

And if there are any legislative recommendations which you might have, I think that some of us would be very happy to receive them.

Mr. DANIELIAN. I would be glad to come back at the proper time when the legislation is before the Congress.

Senator MILLER. When you talk about the conditional most-favored-nation principle, what do you mean by that? You give a hint on what you mean when you talk about "conditional" on some of these impediments being removed, such as internal tax matters and other barriers. Is that what you are getting at, when you say "conditional most-favored-nation principle" you mean conditional from the particular country removing or eliminating or modifying some of these internal impediments?

Mr. DANIELIAN. Yes; with the world really being regrouped into larger bargaining units, what this would mean is bilateral negotiations between, say, the United States and EEC, and the United States and EFTA, and the United States and the Latin American Common Market. On the basis of consideration given and reciprocal concessions made, we will grant them most-favored-nation entry to our markets. In other words, the end results would still be free trade, and a more generalized, more inclusive trading community. But people would get into the club only in consideration of having paid a commensurate fee in the way of concessions that have been made reciprocally. Under our present system if we give a tariff reduction to Iceland, however valuable that may be to us and to them, that tariff reduction is available to everybody in the world—the Common Market, Japan and everybody else. That somehow doesn't seem to be quite fair, particularly in view of our present balance-of-payments condition, and the changing pattern of trade which doesn't suggest, in this great Nation of ours, with its technological advance, that the competitive strength that we would like to believe is there exists.

Senator MILLER. You are familiar with the fact that there are recommendations pending for extending the most-favored-nation principle to Eastern bloc countries?

Mr. DANIELIAN. Yes.

Senator MILLER. I take it that you would not be in favor of that, although you might be in favor of extending a conditional most-favored-nation principle to these countries.

Mr. DANIELIAN. Yes, I think it would be conditional on a specific agreement being drawn up where the advantages on both sides will, I hope, be balanced.

Senator MILLER. And then I take it that you would not be in favor of a blanket extension of such authority, but that you would envision that would be on a country-by-country basis for negotiation?

Mr. DANIELIAN. Right.

Senator MILLER. So that the reciprocity that makes this conditional would be forthcoming.

Mr. DANIELIAN. I would go a step further. I will recommend this approach also to the other trading blocs, and in that way we would universalize our trade policy and eliminate the accusation of discrimination.

Senator MILLER. I understand.