B. Popular consensus behind trade policy is falling apart

That the popular consensus which has supported the Trade Agreements Program is falling apart is a point on which, as regards to consensus in the U.S., hardly anyone could add to the expertise of the members of the Committee. But it is falling apart elsewhere, too. As early as 1962, the special circumstances surrounding the European Common Market's trade policy were thought, in the U.S., to justify rejuvenating the old trade-agreements program. But the consensus on an expansionist trade policy *within* the Common Market countries was shaken by the critical attitude of the other GATT countries toward the anticipated foreign trade impact of measures taken to solve the enormous problems of economic integration of the six countries.

And now we have, here in the U.S., a large number of quota requests by producers who, for the most part, do not claim to have suffered reduced output or even reduced employment as yet, but who want import restriction declared the U.S. policy for meeting the problems of world growth in particular lines of production. The Committee will recall the disastrous results the last time general trade policy was made by yielding to particular interests—back in 1930. Income losses and unemployment were then real rather than anticipated and the failure to follow broadgauged, imaginative leadership was understandable. But the policy made matters worse. Yet today, for all our rapidly increasing wealth and employment, there is difficulty throughout the Free World maintaining national consensus for a framework of intergovernmental trade discussion in which, while the real growth problems of particular interests can be met appropriately, their fears of future progress will not dictate a restrictive general policy.

C. No accepted framework for settling intergovernmental problems

The deterioration in the atmosphere of intergovernmental trade discussion was already serious during the Kennedy Round. The reciprocal disputes of fact and recriminations regarding policy purpose which were made public from time to time gave the impression that the important bargaining was carried out by threat and counter-threat with little element of common interest. This appears to be continuing and becoming aggravated in current discussions such as those regarding border taxes and poultry. The latter in particular merits specific attention as an example of the inadequacy of the present bargaining approach for dealing with problems of innovation and growth.

Chicken was a luxury meat until war-time demand made it worthwhile to apply new technology. Costs were then so reduced that chicken became the poor man's meat in the U. S. Since it can be (and is) produced almost everywhere, it was natural for private enterprise to spread the new know-how and for government to help as a matter of technical assistance. But this took time. Late in the '50's, a temporary flow of chickens from the U. S. began to disrupt the European market. The Europeans blocked it. The U. S., although it had never before had significant chicken exports, demanded continuance of the new trade as a matter of right. This head-on, often emotional confrontation—in the Dillon Round, and then in the Kennedy Round—strengthened the hand of the particular chicken interests against the general public interest—almost as a matter of patriotism—in all of the countries involved. The world commercial surplus phase, which was a natural result of technological innovation, and should have been expected and prepared for, was brought on early. We now have open economic warfare.

On February 18, the U. S. asked the GATT Council to establish a working party on the matter. We put the problem before the working party in a paper which, like all the representations of both sides in this bargaining, is designed to avoid considering the full world picture. We ask that the barriers be changed to assure our markets according to the legal rules and the bargaining spirit of the GATT. We say nothing about the technical revolution whose course through the world will probably terminate our exports anyway, nothing about the problem of foreign adjustment to the disrupting technological change (which was easy for us because it came during war-time scarcity), nothing about our own "principle" of restraining exports that disrupt *our* markets, nothing about the growth of the American chicken-meat market which for us pales the significance of our exports, nothing about lowering prices to bring more proteins to poorer people. We just threaten to subsidize in order to maintain our exports at 50 million dollars a year.

Yet in a full, deliberative discussion, both sides would surely get public support, probably even from chicken producers, for statesmanlike recognition of