longer term benefits. A world in which in proportion as political forces are injected into the economic process, short-term or irrelevant criteria influence decisions and, as a consequence, basic factors are submerged.

It will be instructive to examine the recent history of U.S. foreign trade and economic policy as a frame of reference for perfecting the future. Past policies need to be examined and evaluated in order to judge what changes are required for the future.

It will probably be adequate to look at our foreign economic history in the period since World War II. Important changes in foreign economic policy that represent a break with our total history occurred in the early postwar years. The practical policy question is whether these policies should be continued and extended or whether some basic and important changes are necessary.

One break with the past was our initiating and joining the organization known as "General Agreement on Tariffs and Trade" (GATT). By this step we shifted from bilateral to multilateral trade negotiations and agreements. The Trade Agreements Acts have authorized the Chief Executive to negotiate reciprocal tariff cuts with other nations. Since 1948, these negotiations have been carried on through the GATT organization on a multilateral basis.

It is difficult to determine the average level of tariff rates for any given nation and, even more difficult, to judge their degree of protection. It seems clear however that, on the average, U.S. tariff rates since 1934 have been reduced by more than 75 percent and that the recent GATT negotiations will have reduced the remaining tariff level by an estimated 35 percent. The reason the average is less than 50 percent, authorized by the "Trade Expansion Act of 1962," is that already many of our tariffs were down to 8 percent or less, and these low tariffs were reduced only 20 percent instead of the 50 percent on other products.

The argument for the Trade Agreements Act in 1934 and for its many extensions since has always been that reciprocal tariff reduction would increase our exports and thereby improve our economy. We have already seen that, on the basis of theory, actual trade practices of other countries, and long-term history, this is a forlorn expectation. Nevertheless, we should examine the trade data for the past couple of decades and see what indeed has happened to our foreign trade.

Figure 6 shows the U.S. imports and exports in the postwar years. The upper curve shows the exports as reported by the Department of Commerce; and the dashed curve, the imports.

A significant part of these exports, however, are goods that we buy with our own money and ship overseas. Included are sizable quantities of agricultural products sold under Public Law 480 to the less-developed nations of the world. These are paid for in the country's local currency and are blocked so that they cannot be converted to dollars and must be spent in the country. To date, about the only use we have been able to make of these currencies is to build elaborate embassies and to finance congressional junkets. So these sales are, in fact, a gift. Also included as exports are the food supplies that we ship as relief to famine areas. Included also are sizable shipments to our military establishments overseas. And finally, included are annu-