

The virtual sweeping-away of colonial rule and the emergence of many new nations in the less-developed parts of the world raises difficult questions about how we can continue the non-discriminatory multilateral trading system as embodied in the GATT and as signalized by the success of the "Kennedy Round". In the United Nations Conference on Trade and Development, these emerging economies are pressing for special tariff preferences in our markets. They believe these new tariff preferences would help them sell more of their manufactured products and give them greater returns. They have also pressed for international agreements to increase and to stabilize their earnings from primary products.

I must say that, on the basis of our Canadian experience, I doubt that new preferential tariff systems will be of great assistance to developing countries. On the other hand, I am sure that, if all of the industrialized countries, acting together, scrapped their protective tariffs on goods from the developing countries, there would be few serious problems of adjustment for our own manufacturers. The real difficulty facing most of the developing countries is that their industries, by and large, are simply not efficient enough to find real outlets in our highly competitive economies.

I am not attracted by the schemes that have been advanced in Europe from time to time for systems of tariff preferences for the developing countries limited and confined by import quotas and licensing schemes to be negotiated between certain metropolitan countries and those underdeveloped countries which they think fall in their "spheres of influence" -- to use a political term for what is essentially a political, not a commercial policy, matter. If we industrialized countries are to give tariff preferences to the developing world, I don't see any merit in attaching all sorts of conditions to such preferences. The result would likely be a series of increasingly anarchic preferential arrangements between the metropolitan powers and their former colonial territories. I was, therefore, particularly interested to hear of the announcement by President Johnson at the Punta del Este meeting that the United States is now prepared to work with other industrialized nations in trying to evolve an agreed system of tariff preferences by all the industrialized nations for all the developing nations.

The United States has thus, I take it, set its face against a Latin American-United States preferential arrangement, and the United States now joins the British in opposing the elaboration of narrower and essentially bilateral preferential deals by the great metropolitan powers. If we are to have tariff preferences for the developing countries, clearly the only sensible way to proceed is on a multilateral basis. I should predict that here in Canada, in the next few years if not sooner, we should have to think out in detail just how such a new preferential tariff scheme for the developing countries can be grafted on to our customs tariff. I should predict too that, as we give more attention to the broad issue of helping the developing countries earn their way, we shall have to put much more effort into working out agreements regarding the trade in key commodities. I, for one, am quite convinced that agreements to stabilize prices for sugar and cocoa would do a good deal more -- much more in purely financial terms -- for the less-developed world than would any system of tariff preferences.