

UNITED NATIONS
ECONOMIC AND SOCIAL COUNCIL
PREPARATORY COMMITTEE
of the
INTERNATIONAL CONFERENCE ON TRADE AND EMPLOYMENT.

Verbatim Report
of the
SECOND PLENARY MEETING
held at
Church House, Westminster, S.W.1,
on
Thursday, 17th October, 1946.
at 11.00 a.m.

Chairman: N. I. SUETENS (Belgium).

(From the Shorthand Notes of
W. B. Gurney, Sons & Funnell,
58, Victoria Street,
Westminster, London, S.W. 1.)

(Speaking in French: interpretation):
THE CHAIRMAN: / Before we start the discussion, I should like to draw
the attention of Members of the Committee to the first item of
the agenda which has been distributed and gives the summary of
our first meetings. **Gentlemen, the agenda for to-day includes**
the Declaration made by every one of the Delegations -- I mean,
the ones who wished to do so -- on the subject of this conference.
It is likely that there will be no debate in the course of this

Meeting, but only declarations. I suggest, therefore, that we once more try the simultaneous system of interpretation. If the system is found to be not entirely satisfactory under the circumstances, Delegations will notify the Chair. If the system is found to be satisfactory, it may be continued. If it is found to be unsatisfactory, we shall revert to the system of direct interpretation.

It will probably be useful for Delegations to know the precise times of our meetings. I suggest that we close the meeting this morning at 12.30 sharp, and that we resume at 3 o'clock this afternoon. Since later in the day we are all to be the guests of the British Government, I suggest we adjourn at 5.45.

I first call on the Delegate from the United States.

Mr CLAIR WILCOX (USA) Mr President, when a dog bites a man, according to a saying that is common in my country, the event goes unrecorded in the press; but when a man bites a dog, the story is good for a headline on page one. So it is with the popular appraisal of the progress that has been made, since the war, toward the reconstruction of a world order. The difficulties that have been encountered and the persisting threat of failure are uppermost in every mind. The solid successes that have been achieved are taken for granted, as if they were a matter of routine. This attitude is understandable: conflict is exciting; agreement is dull. But it is sadly lacking in perspective; the big news, the important news, is not that nations have encountered difficulties, but that they have surmounted them; not that their efforts are threatened with failure, but that they have been attended by so large a measure of success.

The world has gone a long way, in the last few years, toward binding itself together in a network of agencies for international co-operation. The organisation of the United Nations has been established; the General Assembly, the Security Council, and the Economic and Social Council, with their several commissions and sub-commissions, are now going concerns. The United Nations Relief an

and Rehabilitation Administration, the Food and Agriculture Organisation, the International Monetary Fund, the International Bank for Reconstruction and Development, the Civil Aviation Organisation, the United Nations Educational, Scientific and Cultural Organisation, and the World Health Organisation, have joined the International Labour Organisation as specialised international agencies. The nations are developing the programmes and organising the institutions through which they can work together, side by side, to reconstruct a shattered world. For so much in the way of concrete accomplishment, in so short a time, there is no precedent in history.

Much has been done; much remains to be done. The General Assembly, meeting this month in New York, will act upon the recommendation of the Economic and Social Council for the establishment of an international organisation for refugees. The United Maritime Consultative Council, meeting in Washington, will consider the creation of a world-wide intergovernmental organisation for maritime affairs. A reconstituted international telecommunications organisation is now under discussion in Moscow, and a conference to plan for such a body may be held in the spring of 1947. And finally, our own Committee has been charged with the responsibility of writing a constitution for an organisation in the field of international trade.

Of the many tasks of economic reconstruction that remain, ours is by all odds the most important. Unless we bring this work to completion, the hopes of those builders who preceded us can never be fulfilled. If the peoples who now depend upon relief are soon to become self-supporting, if those who now must borrow are eventually to repay, if currencies are permanently to be stabilised, if workers on farms and in factories are to enjoy the highest possible levels of real income, if standards of nutrition and health are to be raised, if cultural interchange is to bear fruit in daily

life, the world must be freed, in large measure, of the barriers that now obstruct the flow of goods and services. If political and economic order is to be rebuilt, we must provide, in our world trade charter, the solid foundation upon which the superstructure of international co-operation is to stand.

From the project of establishing an international trade organisation, I take it, there is no dissent. But with regard to details, there will be many views. It would be well, therefore, at the outset, to find the fundamental principles on which all nations can agree. Of such principles, I should like to suggest five; and, with your permission, I shall state them, dogmatically, and comment briefly upon each.

