a number of desirable changes, however, which might not require such extensive public hearings. First, a liberalization of the adjustment assistance provisions of the present act would make them more easily applicable to cases of import injury to both industry and labor. They could be patterned after the trade adjustment provisions of the Canadian-American Automobile Agreement.

Second, some of the legitimate complaints of the less-developed countries could be met in part by granting them immediate application of reductions negotiated in the Kennedy Round rather than phasing these over a period of five years, as specified in the present Trade Expansion Act.

Third, little progress has been made in negotiating the elimination of nontariff barriers in the Kennedy Round. The only possibility appears to be an agreement on a code of anti-dumping rules. It might be well, therefore, for the President to seek approval from Congress to conclude agreements with other countries on nontariff barriers, with the proviso that any agreements requiring new legislation or changes in present U.S. laws would be sent to the Congress for approval. Obviously, any treaties negotiated would require approval of two-thirds of the Senate.

During the two-year extension of the present or modified TEA, the United States should explore with other nations the possibilities, advantages and disadvantages of a bold new approach to trade problems involving Western Europe and other developed countries, the less-developed countries, and those communist nations willing to make some adaptation of their state trading systems to the market economies of the West.

A New Foreign Trade Initiative: A World Free Trade Association

The 1969 Trade Bill should project a bold and far-reaching new initiative in the field of foreign trade policy. Its introduction should afford the President a unique opportunity to assume world leadership in the continuing effort to expand friendly and profitable economic intercourse among all nations. Such an initiative, to be politically acceptable, should appeal not only to the pragmatic judgment of business and labor, but also to the deep feelings of idealism of the American people. It was just such a mixture of pragmatism and idealism that enabled President Kennedy to push through the TEA of 1962.

Any new initiative should, of course, be designed to provide benefits to other industrialized nations. It should offer some promise of action to meet the increasingly vehement demands of the developing countries for a more positive treatment of their problems. It should aim to reduce international political tensions. Most important, it must contribute to increased employment and profitable economic activity and a greater volume of international trade.

To achieve these objectives, this writer suggests that the United States propose to the other developed countries of the Free World the establishment of a World Free Trade Association (WFTA). It would be patterned after the European Free Trade Association (EFTA) and established within the broad framework of the GATT, under whose rules the great postwar expansion of international trade has taken place. It would be open to all countries willing to chart a course toward the greatest possible elimination of trade barriers.

WFTA, GATT, and MFN

The proposed WFTA should include in the first instance the United States, Canada, and the seven members of EFTA (Great Britain, Norway, Sweden, Denmark, Switzerland, Portugal and Austria). It would be desirable to have Australia, New Zealand, and possibly Japan as founding members. The EEC should be invited to join as a unit, with the sincere hope that it would do so—but the WFTA should be formed with or without the accession of the EEC at the start.

The proposed WFTA could be patterned after EFTA with some notable exceptions, such as the inclusion of agricultural products which are left out of the EFTA agreements. The WFTA would eventually include a great many countries, both developing and developed, with economic systems, resources and requirements of much greater variety than those of the EFTA Seven. Consequently the proposed association's charter should be less demanding than that of EFTA in terms of uniformity and timing of tariff reductions, but not so loose as to violate the basic Most-Favored-Nation (MFN) provision of a free trade association permissible under GATT rules, or to permit members to find loopholes which could invalidate the basic purposes of the organization.