The Ninth Session of the Contracting Parties to the General Agreement on Tariffs and Trade, which I have the honour to declare open, will give us the opportunity to undertake a task which is, in my view, of historic importance. I mean that this Session will be written about in the history books of the future as one of the major steps in postwar development in the economic sphere. It is no exaggeration to say that further progress towards an effective system of multilateral trade and payments depends upon the work we will do here. This co-operative effort is in the long-run interest of all countries. Our objective, as set forth in the preamble to the General Agreement and as also laid down in the preamble to the United Nations Charter and many other international instruments, is to raise the living standards of all peoples. An important means of attaining this objective is to achieve the freest possible exchange of goods between nations. This is what led us to conclude the General Agreement. This is what leads us now to examine the means whereby the Agreement can be reinforced and better adapted to the purpose of realizing our objectives.

I do not think there is anyone who will question the need for an organization to apply a set of trade rules designed to further the objectives of which I have spoken. We little realized when the General Agreement was concluded in 1947 that we were setting up the first and only effective organization that has ever existed for introducing order into the conduct of world trade. We thought that these functions would later on be assumed by the International Trade Organization. The more ambitious scheme did not materialize but by means of an empirical approach we have been able to fill the badly needed gap of an international organization in the commercial policy field. What we do in this Session will determine whether we build up on the foundations thus so truly laid or whether we destroy much of what we have accomplished during the past seven years.

The alternatives to a strengthened and more effective General Agreement are either to move forward along the path we have been going or to give up the attempt of administering trade rules. If we cannot succeed in our main objective of reinforcing GATT, the result might very well be anarchy in trade. Economic nationalism would become rampant. The long-run interests of countries would be sacrificed for short-term advantages.

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Discrimination, arbitrary barriers to imports, artificial incentives to export and bilateral balancing of trade would become the order of the day. The raising of living standards would be impeded. The development of the economies of the under-developed countries would be retarded by the adverse effects this movement would have on the demand for their basic products. The more developed countries would find themselves embroiled in frantic competition for the more restricted markets. Political animosities would be inflamed by this struggle. The end result would be a volume of world trade much below that which would have been possible under the orderly conduct of commercial relations.

It is only necessary to mention these possibilities to realize that it is a path along which we are not prepared to go. We must continue along the road we have been following these past seven years, but we can try to make that road smoother. This means we must be practical and take care not to overreach ourselves. We must endeavour to incorporate in the General Agreement only such improvements as are generally acceptable. We must also strive to make more effective the organizational aspects of the Agreement so that we may have a more effective instrument to carry out the tasks imposed upon us.

I think we should bear in mind the wise words of Mr. Johan Melander, our former Chairman, in the speech which he delivered at the opening of the Eighth Session. He then said:

"This is not a matter of attachment to economic doctrines, nor of any conviction that one set of economic policies has any moral superiority over another. It is a question of recognizing facts and dealing with them realistically".

I have had these words of Mr. Melander often in mind in considering what we should seek to accomplish at this very important Ninth Session.

What are the facts that we must recognize and deal with realistically? One of these is that experience since the last war has proved the need of competition to preserve or to restore viability in free national economies. Without a sufficient degree of competition a national economy becomes rigid and vested interests of an uneconomic character take root. If the life-giving stimulus of competition is not restored, that economy becomes isolated from other economies and is not able to play its full part in international trade. This can only have an adverse effect on the living standard of its people.

A second fact we have learned from the experience of the last seven years is that it is more salutary and effective to cure an imbalance in trade by increasing exports than by reducing imports.
A third fact experience has taught us is that continued discrimination in trade is harmful to the country practising the discrimination as well as to the countries discriminated against. The former is denied access to cheaper sources of raw materials and foodstuffs or else is deprived of a necessary stimulant to efficiency by sheltering certain of its industries from the competition of the products of the countries discriminated against.