The first principle is that existing barriers to international trade should be substantially reduced, so that the volume of such trade may be large -- larger, certainly, than it was between the two world wars. Readier access to foreign markets is needed if nations are to earn the foreign exchange that will enable them to pay for the imports that they require. Increased trade, with greater specialisation and more active competition, should enhance the productivity of labour, cut the costs of production, enlarge the output of industry, and add to the richness and diversity of daily living. More goods should flow from less effort and levels of consumption should be heightened all around the world. A renewed sense of well-being should contribute, in turn, to domestic stability and to international peace. Abundant trade is not an end in itself; it is a means to ends that should be held in common by all mankind.

The second principle is that international trade should be multilateral rather than bilateral. Particular transactions, of course, are always bilateral; one seller deals with one buyer. But under multilateralism the pattern of trade in general is many-sided. Sellers are not compelled to confine their sales to buyers who will deliver them equivalent values in other goods. Buyers are not required to find sellers who will accept payment in goods that the buyers have produced. Traders sell where they please, exchanging

goods for money, and buy where they please, exchanging money for goods. Bilateralism, by contrast, is akin to barter. Under this system, you may sell for money, but you cannot use your money to buy where you please. Your customer insists that you must buy from him if he is to buy from you. Imports are directly tied to exports and each country must balance its accounts, not only with the world as a whole, but separately with every other country with which it deals.

The case against bilateralism is a familiar one. By reducing the number and the size of the transactions that can be effected, it holds down the volume of world trade. By restricting the scope of available markets and sources of supply, it limits the possible economies of international specialisation. By freezing trade into rigid patterns, it hinders accommodation to changing conditions. Multilateralism follows market opportunities in a search for purely economic advantage; bilateralism invites the intrusion of political considerations. It will be agreed, I trust, that nations living in the middle of the twentieth century should not be thrown back to the primitivism of barter, with all of the inconvenience, all of the costs, and all of the risks which such a system entails.

The third principle is that international trade should be non-discriminatory. This principle would require that every nation give equal treatment to the commerce of all friendly states. It should be evident that discrimination obstructs the flow of trade, that it distorts normal relationships and prevents the most desirable division of labour, that it tends to perpetuate itself by canalising trade and establishing vested interests, and, finally, that it shifts the emphasis in commercial relations from economics to politics. Discrimination begets bilateralism as bilateralism begets discrimination. If we are to rid ourselves of either one of them, we must rid ourselves of both.

The fourth principle is that prosperity and stability, both in industry and agriculture, are so intimately related to international trade that stabilisation policies and trade policies must be consistent, each with the other. It should be recognised that the survival of progressive trade policies will depend upon the ability of nations to achieve and maintain high and stable levels of employment and upon their willingness to protect the producers of stable commodities against the sudden impact of violent change. It should be recognised, too, that the advantages of abundant trade cannot be realised if nations seek to solve their own employment problems by exporting unemployment to their neighbours, or if they attempt, over long periods, to hold the production and prices of staple commodities at levels that cannot be sustained by world demand. Programmes that are directed towards the objectives of prosperity and stability, on the one hand, and abundant trade, on the other, will not often be in conflict. But when they are, they must be compromised.

The fifth and final principle is that the rules that govern international commerce should be so drafted that they will apply with equal fairness, and with equal force, to the external trade of all nations, regardless of whether their internal economies are organised upon the basis of individualism, collectivism, or some combination of the two. The United States, among other countries, will continue to entrust the management of her industry and the conduct of her trade to private enterprise, relying primarily for guidance upon freely determined market price. Some countries have taken over the entire operation of their economies, guiding production according to the requirements of a central plan. Others have committed substantial segments of their industry and trade to public ownership under varying patterns of control. There can be no question concerning the right of every nation to adopt and to maintain, without external interference, the form of economic organisation that it prefers. But it should be agreed that this

diversity of economic systems need not and cannot be permitted to split the world into exclusive trading blocs. Every nation stands to gain from the widest possible movement of goods and services. Every nation should recognise an obligation to buy and sell abroad, wherever mutual advantage is to be obtained. The rules that apply to diverse trading systems must differ in detail. But they should not differ in principle. That international trade should be abundant, that it should be multilateral, that it should be non-discriminatory, that stabilisation policies and trade policies should be consistent -- these are propositions on which all nations, whatever their forms of economic organisation, can agree.

