for some in the near future. Some think it would be best to seek amendment of the General Agreement on Tariffs and Trade to wipe out the distinction between direct and indirect taxes so that the United States, which largely relies on direct taxes, could legaly adopt the same arrangement now followed by most European countries. Perhaps some constructive suggestions for dealing with this problem will emerge from these hearings.

The problems of the developing countries will be covered rather fully by Mr. Greenwald, so I need not dwell a great deal on that subject at this time. The problem in its simplest terms is whether we can properly adopt trade policies which would help promote economic growth in those countries and assist them in earning sufficient foreign exchange so that they can join the developed countries in a trading world free of restrictive devices.

One current suggestion toward this end is a proposal by the developing countries that the industrial nations grant to less-developed country exports the tariff cuts of the Kennedy Round right away instead of staging them over 5 years. We need to examine the implications of such action in terms of its impact on our industries and the general problem of preferences for the exports of developing countries. We know, of course, that many of the products of the developing countries are not competitive with domestic production and that these will pose no problem whatever—some, of course, would pose a problem. We still want to give this matter further consideration, however, before making specific proposals.

Second, there are a number of materials needed by American industry and not available in the United States which are subject to import duties. Some of these could be made free of duty without any difficulty. The Congress seems to be in general sympathy with this idea, for it has approved a number of suspensions of duty in recent years to relieve industry of unnecessary costs. Congress has also given the executive branch authority to negotiate elimination of duties for a few such products, namely nickel and limestone for making cement. We would like to look further into this area and possibly make some recommendations for eliminating duties which would not only help reduce the costs of our domestic industry but would also benefit the developing countries.

Next is the issue of trading with the countries of Eastern Europe and the Soviet Union. This is a matter which is already being discussed within the Congress. We support the principle that the United States should improve its trade relations with these countries. In fact, we believe it is in the national interest to do so. In addition to the foreign policy advantages involved in which we would defer to the Department of State, these countries constitute useful markets for our industrial and agricultural output. We should not, of course, rush headlong into blanket MFN treatment of all such countries, but we should, in my view, authorize the President to make individual MFN arrangements on a country by country, quid pro quo, basis where the benefits are clear.

I mentioned earlier that other nations have urged us to adopt the Brussels Tariff Nomenclature system to make our tariff and product classification system consistent with most of the developed countries of the world. Without prejudicing the issue one way or another I think