

A.1.

UNITED NATIONS

NATIONS UNIES

E/PC/T/PV2/1

ECONOMIC
AND
SOCIAL COUNCIL

CONSEIL
ECONOMIQUE
ET SOCIAL

SECOND SESSION OF THE PREPARATORY COMMITTEE
OF THE UNITED NATIONS CONFERENCE ON TRADE AND EMPLOYMENT

VERBATIM REPORT

FIRST MEETING

HELD ON THURSDAY, 10th APRIL, 1947
AT 3 P.M. IN THE PALAIS DES NATIONS, GENEVA.

Mr. DAVID OWEN, ASSISTANT SECRETARY-GENERAL (TEMPORARY CHAIRMAN)

(NOTE: The Verbatim Reports of the six meetings of the First Session of the Committee held in London from 15th October 1946 to 27th November 1946 will be found in Documents E/PC/T/PV.1-6)

^C
TEMPORARY CHAIRMAN:

Ladies and gentlemen, it has been the dear wish of the Secretary-General of the United Nations to come to Geneva to open this, the Second Session of the Preparatory Committee of the Conference on International Trade and Employment, and he has asked me to explain to you that only his preoccupation with certain new and heavy political tasks at Lake Success prevented him from coming here today. He has, therefore, detailed to me the responsibility and privilege of opening this meeting. It would be difficult to over-estimate the importance of the task before this Session of the Preparatory Committee. It is one of the most important to be undertaken by the United Nations in any field. The world has suffered, and is suffering tragically as the consequence of war, poverty and economic disorder, and it is the major task of the United Nations to dominate the as yet uncontrolled forces which have produced these evils; through the machinery of international co-operation.

After the defeat of the enemies of democracy in the first world war, a brave effort was made to deal with the economic ills which were bedevilling the progress of mankind, through the machinery of the old League of Nations, in whose magnificent buildings - now the European Offices of the United Nations - we meet today.

This effort failed, not to any important extent through the fault of the devoted band of able international civil servants who served the League, but because of a collective failure of imagination and will on the part of the governments concerned. Failure to establish an orderly system of international economic intercourse aiming at full employment and the expansion of trade throughout the world played its part in the deterioration of the political situation which led to the second world catastrophe through which the world has passed within a single generation.

At incalculable cost the enemies of democracy have been defeated for a second time, and we are now presented with another chance to come to grips with the forces which dispose men's minds to violent solutions. We must not fail again.

As a consequence of the war, and in spite of its devastation from which many countries are recovering only slowly, the industrial potential of most nations has been developed out of all normal measure. Figures of productivity for a number of the states here represented show greatly encouraging increases over pre-war levels. If anything, nations have become more dependent upon one another as a consequence of this increased productivity. In this new situation a world trading system consisting of mainly self-contained units could only lead to chaos - chaos such as we have never known in the economic field. What could nations do with their greatly increased production were they not able to exchange it for the excess wealth of their neighbours? This potential abundance can contribute to an improvement in the welfare of all, or can result in bulging pockets of wealth in an otherwise impoverished world. Surely it is only in a system of freely flowing trade that the greatest prosperity of the greatest number can be obtained.

Cynical views abound and there is much legitimate cause for disheartenment in the world as we see it about us, but I am confident that this work which we began in London and continued in New York will not fail, if only because it cannot afford to fail. Each government here represented is, naturally enough, desirous of obtaining the best possible bargain in furtherance of its own legitimate interests. This is natural and desirable. However, I say to Delegates that whenever they reach a point when they feel that the balance of benefits and concessions is against them and they feel they cannot accept such an arrangement, I say to them that they must visualize their countries' trading and general economic situation in the absence of agreement here at Geneva.

Let them think of the great depression of nearly twenty years ago. Let them think of a mass of unemployed. Let them think of the consequent poverty to the citizens of their country. Let them think of quotas, of exchange restrictions, of desperate subsidization, of rising tariff barriers and of wheat and coffee being burned because the world trade machinery had so broken down that willing markets could not absorb these foodstuffs. And having visualized such a situation, let them study again whatever problems are besetting them and let them then decide whether a small concession at Geneva is not well worth their share of an expanding world trade.