These are the principles that the United States has sought to embody in the Proposals for Expansion of World Trade and Employment that it published in December of last year, and to elaborate in the Suggested Charter for an International Trade Organisation that it circulated to other members of this Committee during the past summer and published on September 20th. The latter draft, in accordance with the Resolution of the Economic and Social Council, has been submitted to the Council's secretariat for transmission to this Committee. We hope that it will be accepted as a working document, that it will afford a useful basis for discussion, and that it will facilitate the process of arriving at agreement on a final draft.

The importance which my Government attaches to this enterprise is evidenced by the years of labour it has put into the writing of the Proposals and Suggested Charter. As they stand, these documents give expression, in principle, to the policy of the United States. But they are not to be taken, in detail, as presenting a formulation which we regard as fixed or final. We have sought, through consultation with other Governments and through modification of our earlier drafts, to take into account the interests and the needs of all nations, be they large or small, highly industrialised or relatively

undeveloped, capitalist, socialist, or communist. But we do not pretend that we have said the last word, dotted the final "i" or crossed the final "t". If we have not succeeded in meeting legitimate requirements, we shall be ready to consider further modifications. It would not be in our own interest to insist upon provisions that may be detrimental to the interests of other States. As far as we are concerned, however, our cards are on the table. The Suggested Charter expresses, in general outline, what we want.

The present draft is not a product of pure altruism. We conceive the principles which it embodies to be in the interest of the United States. We want large exports. An important part of our agricultural activity has long been directed toward sales abroad. And now our heavy mass-production industries are also geared to a level of output which exceeds the normal, peace-time demands of our domestic market. We want large imports. The war has made great inroads on our natural resources; we have become and may increasingly become dependent upon foreign supplies of basic materials. The quantity and the variety of our demand for consumers' goods are capable of indefinite expansion. Abundant trade is essential to our industrial strength, to our economic health, to the well-being of our people.

But surely it is true that this interest is one that is shared, in greater or lesser degree, by every other nation in the world. Indeed, if the importance of untrammelled trade to the United States is great, its importance to many other nations must be compelling. Countries that are small, populous, and highly industrialised must have access to foreign markets if they are to earn the exchange with which to pay for foodstuffs and raw materials. Countries that specialise in the production of a small number of staple commodities must have access to such markets if they are to

maintain the basis of their economic life. Countries that have been devastated by the enemy must be enabled to sell abroad if they are to obtain materials for their reconstruction. Countries that are relatively undeveloped must be enabled to make such sales if they are to acquire equipment for their industrialisation. Countries that have borrowed for either of these purposes must be permitted to earn exchange if they are to service their debts. If the trade of the world were to be governed by rules the opposite of those contained in the Suggested Charter, the United States would deeply regret it, but it could adapt itself to the resulting situation; its economy would survive the strain. But other nations, in this respect, are less fortunately endowed than we are. For us, the strangulation of trade would necessitate a difficult readjustment. For others, it would spell catastrophe.

It will doubtless be remarked, in the course of these proceedings, that the United States has not always practised the gospel that it now presumes to preach. This I admit. But the fact that we have sinned in the past should not be taken to justify all of us in sinning in the future, to our mutual harm. Certainly, it should not be inferred that the economic strength of the United States can be attributed to the restrictions that we have imposed on our external trade. We have within our borders an area of 3,000,000 square miles, diverse resources, and a market of 140,000,000 customers. And the founders of our Republic wisely provided that this vast market should not be split by customs barriers. As for our foreign trade, I submit that our present proposals should demonstrate that we can learn from history.

It will probably be said, too, that the provisions of the Suggested Charter, particularly those that deal with commercial policies and restrictive business practices, are negative rather than affirmative. It is true that the work of reducing barriers to trade and eliminating discriminatory practices is negative, in the same sense in which the work of a surgeon who removes a diseased

appendix is negative. But for proposing an operation that is required to restore the body economic to full health, we offer no apologies. The other chapters of the Charter, however, particularly those that deal with employment policy, commodity arrangements, and the framework of an international trade organisation, are scarcely to be described as negative. And the Charter as a whole is designed to make affirmative provision for the expansion of world trade.

