

similar as between different countries. A round of non-tariff bargaining on a multilateral basis is therefore something of a nightmare to contemplate. Nevertheless its possibilities and limitations must be explored if any further freeing of trade is to be attempted. In the second place, most of the practices involved are widely regarded as matters of domestic policy and pressure from foreign countries to alter them is consequently resented as interference.

The approach of the E.E.C. to this question is of very special interest. Although in the early days of the Community the common external tariff was seen as the essential instrument for forging future unity, as the work has proceeded, the task of reaching common economic policies and of harmonising such things as tax systems and transport arrangements has come to seem more important still. Indeed it is sometimes said that the elimination of internal tariffs could never have been accepted by the member states had the Community not also begun to secure greater standardisation over a wide range of economic activity. There is nothing surprising in this when one remembers that the object of the Six in coming together was always to form an economic community, the Common Market being only one of the means for achieving it.

In the light of its experience so far, the Community looks with growing disfavour on any policy which aims simply to abolish tariffs without imposing any form of common economic discipline. A Free Trade Area, it is contended, is a nineteenth century concept. The concept appropriate to the twentieth century is economic union, which permits the taking of responsibility not just for foreign trade but for such purposes as stability, growth, currency strength and full employment.

So far as E.E.C. itself is concerned, it is hard to challenge this doctrine or to deny that, whatever may have been the case at the start, other things are now more important than the common external tariff in holding the Community together at least in the sense that it is only the existence of the common tariff and not any particular level of tariff that now matters from this point of view. But in applying this to wider groupings, such as the Atlantic nations or the members of O.E.C.D., for whom common political and economic institutions are either impossible or a rather distant dream, the implications require careful thought.

What limitations, for instance, does this doctrine place upon the elimination of tariffs among a group of countries which are not contemplating economic union? May it be that the willingness of the constituent parts to work towards conformity over a wide range of essentially domestic matters is the limiting factor which determines how far the group can usefully attempt to go in abolishing external barriers to trade? I had this in mind when I reflected earlier that if the target for the Kennedy Round had been a tariff reduction of 100% instead of 50%, differences of fundamental doctrine might well have been exposed.

NORTH ATLANTIC FREE TRADE AREA

It is in this context that I wish to revert briefly to the proposal for a N.A.F.T.A. In view of the E.E.C.'s attitude which I have attempted to describe, it is inconceivable that the Community would join such a body, either initially or at a later stage. For Britain and some or all the members of EFTA, to join the NAFTA would be the surest way of making permanent the present division of the Six and the Seven within Western Europe, and of inviting the very separation of E.E.C. from North America which it is one of the objects of Western trading policy to prevent.

It will be, in my view, much wiser and more realistic to cling to the concept embodied in the Old Grand Design, namely that there should be a genuine community on each side of the Atlantic, and that the economic relationship between the two should be as free and non-discriminatory as persistent negotiations can make it. Britain should form part of the European Community and if at first she cannot get in, it is nevertheless worth her while to wait. The lowering of tariffs as a result of the Kennedy round will make the waiting period less difficult for Britain than it would otherwise have been.

I can imagine a pattern of this kind creating in due course a genuine, if institutionally limited, unity within the Atlantic world, whereas the NAFTA solution, if it were to be accepted by governments, which at present I do not expect, would in my view lead only to a dangerous fragmentation and would risk a lasting estrangement of Britain from the Community.