A fourth fact we must face is that unemployment is more effectively dealt with by other means than by the restriction of imports. I am referring, of course, to measures designed to bring about an expansion in demand.

Finally, we must recognize that countries in an early stage of development feel that they are not able to abide by the strict trade rules that the more developed countries in their own interest may wish to apply among themselves. These under-developed countries request a certain degree of latitude in order that they may take exceptional measures to raise the low standards of living of their peoples. Their programmes of economic development often lead to inflationary pressures and they wish to assure themselves that the demand for imports will be regulated in such a manner as not only to maintain the balance of payments but also to utilize import capacity chiefly for goods that contribute to the furtherance of the programmes for economic development.

These facts are familiar to all representatives of the contracting parties, but it does no harm to restate them so that we can see clearly the nature of the task that lies before us.

We are engaged in a co-operative effort in which it is important that all the participants should bear in mind not only their own particular desires but also the positions of other participants. It is by this method of endeavouring to arrive at generally acceptable conclusions that we have been able to make good progress in the past. It is a feature that distinguishes our work and has made GATT one of the most successful of the international arrangements set up since the war. Let us endeavour to maintain this spirit. We will then achieve results which will be to the good of all. Short-run advantages should not be sought to the detriment of the long-term objectives we have in view.

While this co-operative endeavour requires the wholehearted support of all the contracting parties, a special responsibility rests with the leading trading nations. Their strength and importance in international trade places upon them the responsibility of leadership. If this leadership is not forthcoming, we shall not be able to make progress and we may have to content ourselves with marking time. On the other hand, if the important trading nations are able to manifest that degree of good-will necessary to inspire confidence as well as willingness to accommodate their more narrow interests to the general good, we shall be certain to
advance along the road towards that final goal we have been keeping in view these past seven years. That goal is a prosperous world in which living standards are being raised everywhere. The attainment of that goal is facilitated by the adoption of general principles which are embodied in a set of trade rules to be administered by an effective organization.

We can draw inspiration from the progress we have made to date. Two days from now we will be celebrating the seventh anniversary of the signing of the Final Act of Geneva and of the Protocol of Provisional Application. Those instruments established the General Agreement on Tariffs and Trade. Our first steps were hesitant and the work we did attracted little public attention. From these small beginnings we gradually built up a wealth of experience and a method of operation which afforded proof that it is practical for diversified countries to co-operate in the orderly conduct of world trade. While we can take pride in our achievements, we cannot be satisfied to rest on our laurels. The situation demands more positive action. This is what led us at the Eighth Session, to decide that at this Session there should be a review of the General Agreement.

We felt that conditions would be ripe at this time for undertaking this important task. Progress has been made in repairing the ravages of the last war. The economies of a number of important nations have been restored and strengthened. We are within sight of the convertibility of the currencies of a number of countries which play an important part in world trade. Convertibility will make possible the smooth functioning of a system of multilateral trade and payments. There will no longer be justification for the maintenance of import restrictions on the scale to which we have been accustomed since the war. Countries which have suffered from discrimination and restrictions on their exports should soon begin to realize the benefits which they expected when the General Agreement was concluded.

We are today at one of those difficult crossroads in the history of economic relationships in which short-run and long-run objectives seem to be in conflict and in which different areas of the world appear, on first glance, to have different interests. And yet a broader and more exhaustive study should make it quite clear wherein lies the statesmanlike course which will bring us together. What we do here will have the most profound effect on international economic development in the years to come. We must see to it that our actions are broadly based, wise and statesmanlike.

While we have had great successes in the past and have laid firm foundations of commercial policy, we must recognize the points at which we have not been able to carry out our full objectives. It is true that the full attainment of our objectives has been inhibited by the economic consequences of war. It may also be that some of the broad objectives toward which we have been working cannot be accomplished solely by developments of commercial policy. Parallel progress in the rationalization of financial and investment policy are necessary. Indeed, a
reconsideration of the place of commercial, financial and investment policy in the light of the present economic prospects will be an important aspect of our work during this session.

