

THIRD ANNUAL US-EC-JAPAN ECONOMIC JOURNALISTS SYMPOSIUM
WASHINGTON, D. C., AND SEATTLE, WASHINGTON
OCTOBER 14 - 21, 1979

"THE POLITICS OF TRADE"

SPEECH BY

FERNAND SPAAK,
HEAD OF THE DELEGATION
OF THE COMMISSION OF THE EUROPEAN COMMUNITIES,
WASHINGTON, D. C.

MONDAY, OCTOBER 15, 1979

TRADE SPEECH

AS JOURNALISTS FROM THE WORLD'S THREE MAJOR TRADING BLOCKS THERE ARE PROBABLY FEW AMONG YOU WHO HAVE NOT HAD TO TURN YOUR ATTENTION AT SOME TIME DURING THE PAST YEARS TO THE MULTILATERAL TRADE NEGOTIATIONS. NOW THAT THEY ARE OVER YOU MAY BE THINKING YOU HAVE HEARD THE LAST OF AD VALOREM CONVERSIONS AND EX POST FACTO TRANSPARENCIES. WELL, I DOUBT WHETHER YOU HAVE BUT I DON'T INTEND THAT YOU SHOULD FROM ME.

WHAT I WOULD LIKE TO TALK ABOUT IS THE WIDER PICTURE FOR TRADE AS WE MOVE BEYOND THIS PRESENT ROUND OF NEGOTIATIONS.

I SHOULD PREFACE MY REMARKS BY SAYING THAT I SHALL BE SPEAKING IN A PERSONAL CAPACITY AND THAT WHAT I SHALL SAY SHOULD NOT BE TAKEN AS BEING OFFICIAL COMMISSION POLICY.

I SHOULD ALSO ADD THAT I DO NOT SPEAK AS AN EXPERT IN TRADE MATTERS BUT SIMPLY AS ONE WHO HAS BEEN WATCHING AND OBSERVING THE TRADE DEVELOPMENTS AND TRADE NEGOTIATIONS OF THE PAST FEW YEARS.

THE ONLY SIGN THAT I AM SPEAKING AS A DIPLOMAT IS ALREADY EVIDENT IN MY ADMISSION THAT I KNOW NOTHING ABOUT THE SUBJECT.

LET ME BEGIN BY SAYING THAT I DO NOT CONSIDER TRADE TO BE SIMPLY A MATTER OF ECONOMICS, OF THE FREE PLAY OF MARKET FORCES INTERNATIONALLY. IN A TEXTBOOK WORLD PERHAPS IT SHOULD BE BUT WE ALL KNOW THAT IT IS NOT.

IF INTERNATIONAL TRADE WERE ONLY A QUESTION OF ECONOMICS THEN THE MTN WOULD HAVE BEGUN AND ENDED AS AN EXERCISE IN TARIFF CUTTING. AND WOULD PROBABLY HAVE BEEN OVER A LOT SOONER.

AS IT WAS, THE REAL MEAT OF THE NEGOTIATIONS CONCERNED DRAWING UP A SERIES OF CODES; ALL OF WHICH ARE AIMED AT COUNTERING THE DISTORTING EFFECT ON TRADE OF GOVERNMENT INTERVENTION IN THE INTERNATIONAL MARKETPLACE.

THE CODE ON STANDARDS WHICH SEEKS TO PREVENT GOVERNMENTS INTRODUCING

SUPPOSEDLY BENEFICIAL TECHNICAL STANDARDS WHICH MAY RESULT IN SHUTTING OUT IMPORTS.

