

Chairman Boggs. Thank you very much.

Mr. Reuss?

Representative REUSS. Thank you, Mr. Chairman.

Mr. Ball, in connection with this parceling out under the proposed closed system, you suggested that it may well be that Europe gets Africa and the United States gets Latin America. Who gets India?

Mr. BALL. That is a very fair question, and I have been waiting for it. Of course, what your question does is to point to some extent to the vice of a closed system, in that there are always some people who are left out of any closed system. Then the question is, do you have more closed systems, or do they simply suffer from being outside?

This is why in 1963, I think it was, when there was a first meeting of the UNCTAD, the Indian Government, which enjoyed the preferences of the Commonwealth system, opted to support a principle of generalized preferences, because they were rather afraid that at the end of the road they might be left out.

But I would think that if one looks at the experience of the last few years that Africa is a place where a considerable amount of resources have been going from Europe, and there has been a very high volume of trade.

India is a situation where most of the support, I would say 90 percent, I don't know what the figures are, exactly, has been provided by the United States, or the Soviet Union, and a very little has come from Western Europe. I would suspect that that would be the system that would continue.

Actually, what we are talking about isn't as serious as it sounds, because the kind of production that you talk about when you think of Africa is the productions of tropical products primarily. They do compete with Latin America. They don't compete very much with India or almost any other area of the world. This is a rather special situation. I would suppose that, to the extent that aid is provided, we would continue to provide it. Whether or not there would be any virtue in trying to have a closed system with regard to India—I would doubt it. It is in a closed system now, it is in the Commonwealth system, and it does enjoy the benefit of Commonwealth preferences. They aren't terribly significant except on certain items. But they are significant in this, that the British, for example, have been prepared to accept cotton textiles from the Commonwealth, even though classically they are a low-cost labor item—they have been prepared to accept them and rationalize their own cotton industry, to the point where, though Britain was once on balance an exporter of cotton textiles, it now gets, I have forgotten the figures, something like 50 percent of its requirements from abroad, and primarily from the British Commonwealth. So, India is already in a closed system.

Representative REUSS. Mr. Rockefeller, you are quite right, I think, in saying that the great trade task is the reduction of nontariff barriers. On the tariff barriers themselves, you say in your paper that not too much additional tariff cutting is in your judgment going to be possible or even desirable. You then go on to make several points, one, that they should try to cut down their preferences now granted by Europe to Africa and if you are going to cut down those preferences, the real way to do it is by tariff negotiations, that is, you aren't likely to get