

popular Dr. Saburo Okita, Japan's most inter-
ationally-prominent economist, formerly
ad of the Japan Economic Research
Centre, and member of the Pearson Com-
mission, now President of Japan's Over-
seas Economic Co-operation Fund. He
sustained financial support from the Jap-
anese Foreign Ministry, then under the
leadership of Takeo Miki. Now Prime
Minister, Mr. Miki has frequently indi-
cated his interest in specific policy initia-
tives for co-operation among nations that
border or occupy the Pacific basin. Both
Okita and Miki have apparently looked
to the Pacific Trade and Development
Conferences for practicable proposals
along these lines. The conferences, being
independent and managed largely by
academics, have not sought a firm con-
sensus on policy issues; but their programs
and communiqués reveal an array of policy
concerns whose order of emergence from
successive conferences itself has con-
siderable significance.

First conference

The first conference, in Tokyo, attended
by representatives of the five
most industrially-advanced nations of the
Pacific basin, focused on new institutional
arrangements and, in particular, the feasi-
bility of a Pacific free-trade area (PAFTA).
The economic implications of such a
arrangement were considered favourable, it
was rejected as politically impractical,
notably on account of the commitments to
bilateralism, especially of the United
States and Canadian Governments, and
concerns of North American (and
probably also Australian) business and
industry about the competitive strength of
the Japanese industry and about the extent
to which trade liberalization could be
achieved by removal of formal barriers, in
view of the perceived effects of close links
between government and industry in
Japan.

The main innovation of the second
conference, in Honolulu, was the participa-
tion of representatives from some of the
developing countries of the Pacific area,
in recognition of the importance of co-
operation in support of development pro-
grams. The third conference, in Sydney,
Australia, turned to foreign direct invest-
ment as a factor in Pacific area relations,
with considerable emphasis being placed on
experience. One of the main themes that
emerged was the importance of co-opera-
tion among the developing countries of
the Pacific and Southeast Asia in harmonizing
incentives offered to prospective
foreign investors.

The fourth conference, in Ottawa
(October 1971), focused on obstacles to
Pacific trade, with particular reference to
non-tariff barriers such as national agri-
cultural policies (especially in Japan and
the United States), tariff escalation affect-
ing LDC processing industries, and such
non-tariff barriers affecting trade in manu-
factures as government purchasing policies
in the United States and administrative
controls in Japan. The search for policy
solutions was overshadowed by a debate
about the short- and long-term implica-
tions of the famous Nixon measures of
August 15, 1971.

The fifth meeting, in Tokyo, reviewed
structural adjustment policies, calling
attention to their importance in alleviating
the transitional costs of those sectors most
affected by the impact of trade liberaliza-
tion. The very existence of such policies
was seen as vital to the prospect of
achieving substantial liberalization of
trade, especially if such liberalization was
to serve the interests of the labour-inten-
sive manufacturing industries so vital to
the development expectations of develop-
ing Asian countries.

Growing involvement

The sixth meeting, in Mexico City, dra-
matically reflected the growing involve-
ment of Latin America in Pacific affairs,
with Mexico and the Andean group being
particularly well represented. The theme,
transfer of technology, brought foreign
direct investment back into centre stage.
The conference focused on the alternative
means of transferring and adapting tech-
nology, including the importance of trade
and aid policies. The value of codes of
conduct and national or regional policies
designed to increase the social benefits to
host countries was reviewed, with some
emphasis on the pioneering experience of
the Andean group. Another notable feature
of this meeting was the first involvement
of Soviet economists, demonstrating their
country's search for a role in Pacific
economic relations.

The most recent conference, in Auck-
land, New Zealand, dealt with the impli-
cations of disparities, not primarily those
between the U.S. and Canada, which pre-
occupy many Canadians, or between
Japan and Australia, but those between
Australia and New Zealand and the tiny
island states of the South Pacific whose
populations have depended on them for
employment opportunities as well as capi-
tal and markets.

As the PTDC moves towards planned
meetings on Pacific trade and employment,
in Thailand (July 1976), and an orderly

*Liberalization
of trade
requires
policies to ease
transition*