The draft recognises that provision must be made to enable undeveloped countries to achieve a greater diversification of their economies. And, in this connection, I wish to make it clear that the United States affirmatively seeks the early industrialisation of the less developed sections of the world. We know, from experience, that more highly industrialised nations generate greater purchasing power, afford better markets, and attain higher levels of living. We have sought to promote industrialisation by exporting plant, equipment, and know-how; by opening markets to countries that are in the early stages of their industrial development; by extending loans through the Export-Import Bank; by participating in the establishment of the International Bank. We recognise that public assistance may be required, in some cases, to enable new industries to get on their feet. But we believe that such aid should be confined to enterprises that will eventually be able to stand alone and that it should be provided directly, by public contributions, rather than indirectly by restraints on trade. The interests of undeveloped countries in sound industrialisation cannot be served, effectively, by imposing arbitrary restrictions on the flow of goods and services. We believe, finally, that the Economic and Social Council and some of the specialised agencies of the United Nations, including the proposed International Trade Organisation, may make affirmative contributions to the process of industrial

development, and we stand ready to consider all serious proposals that are directed toward this end.

Every nation, of course, will feel that its own situation is in some respect peculiar; that some special provision is required to meet its needs. Exceptional cases will call for exceptional rules. And such rules must be written into the Charter where the need for them is real. But they must be particularised, limited in extent and time, and set forth in terms of fixed criteria. Mutuality of benefit and of obligation must be preserved. No special interest, however worthy, can justify a sweeping exemption from general principles. Exceptions must be made, but they cannot be made in terms so broad as to emasculate the Charter as a whole. We have been called together to create an organisation that will liberate world trade. If our efforts are to succeed, it will be by virtue of the fact that each of us has come prepared to make his contribution to the common enterprise.

In conclusion, let me repeat that my country seeks a Charter and an Organisation that will apply with equal fairness to the trade of every nation in the world. If it should be shown that any one of the detailed provisions of the present draft is really detrimental to the essential interests of another State, we shall recommend that it be withdrawn or modified. I remarked, at the outset, that conflict is exciting and agreement dull. It is the hope of my Delegation that the proceedings of this Committee will be dull. We shall do everything in our power to make them so.

THE CHAIRMAN: I should like to thank sincerely the delegate of the United States for his most interesting exposition. The French delegate spoke yesterday of the great interest which this declaration will have for us, in view of the enormous labour which the United States have given to the preparation of this charter.

I recognize the Brazilian delegate.

MR. MOREIRA da SILVA (Brazil) (Speaking in French: interpretation): Mr. Chairman, the International Trade Organization, based as it is on free exchange between nations, has the aims which have caused us to be united here in this venerable hall in a preparatory meeting - a group of countries interested in the establishment of world principles.

Brazil has sent to this meeting a delegation, the aim of which and the duty of which is to express the feeling of its government and the general feeling of the people of its country. The first duty of its envoys is to reaffirm the hope that the result of our labours here will be the establishment of new means of ensuring the wellbeing and welfare of all people, based on justice.

Brazil would like to bring to these objectives every effort at her disposal during this period of readjustment following peace, just as it did during the period of war, when it contributed with all its raw materials and with its resources of youth. Having contributed with material resources and human resources to the world efforts, it finds itself with its economic system displaced and troubled, but it is prepared to work for the good of the organization of peace.

Brazil does not have those interests at heart which are not the interests of all countries here united. These can be expressed in a word - the most equitable possible distribution of the riches of nature as can be prepared by man. The objectives at which we are aiming in this re-union are to achieve the means of obtaining the expansion of world trade and the economic development of all countries. In order to achieve this result, the best way is the revision of tariff laws and other commercial barriers and the elimination of all forms of discriminatory treatment between countries.

Brazil feels perfectly happy facing these proposals, as Brazil itself has no high tariffs and is one of the nations which does not base its national budget upon taxation. Its deep knowledge of the needs of countries the structure of which and the industrial means of which are based upon the production of raw materials and foodstuffs gives it a deep conviction of the insufficiency of any solution which is limited only to opening ways of export and to the distribution of materials. It would be important, above all, to have the greatest possible international co-operation, based on complete and deep knowledge of the structure of every one of the countries of the world.

International trade means more than just one aim. It has not just the aim of increasing indefinitely the production of goods; it has also the aim of augmenting the welfare of peoples by means of correcting and levelling economic inequalities. International trade has the duty and the task of contributing to the diminution of different levels among nations - nations not equally endowed by nature and differing in historical fact.