THE CODE ON GOVERNMENT PROCUREMENT, THE CODE ON SUBSIDIES, THE CODE ON CUSTOMS VALUATION: ALL ARE AIMED AT CHECKING THE KIND OF GOVERNMENT BEHAVIOUR THAT WE KNOW CAN HAMPER AND HINDER FREE AND FAIR TRADE. AND BECAUSE THESE NEGOTIATIONS WERE ABOUT REGULATING GOVERNMENT BEHAVIOUR THEY WERE POLITICAL AS WELL AS ECONOMIC NEGOTIATIONS. AN ILLUSTRATION OF THE FACT THAT TRADE IS ESSENTIALLY A MATTER OF POLITICS AND HAS TO BE DEALT WITH AS SUCH.

GIVEN THIS FACT, WAYS HAVE TO BE FOUND, NECESSARILY AT THE INTERNATIONAL LEVEL, TO IDENTIFY AND TO LIMIT THE DISTORTING EFFECTS THAT POLITICS AND GOVERNMENT PRACTICE MAY HAVE ON INTERNATIONAL TRADE. TO DO SO MAY MEAN MEETING POLITICS WITH POLITICS. IT MAY MEAN INTERVENING TO COUNTER INTERVENTION.

I HAVE ALREADY MENTIONED THE PROBLEMS OF A POLITICAL ORIGIN THAT WE HAVE SOUGHT TO DEAL WITH THROUGH THE CODES THAT EMERGED FROM THE TOKYO ROUND. BUT IN THE FUTURE WE SHALL BE FACED WITH A NEW SET OF PROBLEMS, ALSO POLITICAL IN ORIGIN, THAT WILL TEND EITHER TO DISTORT TRADE OR TO STRAIN RELATIONS BETWEEN THE WORLD'S TRADING PARTNERS.

FIRST THERE IS THE FACT THAT THE OLD ORDER, IN WHICH INDUSTRIALISED COUNTRIES TRADED WITH ONE ANOTHER AND WHOSE MAIN BENEFIT WAS THE OPTIMAL ALLOCATION OF RESOURCES AMONG THEMSELVES, NOW HAS TO BE SEEN AS A THING OF THE PAST.

TODAY WE LIVE IN A WORLD WHERE A SIZEABLE NUMBER OF THE TRADING PARTNERS ARE NATIONS IMPATIENT WITH THEIR OWN PACE OF DEVELOPMENT AND EAGER TO CATCH UP AS FAST AS THEY CAN.

TO DEVELOP THEIR ECONOMIES THEY WILL BOOST THEIR TRADE, EITHER INTERNALLY OR EXTERNALLY AND THEN MORE OFTEN THAN NOT ON A ONE-WAY BASIS. THE MEANS OF DOING THIS MAY INVOLVE ANY NUMBER OF DEVICES FROM DEVELOPMENT SUBSIDIES TO EXPORT STIMULATION.

THEIR GOVERNMENTS FEEL, FOR UNDERSTANDABLE REASONS, THAT THEY CAN WASTE NO TIME IN REACHING THE LEVELS OF DEVELOPMENT ATTAINED BY THE OLD INDUSTRIALIZED WORLD.

THE TEMPTATION IS TO GO HELL FOR LEATHER, TO SPEED UP THE PROCESS FASTER THAN IF IT WERE LEFT TO THE RELATIVELY SLOW PACE SET BY THE NORMAL INTERPLAY OF ECONOMIC FORCES.

QUITE APART FROM THE OVERHEATING THAT THEIR OWN ECONOMIES MAY SUFFER, THE EFFECT ON WORLD TRADE CAN BE ONE OF DISTORTION AND IMBALANCE.

THE SECOND WAY IN WHICH TRADE AND POLITICS HAVE BECOME ENTANGLED, IS IN A SYSTEM THAT I WOULD CALL "IMPERFECT COMPETITION."

THERE IS NOTHING VERY NEW IN SUCH A SYSTEM AND IN FACT IT IS ONE THAT DEVELOPING COUNTRIES HAVE LEARNT FROM US. I REFER TO PRODUCER CARTELS.

