With regard to East-West trade, it seems to me that we are presently in a situation in which we have very little flexibility and that we have gained very little from imposing that loss of flexibility on ourselves. If we are to undertake some change in our policies about East-West trade, the potential gains we should seek are less in commercial or economic matters than in the ability to add trade to the things we can negotiate about with the Communist countries. And this is a quite different matter if one is talking about trade with the Soviet Union than it is with regard to the trade of the Eastern European countries. And yet I think in its different way it is true of both cases. When we are talking about East-West trade we must recognize frankly that there are no proven satisfactory arrangements for organizing trade between state trading countries and market economies. But there are some possibilities. I think that therefore we have to maintain an experimental attitude. And that means as a practical matter, to be able to alter agreements over relatively short periods. I think we should understand that such approaches as bringing more of the Communist countries into GATT are not solutions to problems, but provide ways of discussing the problems perhaps in a better framework than what we have had before.

Now, in these remarks I have tended to break up the trade problem into several different ones, to speak of East-West trade, LDC trade, and trade among the industrialized countries separately. This is right, and at the same time it is wrong. It is right because I think the problems are somewhat different, and require somewhat different approaches. What is wrong about it, a slightly more subtle point, is that there is always a risk of losing sight of the fact that we are talking about a world trading system, not simply a series of pieces. Always in the postwar period, it has been an important part of American trade policy that we have had a picture in mind of what kind of world trading system we were working toward. There have been exceptions that did not fit the picture. East-West trade is one, but it has been a relatively minor thing. But I think we are now at a period when the exceptions are decreasing. Japan, which was always a special problem, still poses certain issues that do not arise otherwise, but is very far along the road toward being a full member of the trading system. It is true that we shall probably work out something with regard to the special problems of the less-developed countries which will make them exceptions to many rules. But I think we shall find that we can no longer deal with a blanket concept of "less-developed countries." We are going to have to look at the more developed and among the less-developed because they have quite different trading interests and require quite different trading arrangements. That will make it important to have some concept of a road along which developing countries might move as they become better able to make their way in the world trading system.

I think, finally, that the definition, or the depiction, of the world trading system we want cannot probably, be very different from what it has been. It is a system in which there is a means of reducing trade barriers, and in which the basic objective is equal treatment in international trade. This may seem banal. I think it is not so when we recall that conception of this objective has been somewhat blurred