came the opportunity this school of thought had long been waiting for.

The occasion arose in the 1930 decade when the Great Depression made it possible to give the tariff its due. We had fallen with a crash into the deepest depression of our history and we very badly needed a scapegoat in addition to Herbert Hoover.

When the American public was brought to epidemic hatred by our national economic frustration in the form of the Depression, the majority of the people fell victim to a feeling of vengeance that was far more understandable than rational. They hated with equal fervor all that moved on the landscape that had the misfortune of having any association with the great debacle. As a result a wholly improbable linkage was formed for purposes of venting our implacable fury. Laissez-faire economics, that unrelenting enemy of the tariff, found itself blindly and unaccountably blanketed with the tariff under the smothering folds of a lethal anathema. Miller and Spencer were read out of polite economic society hand-in-hand with the tariff! They were equally tattooed with the spots of smallpox and driven to cover, to cower with their equally condemned arch enemy, the protective tariff. Of such gargantuan illogic and contradiction is public policy sometimes wrought!

We wanted no more laissez faire! Our economy was to be controlled, not left alone. It was to be fettered, not set free: all, that is, but foreign trade. While all

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