

COMMENTS OF THE INTERNATIONAL CO-OPERATIVE ALLIANCE
ON THE DRAFT CHARTER OF THE ITO

The International Co-operative Alliance, having participated in the work of the Preparatory Committee in London and Geneva, greets the progress of this work with satisfaction and sets great hopes on its accomplishment at the full Conference on Trade and Employment now meeting in Havana. ICA that was founded in 1896 and now unites national federations of commerce and small producers in more than thirty countries with a membership of eighty four million families, in its policy regarding international trade has always favoured the principle of freedom in international trade relations and of ensuing facilities for all nations to have equal access to the productive resources of the earth with a view to raising their wealth and improving the standard of living of the broad masses.

In a Resolution, adopted at the Congress of the ICA at Zurich, Switzerland, in October 1946, the ICA expressed its wholehearted support of the main ideas embodied in the establishment of the ITO, the materialization of which would substantially contribute to the attainment of the chief aim of the United Nations Organization, the maintenance of an enduring peace. At the Conferences of the Preparatory Committee in London and Geneva the representatives of the ICA accordingly in their comments on the different Chapters of the Charter gave expression to the attitude of the ICA in favour of freer international trade and opportunities for all forms of enterprises to enjoy that freedom.

The attention of the ICA at this Conference is mainly directed to Chapters V and VI of the Draft Charter.

Regarding Chapter V the ICA shares the conception that its provisions, appropriately and effectively implemented, may prove helpful in preventing misuse of monopolistic powers by national and international cartels and combines detrimental to the general interest of the consumers. The extensive use of the publicity instrument provided for by this Chapter will no doubt have the effect of directing the attention of the organized consumers to more obvious and widespread cases of abuse and thereby giving rise to the

rise to the establishment of consumer-owned enterprises in branches of production already monopolized or on their way to monopolization as well as of new enterprises within the private section of trade and industry. The consumer-owned new enterprises in monopolized branches evidently offer particularly valuable guarantees for the maintenance of the public interest, as they are a practical expression of the primary interest of the consumers in the lowest possible price and consequently cannot under any circumstances be imagined joining the cartels. Generally the provisions for investigations of complaints contained in Chapter V seem to the ICA to be apt to provide reasonably good facilities for giving publicity to restrictive business practices constituting a menace to the general consumer interest.

In the first line the ICA is eager to offer its consultation to the fullest possible extent to enable an effective implementation of the provisions of Chapter V.

In the history of consumers co-operation there are numerous examples of co-operative organizations having rendered very valuable practical assistance in checking misuse of monopolistic power by cartels and combines. They have successfully combated powerful combinations of a monopolistic character, compelled them to readjust their prices to the new conditions of competition and gained valuable concessions from them in the public interest. The benefits thereof have also been extended to private enterprises in the branches affected in the form of larger turnover and a rising volume of employment, normal profit opportunities having been retained at the same time.

In many countries Governments have been looking upon the national co-operative organizations - consumers' or agricultural - as one of their most valuable allies in maintaining the public interest against monopolistic outgrowths in private enterprise. In some cases actions taken by them have been positively encouraged by the Government, and there are also cases when, in combating international cartels and combines aiming at gaining the domination of the national industry, they have joined hands with private enterprises anxious of maintaining free competition with a view to increasing their production and obtaining a larger market.

In many countries the co-operative organizations have thus become engaged in production on a very big scale. Even international co-operative productive enterprises have been set up, owned and operated jointly by groups of national co-operative organizations to be able to cope more effectively with restrictive business practices carried on by international
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cartels and combines. They have thus been able to collect extensive and many-sided information on the particulars and tendencies of restrictive activities practiced by almost all kinds of monopolistic combinations. The ICA has every reason to believe that a continuous supply of information in this field would be in the interest of the ITO. No doubt other non-governmental organizations, Category A, concerned with matters relating to industrial life and international trade, may also be expected, by continuous supply of their experiences to contribute effectively to the future work of the ITO in controlling and studying restrictive business practices.

Facilities for consultation with the non-governmental organizations have, it is true, not been overlooked by the Draft Charter. Article 84, paragraph 2, provides that:

"the organization may make suitable arrangements for consultation and co-operation with non-governmental organizations concerned with matters within the scope of this Charter."