WHILE IN THE INDUSTRIALISED WORLD PRODUCER CARTELS HAVE TENDED TO EXIST WITHIN COUNTRIES OR, IF MULTINATIONALLY, AT LEAST BETWEEN COMPANIES; IN THE DEVELOPING WORLD THEY HAVE EXISTED AND, I SUSPECT, WILL CONTINUE TO EXIST BETWEEN GOVERNMENTS.

THE PRIME EXAMPLE IS OF COURSE OPEC. WHAT WE SEE IS A SUDDEN TRANSFER OF RESOURCES IN FAVOUR OF THE CARTEL COUNTRIES. IT IS NOT A TRANSFER THAT TAKES PLACE BECAUSE OF NORMAL MARKET FORCES. IT IS A TRANSFER THAT IS WILLED POLITICALLY.

AS IT TAKES PLACE IT IN TURNS CALLS FOR A RAPID REORIENTATION OF EXPORTS BY CONSUMER NATIONS.

SUDDENLY TRADE WITH THE OIL PRODUCERS BECOMES OF PARAMOUNT IMPORTANCE.

WE ARE TREATED TO THE SPECTACLE OF A SUCCESSION OF OUR GOVERNMENTS RUSHING TO CONCLUDE SO-CALLED COOPERATION AGREEMENTS AND THEREBY SECURING WHAT THEY HOPE WILL BE A PRIVILEGED POSITION. THIS FORM OF BARTER, BASED ON FEAR, HAS VERY LITTLE TO DO WITH THE FREE EXCHANGE OF GOODS FOR MUTUAL BENEFIT.

BUT THIS IS NOT TO SAY BY ANY MEANS THAT WE IN THE INDUSTRIALISED COUNTRIES HAVE AN ALTOGETHER UNBLEMISHED RECORD. ONE MIGHT MENTION IN PASSING HERE WHAT WE PERMIT OR EVEN SUPPORT IN THE CONDUCT OF MULTINATIONAL COMPANIES. ONE MIGHT ALSO MENTION THE ACTIONS THAT OUR GOVERNMENTS TAKE UP TO PROP UP OR TO ARREST THE DECLINE

OF SUCH INDUSTRIES AS SHIPBUILDING, STEEL, TEXTILES, FOOTWEAR, AND NOW PERHAPS EVEN THE AUTOMOBILE INDUSTRY: ACTIONS WHICH NOT ONLY DISTORT OUR ECONOMIES INTERNALLY BUT HAVE THEIR IMPACT ON TRADE.

SUCH ACTION IS PROMPTED AT SOURCE BY POLITICAL CONSIDERATIONS - THE LOSS OF JOBS THAT WOULD BE SUFFERED WERE IT NOT TO BE TAKEN; THE EFFECT ON PARTICULAR REGIONS AND CONSTITUENCIES IN OUR COUNTRIES.

THE PROBLEM OF THESE DECLINING INDUSTRIES IS NOT EXCLUSIVE TO ANY ONE COUNTRY.

WE NOW ACCEPT THAT IT IS A COMMON PROBLEM IN THE COMMUNITY THOUGH WE MAY HAVE SOME DIFFICULTY IN AGREEING ON A COMMON SOLUTION.

IN THE COMMUNITY WE CERTAINLY VIEW IT AS A PROBLEM SHARED BETWEEN OURSELVES AND THE UNITED STATES.

IT MAY ALSO VERY WELL BECOME A PROBLEM SHARED BETWEEN THE COMMUNITY, THE UNITED STATES AND JAPAN.

THE PROBLEM IN THE CASE OF THE INDUSTRIAL SECTORS I HAVE MENTIONED IS THAT THEY HAVE ALL REACHED A POINT WHERE PARTS OF THEM, AND SOMETIMES THE MOST IMPORTANT PARTS, HAVE CEASED TO BE COMPETITIVE, EITHER BECAUSE OF OVEROPTIMISTIC INVESTMENT LEADING TO SURPLUS CAPACITY, OR BECAUSE OF A FAILURE TO MODERNISE, OR BECAUSE NEW PRODUCERS, MORE EFFICIENT PRODUCERS HAVE EMERGED ON THE WORLD MARKET.

