

said they propose to adhere to the GATT). There are also the arrangements which set out obligations regarding the international trade in particular commodities — the so-called commodity agreements. (Various GATT obligations, for example, those regarding tariffs, also apply to the commodities which are the subject of the separate commodity agreements.) The purpose of these agreements, a purpose not always fulfilled, is to increase returns to producers while increasing security of supply to consumers. In the short term, at least, these arrangements are formally anti-competitive. Most importantly, in our purposes, there are the detailed interpretative notes or agreements regarding particular GATT provisions (e.g. the so-called Anti-dumping Code). There are also the various codes and "guidelines" developed as between industrial countries in the OECD (e.g. the declaration on "national treatment").

GATT

All these together constitute the "trade relations system" or "trade policy system" at the international level. In this study we shall frequently be talking as though the GATT is "the system"; it is important to recognize that the GATT, though it is the most important part of the system, is only the commercial policy chapter of the Havana Charter. That charter was intended to launch a trade organization to function alongside the Monetary Fund and the World Bank.¹⁰ It contained not only obligations concerning full employment and commercial policy, but also obligations concerning restrictive business practices (Chapter V of the Charter) which are considerably more precise than that more recent attempt to draft obligations in this area: the UNCTAD Set of Mutually Agreed Equitable Principles and Rules For the Control of Restrictive Business Practices.¹¹ It may be that if the Havana Charter had been implemented, the implicit contradictions between the obligations of Chapters IV and V would have been addressed more effectively than has transpired.

basic principle
most NB prices

If we consider the GATT more closely, we can extrapolate a set of principles which it embodies: unconditional most-favoured nation treatment, the reduction of trade barriers, national treatment for imports once the tariff is paid. From our perspective, the most important GATT concept is the concept that the primary regulator of trade, the primary device to limit competition between imports and domestic production, is the tariff — that is, a price mechanism — as against a quantitative control.¹² Quantitative controls, administered and negotiated on a bilateral (and thus discriminatory) basis, had been the principal trade policy device of Germany and other European countries in the pre-war period. Harry Hawkins, the key U.S. official in trade policy, put the case: "There are three counts on which quantitative restrictions are to be regarded as objectionable. . . . The first is that, because of their rigidity, quantitative restrictions are one of the most effective instruments of economic nationalism that can be devised; the second, that they involve extensive bureaucratic interferences with private enterprises; and third, that they discriminate among the foreign supplying countries. . ."¹³

In accord with this basic concept, not whole-heartedly accepted by European countries, the GATT embodied precise provisions sharply limiting the use of quantitative measures. Article XI set out a prohibition on such measures, and the limited exceptions to that prohibition.¹⁴ The important exceptions were, first, in regard to agricultural trade (to support domestic measures