

The United States participated in two additional rounds of tariff negotiations within the GATT framework under the 50 percent cutting authority granted in 1945. One was held at Annecy, France, in 1949 at which 10 more countries became contracting parties to the General Agreement and another at Torquay, England, in 1950-51. In 1955 the Congress again gave the President additional tariff cutting authority but considerably less than it gave in 1934 and 1945. The new authority permitted him to reduce duties by an additional 15 percent over a 3-year period. With these powers the United States participated in the fourth round of GATT negotiations in 1956. This session at Geneva dealt with the accession of Japan to the GATT.

The negotiating session prior to the recent Kennedy round was the so-called Dillon round (named after the then Secretary of the Treasury) in 1960-61. This was the first negotiation held after the formation of the European Economic Community. The objective of the United States was to obtain a reduction in the common external tariff of the EEC in order to offset at least partially the trade diversion caused by reducing duties within the EEC toward zero. Consequently, in 1958 Congress gave the President the authority to reduce duties by another 20 percent.

The five rounds of negotiations under the GATT between 1947 and 1960-61 represent an outstandingly successful example of productive international cooperation. Not only were tariffs among the industrial nations reduced significantly but the highly restrictive structure of quantitative controls erected for balance-of-payments purposes at the end of the war were gradually dismantled.

*The Period 1962-1967.* After the disappointing Dillon round, however, a view began to develop to the effect that the traditional technique of bargaining was inadequate for achieving further significant liberalization of world trade. The technique employed within the GATT was item-by-item bargaining in an essentially bilateral series of simultaneous negotiations. It was argued that this negotiating method tended to limit both the scope and depth of tariff reductions. Domestic pressures within each country were, it was claimed, more successful in excluding many items on the basis of particular reasons than would be the case if an across-the-board tariff-cutting approach were used. In addition, it was noted that, when one country excluded important items in a particular industry, other participants tended to exclude for bargaining purposes their important import items in the same industry. The outcome tended to be a negotiation confined to items in which no severe import competition problem existed in any country and therefore in which no one was particularly interested. Participants also adopted the restrictive bargaining attitude of giving up as little as possible in return for as much as possible.

Given these apparent drawbacks of the item-by-item approach coupled with the growing diversionary effects of the EEC on outside trade as internal duties were decreased, the Kennedy administration sought the power to undertake a sweeping negotiation, especially with the EEC, that would bring about a significant cut in duty levels among the industrial nations. The outcome of these efforts was the Trade Expansion Act of 1962 followed by the Kennedy, or sixth, round of GATT negotiations. The essential authority granted under the Trade Expansion Act was the power to reduce duties by 50 percent over a 5-year period. A unique feature was the authority to cut duties