

Merely because a duty is below 10 percent it cannot be called unimportant or unprotective. A 9-percent aluminum duty that the European Community refused to touch was one of the sore points of the Kennedy Round. Businessmen and consumers are not indifferent as to whether a tax is 3 or 8 percent. Valuable recent work distinguishing "effective" from "nominal" tariff rates has emphasized an old but often forgotten point that if raw materials and other inputs are tariff free, the protection offered the manufacturing process may be much higher than the apparent duty rate on the finished product. Nevertheless, when a large number of duties get down to what by the standards of the last 50 years are fairly low levels, many of them begin to look rather dispensable. Certainly the idea that they spell the life or death of great industries looks less plausible than ever. It is no accident, after all, that in the TEA Congress gave the President the power to remove duties of less than 5 percent. It would seem modest enough, then, to suggest that one aim of future trade policy would be for the United States and other industrialized countries to eliminate "nuisance tariffs." The question would be only where the line should be drawn—at 5 percent or above.

To pursue this aim the power the President now has could be extended. But broader approaches ought to be considered. After all, the lesson of the trade policy the United States has followed since 1934 is that tariffs can be very substantially reduced without great damage to domestic interests and with probable benefit to the national economy. This conclusion is certainly supported by the European experience in the Common Market and EFTA. The Kennedy Round has shown the willingness of a number of governments to take another big dose of the same tonic. Would it not be realistic to think of one more step that would eliminate (or at least drastically reduce) most of the tariffs remaining on trade in manufactured goods among industrialized countries? Of course there would be exceptions, including probably the hard cases of category 2 above which have to be approached in a different manner. But much more would be included than the "nuisance tariffs," those of 5 percent or less. Many of the duties that will be 10 or 12 percent after the Kennedy Round cuts are fully in effect were several times as high 15 or 30 years ago. Sometimes the last quarter of a tariff may seem more valuable to those it protects than the first three-quarters, but it is hard to dismiss the impression that if such cuts could be made in 20 or 30 years, the remnants could be disposed of in another 10. The argument would not be that the remaining duties were meaningless or negligible but that in the light of what has already been done, and on the basis of giving and gaining that is the core of tariff policy, a general agreement to eliminate over a period of time a large number of tariffs on trade in manufactured goods among the industrialized countries would be a desirable and not unimaginable goal.

Another Kennedy Round with linear cuts would be one way of going at this possibility (though I doubt that there would be much enthusiasm for that idea now). Perhaps a more clear-cut approach would be to think of a formula under which countries would move more or less automatically toward the agreed-on goal. While a number of formulas could be devised—and the possibilities multiplied by combining them in various ways—the alternatives that follow give a reasonable idea of the main lines of approach.