

TOWARD THE SEVENTH ROUND OF GATT TRADE NEGOTIATIONS

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It is well to begin a discussion of future trade legislation by recalling that the official name of the recently concluded Kennedy Round is the sixth round of GATT trade negotiations. In other words, unique though these negotiations have been in several respects, they represent but one of a series of trade liberalization efforts that originated 20 years ago. Indeed one must go back a third of a century to the Trade Agreements Act of 1934 in order to put the Kennedy Round in proper perspective. At that time, as a result of the Tariff Acts of 1921 and 1922 and then the Smoot-Hawley Act of 1930, tariffs were at their highest levels in the Nation's history. However, since the first Trade Agreements Act, the United States has become the leader in a significant worldwide reduction in duty levels. Although simple averages are notoriously poor indicators of the restrictive effects of tariffs, a rough notion of the extent of these liberalization efforts can be obtained by pointing out that the average (weighted by trade volume) duty level in 1934 was 48 percent whereas it will be around 8 percent after the Kennedy Round reductions.

The purpose of this paper is to review briefly the history of the negotiations that have brought about this liberalization and then to focus upon certain problems these negotiations have failed to solve adequately. It will be argued that further significant progress in reducing protectionist levels is dependent upon a more successful handling of these problems.

AN OUTLINE OF PREVIOUS NEGOTIATIONS

The Period 1934-1945. The period between 1934 and 1967 can be divided conveniently into three subperiods as far as the history of U.S. commercial policy is concerned. The first extends from 1934 to 1945; the second from 1946 to 1961; and the third from 1962 to the present. In 1934 the President was given the power to undertake trade negotiations with other countries for the purpose of securing reciprocal tariff reductions that, on our part, could go as far as cutting then existing duties in half. Prior to the original Trade Agreements Act, efforts to secure reciprocal tariff reductions had not met with much success. The executive branch had sought to conclude formal treaties with various countries on several occasions but only three ever were ratified by both parties—the last being with Cuba in 1902. Obtaining the necessary two-thirds majority vote of the U.S. Senate in most cases proved to be an impossible task, since it was necessary to specify

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