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I would like to join the other speakers before me in congratulating you for your election in the Presidency of the present Ministerial meeting of the CONTRACTING PARTIES of GATT. I wish at the same time to extend the Greek Government's sincere thanks to the Swiss authorities and to the Director-General Mr. Dunkel for the hospitality and admirable organization of this meeting.

The present Ministerial meeting of GATT takes place in a crucial and critical period for the world economy.

The international commercial policy, the outcome of the Tokyo Round, was agreed upon on the basis of an expected continuation of world trade's high rates of growth, rates which exceeded by far the rates of growth of GDP.

Nearly everyone took it for granted then that GATT's fundamental principles would be in force for a long time and that trade would constitute the engine of economic growth. These expectations, however, did not come true. Due to an irony of history, at the time the Tokyo Round conclusions were reached, the world economy had started its downward movement.

Now, for the first time after the Second World War, not only a stagnation but a decline of the world trade by nearly 2 per cent is observed. In the present conjuncture's testing ground, principles and truths of general approval are confronted with continually increasing protectionist phenomena and demand their confirmation anew.

National governments have quite often to face critical dilemmas. If they fail to take protective measures in the face of a coming flood of imported commodities, then there is a real danger for sectors and branches of the national economy to be subjected to severe strains or even be wiped out with accompanying unemployment and greater disequilibrium in the balance of payments. And if they take protective measures these affect adversely the exporting countries, and push them to introduce similar measures; on the one hand, in the long run such a protection implies a cost for the national economy by preventing an optimal allocation of resources in accordance with the country's changing comparative advantages. We all know that the success of such measures depends on the reaction of the others. It is impossible for everyone to stand on his toes and see the parade better.

My country is also confronted with such dilemmas but she has resisted the protectionist temptation and Greece is today one of the most open economies in the world. I hasten to add, however, that, regrettably, the ratio of our exports to imports is indeed very unfavourable.

The discussions in the various preparatory fora, preceding the present meeting, did not reach an agreement on the issue of the causality between crisis and protectionism, i.e. no agreement has been reached as to what gave birth to what.

We believe that it is crisis that gave rise to protectionism and that protectionism, in its turn, reinforced the crisis, thus creating a vicious circle, in whose whirlwind each country tries to export its problems to the others instead of its commodities.

In order to break out of the vicious circle and turn it into a virtuous one, it is imperative to make a correct diagnosis of the causes which generated the crisis. Because only the elimination of the root causes of crisis will lead to a lasting and viable solution. If we fail to remove the root causes of the crisis, even the most ideal solutions to the specific problems besetting us, such as safeguard clauses, dispute settlements, transparency of the grey area etc. will not make the system viable. A system that constantly generates and accumulates problems breaks down under its own burden.

In our view, we can identify three fundamental root causes of the crisis:

1. On the one hand, an overaccumulation of capital and productive potential has taken place in the advanced countries without a parallel increase in the absorptive capacity of the Third World. We are faced with a paradoxical phenomenon, with a fundamental contradiction within the international economic order, or, I should say perhaps disorder: it is not able, globally, to use the productive forces we developed for the satisfaction of mankind's needs.
2. High real interest rates redistribute the social surplus to the benefit of finance capital and at the expense of the industrial capital which undertakes investment initiatives. Furthermore, high real interest rates lie at the root of developing countries' over-indebtedness and weakening of their consumption capacity. The admonition for increased commodity flows sounds like "wishful thinking" in the face of hard reality epitomized in weakened purchasing power, increased debts and adverse terms of trade.
3. The prices of many commodities as well as currencies do not correspond to their intrinsic real value. For the prices of many commodities today are not formed through the workings of the "invisible hand", but through oligopolistic structures which have proliferated in modern economies. Similarly, the value of some currencies is not determined solely by the respective economies' dynamism, but by the political will and/or purposeful drive for commercial expansion, as the case may be.

A combination of these three causes, inter alia, gives rise to the system's tendency towards stagnation and the accompanying temptation towards protectionism.

The question now is how to break out of the crisis.

1. A firm political will is urgently needed to restructure the world economy in such a way as to eliminate inequalities and lead to a convergence of the levels of economic development. It must be emphasized here that the spirit of Part IV of the General Agreement calls for the acceleration of the processes leading up to the convergence of the levels of economic development through granting preferential treatment to the developing countries. We think that the developed countries of the North must live up to their commitments in accordance with the spirit of Part IV of the General Agreement. Long-term perspectives and visions are required. Problems cannot be solved by recourse to ad hoc measures, such as protectionism, nor should they blur the clear picture of our long-term interests. A recent study by the U N International Labour Office showed that for each job lost by industrialized countries to low cost imports, another three are created by exports to the developing countries. The exodus from the crisis goes through the developing countries of the Third World.

2. Political will is furthermore required to eliminate the unfair international division of labour, imposed upon the world. It is a division which guards and preserves advanced technology within the center's frontiers and predetermines the type of development in the periphery, creating development enclaves, isolated from their immediate environment, and kept in a constant distance from the center.

3. Finally, a synchrony of productive investment activities in each and across countries is required, instead of the isolated efforts of each country to export its problems to others. Only the undertaking of productive investment initiatives, not only by private businessmen, but also by social organizations and collectives, within the framework of democratic planning, can bring the desired effects, can get us out of the vicious circle of crisis. To the extent the economies recover from the present malaise, through the stimulus and injection of productive investment, protectionist measures will become superfluous and anachronistic, they will become stumbling blocks hampering the movement of the economy forward.

Through her participation in this Ministerial meeting and her contribution to the preparatory work for this meeting, both within the European Community and other fora, Greece confirms her wish for the development process to get started again and bring about an exodus from the crisis.

A firm commitment by all of us to international co economic, commercial and technological fields can be the only meaningful message that we can send to the world and rekindle its hopes for a good future.