

UNITED NATIONS INTERNATIONAL TRADE CONFERENCE  
Department of Public Information  
Havana, Cuba

Press Release ITC/29  
25 November 1947

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LEADER OF THE UNITED KINGDOM DELEGATION TO THE UNITED NATIONS  
CONFERENCE ON TRADE AND EMPLOYMENT, HAVANA,

Mr. President,

It is not my intention to keep the Conference for long at this stage. All here are conscious of the very important work that lies ahead and we of the United Kingdom have many problems of our own to solve, a fact which unhappily will mean that I myself shall not be able to stay here throughout.

But I felt that it would be inappropriate, and perhaps discourteous, if I were to say no word on this significant occasion or behalf of my country, which has participated from the beginning in the endeavour culminating in this Conference, an endeavour which owes so much to the initiative of the United States. The early history of this project is well-known, but I should like here to recall the special honour, and pleasure, which was ours to welcome the First Session of the Preparatory Committee to our own dear London. We now come from the Second Session at the beautiful city of Geneva to another hospitable city with a beauty all its own, meeting many old friends and many new ones too in this even wider and more impressive gathering.

We do well to meet at this time to found an international trade organization; for all our experience in the years between the wars, the recent years of war, and the last two years, has shown how dependent we are economically upon each other. Most of our countries

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could not survive at all, and none could lead any but the most miserably poor existence, without international trade, which enables us all to get our varied requirements from wherever they can most efficiently be grown or made. This international specialization, this exchange of goods, has greatly enriched the world - even where living standards are lowest, they are far higher than 50 or 100 years ago; but inevitably it has made each one of us economically dependent in a high degree on all the others.

Our mutual dependence can be a great factor either for good or for ill. This is especially so since international trade exercises an effect on world prosperity quite disproportionate to its volume. Nearly 90 per cent of the goods produced in the world are consumed in the country of their production, and only 10 per cent or so are traded abroad; but it is that 10 per cent which very largely determines whether conditions of boom, or of slump, or of prosperous stability prevail in the world as a whole. International trade is in fact a channel through which - according to whether Governments act unwisely or wisely either slump, bankruptcy and mass unemployment or wealth and prosperity and full employment can spread from country to country throughout the world.

It is for this reason that strong emphasis has rightly been laid in the Draft Charter on the maintenance by all countries of a high level of employment and demand, by means which will help, not hinder, other countries in doing the same. To do this is well within the power of any country, whatever its political, social and economic institutions; and, even if the rest of the world did not exist, it would greatly profit any country to do so as a matter of sheer self-interest. But, more than this, any one country by adopting such a policy can further the efforts of others to the

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same end, thereby helping to create that general prosperity throughout the world without which in the long run no individual country can prosper.

The employment provisions of the Draft Charter, together with other suitable measures of international cooperation, should contribute much to reduce the risk of any country pursuing a policy which creates a major depression. But what if such a depression should nonetheless occur in one country and threaten to spread over the whole world? This is a risk against which we must all protect ourselves. How can we do it?

One way is the way which we all took in the 1930s - the way of each man for himself, and the devil take the hindmost. Instead of taking concerted action to maintain the total volume of international trade, we can build high walls of tariffs and import restrictions round our borders, and, having thus made sure that the volume of international trade is halved or quartered, we can struggle fiercely with others to increase our relative share of this greatly reduced trade. The means to do so are not lacking. Higher tariffs, import restrictions, uneconomic development of new forms of production that will make one more self-sufficient, restriction of production to keep prices stable, export subsidies, competitive currency depreciation; there are all the weapons, and others, in our economic armories. We learn to use them in the 1930s; and, as happens when everyone takes to using weapons, everyone got severely hurt.

