I welcome this opportunity to talk to you a little about the General Agreement on Tariffs and Trade, and to try to analyse how we have come to the point at which we are, and how I see the achievements and setbacks and the prospects of the GATT at this point. With the Session which will begin in October of next year (1957) we shall have completed ten years of operation of the General Agreement. It is probably, therefore, quite a useful thing to look back at the road that we have travelled, to see how far we have got and where we are likely to go. I think it is fair to say that the record is one of success and in a sense, a somewhat unexpected success. This is not to say that the progress we have made has been as uniform or as full or as uninterrupted as we could have hoped. That level of achievement is something which cannot be expected in international affairs at the present day. On the other hand we can say today that despite material difficulties, despite political difficulties, despite economic uncertainties, we do see the GATT established today, firmly established as a great international institution enjoying widespread support. That achievement must be considered as all the more remarkable owing to the circumstances in which we have had to operate over these ten years. During the whole of that period, and even to some extent this is true today, the GATT has been the Cinderella of the international organizations. We cannot say today that the happy ending of the fairy tale has yet come to the GATT. The glass slipper of the OTC has not yet been fitted on the dainty feet of the GATT and the process will have to be carried out in the unfairylike atmosphere of the Congress of the United States in the teeth of some very determined ugly sisters. We earnestly hope, however, that the work of ten years will this year be crowned by the ratification of the Organization for Trade Cooperation.
The GATT in its origins was designed as a precursor of the International Trade Organization, and nothing more than that. The concept was that the tariff agreements, and the body of principles of commercial policy which had been incorporated in the General Agreement to protect and fortify those tariff concessions, would be absorbed into the International Trade Organization which would have the administrative powers and organization and resources to administer and give effect to those agreements. Therefore, the GATT throughout its history has been conceived of as a provisional Agreement. It was not endowed with any organizational structure, nor with a budget or a staff. When the International Trade Organization was finally laid aside, the GATT with all these disadvantages had to step into the breach. Perhaps it is in these very circumstances that one should seek the reasons for the relative success of the General Agreement. If the GATT has come to occupy the established position which I have described to you and to exercise the wide degree of influence which it does on day-to-day affairs in many countries, it is because it has developed in response to a felt need and not because it corresponds to some blueprinted concept handed down by theoreticians. It is a reflection of a very real international need and it is the reflection of years of practical work on practical problems by practical people operating on the basis of realism rather than of theory. The whole evolution of the General Agreement has been characterized by the three basic ideas of empiricism, realism and practicability. The CONTRACTING PARTIES have dealt with real problems as they arose, and with due regard to realism of the situation in which they arose. Because of the nature in which the GATT has grown in response to needs, it is not endowed, or perhaps I should say cursed, with a very heavy administrative structure. The secretariat is small and compact. The work of this de facto organization is the work of the governments which compose it. It is a continuous process of inter-governmental negotiation. The role of the secretariat which I think is important and basic to the whole operation is a role of assisting and facilitating negotiation and agreement.
The legal basis of this de facto organization is to be found in three lines in the General Agreement. These three lines are found in Article XXV of the Agreement which provides that the CONTRACTING PARTIES to the Agreement shall meet from time to time to give effect to those provisions of the Agreement which require joint action, and generally to further the objectives of the Agreement. That is the basis of the organization of the GATT. Dotted throughout the Agreement are specific provisions which require the joint action which is referred to in Article XXV. There are, for example, requirements that in certain circumstances there shall be consultations between the contracting parties collectively and individual contracting parties about various matters such as the maintenance of import restrictions, or the maintenance of subsidies. This collectivity of the contracting parties acting jointly is described in the General Agreement by writing the words "contracting parties" in capital letters. Wherever the words "contracting parties" are written in capital letters one is dealing not with individual countries but with the whole group acting as a collectivity. This rather byzantine device was adopted precisely in order to avoid any implication that this was in any sense of the word an organization. But of course, de facto once the idea of collective action is recognised there is the de facto basis of an organization whether or not it is so described.