The International Trade Organisation, the Charter of which you will be considering here, will be the first specialized agency actually to be set up by the United Nations in the economic field: and it will take its place with the four international economic agencies which had already been established - the International Labour Organization, the Food and Agriculture Organisation, the International Bank for Reconstruction and Development and the International Monetary Fund - when the Economic and Social Council came into existence. We are therefore in an important sense testing the strength and effectiveness of the United Nations in the economic field. The measure of success reached in the setting up of the International Trade Organization will in large measure be indicative of the success the United Nations can hope to obtain today in that field.

It must be evident to all who have studied ^{it} that the Charter of the International Trade Organization, even as at present drafted, represents a unique experiment in that it aims to bring within a comprehensive world trading system economies of all types, ranging from entirely free enterprise countries to those which have moved further towards state trading. This is, indeed, one of the most important aspects of the Charter. The Charter

must provide a framework within which the trade of any nation, whatever its economic structure or political ideology, may be improved through the many benefits which membership in the Organisation will offer.

Apart from the fact that this meeting will play an important part in determining the course of the United Nations in matters economic, it may well be that our political future will be affected by what happens here. Political frictions too often flow from difficulties in trade relationships. It is a platitude and yet true to say that unrest and trouble breed in empty stomachs. Prosperous and contented peoples are not notorious for their aggressiveness to their neighbours. It is when a people can do little worse than it casts covetous eyes beyond its frontiers and dreams of conquest. Real economic prosperity for all nations -- and I stress all nations -- is an essential prerequisite of that peace we have been pursuing so ardently and at such frightful cost for many years. It is evident that we are met here in Geneva for a new stage of a great adventure whose goal is the banishment of poverty and insecurity throughout the world. You have come here entrusted with a delicate and important mission by your respective governments and by the Community of Nations. May you all return home bearing the fruits of your labours in the successful accomplishment of your mission. And I hope you will keep before you throughout the objective which can only be attained through this meeting: world economic cohesion and co-operation as opposed to the chaos and disintegration that would follow were you to fail.

TEMPORARY CHAIRMAN: I would like to ask Mr. Moderow, the chief of the European Office of the United Nations here in Geneva to say one word of welcome to the delegates.

MR. MODEROW: I wish to welcome you, ladies and gentlemen, as head of the United Nations establishment in Geneva, which since yesterday according to a decision of the Secretary-General has been called the European Office of the United Nations.

This is a great moment for our office. For the first time we are servicing this building for an important conference held under the auspices of the Secretariat of the United Nations. As you know, the basic Geneva establishment is very limited for the purpose of this conference, and for other meetings which will be held simultaneously or consecutively it has been temporarily expanded. It was a hard job for me, for my assistants and for the staff of this office, and it had to be partly improvised. There may arise some shortcomings for which I apologise in advance. I hope you will have full comprehension for the fact that this is the first experience on a large scale for the United Nations administration in Geneva. Criticism is welcome and I assure you it will be conscientiously enquired into and remedy as far as possible provided. This building has good traditions of administrative efficiency and technical achievement and we hope gradually to attain the same standards. I was very happy to be able to put at the disposal of the delegations 130 rooms, in spite of the fact that simultaneously some other meetings will take place here, and I hope you will be comfortable in your offices.

There is another aspect to every conference; the hotel accommodation. Not all of you ladies and gentlemen may be entirely satisfied with the accommodation provided. I should like however, to draw your attention to a special difficulty which arises in

Geneva with regard to hotel accommodation. Apart from many other factors, it is, I believe, for the first time in the history of this not very big city that it has to offer hospitality simultaneously to several international conferences of which two at least are very important. Also in this matter the services of the United Nations are at your disposal, and I can assure you that every effort will be made to meet as far as possible the wishes of the members of the delegations.

Before calling for nominations for the chairmanship of the Second Session, I would like to ask Mr. Moderow, the Chief of the European Office of the United Nations here in Geneva, to say one word of welcome to the delegates.

