

SUMMARY RECORD OF THE TENTH PLENARY MEETING

Held at the Capitol, Havana, Cuba, Tuesday, 2 December 1947 at 10.30 a.m.

President: Mr. Sergio I. CLARK (Cuba)

1. FUTURE PROGRAMME OF MEETINGS

The PRESIDENT, referring to document E/CONF.2/INF.27, pointed out that Committee III was scheduled to meet at 10.30 a.m. on 3 December and not Committee II as appeared in that document.

2. GENERAL DISCUSSION (Continued)

Mr. CHIRIBOGA (Ecuador) said his delegation would co-operate fully so that the Charter of the ITO might become a reality. Article I of the ITO Charter called for customs duties and tariffs to be lowered and other protective measures to be abolished. Since the war Ecuador had had to impose restrictions and to institute protective measures, and she could not return to the free trade advocated by the Charter because of the repercussions there would be on her economy and social life. Ecuador had a depreciated currency, and the budget of 300 million sucres needed for the administration and the expenses of the public works and welfare programmes for 3,000,000 inhabitants had largely to be met out of customs revenue.

Ecuador would have difficulties in complying with paragraph 4 of Article 1 of the draft Charter. To reduce tariffs and other trade barriers would mean ruin for the incipient industries of Ecuador and would bring misery to its people unless compensated by concessions.

The delegation of Ecuador would like to see certain amendments introduced into the Charter in order that all countries might achieve the aims set forth in that document. Ecuador was contemplating a Customs agreement with Colombia and Venezuela but if the Charter were adopted as at present drafted that would be impossible.

Mr. BRAGA (Brazil) pointed out that his delegation had taken part in the preparatory work at London, Geneva and New York, and was anxious and willing to co-operate in the creation of an organization which would regulate world trade, thus ensuring prosperity to all peoples and contributing towards the maintenance of world peace.

His delegation was glad to see that certain changes had been made in the first draft of the Charter which was now more flexible. Every effort had been

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made by the delegation of Brazil at London and at Geneva to put forward the views held by Latin American countries, as well as by others, that the standard of living must be raised by national and international measures.

After reviewing the part played by his delegation in the work of drawing up the draft Charter, Mr. Braga emphasized that it was useless to think that the objectives of the Charter could be attained simply by lowering tariffs and destroying trade barriers. It would be necessary to have other measures of co-operation which would help to raise the standard of living and increase the purchasing power of the people. Highly industrialized countries would have to help the less-developed countries.

The International Trade Organization would be the third link in the chain of International economic collaboration - the International Monetary Fund and the Bank for Reconstruction and Development would have to play their part.

The Charter was neither perfect nor complete, and those who were studying it for the first time should do so with great care. All should be fully conscious that prosperity was indivisible and that poverty could be exported.

Mr. CHARLONE (Uruguay) expressed the sincere desire of his delegation to contribute to the setting up of an international trade organization.

The Trade Charter would have to be examined most carefully. Its emphasis should have been on unemployment and on the weaker and less developed nations. The Geneva Draft granted benefits rather to the economically stronger countries at the expense of the less advanced ones.

Uruguay, a small country, had been able to give some aid to the countries devastated by the war.

Undeveloped countries could not open their borders to indiscriminate imports from highly industrialized nations, as they could not compete on equal terms. The Charter limited the rights to a country to impose protective measures and Uruguay could not accept the obligation to obtain permission from ITO to impose or maintain such measures.

Economic co-operation could bring about great improvement in the welfare of nations, but all countries should receive equal treatment under the Charter. His delegation could not agree to a weighted vote nor could it agree to the allocation of permanent posts on the Executive Board of the Organization. Great and small countries should be treated alike.

Mr. MOLINARI (Argentina) expressed his thanks to the Government of Cuba for the magnificent hospitality extended to the Conference. He did not wish to repeat the arguments which had been so ably stressed by previous speakers, but drew attention to the eloquent speech of the representative of Uruguay. The present generation had witnessed two cruel wars; the spectre of a third world war gave urgency to the problems now before the

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Conference. He recalled the Four Freedoms proclaimed by President Roosevelt, which should form the purpose and objectives of the present Conference.

Mr. Molinari, referring to the investment of capital, stated that the attitude of the Argentine could be summed up as a desire for economic peace and co-operation among nations. There were three alternatives: (a) capitalism, (b) totalitarianism, or (c) a "socialized economy" as practised by Argentina. It was obvious that if the relevant provisions of the draft Charter were put into effect, it would lead to the establishment of a capitalist system of world economy. His Government believed that economy and society were integral and that economic and political government should not be placed in different hands.

