national boundaries (although their interplay is affected and the growth of the world economy may be slowed). Not only is there a good deal of trade but also a movement of production methods, distribution systems, skills, capital, and all of the things and ideas that each economy develops to enrich the consumption pattern of its people. The various national economies, particularly in the industrial countries, have become inextricably intertwined; they are parts of a single, production-consumption process. One national part of the whole cannot be governed without regard to what is done in governing the other national parts. Moreover, the mechanism is growing dynamically, so that a national gain contrived by the government of one of the countries at the expense of others tends to be short lived; the adverse repercussions on the overall growth can more than wipe out the gains.

In this mechanism, what we call international trade is not a natural component entity. It is an arbitrary aggregate. The figures for total exports and imports represent a sort of partial "clearinghouse record" with significance only for national payments accounts; beyond that, they suffer from all of the whimsy and heterogeneity that characterize any system of accounts drawn on an arbitrary basis of ownership or location. Focusing of attention on them can become a distraction that inhibits rational analysis and policy. The dimensions of trade are not established primarily at the national boundaries where trade is perceived. They are established within worldwide product economies—wheat, steel, chemicals, etc.—and their worldwide subeconomies, whose interrelationships are determined in the complicated arrangements of the mixed economy. Therefore, to understand the effects of government action, one must examine the whole product economy of which a trade flow is a part. Where intervention is required, it cannot be carried out efficiently by one government without the cooperation of others having jurisdiction over related parts of the product economy.

This last point epitomizes the interdependence problem as it is often seen in practice from the perspective of our present U.S. foreign trade posture. If our Government actions affecting foreign trade are to achieve their public purposes, other governments must be persuaded to reinforce, and not counter, them. If we are to raise our domestic cotton prices, holding down the level of our production in an effort to give our farmers acceptable incomes (when technological ferment would otherwise impoverish them in the free market), other governments must also limit cotton production and certainly must not encourage its expansion. If we set certain health or quality standards for a perishable product, other governments must not let lower grade products spoil the market. If we give surplus wheat to an exchange-short government for its poor people, that government must not let the wheat be used in place of our normal commercial exports. If we raise tariffs against imports or subsidize our exports to compensate for costs we consider special to us, foreign governments must not pay subsidies to offset our action. If we limit the rate of expansion of a certain import trade in order to avoid market disruption, foreign governments must help by limiting their exports. How are we to persuade them to cooperate adequately in these efforts, inconsistent with our declared trade policy, to use the power of government to serve our idea of the public interest?