Now, I believe it is an open question—I haven't prejudged it—as to whether either the basic policy or the exception will in the years ahead be the most appropriate technique for promoting American interests. And I interpret these interests broadly, in terms of the world picture.

Obviously this is something which I cannot cover in 15 minutes of testimony today. And I don't know enough about the subject to do it, anyway. So, let me address myself to a more modest analysis, and a more restricted range of subjects: the future of U.S. trade policies toward developing countries. The following remarks are not based on any more extensive reconsideration of policies which I believe must be evaluated as a matter of interest to the U.S. Government.

In more specific framework, there are four elements that seem particularly relevant today. The first is preferential treatment for the manufactured products of poor countries in the market of rich nations.

The second is to increase the mutual interests of the United States and the underdeveloped countries in expanding their trade and investment ties.

The third is to deal with the problems besetting the commodity trade that currently provides 85 percent of underdeveloped countries' export earnings.

And the fourth is to improve, by a more intensive technical analysis, our knowledge of the effects of alternative trade policies on the economic interests of the United States and other nations.

These four matters themselves raise policy issues of some complexity, which in this statement, for brevity's sake, receive bare mention, or in some instances, not even that.

Tariff Preferences

My first subject is tariff preferences. I favor the extension of tariff preferences by the United States and the other rich countries to underdeveloped countries. These preferences would confer upon the poor countries a competitive advantage in the U.S. market over nonpreferred suppliers, in the same manner that Commonwealth preferences and EEC preferences now provide for the countries that qualify under their systems. In order to avoid an excessive competition among different preferential systems, or the creation of divisive rich-poor trading blocs, it would be best if a general preferential system could be based on common principles subscribed to by all preference-granting and preference-receiving nations. However, any system actually adopted should allow flexibility to meet the interests of particular counrties. Thus, there are certain products that the United States might wish to exempt from preferential treatment. Sweden might, for example, wish to exempt an entirely different group of products. Some nations might wish to base preferential treatment on some form of global quota system, related to domestic consumption or imports; others might wish to avoid quotas, and rely primarily on escape clause mechanisms. At the present stage of our knowledge concerning the effects of such alternative systems, it would be premature to insist that all nations adhere to one general preferential formula to the exclusion of all others. As Mr. Greenwald pointed out in his testimony here on