

that it will be wise to make agreements that are subject to review or renegotiation after a few years.

The fourth decision concerns bringing the Communist countries into GATT. Here we face the same kind of problem we do in bilateral relations. GATT rules have little to say about the conduct of state trading countries and, consequently, offer less assurance to other signatories of the agreement. Special arrangements, such as those that have been worked out with Poland, have a certain value, though again they set up trading arrangements that are not wholly satisfactory. There is value, though, in bringing the Communist countries into GATT on some basis as a way of providing for the discussion of common problems. The thing to understand is that their membership does not solve these problems but only opens up opportunities to work effectively on them and to experiment as long as both sides are willing. Safeguards against risk of serious loss should not be too hard to devise.

SOME OTHER DIMENSIONS

In this sketch of some of the main elements on the agenda of U.S. foreign trade policy in the post-Kennedy-Round period I have made the tacit assumption that the way to remove trade barriers in the future is the way it has been done in the past, by bargaining with other countries. We remove our barriers, they remove theirs. We are, after all, not talking about something the United States can do all by itself, nor have we very good means of persuading other countries to remove barriers except by offering them something. It is true that this view runs full in the face of much economic logic which shows that since it is the American economy that suffers from putting impediments in the way of its imports, unilateral action to remove them would be a good turn to ourselves. Nevertheless, the advantage of bargaining as a way of dealing with the rest of the world (which is not likely to respond simply to high-minded example) is to me compelling.

A word of caution is in order about how we think of reciprocity. The balancing of statistics showing how much trade is affected by what each country has done has never been entirely satisfactory. The real national interest lies in the consequences of trade barrier reduction, not in its anterior circumstances. As an increasing number of domestic activities are drawn into the trade negotiations in the manner described above, it will become increasingly meaningless to try to find a common measure for judging the exact value of what each country has done. A broader view of what constitutes satisfactory performance seems needed. That conclusion is suggested, too, by the widespread acceptance of the idea that it is impossible to ask less developed countries for reciprocal reduction of trade barriers. It does not follow that nothing should be asked of them, since their ability to take advantage of trade concessions made to them will depend to an important degree on their own policies. This broadening of the approach to trade may also lead us to conclude that sometimes unilateral action may be the best course even if, under the old vocabulary, the United States seemed to be giving something away.

Great as the postwar expansion of international trade has been, the increase in American direct investment abroad has been greater. An