

restricting the production or marketing of a domestic agricultural product) and, second, when restrictions were necessary to "Safeguard the Balance of Payments" (Article XII). It is not clear that it was envisaged that quantitative restrictions would be used under the "safeguard" provisions of Article XIX; rather that it was apparently assumed that this article provided for the withdrawal of tariff reductions in the event that "serious" injury was caused or threatened to domestic producers by increased imports of the products subject to an agreed reduction in tariff rates.<sup>15</sup>

### A Tariff-Centered System

*first* What the planners of the post-war commercial policy system envisaged, planned for, negotiated for, was a non-discriminatory trade policy regime of lowered tariffs, and, in the normal case, only tariffs. The GATT was not about "free-trade" but about getting rid of quotas and reducing tariffs on a non-discriminatory basis.<sup>16</sup> What was envisaged was a tariff-centered system; however, it is our working assumption that, in practical terms, what has developed is not tariff-centered, but rather a regime of contingency protection, of administered protection and of "managed trade".

Of course, a significant amount of world trade is subject only to tariffs as a regulating device, particularly if we include the volume of trade moving under tariff classifications that are duty-free. However, when governments have problems with import competition, they tend to deal with those problems by invoking measures other than the non-discriminatory tariff. In agriculture the difficult issues are dealt with largely by quantitative measures and by subsidization, with the important exception of the variable import levy system of the EEC, which is a sort of tariff. For textiles and textile products, there are, of course, rates of duty imposed, but the key regulator is the bilateral quota system sanctioned by the MFA; for steel, there is the elaborate structure of quotas negotiated under the impetus of the anti-dumping and countervailing duty provisions and the "escape clause"; for imports from developing countries there are the tariff quotas (which are, in practice more like quantitative measures than tariff measures) imposed consequent on the U.N. "generalized system of preferences". For imports which are alleged to be dumped or subsidized, there are the discriminatory duties imposed under the authority of the two GATT Article VI Codes, or the quantitative or other "undertakings" contemplated in those agreements. For a range of products when imported into various developed country markets — e.g. video tape recorders, automobiles, steel, — there has been a variety of measures invoked, all based on determining the quantities that will be traded. It is this phenomenon that is referred to when we say that the centre, the weight, of the trade policy system, is on contingency measures or administered protection, and that we have moved away from a tariff-centered trade policy system.<sup>17</sup>

### The Question of Costs

The conflict between tariff protection and competition policy is obvious; for that reason smaller countries with relatively high industrial concentration ratios have often viewed tariff reductions as an instrument of competition policy.