Representative REUSS. Yes; thank you, Mr. Chairman.

I certainly want to express my support of President Johnson's approach at Punta del Este to this question of preferences to the developing countries on a generalized, nondiscriminatory basis. I think that it would be a very poor thing if the world became divided up into Hjalmar Schacht enclaves. And I think the administration is on the right track there.

I am hopeful that the Congress, and perhaps this committee, can give some formalized support to what we are doing. I certainly can't complain that this is being pursued at a low level, since the President has very forthrightly put his prestige on the line on this. And I would hope that it could be a major and continuing U.S. bargaining point.

I am interested in the tour of the horizon contained in yours and Mr. Solomon's paper on the export earnings of developing countries and the primary products. Particularly, I was interested in what has been said about sugar. Would you share my impression that if all the primary commodities involved a change in policy by some of the developing countries so that they produce less of the future increment to their needs in sugar in the next 15 or 20 years themselves, and give the reciprocal countries an opportunity to produce a larger percentage, that this would be about as good a foreign exchange for many of the developing countries as one can think of? And that this one commodity, if the developed world is prepared to make some rather important changes in its domestic policies, offers the possibility of a large-scale improvement in foreign exchange earnings by many countries, including at least a dozen in Latin America?

Mr. GREENWALD. I think the general idea of maintaining a certain share of the market for developing countries is one that is embodied in our own legislation, and one that we could support on policy grounds as well.

Representative REUSS. We have, I think, under our present system, around 35 or 40 percent dedicated to imports.

I wonder how much we know about relative costs of products and what it costs to maintain 60 percent of our domestic consumption under home production.

Mr. GREENWALD. I think that would be a little hard to answer.

Representative REUSS. And what it costs the French, the Germans and the other beet sugar producers.

Mr. GREENWALD. In a general sense, where you have a very high degree of protection, whether it is in agriculture or industry, there is some economic cost involved. My impression is that the beet sugar industry has probably become more efficient over the years, and that perhaps that the disparity is not now as great as it originally was when the sugar legislation was first instituted. I think in any kind of interference with the normal market there is bound to be some economic costs. I think the situation in Europe is perhaps developing into an even more costly situation, because the plans in the European Economic Community call for an increase in their output to the degree that they will be actually exporting on a subsidized basis. In this situation you have a double cost, not only the price of the product domestically, but the cost of subsidizing exports.