

# THE FUTURE OF U.S. FOREIGN TRADE POLICY

---

---

HEARINGS  
BEFORE THE  
SUBCOMMITTEE ON  
FOREIGN ECONOMIC POLICY  
OF THE  
JOINT ECONOMIC COMMITTEE  
CONGRESS OF THE UNITED STATES  
NINETIETH CONGRESS  
FIRST SESSION

---

JULY 11, 12, 13, 18, 19, AND 20, 1967

---

Volume I

---

Printed for the use of the Joint Economic Committee



U.S. GOVERNMENT PRINTING OFFICE  
WASHINGTON : 1967

82-181

## JOINT ECONOMIC COMMITTEE

[Created pursuant to sec. 5(a) of Public Law 304, 79th Cong.]

WILLIAM PROXMIRE, Wisconsin, *Chairman*  
WRIGHT PATMAN, Texas, *Vice Chairman*

### SENATE

JOHN SPARKMAN, Alabama  
J. W. FULBRIGHT, Arkansas  
HERMAN E. TALMADGE, Georgia  
STUART SYMINGTON, Missouri  
ABRAHAM RIBICOFF, Connecticut  
JACOB K. JAVITS, New York  
JACK MILLER, Iowa  
LEN B. JORDAN, Idaho  
CHARLES H. PERCY, Illinois

### HOUSE OF REPRESENTATIVES

RICHARD BOLLING, Missouri  
HALE BOGGS, Louisiana  
HENRY S. REUSS, Wisconsin  
MARTHA W. GRIFFITHS, Michigan  
WILLIAM S. MOORHEAD, Pennsylvania  
THOMAS B. CURTIS, Missouri  
WILLIAM B. WIDNALL, New Jersey  
DONALD RUMSFELD, Illinois  
W. E. BROCK 3d, Tennessee

JOHN R. STARK, *Executive Director*  
JAMES W. KNOWLES, *Director of Research*

---

### ECONOMISTS

WILLIAM H. MOORE  
JOHN B. HENDERSON

GEORGE R. IDEN  
DANIEL J. EDWARDS  
DONALD A. WEBSTER (Minority)

---

### SUBCOMMITTEE ON FOREIGN ECONOMIC POLICY

HALE BOGGS, Louisiana, *Chairman*

#### HOUSE OF REPRESENTATIVES

HENRY S. REUSS, Wisconsin  
WILLIAM S. MOORHEAD, Pennsylvania  
WILLIAM B. WIDNALL, New Jersey  
DONALD RUMSFELD, Illinois  
W. E. BROCK 3d, Tennessee

#### SENATE

JOHN SPARKMAN, Alabama  
J. W. FULBRIGHT, Arkansas  
HERMAN E. TALMADGE, Georgia  
STUART SYMINGTON, Missouri  
ABRAHAM RIBICOFF, Connecticut  
JACOB K. JAVITS, New York  
JACK MILLER, Iowa

# CONTENTS

	Page
Announcement of hearings.....	1
List of witnesses scheduled to appear.....	2

## STATEMENTS

Boggs, Representative Hale, Chairman, Subcommittee on Foreign Economic Policy, Joint Economic Committee: Opening remarks.....	3
Javits, Senator Jacob K., member of subcommittee.....	5
Roth, Hon. William M., President's Special Representative for Trade Negotiations; accompanied by John Rehm, General Counsel; Bernard Norwood, Chairman of the Trade Staff Committee; and Raymond Ioanes, U.S. Department of Agriculture.....	10
Schmittker, Hon. John A., Under Secretary of Agriculture.....	29
McQuade, Hon. Lawrence C., Acting Assistant Secretary of Commerce for Domestic and International Business; accompanied by Robert L. McNeill, Deputy Assistant Secretary for Trade Policy.....	65
Solomon, Hon. Anthony M., Assistant Secretary of State for Economic Affairs, Department of State.....	69
Greenwald, Hon. Joseph A., Deputy Assistant Secretary for International Trade Policy, Department of State.....	85
King, Hon. Cecil R., a U.S. Representative from the State of California and Delegate to the Kennedy Round.....	100
Curtis, Hon. Thomas R., a Representative in Congress from the State of Missouri and a Delegate to the Kennedy Round.....	103
Peccei, Aurelio, vice chairman of Olivetti, member of the steering committee of Fiat-Turin, and president of Italeconsult, Rome, Italy.....	117
Younger, Rt. Hon. Kenneth, director, Royal Institute of International Affairs, London, England.....	132
McAshan, S. M., Jr., president, Anderson, Clayton & Co., Houston, Tex. Gilbert, Carl J., chairman of the executive committee, the Gillette Co., Boston, Mass.....	173
Balgooyen, Henry W., president, American & Foreign Power Co., New York, N. Y.....	185
Danielian, N. R., president, International Economic Policy Association.....	188
Diebold, William Jr., Council on Foreign Relations.....	198
Baldwin, Robert E., professor of economics, University of Wisconsin.....	219
Cooper, Richard N., professor of economics, Yale University.....	223
Pincus, John, the RAND Corp.....	225
Witt, Lawrence, professor of agricultural economics, Michigan State University.....	246
Ball, Hon. George W., former Under Secretary of State.....	253
Rockefeller, David, president, Chase Manhattan Bank.....	271
	279

