

UNITED STATES TRADE WITH LESS DEVELOPED COUNTRIES*

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I. INTRODUCTION

CURRENT TRENDS IN THE UNDER-DEVELOPED COUNTRIES—TRADE INTERESTS

The discussion of this paper is taken from a recent study¹ on the economic relations between rich and poor countries. The rich countries (Western Europe, United States, Canada, Australia, New Zealand, and Japan) are often referred to herein as "the North." The poor countries (Latin America, Africa, and the rest of Asia) are often referred to in the text as "the South."

We can begin the analysis of North-South trade policies by pointing out the advantages derived from international trade for all participants. There are two aspects to the gains from trade: those deriving from specialization according to comparative advantage, and those deriving from and contributing to the process of economic development over time. Today, economists discussing development emphasize the latter set. They are not necessarily inconsistent with the former, and modern versions of neoclassical theory emphasize the view

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¹ John Pincus, "Trade, Aid, and Development," New York, McGraw-Hill, 1967.