On the slender basis of these three lines which I have quoted, the whole subsequent organizational structure of the GATT has been built. There have been eleven full plenary sessions of the CONTRACTING PARTIES. They have established a secretariat; they provide an annual budget which is divided in accordance with the comparative shares in international trade; they have established an Intersessional Committee to act on urgent matters arising between Sessions and to prepare the regular sessions. They have worked out a now established system of dealing with individual problems through working parties and reports and they have evolved a system of dealing with trade disputes and complaints through a panel on complaints.
Certain important consequences flow from this legal basis which I think are not sufficiently well understood by public opinion. The first is that the essential character of the GATT is that it is a contractual arrangement, and therefore its rules are contractual obligations. There is no supranational organization laying down rules which member nations are obligated to observe and itself charged with enforcement and sanctions in case of non-fulfilment. The GATT is an agreement between a number of countries, which, are convinced that the rules and restraints of the General Agreement are in the common interest and that these rules should be used as the basis for their mutual trading relationships. Accordingly, the organization itself only begins to act when it is set in motion on the initiative of one of the contracting states. And even then there is no police action. There is a right of recourse to the community in order to enforce the contract by which all the members are bound. This is an important source of strength for the General Agreement, but at the same time it also involves certain weaknesses. I have often heard it said that the GATT is ineffective because this, that, or the other country is taking some action which is contrary to the General Agreement but the GATT is doing nothing about it. That is admittedly unsatisfactory. It is obviously a bad thing that any body of law shall come into disrepute by being disregarded with impunity. On the other hand, if any country is affected by a breach of the Agreement it has the means, and as I shall show later an effective means, for bringing the country which is in breach before the international community and for seeking the enforcement of the contract. It is, however, a matter of judgement for the other countries which are affected by a breach whether or not they think the occasion is appropriate or the objective worthwhile to bring it before the community. In days such as those in which we live an absolute standard of conduct is extremely difficult to enforce. A too rigid attempt to achieve perfection overnight would be more likely to bring the rules down altogether and to destroy them. In such circumstances it is probably much better to have this element of discretion. It means that the
action of the GATT can be related to the realities of the economic situation rather than being invoked on each and every occasion even though the objective to be sought would not be worth the risks involved in straining the organization to deal with particular problems.

After this necessarily somewhat general introduction I propose to examine some of the things which the GATT has done and which it can therefore count on the credit side of the balance. The first and most characteristic action of the GATT has been of course in the field of reduction and stabilization of tariff levels. The thirty five countries which make up the membership of the General Agreement between then do some 80 per cent of international trade and the reduction and binding of tariff levels under the GATT affects some 50 per cent of their trade. There can be no doubt that this widespread and unprecedented stability in tariff levels has been an essential condition for the movement back towards a system of freer multilateral trading. There would clearly be no prospect of getting governments to move towards the elimination of import controls and other interferences with trade if they had the feeling that benefits of trade liberalisation could be nullified at any time by increases in tariff levels. This action of the GATT in the tariff field, even though it has sometimes been under-estimated on the ground that tariffs have a lesser role as barriers to trade at the present day than they had in the past, is an essential precondition of the broader attack on trade barriers. That fact underlines the astuteness of the decision to attack tariff levels at the time at which we did. At the time of the 1947 tariff negotiations, and at the time of the 1949 tariff negotiations, there were those who argued that this was a very ingenious operation and obviously important, but in fact the tariff had lost a great deal of its importance and therefore the achievement must be written down to that extent. The prevalence of such ideas at the time was not altogether unwelcome, because it provided much the best atmosphere in which to negotiate tariff reductions. In fact, therefore, a vast operation
of tariff reduction was carried out at a time when people were not so alert to the effects of tariff reduction as they have since become. It is a matter for great satisfaction that advantage was taken of that favourable tide. The carrying out of tariff negotiations of the same magnitude at the present time would be completely impossible. As the process of liberalization of imports has gone on the importance of the tariff has been restored and enthusiasm for further general rounds of tariff negotiations under the GATT has notably diminished. Full credit has also to be given to the action of the United States, notably, and to a very considerable extent also to Canada, in going into the tariff negotiations at the time when they did. These countries were called upon to make reductions in their tariffs which would have immediate effects because these countries were not restraining their imports by import controls against tariff reductions in other countries which in the nature of things could not be of any immediate benefit and could only yield benefits on the assumption that the objectives of the General Agreement and the obligations of other countries to progressively eliminate import controls would be fulfilled. In the meantime, by opening up opportunities for countries in balance of payments difficulties to sell their goods in the United States and in Canada, they were making an important contribution - a contribution appropriate to the position of a creditor country - but not so easy to make for that reason - to the restoration of a viable balance of trade which would enable the objectives of the General Agreement eventually to be reached on a broad front.