IN SUCH A SITUATION IT IS USUALLY POLITICALLY IMPOSSIBLE FOR GOVERNMENTS TO ALLOW THE FORCES OF THE FREE MARKET TO PERFORM THE TASK OF RATIONALISING SUCH INDUSTRIES.

AT THE ONE EXTREME GOVERNMENTS WILL ATTEMPT TO FREEZE THE PARTICULAR

INDUSTRY AT ITS CURRENT SIZE; OR THEY WILL ATTEMPT TO MANAGE A REDUCTION IN JOBS AND CAPACITY IN AS HUMANE AND RATIONAL A WAY AS POSSIBLE.

IN EITHER CASE, DURING THE TRANSITIONAL PHASE, THERE IS BOUND TO BE AN EFFECT ON INTERNATIONAL TRADE.

AT WORST IT CAN MEAN OUTRIGHT PROTECTION AND A BAN ON IMPORTS; OR IT CAN MEAN SOME OTHER FORM OF IMPORT CONTROL SUCH AS QUOTAS, ORDERLY MARKETING AGREEMENTS, TRIGGER PRICES, OR SURCHARGES. WHATEVER IT IS FELT HAS TO BE DONE WILL MEAN THAT LIFE APPEARS TO THOSE INDUSTRIES TO BE MORE FAIR BUT IT ALSO MEANS THAT TRADE IS BOUND TO BE LESS FREE.

PROTECTIONISM IS POLITICALLY TEMPTING. IT IS EASY TO IMPLEMENT, ITS IMPACT IS QUICKLY FELT AND THEREBY GIVES AN IMMEDIATE

RELIEF TO POLITICAL PRESSURES OR ACUTE RACIAL PROBLEMS. BUT IN OUR INDUSTRIALISED COUNTRIES IT OBVIOUSLY CANNOT SOLVE THE REAL PROBLEMS.

THE ADJUSTMENT OF OUR ECONOMIES REQUIRES EFFORTS IN AND BETTER CLIMATE FOR INNOVATION, RESEARCH AND DEVELOPMENT, INCREASED INVESTMENTS IN NEW TECHNOLOGIES; ONCE AGAIN POLITICAL OPTIONS ARE INVOLVED.

I SHOULD ALSO MENTION AGRICULTURE AND HERE AGAIN IN THE INDUSTRIALISED WORLD NONE OF US CAN SAY THAT WE ARE INNOCENT.

THE WAYS IN WHICH WE ALL SUPPORT OUR FARMERS AND TRY TO ENSURE SECURITY OF SUPPLY FOR OUR CONSUMERS MAY DIFFER BUT THE FACT IS THAT WE ALL DO IT AND FOR SIMILAR REASONS.

WE ALL ACCEPT THAT AGRICULTURE IS TOO BASIC AND VITAL AN INDUSTRY TO BE LEFT

TO THE VAGARIES OF A FREE MARKET IN WHICH CLIMATE AND DISEASE CAN BE FACTORS; A MARKET, MOREOVER, WHICH IS OFTEN CHARACTERISED BY VIOLENT PRICE FLUCTUATIONS. AND WE ALL ACCEPT, WITH VARYING DEGREES OF ENTHUSIASM, THAT INTERNATIONAL TRADE IN FARM PRODUCTS WILL NEVER BE WHOLLY FREE AND WILL ALWAYS BE SUBJECT TO POLITICAL CONSTRAINTS.

THE LAST AREA I WOULD MENTION IN WHICH TRADE AND POLITICS BECOME ENTWINED IS ONE WHERE TRADE BECOMES A TOOL OF PURE POLITICAL CHOICES.