The present economic prospects are, in general, exceptionally favourable. It is true that examples of maladjustment can be found, but the general situation is probably better than it has been at any time since the last world war. The important question is whether countries will take the best advantage of the favourable prospects. There are in general two possibilities: governments can look backwards and continue the regional policies required in the past period of extreme dislocation and reap some benefits, or they can look forward, seize the present opportunities for the attainment of the broad objectives of international economic co-operation and reap the maximum benefits of a fully integrated world economy. It is my hope that at the present session we can all look forward and that our work can establish good and firm principles for common action.

In the past period of extreme dislocation when the dollar stringency rendered it impossible to apply fully the provisions of our Agreement, it was found necessary to break up the worldwide problem into more manageable parts. Working toward what were in fact common multilateral objectives these regional groupings, of which the most important were the sterling area, the Western European area and the dollar area, have made such good progress that they are on the verge of moving toward a wider system of trade and payments.

It is only to be expected that the transition from regional arrangements, in which countries have become accustomed to one another's habits, to worldwide arrangements where there has been less contact, will present difficulties. I suggest that these difficulties must be approached with mutual trust and co-operation. If we approach our task in GATT without trust and without faith in our objectives, if we make our escape routes back to regionalism and bilateralism too broad, we shall not be doing what is right. We shall be looking backward instead of forward.

As I see it, the essence of our task during this session will be to provide a wise basis for the solution of the formidable problems of transition to a fully multilateral system of trade. We must bear in mind the success which has been achieved regionally and seek to consolidate it while moving forward to broader objectives. We must review the General Agreement in the spirit of co-operation with the understanding that what we are renewing is "not a list of restraints and prohibitions reluctantly accepted by governments, but a set of principles and rules which all of us accept because they are in the common long-run interest, and therefore in the interest of each of us".
Besides the review of the Agreement we have a formidable agenda before us. It is longer than the agenda of any previous session. We have to deal with an unusually long list of complaints. This is not only a reflection of increasing protectionist pressures but also of the growing recognition of the value of GATT as a forum for settling disputes. We have to assure the stability of the GATT tariff schedules beyond the present expiry date in July of next year. The stability of tariffs has been the outstanding achievement of the General Agreement. At the same time this stability has given rise to a certain restlessness about the rigidity of the present system. There has grown up on the part of some countries a desire for more flexibility. How to accommodate this desire with our main objective of maintaining stability in tariffs will be a test of our ability to deal with particular situations without prejudice to our main objectives.

In the course of our review of the Agreement we shall also examine the outlook for future tariff negotiations, and in particular the French proposals for revised negotiating procedures. These procedures have much in common with the recommendations of the Randall Commission for the further lowering of United States tariff levels. It is essential that we make further progress along these lines. We shall also have to arrange for tariff negotiations to permit the accession of Japan to the General Agreement.

We have thus a heavy programme of work ahead of us. I trust I may count upon the co-operation of all representatives of contracting parties in dealing as expeditiously as the importance of the subject matter permits. We would do our cause no good if we took an inordinate amount of time over our labours.

The past few months have witnessed the settlement one after the other of some of the political questions that hitherto had proved to be the most unyielding of solution. There is no reason why, with similar determination to resolve the questions that are obstacles to progress on the economic front, we should not have a similar spectacular success in the field of tariffs and trade. There is no greater obstacle to progress towards general economic well-being than the barriers erected against the free flow of goods between nations. By making effective a set of trade rules and an organization equipped to administer them, we shall be making possible a rapid approach to a system of multilateral trade and payments. This would automatically serve to remove the major hindrances now handicapping international trade. A success in this sphere would be commensurate with certain of the spectacular successes recently achieved in the realm of foreign policy. This is the opportunity and the challenge that is now presented to those participating in this Ninth Session of the Contracting Parties, which it has been my privilege to open today. May we all be endowed with the strength, the will and the vision necessary to accomplish our tasks.

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