Furthermore, the graduation of preference margins is a plea for equity in Southern eyes, although its short-term effectiveness in promoting, for example, African exports of manufactures may be doubted. But it implies an inequity in the North. High-tariff countries in the North would bear a greater adjustment burden than low-tariff countries. Equity in this sense requires equal tariff reductions among preference-granting countries.

But in practice, this kind of "damage-limiting" equality can be achieved only by setting preferential rate import quotas by product and, thereby, creating considerable administrative problems. If, as has been suggested in the name of equity, portions of each product quota were assigned to each LDC, effective administration would become a real challenge.[10] Furthermore, if, as Johnson proposes, exporters' quotas were made negotiable to allow nonexporting LDC's to sell their rights to those that can benefit from the preference, the claim to equity would be increased at the expense of still greater administrative novelty.

One-way Free Trade.—The optimum system, to combine ease of administration, Northern political imperatives, and genuine impact on development, requires: (1) quota-free preferences; (2) a list of excepted products—those that now compete effectively in the North; (3) an escape clause that allows tariffs to be reimposed if imports exceed some stated proportion of domestic demand; (4) and, most important politically, establishment of general preferences as a step on the road to a worldwide MFN system.

This system, like most income-redistributing policies, is rife with inequity. It also leaves unanswered such knotty questions as which countries should be eligible for preferences, what the escape clause criteria should be, and whether the preference should be permanent or temporary, worldwide, or selective. But it has the sovereign advantage of being workable, and of encouraging the industrial development of those countries that are actually ready to industrialize.

It is generally believed that preferences should be temporary to avoid setting up a permanent vested interest in discrimination. Prebisch has suggested that no LDC be allowed to benefit from preferences for a specific product for more than 10 or 15 years, for example. This device would allow new producers to enter the market over time and submit established LDC producers to the test of world competition. However, this approach introduces substantial complexity because of the large numbers of countries and products. Furthermore, established LDC suppliers will be reluctant to surrender their "temporary" preferential advantages. They may well band together under the banner of "la justice exige que seul le provisoire dure."

The politics of the situation therefore dictate a somewhat different approach. If preferences are to be temporary, they should be established on the principle of according advance reductions to LDC's in a general program of worldwide MFN reductions. For example, if the North accords LDC's a 50 percent tariff reduction on manufactured products for 10 years, the preference would end not by raising the preferential rate back to the preexisting MFN rate, but by lowering the MFN rate to the preferential rate. This method presents dual

[10] How to distribute country quotas to exporters offers no fewer difficulties than how to set the size of the quotas initially.