

UNITED STATES FOREIGN TRADE

23 March 1950

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Mr. Winthrop G. Brown received his A.B. degree from Yale University in 1929 and the degree of Bachelor of Laws from the Yale Law School in 1932. From 1932 to 1941 he practiced law in New York City. In 1941 he became legal adviser for the Office of Lend Lease Administration. From 1941 to 1945 he was employed by the Foreign Economic Administration, stationed in London, and given the responsibility for working out United States supply and financial relationships with the United Kingdom during the war as well as laying the groundwork for postwar commercial and economic relationships. In May 1945 he transferred to the Department of State as Chief of the Division of Commercial Policy. Later in 1945 he became Acting Deputy Director of the Office of International Trade Policy, Department of State, and in 1948 he was appointed Director. Mr. Brown has served as U. S. Delegate in 1947 to the U. N. International Conference on Trade and Employment, Geneva.

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MR. LOUDEN: On numerous occasions we have been reminded from this platform that as a nation we can no longer hide behind a policy of splendid isolation, that now we are participants in a world pageant, and that we have to accept the responsibilities accompanying that participation. One of the forms of that participation lies in the field of foreign trade and the purpose of this discussion this morning is to give us a better concept and a clearer understanding of the nature and importance of foreign trade in the economy of the United States. To give this picture, we have turned to the Department of State, and we have secured one of the best informed and experienced experts. I take pleasure in introducing Mr. Winthrop G. Brown, who is director of the Office of International Trade Policy, Department of State. Mr. Brown will talk to us on "United States Foreign Trade." Mr. Brown.

MR. BROWN: Gentlemen: The subject of foreign trade is a perfectly tremendous subject and I can't hope today to go into it in all the detail that I would like. But what I propose to do in general is to try to give you an idea of what the nature of our foreign trade is; what its particular significance is for our country, and, also for some of the other countries with which we must live and cooperate; to show you some of the major difficulties which we face; and to try to indicate some of the things that we are trying to do in order to develop the kind of trading world which we think is important for us and for the world generally.

In the course of these remarks I will probably say a number of things which seem very obvious. I hope that you will forgive me if I do that. But I find that one of the difficulties with a public understanding of this foreign trade problem is that people overlook many things that are very obvious. That has been one of the main difficulties in getting across many of our foreign economic policies. Also I am not going to burden you with many figures, but I will give you a few.

Now to begin with, I think you ought to understand the enormous importance of the United States in this picture of world trade. We have, as you know, only about 7 percent of the world's population, but that 7 percent of the world's population has over 50 percent of the world's industrial productive capacity and about 20 percent of the world's agricultural productive capacity. Our exports and our imports account for over one-fifth of the total international trade of the world. We are the largest consumer and the largest producer of a wide variety of important products and we are, of course the greatest market in the world, with the highest standard of living and the highest per capita income of any country.

It is important to know this because the consequence of it is that when we do things which seem to us comparatively unimportant, they may have the most tremendous effect on other countries and other peoples.

Our exports account for somewhere between 10 and 12 percent of our national production. That doesn't sound like very much, but, as you know, in many business operations 10 percent makes the difference between red and black, and that percentage is the average for different kinds and categories of exports. I will talk about that a little bit more in a minute.

Our imports amount to a little less than 3 percent of our national income, but when you add them all up both ways, you come out with about 25 billion dollars a year of traffic, and that is a lot of business, a lot of jobs, and a lot of goods and money, no matter how you look at it.

Our exports in 1949 were about 12.5 billion dollars worth of goods. Our exports also included 2.1 billion dollars of services. Just to give you a rough idea of the way those exports were made up, about 11 percent of them were crude materials, about 9 percent crude foodstuffs, about 5.5 percent manufactured foodstuffs, about 9 percent semimanufactures, and 41 percent finished manufacturers.