## ADDITIONAL SUBMISSIONS

Javits, Senator Jacob K.:	
Kennedy Round participants: Washington.....	5
Kennedy Round delegation: Geneva.....	6
Address: "Britain and the Future of Europe".....	169
Roth, Hon. William M.:	
The Kennedy Round Agreement.....	11
Letter to Chairman Boggs responding to Senator Miller's question re agricultural grain prices.....	38
List of areas and products of significant export potential.....	50
Table: Kennedy Round concessions -- United States and EEC trade.....	62

Miller, Senator Jack: "Trade Bloc Seeks Grain Output Rise" by Edward L. Dale, Jr., New York Times.....	39
Solomon, Hon. Anthony M.: Table: Gross national product per capita, by country, in U.S. dollars..	70
Peccei, Aurelio: Biographical sketch.....	117
Report of the Conference on Transatlantic Technological Imbalance and Collaboration.....	121
"Developed-Underdeveloped and East-West Relations," paper reprinted from Atlantic Community Quarterly.....	154
Younger, Rt. Hon. Kenneth: Biographical sketch.....	118
Prepared statement.....	138
Widnall, Representative William B.: Table prepared by Legislative Reference Service, Library of Congress on "Balance of Trade, in Western European Countries with the Soviet Union and East-West for 1965 and the First Half of 1966" ..	163
Curtis, Representative Thomas B.: Report: "The EFTA Experience in Abolishing Barriers to Trade," by George R. Young, director.....	161
Boggs, Rep. Hale: "Commodity Agreements: Bonanza or Illusion?," by John A. Pincus ..	176
"National Economic Policy in an Interdependent World Economy," by Richard N. Cooper.....	231
Witt, Lawrence: Extension of remarks.....	261

## APPENDIX

Quantitative Restrictions Affecting U.S. Exports (January 1962): Trade Expansion Act of 1962, hearings, Ways and Means Committee, U.S. House of Representatives.....	303
Nontariff Trade Barriers of the United States, by Noel Hemmendinger, counsel, United States-Japan Trade Council.....	315
National Chamber Calls for New Flexibility to "Most-Favored-Nation" World Trade Principle.....	357
Programme for the Liberation and Expansion of Trade in Manufactures and Semi-manufactures of Interest to Developing Countries.....	360
The Question of the Granting and Extension of Preferences in Favour of Developing Countries.....	380

## CONGRESS OF THE UNITED STATES, JOINT ECONOMIC COMMITTEE

### REPRESENTATIVE HALE BOGGS ANNOUNCES STUDY OF U.S. FOREIGN TRADE POLICY

JUNE 19, 1967

Representative Hale Boggs (D-La.), Chairman of the Subcommittee on Foreign Economic Policy and the House Majority Whip, today announced that his subcommittee would undertake a broad reassessment of U.S. foreign trade policy.

The subcommittee will begin its study by holding a series of hearings in July. The lead witness at the hearing of Tuesday, July 11th, will be Ambassador William H. Roth, the President's Special Representative for Trade Negotiations. Testimony of congressional delegates to the Kennedy Round negotiations will be heard Wednesday, July 12th. On Thursday, July 13th, distinguished foreign observers have been invited to give their views on the position of the United States in the trading world of the future; the Honorable Kenneth Younger, Director of the Royal Institute of International Affairs, London, and Dr. Aurelio Peccei, Executive Manager of Olivetti, Milan, will testify then. At a final hearing, on Thursday, July 20th, there will be a summing up; on that occasion the witnesses will be David Rockefeller, President of the Chase Manhattan Bank, and George Ball, formerly Under Secretary of State.

