



THE U.S. TRADE BILL

The passage by the U.S. Senate and House of Representatives of a comprehensive Trade Bill, together with President Reagan's likely willingness to sign it, is one of the great economic events of the 1980s. But its significance is the exact opposite of most press interpretations.

Almost without exception, the press has presented the Trade Bill as a dangerous protectionist document. In fact, it displays the ability of the United States to confront seemingly overwhelming protectionist demands from a wide variety of economic sectors, from both management and organized labor, and from all geographic regions of the country, and nonetheless avoid serious protectionism. The bill contains a great deal of protectionist rhetoric, but washes away most protectionist consequences in the fine print (1,000 pages of fine print). It will have no statistically significant impact on world trade,

Passage of this Trade Bill gives Congress the ability to tell its constituents that it has dealt with the problem and does not want to deal with broad trade issues again for several years. It gives the next president, whether that president is Bush or Dukakis, the ability to start a new administration without huge pressures for sweeping protectionist legislation. Neither Bush nor Dukakis is an advocate of protectionism, although either one will have to press for an improved trade position. In short, the Trade Bill gives the U.S. and the world a breathing space.

For the moment, that breathing space is being used for an extraordinary takeoff of U.S. exports. The success of the U.S. export drive, based on the lower-valued dollar, in turn should strengthen the political forces interested in expansion of world trade.

The details of the Bill are in the press. The importance of the Bill is the breathing space.

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