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SPEECH OF MR. WALTER STUCKI, LEADER OF THE
SWISS DELEGATION.

The Swiss delegation does not want to let this opportunity go by without thanking the Preparatory Commission very sincerely for the work they have done. Although certain criticisms can be made - as the Chairman of the Preparatory Commission frankly admitted - their work deserves our sincere admiration. My country has had the great privilege of playing host for many months to the members of the Preparatory Commission in the course of its second session. Thus, gentlemen, many of you have seen Switzerland and know it. You know that we hope for peace more perhaps than any other country, and come perhaps closer to the ideal political, economic and social structure which so many other nations see. For all these reasons Switzerland accepts fully the purposes laid down in the charter, all the more so as having no raw materials and no access to the sea, Switzerland depends greatly on foreign trade. Studying the annexes to the draft /^{charter} you may have noted that of all the countries of the world Switzerland has greatest per capita foreign trade. We also agree with the statement that all the efforts made at the Bretton Woods Conference for the purpose of normalizing post-war monetary and financial conditions must be supplemented by proper multilateral conversions in the field of trade and employment.

Opinions can differ as to whether the method used by the Preparatory Commission was actually the best. At the very beginning of our Conference many speakers pointed out that the old League of Nations have already faced the same problems as the one we face to-day or very similar ones. Following the recommendations of the Inter-

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national Economic Conferences of Geneva (1927) and London (1933) the Economic organs of the League of Nations have energetically sought a solution to the problems of customs, tariffs and quantitative restrictions on imports and exports, to the problem of cartels, of raw materials, etc... They have tried to deal with those problems one by one and thus their activities were more modest and less ambitious than those of the Preparatory Commission. Many of the draft agreements thus prepared were signed by the representatives of the governments concerned, but none of them came into force because none was ratified by a sufficient number of countries. This past experience shows clearly that when such multilateral conventions are drawn up the good will and understanding of delegates are not enough. It is necessary, and indeed it is fundamental, for the governments and parliaments of the countries in question to show the same understanding and good will. We see a two-fold danger here: either the work done will be a real and valuable step forward but it will never be ratified by the parliament and thus will be wasted, or the work done here will be only a decorative front without real meaning of value and will not mean a real progress.

In view of this situation the Swiss delegation has wondered whether it is not a very bold plan, too bold perhaps, to try to settle, by one contractual instrument, all the extremely difficult and complex problems of world trade, for all countries living under very different conditions. We believe that it might perhaps have been better to start building from the roof down as has been done in other similar cases, that is to establish the organization first and lay down its purposes instead of trying to draw up a complete code of international trade at the very outset while the Organization is being established. I agree that the Preparatory organs had serious reasons for proceeding as they did and, in view of the amount of work they have already done, we shall not hesitate to follow them.

The Swiss delegation has listen with the greatest interest and

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satisfaction to the statement made a few days ago in this very room by the Leader of the American delegation. According to him there is no question of exercising pressure on any State in the course of this Conference and it is obvious that every state, great or small, will be able to describe frankly and sincerely its position, its difficulties and interests. I should like to make use of this possibility which is given me and tell you a few words about the special, perhaps unique, position of our country situated at the very heart of the impoverished European continent. In the first place our situation is unique because we are the oldest democracy in the world and the rights of our people are so wide spread that we should have to submit any prospective agreement for ratification not only to our parliament but also to our people. You can understand that the Swiss delegation must never lose sight of this fact. Just because our delegation wishes to offer real cooperation in the work which is to be done it cannot accept any solutions if it is clear in advance that they will be unacceptable for our parliament and our people.

The purpose and the consequence of multilateral conventions in the field of trade as in other fields is to restrict the freedom of action of the contracting parties. These parties accept certain sacrifices on the condition that these sacrifices will be at least fairly compensated by the total sum of concessions granted by other states and advantages deriving from them. Considering that no state can carry out altruistic and idealistic policies alone, naturally every sovereign state must consider the question dispassionately and decide whether the advantages are great enough to justify the sacrifices it is asked to make. The state must then convince Parliament and public opinion that such is really the case before obtaining their approval. In order to evaluate the situation, not only immediate and direct advantages, but also future indirect ones will be taken into account. But everybody knows that parliaments and public opinion are not easily convinced by such arguments which of necessity are rather vague. Keeping all these facts in mind the

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competent authorities in Switzerland have carefully considered the draft which is before us and have drawn up a sort of balance sheet of advantages and disadvantages. This study has shown that, to all appearances, the Preparatory Commission has not given thought to the unusual and, may I repeat, perhaps unique position of our country. Had they done so, they would have probably seen that, in so far as our country is concerned, the balance sheet shows a deficit.

