

currency convertibility requirements of the International Monetary Fund. It is a notable achievement and has far-reaching implications for the U.S. economy and U.S. economic policy.”¹⁴

Indeed, the Economic Report of the President was right on both counts: payments issues did constitute the major international issue of the 1960s and were to play an important role in shaping the course of trade policy.

The Kennedy Round (1963-1967)

There are two hints that trade policy during the Kennedy Round had entered a new political-economy space. First, the popular name adopted for the round was that of President Kennedy, suggesting that the broader economic context was at play. Second, the round took substantially longer to negotiate than earlier rounds.

While the Kennedy Round resulted in important tariff cuts, it is an interesting question as to why it took until 1963 to launch a serious tariff-cutting exercise. In reality, only two of the five preceding rounds resulted in major tariff cuts: one of these had occurred prior to the formation of the GATT, in the first negotiation in Geneva in 1947, and the second in Torquay in 1951-1952. The negotiations in Annecy and the second round of negotiations in Geneva both produced disappointing results, as did the Dillon Round. Meanwhile, a clear-cut trade policy agenda had long been in hand from the Haberler Report of 1958, which had made recommendations in respect of three theses that the panel of experts had been asked to examine. Specifically, the Report recommended:

- (a) shifting to a systemic approach to tariff cuts to replace the product-by-product approach;
- (b) addressing trade in agricultural goods; and

¹⁴ Ibid., p. 91.