IT IS AN AREA WHERE POLITICIANS, NOT BUSINESSMEN, ASK THEMSELVES - WILL TRADE FURTHER OUR POLITICAL OR STRATEGIC RELATIONS WITH THIS COUNTRY OR ANOTHER.

THE BOTTOM LINE OF THE BALANCE SHEET IS NOT MARKED IN DOLLARS AND CENTS BUT IN THE CURRENCY OF GEOPOLITICAL AND STRATEGIC ADVANTAGE. THE EXPRESSION

"MOST FAVOURED NATION" TAKES ON A
DISTINCTIVE POLITICAL RING.

SUCH A POLITICAL VIEW OR USE OF
TRADE ALSO EXISTS IN THE QUESTION OF
WHETHER WE TRADE OR NOT WITH A PARTICULAR
COUNTRY WITH WHOM WE DO NOT SEE EYE TO EYE
ON MORAL OR POLITICAL QUESTIONS SUCH AS
HUMAN RIGHTS. WE MAY INDEED GO SO FAR AS
TO IMPOSE TRADE SANCTIONS AGAINST A COUNTRY
THAT HAS OFFENDED THE INTERNATIONAL
COMMUNITY.

IN SUCH CASES TRADE BECOMES WHOLLY
AN INSTRUMENT OF POLITICS AND LOSES ALL
ITS ECONOMIC CHARACTER.

THIS IS NOT TO DECRY THE MIXING OF
POLITICS AND ECONOMICS IN THE TRADE BREW.
IT IS TO KEEP OUR EYES OPEN TO THE REALITY
OF THE WORLD IN WHICH WE LIVE AND TO BASE
OUR ACTIONS ON THAT REALITY.

AFTER ALL, IN THE EUROPEAN COMMUNITY ITSELF, IN THE VERY CREATION OF THE COMMON MARKET THERE WAS AND IS A VERY POLITICAL CONTENT: THE INCREASED SOLIDARITY BETWEEN OUR MEMBER STATES.

WE ALWAYS SAW TRADE BARRIERS NOT SIMPLY AS AN ECONOMIC INCONVENIENCE BUT AS BARRIERS THAT SEPARATED PEOPLE: PEOPLE WITH A COMMON HERITAGE AND A COMMON DESTINY.

IT IS TRUE THAT OUR POLITICAL GOAL WENT HAND IN HAND WITH A GREATER LIBERALISATION OF TRADE BETWEEN OUR COUNTRIES AND AN INCREASINGLY FREE PLAY OF MARKET FORCES. BUT HAVING DONE THAT, WE THEN HAD TO TAKE POLITICAL DECISIONS TO DEAL WITH THE FALLOUT FROM FREER TRADE.

AS THE WINDS OF COMPETITION BLEW, IT WAS AND IS INEVITABLE THAT JOBS WOULD BE LOST AND THAT THE POORER REGIONS OF THE

COMMUNITY WOULD HAVE A HARD TIME KEEPING PACE. FOR THAT REASON WE HAVE SOCIAL AND REGIONAL POLICIES TO DEAL WITH THE CRUELER CONSEQUENCES OF AN OPEN TRADING SYSTEM.

SUCH POLICIES NATURALLY INVOLVE FINANCIAL TRANSFERS FROM THE RICH TO THE POOR SO THAT ALL CAN BE FULL AND EQUAL PARTNERS IN A COMMON ECONOMIC SYSTEM. AND BUDGETARY TRANSFERS NATURALLY MEAN THAT POLITICS ENTER INTO THE PICTURE.

THE COMMUNITY ITSELF SERVES AS A GENERAL ILLUSTRATION OF THE POINT THAT TRADE AND POLITICS ARE INVARIABLY INSEPARABLE.

BUT TO RETURN TO THE PARTICULAR AREAS I MENTIONED BEFORE: ARTIFICIALLY STIMULATED ECONOMIC ACTIVITY, IMPERFECT COMPETITION, SUPPORT OR PROTECTION FOR AILING INDUSTRIES AND AGRICULTURE, AND THE USE OF TRADE AS A POLITICAL WEAPON.

