President Clinton is widely credited with a successful trade policy. But nothing is further from the truth. His successes, principally with the Uruguay Round, reflect the completion of initiatives begun by his predecessors. His failures, dramatic indeed, have been his own.

Mr. Clinton's trade policy during his first term was marred by an obsession with Japan. It resulted in the failure of the 1994 Hosokawa-Clinton summit in Washington as Japan turned down the administration's 'managed-trade' demands for import targets. Washington also started and lost badly the high-profile dispute over automobiles.

The president's second term has been no better. What else can one conclude from the first-ever failure by a president to secure fast-track authority from Congress?

It should therefore come as no surprise that this administration is currently embroiled in a variety of disputes with foreign trading nations. It complains and fights over steel with Russia and Japan, bananas and hormone-fed beef with the European Union, genetically modified products with many nations, the insertion of a Social Clause into the World Trade Organization agreement with developing countries, cultural restraints with Canada, macroeconomic policies with the EU and Japan . . . the list, already frighteningly long, keeps expanding. Ironically, this is at a time when the U.S. enjoys unique prosperity in a world economy mired in the aftermath of the Asian financial crisis. America should, by all historical reckoning, be feisty about its trading fortunes rather than frustrated and fearful. Where have we gone wrong?

It is tempting to argue that trade policy has been captured by lawyers and trade negotiators. The former aim to win cases and the latter seek concessions; both thrive on strategic confrontations, and neither has a sense of trade architecture. I once heard former U.S. Trade Representative Mickey Kantor profusely compliment a bureaucrat for having negotiated 'several trade agreements' -- all of which were bilateral textile accords that restricted trade. Some of the administration's key players in trade today, including the ambassador to the World Trade Organization, cut their teeth on such textile bilateral accords.

But this theme can be overdone. After all, it is the political system that has chosen the lawyers and set them off on their mission. The underlying problem is the pervasive notion that the rest of the world engages in 'unfair trade.' The notion of 'fair trade' is inherently vacuous. Economics teaches us that we generally gain from trade regardless of what our partners do. As the Cambridge economist Joan Robinson observed, we may think fairness requires that we throw stones into our harbor because our trading partners throw stones into theirs, but doing so only compounds our losses.

Yet the idea of fair trade guides U.S. trade policy, instilling officials with a false sense of moral authority that sparks impatience and unilateral threats and actions. Protection-seeking lobbies love the concept because it is elastic and arbitrary enough to make virtually any trade look unfair if the going gets tough; and it also has political resonance in a society that prides itself on equal opportunity and fair competition.

The objections to 'unfair trade' by U.S. trading partners began in the 1980s, reaching a crescendo in the Clinton years. When Japan emerged as a major rival, American politicians began to demonize it as a wicked trader whose export policies were predatory and import policies exclusionary. When U.S. unions and politicians opposed the North American Free Trade Agreement,
they condemned Mexico as a country with which free trade would be unfair because its environmental and labor standards were not up to snuff.

This distrust of trading partners actually has the force of law. Section 301 of the U.S. trade law authorizes retaliatory tariffs against countries whose trade policies the U.S. deems 'unreasonable.' Not surprisingly, other countries hugely resent this law. The EU, with Japan's support, has asked the WTO to rule on whether Section 301 violates the organization's rules.

The administration's handling of the clamor for protecting steel exemplifies the folly of 'fair trade.' The administration's two attack dogs on trade, Trade Representative Charlene Barshefsky and Commerce Secretary William Daley, have ceaselessly complained about America's increased trade deficit, a sure sign, they claim, that the U.S. has become an 'importer of last resort' because the EU and Japan haven't 'done enough' to accelerate their growth through appropriate macroeconomic policies. This has encouraged the notion that EU and Japan are therefore not playing fair, and that the responsibility for the outbreak of steel protectionism, and its indulgence by the administration, are the responsibility of these other nations.

How absurd can you get? These are the best of times for the U.S., and the administration should focus on that and tell the public that the trade deficit is irrelevant to the total job situation right now. What's more, to add to the list of 'unfair trade practices' the inadequacy of macroeconomic policies abroad is plainly foolish. An administration whose misjudgments helped create the Asian financial crisis, the worst man-made economic disaster since the Great Crash of 1929, should at least understand that macroeconomic-policy correctness is an elusive concept.

If it is politically unavoidable to offer some protection for U.S. steel producers, the administration could have done so without zeroing in on specific suppliers, such as Russia and Japan, demonizing them and adding to the hysteria over unfair trade. Invoking Section 201, the Safeguards Clause, would permit legal restriction of imports in a neutral fashion without discriminating against particular suppliers.

The skirmish with the EU over hormone-fed beef is another example of the administration converting a manageable trade issue into an unmanageable 'unfair trade practice.' Although the U.S. has won the battle at the WTO, the fact is that the Europeans were not being protectionist. They can use hormones as well as we can, but they face a consumer movement that simply will not let hormone-fed beef be sold in European markets. Rather than force the Europeans to shape up or accept retaliatory measures, surely it is in America's interests to assume that over time these consumer sentiments will abate. In the meantime it is sensible to propose a labeling solution that the Europeans must be urged to accept in lieu of hugely disruptive tariff retaliation.

Ms. Barshefsky has recently made noises in this direction. But she cannot have been serious when she reportedly said that, rather than use the label 'Hormone-Fed Beef,' the administration would propose that we be allowed to say 'Made in USA' since everyone knows that Americans use hormones. That's like saying 'Made in India' is the equivalent of 'Made with Child Labor,' because everyone knows that India has child labor.

Look at each trade skirmish and you will find American suspicion of 'unfair trade.' At times, this prompts a rush to unilateral action -- as in the banana dispute with the EU, in which Washington refuses to wait for the legal process at WTO to run its course. It is time for the president to assert his leadership and restore a vision and coherence to trade policy -- one that abandons the empty notion of fair trade and champions trade that is truly free.

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