Our imports were in the same year 7.2 billion dollars worth of goods and about 2.6 billion dollars worth of services. The rough breakdown of categories there was about 18 percent crude materials, about 12 percent crude foodstuffs, about 8 percent manufactured foodstuffs, about 14 percent semimanufactures, and about 12 percent finished manufactures. I think it may be a surprise to some of you that almost 25 percent of our imports are manufactured products.

I said that those imports cost us about 3 percent of our national income. That compares with something between 4 and 5 percent of our national income which we devoted to imports in the twenties--1923-1929. Today, although 25 percent of our imports are manufactured products, we are devoting only half as much of our national income to those imports as we did 20 or 25 years ago.

Why is this trade so important to the United States? Well, obviously, it is a lot of business. For one thing it provides employment. About 2.5 million people are directly employed on exports, in addition to the people working on the farms who produce for export. In the second place, we--for the strength and security of this country and to meet our needs in emergencies--want to have as a permanent part of our national equipment a surplus capacity, both industrial and agricultural, over and above our normal peacetime needs, and one of the ways to get that is by finding export markets for our goods and our products. By and large our exports

are of the products which we are the most efficient in producing, and, as you notice, about 40 percent of them were in machinery and manufactured goods.

Exports have a very important part to play in our relations with other countries. Our products are very good ambassadors for the United States—for its way of life and for that which it stands. American products are very good antidotes to propaganda such as this: "Capitalist countries are weak, are incompetent, and are about to collapse." Moreover, many of these things which we send abroad are things which other countries cannot produce for themselves and which it is absolutely essential for them to have if they are to be strong, stable, and good allies and good friends.

On the import side, there are, of course, many things which we don't produce at all that we must have. One illustration would be the items on the list of 50 critical and strategic materials put out by the Munitions Board, 30 of them are not produced in the United States at all and there are only 14 of them that we produce more than 20 percent of what we need. There are many things that our people would like to have, and imports, contrary to the ideas of much of the public, are in fact an addition to the national wealth and to the national standard of living.

Now you will have noticed that our exports were 12.5 billion dollars, roughly, and our imports were only seven. That leaves a difference of around five billion dollars. One of the tremendous problems that we face in our world trading relations today is precisely that discrepancy. The United States is producing and exporting; the rest of the world needs and wants and is willing to take—even on its present tightly restricted level of imports—something over five billion dollars worth of products more than they can pay for, and so far we have been financing that difference by direct grants out of the public treasury.

Just to illustrate the importance of those direct grants out of the public treasury, in 1949 ECA financed 23 percent of the total exports of the United States, 60 percent of the cotton, 22 percent of the machinery and equipment, 51 percent of the coarse grains, over half of the tobacco, about a quarter of the oil, and a quarter of the meat. Almost 20 percent of the oil and steel products that went to export were paid for by the ECA. This obviously is not a condition which we would like to see continue and when I get to the part of my talk that deals with what we are trying to do about these problems, I will discuss it a little more fully.

I first want to indicate briefly the kind of international trade which we feel is desirable and which we are working to achieve. I think the simplest way of stating that is to say, in general, that we are trying to bring back the kind of world trade we have inside the United States.

Now to get that there must be, in the first place, a substantial production of goods and services in the other countries. It is one of the very obvious statements that cannot be made too often--that neither an individual nor a country can buy unless it has something to sell, and there is no difference between a country and an individual in that respect.

Second, we want to have what we call multilateral trade rather than bilateral trade. That is, we want the kind of world in which a man can sell in the best market, take the proceeds of his sale, and use it anywhere else in the world that he wants to, where he can find the cheapest market in which to buy. If you simply tie up your trade by bilateral agreements between individual countries, you are limited in each case in the volume of your trade by the capacity of the weakest partner. It would be just as though any pair of people in this room decided they would do business with each other. Obviously, the amount of business they could do would be very much less than if they were free to do business with everybody else in the room.

Another cardinal principle that we try to work for is the principle of equal treatment; that is, each country will treat the trade of all countries the same, that there will not be special preferences--special privileges given to the trade of a particular country. The reason for this is that in order to get special privileges and special treatment there must be certain government interferences in the trade, and those things become the weapons or instruments of political influence rather than of economic and trading policies.

