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UNITED NATIONS
ECONOMIC AND SOCIAL COUNCIL
PREPARATORY COMMITTEE

of the

INTERNATIONAL CONFERENCE ON TRADE AND EMPLOYMENT.

Verbatim Report

of the

FIRST PLENARY MEETING

held at

Church House, Westminster, S.W.1.

on

Tuesday, 15th October, 1946,

at 3.0 p.m.

TEMPORARY CHAIRMAN: Mr. A.D.E. Owen, Assistant
Secretary General for Economic
Affairs.

THE TEMPORARY CHAIRMAN, Mr. A.D.K. Owen, Assistant Secretary General for Economic Affairs:- It gives me great pleasure to declare open the first Session of the Preparatory Committee of the International Conference on Trade and Employment. It gives me great pleasure to be here to represent Mr Trygve Lie, the Secretary General of the United Nations. Mr Lie asks me to convey to you his regret that it was not possible for him to attend this Meeting. He had intended to do so, and but for the imminence of the General Assembly of the United Nations at New York, he would have been here in my place to-day.

There is no need for me to recite the antecedents of this Meeting. Discussions on an International Conference on Trade and Employment go back beyond the Conference at Bretton Woods at which those two great instruments of international economic co-operation, the Bank and the Fund, were issued; but you will recall that the Government of the United States took the initiative in this matter some months ago and intended to call an International Conference on Trade and Employment; but with the establishment of the United Nations and in particular of the Economic and Social Council, they submitted to the First Session of the Economic and Social Council here in London in February a Resolution which was adopted calling for an International Conference on Trade and Employment under the auspices of the United Nations and for the setting up of a Preparatory Committee, and that Conference to consider the agenda and procedures which were to be adopted by the full Conference to be held next year. This Meeting at which we are now gathered is the Preparatory Committee, and it will be your task to prepare an agenda, procedures, and to work out mutually agreed principles on which we are going to discuss these matters in the full Conference next year.

There are gathered here representatives of eighteen countries. There are absent the representatives of the Government of the

Soviet Union, and I understand from that Government that they are not able to participate in the work of the Preparatory Committee at this stage, as they have not yet found it possible to devote sufficient preliminary study to the serious and far-reaching questions which are the subject of our discussions.

Before calling upon the President of the Board of Trade, Sir Stafford Cripps, to welcome the Delegates to London on behalf of His Majesty's Government, I should like to make one or two announcements of a business character. In the first place, I should like to recognise the Executive Secretary of this Committee, Mr Wyndham White, and Mr. J.A. Lacarte, the Deputy Executive Secretary of this Committee. (Applause.) They were appointed by the Secretary General of the United Nations and will be responsible for all the secretarial arrangements of this Committee in the coming weeks.

It had been hoped that at this meeting a system of simultaneous interpretation would have been ready for experimental use. Owing to technical difficulties, it has not been possible to instal this system for us at the present meeting, but such a system will be ready for use during the next few days, and it will be for the Delegates to decide whether they regard this system as one which is satisfactory for the conduct of their business.

This having been said, I should like to call upon the President of the Board of Trade, Sir Stafford Cripps, to speak. (Applause.)

The Rt. Hon. Sir STAFFORD CRIPPS, K.C., M.P., President of the Board of Trade:- Mr Chairman and Delegates, on behalf of His Majesty's Government in the United Kingdom, I extend to you a most cordial welcome - to all of you who are here as Delegates to this Preparatory Committee. I hope that your deliberations may achieve a

fuller mutual understanding of those most complex economic problems which beset our various countries to-day, and that they may prepare the way for reaching an international agreement which will hold out prospects to the people of all lands of a happier and more prosperous life. I am sure that all of us who experienced the sequel to the first world war must be determined, so far as in us lies, to steer world economic policies into safer and saner channels than our predecessors did. It is as well, however, to remember that it was not so much the desire as the achievement that was then lacking. The world was then full of good intentions, but signally failed to translate them into wise actions. There was not then, I think, the same universal recognition as there now is of the important part played by the economic relations between nations, nor of the influence which those of necessity exert upon political events in the international field. We do now realise as probably never before that there is no security in peace unless we can deal internationally with the major social, economic, political and I personally would add, religious, questions. It is to that end that the United Nations have determined to work and to set up their organisation. This Preparatory Committee organised by the United Nations Economic and Social Council is a recognition of that fact, and it is an essential part of the work of the United Nations in their endeavour to stabilise peace that they should achieve an agreement as to the manner in which the nations can co-operate for the promotion of the highest level of employment and the maintenance of demand, and can bring some degree of regulation into world trade and commerce.

