

countries like Canada to meet them in this spirit. We did this, in effect, by writing a GATT within a GATT to deal with their special problems. Each of these underdeveloped countries, however, will find that its own situation will be improved, in the future, when convertibility of the major world currencies, and the dismantling of import restrictions currently being imposed by some of the major trading countries, have been achieved. The problems which today appear to them as difficult will then be much easier to solve.

As for tariff schedules, the Contracting Parties agreed to recommend that existing tariffs be firmly bound for two and a half years beyond next June 30, when firm bindings would have expired, and that thereafter the time limit be automatically extended every three years. At the same time, provision is made for withdrawal and renegotiation of particular items, in advance of the expiration of each period, and for special procedures in exceptional circumstances. In other words, the principle of tariff stability has been strongly re-affirmed, subject to more flexibility to deal with particular cases which may require adjustment.

The introduction of greater flexibility, by explicit provisions for periodic renegotiation of bound tariffs, could represent a threat to the stability of the existing structure of tariffs. Theoretically, a process of unravelling could get started. One should not be dogmatic in this field, but I am inclined to feel that this danger is more theoretical than real. I have come to the conclusion that all the principal trading countries are acutely aware of the dangers of starting the process of unravelling, and will proceed cautiously. No one in his senses wants to return to the kind of tariff wars that so bedevilled the world in the early 1930's and which so greatly added to the problems of unemployment and falling incomes during the Great Depression.

On the other hand, unless the United States were in a position to take the initiative by offering substantial concessions in its tariff, in exchange for concessions by other countries, there does not seem to be much likelihood of an exchange of important tariff reductions in the near future. At the moment, of course, negotiations of tariff concessions in connection with the adherence of Japan to the GATT, and in which Canada is participating, are underway, but these are necessarily of very limited scope.

In other words, barring a revision of the United States Reciprocal Trade Agreements Act to allow for further tariff reductions, which we in Canada would welcome, but which is by no means assured, the world seems to be facing a period of comparative stability of tariff schedules in the leading trading countries.

Finally, I should mention that at this review session it was decided to recommend that a new organization be created to administer the General Agreement. This organization, which would be known as the Organization for Trade Co-operation, would