The Greek Minister of Finance being to his regret unable to be present in Geneva today as he had intended, I have the honour to submit to you the views of the Greek Government on the proposed Review of the General Agreement. To me, Mr. Chairman, the best way to do so would seem to be to comment generally on the more outstanding problems facing this Assembly, as they were outlined by you in the two noteworthy statements you delivered on 28 October in opening the Ninth Session of the Contracting Parties and yesterday in introducing this debate.

The measures taken in Geneva and Havana and the results of the work done there, as embodied in the General Agreement, constitute a real historical novelty in the field of commercial policy, and in certain well-informed circles the General Agreement is considered as the international institution which has operated most successfully during recent years. I would have no difficulty in sharing that opinion if it was generally admitted that there is, nevertheless, a want of coincidence between the conceptions embodied in the Agreement and the actual economic structure of the world, especially that of the European Continent. This state of affairs derives from the desire to regulate by exaggeratedly liberal rules - "liberal" being used in the technical sense - economic questions steeped in planning and even collectivist policies, and the wish to level out by the application of all too uniform and rigid standards, whole continents or regions which sometimes have a very different economic structure and development.

It is perfectly obvious that if we continue to maintain such contradictory views we shall expose ourselves to the inexorable vengeance of events. That is why, I think, that all of us found ourselves in agreement with you, Mr. Chairman, when you so aptly said in your inaugural address that we must find a means of accommodating the general desire for flexibility with our main objective of maintaining stability in tariffs. For, indeed, no one can deny the rigidity of the system we have practised so far and, if we continue along the same path we shall probably achieve nothing but stagnation, which, by definition, is the very antithesis of economic activity.

The present rigidity is due to two concepts which I fear show signs of becoming mere prejudices: one consists of the so-called liberal idea expressed by the unconditional nature of the most-favoured-nation clause, which the Contracting Parties slavishly treat as an inviolable axiom; the other is the idea of tariff stability which may easily prove to be the Achilles heel of the Agreement because of the need for economic development in certain regions of the world.
The unconditional clause is a legal principle which gives only a formal guarantee of no specific nature. The nature of the guarantee varies with circumstances and economic trends, so that when the predominant trends of the world economic system are favourable, the advantages of the clause may materialize; but when the contrary is the case, not only does the clause fail to temper the evils of protectionism, but actually intensifies them to such a point that instead of ensuring most-favoured treatment it ends by imposing the most unfavourable, thus causing great harm to countries practising the most moderate commercial policies, which then find themselves in a defenceless position. This in turn leads all and sundry to adapt themselves rapidly to the most protectionist standards, the outstanding features of which include commercial treaties of short duration, specialization of tariff categories and all the perfidious subtleties of administrative protectionism.

This state of affairs leads in fact to a complete absence of equivalence and even reciprocity between governments, which is a flagrant and intolerable contradiction to the General Agreement as a whole.

Where, moreover, the consequences of the unconditional clause may have still more injurious effects is in its influence on what we are agreed to call the regional economies. In commenting on the relevant part of your inaugural address, Mr. Chairman, I will take the liberty of making the following remarks as food for future thought.

It is undeniable - for I am sure it is an idea to which all of us here will subscribe - that we must direct our efforts towards the establishment of a fully integrated economy on a world basis. Such universal integration, however, does not exclude and even presupposes regional organization. In point of fact, the age we live in is one where only large economic unities count, and consequently are in a position to get together with a view to organizing collaboration and subsequent integration in conditions of equality. For the time being, the bilateralism of commercial treaties is not to be condemned - not only must it not be excluded, but in certain circumstances it must be carefully fostered for it has not yet given all it has to offer. Such, for example, is the case of what is known as East-West trade, and that fact stood out clearly from the debates which took place last October in the Committee on the Development of Trade, which is a subsidiary body of the Economic Council for Europe.

Before reaching world integration, however, it would seem advisable, by a series of necessary stages, to go a little further than bilateralism, and it is here that the question of our attitude towards regionalism arises. When steps were taken to promote a customs union, it was noticed that it is much more difficult, in the integratory process, to get through transitional periods in the case of a union between two countries than it is for a union between several nations. Union between several countries must, however, not be held up if it is desired to maintain the necessary rate of progress towards world integration. That presupposes a gradual and progressive internationalization of economic and financial relations, which becomes problematical if we cling to the unconditional
clause as we have done so far. This is all the more true in view of the fact that economic progress is not uniform in all parts of the world, each of which requires remedies designed to meet its own special conditions. If, as has been said, we are not yet ready to accept the principle of supra-nationality, let us at least not hold up the preparation of conditions of economic integration on a basis of inter-governmental collaboration, which is, moreover, the purpose of the General Agreement. It serves no useful purpose to discover that Europe has no frontiers, for when historical arguments have to be invented one can say what one likes; and statistics are so pliant that they can be twisted to give verisimilitude to all sorts of paradoxes. But it is none the less true that in certain fields and in certain sectors progress in integration, in its initial phase is much more easy to achieve on a regional European plane than on a world basis - a fact of interest to all concerned and especially to the large industrial powers on both sides of the Atlantic. I believe that the General Agreement would gain in elasticity and, consequently, in efficiency, if it was less ardently opposed to regionalism - and by that I mean well-prepared economic regionalism conceived as a stage towards universal integration.