There is obviously a great deal more that could be said in regard to tariff matters in a more extended analysis. Owing to limitations of space I will confine myself to one additional remark. For the reasons which I have given and because of the spread of liberalization, it is unlikely that we shall see anything like the same emphasis or progress in the field of tariff reduction, at any rate through the GATT, over the next few years. It is, therefore, somewhat anomalous that the GATT itself and the Organization for Trade Cooperation encounter the most severe opposition in the United States from those who see in these institutions a threat of further sweeping reductions in the United States tariff. Speaking realistically this is not a fact, and it therefore may be
that this great effort and this great institution is being imperilled for
reasons which have little relevance to what now lies ahead. In the near future
major progress towards tariff reduction is going to be made, if at all, in the
arrangements for a customs union between the six Western European countries
who are bound together in the Coal and Steel Community, possibly supplemented
by a free trade area linking the customs union to the other members of OEEC.
The activities of the GATT in the tariff field will not be less important but
will have a different character. The GATT will provide the broad
universal framework in which these European arrangements will operate. They
will have to conform to the criteria established in the GATT for customs unions
and free trade areas. These criteria provide an assurance to the contracting
parties against discriminatory regional arrangements of a preferential character.

Now, passing to the question of quantitative import restrictions, at first
sight the influence of the GATT appears much less impressive than it has been in
the field of tariffs. This is a misleading impression. First, it is a mistake
to underestimate the basic importance of the formal prohibition, the complete
renunciation of quantitative restrictions as an instrument of protection which
is one of the basic rules of the General Agreement. This has an important
psychological effect. It establishes unequivocally that protective
quantitative import restrictions are not respectable. It would have been an
ever dangerous thing for the world if it had come to be accepted that
quantitative restrictions, which in times of exceptional and temporary economic
difficulties have become all too familiar, are respectable and normal. It is
healthy that the discussion of quantitative restrictions should be accompanied
by a sense of decent shame. That is no minor achievement.

Secondly, the GATT has not been inactive in the field. Its action has
not been spectacular. It has proceeded by way of continual consultations and
pressure rather than through elaborate schemes of liberalisation. The
CONTRACTING PARTIES have consistently, and I think rightly, refused to admit a
compromise in this field. When we came to revise the GATT two years ago, there
were those who argued, on the basis of the European liberalization scheme, that the GATT should adopt a less rigid and more "realistic" approach, and that we should do away with the complete prohibition of quantitative restrictions as being unrealistic, and substitute for it a percentage approach which would leave countries more or less a free hand in the more sensitive area of their trade. There is a great deal of attraction in that approach. It would obviously have enabled the GATT, whilst avoiding the thorniest problems, to be able to claim in a very short time a hundred per cent achievement of its objectives. There would be little difficulty in enforcing a rule which excludes quantitative restrictions, say, on 90 per cent of the trade of contracting parties, with a relatively free hand on the rest. A formula of this kind would enable the United States to put an end to its trade with Europe and still be in full conformity with the General Agreement. It would cover the delicate problem of agricultural protection and the protection of inefficient industries, and all this would then be within the rules of the General Agreement. I think that the CONTRACTING PARTIES made a fundamentally wise decision in deciding against this course. They decided to maintain the GATT prohibition on quantitative restrictions and to work gradually towards its full application. The approach is realistic. If countries have genuine difficulties in living up to the obligation there is a procedure for laying these difficulties before the CONTRACTING PARTIES with a view to a phased progress towards the objectives of the General Agreement.