Mr. Moderow: I wish to welcome you, Ladies and Gentlemen, as head of the United Nations Establishment in Geneva which, since yesterday, according to a decision of the Secretary General, has been called the European Office of the United Nations. This is a great moment for our office. For the first time we are servicing in this building an important conference held under the auspices of the Secretariat of the United Nations. As you know, the basic Geneva Establishment is very limited. For the purpose of this conference, and other meetings which will be held simultaneously or consecutively, it has been temporarily expanded. It was a hard job for me, for my assistants and for the staff of this office and it had to be partly improvised. There may arise some shortcomings for which I apologise in advance. I hope you will have full comprehension for the fact that this is the first experience on a large scale for the United Nations Administration in Geneva. Criticism is welcome and I assure you it will be conscientiously enquired into and remedies as far as possible provided. This building has good traditions of administrative efficiency and technical achievement and we hope gradually to attain the same standards. I was very happy to be able to put at the disposal of the Delegations 130 rooms, in spite of the fact that simultaneously some other meetings will take place here, and I hope you will be comfortable in your offices. There is another aspect to every conference - the hotel accommodation. Not all of you, ladies and gentlemen may be entirely satisfied with the accommodation provided. I should like, however, to draw your attention to the special difficulties which arise in Geneva with

regard to hotel accommodation. Apart from any other fixtures, it is, I believe, for the first time in the history of this not very big city that it has to give hospitality simultaneously to several international conferences, of which two at least are very important. Also in this Mecca the services of the United Nations are at your disposal and I can assure you that every effort will be made to meet, as far as possible, the wishes of the members of the Delegations concerned.

MR. DAVID OWEN (Temporary Chairman): It is now my privilege to call for nominations for the office of Chairman of the Second Session.

MR. CLAIR WILCOX (UNITED STATES): The Preparatory Committee for an International Conference on Trade and Employment appears to have come of age. We have moved out of the sombre light and the intimacy of London's Church House into the vast spaces and the brilliant sunshine of the outer world. Perhaps this may be symbolic of the magnitude of the task which we now have before us. Accordingly, the Chairmanship of the Second Meeting of the Committee will require an unusual combination of knowledge and wisdom, decision and firmness, fairness and tact and, above all, a pervading sense of humour. Fortunately, there is one man who is known to all of us to possess these qualities in ample measure. It is the hope of the United States, in which I am sure that we are joined by the other members of this Committee, that the distinguished member of the Belgian Delegation who presided over the first meeting of the Committee with such dignity and grace will consent to resume the chair for its Second Meeting, so that Geneva may move as smoothly as did London towards its appointed goal. I count it an honour to present to this meeting the name of M. Max Suetens.

Mr. DAVID OWEN (Temporary Chairman): M. Max Suetens has been proposed: any support for this nomination?

M. ANDRE PHILIP (France) (interpreted): The French Delegation is happy to second the suggestion which has been made by the United States Delegation and to ask that the Chairmanship of the Assembly should be given to the Belgian Delegate, Mr. Max Suetens. We have already had the privilege of having him in the chair of the Preparatory Committee in London and all those who took part in the London meetings have had an opportunity to admire the authority and clearheadedness and the tact with which he presided over our sessions, at a time when he came back from the long session when he had difficult problems to deal with. The French Delegation feel that, judging from the experience already acquired, M. Max Suetens is the best Chairman we could possibly have had this session.

MR. DAVID OWEN (Temporary Chairman): Do any other Delegations wish to speak on this subject or are there any other nominations? (after a pause). It is my very great pleasure in these circumstances to put the name of M. Max Suetens to this meeting as the nominated chairman of the Second Session of the Preparatory Committee. Will those who are in favour of this motion, please signify. (after a pause). I hereby declare M. Max Suetens as the Chairman of this meeting by acclamation and unanimity.

E/PC/T/PV.2/1

CHAIRMAN: Ladies and Gentlemen I would like to thank you most sincerely for the honour which you have done me and my country in re-electing me to the Chairmanship of the Preparatory Commission.

It is with joy, although with some confusion, that I take the Chair to-day. It is with joy because I find here again so many friends of whose valour and qualities I personally know and whose perfect spirit of co-operation which they bring to our work I so deeply appreciate; with confusion also because I find in front of me imposing delegations presided by ministers-that circumstance itself gives me great satisfaction. If some of the countries here represented have delegated their ministers, their well-known ministers and most appreciated ministers, it is because they all have a conscience of the importance of the work which we are about to undertake and all want to co-operate to our common work.

