STATEMENT

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Mr. Griffin's excellent presentation on the application of U.S. antitrust law to East-West countertrade implicitly raises the question of whether the United States should consider changes in its basic economic policies (e.g. its antitrust policy) in order to compete more successfully for international trade. Trade as a factor in the U.S. gross national product is much larger now than it was in the 1950s and 1960s, when its post-war economic policies were established. It is also more important than it was when the first U.S. antitrust laws were enacted in the 1890s. Many GATT members, including but not limited to the Eastern-bloc countries, seriously question the free-market model implicit in the GATT. Similar questions are being raised in the United States and could lead to the adoption of international trade policies based on models quite different from those we have used for the past thirty to thirty-five years.

It is possible that countertrade will be incorporated into a new U.S. "industrial policy". First, a number of studies have demonstrated that foreign governments engage in industrial and agricultural policies that tend to restrain international trade. These practices are discussed in a report prepared for the U.S. Trade Representative's Office on trade in high technology products. Second, there is growing public awareness of the possibility of using an "industrial policy" to channel resources into selected industries.

The course of public discussion of this issue is still unclear. An industrial policy may well not be adopted or even seriously considered because the process of choosing which industries receive government attention may be too complicated for our political system to accommodate. On the other hand, one motivating factor for the adoption of an industrial policy is the perception that other countries have made such choices which have enabled them to compete with, and even to destroy competition from, the United States. The 98th Congress will provide the first opportunity for us to see whether serious consideration of an "industrial policy" is likely.

If such a policy were adopted, it is possible that a countertrade requirement would be part of it. This would be attractive as a way to assure a balance in U.S. trade relations. It would also arise naturally from a general lowering of

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our reliance on multilateral institutions; countertrade has a bilateral overtone.

This idea has been suggested at a number of points in connection with the President's Caribbean Basin Initiative (the "CBI"). The CBI would extend trade benefits in the form of reduced or zero duties to countries in the Caribbean area and in Central America as designated by the President on a statutory basis. Some opposition has developed from industries and labor unions which assert that increased access to the United States would result in destructive competition from these countries. In response, it has been suggested that CBI benefits be reciprocated directly by purchases of, for example, capital equipment from the United States.

Such policy changes probably would not be adopted quickly or taken lightly. The possibility remains, however, that if economic conditions continue as they have and the international legal regime controlling trade continues to deteriorate, such new directions will be seriously considered.