In addition to the consultations which are undertaken by the CONTRACTING PARTIES with the individual contracting parties, the GATT has also been a powerful influence in bilateral negotiations. This is a side of the picture which in the nature of things is concealed from public knowledge. There are very frequent bilateral consultations between countries which are adversely affected by balance of payments restrictions and the contracting parties applying the restrictions. In these consultations the exporting countries whose trade is affected have often been able to successfully invoke the provisions of GATT which stipulate that restrictions shall be imposed so far as possible in a
manner that avoids unnecessary damage to the trade of other countries.

In these various ways, therefore, there is a constant process of consultation against the background of the GATT rules.

The OEEC liberalization programme can also be viewed as an application in a particular area of trade of the basic principle in the GATT which is that restrictions made necessary by balance-of-payments difficulties should be removed progressively as the balance of payments situation improves and as the financial situation allows. This group of countries, which have a good deal of trade which is principally of intra-European concern, have made a payments agreement which to a large extent removes the balance of payments difficulties in that area of trade. It was, therefore, logical and consistent with the principles of the GATT that this improvement in the financial situation in that area of trade should be accompanied by a progressive elimination of balance of payments restrictions covering the same area of trade.

More generally speaking, I think that we can derive a considerable measure of comfort from the fact that the GATT doctrine which, as I say, has been advanced persistently, if not always acted upon faithfully, has now come to stand on its own feet because the truth and sense of the doctrine and of the economic realities behind the doctrine have forced themselves on the minds even of many of the doubters. A striking instance of the advance in thinking which has taken place in recent years is to be found in reactions to the economic difficulties which followed the Suez incident. In the United Kingdom, for example, the consequent balance of payments difficulties are the most critical since those of 1949. Yet I did not see in the speech of the Chancellor of the Exchequer, or in any comment upon it, what I would have expected to see in 1949 or 1950, — a suggestion that the way to deal with the difficulties was to cut down imports. That is a very significant fact. It reflects a remarkable change of economic climate and opinion in a period of a few years. A few years ago, the reaction would have been immediate and almost automatic. I find — and this has been brought out fully, I think, in recent consultations in the GATT at
the last Session - that people are now beginning to accept the philosophy that restriction of imports as a cure for balance of payments difficulties is, in fact, a self-defeating process. Restriction of imports can only be justified, if at all, as a stopgap measure. Unless it is treated as a short-term measure it aggravates the balance of payments problem. Restrictive measures, if found unavoidable, must be accompanied by, and replaced as soon as possible by, positive internal measures to remove the causes which lead to the balance of payments difficulties.

At the last Session of the General Agreement, the CONTRACTING PARTIES decided to take a further major step forward in their programme for dealing with quantitative restrictions. Taking advantage of the change in climate to which I have referred, and taking advantage also of what at that time was a general improvement in the balance of payments position of many countries, it was decided to set on foot a series of consultations between the GATT and all the individual contracting parties who are still maintaining restrictions for balance of payments reasons. The purpose of the consultations is to analyze the reasons which lead to the continued retention of restrictions and to explore the possibilities of further progress towards the relaxation and dismantling of restrictions. It is true that since this proposition was first made and the decision was taken upon it, there have been adverse circumstances in the political field which will have adverse economic effects. Nevertheless, I am sure that this series of consultations will help to keep the GATT doctrine in the forefront of economic thought and, much more important, of government economic policy. This consistent emphasis on sound economic policies will pay dividends in the long run, provided we have the patience, determination and realism to apply the doctrine in a realistic way in the light of current economic facts.

