

## ALFRED E. ECKES

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From 1981 to 1990, Professor Eckes was a Commissioner (Chairman, 1982-84) of the U.S. International Trade Commission. He was nominated by President Ronald Reagan and confirmed with the approval of the U.S. Senate. ~~The~~ ITC is an independent, nonpartisan fact-finding and quasi-judicial agency responsible for administering trade remedies and conducting fact-finding investigations relating to all aspects of U.S. international trade.

Prior to that, Eckes was staff director of a congressional committee, edited the editorial page of the Columbus Dispatch, and taught history at the Ohio State University in Columbus.

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TESTIMONY OF  
ALFRED E. ECKES'  
TO  
U. S. TRADE DEFICIT REVIEW COMMISSION

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Mr. Chairman and Commissioners, it is my pleasure to offer some thoughts on the reasons for America's chronic trade deficit with East Asia. For the record, let me say that I appear here today as a private citizen, not as an advocate for a party with a direct stake in your recommendations. Like **some** members of this panel, I am an academic who has been privileged to serve in government. From 1981 to 1990, while serving on the U.S. International Trade Commission, an agency responsible for administering U.S. trade remedy laws, I had extensive opportunity to learn about import competition and to become interested in the subject of your enquiry. Although I am primarily a historian, my graduate education included study in international economics at Cambridge University. There it was my privilege to learn about trade theory from James Meade, the economist (and Nobel Laureate) who devised during World War II a plan for an international commercial union. In recent years my perspective on these issues has been shaped by experiences in government and by historical research involving extensive use of archival records and interviews with former government officials. I have had the opportunity to revisit the Kennedy and Tokyo Rounds of multilateral negotiations with many of the U.S. negotiators, and next year the Ohio University Press will publish a volume entitled U.S. Trade Policy Revisited: Decisions in Perspective, which offers an edited transcript of those interviews.

My interpretation today may differ from some of the other witnesses that you have heard. As you know, many academic economists attribute our continuing trade deficit to a variety of macroeconomic factors. They often list the over-valuation of the dollar, divergent rates of growth, inadequate domestic savings in this country, and similar items. Indeed, as you know, many economists do not view the trade deficit as a problem: In reviewing comments on this subject twenty years ago, I was amused to find one prominent individual then in government invoking the Alfred E. Newman reaction: "What me worry?" This economist was confident that exchange rate adjustments would solve the problem. "The balance of payments adjustment process has operated," he asserted, "almost precisely as the textbooks predicted." In those days the deficit was only \$20 billion annually!

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To address the trade deficit, many say the United States needs only to depreciate its currency, or to slow its growth, or to increase its domestic savings, or to make some other economic adjustment. In my judgment these interpretations are incomplete, and perhaps flawed, because they do not take into account how government policies and practices distort trade flows and how intra-company trade among units of multinational companies contribute to these asymmetries. Without a doubt many factors contribute to the U.S. trade deficit, but I would like to focus on market access problems – foreign protectionism – and also flag for your attention how transactions among units of multinational corporations seem to exacerbate the trade deficit.

As you know, the U. S. will record a merchandise trade deficit of over \$300 billion this year, and 62.5 percent of that is with Asian countries, including the Middle East. Nearly half of the entire merchandise deficit is attributable to Japan and China (including Taiwan and Hong Kong). A large part of the problem is that these countries continue to use a variety of techniques to restrict U.S. exports and to spur their own exports. Mainland China, which has 1.2 trillion people, buys less from us than does Singapore with its 3 million people. U.S. merchandise exports to India, the world's second most populous country with about 950 million people, run at a level about half of U.S. exports to the Philippines (population 80 million). Indeed, we sell more to the Dominican Republic (population 9 million) than to India, although India's population is 100 times larger. The situation is different with western Europe. Except for agriculture, U.S. exporters face few restrictions, and we sometimes run surpluses. This year our deficit with Europe is on the large side. It will approximate \$50 billion, and amount to about 15 percent of the total deficit. But when other service earnings account are taken into consideration, the current account deficit with Europe is substantially reduced. This generally is not true with Japan, because income remittances more than offset U.S. earnings on services?