Brazil agrees that an increase in the volume of international

exchange is most desirable. This could be arrived at by two means. One, the reduction and possibly the elimination of trade barriers, or, secondly, an increase of the buying capacities of the peoples. These two procedures have as their aim the same result. One is negative and the other positive. We are convinced that the positive measure will bring to world trade a greater increase than the negative measure would bring to it. As it is a dynamic measure, it can create new consumers. Based on this condition, Brazil intends to support all measures which may be adopted to bring about greater industrialization of the countries which are at present less developed.

In this sense the Brazilian delegation believes it is its duty to offer certain proposals which would express faithfully the wishes of its people, and it has no doubt that these proposals will be favourably received and adopted by this conference, resulting in an agreement based on realities of fact, as those are the only things which can be followed and respected.

The Brazilian delegation salutes the representatives of the countries who are making efforts in order to construct and build an economic foundation for world peace. It is appropriate that this Preparatory Committee of the International Conference on Trade and Employment should hold its sittings in this City of London, which has suffered the greatest tortures and the greatest disasters which war can bring, but which will certainly live on, greater and stronger than it has ever been, for the happiness of its people and the blessing of humanity. (Applause).

THE CHAIRMAN: (Speaking in French: interpretation): I would like to thank the delegate of Brazil for his speech, and I now call on the delegate of Australia.

DR. H. C. COOMBS (Australia): Mr. Chairman, Australia, like the United States, approaches the subject-matter of this Conference with certain basic principles in mind, and they, too, number five, but since they are somewhat different from those stated by Mr. Wilcox it might be of interest to the Committee if I enumerated them.

Our first principle is that each member government should do all in its power to ensure to every man living within its borders the opportunity of employment from which he can earn income with which to buy the goods and services produced by others in his own and other countries. Unless this is done it will be futile to clear the channels of trade, since without employment and income the wants of most men must go unsatisfied and there will be no demand for goods to flow through the channels of trade.

The second principle is that member governments should undertake that they will make it possible for their people to use their incomes to buy goods from other countries or to invest in the development of those countries up to the limit of their currently available international resources. Only if this is done will high employment and incomes have their full effect on international trade.

The third principle is that member governments will do all in their power, by developing their economic resources, to open out for their people new and more varied opportunities for employment and the hope of steadily increasing rewards for their labours. Upon this principle depends the hope of an expanding volume of world trade and the hope of higher living standards for all people.

The fourth principle is that member governments should

jointly and severally take action to protect primary producers of their own and other countries from the violent fluctuations in prices and incomes to which they have been exposed in the past. While this threat of insecurity overhangs the primary producer he cannot hope to achieve proper levels of efficiency or reasonable standards of living.

The fifth and final principle is that the rules which are to govern international commerce and the structure of the international organization to be established to deal with it should be such as to assist member governments to fulfil these obligations. Only if this is done and those rules be accepted as just can their organization build for itself an effective place in the world as an instrument of planned and intelligent change, rather than a defender of established interests.

I would not suggest that the principles I have outlined are necessarily in conflict with those enunciated by Mr. Wilcox. Indeed, on many points we are in full agreement. It is, however, clear that there is between them at least some difference of emphasis. For the Australian delegation I can say that we are looking forward to the task of reconciling them. While I can promise Mr. Wilcox that the process will not be dull, I do not despair of success. However, unlike the United States we cannot comfort ourselves with the belief that we can face failure to build a rational world order without serious harm to our economic welfare. We are too conscious of our exposure to the economic blizzards of the world for us to have anything but the strongest sense of urgency about the task which lies ahead of us.

This does not mean that we will not hold firmly to what we believe to be right. There is told among the natives of the part of the world from which I come a legend which expresses well our attitude, and, I believe, the attitude of many of the representatives of smaller nations. Once, the legend runs, a young native set out to sea in a frail canoe. The journey was long, and while he was yet at sea night fell. During the night the sky became overcast, the wind swelled to a gale and the seas came mountains high. It seemed certain that the tiny craft and its master would be overwhelmed. Finally, the native prayed to the gods of his people for aid, but his prayer was the prayer of a man, for he prayed, not that the wind would fall or the seas subside, but that the gods would clear away the clouds, that he might see the stars by which to plot his course.

So we, too, do not come here in the hope that all will be made smooth, but let the great nations of the world remember that the vagaries of their economic systems can make mockery of all our plans and endeavours, and will they measure their offering on the altar of co-operation according to their strength and their responsibility? We may then hope that by our combined oblations we will dispel the clouds of insecurity, so that we shall all see the stars and find our way, however wild and unyielding the nature from which we bring our living, into a world where the limits of our achievements will be set by our own skill, our own wisdom and our own courage. (Applause).

