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Since in December 1945 the United States Department of State published the Proposals for consideration by an International Conference on Trade and Employment, Denmark has followed the negotiations on these questions with the greatest interest.

It is obvious that in view of the further development of world economy it is of decisive importance that order be brought into foreign trade, so that it may be carried on in a manner which is of advantage to all countries.

During the inter-war period all countries endeavored, through measures regulating foreign trade, to safeguard their own economies without thinking of world economy as an entity.

As a result of this, the volume of foreign trade was diminished, and in a majority of countries productivity and the standard of living decreased.

The agreement on the International Monetary Fund and the International Bank were a first step towards the establishment of more stable conditions in the field of foreign trade. These measures, however, are in themselves insufficient and will not be able to fulfill their mission without being supplemented by measures to ensure a freer exchange of goods amongs countries.

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In the old days, that is during the period up to the first world war, the world was not confronted with very great problems in connection with foreign trade. The explanation of this was presumably that all countries followed certain unwritten laws. In this connection I am thinking especially of the fact that at that time the gold standard dominated international payments, and although the gold standard had its deficiencies, it was nevertheless a useful instrument in the economic conditions which prevailed at that time.

As a result of the war, however, world economy was dislocated, and I do not think it an exaggeration to say that after the last war difficulties are still greater than at that time. The cause of this lack of balance is presumably to be found chiefly in the immense capital losses which resulted from the war, especially in Europe, which was affected most directly by war events. As a result of these capital losses, European productivity has declined in a number of fields, thereby causing the competitive power of Europe to diminish.

The first condition of the rules which we are now going to lay down for trade and employment being usefully applied is that we succeed in repairing the damage caused, in other words in bringing order into the European machinery of production. Not until this has been realized and productivity increased will the conditions for the full coming into force of the Charter be there. It seems to me that from this point of view it would have been desirable if the Charter had been divided into two parts, one comprising the basic principles and the permanent exceptions, and one comprising the rules applying to the period of reconstruction, in other words, the transitional measures proper; but perhaps it is now too late to introduce this idea.

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At this Conference our efforts should then be directed towards the laying down of certain rules for trade and employment policy, thereby making it possible to establish a freer exchange of goods among countries with a well balanced economy. I must admit that it is not quite clear to me whether this balance can at all be realized. Indeed, since the time before the first world war a very great development has taken place in certain countries in the technical and organizational fields, a development which may make it difficult to re-establish the free world trade of pre-war times.

However, this fact has to a certain extent been taken into consideration in the drafting of the Charter. I am, inter alia, thinking of the chapter on Industrial Development, affording possibilities for countries which are economically undeveloped to apply, to some extent protective measures with a view to a development of their economies, so that they become capable of competing with more developed countries. It seems to me of great importance that well-developed countries should not in the shelter of the same provisions be allowed to develop new branches of production under a protection which could not reasonably be applied to them.

A provision of far-reaching importance is in the rule of the Charter that each country should be under an obligation to maintain full and productive employment in the home country. This, too, means something new as compared with the economy of the "1930s", for it is not sufficient to lay down certain rules for a free exchange of goods. It is necessary at the same time to provide the appropriate conditions for the observance of these rules, and in case of great unemployment it will be difficult to apply them. On the other hand, it must be kept in mind that full employment can put us face to face with new problems.

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Today it seems fairly clear how the crisis of the "thirties" must be accounted for, and we all agree that not only for economic, but also for political reasons, we cannot afford to run any risk of having large unemployment. On the other hand, we are not as yet quite able to foresee what problems we may have to face in the fields of commercial policy and currency policy, as a consequence of full employment being established. I am here thinking especially of the fact that in some countries full employment will bring about a tendency towards a rise in wages, a rise which may make it difficult to compete on an equal footing with countries where wages are less liable to rise, perhaps because the workers are less highly organized.

It will be understood from what I have said that on the Danish side we are disposed positively towards the important proposals which we are now to discuss, and this fact has a natural explanation, for if, practically since the end of the 19th century, Denmark has followed a liberalistic line in her commercial policy, this is due to the fact that Danish economy is highly dependent on foreign trade. Denmark's asset in world economy is her efficient workers and they can only earn what is necessary to maintain the standard of living in Denmark, if foreign trade is large and employment is maintained -which is exactly the goal that we are here to do our best to realize.

It is, of course, most important that the organization which we are now endeavouring to bring into being should be a world-wide one. But even if this can-

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not be achieved - or cannot be achieved at once - we still think that the cooperation of a great number of countries would be useful. Only, I would like to make it quite clear in this connection that the very fact that Denmark is so dependent on her foreign trade makes it imperative for her to maintain her liberty to trade on a non-discriminatory basis with countries which may not see their way to accepting membership.

I cannot, Mr. Chairman, conclude these remarks without paying tribute to the extremely valuable work done by the Preparatory Committee in establishing the Draft Charter, which is going to be the basis of our work. We may, in the course of the debate, express views which differ from those now contained in the Draft Charter, but still we think that the Preparatory Committee has created a very good basis for reaching a substantial agreement here, and I can assure you, Mr. Chairman, of the sincere wish of the Danish Delegation to cooperate under your leadership as well as under that of the other officers of the Conference with a view to accomplishing the highly important task of this Conference: The establishment of the International Trade Organization and bringing into life a Charter of International Trade Relations.

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