

have special trading areas. Nonpolitically it is the best solution. The basis on which we are now proceeding is different. It has been a matter of our national policy ever since the war to recognize a kind of collective responsibility on the part of the northern rich countries for the southern poor countries on a nondiscriminatory basis. Obviously I regard that as preferable, but I question whether the policy is feasible for the long pull. I don't think we have half thought the problem through, and I would agree with you, I would like to see this a matter of public debate. I would like to see the issues placed in what seem to me the proper terms, for the problem is a structural one. The European countries are too small for any one of them to take a universalist approach toward the world. A country which hasn't got the resources to diffuse around the world has to think of focusing its efforts. Historically the European nations have done that by concentrating their efforts on bits and pieces of real estate within colonial systems. But such systems don't exist any more. And therefore, there is a feeling on the part of the European peoples that since they no longer have territorial interests to give a focus to the areas to which they should provide help, they don't need to provide help. What they have thought of as a substitute for colonial interests—a vestige from the old colonial systems—is the retention of preferential trading arrangements.

Now, I thought such arrangements would ultimately die. I thought that the trading system, the preferential system, of the French Community as well as the British Commonwealth system would be phased out in time. Certainly they have become less significant as the general level of tariffs has been reduced. But what is happening is something quite different—something I did not predict, something I think is quite foolish—but, nevertheless, something that is clearly going on. And that is that the European Community nations are proliferating the special arrangements primarily with African countries. They are creating a whole new preference structure in which the preferences extend not merely from a single European nation to a single African nation, but from the six nations of the European Community to a number of African countries. This is becoming a very much bigger thing than it was. When I was in the State Department I tried not only to get the French and British Governments to phase their systems out, but I made a valiant try to get the European Community to abandon the idea of proliferating these closed systems, because it didn't seem to me that they were useful from anybody's point of view.

But the point I'm making is this, that while we may think that a closed trading system is bad so far as the allocation of resources is concerned, and it violates the most-favored-nation principle, nonetheless it may be about the only way that we are going to persuade the European nations to maintain an adequate flow—or even an inadequate flow—of resources into these countries through foreign aid programs; because what they have done in their own minds is to substitute preferential systems as a focus for their aid efforts, whereas historically the focus was provided by colonial systems. Because of their own inadequate geographical size and their control of an inadequate supply of resources, I don't think they can be persuaded simply to participate in a worldwide effort to help the less-developed countries. Thus if the preferential systems, the closed systems are eliminated, we may find