The third principal topic to which I wish to refer concerns the application of the trading rules of the GATT in the field of agriculture. The ban on the use of quantitative import restrictions applies generally, without exception for any particular types of goods or production. In the case of agriculture there is, however, a recognition that it is permissible for a country to restrict its
imports of agricultural products if the country itself is maintaining a policy of supporting domestic prices and in that connection is limiting the production or sale of domestic agricultural products. It is clear that to allow imports freely to enter the country in those circumstances would mean that restrictions on domestic production would be nullified and the imported product would come in and take the place of the domestic product. It will be noted, however, that the restriction of domestic products or sales is an absolute condition. In practice the trade in agricultural products is the area in which the GATT today is least effective. In the first place many countries which are parties to the General Agreement are still in balance of payments difficulties and the balance of payments justification conceals the protection which their agriculture is receiving through import restrictions. That is to say that import restrictions whose real purpose is to protect domestic agriculture are attributed to balance of payments difficulties. In some cases this fact acts as a deterrent to the countries concerned to abandon a resort to Article XII for which there is in fact but slender justification. This is a situation which, in the interests of the integrity of the GATT, will have to be squarely faced. We considered the matter during the review of the General Agreement two years ago. There was some pressure to get the CONTRACTING PARTIES to agree that the GATT rules should not apply in the field of agriculture. To have yielded on this point would have been to seriously undermine the whole basis of the General Agreement. The basis of the General Agreement is that the parties believe in international specialization and exchange, and believe in the various areas and countries of the world specializing in the things that they are best fitted to produce. It is not a doctrine which can be applied in one field of production and excluded in another. The trade rules must, therefore, apply to agricultural production as they do to industrial production. The CONTRACTING PARTIES did not, fortunately, yield to these pressures. Instead it was agreed that if any country which had overcome its balance of payments difficulties, found that some restrictions on individual products could not be immediately removed without causing serious difficulties,
it should be accorded a period of grace. This should be for a defined period, not to exceed five years, and the application should be supported by a plan for the progressive elimination of the restrictions within the period of five years. The period of grace is therefore envisaged as an opportunity for adjustment to be employed for working out an alternative system of agricultural protection which would be consistent with the General Agreement. The acceptance of this compromise was made extraordinarily difficult because of the position of the United States. The United States, as is generally known, vastly expanded agricultural production during and after the last war to meet very urgent demands for food products and certain agricultural raw materials in various parts of the world. In order to maintain that level of production, its system of support prices was carried to extremes. The result has been to price American agricultural products out of the world markets, and even on the domestic market commercial sales have to be supplemented by substantial purchases by government agencies. The United States Government is acutely aware of this as a United States domestic problem. It is also acutely aware that it creates serious external problems as well. The domestic support programme makes it necessary for the United States to impose restrictions on imports from third countries and thus it puts the United States in a position of not being able to carry out a consistent international economic policy. The United States has been in the forefront of the countries which, mainly through the GATT, have fought for the restoration of a multilateral trading system. At the same time, the policy of agricultural import restrictions cuts across this general direction of United States policy and weakens its position in international discussions on these matters. The United States is, therefore, extremely sensitive to the political pressures which bear upon its policy in relation to agricultural imports. In order to take account of these difficulties and in order to put the United States in a position to go to Congress and seek the ratification of the Agreement on the Organization for Trade Cooperation, the CONTRACTING PARTIES found it necessary to give the United States a waiver leaving the United States free, so far as GATT is concerned, to take measures affecting
agricultural imports which are necessary to give effect to the domestic price support programme. It was difficult in those circumstances to persuade other countries that they should submit to the full rigours and disciplines of the GATT code in this sensitive field of economic activity whilst one of the largest and most powerful and wealthiest of the contracting parties was given a waiver. On the other hand, common sense has prevailed on this issue, and all the other contracting parties have accepted the other system of the phased adaptation of agricultural restrictions which is described above. It was recognized that the United States could be expected to act with moderation in the use of the waiver. In fact the volume of trade affected by the United States agricultural restrictions is small in relation to the total of United States imports and the Administration has consistently striven to limit the area in which restrictions are applied. Moreover, the CONTRACTING PARTIES were impressed by the expressed determination of the United States Administration to attempt over a long period to adapt its agricultural policy to deal with a situation which is not only an external problem but an increasingly acute internal problem as well.

