of these products—Western Europe is more open to criticism—but for a few commodities the United States has a combination of quotas and tariffs that are significant barriers. Sugar, wool, and dairy products are noteworthy.

The problem of synthetic competition—rubber, fibers, plastics—has some similarities, but the technological considerations make this more a question of adapting to dynamic changes in comparative advantage.

Another area of concern to the developing areas is the discrimination against processing of raw materials in the producing country. Here the United States and most other developed countries need to review the situation after the Kennedy Round, and consider possible actions. Economic logic in comparative advantage and longrun interests in fostering efficient industrialization indicate that additional tariff and other concessions are appropriate.

We turn now to trade and policy issues among developed countries. In volume this trade is far larger. Policy issues recently have been dominated by relations between the United States and the presently constituted EEC. In the future this may change to an expanded EEC and include important questions of relationship with non-EEC free world countries as well as socialist countries. Whatever the specific composition of issues at any particular point in time, U.S. interests will simultaneously lie in increasing the competitive structure of world agricultural markets while at the same time improving cooperation among advanced countries in dealing with problems of food aid and policy vis-a-vis developing countries.

In trading relations vis-a-vis advanced countries, U.S. interests lie primarily in seeking reduced restrictions in importing countries and expanded sales of U.S. farm products. Obtaining concessions on trade, however, will depend on the extent to which international negotiations can be instrumental in reorienting domestic agricultural policies to reduce the conflict with trade policies. "As long as price supports at relatively high levels are used as the principal means of protecting income, these must be accompanied by tariffs or controls of international trade." [31] The obligation for leadership in reducing these kinds of conflicts necessarily lies with any country seeking reduced trade barriers. Yet, it is fair to say that our use of trade restrictions to facilitate domestic support programs has been relatively comprehensive.

Some of these inconsistencies have recently been reduced, especially for cotton and grains, by changes in domestic price support legislation, and the trade expansion act has limited the use of the escape clause. Nonetheless, many recent specific actions have emphasized our sensitivity to protection and expansion of the American market for domestic producer groups. These include the import limitations on dairy products from Australia, New Zealand, and Ireland in 1963; agreements on the limitation of beef imports; the continuous use of section 22 restrictions to restrict imports of supported commodities. These specific actions along with such longer term policy positions as that in sugar and the fact of a two-price system which provide a differential in returns to producers from the domestic and international market, create difficulties in bargaining for reduced trade barriers by other countries. While all of these conditions cannot be eliminated, a wise policy would attempt to minimize them and they must be subject to reciprocal international negotiation.

[31] OECD, "Agriculture and Economic Growth," Paris 1964.