

to proceed, like a wartime convoy, at the speed of its least active participant. Otherwise such a country would have been given, through the operation of the MFN principle, a "free ride."²

The successful conclusion of the Kennedy Round has largely dispelled the feeling, nurtured during its early years of frustration, that the multilateral approach was no longer workable, owing to the presence of laggards among the major trading countries. But the question remains whether or not the "convoy effect" will prevent adequate progress in the future. With tariffs lowered substantially, the next range of tasks makes for a challenging agenda with emphasis on such stubborn nontariff barriers as border taxation and government procurement, and such "hard-core" sectors as agriculture and textiles. For the multilateral approach to function effectively on these issues, the willingness of all major GATT members will be required to break difficult new ground.

These past limitations and continuing uncertainties for the multilateral approach make it desirable to look much more seriously than hitherto at the alternative free-trade arrangement approach now that free trade appears to be a realistic longer range goal of U.S. policy.

THE FREE-TRADE ARRANGEMENT APPROACH

In the multilateral approach, all trading partners move as far and as fast as they can together. A formal free-trade arrangement involves a more limited group—at least initially—of countries sprinting ahead to reach a state of completely free trade for virtually all products. Since it is the assigned subject of this paper, we need to go into more detail in introducing and defining the free-trade area concept as applicable to the United States.

To date, the official U.S. view has been that regional free-trade arrangements are desirable to support economic growth and political integration in Europe and economic development in Asia, Africa and Latin America but that they have not been relevant to the United States itself nor preferable as a tactical means to the multilateral approach when the United States was involved. Private individuals and groups in the United States have, however, proposed from time to time that the United States consider participating with other countries in some kind of free-trade arrangement.³ To some extent, these views were born of frustrations during earlier stages of the Kennedy Round, especially during the latter half of 1965 when the French

² For years, a limiting factor has been the U.S. negotiating authority, which only twice (1934 and 1945) permitted the President to negotiate for tariff cuts exceeding 20 percent and was generally hedged by peril points and escape clauses. During the agonizing course of the Kennedy Round, it appeared that it was the EEC that was holding down the pace of negotiations, at one point stopping them entirely. The conclusion of the Kennedy Round has dispelled this contention. All of the major trading countries—including the United States—proved to have their areas of reluctance or inability to negotiate.

³ Published proposals for considering one or another type of free-trade arrangement as an appropriate approach for U.S. trade policy include: "After the Kennedy Round, What?" a speech by Howard S. Piquet, senior economist, Library of Congress, January 1965; "The United States Should Adopt a Free Trade Strategy," a private paper issued in July 1965 by David J. Steinberg, chief economist of the Committee for a National Trade Policy; "The U.S. Role in Britain's Economic Crisis," a speech by Senator Jacob K. Javits at the Savoy Hotel, London, November 1965; "A New Trade Strategy for Canada and the United States," a Policy Statement by the Canadian-American Committee of the National Planning Association (U.S.A.) and the Private Planning Association of Canada (Washington and Montreal: May 1966); "A Reassessment of Trade Policies," one of the recommendations in the "United States Balance of Payments: An Appraisal of U.S. Economic Strategy" by the Economic Policy Association (Washington, D.C.: 1966) pp. 146-151; Ralph I. Strauss, "A Proposal for New Initiative in U.S. Foreign Trade Policy," *Orbis*, vol. XI, No. 1 (spring 1967).