The limited space at my disposal precludes anything more than reference to export subsidies, administrative barriers to trade, surplus disposal, and so on. I am going to pass over those points at the moment to describe another basic activity of the General Agreement which is one of its principal new contributions to international action since the war, that is, the system of dealing with complaints.

Under the General Agreement there is a provision, Article XXIII, which enables any individual member to come to the CONTRACTING PARTIES and place before them a complaint that another contracting party is acting in breach of the Agreement, or even if it is not acting in breach of the Agreement, is acting in such a way as to nullify or impair the benefits of the Agreement, or to impede the attainment of its objectives. Seized of such a complaint the CONTRACTING PARTIES, after satisfying themselves that there has been free and full consultation
between the parties concerned, must promptly examine the matter and make appropriate recommendations or rulings. The CONTRACTING PARTIES may limit themselves to urging the countries concerned to settle the matter by agreement; to urging the country whose conduct is causing the problem to discontinue the action or to take some other measure which causes less damage to the trade of other contracting parties. Or the CONTRACTING PARTIES may, if they consider that the circumstances are serious enough, take a rather more extreme step and authorize the injured party to take some counter measures against the trade of the offending country so long as the offence continues. This is what we call the "complaints procedure" of the CONTRACTING PARTIES, and it has proved to be very successful. The CONTRACTING PARTIES have proceeded very carefully in handling complaints and the procedure has evolved and developed in the light of experience. The CONTRACTING PARTIES have accepted that in general a complaint which reaches them should not be dealt with in the first instance by the whole group but should be examined by a panel. The panel has no pre-determined constitution. It is established ad hoc for each case. Upon the nomination of the Chairman, the CONTRACTING PARTIES designate as members of the panel, four or five individuals whose competence in the work of the GATT is generally recognised. Usually these officials are nationals of small countries for whom the necessary detachment and objectivity is in the nature of the case easier than for officials of the great powers. The panel hears the two parties to the complaint and any other contracting party which, alleging an interest in the matter, desires to be heard. It meets and deliberates in camera, reaches a conclusion in the form of a draft report, calls back the parties and invites them to comment on the report which has been drawn up. The panel may modify its report in the light of these comments or merely take note of them. Finally, the report is submitted for approval by the plenary body of the CONTRACTING PARTIES. Through this procedure a number of important disputes between individual countries have been settled. For each one of them which has been dealt with and settled through the formal procedure, there have been many more which have been settled
in the bilateral discussions, the out of court procedure. However, the fact that the "court" is there is a powerful catalyst for settlement through bilateral discussions. In the result there is a large number of disputes which, in the past, would have dragged on indefinitely through the almost infinite possibilities of delay which are involved in diplomatic procedures. These disputes now get settled promptly because there is the possibility, if things are delayed or if no settlement is arrived at, of bringing the matter before an international forum. In these days of acute nationalism this is cause for no small satisfaction. Even the most powerful nations have a great reluctance to be brought before an international organization and charged with being in breach of international obligations. The "complaint procedure" of the General Agreement has thus proved to be an important and successful piece of international machinery for conciliation.

