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International Trade Institutions and Techniques for Reform

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*III. RESOURCE SCARCITY: INTERNATIONAL TRADE
AND FINANCE REFORMS*

**INTERNATIONAL TRADE
INSTITUTIONS AND TECHNIQUES
FOR REFORM**

GABRIEL WILNER

I have a few remarks in response to the major talks dealing with present international trade institutions and rules and possible techniques for reform.

There is undoubtedly a need for stability in institutions and rules of law which serve as a framework for international trade. The main issue, it would appear, is whether only limited aspects of international trade will be the subject of international institutions and rules or whether most if not all the elements of international trade will be brought within a world-wide multilateral framework.

The discussion by the participants on this panel has been largely circumscribed by the basic notions that appear in the GATT instrument and in the Trade Act of 1974, namely, facilitation of trade. Tariff and non-tariff barriers continue to constitute a fundamental problem in trade, but they comprise only one of a number of problem areas.

In the developing world, producers of raw materials are concerned primarily with obtaining a fair or reasonable price for their products. That negotiations have led to the diminishing or removal of tariff barriers to the importation by developed states may be welcomed by the producers of the raw materials. Yet such actions will not significantly help the producers get a reasonable price for their raw product exports. The producers need positive action with respect to price, that is, the terms of trade. The problem, then, is how to structure institutions and rules that will be responsive in a positive manner to the needs of the producers of primary products. The leaders of the developing world are aware of the absence of effective

institutions and rules to meet their desperate need for prices that reflect the cost of essential economic development. These leaders speak today of collective self-reliance; this term really means confrontation—political confrontation for the purpose of dealing with economic matters.

This confrontation between the producers and the consumers of primary products is now the subject of intense and urgent discussion in the West because we are anxious about the actual or potential scarcity of primary products caused either by the action of producer states in withholding primary products from the market or in depleting these products. The developing world has long lived with scarcities in manufactured products, in know-how, and in technology caused by its inability to pay for them. It appears to me that if developing states join together to procure prices for particular commodities that will assist them in making what the West has to offer less scarce, it is unfair to condemn them as evil groupings whose purpose is to create scarcities in the world for the purpose of disrupting the economies of the West. This characterization is to be found in the 1974 Trade Act which categorically refuses trade preferences to those developing countries which have tried collective self-reliance.

The tensions which exist between the need of producers of primary products to obtain a reasonable price and the need of the industrial consumers to be assured of sufficient amounts of primary products must be brought under control through institutions and legal rules that will reshape confrontation into negotiation and then, perhaps, even into cooperation. Only international planning within the framework of generally acceptable rules and institutions will bring about the type of stability that will largely depoliticize international economic relations.