In doing that, we want to impose as few restrictions as possible upon individual nations and trading concerns, while at the same time safeguarding each from the damaging effects which may flow from the acts of others. We know that in the period between the two wars,

when there was substantially no provision for world economic co-operation and no rules of international conduct in matters of trade and commerce, we all of us suffered from one another's acts. In the result, by piling restriction upon restriction, we most seriously blocked the channels of world trade, with the consequence that millions upon millions of our people suffered poverty and unemployment and frustration. "Poverty in the midst of plenty" became a catch phrase of the widest practical application. No nation benefited, though perhaps some suffered less than others or at different times. It is probably in this field of economic affairs that we are all most sensitive as to our own political sovereignty. Even those nations who have themselves adopted some form of planned economy at home are doubtful about the risks to their interests of planning matters on the international scale. Manufacturers and producers of raw materials are alike jealous of their control and are anxious if they can to get the best of both worlds: freedom from all restraint and interference, on the one hand, and, on the other, protection from all the greater difficulties of extreme competition.

But if we are to set out seriously and with determination to ensure a prolonged period of peace for all the peoples of the world, we must face up to the fact that unlimited freedom, according to our actual experience in the past, does not give any but a very very few the best of both worlds. In the great majority of cases - and this certainly rules so far as the generality of the people are concerned - it means that we get the worst of both worlds; and we have surely experimented long enough in the chaotic condition of world trade such as ensued after the last war to take as our starting point the need for some organisation, some rules and regulations, as between nations relating to their conduct of trade; and if we accept that as a basis for our efforts, then it follows that we must each be prepared to give up some of our national methods of

protecting and regulating our trade, provided, of course, others too are prepared to do the same; and this process of accommodating our national economics to the interests of others as well as of ourselves does not consist in looking round to find out something which is of no value to us and then offering to give it away. It means that each one of us can best serve our truest national interest by considering what it is that we have which is inimical to the interests of others, which we can give up by way of exchange for those things which they do which adversely affect us.

There is no need for any of us to be ashamed of being stout champions of our own national cause. That is indeed our function at a meeting such as this. But though we are stout champions we need not perhaps be also selfishly stubborn. The whole success or failure of our efforts will depend upon what each of us is prepared to give up, always, of course, on the basis that we get in exchange something equally worth while. That I believe was the basis of the document which was put out by the Government of the United States of America last year and to which the Government of the United Kingdom expressed their assent in all its broad principles. It is a very genuine attempt to lay a foundation for the organisation of international trade upon the basis of the maximum of freedom consistent with the future good of the peoples of the world. At its very root lies the conception that it must be the policy and the duty of each separate nation to take every possible step within its own borders to provide full employment for its own people.

We know from our experience between the two wars how mass unemployment not only deprives the world of consuming power but also influences individual nations to adopt restrictive measures that are aimed at exporting their own troubles to other countries. Once this vicious circle of exporting unemployment starts, it has its repercussions throughout the whole world upon industrial countries and upon primary producers as well. If we can do our best to assure full employment each in our own country, then we can provide a basis for a healthy and expanding world trade. But, as I have indicated, some measure of protection against exported unemployment is necessary if we are to prevent the incidence of unemployment in one country from spreading round the world.

Now, though full employment is basic to an expansionist policy for world trade, it is impossible to disregard altogether the practical basis upon which world trade has hitherto operated. That trade has been given direction by a whole complex of national laws and has grown up and been developed in its reliance upon the continuance of that pattern of direction. Whole industries and schemes of agricultural and mineral development have been built up on that basis; and if we are going to attempt to change those directions, to divert trade from accustomed to new channels, or to introduce new trade into old channels, we must be very certain that we create the new channel or widen the old channel at the same time as we are diverting the flow. Where two countries or a group of countries have accustomed themselves to particular forms of trading, relying upon the existing provisions of their domestic laws, they will not, of course, be willing to make a change unless they can be assured that alternative outlets will be provided for that trade.

If we are going to expand the trade of some countries, it

must not be at the cost of diminishing the trade of others. In the existing post-war circumstances we are all naturally anxious about our future trade. We know the history of the past and the unnatural conditions of the present; but it is very difficult to forecast the future. It is easy, therefore, to be fearful of the future and to be unready to try new experiments when there is so much doubt in the air. We sometimes seem to see the mirage of safety in the leaden atmosphere of inactivity and of the lack of courage to make a change; but we must take risks if we are to accomplish something really new; and unless we do achieve startlingly better results in the future than after the last war, we know only too well the direction of disaster in which developing events will force us to proceed. We want to anticipate those events and to prevent the beginning of that restrictionism which was so fatal after the last war.