The last major topic for which I am going to have time is the position of GATT in relation to regional arrangements. There is no essential conflict between regional activity and between the activities of the GATT as a world-wide organization. There are inherent difficulties and inherent dangers in regional arrangements. They always have a tendency to move in the direction of preference and discrimination. But, if properly conceived, constructive regional action is an important adjunct and assistance to the GATT, the objective of which is to try to restore an expansion of international trade based on multilateralism and non-discrimination. The GATT is therefore not to be considered as a hindrance to desirable forms of regional economic cooperation. Very much the reverse has in fact been the case and should be the case. One of the great difficulties about regional arrangements is that, even when the parties have overcome the difficulties of negotiation amongst themselves, they also have to face the repercussions of the arrangements upon their relations with other States outside the region. If the reconciliation of these interests has to be negotiated by each member of the regional arrangement individually with each of the rest of its trading partners, the process of negotiation and also
the possibilities of frustration inherent in the situation are almost endless. On the other hand, if the regional arrangement is one which conforms to the general criteria in the GATT, the parties to it have an admirable machine for negotiating the adjustments in their external trading relationships 'en bloc'. This is what happened, for example, in the case of the European Coal and Steel Community. The European Coal and Steel Community countries negotiated the treaty and then came to the CONTRACTING PARTIES and negotiated a waiver from the most-favoured-nation clause and from certain other obligations in the General Agreement, in order to enable to put the treaty into operation. As a result of that negotiation, there are regular annual consultations between the six countries which are members of the Coal and Steel Community and the CONTRACTING PARTIES. Through these consultations a lot of the suspicions and misgivings, doubts and misunderstandings, which otherwise would necessarily hang over the Coal and Steel Community, are brought out and discussed and resolved. The High Authority of the Coal and Steel Community has shown appreciation of the value of these annual consultations with outside countries. They give the High Authority an opportunity of hearing and testing outside reactions, of trying to understand the problems of third countries in relation to the policies of the High Authority, and in certain cases there have been policy adjustments as a result of the full and frank annual consultations.

Finally, I shall attempt to sum up briefly where I think we have reached with the GATT. It can, I think, be confidently assented that the GATT has come to have a continuous and powerful influence on national policies. In some respects this has come to be almost embarrassing. One of the continuing influences of the GATT lies in its use by national administrations as a basis for resisting undesirable developments. It is used by the national administrations in many countries to oppose tendencies in their own countries which they themselves do not agree with. Very often it proves politically easier to oppose sectional interests by citing clear and specific international obligations rather
than by more sophisticated and complicated arguments of the national interest. This of course has the unwelcome effect of attracting powerful animosities and resentments to the GATT. In a large number of countries the GATT has become widely known both to public opinion and to private interests as something which interferes with the freedom of national policies. It all too rarely occurs to these same observers that the restraint works to their advantage, when the GATT rules operate to restrain harmful actions in other countries. Moreover, the principal beneficiary of the activities of the GATT is the consumer, the least recognized of all the social classes. The GATT, then, is influential but tends to pay a high price in terms of general unpopularity. At the same time there is a much wider acceptance today of the basic philosophy of the General Agreement. The General Agreement is, therefore, less widely regarded as an expression of theory and doctrine, and increasingly accepted as a practical and useful institution based on experience and realism. The "complaint procedures" have introduced a desirable degree of order in the trade relationships of the contracting parties. The periodical sessions of the CONTRACTING PARTIES have bred a habit of consultation in trade matters. This habit of consultation and the practical experience of consultation in time breeds a wider understanding of the essential interdependence of the trading community.

There is much, therefore, on the credit side of the ledger. We should, however, be cautious in assessing the degree of progress in fact achieved. The last few years have, in the main and in many countries, been years of expanding trade and growing prosperity. The climate has, therefore, been propitious for developing a system of international trade cooperation. The time for testing the solidity of what has been built up will come when the going is less good. What we should be striving for now is to build up a system and habit of consultation which will be able to stand the test of less favourable conditions
and provide a sure safeguard against a return to the destructive nationalistic economic policies which deepened the 1929/31 crisis to such tragic proportions. That is the principal importance of the early ratification of the Agreement establishing the Organization for Trade Cooperation. It will be a clear and open sign that governments intend that the present procedures and habit of negotiation, consultation and conciliation, are to be a permanent feature of international trading relationships.