

on special terms, contemplates various steps for coordination of policy both with the recipient countries and with other countries exporting the kinds of commodities involved. Section 204 of the Agricultural Act of 1956 contemplates that the export controls and import controls of foreign countries and the United States, respectively, shall be coordinated to carry out an intergovernmental agreement; the present long-term cotton textile arrangement was concluded under this authority as amended. But when it comes to basic trade policy as such, legislation and announced program alike largely ignore the need for collaboration. They look the other way. They count on the freeing of world market forces to achieve U.S. trade objectives.

THE UNGOVERNED MARKET PLACE CANNOT DO ALL OF THE JOB

But the free flow of trade among national economies can do only part of the job. Alone, it is not adequate, in the modern industrial world, for pursuing even the economic objective of maximizing the community's total income by allocating productive resources to the most efficient use. There would also have to be enough free competition within the several national economies to bring about a strong tendency toward general economic equilibrium. Such equilibrating domestic competition is part of the model from which economists reasoned out the neoclassical theory of international trade, including the doctrine of comparative advantage which is so frequently mentioned as a guide in the conduct of United States trade policy. The theory has advanced greatly in sophistication over the years, but the main policy conclusions drawn from it have not yet been demonstrated to be valid except for a relatively simple, static model where competition free of government intervention does the economic determining within the individual countries.

The theory conveyed highly relevant and practical insight for members of the vigorous, competitive commercial-financial community of early 19th-century England with its small, technologically relatively simple industries, its mercantilist-protectionist foreign trade barriers, and its unchallenged economic nationalism. The theory again gave valuable insight for the industrial world in the throwback of the inter-war depression with disintegration of internal economic organization and suicidal, isolationist trade intervention by every government. At that time, the genius of the trade agreements program—for the reciprocal reduction of trade barriers—lay in its blending of this theory-of-international-trade approach with an international peace objective. As a result, many leaders of opinion came to associate the freeing of trade with emergence from the traumatic experience of the depression; this association, taken together with the traditional success of free trade during the rise of Victorian England to wealth and power, has surrounded free-trade theory with an aura of proven validity and even, for some, of moral imperative.

Meanwhile, the economic world has changed and the theory has become archaic. The model whose main elements were selected for relevance to the intuitively perceived need of early 19th-century England yields many conclusions and insights that are irrelevant and backward looking in today's industrial world.