You are all of you, of course, familiar with the general scope of the proposals put forward by the Government of the United States of America last year which attempt to prevent the employment of restrictive practices in the many fields in which they flourished in the past. Their detail is of necessity complicated, and I have no doubt that many points will be discovered which are not fully covered by them and which will form the subject matter for prolonged discussion; but it is not the detail that is so important. What is important is that we should devise some method acceptable to all the main trading nations which will ensure a degree of order in the international economic sphere and so will remove that fear that will otherwise prevent us from embarking upon an expansionist policy for world trade. Just as in the political sphere we seek some corporate security for the world; so in the economic field we need to regulate the use of economic armaments. Thus we can diminish the risks of external adverse effects upon national trade which so easily lead to and justify restrictionist policy.

We are following the Atlantic Charter and our own mutual aid agreement with the United States of America, putting forward to the world through this meeting a new conception of national responsibility in economic matters. Hitherto it has been considered sufficient if each nation regulated its conduct in these matters in accordance with the bilateral treaties that it had entered into: it was no one else's concern as to what those treaties contained or how they would affect others, and beyond that it was accepted that each country could do as it liked with its own market. It was that accepted attitude to international trade which I believe led us into the disastrous chaos of the inter-war years. It is to eliminate the danger of a recurrence of that chaotic state of affairs that it is now proposed to introduce a new conception: that what each country does to regulate its own trade is the concern of all other countries who trade with it, and that to-day is tantamount to saying all other countries.

So the methods used for regulating national trade become matters of international concern, and the only way of attaining economic security with which to buttress political security is by organising at least a minimum of security in the field of international trade. Our conception of that minimum is illustrated by the provisions of the document to which I have referred. I am convinced that this Preparatory Committee and the full international gathering that will follow it are pregnant with the greatest and most hopeful possibilities for the peoples of the world; but these possibilities I believe will only materialise in terms of happiness and prosperity if we constantly remind ourselves of the tragic conditions of so many of our people in the period between the two wars. We are gathered here to devise plans which can be put into action that will make it unlikely that we need ever fear a repetition of those evil days of suffering and

unemployment. We cannot surely let it be said of our 20th

century civilisation that it is only in times of war that the

people can be given full employment or that only in such circum-

stances of acute danger will allies co-operate to organise and

order their economic life to the mutual benefit of their

countries.

Certainly that was true of the war period. We then succeeded in achieving the closest integration of our economies for our mutual benefit. That was the foundation upon which we laid our eventual victory, and in no other way could we have emerged victorious from the second world war. The compelling sense of danger and the fear of defeat drove us inexorably to that course of action, and to mobilise effectively all our resources of manpower. Are we to admit that it is only the dangers and fears of war that can induce us to create full employment and to co-operate one with another on economic matters?

I trust that the outcome of this meeting will be to show that great ideals and a genuine desire to ease the lot of the common men and women of the world are as powerful incentives towards wise and co-ordinated action as the bombs and guns of destruction. (Applause)

THE TEMPORARY CHAIRMAN: Before the interpretation takes place I should like to express to Sir Stafford, who has to leave us for a very pressing engagement, the thanks which I am sure all of us feel towards him for this most cordial welcome. (Applause.)

MR McKINNON (Canada): Mr Chairman, before we turn to the next order of business, which I think is the adoption of the Provisional Rules of Procedure, I should like to suggest that it might not be inappropriate if the Committee were to pause before it begins its labours and consider and remember one man who, perhaps more than anyone else in the world, has had in his mind for many many years the objectives for which we are now holding these proceedings; and therefore, if it is not inappropriate, I suggest that the Chairman of the Committee should convey, on our behalf, to Mr Cordell Hull our sincere

sympathy in his illness and our sincere hopes for his recovery. ("Hear, hear" and applause.)

THE TEMPORARY CHAIRMAN: I should like to thank the delegate of Canada for his very happy suggestion, and I shall be very glad to convey such message as is thought to be appropriate to Mr Cordell Hull, expressing our good wishes to him and our sympathy with him in his illness.

It now remains for me to call for nominations for President of this Session, but before doing so it is proper, I think, that the section of the Draft Rules of Procedure dealing with the appointment of President and Vice-President should be adopted by this meeting. I should like to draw your attention, therefore, to document E/PC/T/2 of 12 October, which has been circulated. On page 2 of that document, the third section deals with the rules governing the appointment of the President and the Vice-President. I should like to suggest that a certain modification should be made in the draft of Rule 7. I would suggest that the text as circulated should be altered in this sense, so as to read, in the third line, "shall all hold office for the duration of the present session of the Preparatory Committee." It may be that the Committee will be re-convened at some time next year, and the personalities whom we may now appoint may not at that time be available to serve. This course would in no way, of course, affect their eligibility for re-appointment.