Gentlemen, it is more than five months since we have seen our farewell in London and in between, the work which we started in London has been studied in different countries and has been confirmed with the necessities of internal policies. I believe that we can all be perfectly satisfied with results. The concord and agreement which have come to us from many quarters tends to prove that there exists in the world faith in the work which we are about to undertake. One would have thought even that the victory of the republican party in the United States could have brought about some scepticism, but on the contrary, the elections have demonstrated how much, as always

E/PC/T/PV.2/1

the Americans have a sense of the greatness of their own country of their continent and the world. I would like to insist on the word "always", because this permanent aspect is most important as far as commercial policies are concerned which impose themselves to all the variations of the parties since the last but one war as it has been so perfectly understood. We clearly understand now that the Delegations of the United States is not representing the policy of one party, but is representing here, really the policies of the nation itself. We have had in that respect the declarations made by Mr. Clayton, and those which President Truman made at Waco on March 6th last.

The second witness is given by Australia. It is with great joy that they, with an astute parliament, have with a large majority voted to adhere to the agreements of Bretton Woods, which implies that Australia definitely accepts to participate in a policy of wide co-operation, economic and international.

A third testimonial given by the FAO is the very interesting report which the Preparatory Commission on the World Food proposals as submitted at a conference which took place between 28th October, 1946 and 24th January 1947, and full support has been given to the articles of the Charter which relate to inter-governmental agreement on basic products. This approbation shows all the value of the work which has been done in London by our Food Committees. We must underline that in conformity with a resolution passed in London at the end

E/PC/T/PV.2/1.

of our third session study groups working along principles which have been put forward by the same chapter or charter have been created for wool and for rubber. No doubt, we find next to those signs which are so full of promises other signs which are less full of promises, but we can have a certainty that we are on the right road and that we have only to continue our way. In that respect I am particularly happy to congratulate the drafting committee, and more particularly its Chairman Mr. Colban for the work which it has done in New York. The report of this Committee has unhappily come to us a little late, but it is a most important contribution and will permit us to talk again of the discussions on those controversial questions, or questions which have not yet been solved but very carefully discussed.

I am perfectly sure that you will join with me in thanking the Swiss Government and the Canton of Geneva for the hospitality which they afford to us. Many of us who have participated in the work of the League of Nations know Geneva. They will tell you how delightful a spot it is to live in, right on the border of the Lake of Geneva.

Switzerland is not represented among us, but we all know the interest which the country gives to our work - interests which is so clearly shown by the articles published by the different papers.

Now, Gentlemen, I have only to wish you God speed on our work. Be assured that I will try to give all my good will and all the work which you might expect from me as I discharge my duties as Chairman.

I do not wish to end my little speech without thanking my English speaking friends for the kind things they have said of me, and without saying how glad I am to be with them again. We meet in a spirit of co-operation and good will and I feel sure we shall be able to create a solid and enduring world.

CHAIRMAN: The next item on our Agenda is the election of two Vice-Presidents. You may recall that according to Article 7 of the Rules of Procedure of this provisional Organisation, the Conference has to find two Vice-Presidents. Several delegations have felt, however, that this was not sufficient, and the whole problem is being considered by the appropriate authorities at present. We have not yet had time to do it finally, and I propose myself to make further suggestions to this meeting at a later time. However, if in the meantime any delegation have any suggestion to make, they may approach Mr. Wyndham.

CHAIRMAN - And the next item is the adoption of the provisional Agenda which is set out on EPC 35. May I take it that the provisional Agenda is adopted? The Agenda calls for discussion and approval of amendments to rules and procedure. These amendments will be submitted to the meeting by the Executive Secretary.

MR. WYNDHAM-WHYTE: Mr. Chairman, the rules of procedure as adopted at the first session of the Committee are set out on page 45 and the following pages of the Report of the First Session, and in outlining the amendments which are being proposed by the Secretariat I shall refer to that document. The first amendment refers to Rule 7 and follows from the statement you have already made about the number of Vice-Chairmen, and it is the suggestion of the Secretariat that Rule 7 be amended to read as follows. At the commencement of each Session the Preparatory Committee shall elect from its representatives a Chairman and such number of Vice-Chairman as it deems necessary for the efficient discharge of its responsibilities. The Chairman and Vice-Chairman shall hold office until the end of the Session at which they are elected.

CHAIRMAN - Are there any observations concerning this Amendment?

Adopted.

