

THE FREE TRADE AREA CONCEPT AS APPLIED TO THE UNITED STATES

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CONTENTS

	Page.
I. The new setting for U.S. foreign trade policy.....	43
II. Two paths to free trade.....	47
The multilateral approach.....	47
The free trade arrangement approach.....	48
Possible characteristics of a free trade area including the United States.....	50
III. The two approaches compared: A preliminary evaluation.....	53
Some basic considerations.....	53
Considerations related to the EEC and the United Kingdom.....	54
Considerations regarding the feasibility of the multilateral approach.....	56
Tactical considerations.....	57
IV. Conclusions.....	57
Annex A: The GATT provisions for free-trade arrangements.....	61
Annex B: Major questions involved in considering the possible characteristics of a free trade arrangement involving the United States.....	63

I. THE NEW SETTING FOR U.S. FOREIGN TRADE POLICY

This paper explores in broad outline the relevance of the free-trade-area concept for the United States. Until recently, such an inquiry would have been largely of academic interest. However desirable free trade has been in economic theory, it was generally recognized that, in practice, it was not an attainable objective for U.S. policy. The commitment to some significant degree of protection was so strong among influential sections of American industry and labor and the extent of dependence on foreign trade of the American economy was so minor that the national interest considerations favoring free trade were insufficient to offset these negative factors. In the circumstances, the goal of U.S. policy was trade liberalization; that is, freer trade, and not the complete removal of all barriers to the flow of imports and exports. Indeed, at times during the postwar period, resurgent protectionism was strong enough to force significant—though temporary—retreats from even this limited objective.

Moreover, because the national and group interests favoring freer trade were comparatively weak, this goal of U.S. policy was pursued as much for political as for economic reasons. In essence, the political rationale was that the security of the United States rested in part upon the stability and progress of the international system, many of

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