

preferences. While it is understandable that the United States should take the position that preferences, if granted, should be extended to all the less developed nations on an equal basis, I suggest that, if this principle continues to be violated by the other industrial nations, we should be prepared to set up our own system of Western Hemisphere preferences and to seriously study the practicality of setting up a common market of the Western Hemisphere.

If Great Britain and the EEC countries have special interest in, and special responsibilities toward, the British Commonwealth and certain African countries, I submit that we have equal responsibilities toward, and greater interests where Latin America is concerned.

I would caution, however, that any trade preferences extended by the United States to the less developed countries in general, or to Latin America in particular, should not be unqualified or unlimited in duration. Rather, they should be granted in the form of incentives for adherence to specified standards of performance, and should be subject to continuing review. Performance in such matters as fiscal and monetary policy, treatment of domestic and foreign private investments, and removal of export taxes and other self-created impediments to export, and adherence to reasonable standards of efficient production and quality control should be considered in this connection.

In the case of Latin America, specifically, the granting of trade preferences or other export incentives should be related to Latin American efforts and progress toward the elimination of excessively nationalistic restrictions and the creation of a larger intra-American market through development of LAFTA, CACM and, ultimately, the proposed Latin American Common Market. The advantages to be gained through the creation of a free-trade area, or a common market, are well known to our Latin American friends, but a major effort, over an extended period of years, will be required to remove the economic, financial, psychological, and nationalistic obstacles that stand in the way of its accomplishment.

Another positive contribution that we might make to Latin American export expansion and economic development lies in the politically sensitive field of agricultural policy. Our protectionist policies in the form of domestic price supports, export subsidies, and disposition of farm surpluses abroad on noncommercial terms, are frequently in conflict with our proclaimed objective in the area of foreign economic policy, and in the Alliance for Progress. If we are sincere in our stated purpose of assisting our Latin American neighbors to be self-supporting and prosperous, we should subject our own policies, both domestic and foreign, to continuous review to be sure that they are consistent with these objectives.

One of the most serious of Latin America's economic problems is the failure of its agricultural production to expand in line with population growth and the increase in industrial production. Latin America needs financial and technical help to remedy this deficiency, but it makes little economic sense for us to extend this assistance and, at the same time, provide unfair competition for their producers by subsidizing our agriculture and undercutting their export markets. I am not suggesting that intelligent self-interest should bow to the dictates of foreign economic policy or good neighborliness, but we