Finally, we want to see the kind of world in which the barriers to trade are moderate. No one is advocating a free-trade world. The reason for that, I think, fundamentally, is that everybody knows you couldn't get it. There will be many people who would think that if you could get it, it would be a desirable thing to have, but as a practical matter, some form of tariffs and other controls are absolutely necessary. There must be some kind of controls for security purposes; they are essential for balance of payments reasons; and they are necessary in some cases where, as a practical matter and as a matter of national interest, some kinds of protection are desirable.

Another obvious point that I made before is that, if there is to be international trade, countries must be willing to buy as well as to sell.

This oversimplification of the kind of trading world that we would like to see must strike many of you as being a pipe dream, as being completely unrealistic and impractical, and I would be the first to agree that the world today is a totally different kind of world from that world. But nevertheless those are the objectives that we have set for ourselves--we and other countries working together. We are taking the

attitude toward these problems that in every decision we make we are going to try to set the direction, and the direction is going toward that kind of world rather than in the direction of a strictly bilateral, restricted, governmentally controlled type of trading world.

We are doing a lot of specific things to try to bring those results about, and all the policies that we are following are interrelated. Our military, political, and economic policies all have relationships with one another and are tied together. For example, you wouldn't think that the Atlantic Pact and the Rio treaty and the Military Assistance Program are directly related to foreign trade, but they are. In addition to their strictly security purposes, they are a sort of bulwark which gives us the confidence to push off the threat of aggression and allows people to go about their peaceful business in trying to work out solutions on strictly economic grounds. If there were not those protections, those safeguards, then people would feel that they had to be much more cautious and much more hesitant in trying to work out their trading policies on a satisfactory, long-run basis.

In the European Recovery Program, aside from what it has done in terms of giving hope, inspiring confidence, directing anti-Communist measures, it has had the effect of restoring the productive capacity of western Europe to levels equal to or better than prewar. That is, part of the program is directed to the first of the elements that I mentioned, the element of having a high level of production of goods with which to trade.

Then we have the Point 4 program which is designed to aid in the development of the backward areas of the world. Obviously, if countries are in a very primitive state of development, if they are not adequately exploiting their resources, they won't have things to sell and they won't therefore be able to buy; so there will be little trade with those countries. It is a paradoxical fact that the most highly industrialized nations which are, on the face of it, each other's most severe competitors and, therefore, one might think would be feared from a competitive point of view, in fact, have historically proved to be each other's best markets.

I suppose our biggest competitor today is Canada. Our trade with Canada is perhaps the highest of our trade with any other country. Prior to the war, Britain and Germany were each other's best markets. One of the essential points of the Point 4 program is to aid in the development of the backward areas so that they can raise their standards of living and produce more goods to enter into the channels of world trade and to be in a position to buy as well as to sell.

That is also one of the main reasons for the lending activities of the Export-Import Bank and for our participation in the International Bank. It is one of the reasons why we are suggesting legislation to the

Congress to guarantee certain risks of foreign investments abroad, and it is why we are actively pursuing a program of commercial treaties which will have the effect of establishing the kind of legal climate in other countries where our businessmen will feel that they can safely make their investments. The private investor in our view is the greatest catalyst and the greatest single force which can assist in and bring about the economic development of other areas.

One of the cardinal principles that we would like to see in effect and that we are working for is a world in which the trade barriers are moderate. The tariff is one of the oldest and most familiar forms of trade barriers. Since 1934, when the Hull Reciprocal Trade Agreements program was first started, we have been the leaders in the effort to break down the tariff barriers of the world. Up until 1945, we did so that through the process of negotiating individual agreements with other countries in which we would reduce our tariffs on products which they supplied to us and they would do the same on products we supplied to them. But that was a slow process and it was just between pairs of countries. So, right after the war, we tried a new approach.