Let me attempt to put the issue in a historical perspective. America's present trade deficit has its roots in decisions and practices that extend back to the Great Depression and to the period immediately after World War II. As members of this commission know, the U.S. enjoyed a consistent trade surplus from the 1890s to the 1970s, on both merchandise trade and current account. During the 1920s, America's surplus became a diplomatic irritant. Europeans complained that the large U.S. surplus complicated efforts to service war debts, pay reparations, and buy American commodity exports.

During the New Deal years Secretary of State Cordell Hull offered a different approach. His reciprocal trade program was intended to lower tariff barriers and increase exports. Those administering Hull's program had several distinct goals: one was to reduce tariffs substantially, a second was to boost agricultural exports, and a third was to reduce the burdensome American trade surplus. Archival documents show that members of the Committee on Trade Agreements, who supervised the program, held that the "primary object" of the Reciprocal Trade Agreements Program "is to reduce trade barriers rather than to drive a sharp bargain." Their policy envisioned "permitting a greater increase in imports than in exports with a view to correcting the trade balance problem of the United States."<sup>3</sup>

After World War II the Truman and Eisenhower administrations continued that approach – reducing tariffs so that other countries could earn a living from trade. As you remember, the world faced another dollar shortage. Once again our leading trading partners had depleted their reserves, while the US. had accumulated two-thirds of the world's monetary gold. The American tariff structure, although substantially reduced from depression levels, still presented a major barrier to foreign imports – and to European and Japanese recovery. Unlike the 1920s when the U.S. took the hard-nosed position that foreign governments had to honor debt service obligations, the World War II generation of American leadership took a more generous approach. U.S. political and business leaders altruistically provided financial and technical assistance to help devastated allies and defeated adversaries recover and become full participants in the global economy. Preoccupied with short-term considerations, Americans did not worry about the long term consequences of aiding the competition. President Truman captured the spirit of this era of American preponderance when he said: “Our industry dominates world markets ... American labor can now produce so much more than low-priced foreign labor in a given day's work that our workingmen need no longer fear, as they were justified in fearing in the past, the competition of foreign **workers**.”<sup>4</sup>

Another important factor influencing our policy was the emerging Cold War struggle with the Soviet Union. By late 1946 it was evident to leaders in Washington that the wartime alliance binding America, Britain and the Soviet regime had disintegrated. In place of global peacekeeping solutions, the U.S. must seek regional and bloc cooperation to offset and contain the threat of Communist expansionism.

It is not surprising that his successor President Dwight Eisenhower, who had spent much of his adult life abroad, also gave priority to these cosmopolitan considerations. He considered freer trade essential to help other nations “make a living” and to establishing sound political relationships. He emphasized: “We are not talking about trying to put American people out of work or undersell an American manufacturer and drive him to the wall or anything else. We are striving to make a better world for ourselves and for our **children**....”<sup>5</sup>

This emphasis on opening the huge American market to aid foreign allies and to aiding international economic reconstruction underlay the U.S. approach to multilateral negotiations held under the auspices of the General Agreement on Tariffs and Trade beginning in 1947. Repeatedly, in these negotiations U.S. officials found it advisable to accept unbalanced concessions and to tolerate free-riders. The 1955 bilateral negotiations with Japan are critical to any understanding of how a chronic trade deficit emerged with Asia. Here for the first time the U.S. acquiesced to Japanese protectionism, and Japanese negotiators openly discussed their aspirations to use export-led growth and import-substitution policies to shelter the home market. This became the successful model for recovery and development in the Asian region.

It is important to remember that after World War II Britain and some European countries wanted to block Japanese membership in GATT and to deny Japanese exports – especially textiles – access to international markets. But, in the aftermath of the Korean War and in the

context of a global Cold War struggle the Eisenhower administration considered Japan's participation in the GATT system a matter of high priority. President Eisenhower said: "Japan cannot live, and Japan cannot remain in the free world unless something is done to allow her to make a living.\* You may notice some parallel to current efforts to involve China in the World Trade Organization.