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The mistake which we all made was in failing to see that there was another, and a much more effective, way of protecting each and all of us. As communities have discovered at a certain stage of their development, there are two ways in which individuals can protect themselves. One is to build a high wall around one's house and lay in a large stock of weapons; but walls and weapons are expensive things, and if everyone else has them one's aim of ensuring peace and order is not likely to be achieved. The other way is to live as a community, to set up a Parliament or a council to make, and where necessary to revise, a set of laws and to provide the means for interpretation and enforcement of those laws. Every community has found out sooner or later that this is the only way to ensure peace and order, and that it costs everyone much less than do walls and weapons.

It is primarily to bring into being this concept of security against economic disorder through international agreement and cooperation that we are gathered at this Conference. I am confident that we shall succeed, for all of us have the strongest of motives for desiring success. We hope that the Draft Charter prepared in London and Geneva will help to achieve it. Since the countries which took part in that work represent economies of every type and at every stage of development, we gained much experience of the difficulties which each type of economy feared might arise in reconciling their own legitimate economic interests with the interests of the world as a whole. The success achieved in reaching a solution which, from a broad and statesmanlike viewpoint, was seen to safeguard the vital economic interests of all, has been demonstrated to the world by the substantial and comprehensive reductions in tariff barriers agreed upon by the xx

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countries adhering to the General Agreement on Tariffs and Trade. Those countries have moreover agreed to extend such reductions to other countries prepared to adhere to the General Agreement and to make comparable reductions in their own tariffs.

We meet here at a critical time, when the world is experiencing in its acutest form the economic aftermath of six years of war. This has led to a severe unbalance in the means of international exchange. The reserves of many countries are severely depleted and in some cases almost exhausted. This necessitates an all-out production effort by each of the countries concerned, combined with the fullest cooperation between them in furthering each other's recovery programmes. What has happened, in fact, is that post-war recovery has suffered set-backs and will be a bigger and harder task than was foreseen at the end of the war.

This has one important consequence for our present discussions. We have always envisaged a code of long-range commercial policy appropriate to a world fully recovered from war, but providing also for certain modifications or exceptions to cover the transition period. It has now become clear that this period will be longer and more difficult than we thought, but the Draft Charter lays down not only a code of commercial policy but an organization to administer that code and to adapt it, as necessary, to meet any new situation that may arise. We can all the more readily play our parts in bringing the proposed organization into being because of this flexibility for which it provides.

We in the United Kingdom are at present suffering severely from the immediate difficulties in international trade and finance to which I have referred. Owing largely to rising world prices for the primary products we import, and to the inability of many of our traditional customers to pay us for our exports in

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goods we need or convertible currencies with which to buy these goods elsewhere, we have been temporarily frustrated in our aim of restoring the free convertibility of sterling and thereby speeding the return to fully multilateral world trade. We have been compelled to ask our people to produce more goods on lower rations and with emptier shops; and our friends elsewhere in the sterling area are also playing their part in safeguarding the reserves of gold and convertible currencies on which we and they depend. The next year or two will be a hard and unpleasant time for us; but there is no doubt whatsoever that we shall pullthrough.

These temporary difficulties have moreover made us in no way less determined to play our part in rebuilding the mechanism of multilateral trade as quickly as world conditions permit. The prosperity of all the other great trading nations of the world depends just as much as our own on stability, expansion, and multilateralism in world trade; but we more than most are placed in a position which keeps this fact constantly before our eyes. We are and always have been one of the world's largest importers and exporters, and our trade is of a highly multilateral kind. We have always had large deficits in our balance of trade with many countries and large surpluses with others; the prosperity of a good many countries depends very largely on our ability to buy their goods freely and thus in turn on our ability to sell freely not only to them but to many other countries. We well know therefore how true it is that the prosperity of each of us depends on the prosperity of us all; and we are indeed glad to be meeting here in Havana with our friends from so many other countries with the aim of ensuring

and furthering that general prosperity. In our work here, let us not get deeply involved in economic theories and technical complexities; let us always remember that we are dealing not in mere abstractions, but in realities that will affect deeply the future happiness and welfare of all the millions of the ordinary men and women of the whole world. We at this Conference owe it to them to give of our best in our work; let us strive our utmost for this great purpose.

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