Even if, in its present formulation, this provision leaves it entirely to the organization to decide whether it will make use of this consultation or not, the ICA is fully convinced that such consultation and co-operation will, in most cases, be expressly asked for by the Executive. Still the ICA is of the opinion that the practical task of the ITO in arranging for continuous consultation with the non-governmental organizations would be considerably facilitated, if more detailed provisions to this end were to be inserted in the Charter, specifying with regard to Chapter V - the procedures for the participating in a consultative capacity of the non-governmental organizations interested in the investigations of complaints (Article 45) and the study conferences provided for by Article 46, paragraph 2 (b) "to discuss any matters relating to restrictive business practices affecting international trade". If the notification of a complaint and the ensuing hearings provided for by Article 45, paragraph 5, and the invitations for Study Conferences in Article 46, 2 (b) were to include also the non-governmental organizations interested, the facilities for a full and continuous supply of information from these quarters would, in the opinion of the ICA, be automatically guaranteed.

With regard to Chapter VI the ICA will, in brief, repeat some of the comments presented to the Geneva session of the Preparatory Committee. The underlying ideas of the introduction into the Charter of the Inter-governmental Commodity Arrangements have been considered by the ICA to be,
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on the whole, a valuable integrating part of the Charter. On one hand they aim at protecting the small producers against the effects of sudden slumps and protracted depressions by such measures as are intended to promote economic readjustments in each country affected, aiming at the rising of the general standard of living and the improvement of the material conditions of the different categories of population. On the other hand, agreements of this kind, properly safeguarded, may be said to contain elements of planning of production on an international scale with a view to furthering expansion at long sight, which is altogether in harmony with the policy pursued by and the ideas embodied in the Co-operative Movement as a whole. It is also evident that by having recourse to Inter-governmental Commodity Arrangements as drafted in Chapter VI it may be possible, in varying situations, to avoid taking such actions within the different countries in emergency situations, as would be more or less detrimental to the general purposes to be pursued by the Charter.

It has been perfectly clear to the Preparatory Committee that in drafting the provisions for Commodity Control Agreements they had to provide safeguards with regard to the consumer interests, as the Control Agreements, containing provisions for restrictions of productions or exports or for fixing prices, otherwise might easily have monopolistic effects. According to the opinion of the ICA it might be advantageous to this end to complement the Chapter by a provision aiming at guaranteeing the non-discriminatory treatment of particular buyers by the exporters of commodities involved. Before all Commodity Control Agreements, as all other restrictive commodity agreements of an international scope, are likely to afford an impetus to trading interests in, before all, the exporting countries to combine with a view to gaining special benefits from the market situation created by the agreements. In so far as such tendencies may succeed, this will evidently mean a corresponding reduction of the advantages which the primary producers may expect from the Control Agreements, as well as an unnecessarily increased burden on the ultimate consumers. Against this background the ICA proposed to the Preparatory Committee the insertion of some provision in connection with Chapter VI to

"make it obligatory, under all circumstances in the producing countries to sell to the buyers in all countries willing to pay the current market price and to fulfil other reasonable conditions of the seller."

This would, in reality, imply nothing but the maintenance of the principle of indiscrimination with regard to buyers, which is, in fact, the fundamental
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basis of all policies intended to deal effectively with abuse of monopolistic power and which is also provided for by Chapter V that makes discrimination against particular buyers one of the basic characteristics of restrictive business practices.

It is to be expected that many Governments will have their eyes open regarding the eventual utilization of Control Agreements by trading interests with a view to establishing or reinforcing a monopolistic position in the markets affected. No doubt also the administrative organs, the Commodity Councils, will do their utmost in carrying out the agreements in such a way as to prevent monopolistic forces from unduly benefiting from them. In the opinion of the ICA it might be helpful to these ends if this Chapter of the Charter might be complemented in such a way as to provide for a previous study of monopolistic organizations, particularly those of an international scope of activities, in all branches of production where it is being contemplated to establish Inter-governmental Commodity Agreements.

It would certainly also be helpful for the ITO to have recourse to the fullest possible extent to the consultation of the non-governmental organizations, concerned with the maintenance of the consumer interest as well as with production, industry and international trade in general and having consultative status, Category A, with the Economic and Social Council, in all matters relating to as well the preparations for Inter-governmental Commodity Agreements as their carrying into effect - i.e. in the Study Groups, Commodity Conferences and Commodity Councils. According to the opinion of the ICA this may best be effected by slight editorial changes of Article 55, paragraph 2, Article 56, paragraph 2 and Article 61, paragraph 3 or by an amendment to the same purpose of Article 64,

Finally, the ICA wants to point out that if the suggestions made by the Alliance with regard to a more closely defined consultation in connection with Chapters V and VI will be favourably received by the Conference and, in one form or another, satisfied in reformulation of the respective Chapters, this will also call for a rewording of Chapter VII Article 84, paragraph 3, where it might be appropriate to state that the Organization may also invite the non-governmental organizations to undertake specific tasks, more closely defined in the different provisions of the Charter.