We invited 15 countries to sit down and negotiate trade agreements with us, all at the same time; not only that, we suggested that they should negotiate with one another as well as with us. In other words, you had 15 countries and you might have had something over a hundred pairs of negotiations going on at the same time. That idea was taken up, and in Geneva in 1947, we negotiated an agreement called "GATT", General Agreement on Tariffs and Trade, by which time so many other countries had been born that we had 23 instead of 15.

We reached agreement on the tariff treatment of something over half the trade of the entire world, some 50,000 different items. That agreement included not only reductions in our tariff and in the tariffs of other countries on our products, but there were reduction in the tariffs of other countries in their trade with each other. It was the greatest single step in the lowering of the tariff barriers through world trade that has yet been taken. There is still a long way to go and we are pushing forward with the expansion of that agreement, both in terms of the countries which are parties to it and in terms of the items which are involved.

We felt that it was terribly important to secure a definite international agreement on these objectives of which I have spoken and also to provide a place in the United Nations family where trade disputes could be brought for discussion in an impartial forum and where they could be resolved around the conference table rather than by following the practice which we have often followed and which other countries have followed; that is, simply slapping an embargo on the other fellow's product and then having him retaliate in kind.

Therefore, only a few months after the end of the war, we proposed for the consideration of the peoples of the world the formation of an International Trade Organization, and through a series of international conferences, lasting over about two years, we came to an agreement with representatives of some 54 other countries on the text of such a charter and on the form of such an organization. The charter of that organization is before the Congress for consideration this session. The principal emphasis in that document is on barriers to trade, on both barriers imposed by the Government, such as quotas and embargoes and tariffs, and the equally and sometimes more effective barriers imposed by private agreements.

There has been, of course, a tremendous amount of tying up of markets, fixing of prices, and stifling of competition through the activities of international cartels. Up until recently we have been the only country in the world that had antimonopoly policies, and about the only country that had antitrust laws. We put forward the proposal that a chapter be included in the charter of this organization designed to establish a mechanism for dealing with the international cartel. Of course, this type of cartel is beyond the jurisdiction of the courts of any one country and you have to get at it through agreements with the governments of the countries in which it is located. In the charter we have the first international machinery for dealing with the international cartel. Since that chapter was negotiated, about six or seven countries in Europe have either enacted or proposed to their legislatures statutes which would give them the authority and the power to limit monopoly operations in their own countries.

You probably have been reading from time to time in the press the concern that Mr. Hoffman and the ECA people have, and that we have, about how, as the trade measures are being liberalized in Europe, private agreements are springing up to do the job which government restrictions used to do. So the breaking up of the restrictive cartel arrangements has become a matter of particular importance.

As I said before, all our policies are interrelated. We don't make these efforts in the economic field for purely economic, world-trade, or commercial reasons. All these policies are instruments of a basic purpose, and the basic purpose is to get as peaceful and stable a world as we can under today's conditions. It is a basic element that countries should trade with each other, because the great cement of nations is the daily contact of the individual doing business with the other individual and the more he does that, the more interest he has in the other country and the more interest he has in seeing that the relationships between those countries are not disturbed. We are working hard on the problem of re-establishing at least an effective trading world because economic warfare and depression and poverty, and disease and privation are the fertile breeding grounds for discontent and for political disturbances of the kind on which our enemies in this cold war thrive.

There has been a great sort of revolution in the world in the past few years. Millions of people everywhere have come to a realization that it is no longer necessary for them to live in poverty, in sickness, and in privation. They are determined in an inarticulate, but nevertheless a terrifically powerful, way to do something about it, and they are going to turn to the people who will do something about it for them. There is a whole new force of enormous power abroad in the world, therefore it is of the greatest urgency from the point of view of our stability and our safety that economic conditions for these people should be improved.

Obviously the job is too great to be done overnight. A country with a per capita income of \$25 a year can't be brought up to our standard of living in any measurable period of years. But if the fellow has a hoe instead of a stick, he is much better off and it is our job, together with other countries, to see that something is done to help improve those conditions. If those people don't have markets for their goods which they produce, if their goods have to be thrown away, if they can't be sold, if they can't be traded, then those conditions will grow worse and not better. That is why these dull and tedious problems of economics and foreign exchange and tariffs are of such central, urgent, and immediate importance to us as individuals and to our national strength and security.

