losses from preferences is to tie the adoption of temporary preferences into a general system of progressive reduction of MFN tariff rates, as discussed below.

SOME PROPOSALS FOR PREFERENTIAL SYSTEMS

The French Plan.—The Brasseur plan, as advanced by France in 1963, provides for negotiations of separate bilateral agreements in a system of selective, temporary, and decreasing preferences. Each preference-granting country decides in each case to whom it will accord preferences, for what products, with what tariff quotas, with what preference margin, and with what duration.

The application of this system by 20 northern countries to 70 LDC's for 1,000 products would require the equivalent of 1½ million bilateral negotiations. Furthermore, each preference-granting country would not operate in a vacuum. Its decisions about each bilateral preferential offer would be made in light of the decisions made by other Northern countries, so that de facto multilateral negotiations would be superimposed on the system. These are virtually certain to be crippling obstacles to a large-scale system. The French Government has tacitly recognized the defects and its current proposals for preferences no longer stress the merits of the Brasseur plan.

The French system, however, offers some decided advantages in theory. It assures one or a few preference-receiving countries of exclusive preference. Therefore, domestic or foreign investors in the preference-receiving country are able to rely on a relatively sure export market, once they are able to meet the preference-granting country's domestic price for the product. Worldwide extension of preference offers no such guarantee. A second advantage, for governments, of the French system is its flexibility. Internationally, it can be used as a device to help friends or punish the recalcitrant; at home, it can be used to protect domestic industries, or to threaten those who fail to agree to government price, investments, or employment guidelines. Finally, in theory, it is the most equitable system, in terms of equalizing benefits received, because it allows the preferences to be adapted to provide for the circumstances of each country. In practice, of course, the political pressures for foreign and domestic interests would prevent the attainment of such a goal, even if the preference-granting country were inclined to aim at it. LDC's have shown little enthusiasm for the Brasseur plan, because of its complexity and the evident colonialist connotations.

The LDC Plan.—The administrative headaches are by no means dispelled if the South's most recent proposals are accepted instead. At UNCTAD meetings in 1965, the LDC's asked for general one-way preference, with larger margins for the least-developed countries than for those that are already semi-industrial. This plea for equity requires the very difficult determination of which preference category each LDC falls into. The LDC proposal also specifies a quota-free preference, with no products exempted. This is a blow in favor of administrative simplicity, but if insisted upon as a condition, it would foreclose the possibility of general preferences. The prospects for Northern acceptance of a system that allows unlimited preferential access to all comers can best be judged by reference to the recent history of textile imports on MFN basis.