

join the Seven in an enlarged free trade association. A united Europe, including the United Kingdom and working in cooperation with the United States and Canada, could become a major force in establishing a solid foundation for world peace and prosperity. The danger exists, however, that a united Europe might pursue protectionist trade policies, might develop antagonistic attitudes toward the United States, with the avowed purpose of becoming a political "third force," and might not assume its share of responsibilities to the less-developed countries. As such it would pose a serious threat to the United States and to the security of the Western world. By proposing a WFTA the United States could help to reduce these dangers and retard the threat to established patterns of trade resulting from tariff and other barriers erected by the two rival European trading blocs.

In proposing a WFTA, the United States would be laying the foundation for an economic structure compatible with its commitments to GATT and the IMF and yet broad enough to include dissimilar economic groups. Because the WFTA would seek to include all developed nations, Washington would be able to counteract the probable accusation that it was trying to undermine the EEC or to dominate the nations of Europe. Indeed, a WFTA proposal might result in giving new expression and meaning to the concept of an Atlantic Community, both militarily and economically. Constructive economic cooperation in a WFTA might counteract the disintegration of NATO, a symptom of the changing political attitudes and increasing economic strength of Europe during the last decade. It might encourage the EEC to divert some of its attention from internal concerns to those of the Atlantic Community and the world as a whole.

A. NEW LOOK AT EAST-WEST TRADE

A review of U.S. East-West trade policy should be undertaken in developing a U.S. foreign trade policy for the coming decade and in planning for the proposed WFTA. In the first instance, it will be necessary to formulate policies and procedures for trading with countries maintaining collectivist economies. This includes all the communist countries of Eastern Europe and Asia, except Yugoslavia.¹¹ Second, when any communist country adopts sufficient features of a free economy, similar to Yugoslavia's, it should become eligible for membership in the WFTA. In other words, the development of East-West trade could proceed side by side with the development of WFTA. As the Eastern bloc acquires trade and payments procedures similar to those of the market economies of the industrialized West, steps could and should be taken to explore mechanisms to enable the collectivist nations to become partial or full members of the WFTA.

On February 16, 1965, President Johnson appointed a special committee, with J. Irwin Miller of the Cummins Engine Company as chairman, to "explore all aspects of expanding peaceful trade in support of the President's policy of widening constructive relations with the countries of Eastern Europe and the U.S.S.R. In its report of April 29, 1965, the Miller Committee recommended that the United States use trade negotiations with individual communist countries more actively, aggressively and confidently in the pursuit of our national welfare and world peace. The committee emphasized, however, that political, and not commercial or economic, considerations should determine the formulation and execution of our trade policies with communist nations.

Several of the Miller Committee's recommendations (notably proposals to expand credit guarantees and to extend MFN treatment to communist nations other than Poland and Yugoslavia) were embodied in the Administration's East-West Trade bill of 1966. But Congress took no action on this measure, and the President has not yet submitted a new East-West Trade bill to the 90th Congress.

The United States will undoubtedly liberalize its policy in the direction of expanding East-West trade in the years ahead. Such liberalization, however, should be judged against the political reality of Soviet statements and actions antagonistic to U.S. interests. Despite recent steps which suggest that there may be areas in which American and Soviet interests coincide—the recent treaty (still to be ratified by the U.S. Senate) to outlaw the use of outer space for military purposes, the agreement to open a direct Moscow-New York air service, the Consular Treaty, and the continuing negotiations on a nuclear non-

¹¹ Modifications in its economic and monetary system have allowed Yugoslavia to adhere to the GATT and conduct trade in a manner not greatly different from that practiced between nations with free economies.