I have reviewed U.S. records of the 1955 negotiating sessions, and they make fascinating reading in light of subsequent **developments**.<sup>7</sup> C. Thayer White, the chief of the U.S. delegation, repeatedly cited international economic justifications for Japanese concessions. Arguing for a Japanese duty reduction on automobiles, **White** stated:

. . . the United States industry is the largest and most efficient in the world; (2) the industry is strongly in favor of expanding the opportunities for world trade; (3) its access to foreign markets in recent years has been limited by import controls.... (4) although the United States Government appreciates that it is necessary for some countries to impose import restrictions for balance of payments reasons . . . it would be in Japan's interest to import automobiles from the United States and export items in which Japan could excel.

On other occasions White referred to a statement that Japan only desired to establish industries that could compete in world markets and said "it would be inconsistent for Japan to attempt to establish an automobile industry because its prospects were not very promising for the future." He also urged a concession on machine-tool imports, doubting "that Japan could compete with the United States in world markets because of the difference in the relative efficiency of the industries in both countries." Establishment of "high cost industries behind a tariff wall does not contribute to the sound growth of national economy," White said.' He encouraged the Japanese not to use tariffs, but to increase productivity, favor foreign private direct investment, utilize technical assistance, facilitate domestic capital investment through tax incentives, and pursue a sound domestic fiscal policy.'

The Japanese had a different vision of their economy, and their future in the international economy. Said K. Otabe, a Japanese delegate:

(1) if the theory of international trade were pursued to its ultimate conclusion, the United States would specialize in the production of automobiles and Japan in the production of tuna; (2) such a division of labor does not take place... because each government encourages and protects those industries which it believes important for reasons of national policy....

Asked to reduce import duties on synthetic textiles, Otabe declined, saying "the Japanese Government believes that a synthetic industry is necessary to diversify and promote the development of the Japanese economy." Asked to lower tariffs on handtools, Otabe refused: "the domestic industry was having difficulty competing and it was concerned over the

competitive effects of increased imports.” Urged to reduce the Japanese duty on movie cameras, Otabe said his government “wished to advance the development of the Japanese optical industry.” Questioned about reductions on radios and television sets, Otabe demurred. The Japanese industry was at a “competitive disadvantage;” the government feared “political repercussions .”

On electronic equipment the story was similar. “The Japanese Government believes that an electronics industry is essential to the development of the Japanese economy, the communications industry and national defense.” Similar explanations applied to many other industries. At one point, Otabe reminded the Americans “that a protective tariff had contributed to the development of new industries in the early history of the United States and that similarly a protective tariff could promote the development of the petrochemical, heavy machinery and other promising industries in Japan....”

As the dialogue suggests, the Japanese rejected a static approach to trade specialization and looked at the issue in dynamic terms.” What was the outcome? Yes, Japan joined the GATT system, obtaining concessions for its exports. And, yes, Japan avoided the obligations of reciprocity, particularly the need to provide access to its own market. In effect, Japan became the first of many successful Asian free riders. At the time, U.S. officials involved in the negotiations conceded privately that the Japanese had been successful in exploiting the American determination to make Japan a prosperous partner and ally supporting the containment policy.

The negotiations with Japan set a pattern that would shape international trading relationships for the next 40 years. For a variety of reasons – some of them relating to foreign policy considerations – the U.S. would not insist on strict reciprocity in negotiations, and the use of unconditional-most-favored nation policy meant that the benefits of tariff liberalization were extended broadly to all countries, except members of the Sino-Soviet bloc during the Cold War years. As the dialogue between the U.S. negotiator Thayer and his Japanese counterpart Otabe indicates, Japanese officials had determined shortly after World War II to employ protectionist techniques for national recovery and development. Ironically, the Japanese consciously copied and adapted from a protectionist model employed **successfully** in 19<sup>th</sup> century America. Other Asian developing countries would imitate this model in the 1970s and 1980s.

In retrospect, it is easy also to fault the GATT leadership for some of the distortions and asymmetries that emerged. During the 1960s the GAIT system expanded rapidly – adding many new countries – as GATT attempted to meet the challenge of dissatisfied third-world countries, expressed in the United Nations Conference on Trade and Development. New members were permitted to enter GATT without opening their own economies, or even binding their tariffs. In effect, they gained the advantages of unconditional most-favored-nation treatment without the obligations of reciprocal access to their home markets. Moreover, the balance of payments exception enabled countries like India to employ quantitative restraints for many years, effectively offsetting their own paper concessions.