The subcommittee intends also to publish a number of study papers to serve as background for the hearings and to canvass a wide range of opinion on significant issues of trade relations and trade policy.

In announcing the subcommittee's plans, Congressman Boggs stated, "This is an appropriate time for taking stock of our position on trade policy. It is apparent that, after the details of the Kennedy Round are worked out, the negotiations will have achieved a greater scope of concessions than any previous round. We shall make an early review of these bargains.

"But the intention of the subcommittee is to look both at the events of the past five years and to try to anticipate the problems of the future. In so doing, we expect to achieve a worthwhile congressional appraisal of future U.S. trade policy.

"Certainly, there is important unfinished business to attend to. Trade relations with the less developed countries have had less serious attention during the Kennedy Round than that subject deserves; and nontariff barriers of various types are of increasing significance as tariff barriers are lowered—to mention only two broad issues.

"But we can look forward with confidence to the recognition that world trade and interdependence between countries are growing apace. As Americans, we can welcome this, for the vast and prosperous 'free trade' market that we have developed within our own borders points the way to success in international markets also."

The members of the subcommittee are Representative Hale Boggs as Chairman, and Senators Sparkman, Fulbright, Talmadge, Symington, Ribicoff, Javits, and Miller; and Representatives Reuss, Moorhead, Widnall, Rumsfeld, and Brock.

Representative Boggs stated that the names of witnesses and the dates of other hearings would be announced in a later release.

### REPRESENTATIVE HALE BOGGS ANNOUNCES SCHEDULE OF HEARINGS ON FOREIGN TRADE

JULY 7, 1967

Representative Hale Boggs (D-La.), Chairman of the Subcommittee on Foreign Economic Policy and the House Majority Whip, today issued the schedule of hear-

ings to be held before his Subcommittee on the Future of U.S. Foreign Trade Policy. An earlier announcement of the hearings was made on Monday, June 19.

SUBCOMMITTEE ON FOREIGN ECONOMIC POLICY

*Program of Hearings on the Future of U.S. Foreign Trade Policy*

JULY 11, 12, 13, 18, 19, AND 20, 1967

- Tuesday, July 11, 10:00 a.m.*—Room 1202 New Senate Office Building.  
Ambassador William Roth, President's Special Representative for Trade Negotiations.
- Wednesday, July 12, 10:00 a.m.*—Room AE-1 The Capitol.  
Anthony Solomon, Assistant Secretary of State for Economic Affairs.  
Lawrence McQuade, Acting Assistant Secretary for Domestic and International Business, Department of Commerce.  
Congressional Delegates to the Kennedy Round.
- Thursday, July 13, 10:00 a.m.*—Room 1202 New Senate Office Building.  
Kenneth Younger, Director, Royal Institute of International Affairs, London.  
Aurelio Peccei, Vice-Chairman of Olivetti, Member of the Steering Committee of Fiat-Turin, and President of Italconsult, Rome.
- Tuesday, July 18, 10:00 a.m.*—Room 1202 New Senate Office Building.  
S. M. McAshan, Jr., President, Anderson, Clayton & Co., Houston, Tex.  
Carl J. Gilbert, Chairman of the Executive Committee, The Gillette Co., Boston, Mass.  
Henry W. Balgooyen, President, American & Foreign Power Co., New York, N.Y.  
N. R. Daniellian, President, International Economic Policy Association.
- Wednesday, July 19, 10:00 a.m.*—Room 1202 New Senate Office Building.  
William Diebold, Jr., Council on Foreign Relations.  
Professor Robert E. Baldwin, University of Wisconsin.  
Professor Richard N. Cooper, Yale University.  
John Pincus, The Rand Corporation.  
Professor Lawrence W. Witt, Michigan State University.
- Thursday, July 20, 10:00 a.m.*—Room 1202 New Senate Office Building.  
David Rockefeller, President, Chase Manhattan Bank.  
George W. Ball, former Under Secretary of State.