THE CHAIRMAN (Speaking in French: interpretation): I would like to thank the delegate of Australia for his speech, and will now call on the Chief of the Belgian-Luxembourg delegation.

MR. LEBON (Belgium-Luxembourg) (Speaking in French: interpretation):

Mr. Chairman, as early as September 1945, in the course of financial negotiations with the United States Government, the Belgian Government expressed its accord on the establishment of a Conference on Trade and Employment. A few months later the joint proposals were submitted to examination and the Belgian Government expressed its accord with what the United States Government had previously said.

In general the Belgo-Luxembourg Government are in agreement with the aims which are to be reached. That is to say, prosperity and economic stability can only be seen as the re-establishment of economic exchanges between countries, which would require a loosening of tariff restrictions between countries. In order that this should be maintained it is necessary that different nations should agree to co-operate and to maintain that co-operation; and it is in this spirit that the Belgo-Luxembourg Government approve the majority of the proposals contained in the project of the United States.

The Belgo-Luxembourg Economic Union is the first organization which, since the liberation, has re-established freedom of export and import of a large number of products. One-third of the exports are free. This is, of course, only an experiment, and we do not yet know whether this state can be maintained, but it is worth following this experiment.

Moreover, the Tariff Agreement which was established on September 5th, 1944, between the Belgo-Luxembourg Government and the Government of the Netherlands is also in the spirit of the American proposal.

All this indicates the spirit in which the Belgian-Luxembourg delegation comes to this Conference. We are convinced of the interests that exist, both for the Belgian-

Luxembourg Union and for the whole world, in the success of this Conference. We consider it essential that economic union should be standardised on the basis of the principles proposed. However, this standardisation will not be enough to normalise economic stability. Discrimination will have to be abolished. Tariffs will have to be made easier and restrictions eliminated. We will also have to ensure, either by this Conference or other organizations, a maximum of co-operation and co-ordination between the economic policies of various countries. The absence of co-ordination between the policies of export and import risks throwing the world back into a chaotic situation. Moreover, we see that international organizations such as the F.A.O. and the E.E.C.E. and others, have the purpose of bringing into co-ordination important sectors of economic matters, and in order to achieve these objectives the Belgian-Luxembourg delegation is now ready to come to the detailed study of the American draft. (Applause).

THE CHAIRMAN (Speaking in French: interpretation): I now call on the delegate of Canada.

MR. H. B. McKINNON (Canada): Mr. Chairman, the statement of the Canadian delegation at this point will be short. The Government of Canada welcomes the opportunity it hopes will be afforded by this meeting of making its contribution to the attainment of what appear to be the general objectives of all the nations represented here today.

My colleagues and myself have come to this meeting of the Preparatory Committee as officials, not to undertake commitments, but to assist in exploring the means for the achievement of the common objectives relative to trade and employment. Our country has a vital concern in connection

with every aspect of those objectives, as witness the words used by the Prime Minister of Canada in tabling in Parliament the United States proposals in these matters - which were at that time the only proposals which had been made.

I quote as follows:-

"The Government of the United States has proposed that all countries should concert their efforts in the sphere of their international economic relations with a view to expanding the volume of world trade and maintaining high and stable levels of national employment. The specific suggestions for achieving these ends, set forth in the document which is now being tabled for the consideration of Members of Parliament, deserve our most careful study, for no country has a greater interest than Canada in the realisation of these objectives."

It may be contended, Mr. Chairman, by some of the countries here represented, that expanding trade is the source and the basis of ever-increasing employment - and by "employment" I mean the entire field of productive effort, from that of the primary producer to that of the highly skilled artisan.

By others it may be contended that a high level of employment is a pre-requisite to and a guarantor of greater and greater trade. Surely these two should work together to the common end. That, at least, has been and is the belief of my Government, which in its White Paper on Employment and Income has stated as follows:-

"In pressing for international arrangements which would permit and encourage the expansion of world trade the Government is impressed not only with the importance of trade from the point of view of the Canadian economy, but is also convinced that a high degree of freedom of trade is thoroughly compatible with and necessary to a balanced programme for permitting a high level of employment and income."

Mr. Chairman, the task entrusted to this Committee is to examine the subject-matter placed before it, not with a view to formulating rigid decisions, which is a task for governments, but rather to assess as experts the aim and

content of the various proposals placed before us, and to discover, if we can, the broadest area of mutual agreement therein. Until we have done that in reasonable detail we are not in a position to pass a competent opinion as to their respective merits. Indeed, until we have done that we have not discharged the obligation laid upon us by the Economic and Social Council, of which, Sir, we are a Committee.

