

These discussions would, in effect, institutionalize the revolutionary acceptance among governments and people in the great trading countries, brought about largely through the GATT experience, of the obligation to discuss acts distorting trade with a view to avoiding injury to one another as far as practicable. It is proposed to dispense with the ideas of reciprocity and "balance" in negotiations, over which the GATT countries have publicly bickered and inveighed in recent years, often with little meaning and even less useful effect. The new discussions would move a step farther toward international principle and law, and a step away from national economic power, in determining trade questions. They would be based on lessons learned in the past three decades as to how, and how not, in the changing circumstances of our times, to bring trade discussion to constructive agreement. They would look to a dynamic competitive process in a world mixed economy—not to a world free trade area. They would put tariffs and quotas on the same footing as government subsidy: justify or eliminate! They would emphasize the positive contribution trade policy can make, not only to harmonious coexistence among the private ownership developed countries, but also to resolving differences with the less developed and with the government ownership countries. They are thought to respond to underlying imperatives and, therefore, to open the way to more rapid progress toward such ideal objectives of U.S. foreign trade policy as peace, freedom, efficiency, and growth.

EFFORTS AT "TRADE BARRIER" REDUCTION THROUGH BARGAINING ARE
BECOMING LESS EFFECTIVE

A review of the trade agreements program reveals two intertwined tendencies:

- (a) To bargain away government action affecting trade; and
- (b) To reach intergovernmental understanding regarding continuing government action affecting trade.

In recent years, the former, which is the declared purpose of U.S. policy, has slowed down. Governments are reaching more and more "resistance points" beyond which they will not reduce their trade-affecting actions. More and more the bargaining is becoming an effort to escape the pressures inherent in the present negotiating process; one invents new measuring devices or new terminology intended to put one's opponents on the spot, to reduce their intervention and, at the same time, to justify one's own intervention; one finds new forms of intervention which maintain the effects of the old forms; one turns to subterfuge or strained interpretation. Thus, the dynamic, productive world economy—particularly that major portion of it in the private-ownership industrial countries—is governed unpredictably by groups who differ over trade intervention theories. The confrontations become frankly protectionist.

A MECHANISM FOR REACHING UNDERSTANDING: ELIMINATE UNNEEDED
INTERVENTION AND COORDINATE THE REST

Meanwhile, the second tendency noted—the growing tendency to reach understanding about intervention—has frequently succeeded in limiting intervention to that which serves necessary ends and in reduc-