

the Kennedy Round contributed something to the difficulty of increasing the elements of intergovernmental cooperation in international currency management. An established forum for non-adversary discussion of trade-policy consequences might possibly have had an opposite effect.

The whole atmosphere of international economic discussion could be changed if the basic trade form were one of search for the common interest instead of search for victory in bargaining.

Public Process Is Basic

At the risk of repetition, let me conclude by underlining the great opening of the trade-policy process to public scrutiny which is essential to my proposal. The problem of forwarding international trade understanding—involving millions of opinion leaders and literate people in all parts of the world—requires dramatization of real issues. The bargaining process dramatizes an aggregation of economic interests most of which turn out to be of questionable national value. It surrounds local economic inertia with an aura of national patriotism. The deliberating process would dramatize real individual or group economic interests. Misimpressions as to facts, incident to adversary process, would no longer appear to be sponsored by government. Instead, governments would enquire together—publicly—cross-examining. They would consider the gains of innovation as well as the suffering incident to it. They would estimate the effects, on the one and the other, of various actions being urged. Then they would decide their actions, each through its national public processes.

To this end, there must be an information structure with the responsibility (and necessary authority) for assuring that there is no conscious distortion or concealment. It is my experience that most government trade decisions are taken without adequate information—and often the information known does not include major material facts which are suspected. My proposal includes an independent agency with the duty and the power to remedy this as far as possible.

It is important for the new information officers to operate independently of the executive arms of government. Some of my colleagues oppose the deliberating approach because they think it would increase government power over economic life; they argue that governments concerting internationally would control their domestic economies more closely. I see exactly the opposite result. The new information mechanism is a key to the difference. If, in order to have government help to compete successfully, enterprises must submit to international public discussion of the reasons they cannot go it alone, they will rely on the free market unless their reasons for needing assistance can stand public scrutiny *within their own countries*. There is much subsidy through trade restriction which would be discontinued if it had to stand full public examination on its merits.

Mr. FULTON. Thank you, Mr. Schwenger.

Are there any questions?

Thank you for your contribution, sir.

Our next witness is Professor Thorn.

Professor Thorn, we welcome you in your appearance before the committee and ask that you identify yourself for the benefit of the record.

**STATEMENT OF PROF. RICHARD S. THORN, DEPARTMENT OF
ECONOMICS, UNIVERSITY OF PITTSBURGH**

Professor THORN. My name is Richard S. Thorn, professor of economics at the University of Pittsburgh.

I am speaking in opposition to the imposition of special quotas on steel imports. The rapid growth in steel imports should be restrained but quota restrictions are an inappropriate way to accomplish this end since they will not prevent the long-run decline in employment, profits and relative output which is taking place today.

Quota restrictions are simply an unimaginative effort to preserve profit margins in a declining industry which will take away most of