During these years the politics of broadening the GATT system took priority over concerns for reciprocity – and it had the effect of vesting a class of third-world free-riders. Free riding was not a big problem thirty years ago, when most of these countries were minor players in the world trading system. But by the late 1970s the situation had changed. The Kennedy Round was the watershed. With improvements in transportation and communications, large corporations found it advantageous, indeed essential, to begin serving the American market from offshore.<sup>12</sup>

In the Kennedy Round of GATT negotiations (1964- 1967) and the Tokyo Round (1974- 1979) the U.S. was not able to break down Asian protectionist barriers, nor did it try very hard. Our approach to the Kennedy Round was driven by the **need** to reach an accommodation with the European Common Market. Indeed, one of our principal goals was to remove remaining European protectionist restrictions on Japanese exports and thus integrate Japan into the global economy. Reflecting on the round thirty years later, William Roth, the shipping executive who was Special Trade Representative at that time, said: “One of the areas that I feel we were too lenient, and didn’t bargain enough, was with the Japanese.” The Commerce Department was incensed at the absence of reciprocity in Kennedy Round negotiations with Japan.<sup>13</sup>

Nor were developing countries prepared to make concessions and open their economies during the 1960s. Forty-one developing countries, members of GATT, refused to participate in negotiations. These included Singapore and Malaysia, future trade powerhouses in the 1980s and 1990s. Another 17 countries negotiated under special arrangements that did not require reciprocity. This second group included many that we have more recently referred to as big emerging markets -- Argentina, Brazil, India, Indonesia., Korea and **Pakistan**.<sup>14</sup> As Joseph Greenwald, one of the U.S. negotiators, observed retrospectively: “They [the less-developed countries] believed in special and differential treatment. They figured it would be a free ride and they wouldn’t have to pay anything.” W. Michael Blumenthal, the Deputy STR in Geneva, summarized the attitudes of developing countries this way: “What will you give us? We need it, but of course, we can’t **pay**.”<sup>15</sup>

What were the results? In Kennedy Round negotiations with developing countries the U.S. made concessions on \$700 million in imports (most all of these being duty reductions of 50 percent or more). What did the nine developing countries provide in return? They made concessions on \$200 million in trade, but only \$20 million of that amount involved actual tariff reductions. The rest consisted of commitments to bind existing tariffs. In the Kennedy Round, as in early tariff negotiations, the U.S. did not insist on real reciprocity. In 1967 our negotiators did not anticipate that one day Argentina, Brazil and India might be big emerging markets for American exports. In effect, the Kennedy Round opened the American market to cheap imports from the world but did virtually nothing to open the markets of emerging countries. Instead, the U.S. reduced its tariffs, bound rates, and effectively gave away leverage that might over time have provided bargaining chips to achieve a global free trade **regime**.<sup>16</sup>

More than any other single round of tariff negotiations the Kennedy Round opened the

American market to global competition and contributed to a growing merchandise trade imbalance. Said Secretary of Commerce Alexander Trowbridge, the “American domestic market -- the greatest and most lucrative market in the world is no longer the private preserve **of the** American businessman.” As the concessions were phased in over a five year period, border barriers no longer shielded high-wage American manufacturing workers from global competition. The average ad **valorem** equivalent on dutiable U.S. imports fell from 12.2 percent in 1967 to 8.6 percent in 1972.<sup>17</sup>

Business leaders understood that the Kennedy Round had changed the rules of the trading game. Previously, Fortune 500 firms generally produced domestically for the U.S. market. Those eager to participate in global markets established overseas production facilities, or exported. But, the Kennedy Round created a single global market for goods. Big business saw the results of the Kennedy Round as evidence **that** the U.S. government wished to promote imports and would not employ import-remedy laws to shelter domestic industries from low-cost and unfair foreign competition. If U.S. manufacturers wanted to retain market share in the domestic market, they must move labor-intensive assembly abroad and **import**.<sup>18</sup>

Another aspect of the chronic Asian deficit relates to the preferences, and the selective and differential treatment, accorded developing countries in production-sharing and preferential programs that began to flourish in the 1970s. These programs stimulated developing-country exports and accentuated the trend toward corporate outsourcing. Production-sharing began somewhat innocuously in 1953 as a congressional initiative to modify customs rules in order to permit automakers to process articles in contiguous areas of Canada during breakdowns or emergencies at their U.S. facilities. By the late 1960's production-sharing had expanded to benefit low-labor cost countries like Mexico and Malaysia.