COLONEL HICKEY: Gentlemen, we are ready for your questions.

QUESTION: Sir, you said that we are trying to bring back to the world the kind of trade we have in the United States. That makes a lot of sense to me, but then it seems you begin hedging on that and you say that no one is advocating a free-trade world, some form of tariff is necessary, and so forth. We read in the newspapers where proponents of the farm subsidy pointed out that everything is subsidized, the newspapers are subsidized, silver is subsidized, industry is subsidized by tariffs. To me that is no argument. If a subsidy is wrong, it is wrong all along the line and perhaps one of the best ways to stop the subsidy on farm products would be to stop this subsidy for industry. Where would you draw the line? Let us say we must have some things for national defense that we have to make sure are not hurt by competition abroad, but these people say that grass will grow in the streets, that American workers will not be able to compete. I think American industry is capable of competing with the rest of the world and if we had free trade, we would probably still end up having all the dollars over here. Nobody would know that until we took it. But where would you draw the line?

MR. BROWN: That is about an \$85 question and I am glad you raised it. I have been working in this trade agreements program for a long time and I am so tired of this grass growing in the streets because there are three things every single person that comes in to see us

tells us: First, if you reduce tariffs, I will go out of business; second, grass will grow in the streets; and third, if you touch the tariff, national security will be destroyed because my business is essential to national security.

The Trade Agreements Act came up in 1934; it has been renewed six or seven times; and every single time the same groups--almost the same individuals--have come down to Congress and have said the grass was going to grow up in the streets of their community. So when a company goes out of business, or says its sales are falling off, due to increased imports, those things are very convincing to a Congressman because this is the way the argument goes: "My company has gone out of business," or "My company's sales are falling off; imports have increased; labor costs abroad are less; therefore, imports have put me out of business." The reason I am saying that is because whatever you may want to do, you are limited by the practical possibilities of what the people and the Congress will support you in doing. Therefore, we have gone about this tariff business on an item by item basis, with public hearings, and in a very careful way, to avoid giving shocks to particular groups in such a way that public support and congressional opinion would not only refuse to back us up but would actually stop us. We have demonstrated over the past 15 years that the tariff can be brought down. It is down on the average from 45 percent to 15 percent--a very misleading figure.

So we have done a great deal and without serious shocks and without real injury. We had to adopt this procedure because that was the only way in which the Congress and the people would back us up in it. So what you do is to do it gradually. You give the people a chance to get adjusted to it, and over the years we have built up a record to show that this cry of "wolf" has simply not been justified. You probably read in the papers this morning--that the same old group that has been one of our major opponents has now changed its name and has done a lot of advertising about how it is a new labor group which is coming in about this tariff policy. So you do have to take it slowly in order to keep the support of the people and to avoid too much dislocation.

QUESTION: In a recent issue of Reader's Digest there was an article that brought out the fact that our customs regulations and practices were antiquated, and, in fact, so much so that they were considered one of the greatest detriments to foreign exports and American imports. If this be so, what are we doing about that to square those regulations away?

MR. BROWN: It is true that when we went to Geneva the head of the Canadian delegation told me that more than half of the businessmen who came in to see him said that they would rather see a simplification of our customs regulations than an abolition of our tariff. And the reason for this is that there are interminable delays and great uncertainty. For example, as my chief said on a recent occasion, "If you bring in a

coffin, you can't tell in advance whether it is going to be classified as an article of merchandise or the usual container of the merchandise involved." You don't know whether one of those little toy pianos you see in a night club is going to be a piece of furniture, a toy, or a musical instrument. It may be different one year from what it is two years later, and the difference in duty may be the difference between 10 percent and 60 percent.

