fore us a period of say, 10 years of trade liberalization on an MFN basis, but phased over time so that the tariff cuts come in small increments, I can see some argument for extending those cuts at once to the less-developed countries. I think that one should not exaggerate the gains from that, and recognize what it really is. It would, in effect, be transferring foreign aid through commodities, with the selection of recipient countries taking place through the market rather than through the foreign aid agency. Nonetheless, in a period as long as 10 years that might stimulate some investment in some less-developed countries. Of far greater importance than preferences in advanced countries' markets are improvements in the tariff structure of the advanced countries. There is much what we might call anecdotal evidence that processing industries are excluded from less-developed countries because of the tariff structure in advanced countries. As a result, they export raw material in a relatively unfinished state.

But this change in tariff structure can be brought about by general across-the-board reduction in tariffs; preferences are not necessary for that.

To sum up, I wouldn't mind breaking temporarily from the MFN principle in the form of advance cuts, but only in a clearly defined context of across-the-board MFN tariff reductions among all industrial countries.

Senator JAVITS. Any other comments?

Mr. Witt?

Mr. WITT. I think I would say essentially the same thing. It is much more important to look at the commodities and the tariff structure here than to look at easing up on—giving them special preferences. They obtain preferences if you deal in commodities that are important to them, without violating the most-favored-nation clause. The recent trade agreements involved many commodities that were of interest to the developed nations. And one of the objections that some of the developing countries are making—whether true or not is another question—is that we have negotiated enough on the commodities that are of major interest today to the developing nations. And we can do a great deal this way.

Senator JAVITS. Mr. Baldwin?

Mr. BALDWIN. I would like to go along with Mr. Cooper on this. I certainly would support the notion of an advance cut of the Kennedy Round tariff reductions to the less developed countries. I also think that we should be quite skeptical about the merits of preferences. It seems to me you inevitably get into the kind of problems that Senator Miller raises and that these will lead to an elaborate system of quotas, not just tariff quotas, but quantitative restrictions among the developed countries and among the less developed countries. Are you going to treat every developed country the same regardless of whether the country has a deficit or not? Or are you going to treat every underdeveloped country the same? Should you treat India the same as some African country, for instance, Kenya? Of course, if you do, India is going to get much more of the benefits from generalized preferences or manufactures. And should the degree of preferences for India differ from the preferences to the developing countries, depending upon the level of development and the balance-of-payments situation? You could also