gradual tariff reductions. This technique was applied by the EFTA countries in 1963 for a number of items, mainly on Portugal's behalf. The special treatment of tropical products of particular interest to the less-developed countries is already under consideration by the United States and the GATT.

WFTA AND THE UNITED STATES: LEGISLATIVE PROPOSALS

The proposed World Free Trade Association offers a plan for removing tariffs and nontariff barriers over a minimum of ten years (and more probably twenty years), at the initiative of the United States but with the initial participation of a majority of the developed nations of the world. During these ten years there are bound to be great and rapid changes in the world economy as well as in political relations between countries and among groups of countries. To meet these contingencies, Congress should give the President broad and flexible negotiating authority, subject to broad criteria defining the national interest and emphasizing the economic, defense and other objectives of the nation as a whole, including its formidable international political responsibilites.

A principal consideration will be the potential impact of WFTA on the U.S. domestic economy. Advantages for U.S. export trade must be carefully weighed against possible disadvantages to domestic industry and agriculture. The legislation should provide for Presidential accountability to Congress in the form of annual reports detailing (1) actual use of the authority, and (2) the effect of WFTA operations on the American economy (with recommendations for remedial legislation if necessary) and the overall objectives of the United States.

It is important that the legislation authorizing U.S. participation in a World Free Trade Association include adjustment provisions similar to those recommended above for the revision and proposed two-year extension of the 1962 Trade Expansion Act.

Measures for the protection of countries encountering balance-of-payments difficulties are currently being applied successfully by the IMF and the GATT, and of course will be applicable to WFTA members. No special balance-of-payments problems should be anticipated for the United States as a result of its participation in this free trade association. While average U.S. tariffs have decreased substantially from the rates in force when the Reciprocal Trade Agreements Act was passed in 1934, our volume of exports has increased and we have enjoyed a favorable balance of trade on merchandise account in all of the intervening years. Our current balance-of-payments difficulties arise not from any inability to compete in world markets, but from military and foreign aid commitments, foreign investments and tourism. Consequently there is no reason to fear that U.S. industry and agriculture will be unable to sustain in the future, as they have over the past thirty-odd years, their overall predominance during the contemplated gradual reduction of tariffs. Complaints against U.S. technological superiority voiced by other countries—notably by the Common Market nations—are most reassuring on this score.

At this point a brief comment on the present TEA is necessary because of the possibility that future legislation might follow the postwar pattern of holding general trade conferences instead of seeking to form a free trade area. New legislation should delegate broad authority to the President to negotiate trade agreements without specific restrictions such as the 50 per cent limit on tariff reductions under the present act. This will allay a frequent (and justifiable) criticism of our current legislation. The United States is the only country that places such restrictions on its negotiators, primarily because the fixing of tariffs, is, under the Constitution, a prerogative of the Congress. Delegation of this authority has always been hedged with strict limitations, presumably because of Congressional distrust of the Executive branch, or Congressional anxiety over import competition and possible injury to certain sectors of industry or agriculture. Government negotiators, however, backed as they are by nongovernment technical advisers from both industry and agriculture, might better serve both the national interest and various private interests if they were not hampered in their negotiations by arbitrary numerical and other limitations. There is nothing magical about a 50 per cent tariff reduction, instead of a figure of 25, 75 or 100 per cent, as being in the best interests of an industry or of the nation as a whole. If our negotiators should make unwise decisions, these could normally be rectified by adjustment assistance, or in extreme cases by Congressional action.