

brought home to a number of persons, who in the past had been somewhat sceptical about GATT, that the General Agreement was of value in providing safeguards and checks against regional preferential arrangements. At the seventh session the consultations with regard to balance of payment restrictions were much more realistic than in the past. Discussion was directed primarily to the specifically trade aspects of the quantitative restrictions. This led to good results and to an avoidance of the legalistic approach which had characterized previous consultations.

Experience, therefore, is proving that GATT is an effective organization in the field of tariffs and commercial policy. Being the only organization dealing with these problems on a world-wide basis, it has come to take its place alongside of the principal international agencies in the field of economic co-operation. This is a rather remarkable achievement for what at the outset was not intended to be an organization at all but merely a sort of primer for the pump which was to be represented by the International Trade Organization. The primer has taken the place of the pump, although without many of the accessories which were intended to adorn it.

Apart from the merits of GATT as an organization, we must not lose sight of the value of the numerous tariff concessions embodied in the schedules to the General Agreement. Each country values highly at least some of the concessions it secured at the three rounds of tariff negotiations held at Geneva, Annecy and Torquay. Hence no one country would lightly abandon the tariffs that already have been made into the tariff barriers to trade. That these tariffs are substantial is indicated by the fact that since the Reciprocal Trade Agreements Act first came into force in 1934 the average ad valorem incidence of United States duties on dutiable goods has been reduced from 46.7 per cent to 12.5 per cent. Part of this reduction has been effected through the concessions granted at Geneva, Annecy and Torquay and embodied in the appropriate schedules to the GATT.

While, therefore, GATT has thoroughly justified its existence, I would say that its fate depends upon what will happen in the next few weeks. I am, of course, referring to the proposals now before the Congress of the United States for the renewal of the Reciprocal Trade Agreements Act and for the passing of the Customs Simplification Bill. Of these two proposals the former is the more vital. GATT has been developed largely upon the basis of the Reciprocal Trade Agreements Act and it is difficult to conceive of its continuance if the Act is not renewed.

The United States by the nature of things has to provide the leadership in the new approach to the solution of the problems of international trade and payments. Taking any of the indices commonly used to measure economic strength we find that the United States represents about one half of the economy of the whole world. Without the leadership of the United States there is the danger of the world splitting up into a number of regional economic blocs, each of which would be discriminating against the others. This sort of instability would breed political instability. Accordingly, it may be said that the success of the free world in solving the economic problems is of decisive importance in the struggle against Soviet Communism.