quota enlargements) are meaningful and satisfactory. We ought to try to keep as many products in that category as possible.

The grains agreement that has come out of the Kennedy Round demonstrates one more dimension of future agricultural trade negotiations among industrialized nations: they will be directly affected by the world food situation. Probably that will more often than not make agreement easier (because it will tend to increase demand and raise prices), but it will also extend the range of issues from trade barriers and domestic policies to aid, export subsidies and prices and the status of commercial shipments to poor countries.

Less Developed Countries

Instead of trying to deal comprehensively with what is now coming to be called North-South trade, I shall make only a few general remarks, trying to give a perspective.

"Trade not aid" has always had a healthy sound to Americans. More trade would certainly be good for the less developed countries; they earn far more foreign exchange from exports than they get in aid. But there are probably not many underdeveloped countries for which the alternatives are mutually exclusive. In most places adequate development will probaby require both aid and increased opportunities to trade; often, the basic question will be what proportions should be maintained between these two things. And that in turn will depend to an important degree on how much the United States and other industrialized countries will do to open their domestic markets further to competing goods.

There is no doubt that many less developed countries could gain substantially if barriers to their sales of agricultural products and minerals were reduced. The protection the Uinted States and Western European countries give their domestic producers often hits the less developed countries. What is more the tariff structures of the industrial countries discourage the growth of processing industries in the less developed countries. This results from having duties which are relatively low on raw materials and mount as the degree of processing increases. Canada has complained of this aspect of the American tariff for years and for the less developed countries the effect can be serious. The processing of local raw materials is apt to be one of the sounder bases for industrialization, so the elimination of barriers that discourage it would seem to have an added attraction, in addition to improving the export position of the less developed countries.

It is unfortunate, in my opinion, that so much of the recent discussion about exports of manufactured goods from the less developed countries has been about giving them tariff preferences so that they would be subject to lower duties than products coming from rich countries. The real issue is freer access to the markets of the developed countries. Whether preferences would be a good way of getting that access, or enhancing it, is a subsequent question. I fear that working on plans for future preferences has kept governments in less developed countries from pressing Europe and North America as hard as they might to remove present barriers. To a degree the arguments over preferences have served as an excuse for some industrialized countries to sit tight with their existing limited preferences while the pressure grows on the United States to do something to compensate Latin