historical fact of colonial relationships. The system pits the poor against the poor and has neocolonial overtones. It is made to order for creating friction and tensions among the very countries who most of all need to cooperate with each other economically and for their mutual prosperity. And one area of the world—Latin America—has historically had not trade preferences in any market; instead, it has had to cope with discrimination against its exports nearly everywhere. Moreover, developed countries, including the United States, frequently face discrimination because many of these preferential arrangements are reciprocal.

A new situation arose several years ago, however, when it became apparent that discriminatory trade arrangements of this kind were on the increase. The preferences which individual African countries enjoyed in their former metropoles were extended to all of the six member states of the European Common Market. An association agreement between Nigeria and the EEC was concluded last year after lengthy negotiations, thus extending preferences to a single African country which had previously had such advantages only in the Commonwealth markets. A large number of other African countries—the Maghreb and three east African countries—have been seeking some kind of special trade arrangement with the European Common Market.

This growing risk of further proliferation of trade arrangements which discriminate among developing countries was from our viewpoint a most unfortunate development, both politically and economically. It threatened to fragment world trade; it increased the pressures from Latin America for exclusive trade arrangements with the United States; it was a retrogression toward special spheres of influence.

We have always felt that the best way to assist the developing countries is for all industralized countries to join together in a common effort to help all of the low-income countries. The developing countries themselves felt that a more desirable course of action would be to replace the network of existing preferences which are selective as to product and countries by a general system of trade preferences by all industrialized countries for the benefit of all developing countries and without reciprocal preferences.

In early 1966 the United States, United Kingdom, France, and the Federal Republic of Germany began to explore some of the issues involved in trade preferences pursuant to a mandate from the OECD Ministers. Our own participation in this exercise was, of course, severely circumscribed by our own position of scepticism concerning the workability of any scheme of preferences and, indeed, our basic reservation on the idea as a matter of principle. It became quite apparent to us in the executive branch that this posture which the United States had maintained since the issue of trade preferences first arose in 1964 was ill-suited to our political and economic interests. Politically, we found ourselves virtually isolated from all the developing countries, and most of the industrialized countries as well. Economically, our reservation in principle and scepticism precluded our having much influence over the proliferation of discriminatory arrangements and also reduced our influence with regard to the specific workings of a preference scheme which other industrialized countries