In this spirit, Mr. Chairman, the view of the Canadian delegation is that we should, without undue delay, address ourselves to the very heavy duties that await us in the various Working Committees. Thank you.

THE CHAIRMAN (Speaking in French: interpretation): I would like to thank the delegate of Canada, and I now call upon the delegate of Chile.

H.E. Senor don MANUEL BIANCHI (Chile): Mr. Chairman, the Chilean delegation wishes to express through my intermediary their great satisfaction at the holding of this Conference, the object of which is to strengthen and enlarge the economic and commercial relations between the United Nations.

I wish to recall to mind today that as long ago as 1855, at the drafting of our Civil Code, Chile upheld the principle of equal treatment in civil law for her own nationals and for those of other countries. From that time on she welcomed and encouraged co-operation with all nations and has in fact manifested at every opportunity the desire to collaborate in all plans for the moral and material benefit of humanity.

It is therefore with great pleasure that the Chilean delegation attends the present Conference, and is confident that its decisions will go far towards solving the many

obstacles which at the moment hinder the expansion of world trade.

Our presence here is of particular importance to us, and, we venture to think, to the United Nations organization, since Chile is one of the countries whose economic stability depends fundamentally on its foreign commerce. Chile, by reason of her method of production and the problems she faces in her international trade, forms part, not only geographically, but also on account of the circumstances already mentioned, of one economic group, in which are included to a greater or lesser degree all the Latin-American nations and other countries of similar economic development.

The factor which most influences the conditions of these countries is their exports. They provide the means of payment for and determine the volume of imports; they place these Republics in a position to meet their foreign financial commitments and service State and private loans; they furnish a considerable part of Government and private revenue, and, finally, constitute the most important factor in the monetary stability of those nations.

The exports of these countries, which consist principally of raw materials and semi-manufactured products, are thus the dynamic factor in their economy, and their value greatly influences the internal conditions of the nations concerned and is mainly responsible for a state of national prosperity or depression.

From the foregoing it will be clear that the principal factor in the maintenance and development of the economies of this group of countries lies in the assurance that prices for raw materials will not suffer the fluctuations that took place between the years 1930 and 1940, and that prices are

maintained at reasonable levels, with the double object of, firstly, stabilising their balance of payments, and, secondly, to facilitate a State capitalization.

We are therefore desirous of contributing to all measures designed to bring about this easier international trade, and believe that these aspirations should be studied from a realistic point of view, taking into account the circumstances and features of the trade of those nations whose economy is still undeveloped, and, therefore, whose balance of payments is generally adverse.

In our opinion an effective solution of these problems cannot be achieved if the elimination of international trade restrictions is not accompanied by an increase of production and the industrialisation of the countries concerned.

To this effect I should like to reiterate what I said yesterday at the meeting of the Executive Committee of this Conference, when I made reference to the text of Article 4 of the Resolution adopted by the Economic and Social Council of the United Nations at their session in London on the 18th February last.

Chile hopes that in harmony with the spirit of this Resolution an appropriate solution of the above problem will be established in such a way as to permit those countries of undeveloped economy to obtain full development through various methods of international co-operation. In this way a level of consumption would be assured which would allow an effective increase in international trade.

With regard to full employment, we believe that this should be closely linked with that of the betterment of the standard of living of the working classes. We think that the American proposal, of which the United States delegate has given us such an interesting explanation, is a very good

basis for discussion, but the Chilean delegation reserves to itself some observations when this proposal comes to be studied in detail.

Chile was elected for a period of three years a member of the Economic and Social Council of the United Nations in the first part of the First Assembly held in London. This election was made not only on account of our contribution to various basic industries and the characteristics of Chilean production, but also because Chile has always lent positive and sincere support to all international plans which tend to the betterment of the economic and social conditions of the world.

I can assure you that our collaboration is and will be of the utmost loyalty, not only in this Preparatory Conference, but also in any other future activity of the organizations to which the United Nations may entrust the study of these vital problems for humanity. (Applause).

THE CHAIRMAN (Speaking in French: interpretation): There are only four delegates who have asked to speak this afternoon; they are the representatives of Cuba, Czechoslovakia, France and the United Kingdom. Are there any further delegates who would like to speak this afternoon? I recognise Lebanon, India and the Netherlands.

