It may be convenient at this stage if I say a few words on behalf of the United Kingdom, not upon details of the Agenda but upon the background against which our decisions must be taken.

The speech by the Chairman yesterday and the two speeches to which we have listened this morning have been powerfully directed towards the large issues which confront us. The United Kingdom has more than a minor interest in these problems: We live by exports; they represent no less than one fifth of our total national income.

In such circumstances we need to consider international trade policy with greatest care. If our judgment is wrong we do not injure just a small group of producers. We strike at the foundations of our economy. Nor have we ourselves alone to consider. Something like half the world's trade is conducted in sterling. It is an international as well as a national responsibility to see that sterling is strong. The United Kingdom has supported and continues to support the General Agreement on Tariffs and Trade, an organisation for dealing with the problems of international trade which is a major interest to a country which lives by it.

The objectives of the General Agreement on Tariffs and Trade cannot, however, be attained and the multilateral system cannot work or work fully until an end is put to the chronic unbalance of trade which exists today. After all, the General Agreement on Tariffs and Trade was based upon the assumption of transitional and not permanent disequilibrium. Mr. Howe, in his wise and thoughtful speech, has indicated the crucial importance for all of us of United States policy. I agree with him.

Any attempt to cure the chronic unbalance which exists today is doomed to failure this side of a fundamental change in American commercial policy. A large range of potential exports to America are faced with tariff rates 50 per cent, 60 per cent or even more. There are notorious difficulties of customs valuation which vastly increases the real burden of tax. There is the Buy American Act. There is the discriminatory shipping policy. There are the very reciprocity provisions which inhibit the unilateral lowering of trade barriers, which is axiomatic to a solution of unbalanced trade.
Those are substantial obstacles which stand between all of us and achieve­
ment of that wider area of trade and payments which we desire to achieve.
Having said this I would add that I agree entirely with Mr. Waugh's approach.
This is not a problem which can be solved solely by the United States.
Debtors have obligations as well as creditors. There is indeed no suror
way to a balance of payments crisis than a failure to preserve a proper balance
in one's internal economy. Nothing the United States can do can balance trade
with the rest of the world, no matter how generous she is, if the rest of
the world pursues inflationary internal policies.

One thing further is plain. It is wholly unrealistic to expect the United
States of America to take decisions on these major problems in a matter of
a few weeks. The examination of their external policy is just starting— it must be completed— this is a process which will require a little time.
When it is completed, we must follow up the suggestions by the Chairman yester­
day of a re-examination of some of the fundamental problems of international
trade as applied to the General Agreement on Tariffs and Trade.

In the United Kingdom we have taken a number of effective and at times
unpopular decisions in order to achieve that internal stability upon which
alone larger hopes of the collective approach to freer trade and freer
 currencies, or even the more limited approach to liberalisation of European
trade, can effectively be based. The next step is with the creditors. We
must await it knowing it will be taken with that sense of responsibility which
has always characterised the post-war conduct of American policy in the inter­
national field.

What then should our policy be for this Session of the General Agreement
on Tariffs and Trade? First, we should not try to plan for a world the
exact nature of which we do not yet know. Secondly, we should not attempt to
take decisions of major policy calculated to strain the whole structure of
the organisation. Thirdly, we must co-operate in dealing in a workmanlike
way with technical difficulties which give rise to urgent practical problems.
Fourthly, we should seek by all means to preserve the foundations of the
organisation which we have by our joint efforts built up.

Let me illustrate what I mean by reference to a few items on the Agenda.
During this interim period, it would surely be wise to preserve the main
tariff structure by a continued deferment of the operation of Article XXVIII.
In other words, we should keep the bound items bound. We in the United
Kingdom do, however, need some freedom on the unbound items. Here is a techni­
cal difficulty which gives rise to an urgent and real problem for the United
Kingdom Government. We have explained our difficulties on this matter in a
paper circulated to the Contracting Parties, which will be discussed in detail
in a few days. I would, however, emphasize now that we seek a solution which
is consistent with the basic provisions of the General Agreement on Tariffs
and Trade and safeguards the interests of other Contracting Parties.
Finally, there is the difficult issue raised by Japan's application at this stage for provisional association. This application raises many difficulties for a number of us. I feel bound to say that I wish that this issue could have been postponed till after the difficult transitional stage through which the General Agreement on Tariffs and Trade is now passing. I believe that even now all concerned should ponder whether it is really in any one's interest (and I include in this the Japanese) to press the issue at the present time. If it were so pressed, and I say this in no spirit of animosity against Japan, then the United Kingdom would abstain from participation.

I would conclude by summarizing the approach of the United Kingdom to the business of this Session as follows. The speeches we have heard are all emphatic on two points. The first is the size of the problems of policy confronting us. The second is the fact that solutions cannot be found to all of them at this Session. We must await the review on American commercial policy now in hand. We must await it with hope and confidence. For the time being we must hold on to what we have already attained; it is not inconsiderable. We must preserve the foundations in order that we may build upon them in the future.