Mr. WYNDHAM WHITE (EXECUTIVE SECRETARY) - The second substantial amendment, Mr. Chairman, which the Secretariat propose is in Rule 46 on Page 46 of the Report. That rule deals with the consultation by the Committee with certain non-Governmental agencies, and there are set out in that Article as it stands at present the names of four non-Governmental Agencies which at the time of the first session of the Preparatory Committee were the only non-Governmental agencies which had what has come to be known as Category (a) status, that is to say within the category of non-Governmental organisations regarding which the Economic and Social Council have laid down certain regulations for its consultation with them. Since the date when the present rule was adopted at the First Session the Category (a) has been enlarged, and there are a number of other non-Governmental organisations included in that category. Therefore to take account of that change of circumstances it is proposed that Rule 46 should be amended to read that the Committees of the Preparatory Committee may consult with non-Governmental organisations in Category (a) either directly or through Committees established for the purpose. In other words, there is substituted for the four organisations named specifically the general description "Non-Governmental organisations in Category (a)".

CHAIRMAN - Are there any observations concerning this Amendment?

Approved.

MR. WYNDHAM WHITE (EXECUTIVE SECRETARY) - The last amendment which we have to suggest, Mr. Chairman, is of an entirely formal character and relates to Rule 43 on Page 46, which provides for the issue of a Journal to the Preparatory Committee.. It is not proposed at this Session to issue a Journal, and the purpose of

E/PC/T/PV/2/1

the Journal in providing information to delegations about the meetings and arrangements for the Second Session will be fulfilled by the issue of daily notices, but not in the form of a Journal. It is therefore proposed that Rule 43 be deleted.

CHAIRMAN - Are there any observations concerning these deletions?

Adopted.

CHAIRMAN - The next item on the Agenda is the presentation of the Report of the Drafting Committee. I invite Mr. Colban, the President of this Committee, to come to the rostrum.

Mr. ERIK COLBAN (NORWAY).

Mr. President, Gentlemen, the Report of the Interim Drafting Committee has been distributed to the Governments and I take it that it has come into the hands of all the delegates here. You will remember that we decided in London that the terms of reference to the interim Drafting Committee should be to go through the result of the work achieved in London with the view of trying to get the texts as clear and straightened as possible. At the same time trying to draft in somewhat more detailed form the paper which should incorporate the results of the negotiations on custom policy. We have got in accordance with these terms of reference, and I hope that the Report of the Interim Drafting Committee may prove helpful. The London Report was necessarily in an unfinished form because the work itself had not been finished in London, and even the Report of the Interim Drafting Committee may give the impression that it is very far from being finished. You have all the articles of the Draft - notes, observations and results - but I beg you not to over-emphasise the importance of all these exceptions. I can assure you that a

Technical Committee as Interim Drafting Committee was not in a position to enter upon any fundamental political discussions, and we have had to take the material resulting from the London Conference without trying to bring new political considerations to bear upon it. But my own view is that if this Conference can work with the same spirit of co-operation as the Interim Drafting Committee we cannot fail. I owe the most sincere thanks and votes of appreciation to all my colleagues in the Interim Drafting Committee - everyone of them worked with the purpose of achieving agreement. Even those who fought for separate lines of action did it so as to put their reasons as clearly as possible before their colleagues, thereby giving them an opportunity of seeing what could be in favour of their spirit of...

We have thrashed it out and when you find in the Report of the interim Drafting Committee certain problems which we have left unsettled and even presented you with a number of alternative observations, that does not mean that these problems are insoluble; it simply means that in New York, where we had to get through the work before the end of February, we could not get any further. But I feel personally that in continuing the expert work of New York on a political level here in Geneva, we shall solve most of our problems and even with a number of reservations go on with the Draft Charter to the General Conference; I would not consider that at all as a sign of weakness or defeat. There are a number of problems which may be solved in different ways, and if we put alternatives to the world I cannot believe that the world consciousness of the importance of the task before them should not enable them to agree. I said that the Report of the Interim Committee is in your hands, but it is not yet in the hands of the public. We discussed it in New York, and I said to the Drafting Committee that only some few weeks separat

us from Geneva. It is much better not to publish it under our own authority. We leave that to the Preparatory Committee itself. The important thing is that it would be helpful if we could get public opinion directed to our work by putting this Report in their hands and with the reservations I have allowed myself

to make I trust that public opinion represented through the Press will not over-emphasise the differences of opinion they find in the Report but much more emphasise the very high degree of common

agreement on the different problems. I beg to suggest, Mr. Chairman, that you propose to the Assembly the publication of the Report

of the Interim Drafting Committee.