The latter case is a representative example. Under Prime Minister Tun **Razak's** leadership, Malaysia offered foreign manufacturers generous incentives to encourage firms to export goods assembled in Malaysia. It also authorized a program of free trade zones to make use of Malaysia's low-cost labor. In an October 1971 speech to prospective investors in New York, Tun Razak said: “I hope to convince you all that Malaysia could be the answer to your problems of spiraling wages and increasing costs of **production**.”<sup>19</sup> Labor-intensive industries responded, particularly makers of consumer electronics. By 1984, foreign trade zones provided employment to nearly 82,000 Malaysians. Fifty-two percent of Malaysia's exports to the United States (\$1,421.7 of \$2,721 million) qualified for production-sharing tariff treatment. Typically semiconductors accounted for over 95 percent of these qualifying exports.

A related initiative was the Generalized System of Preferences, a program of one-way free trade designed to stimulate exports of manufactures from developing countries. In response to demands from UNCTAD, industrialized countries agreed to temporary incentives, rather than permanent concessions, to stimulate the trade and development of the world's most needy nations. It was consistent with the broad political theme of “trade, not aid.” As it turned out GSP proved a windfall for newly-emerging industrial nations, like Hong Kong, Singapore,



Korea, Brazil and Mexico, not the world's most backward nations, which had little to sell in world markets except commodities like rubber and palm oil. In 1995, the U.S. extended GSP duty-free entry to imports from 150 beneficiary countries. Of the \$18.3 billion in **benefits** provided, 52 percent went to three rapidly industrializing countries Malaysia, Thailand and Brazil. Ten countries obtained 83% of GSP benefits, and all were big emerging markets. None were low-income nations from Africa or Central America. Some 28 percent of U.S. imports from Malaysia actually received GSP treatment, and this middle-income, rapidly industrializing country was the largest national beneficiary of the U.S. GSP program. It received 27 percent (\$4,931 million) of total GSP benefits, ahead of Thailand 13.1 percent (\$2,394 million) and Brazil 12.1 percent (\$2,221 million). Meanwhile, many of these countries retained substantial restrictions on American commerce and investments, as detailed in the U.S. Trade Representative's annual reports on foreign trade barriers. Under pressure developing countries liberalized somewhat their tariff regimes, but most maintain substantial restrictions on foreign investments and trade in **services**.<sup>20</sup>

During the Tokyo Round we again failed to roll back Asian protectionist barriers. Once again the Japanese took a low profile and sought to obtain concessions without providing anything of significance. **Alonzo McDonald**, who headed the U.S. delegation in Geneva during the Tokyo Round, has recalled that negotiating with the Japanese was like the Chinese water treatment – it required patience and persistence. They were reluctant participants, he said, and even the agricultural concessions on beef and orange juice required a major struggle.

Commerce Department representative Larry Fox has recalled how the Japanese played a lone hand in the Tokyo Round, accepting what was advantageous and relying on non-tariff barriers, such as inspections, to nullify the consequences of tariff concessions. He said that the U.S. government “simply assumed” that Japan would mature into a typical market economy in the fashion of the U.S., Europe, the U.K., and the independent former members of the Commonwealth, such as Canada. Therefore, we evolved no strategy to work with the European Community to bring about this result. He acknowledges that “perhaps no such grand strategy was feasible in any case. U.S. hegemonic power was a lot easier for columnists and academics to write about than for the U.S. to put to work for our benefit or that of the world economy more generally.”\*