Gentlemen, as we still have a quarter of an hour ahead of us, if there is any delegate who wishes to speak now I will gladly invite him to speak.

I invite the delegate of Czechoslovakia to speak.

MR. AUGENTHALER (Czechoslovakia): Mr. Chairman, gentlemen: It is very well known that Czechoslovakia, which has few raw materials, is by reason of her economic structure and her geographical position in Europe to a large extent dependent on foreign trade. Already, after her liberation in 1918,

Czechoslovakia held an honourable position in this respect, and she will try with all the strength at her disposal to regain that position as soon as possible.

It goes without saying that Czechoslovakia does not regard foreign trade as a thing by itself, but as a means to raise the general standard of living and to assure full employment and social security, all of which means an avoidance of economic fluctuations and crises.

Czechoslovakia was the first country occupied in Europe and the last to be liberated. Under German and Hungarian occupation she suffered economic losses for which there is no example in our history. These losses had a profound influence on the whole economic and financial structure of life in Czechoslovakia, and a certain period for recuperation and for a return to more normal conditions will be needed. It is difficult to foresee now the length of this period, because the economic recovery of Czechoslovakia depends not only on help which she might get from outside, but also on the economic development in neighbouring countries. On this occasion I should like to acknowledge gratefully all help which up till now has been given to Czechoslovakia, and especially I should like to mention the splendid work of UNRRA, which helped us to overcome the first and worst difficulties.

It is a natural consequence of the geographical position of Czechoslovakia that her foreign trade was and shall be again mainly with countries which are Czechoslovakia's neighbours or in her proximity. For this reason the economic stability of our market depends very much on developments in these countries. A substantial extension of trade relations with the Soviet Union and countries of Central and South-eastern Europe is natural. Yet, that does not mean that Czechoslovakia intends to neglect her trade relations with the United States,

the British Commonwealth, France and all other democratic countries. Therefore, Czechoslovakia welcomed the invitation to an international conference on Trade and Employment, and agrees with the general tenor of the proposals presented for the consideration of the representatives of the countries which are members of this Committee.

We are fully conscious of the fact that our labours here are only a preliminary meeting for a future conference where many more countries will be represented, and whose deliberations may decide the final fate of our work. That is why we wish that the outcome of its work may be a basis for the future conference and acceptable to all.

I think that we can achieve this even if we have to bear in mind the natural difficulties which will have to be overcome and which are a consequence of the fact that we deal not with two or three, but with a series of economic structures substantially differing from each other. I hope that, paying due respect to the natural interests of all countries and to their economic structure, we shall be able to achieve an agreement which is necessary in the interests of peace and the economic and social prosperity of the whole world. Because we want this prosperity for the whole world we wish good luck from the bottom of our hearts to all those countries which took the road towards industrialisation. We have full understanding for their striding, especially since we grapple with the same issues in Slovakia, the eastern half of our country.

I can assure, you, gentlemen, that Czechoslovakia will do her best for the success of this meeting. (Applause).

THE CHAIRMAN (Speaking in French: interpretation): Gentlemen, I wish to thank the delegate of Czechoslovakia for his speech.

Before the end of the meeting I wish to make two

statements. The first concerns the simultaneous interpreting system. We have made several experiments, and another one today, and I regret to see that it does not give entire satisfaction. This does not depend on the success of science or the goodwill of those who have established the system. It depends on the small size of this room and its acoustics, and my own experience is that we hear both the original text and the translation at the same time, which is deplorable. So this afternoon we will come back for the rest of the speeches to the system which we used yesterday; that is to say, the simultaneous system for those who are satisfied with it, with the subsequent interpretation for those who prefer it. I wish to thank the interpreters who have to do the extra task.

The second statement which I have to make to you is concerning the Committees. The Secretariat has asked me to say to you that it would be glad to receive as soon as possible from each delegation the names of the delegates which the delegations are sending to each Committee. This is necessary because several delegations will have to send the same delegate to several Committees, and consequently it will be necessary to establish the schedules of the meetings of the various Committees accordingly. At the same time, the Secretariat will be very pleased to hear proposals from the delegations for the Chairman and Vice-Chairman of each Committee. These candidatures will be submitted to the various Committees as soon as they are established and working.

Gentlemen, we will therefore meet again at 3 o'clock, and we will then follow the alphabetical order again, because the order in which the delegations have given in their names

E/PC/T/PV/2

follows the alphabetical order, and we shall begin with the delegate of China.

The meeting rose at 12.25 p.m.