

aimed at free trade and no longer at freer trade. Once this way of thinking becomes sufficiently widespread—as happened two decades ago with the idea of trade liberalization—then the question of whether to continue to follow the traditional U.S. method of multilateral negotiations or to shift, sooner or later, to a free trade area approach becomes largely a technical question of choosing the most effective means to an accepted end.

Assuming that Americans can think in these new terms about where U.S. trade policy should end up, then the free trade method has to be regarded as a major practicable technique for getting there. Our preliminary evaluation indicates that the free trade area concept is relevant to the long-range perspective of U.S. trade policy almost regardless of what happens. Our reason is that, sooner or later, the United States appears likely to find either that its next logical step would be to participate in establishing a free trade area or that it would be moving gradually into relationships that would amount to much the same thing. These possible outcomes could be reached in three ways:

1. The earliest that a decision about U.S. trade policy is likely to be taken would be after the presidential election of 1968, most probably not until the spring of 1969. If the United States continues to think in terms of the multilateral approach, an evaluation at that time of the prospects for another round of negotiations might indicate slight chance for success owing to lack of agreement as to objectives or agenda or to the unwillingness or inability of one or more major trading nations to make their share of concessions (the "convoy effect"). In that event, the United States might conclude that it would be appropriate to maintain momentum toward eventual free trade by the only alternative approach available under GATT rules—a formally organized free trade arrangement consisting of those countries in a position to move ahead. As outlined above, such an arrangement would probably be a free trade area that would eliminate tariffs and other barriers to mutual trade in all nonagricultural products; being functional in purpose, it would limit steps toward economic integration to those that proved indispensable to insure the benefits of free trade; it would have simple institutions and flexible timing arrangements to deal with problems in certain products in certain countries. It would aim to be ultimately global in scope, welcoming all industrialized countries as members and providing for special arrangements for less-developed countries. Such a free trade area, unlike all other postwar free trade arrangements, would not be regional. To be sure, it would probably start among Atlantic countries, but it would strive to expand beyond that beachhead to include within the area of free trade as many other nations as possible.

2. A more likely prospect would be for the United States to enter into multilateral negotiations, focusing its efforts on successfully coping not only with further tariff reductions but also with the challenging new problems of nontariff barriers. This development would probably not mean, as might appear, permanent U.S. rejection of the free trade area approach; it could