

The negotiations on nontariff barriers will be particularly difficult because many of them involve international agreement with respect to politically sensitive domestic programs, such as agricultural subsidies and quotas, and will necessitate the safeguarding of the interests of consumers as well as producers.

Under such an arrangement, Congress could reserve the power to veto a trade agreement package within a specified period after its submission to the House and the Senate.

I am confident that if the President had such authority during the Kennedy round we would have achieved the results with far greater ease or would have done even better as our negotiators would have been able to offer concessions over a wider area in exchange for concessions of interest to us.

Also the President would need such wide powers to secure agreement on one possible approach to future U.S. trade policy—a free trade area composed of industrialized nations, in which the United States would be a member. Even though such an approach may not seem immediately relevant under present conditions, it promises to be relevant for the United States in any longer term.

If the next attempt at trade negotiations by the traditional multilateral approach fails, or is sufficiently promising to be attempted, we would be wise to shift to the only other practical approach sanctioned by GATT, the formation of a free trade area of interested nations.

If the next round of trade negotiations is successful, then we would find ourselves so close to free trade that the GATT countries would want to commit themselves to full free trade at a fixed date, to establish rules of competition and undertake other commitments as if they were in a formal free trade area.

3. Those industries facing unusual import competition should be eligible for modernization assistance as well as for adjustment assistance.

The adjustment assistance principle embodied in title III of the Trade Expansion Act of 1962 and in the same title of the proposed 1968 act is that the Federal Government which causes U.S. industry to meet increased import competition by lowering tariff and nontariff competition by lowering tariff and nontariff barriers, has a responsibility to assist the industry, the firm, and its workers facing serious import injury.

Under present law, assistance is in the form of technical assistance, loans, tax relief, subsistence allowances and relocation, and retraining for workers. Its purpose is to assist labor and industry to adjust from one line of economic activity into another when facing unusual competition from imports.

I would like to suggest that we modify this policy as follows: If on impartial examination by the U.S. Tariff Commission an industry or a firm demonstrates that acquisition of modern techniques or machinery could increase its efficiency to meet import competition, such firm or industry should be provided with governmental assistance to modernize while still being permitted to continue its present line of economic activity.

If, on the other hand, examination shows that a firm or industry is obsolete or would be unable to be competitive without permanent tariff or other subsidy, it would be eligible for adjustment assistance along the lines of the 1962 and 1968 acts.