TEMPORARY CHAIRMAN: Anyone wish to speak on the Report?
I call upon Sir Stafford Cripps.

SIR STAFFORD CRIPPS: Mr. Chairman, since we last met in London in the autumn I have no doubt that a great deal of work has been done by every member country on the great task that lies ahead of us. But I would like in particular to refer to the work of the Interim Drafting Committee which was set up at the close of the First Session in order to carry further the preparation of the proposed Charter for an international trading organisation, which on the basis of an extremely useful draft got out by the United States of America had been formulated in London. It was inevitable, I think, that our last Session, strikingly successful though it was--successful, I venture to say, beyond the hopes and expectations of many who were there,--should have left for further consideration some of the more technical Articles without which the Charter would be incomplete, and that there should also be a large number of passages of which the drafting was inadequate or on which there had not been a full definition of conflicting views.

The Committee met in New York on the 20th of January and finished its work on the 25th of February. The Delegations were small and consisted of highly qualified experts and I think that all of us who have studied their report will agree that it is a most valuable contribution to our great enterprise. It will, I confidently predict, very greatly ease our burdens when we come to consider once more the draft Charter and the very wide field which it is to cover. We were all clearly fortunate in our choice of representatives on this Committee, but above all we can congratulate ourselves on the Chairman, to whom all those present at New York would agree that a very considerable share of the credit for the Committee's success is due.

I refer to Mr. Colban, whom we are very glad to see again here as the leader of the Norwegian Delegation. To him and to the Vice-Chairman, Mr. Adarker of India, we owe a great debt and I would suggest that we should place on record here and now our sense of obligation to Mr. Colban, to his Deputy, to all the members of the Drafting Committee and to their Secretary, Mr. Lacarte and his staff. I would also, Mr. Chairman, like to second the proposal of Mr. Colban that this document should be published, because the United Kingdom Delegation believes that nothing but good can come from such publication.

CHAIRMAN: Ladies and gentlemen, I am sure that the whole Committee will want to join Sir Stafford Cripps in the praise which he has paid to the Drafting Committee, and, more particularly, to its Chairman, Mr. Colban. I for my part would like to join my own congratulations to those presented by Sir Stafford Cripps.

Does anyone want to speak on the Report of Mr. Ambassador Colban? The only thing we have now to decide is, following the proposal by Mr. Colban, is there any objection to publishing the Report? ...The proposal is therefore adopted.

Point 4 of the Agenda is a general discussion of the scope of the work of the Second Session. I expect, and I sincerely hope, that most of the Heads of the Delegations will wish to express their opinion of the present state of our work. A certain number of Delegations have expressed their wish to speak--in order: Australia, Belgium, Brazil, Canada, South Africa, New Zealand. I am now going to call on the different Delegations to ask them whether they are prepared to speak now or tomorrow morning. ...I gladly call the Delegate for Australia to the rostrum.

DELEGATE FOR AUSTRALIA (DR. H.C. COOMBS):

Mr. Chairman, before we begin our work in this Session, it would, I believe, be fruitful for us to look back on the results of our labours in the First Session. That Session produced real achieve-

ments which were due, I believe, to the fact that certain basic principles underlay the Committee's approach to its problems. I think it is worth while to review briefly those principles, since the success of our work here may well depend upon their application to the problems which we now face.

The first of these principles was the recognition that high levels of employment and of effective demand do much to determine the volume of world trade. The theory and practice of domestic economic policy was revolutionized in the years which followed the Depression by the recognition of the dominant role of effective demand. It was long, however, before the effects of this revolution were felt in the consideration of the problems of international trade. Indeed, historically it may well prove to be the major achievement of the Preparatory Committee that it brought this about.

The second basic principle was the recognition that economies at different stages of development, with widely varying problems and organised according to different political philosophies, cannot follow uniform economic policies, and that consequently rules governing international trade must be flexible if the legitimate needs of national economic policies are to be met.

Thirdly, it was recognized that many trade barriers are erected not as acts of ill-will, but as the means to achieve legitimate purposes or to protect domestic economic welfare from real dangers.