THESE INTERFERENCES HAVE IN COMMON THE FACT THAT THEY ALMOST INEVITABLY LEAD TO A DISTORTION OF INTERNATIONAL TRADE. ALTHOUGH RELATIVELY EASY TO IDENTIFY IT IS PERHAPS HARDER TO SEE HOW WE CAN MINIMISE THEIR IMPACT AND REDUCE THE DISTORTIONS THEY INTRODUCE.

LET ME, HOWEVER, SUGGEST THREE WAYS IN WHICH WE MIGHT SET ABOUT TACKLING THEM.

FIRST, THERE IS THE MANNER IN WHICH WE SHOULD VIEW THESE DEVELOPMENTS. THIS IN A SENSE IS A PASSIVE RESPONSE. OUR OWN AWARENESS OF THESE TRENDS, THE WAY IN WHICH WE CHOOSE TO REACT TO THEM WILL BE AN IMPORTANT FACTOR IN DETERMINING THEIR OUTCOME.

PERHAPS AS INDUSTRIALISED COUNTRIES WE HAVE TO ACCEPT IN PART THAT OUR ECONOMIC PHILOSOPHY, AS WE HAVE CLAIMED TO PRACTICE IT, IS NO LONGER THE SOLE NORM OF INTERNATIONAL TRADE.

IN PARTICULAR WE SHOULD ACCEPT THE VIEW, WITH OPEN EYES, THAT INTERNATIONAL TRADE CAN AND WILL BE USED TO ADJUST THE LEVEL OF DEVELOPMENT BETWEEN THE ADVANCED AND LESS ADVANCED COUNTRIES.

SECOND, A MORE ACTIVE RESPONSE, WE HAVE TO ENTER INTO A DIALOGUE WITH THE DEVELOPING COUNTRIES WHICH WILL LEAD TO CONSULTATION AND COOPERATION.

THE ECONOMIC AUTHORITIES OF DEVELOPED AND DEVELOPPING WORLDS, OF THOSE WHO CONSUME AND OF THOSE WHO PRODUCE WILL HAVE TO CONSULT WITH ONE ANOTHER SO THAT DEVELOPMENT GETS ON A TRACK WHERE THE PRODUCTION OF GOODS WILL FIND A MARKET.

IN OTHER WORDS WE HAVE TO SHARE INFORMATION ON MARKET OPPORTUNITIES AND OUR RESPECTIVE INVESTMENT PLANS.

THUS, FOR EXAMPLE, IF OUR TRADING PARTNERS IN THE DEVELOPPING WORLD ARE FULLY

AWARE OF THE PROBLEMS WE FACE, SAY, IN TEXTILES, THEY CAN TAKE ACCOUNT OF THAT IN CHOOSING WHETHER TO INVEST IN SUCH A SECTOR OR IN WHICH PART OF IT.

CONVERSELY, BY HAVING DETAILED KNOWLEDGE OF SECTORS OF OUR MARKET WHERE SUPPLY IS WEAK THEY WILL BE ABLE TO PLAN ACCORDINGLY.

SUCH A DIALOGUE WILL REQUIRE CERTAIN SACRIFICES ON THE PART OF THE INDUSTRIALISED NATIONS. IT WILL REQUIRE THEM TO OVERCOME THEIR RELUCTANCE TO ACCEPT THAT SOME OF THEIR INDUSTRIES MAY FOR THE LONG TERM NO LONGER BE COMPETITIVE; IN TERMS OF COSTS IN LABOUR, RAW MATERIALS OR THE ENVIRONMENT. THE INDUSTRIALISED COUNTRIES MAY HAVE TO BE PREPARED TO TRANSFER SUCH INDUSTRIES OR PARTS OF THEM TO THE DEVELOPING COUNTRIES.