The above remarks, Mr. Chairman, bear witness to a deep and constant anxiety which, however, does not go so far as to lead us to take any special initiative. That should be taken by the delegations of the Governments of Western Europe, including those of the United Kingdom and France which yesterday explained to us their views on the matter.

My delegation's contribution to the general debate on the Review which is just beginning will be to explain our conception of tariff stability as it affects the underdeveloped countries, for such countries exist even in Mediterranean Europe. Their situation would, moreover, seem to merit fairly urgent consideration, as it has attracted the attention of the United Nations Economic Commission for Europe, within which an ad hoc group of experts is busily occupied with it. I will not go so far as to say that economic underdevelopment takes the same form in all latitudes, but in the problems which all such countries are called upon to face there is a common denominator which gives them all a feeling of common solidarity. In my country, for example, there is at the core of the underdevelopment problems a state of chronic agricultural unemployment. It would be superfluous for me to stress the reasons, both industrial and economic, which militate in favour of a rapid but planned and balanced industrialization. We have no intention of carrying out this industrialization under the shelter of import restrictions. As you are all aware, Greece has almost completely liberalized its import trade. Of course, the mere fact of having observed the most fundamental provisions of the Agreement is not usually accepted as a final argument. It is, however, a telling argument for Greece which, until it begins to benefit from reciprocal liberalization measures, will continue to feel that it has the right to use that argument as an excuse for raising certain of its import duties, albeit within the framework of the new tariff rates being prepared on the basis of the Brussels nomenclature. This, I agree, may seem a point of purely secondary importance. But where the Greek Government takes a
A resolute stand is on the proposed prolongation of the Schedules accompanied, if necessary, by the recasting of Article XXVIII and the establishment of conditions designed to encourage new and existing industries in the process of development or reconstruction which make a review of Article XXVIII necessary. In this connection, Greece is glad to know that there is already in existence a new draft Article XXVIII which was put forward by the GATT secretariat itself last July, and which can be used as a basic document in the coming debates.

It is quite natural, Mr. Chairman, that we should agree with you that we should all try to establish an efficient system of multilateral payments which would surely promote a higher standard of living among all peoples, and it can be admitted that one way to achieve this object is through the strengthening of the General Agreement. I would, however, draw your attention to the fact that so far as we are concerned we would conceive such strengthening only in the sense of a relaxation of the principles of the Agreement. For, if we attempt to increase the rigidity of the Agreement it is not only likely but absolutely certain that we will make it more fragile. In such a case, I would no longer say that we are running the risk of seeing the GATT seized by a sort of paralysis, but I would frankly declare that we are doing our best to create centrifugal forces.

In connection with another of your remarks, Mr. Chairman, I hasten to agree with you that it is preferable to remedy an unbalanced trade situation by increasing exports rather than by reducing imports. However, to increase exports cannot be done by one country alone, as that depends on all the countries with which a nation trades. If those countries so conduct themselves that to increase exports is practically impossible, then the only alternative is to reduce imports. The Greek Government would not like to see its efforts to liberalize its foreign trade end in that way just because it alone took positive action.

I fully agree with you, Mr. Chairman, that countries suffering from retarded development do not feel able to fall in with the strict trading rules which the developed countries may wish, in their own interests, to apply among themselves. That is precisely why we wish to emphasize that the success of our efforts depends to a large extent on the policies of the most powerful commercial nations.

You are, I am convinced, in the right, Mr. Chairman, when you state that the general goals which we have undertaken to achieve cannot be reached merely by means of commercial policies, and that it is essential at the same time to rationalize our financial and investment policies. My Government has always had such ideas in mind, and has therefore liberalized its trade and introduced in its legislation the guarantees necessary to encourage an influx of foreign capital into the country.
It is on the basis of such ideas, Mr. Chairman, that the Greek delegation is ready to make a contribution to the debate on the Review of the General Agreement. There cannot be the slightest doubt that the practical application of a revised Agreement will necessitate the establishment of a permanent organization. We feel that this organization should function on the basis of democratic principles consistent with the still prevalent notion of the national State and corresponding to the need for flexibility in the economic development of certain countries, including our own. If such were to be the case, Greece would be not only one of the most loyal members of the new organization, but also one of the most fervent, for there is nothing which my country appreciates more highly in international life than compliance with legitimate aspirations.