tries. For political, economic, and moral reasons, the United States cannot afford to see a continued widening of the gap between the industrial and the less-developed nations. The 20 or so industrial nations with one-fifth of the free world's population produce and enjoy one-half of the world's wealth. In contrast, the developing nations with half the world's population account for barely one-sixth of the total output. Per capita income in the developing countries ranges from a quarter to a half dollar a day.

To bring about a better balance will require massive economic and technical aid. It is increasingly clear that the job is much too big for the United States alone, and especially that it cannot be done by Government aid alone. Additional support could well come from some form of preferential tariff system, especially since this would involve self-help.

I am familiar, of course, with the chief objections that have been raised against tariff preferences for developing countries. And I confess that I am somewhat sympathetic with these objections. It has been said that a two-tiered tariff system would be costly to administer that its benefits would be slight; that outright financial aid would be more appropriate than a tariff subsidy; and that, in any case, tariff preferences would violate the GATT principles of reciprocity and nondiscrimination.

While these points may have some plausibility, they disregard, I think, a number of persuasive arguments on the other side. The preferential tariff systems of the Common Market and Great Britain show that the added administrative cost must at least be bearable. To what extent the developing countries could expand their exports of manufactures is admittedly an open question, but as Prof. Harry Johnson, of the University of Chicago, has pointed out, tariff preferences might well exercise a powerful influence in expanding export earnings and promoting industrialization. And, while financial aid might be the preferred form of assistance, the current controversy over the foreign aid bill is not a very reassuring sign for increased support from this source. In my view, preferential tariffs are a form of aid, and all additional aid is urgently needed to bridge the ominously widening gap between the industrial and the backward nations.

The most desirable approach, as I see it, would be for our own Government to take up this problem with the Governments of other industrial nations and try to persuade them to join us in granting tariff preferences to all the less-developed countries. Only if all industrial nations treat all developing nations equally can we preserve the substance of the important GATT principle of nondiscrimination.

A third major issue of U.S. trade policy in the coming years, as I see it, will be the course of U.S. trade relations with Canada.

Our neighbors to the north are our most important trading partners just as we are theirs. The volume of Canadian-United States trade amounted to some $12 billion last year, representing about 60 percent of all Canadian exports and 25 percent of all U.S. foreign sales. It follows that continued expansion of Canadian-United States trade is essential for the continued growth of both countries' foreign trade. To this end, the two may wish to reduce trade barriers between themselves, and could probably find ways to negotiate a mutually advan-