DR. COOMBES: (Australian Delegate): This is not to say that the barriers are necessarily the best means of achieving purposes or that the fears of dangers they are designed to meet are not exaggerated or indeed that the history of commercial policy does not abound with the examples of exaggeration and extravagance. It means that an integral part of the task of reducing trade barriers is to provide positive aid in achieving the legitimate national purposes by means less inimical to the interest of other nations and that we must be prepared at times to wait while fears are quietened by the results of co-operation. In other words there was brought to the task of the London conference of this Committee an understanding, a tolerance and a humanity which had resulted in a Charter which despite its interventions provides in my opinion a wiser and more workable basis for the conduct of international trade and any basis which has been proposed before.

The present session will, I hope, approach its problems in the same way. There are two main tasks. First to review the earlier work on the Charter and to examine some of its difficult problems which were left over from the first session. Secondly, to seek in negotiation a reduction of those restrictions embodied in tariffs and preferences. One problem to my mind stands out in relation to the Charter. When the world conference meets we shall have represented there countries who vary from the point of view of their state of development and their system of economic organization even more widely than those represented here. It is important that the Charter should be such that all countries of good will can accept it and the organization which it proposes to set up such that all countries of good will can, with advantage, become members. In the negotiations about tariffs and

preferences we are faced with a practical problem in which it would be very easy for the general principles underlying our achievements in the first session to be lost in an atmosphere of hard bargaining. However, from some points of view the time is auspicious. In the world generally there is no problem of effected demand. Indeed those of us who have advocated for full employment so passionately are in danger of being embarrassed by the fullness with which our prayers have been answered. Indeed if I was not so overwhelmed by the magnificence of my surroundings I should, I think, be reminded of the Scottish parson who prayed for rain. The following day it rained and it went on raining and it rained for weeks, until finally the parson took up the matter again and he prayed thus: "Lord, it is true we prayed for rain, but this is ridiculous." At any rate, whatever the difficulties with which this state of excessive employment may confront the peoples and governments of the world, it does mean that demand in the field of international trade is now at a high level. The problem is not to find markets in which to sell goods but to find the goods to meet urgent needs. We can, therefore, now if we will, see tariffs and preferences in their right perspective. An effective demand is at such high levels that the influence of tariffs and preferences on the flow of trade is small indeed, affecting the direction and composition of trade rather than its volume. This should mean that both those seeking reductions in other peoples' tariffs and those defending their own will be less likely to exaggerate the importance of the particular tariff rates over which they are bargaining. This would be the more so of course if countries could be confident of the persistence of these conditions of high effective demand.

There are two possible approaches to negotiations avowedly on a mutually advantageous basis. The first is to interpret advantage in a strictly national sense. To assess on the positive side of the balance sheet only those benefits which accrue directly to increase national trade.

The second, and I believe the wiser approach, will seek to take into account the role which the tariff plays in the economy of the country negotiating. To assess the purposes which it is designed to achieve and the fears which it is designed to quiet. It will be prepared to see in the achievement of those purposes and the quieting of the fears advantages from which other countries too can, and will, benefit. In other words if we can apply to the problem of tariff and preference negotiations the same principles of understanding, of tolerance and of humanity which ensures the achievement of the first session. If we choose the first approach there is real danger and we shall look back upon the structure we are labouring to build and find that however impressive its façade it too, like so many attempts of this kind in the past, is at best an empty sham. On the other hand if we choose the second we can make one step further in the task of showing what the people of the world are desperately anxious to believe that nations can work together for common ends.

The Australian government approaches the problems of this conference with a real sense of urgency and an awareness that the Australian people have an abiding faith in the future of international co-operation and it is my privilege to assure you that the Australian delegation will, at this conference, do its utmost to embody that faith in the work of this conference.