The present Argentine Government had established a system of government control over credit and exchange, and this position could not be abandoned.

On the question of the world monetary situation, Mr. Molinari said that the monetary system as it functioned in 1914 had not yet been reestablished. 1939 had found almost all countries in a state of penury and the truth was that the whole world was living under the dollar sign. Most of the world's gold was held by the United States, and this constituted a grave problem. Although the Argentine lacked dollars, this was not so important for her as for other countries. But the problem would have to be tackled, if not at the present Conference at least at a world monetary conference which could be held in the near future.

All the countries of South America, with the exception of the Argentine, had been linked to the lend-lease system. In February 1942 a pact of mutual aid had been signed between the United Kingdom and the United States of America, which had been the first step to the present Conference.

Mr. Molinari said that there were now two plans for post-war reconstruction, namely the Marshall Plan and the Molotov Plan. In addition, there was the Peron Plan, in which international cartels would never be permitted to play a part. Two criticisms had been levelled at the Peron Plan - that Argentina was selling her products abroad at prices which were too high, and that Argentine producers were being exploited. Argentine producers had never been so well off and Argentine export products were economically priced. Export statistics showed that wheat and meat to the total amount of 317 million Argentine pesos had been donated freely to countries with food shortages, such as France and Norway, to the International Red Cross and to the Vatican for distribution to starving people.

Argentina had also granted credits to the value of \$1,150,000,000 to Belgium, Spain, Chile, Bolivia, Finland, France, Czechoslovakia, Rumania and Italy. These loans had been carried out through the I.A.P.I. in the  
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currency of the respective countries and constituted a proof of Argentina's philosophy of universalism.

The presence of his delegation did not imply that Argentina accepted the Draft Charter as a fait accompli, since the Charter was a legal instrument to be used in constituting the International Organization as stated in the Preamble. The present Conference was not a parliament but an assembly where all nations were placed on a footing of equality. The absence of Spain was regrettable and that of Russia lamentable since he believed that harmony between all peoples could be reached. Argentina was prepared to make sacrifices in the interest of establishing and maintaining a stable, just and prosperous peace.

Mr. Molinari stressed the hope that Spanish would be recognised as a working language in view of the difficulties and misunderstandings which might arise in the translation of technical terms.

As regards labour standards and full employment, the Draft Charter was too limited in scope.

The Chapter on Economic Development was of primary importance and no mistakes must be made in regard to the economic realities of the world. He emphasised the important progress made by Argentina in the development of her own economy which was no longer subordinate to that of any other country.

Mr. Molinari regretted that voting rights had not been granted to all nations participating in the Conference; he made a general reservation on this point.

Argentina could not agree to the abolition of the I.A.P.I. (Argentine Institute for the Promotion of Commercial Interchange) since otherwise his country's modest contribution to world reconstruction would be destroyed. Argentine was not concerned with the lack of dollars and preferred to have no money in order not to fall into debt.

Mr. Molinari stated that the "most-favoured nation" clause as contained in the Draft Charter established exceptions in favour of a number of countries.

The nations must work loyally together; Argentina desired a cooperative economy and equality of treatment for all peoples. A situation should be reached where every country would have the right to vote as a sovereign nation. There could be no question of permanent seats on the Executive Board of the Trade Organization as had been so rightly stated by the representative of Uruguay. He stressed the importance of freedom and said that there "could be no free man in a slave nation".

Mr. GUTIERREZ (Cuba) emphasised the need for world co-operation in the field of international trade and pointed out that at the present time no country could stand alone.

The ILO, FAO, International Monetary Fund, and International Bank for  
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Reconstruction and Development were all cornerstones in the attempt to organize world economy. Following proposals made by the United States of America, the United Nations had set up the Preparatory Committee on Trade and Employment which had succeeded in drawing up a draft Charter.

To achieve the aims outlined in Article I of the draft Charter it would be necessary, among other things, to ensure a large and steadily growing volume of income; to increase production, consumption and exchange of goods; to lower customs tariffs and other trade barriers and to abolish discriminatory treatment.

The task before the Conference was difficult and delicate. The economies of nations differed widely and their interests had to be reconciled. The Charter should be made elastic. Cuba had imposed certain restrictions and could not remove them without injuring her economy, and that was true of many other small nations.

If the Conference were successful, which the delegation of Cuba hoped it would be, it would have rendered a great service to humanity.

The PRESIDENT said the speeches which had been made at the plenary meetings were a proof of the deep interest taken by all representatives in the complicated task of the Conference. He hoped that the same spirit of goodwill would prevail during the discussions in the Committees and Sub-Committees.

The meeting rose at 1.15 p.m.

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