What we are doing about that is this: A bill will be introduced to Congress very soon which simplifies many of the regulations, many of the requirements. There is still a great deal more that could be done, but this is a big step forward. The tariff act would have to be completely rewritten in terms of its language to get a really effective simplification, because classifications are so complicated. I hope in the not too distant future we can persuade Congress to do it.

QUESTION: I would like to pursue the first question a little further. You described your goal, which briefly, I believe, was a nearly free-trade world, at least one with more free trade than we have now. I would like to ask you to give us a picture of the kind of American economy you visualize would exist in that world. Specifically, would we be more industrialized than we are now, or less? Would we be more of an agricultural nation, or less? and the like?

MR. BROWN: My own opinion on that, from the extent of my knowledge, is that if we had free-trade world tomorrow, the effect on the United States would be that there would be a serious blow to particular industries in certain isolated cases here and there in the country. But so far as the country as a whole is concerned, I would expect that it would make no very significant difference. The main difficulty in recent years hasn't been that there are too many high rates in our tariff; it has been that the costs and the prices of the foreign competitor have been such that he wouldn't be able to sell on this market even if it was on a free-trade basis. What is going to happen to market conditions is not that great big things would come in, but that thousands of little things will come in and fill up the chinks. I met an importer who started a business of selling lobster tails. Nobody ever heard of lobster tails, but he made a million dollars last year selling those things up here. So what would be expected is that there will be an infiltration to fill the chinks, and the impact on this country would be negligible.

We spent more money buying dried eggs last year and putting them in the ground than we did on our total imports from France. We lost almost as much money in supporting the price of potatoes as we spent on our total imports from the United Kingdom; this gives you some idea of the magnitude of the problem. Take any three of the 20 largest companies in this country. Their gross sales to the American people

would be larger than our total imports from the 20 principal countries with which we trade. That is the magnitude of the problem in terms of national interest. But every move is in terms of--"You see, that is the general interest." It is vague. It is hard to explain, and it doesn't hit anybody directly.

QUESTION: Mr. Brown, are any of the products which you now import under restricted tariff rates really significant in our daily life or are they things that we generally don't have much use for anyway? What type of article has fallen in that category?

MR. BROWN: Roughly speaking, 60 percent of the items coming into the country come in duty-free. Those are basic things--coffee, rubber, bananas, and many similar things that we don't produce particularly. Then each country has a sort of traditional thing which it has sent us--Scotch whiskey, British woollens, French wines, French perfumes, Indian burlap, Chilean copper, German chemicals and optical instruments, and so forth. They are in the finished goods category. I should say about half of them would be what we consider semiluxury items and the rest of them would be finished manufactures. You see 25 percent of our imports are manufactured goods. We import a lot of machine tools from Britain--special tools, certain types of presses, and certain types of textile machinery. I think some of our vacuum cleaner companies make their parts in Britain and bring them in. There is a whole series of little things which we need and which we have found it more efficient to get somewhere else.

QUESTION: Would you comment on the extent to which trade is still a political matter? I have observed that during the days of the Smoot-Hawley tariff, of course, it was a great political matter, then it seemed to be again the thirties, when the reciprocal tariff was introduced; then it seemed to become bipartisan for a while--at least the recent Republican Congress didn't refute it--but now I think it seems to be lifting its head into the political camp. I am rather confused as to whether we made real national progress or whether we still play political football. Would you comment on that?

MR. BROWN: Yes, I think we are still playing political football. But the American people have come to understand the fact that the Reciprocal Trade Agreements program was a good thing for the country as a whole. The tariff is not a practical economic issue anywhere near as much as it is an emotional issue. The free traders get violent and the protectionists get violent. You read the debates; they are practically never conducted on a rational basis. The same thing is true in other countries, too.

QUESTION: What is the jurisdiction of the United States in regard to the participation of business in international cartels?