SUCH A DIALOGUE, WITH GOVERNMENTS GETTING TOGETHER TO PLAN FUTURE ECONOMIC

ACTIVITY, MIGHT APPEAR TO INTERFERE OR BE IN CONFLICT WITH THE PRINCIPLES OF THE FREE MARKET.

I WOULD POINT OUT THE VERY PURPOSE OF SUCH CONSULTATION WOULD BE TO LAY THE BASIS FOR A FREER TRADING RELATIONSHIP THAN THAT WHICH CURRENTLY EXISTS. WITHOUT SUCH CONSULTATIONS THE INTERFERENCES AND RIGIDITIES THAT I REFERRED TO EARLIER WILL ONLY PERSIST AND MAY INDEED WORSEN.

THE SAME IS TRUE OF THE SECTORAL PROBLEMS THAT WE FACE IN THE INDUSTRIALISED WORLD. BECAUSE OF THEIR INTERNATIONAL RAMIFICATIONS, THESE PROBLEMS HAVE TO BE DEALT WITH AT THE INTERNATIONAL LEVEL THROUGH CONSULTATION AND IN A SPIRIT OF COOPERATION RATHER THAN CONFRONTATION.

MORE AND MORE OUR GOVERNMENTS SEE THE NEED FOR INDUSTRIAL POLICIES TO COPE WITH THE PROBLEMS OF OLDER INDUSTRIES AND

TO PLAN FOR THE INDUSTRIES OF THE FUTURE. ALTHOUGH THE THRUST OF SUCH POLICIES IS ESSENTIALLY DOMESTIC, THEY WILL BE BOUND TO HAVE AN EXTERNAL IMPACT. FOR THAT REASON WE SHOULD BE PREPARED TO TALK TO ONE ANOTHER ABOUT WHAT WE ARE DOING AND THE WAY IN WHICH WE ARE DOING IT. THERE HAS TO BE AN ELEMENT OF INTERNATIONAL COORDINATION IN INDUSTRIAL POLICY AND FOR THERE TO BE COORDINATION THERE HAS TO BE TRANSPARENCY.

TO QUOTE ONE EXAMPLE WHERE WE ARE ALREADY MAKING A START IN THIS DIRECTION - THE OECD STEEL COMMITTEE; BORN OF THE NEED TO DEAL WITH A WORLDWIDE CRISIS IN THE STEEL INDUSTRY WHICH WAS THREATENING AND MAY STILL THREATEN TO SOUR RELATIONSHIPS THROUGHOUT THE INDUSTRIALISED WORLD.

IN TANDEM WITH SUCH CONSULTATIONS WE ALSO HAVE TO SET PROPER LIMITS TO THE KINDS OF GOVERNMENT INTERFERENCE IN INTERNATIONAL TRADE THAT I MENTIONED

EARLIER. THIS IS WHAT I MEANT WHEN I TALKED AT THE BEGINNING ABOUT INTERVENING TO CONTROL INTERVENTION. SUCH LIMITS HAVE TO BE AGREED TO INTERNATIONALLY AND THEN MONITORED AND ENFORCED INTERNATIONALLY. WE HAVE TO CREATE WHAT, IN THE COMMUNITY, WE CALL THE INSTITUTIONALISED MARKET, A MARKET THAT IS KEPT AS FREE AS POSSIBLE BY INTERNATIONAL SUPERVISION AIMED AT CHECKING PRACTICES THAT MIGHT RESTRICT THAT FREEDOM.

IN OTHER WORDS WE NEED INTERNATIONAL TRADE ORGANIZATIONS WITH BOTH A WIDE VISION OF FUTURE ECONOMIC DEVELOPMENTS AND WITH LONG, SHARP TEETH.

THERE MAY BE THOSE WHO, FOR THEIR OWN REASONS, WOULD SAY THAT ANY FORM OF SUPERVISION REPRESENTS AN INTERFERENCE WITH THE FREE WORKING OF THE SYSTEM.

