

Mr. FINDLEY. I would like to have you illustrate that, because I can't imagine how Utah, for example, which we might regard as less developed industrially than the rest of the United States, has been swamped or adversely affected simply because it is a part of a large free trade area consisting of the 50 States.

Why would it necessarily follow that underdeveloped areas, less industrialized areas would be adversely affected simply because trade barriers between it and an industrialized area are removed?

Mr. SOLOMON. Because the problem, Mr. Findley, is this: That the process of building up the manufacturing establishment in Latin America has been on the basis of highly protective tariffs. In fact, one of the things that we are hoping is not only will there be increased competition within the Common Market, but we would hope and expect that the average common external tariff that would emerge afterward would be substantially lower than the present range of very highly protective tariffs.

Now, there is a period of adjustment that is required before these manufacturing industries become competitive.

Mr. FINDLEY. Of course, and a period of adjustment was provided in the Treaty of Rome, as would hopefully be provided in the development of this common market.

Take Italy, for example, less industrialized than Germany at the outset of the Common Market. Can it be said that Italy was disadvantaged because Germany was a part of the European market?

I think quite the contrary can be said, and it would seem to me to follow naturally that the position of less developed areas in the Western Hemisphere would be improved if the United States, with all of its tremendous capital resources, and know-how and skill in marketplace operations, were opened up to become a part of their area. I would think it would lead to better wage and working conditions, growth of capital and all of these other beneficial things that have come about in the European Common Market.

Mr. SOLOMON. The day may come when the disparity between our average level and their average level of manufacturing efficiency may be sufficiently reduced, say comparable to what it was between West Germany and Italy, so that it may be possible—looking at it from a strictly economic point of view—that a broadening of a Latin American Common Market to include other more industrialized areas such as the United States might very well be in their interest.

Mr. FINDLEY. Why don't we say so in this resolution, then?

Mr. SOLOMON. I think that is so far off in the distance, and it raises all kinds of other problems, you must remember—

Mr. FINDLEY. Why should it be put off in the far distance? What valid fears should any Latin American country have with the United States as a part of the Latin American Common Market?

Mr. SOLOMON. There is the general fear in Latin America that their competitive ability would be adversely affected were a country as industrially powerful as the United States to be a member.