May I take it that there is no opposition to that suggestion? (Agreed.) May I also take it that Rules 7, 8, 9, 10 and 11 of the Draft Rules are adopted? (Agreed.)

I now call for nominations for the office of President of the present Session of the Preparatory Committee.

MR MARQUAND (U.K.): Mr Chairman, I should like to propose for election as President the name of M. Suetens, the leader

of the Belgian Delegation. If he would be willing to render this service I am sure that the Conference would be grateful to him. He has a very wide experience of gatherings of this kind, and I am confident that he would preside over our proceedings with the right combination of persuasiveness and firmness.

MR CLAIR WILCOX (USA): Mr Chairman, in consideration of Belgium's deep interest in the extension of international trade, in view of her long record of leadership in matters of commercial policy, and particularly in recognition of M. Suetens' distinguished career in this area of public service and his intimate knowledge of problems which it presents, the United States takes pleasure in seconding his nomination for the Presidency of the Preparatory Committee.

THE TEMPORARY CHAIRMAN: M. Suetens, the delegate of Belgium, has been nominated for the position of President of the Preparatory Committee in this present Session. Are there any other nominations? If not, I have very great pleasure in declaring M. Suetens elected as President for the present Session of the Preparatory Committee. (Applause.)

(M. Suetens then took the Chair.)

THE PRESIDENT (Speaking in French)(See French Verbatim Report).

M. ALPHAND (France)(Speaking in French)(See French Verbatim Report).

THE PRESIDENT (Speaking in French)(See French Verbatim Report).

DR SPEEKENBRINK (Netherlands): As Head of the Netherlands Delegation I would like to propose a Second Vice-President. As we have now a President and a Vice-President from Europe, I think it would be only fair and wholly in the spirit of this meeting if we now moved to the Western Hemisphere for

our Second Vice-President; so I move that the Head of the Cuban Delegation be nominated Second Vice-President.

THE PRESIDENT (Speaking in French)(See French Verbatim Report).

H.E. M. ERIK COLBAN (Norway): I beg to support the candidature of the Czechoslovak delegate.

THE PRESIDENT (Speaking in French)(See French Verbatim Report).

H.E. SENOR DON MANUEL BIANCHI (Chile): Mr President, in the name of the Chilean Delegation I would strongly support the proposition just made by the delegate of the Netherlands to elect as Second Vice-President of this Conference the Head of the Cuban Delegation, who is at the same time the Minister of Foreign Affairs of his own country.

THE PRESIDENT (Speaking in French)(See French Verbatim Report).

MR CLAIR WILCOX (USA): Mr President, the Provisional Agenda is acceptable to the United States, with the understanding that it is subject to amendment as we proceed with our work.

THE PRESIDENT (Speaking in French)(See French Verbatim Report).

DR COOMBS (Australia): Mr President, there does seem to be some possible overlap between items 10 and 11, and there are certain implications in item 10(e) with which we would not be in entire agreement. I would like the assurance of the Chair, therefore, that if the Provisional Agenda is adopted in its present form that will not imply the acceptance of the form in which item 10 is now expressed.

THE PRESIDENT (Speaking in French)(See French Verbatim Report).

H.E. SENOR DON MANUEL BIANCHI (Chile)(Speaking in French)
(See French Verbatim Report).

THE PRESIDENT (Speaking in French)(See French Verbatim Report).

MR MARQUAND (U.K.): We seem now to be getting into the stage of detailed discussion, and I would like to move that the

Preparatory Committee go now into executive session to consider the remaining part of the Rules of Procedure and other matters relating to the scope and conduct of the Committee's proceedings.

THE PRESIDENT (Speaking in French) (See French Verbatim Report)

EXECUTIVE SECRETARY: Mr President, I should like to suggest to the Committee that they consider having a short adjournment of this present session for, say, half an hour, and that we might endeavour this evening to hold a very brief session of the Executive Committee. I make this request to the Committee because it is necessary, if the Secretariat is to make arrangements for the next few days, that they shall have a fairly clear idea of the working order which the Committee wishes to adopt.

THE PRESIDENT (Speaking in French) (See French Verbatim Report)

H.E. M. ERIK COLBAN (Norway): We are going to meet again at five o'clock, then?

THE PRESIDENT (Speaking in French) (See French Verbatim Report)

H.E. SENOR DON MANUEL BIANCHI (Chile): That is the Executive Committee?

THE PRESIDENT (Speaking in French) (See French Verbatim Report)

The meeting rose at 4.30 p.m.