To understand how Asian protectionism became embedded, and continues to impact our trade relationship, the commission would be advised to review the U.S. Trade Representative's annual reports on foreign trade barriers. These reports, which were required in the 1984 Trade and Tariff Act, provide “estimates” of the impact of foreign trade barriers on U.S. exports. With European countries the reports show that we have grumbles that are not inconsequential. While overall tariff levels are low, problems remain that affect individual products such as bananas, agricultural exports, motion pictures and similar items. But, these problems pale in comparison to Asian protectionism. China, for instance, has high tariffs, unpredictable customs procedures, import licenses and quotas, and a longstanding policy of import substitution. There are problems with export subsidies, government procurement, barriers to services, and infringement of

intellectual property rights.

India has high tariffs and quantitative restrictions and imposes licensing **requirements** on about one-third of total imports. India has claimed that virtually all of its quantitative restrictions are justified on balance of payments grounds under GATT 1994 article XVIII:B. In April a dispute-resolution panel said that India's balance of payments situation did not justify quantitative restrictions.

What is the overall impact of Asian protectionism on U.S. trade? I have not done anything that resembles a scientific analysis, but one back-of-the envelope computation may suggest the magnitude of the problem. One could argue **from** the data that Asian trade barriers may cost the U.S. as much as \$100 billion per year in lost exports. In 1999 U.S. imports **from** Asia are 110 percent higher than U.S. exports, but U.S. imports **from** Europe exceed exports by only 29 percent. If the pattern of U.S. trade with relatively-closed Asia reflected the pattern with relatively-open Europe, our exports presumably would be much greater, and our deficit considerably less.

There is another aspect of the Asian deficit problem that warrants your attention: It involves trade among units of global corporations and their affiliates. As you know, much international trade – probably the majority – does not correspond to the laissez-faire model. It is managed by governments or involves captive transactions among units of multinational corporations. These obviously distort the invisible hands of supply and demand. According to the Department of Commerce data published in recent issues of the Survey of Current Business, in most years U.S. affiliates of foreign corporations account for 20-25 percent of U.S. exports and for 30-35 percent of U.S. imports. U.S. multinationals account for another 60-65 percent of U.S. exports and 40-42 percent of U.S. imports. One obvious conclusion is that the big boys dominate U.S. international trade, although administrators give lip service to small business export opportunities.

More important for our discussion today is the impact on trade balances. In 1997, the last year for which data is available, U.S. multinationals exported \$84 billion more than they imported **from** the U.S. However, foreign multinationals aggravated the American trade deficit. The Survey of Current Business reports that U.S. affiliates of foreign corporations imported \$120.6 billion more than they exported **from** the U.S. Affiliates of Asian corporations typically account for a larger share of U.S. exports to Asia (27.7%) than U.S. affiliates of European corporations do for exports to Europe (16.9%). One figure merits particular **attention**. Affiliates of Japanese firms account for 51.9 percent of U.S. exports to Japan. On the import side, U.S. affiliates of Japan corporations account for 80.3 percent of imports **from** Japan. U.S. affiliates of Asian corporations account for 38 percent of U.S. imports **from** that region. For Europe the comparable figure is 36.3 **percent**.<sup>22</sup>

What can be done to reduce the Asian deficit? Historians purport to have 20-20 hindsight, not 20-20 foresight. Several points are obvious to all of us. Asia's economic recovery

will strengthen – and indeed, is strengthening – U.S. exports to that region. Further depreciation of the dollar may help address the imbalance, but as I have noted earlier some prominent economists have been predicting for 25 successive years that dollar depreciation would **remove** the deficit! The data on trade flows among units of multinational corporations may suggest that the U.S. government – and this commission – should give attention to ways of encouraging foreign multinationals – particularly Japanese firms – to export more **from** the United States.

Certainly the U.S. can continue to use WTO dispute resolution procedures to push open closed Asian markets. But, I am not optimistic, as perhaps some are, that mandatory dispute resolution procedures and hard bargaining **in another WTO** Round will do much to reduce America's trade deficit. Having studied closely the **history** of our trade negotiations since the 1930s, I repeatedly have seen officials offer optimistic comments that do not comport with actual results. In every round since 1934, for example, we have held high hopes for agriculture, and while there have been some gains the reality is that agricultural trade is still highly regulated. It is very difficult, as Larry Fox noted in his retrospective comments on the Tokyo Round, for a hegemonic power to throw its weight around successfully, unless removing the trade deficit becomes the overriding goal of U.S. foreign economic policy.

