While cotton textiles are by far the most important manufactured goods exported by the less developed countries, there are others and, if development is to proceed, the list will have to grow. In spite of the rich man's label that has been put on the Kennedy Round, it includes a large number of tariff concessions from which less developed countries can benefit, provided they produce and export these products cheaply enough and market them effectively. If they can take advantage of this access that has been given them, and even more if the access can be improved by future trade barrier reductions, they can make important gains. By accepting increased import competition from the less developed countries, in agriculture, mining, processing, and manufacturing, the rich countries open new possibilities for the effective use of aid and investment as levers of development.

East-West Trade

As I see it, there are four main questions to be considered.

First, should we relax export controls on sales to the Eastern countries? These are matters which are to a considerable degree within the discretion of the President but it is understandable that he should want an indication of congressional support for expanding trade before using what was originally restrictive legislation in this way. So far as practical effects go, there appear to be relatively few cases in which the American restrictions present major difficulties for the U.S.S.R. or East European countries, except perhaps in the short run for certain strategic items or advanced technologies. Another question that then arises is how far we should go in granting credit.

The second question is whether the President should be given power to grant most-favored-nation treatment to the Communist countries if he feels he has carried on satisfactory negotiations with them. Here the considerations are quite different in dealing with the U.S.S.R. and with the smaller East European countries. For the latter, it is a question whether we can improve their freedom of choice in the world by giving them easier access to this market. For the former, it is primarily a question of whether we would like to add trade to the list of issues on which Moscow and Washington can effectively negotiate as part of their continuing dialog. The potential economic gains to the United States from such steps are, in my opinion, quite secondary to these broader considerations. It seems foolish to impose rigidities on ourselves without gaining any obvious economic and political advantages.

The third question is what to ask for in return for most-favored-nation treatment. Under systems of state trading, a reciprocal promise of equal treatment has little value. The reforms being introduced in most of the Communist countries may make that pledge somewhat more meaningful in the future and we should certainly insist on having it just in case that turns out to be true. A range of things affecting trade can suitably be incorporated in agreements with the Communist countries to reciprocate for the American grant of most-favored-nation. No one of them is guaranteed to work. Few have the simplicity of rules about tariffs and quotas that we are used to. We must, therefore, have an experimental approach in what we do. That is one reason