

should not be reduced. Moreover, any quantitative restrictions on imports of primary commodities from less developed countries should be temporary in nature, and all tariffs on primary commodity imports should be gradually abolished.

The abolition of tariffs and other restrictions on primary commodity imports, in which advanced countries compete with less developed countries, will undoubtedly require cooperative action through the OECD and the GATT. This should constitute an important part of a program for general tariff reduction on the part of the OECD countries. However, in order to speed the impact of such reductions on the exports of the less developed countries, it may be desirable to grant special concessions to these countries, which are not made available to the advanced countries which may be exporting in competition with less developed countries. This means, in effect, a modification of the "most favored nation principle" with respect to imports. In order to avoid conflicts over discriminatory actions, special concessions to the less developed countries should be negotiated multilaterally through the GATT or, if arranged bilaterally, such arrangements should be made as a consequence of agreements among the OECD countries. In addition, the industrial countries should not insist upon reciprocal trade concessions from less developed countries.

It is especially important to avoid arrangements which result in discrimination in favor of one group of less developed countries as against another. An immediate problem in this field has arisen as a consequence of the EEC and the possible inclusion of the British Commonwealth countries in a European preference system. The United States should work through the OECD to negotiate arrangements which will avoid or gradually reduce such discrimination.

In the longer run, measures to expand world markets of less developed countries for industrial commodities may be equally or even more important than those designed to increase their markets for primary goods. As we have seen, less developed countries must broaden their export base by exporting semiprocessed and finished manufactures. This problem is so urgent that it cannot wait for the gradual reduction of tariffs and other barriers to imports on a "most favored nation" basis principle. Frequently the commodities which less developed countries are most capable of producing for world markets are the very ones on which the heaviest burden of import restrictions has been imposed by the more advanced countries. Although it is too much to expect that the more advanced countries would abolish immediately their tariffs and other restrictions on textiles and other manufactures from the less developed countries, they might very well establish low, or even duty-free, quotas on manufactured goods from less developed countries. Again, measures of this type involve discrimination, and for this reason they should be the subject of multilateral agreement through the GATT or perhaps the OECD.

1. Need for a trade adjustment program

The measures and policies recommended above will not have a serious overall impact on the economies of the United States and Western Europe. On the other hand, some industries and regions may be seriously affected and it may be necessary to adjust domestic agricultural programs in a manner which would reduce domestic out-