1. Robert J. Samuelson, "Trade Deficit Ulcers," National Journal (June 4, 1977), p. 867; Washington Post, November 21, 1979.
2. Data cited from U.S. Department of Commerce, Survey of Current Business (September 1999), Table F.3
3. Cited in William Lovett, Alfred E. Eckes, and Richard Brinkman, U.S. Trade Policy: History, Theory and the WTO (Armonk, N.Y.: M. E. Sharpe, 1999), p. 72.
4. Unpublished pages **from** "memoirs," Truman Library, Independence, MO.
5. Ferrell, Eisenhower Diaries (New York: Norton, 1981), p. 242; Dwight D. Eisenhower, Public Papers of the Presidents, 1957, pp. 460-462.
6. U.S. President, Public Papers of the Presidents: Dwight Eisenhower, 1954, pp. 585-90.
7. Alfred E. Eckes, Opening America's Market: U.S. Foreign Trade Policy since 1776 (Chapel Hill: University of North Carolina Press, 1995), pp. 169-72.
8. Minutes of meetings, March 27, and April 18, 1955, International Trade File, box 234, RG 43.
9. March 26, 1955, meeting, International Trade Files, RG 43, NA.
10. Quote from various meetings Feb. 22 to April 18, 1955, box 234, International Trade Files, RG 43, NA.

11. For a succinct discussion of static versus dynamic comparative advantage, see Richard L. Brinkman's discussion in Lovett, Eckes, and Brinkman, U.S. Trade Policy, pp. 106- 135.
12. Comments of William Kelly and Michael Smith in Chapter 2 of Alfred Eckes, Revisiting U.S. Trade Policy: Decisions in Perspective (Athens, Ohio: Ohio University Press, 2000) (in press).
13. See comments of William Roth and Robert McNeill in Eckes, Revisiting U.S. Trade Policy Decisions, Chapter 3.
14. U.S. President, Public Papers . . . Johnson. 1968, p. 199; 1967, pp. 1073, 1148; U.S. Tariff Commission, Operation of the Trade Agreements Program, 19<sup>th</sup> Report, 1967, TC Pub. 287, pp. 170-74.
15. See comments of Joseph Greenwald and Michael Blumenthal in Eckes, Revisiting U.S. Trade Policy, Chapter 3.
16. Data from John W. Evans, The Kennedy Round in American Trade Policy: The Twilight of the GATT? (Cambridge, Mass.: Harvard University Press, 1971), p. 253; U.S. Tariff Commission, Operation of the Trade Agreements Program, 1967 (Washington: U.S. Tariff Commission, 1967), p. 172.
17. U.S. Department of State Bulletin, July 31, 1967, pp. 127-29.
18. Author's interview with Eugene Stewart, trade lawyer representing domestic industries, September 18, 1996.
19. Tun Razak quote from Ariffin, Mohd, A Fantasy Theme Analysis of Selected Speeches of Tun Abdul Razak Hussein on the Issues of New Economic Policy in Malaysia 1971-1975, M.A. thesis, Ohio University, Athens, Ohio, 1989. Rajah Rasiah, "Free Trade Zones and Industrial Development in Malaysia," in Jomo Industrializing Malaysia, pp. 118-46.
20. U.S. International Trade Commission, Year in Trade 1995: Operations of the Trade Agreements Program (Washington: GPO, 1996), p. 79. U.S. Trade Representative, Annual Report on National Trade Estimates (Foreign Trade Barriers) (1985- ).
21. See comments of Alonzo McDonald, Lawrence Fox, and John Greenwald in Eckes, Revisiting U.S. Trade Policy, Chapter 4.
22. U.S. Department of Commerce, Bureau of Economic Analysis, Survey of Current Business 79:8 (August 1999), pp. 21-54; Survey of Current Business, 79:7 (July 1999), pp. 8-35.