THE EXPERIENCE OF THE UNITED STATES WITH THE FEDERAL TRADE COMMISSION AND THE INTERSTATE COMMERCE COMMISSION AND OF THE COMMUNITY WITH ITS COMMISSION SUGGESTS OTHERWISE

SUCH INSTITUTIONS ARE NECESSARY TO COUNTER RESTRICTIVE PRACTICES AIMED AT SHORTCUTTING THE WORKINGS OF THE FREE MARKET; BE THEY THE RESTRICTIVE PRACTICES OF GOVERNMENTS OR OF BUSINESSES.

WITH THE RIGHT MANDATE THEY CAN LIMIT THE EXTENT TO WHICH GOVERNMENTS OR BUSINESS DISTORT THE NORMAL OPERATION OF THE MARKET PLACE BY MONOPOLIES, CARTELS, SUBSIDIES, - STANDARDS, PROCUREMENT POLICIES OR ANY OTHER OF THE MEANS BY WHICH THEY MAY TRY TO MAKE LIFE EASIER FOR THEMSELVES.

IN CONCLUSION, I WOULD ARGUE THAT AS WE TACKLE THE PROBLEMS I HAVE MENTIONED WE SHOULD BE GUIDED BY TWO CONCEPTS: THAT

OF SOLIDARITY AND THAT OF COMPETITION.

WE HAVE TO ACCEPT THAT THE WORLD IN WHICH WE LIVE IS BECOMING SMALLER AND SMALLER. THE SMALLER THE BOAT THE GREATER THE NEED FOR SOLIDARITY AMONGST ITS CREW.

AS OUR INTERDEPENDENCE BECOMES MORE AND MORE A FACT OF LIFE, WE NEED TO CONSIDER THE INTERESTS, THE CONSTRAINT AND THE PRIORITIES OF OUR ECONOMIC PARTNERS AND THEN TRY TO INCORPORATE THEM AS A VALID PART OF OUR OWN WAY OF THINKING.

IT WILL BE IN OUR OWN LONG-TERM INTEREST TO DO SO. THE POLITICAL AS WELL AS THE ECONOMIC STABILITY OF OUR TRADING PARTNERS IS AS MUCH IN OUR INTERESTS AS IN THEIRS. THE TWO GO HAND IN HAND. POLITICAL STABILITY IS A PRECONDITION OF PROSPERITY; AND THE ECONOMIC WELL-BEING OF OUR PARTNERS IS A PRECONDITION OF THE EXPANSION AND DEVELOPMENT OR WORLD TRADE. FOR THAT REASON WE HAVE A VESTED INTEREST IN TAKING ACCOUNT

OF THE POLITICAL CONSTRAINTS UNDER WHICH
OUR TRADING PARTNERS MUST OPERATE.

AT THE SAME TIME WE MUST REMAIN
WEDDED TO THE IDEAL OF COMPETITION. IT
REMAINS THE MAIN INCENTIVE TO THE GREATEST
SATISFACTION OF OUR NEEDS AT THE CHEAPEST
COST.

IT CONTINUES TO BRING THE GREATEST
QUALITY OF GOODS AND THE GREATEST MATERIAL
WELFARE FOR THE PARTNERS IN THE INTERNATIONAL
TRADING SYSTEM.

SOLIDARITY WITH COMPETITION MAY
APPEAR TO BE A PARADOX BUT THEY CAN AND
SHOULD EXIST TOGETHER. AS I HAVE TRIED TO
DEMONSTRATE, TRADE IS A MATTER OF AND FOR
POLITICS. IT IS THROUGH THE SKILFUL EXERCISE
OF THE ART OF POLITICS, AN ART WHOSE VERY
ESSENCE IS THE BALANCING OF APPARENT
OPPOSITES, THAT WE SHALL HAVE TO RESOLVE
THAT PARADOX.