

The theme assigned to this session by the Conference organizers is the future of international trade. Fifteen years ago this would have been a largely uncontentious subject. Trade was growing at a fast pace. Prospects for economic growth seemed endless. Trade disputes, certainly in retrospect, appeared self-contained and limited.

How the times have changed! Trade and trade problems today are a hot topic. Almost daily the media headline the latest trade dispute. The GATT Secretariat in their recently released annual report underlined emphatically the consequences of a drift into an increasingly protectionist world. At the IMF/World Bank annual meetings held in Toronto two weeks ago, some delegates expressed concerns that the whole international system of trade and finance could disintegrate. And just last week Sir Roy Denman (Head of EC Delegation in USA) warned of the danger of a collapse of the world trading system if current disputes were not resolved amicably.

Such statements obviously beg several important questions. What grounds are there for these expressions of concern? We all know that the post war economy has developed through increasing interdependence among nations and by the expansion of trade based on free trade principles. Few today dispute the notion that if nations turn protectionist in the pursuit of short term objectives, their longer term development will suffer.

And yet, as we are all too aware, the world trading system today is currently being buffeted by strong pressures and strains on many fronts. It is not only timely but imperative that we ask ourselves why, what are the implications and where do some answers lie.

In reflecting on these questions in preparation for this conference, I was reminded of two remarks which taken together capture very well, to my mind, the conundrum facing trade policy officials today. The first was a remark made by the Director General of the GATT, Mr. Arthur Dunkel when he compared the trading system to riding a bicycle. "If you don't keep moving forward, you fall over." The other quotation was by the very highly regarded United States Secretary of State George Shultz when he wrote: "Nothing is more domestic than international trade policy". As I said, within these two statements we have today's conundrum.