

TRADE INITIATIVES FOR THE FUTURE

The measures I have recommended today will help us carry forward the great tradition of our reciprocal trade policy.

But even as we consolidate our past gains, we must look to the future.

First and foremost, we must ensure that the progress we have made is not lost through new trade restrictions.

One central fact is clear. A vicious cycle of trade restrictions harms most of the nation which trades most. And America is that nation.

At the present time, proposals pending before the Congress would impose quotas or other trade restrictions on the imports of over twenty industries. These measures would cover about \$7 billion of our imports—close to half of all imports subject to duty.

In a world of expanding trade, such restrictions would be self-defeating. Under international rules of trade, a nation restricts imports only at the risk of its own exports. Restriction begets restriction.

In reality, "protectionist" measures do not protect any of us:

- They do not protect the American working man. If world markets shrink, there will be fewer jobs.
- They do not protect the American businessman. In the long run, smaller markets will mean smaller profits.
- They do not protect the American consumer. He will pay more for the goods he buys.

The fact is that every American—directly or indirectly—has a stake in the growth and vitality of an open economic system.

Our policy of liberal trade has served this nation well. It will continue to advance our interests in the future.

But these are critical times for the nation's economy. We have launched a series of measures to reduce a serious balance of payments deficit. As part of this program, I have called for a major long-run effort to increase our trade surplus. This requires that we push ahead with actions to keep open the channels of trade.

Many of our trading partners have indicated a willingness to cooperate in this effort by accelerating some of their tariff reductions agreed to in the Kennedy Round, and by permitting the United States to defer a portion of our tariff reductions. Furthermore, a number of Western European countries are now taking more active steps to achieve a higher rate of economic growth. This promises to increase the demand for our exports and improve our trade position.

To take full advantage of the expanded trading opportunities that lie ahead, we must improve the competitive position of American goods. *Passage of the anti-inflation tax is the most critical action we could take now to strengthen our position at home and in world markets.* The tax measure I have recommended will help prevent destructive price increases—which can sap the vitality and strength of our economy. Continued rapid increases in our prices would mean fewer exports and higher imports.

Second, other nations must join with us to put an end to non-tariff barriers.

Trade is a two-way street. A successful trade policy must be built upon reciprocity. Our own trade initiatives will founder unless our trading partners join with us in these efforts.