MR. BROWN: The United States has complete jurisdiction under our Clayton and Sherman Acts to deal with cartel problems which involve companies in this country. We don't have any authority, of course, to deal with areas of business, even in which our own companies participate, in strictly international trade. Neither does any other country. So what we propose to do in the ITO charter is to have a sort of appeal procedure where, if an international cartel is found to be restricting markets and doing various things which have been defined as undesirable, the case can be brought before the ITO, heard and decided, and then each of the various governments will have the responsibility of dealing with a member of the cartel that is in its country, and the government will break it up in that way. We would operate on our part through the Sherman and Clayton Acts; other countries would probably, in some cases, have to enact legislation to do something about it.

QUESTION: It occurs to me, from what you said and following up a few of the questions here, that we are still economic isolationists; we are no longer military isolationists; but we are still economic isolationists--to use a high-powered term. We are talking on a very low echelon here, you and I; we are talking within these walls. Before the war, our country was military isolationist and the military were afraid to go out to do any missionary work to carry the facts to the people. Come the last war, we paid for it. I wonder, if the State Department, which has that task now, is not falling down on the job in not doing a little missionary work--and perhaps become a martyr--and discredit that. Now the idea is that we have to give up something. We can't have a partial isolationism; we can't have economic isolationism and expect not to have political isolationism and military isolationism.

MR. BROWN: Up until this point I have been doing what all of us do in our jobs, which is to look forward at the difficulties that stand ahead and compare what we have done with what we would like to do. One is always dissatisfied with the progress, if he looks at it from that point of view, and that is the way one ought to look at it most of the time. But let us turn around and look back for a moment. I think that this country has a right to be proud of what it has done in emerging from its economic isolationism as well as from its political and military isolationism.

In the first place, we were the first country to start to reverse the trend of high protectionism in the tariff, and, over the course of the years, we have--with the full support of most of the American people and enough support to force the high protectionists to give at least lip service to what we are trying to do--reduced the level of our tariff by more than half. In the second place, we have translated that effort into a world-wide multilateral effort and have become the leader in persuading many other countries to do the same thing. In the third place, we have expended--I have forgotten how many--about 20 or

30 billion dollars in order to help other countries economically in various ways since the war, which is unprecedented in history. No other country ever has done anything like it. The Marshall Plan certainly was not evidence of economic isolationism. Despite our tariffs and our agricultural policies, we are still the freest and most open market in the world. There is less difficulty in getting into this market than in any other in the world, despite the obstacles which still remain.

The trouble we find in all international negotiations is that of trying to get another country to live up to the principle we believe in--private enterprise. We believe in private enterprise. At the same time we are, dollar-wise, the biggest state-trading country in the world, not excluding Russia. We buy and sell more goods governmentally than any other country in the world; yet we brag about the free-enterprise country. It seems to me that we do just enough of each of the things to which we object to make it difficult for us to maintain the purity of our principles in international negotiations. But if you look at the over-all, I would say that we sin in deviating from what we talk about less than almost any other country in the world, and that we have made tremendous progress in the past 10 years. These pressures of economic isolationism are the pressures, by and large, of small but very vocal groups. Any way you might look at it--numerically; in terms of know-how; in terms of capital investment; in terms of production--the proportion in the country is very small. The trouble is that the consumer is never organized. His interest is too diverse. One cent or two cents makes little difference to him. One cent or two cents over 140 million people makes a lot of difference to the country, and this you can be interested in directly. So I am rather proud of what this country has done. I think it has a wonderful record.

QUESTION: Last year through a little negotiation we were able to get around the "Buy American Act" and save the taxpayer 10 billion dollars. Congress recorded that fact and immediately tacked a little rider on our appropriations so we couldn't buy meat in Argentina. Now meat has gone to 90 cents a pound. Are you people in your free-trade attitude going to attack that "Buy American Act" in any way?

MR. BROWN: I would like to see an act that says that government agencies in making their procurement shall buy where they can get the things they want at the best price. It shouldn't make any difference whether it is abroad or here. I would also like to find some way to get states to agree to do the same thing.

COLONEL HICKEY: Mr. Brown, on behalf of the College, I thank you very much for your fine presentation.

(26 May 1950--350)S

