Speaking in the House of Commons, the late Ernest Bevin once described the difficulties of prewar days by saying that the nations were accustomed to live in a vicious circle where trade was hampered by a want of security and security was threatened by trade recessions.

He was merely repeating, practically word for word and probably without knowing it, what had been written ten years earlier by an illustrious French philosopher and sociologist, who, starting from the same idea, had foreseen the formidable sequence of cause and effect which was to lead the world to war. In the Remorques finales of his book on the Deux Sources de la Morale, Henri Bergson also denounced the fatal dilemma of the systems of closed economy which only have a choice between the national organization of penury and the violent conquest of world markets.

Can we be sure, at this very moment, that we will never know such a situation again? Although the risks of war seem to grow less, are we sure that we are not threatened by the same vicious circle? The world oscillates between two tendencies - one which leads it, under the pressure of insecurity and fear, towards economic nationalism, itself a source of crises and dispute, and the other which calls for the liberalization of the international economic structure.

It all depends on us who are assembled here to decide what tendency will finally gain the day. In calling attention to the importance of the present Session, I do not feel that I can exaggerate in any way. Probably we shall on many occasions and for many a reason fail to see eye to eye on particular points. But all our debates, whether long or short, will constantly be dominated by an initial choice between a provocative and troublesome system of quota and tariffs, of protectionism and of national economies having faith only in themselves, and on the other hand the desire to rid world trade of such shackles.

Mr. Chairman, you yourself said in your opening address: "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 you invoked those tried and trusty principles which are the very basis of our unity. I, for my part, imagine that those principles can exist and thrive only in an atmosphere of liberty.

Let us, then, see by what means the General Agreement can be improved, put on a broader basis and made more effective. My Government has thought the matter over and the position it has adopted was taken in full agreement...
with the Governments of Luxembourg and the Netherlands. That attitude is based on the experience of the last seven years, but takes full account of the new conditions which make a return to the general convertibility of currencies fully possible.

It has not thought it necessary to belittle a fairly general current of opinion which calls on us to display reasonable optimism and daring based on the present-day evolution of international policy and economic trends. We feel that world opinion will not blame us for asking for a maximum, not with the idea of accepting less, but in order to obtain the maximum during the course of this Session.

The first obstacle to overcome is quantitative restrictions. It is obvious that if we wish to re-establish convertibility, quantitative restrictions must be progressively reduced and disappear, and that they will be able to subsist only as exceptional and temporary measures, at a time when the balance of payments of a country threatens to become upset or, in other words, when gold and currency reserves diminish to a dangerous degree.

This rule is not a novel one. It has even already been included in certain texts. But although it is clearly expressed, its application is much less easy. Indeed, existing texts provide no means of preventing a contracting party to the General Agreement from misusing the restrictions which it is authorised to apply, to protect itself improperly in a discriminatory manner.

We consider that it is essential to revise Articles XII, XIII and XIV in order to avoid such abuses. An amendment has been placed before you by the three Benelux Governments together with a short commentary. I shall not revert to that document again except in respect of para. 5 of the amendment.

In your opening speech, Mr. Chairman, you compared the so-called regional policies of the sterling area, the OEEC group, etc., with the comprehensive international policy that must be followed by the Contracting Parties to the Agreement. You said very aptly that the former were easy to understand in a period of crises, but that they were hard to justify once a return to normal trading conditions had been achieved; otherwise they would serve only to maintain an element of trouble and disintegration.

You added, however, that there was no question of destroying what has been achieved regionally, but that, on the contrary we should seek — and I quote — "to consolidate it while moving forward to broader objectives".

That, in my opinion, is a healthy and realistic view of the problem. The OEEC, for example, has done some extremely useful work and the fruit of that work should not be lost. That is why, as long as the complete unity we are seeking has not been realized, it seems reasonable to admit that an organization like the OEEC and certain groups of countries in their internal relations, should follow stricter rules and regulations than those envisaged for a world plan. That is the object of para. 5 of our amendment.

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In the second place, there are tariff obstacles.

The General Agreement is the outcome of the greatest collective action ever taken to reduce customs tariffs. The action derives from Article 17 of the Havana Charter, of which the General Agreement is in reality an advanced application. It is, however, curious to note that the principle of Article 17 - the obligation of the contracting parties to reduce their tariffs - is not referred to in the General Agreement. Nowhere, either, in the General Agreement is there to be found any condemnation of excessive tariffs. Whereas quantitative restrictions are condemned radically and unequivocally, the right to tariff protection knows no bounds, which means that a country may, without formally violating the Articles of the General Agreement, set up round its frontiers a network of proscribed restrictions: all it has to do is raise its import duties.

This is a remarkable example of inconsequence, completely contrary to the spirit of the General Agreement. It is also a grave injustice, for not every country can introduce such measures which are available only to those with vast territories. Other countries, for example the Benelux countries, must of necessity and for reasons of commonsense, maintain moderate tariff rates. Being also unable and unwilling to have recourse to quantitative restrictions, they are helpless vis-à-vis countries which are able at any time to exclude their exports.

This inequality of conditions is, in our mind, one of the great weaknesses of the General Agreement as it now stands. Of course, this weakness can and has been partially overcome as a result of collective tariff negotiations such as those which took place at Annecy and Torquay. But these palliatives - the importance of which I do not wish to belittle - have given all that can be expected of them. Something else must be found.

This fact seems to have been recognized by the CONTRACTING PARTIES when they submitted to the Eighth Session a plan for the automatic reduction of tariffs, which is on the Agenda of this Session. You all know the attitude adopted towards this plan by my Government and the other Governments of the Benelux. In a public statement we have accepted the principle put forward and have said we are ready to take part in any conference convened with a view to the application of the principle in question, despite the difficulties of what, Mr. Chairman, you have described as "a formidable task".

The idea of a concerted revision of tariffs is, moreover, at the present time an answer to a sort of general hope and need on the part of the free world as a whole. You may be sure that it is that idea which inspired, in the United States, the proposals made by the Randall Commission.

I should like to stress that these proposals have raised the highest hopes of my country and doubtless in a number of others. We would like to believe that these hopes will not be frustrated. In order to give greater weight to this appeal which will perhaps render if not the American delegation then American public opinion more attentive, to the voice of the representative...
of a small European nation, may I quote here the opinion of Mr. Michael A. Heilperin, an eminent American economist. In the conclusion of his book *Trade of Nations*, Mr. Heilperin writes:

"By opening its market to foreign goods, by promoting effectively multilateral trade and free international payments, by initiating an international attack upon the problem of economic instability........... the United States can lead the world towards a better day."

Who among us, Mr. Chairman, will not agree in full with this opinion and with this wish?

Pending definite action in favour of a universal reduction of tariffs, the Governments of the Benelux consider that this basic principle should be retained and embodied in the text of the General Agreement together with a condemnation of excessive tariffs and a definition of accepted tariffs, i.e., those which do not constitute an obstacle to trade. That is the object of our second amendment.

Mr. Chairman, you will probably be pleased to note that the proposals of the Benelux countries, while in conformity with the interest of those countries meet even more so the requirements of the General Agreement. Both as regards customs tariffs and quantitative restrictions we have endeavoured to define and strengthen, in the spirit of the General Agreement and the Havana Charter, certain principles which, as now stated, are somewhat imperfectly expressed. In doing so we hope to contribute what we can towards making the GATT into what it should be: a permanent international organization for free trade between nations.