Switzerland lives exclusively, so to speak, by importing raw materials which it lacks and exporting them as finished products in the manufacture of which labor and expert workmanship play an important part, in order to pay for foodstuffs which it lacks and must import. Not only are these products expensive because the wages of our workers are high, but also they must be paid for in a currency which few countries have at the present time and furthermore rightly or wrongly they are often considered luxuries. Even to-day our export trade which is vital for us is faced with increasing obstacles. More and more other countries forbid importation of our products or refuse the currency needed to pay for them. Those obstacles are much more serious than the obstacles created by the high customs duties of other states.

One might argue that for these very reasons Switzerland would benefit greatly if these obstacles to its export trade were abolished by multilateral agreements, or at least greatly reduced, and Switzerland ought to welcome enthusiastically the practical application of the principle laid down in the charter which is that quantitative restrictions and all other forms of indirect protection should be abolished or greatly restrained. This might be the case if the authors of the draft had not, for perfectly understandable reasons, departed so far from this principle that not only does it not bring real advantages but gives rise to serious difficulties which can hardly be denied. Under article 21 of the draft the states which suffer a disequilibrium in their balance of payments and are facing monetary difficulties, not only have the right to maintain existing

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restrictions in respect of our exports but have also the right of establishing new ones. Furthermore they have the right to discriminate against our export trade that is to give it a treatment less advantageous than that given to merchandise originating in other states just because our currency has remained healthy and strong. Since to-day almost all states are facing the difficulties I spoke of we would have to see our foreign trade stifled without being able to take steps to remedy the situation. Recent experience and the policies followed by many countries have shown all too clearly that our fears are well founded.

While in the future of our export trade seems very dark the prospects for imports of foreign products are none better. Many great states have openly declared that they would stimulate exports by all means at their disposal. I understand the position of those countries and do not criticize them. But it is a proved economic fact that no country can export without importing. This great need of promoting exports must and does aim particularly at exports to hard currency countries whose currency is needed. Switzerland is one of those very few countries. This shows with almost mathematical certainty that exports to Switzerland will be promoted by all possible means. Our small country with the very limited national market would be particularly affected by such measures. Our national producers, above all agricultural producers, work in the mountains under such difficult conditions and at such high cost that our national production could never resist foreign competition without protection. We did not, like other states, seek this protection through high customs tariffs. In accordance with our constitution and our laws we have given and are giving this protection through quantitative restrictions on imports, by making the importation of certain articles conditional on the purchase of national merchandise, by seasonal restrictions, etc... The draft which we are to consider would ask us to give up this system and use only an average tariff protection of

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eight per cent. This might be barely possible under more or less normal conditions and only if the serious sacrifices resulting from it were compensated by equivalent advantages for our export trade. We have seen that such is not the case. Furthermore conditions are not normal and as we have pointed out previously we must expect strong pressure in the field of imports. All the above shows that so far as we are concerned the balance sheet shows a deficit and that from a double point of view, since it involves great obstacles to our export trade and serious difficulties for our national production.

I know I shall be told that the draft as it stands contains several escape clauses which we might make use of. Without going into detail here I must say that we have very carefully considered all such provisions and we find that they do not meet our needs. Therefore, we shall not give our opinion on every one of the provisions contained in the draft and we shall not submit many amendments. None the less, in Section F of chapter IV we shall propose a clause of a general nature which would safeguard the vital interests of countries which cannot make use of the provisions of article 21.

Our delegation did not take such an attitude without a feeling of deep regret. We know that we may be accused of lacking the understanding needed for international collaboration. And we are not unaware that such a clause would further weaken the principle laid down in the Charter. If, therefore, Switzerland which during the period between two world wars has consistently and loyally cooperated in the search for multilateral solutions to world economic problems, must submit such a proposal, the cause of it must be found in our exceptional situation and the need of defending our most vital interests. We admit that countries which enjoy a better economic situation than others and have a strong and healthy currency cannot remain isolated and that they have obligations towards other nations. We know also that creditor countries ought to promote insofar as possible imports of merchandise originating in debtor coun-

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tries, and ought not to place obstacles in the way of such imports without real necessity. But we wish to emphasize that Switzerland has always acted in accordance with these principles, and that in a two-fold way: first, our small country with four million inhabitants has, since the war ended, granted to other European States a credit of about one billion Swiss francs, which is for us an enormous loan. Further, we have allowed large quantities of foreign merchandise to enter the country. No country represented at this Conference has such a large deficit in its trade balance in proportion to population, as Switzerland. This deficit for the ten first months of this year has already gone above one billion Swiss francs, which means about 300 francs per capita. As I have said before, we are among the first in this field. On the other hand, the trade balance of other creditor countries does not show a deficit but rather a substantial surplus.

All these arguments show clearly that we are not isolationists, nor partisans of exaggerated protectionism, and that we do not want to ignore our international obligations.

That is why we hope that our situation will be understood and given due weight.

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