E/PC/T/PV.2/1

BARON VAN DER STRATEN-WAILLET (Belgian Delegate): The economic union existing between Belgium and Luxembourg has, from the outset given its full support to the world Charter of Trade and to the creation of an international Trade Organisation. They have consistently followed the work achieved by this Organisation, and are willing today, as they were before, to give it full support. All members of the preparatory commission have played a part, and a useful part I dare say, in what has been achieved until now, but there is one country, I believe, to which particular tribute must be payed from this rostrum. I wish to refer to the United States of America. The American nation is conscious of its responsibilities which it plays in the economic field. It has supported the efforts which the United States government has consistently developed for the development of exchanges between states and the reinforcement of economic and international solidarity. The two traditional political parties in the United States, the Republic and the Democratic, have shown today a wish and a will to co-operate with the other countries which is the best evidence for the final success of our undertaking. I wish to associate myself fully with what has been said from this rostrum by our President and by Sir Stafford Cripps concerning the work of the Interim Drafting Committee which has met in New York earlier this year. The Draft Charter has been altered by the changes which have been introduced in this document by the Interim Drafting Committee. The new articles have been drafted in a very fitting and proper way. On the other hand, certain changes which have been suggested in the text shall certainly call at a later stage for some

E/PC/T/PV.2/1

observations on our part. However, I should like right now to mention one technical gap which is particularly regrettable for the French-speaking delegation. I feel that it is regrettable that a French version of the Draft Charter should not have been circulated to members of this Conference at the same time as the English text was being sent out.

Belgium, gentlemen, is traditionally a country of economic freedom. The commercial policy which we have pursued since the end of the war is the evidence of what I have just said. The Belgian government has opened its doors as widely as possible to imports. The goods which are not an object of international rationing enter Belgium in such quantities as to satisfy financial demand. During the first quarter of 1946 the monthly average of imports was 2,802,000,000 Belgian francs. At the end of the same year 1946, the monthly average had jumped to 6,322,000,000, in other words an increase of 125%. At the beginning it proved necessary to submit trade in Belgium to control by the means of licenses, but this system was applied very moderately. Import licenses were granted so liberally that very soon imports exceeded actual needs of the domestic markets. In 1946 only half of the licenses were established by the proper agency of the Belgian government and were actually used for imports. Furthermore restrictive controls were gradually deleted for numerous goods. For these goods all the importer is required to do is to make a declaration which amounts to complete freedom of trade. More than half of the imported goods are those which were imported to 1946, were imported under the system of the simple declaration. In other words complete freedom. The increase in the amount of imports has continued at the same rate for goods submitted to licence and for free goods. Experience has shown that the fact of liberating

E/PC/T/PV/2/1

certain items from the necessity of obtaining an import license does not in any way effect imports. Evolution remains constant without any appreciable variations in the quantities imported in prices. The actual incentive which regulates the amounts of imports is the effective demand. In any field where discrimination between the category of goods might have brought about unemployment Belgium has refrained from introducing it.

E/PC/T/PV.2/1

Many goods are now being imported in quantities which exceed those which existed before the war. This for instance applies to wines and liquors, to tobacco and cigarettes, perfumes, furs, knitted goods, electrical appliances, radios, and so on. We have consequently by our policy contributed very largely to rebuild international trade in the world. This liberal policy which we have applied to our imports has been extended to our export policy equally. We have reduced, as far as possible all obstacles to the sale abroad of Belgian goods. Unfortunately, we have been brought to know that a deletion of administrative restrictions concerning export of our goods has not had the influence which we were entitled to expect. In October 1946 goods which were exempted from export licenses represented thirteen per cent of our total exports; in December 1946, the percentage had decreased to 11.5 and in February 1947 it had dropped again to 7.9 per cent. This experience gives us the impression in Belgium that we are the only country which is there to engage on the role of suppression of obstacles to international trade. Most other countries do not seem to have chosen the course which Belgium has adopted concerning its foreign trade. Nevertheless, we are determined to continue on the road which we have chosen. On April 1st the Belgian government decided to suppress import licenses for a great number of goods. Almost a hundred new items on the customs tariff have become free as a result of this recent measure. Belgium has shown its faith in international co-operation in the respect of commerce by still another measure. In full agreement with its partner in its Tariff Union, Luxembourg, Belgium has concluded a customs union with the Netherlands.

One aspect of this new agreement made between two good neighbours interests particularly this conference at this time. I wish to refer to the common tariff which our two countries have adopted, a tariff which will serve as a basis for the negotiations which we intend to conduct at this Geneva meeting. We have not just amalgamated the previously existing tariffs of our two countries, we have created a new instrument which shall serve as a basis for our new customs community and which will have a life of its own. We have been obliged to achieve this and to set up a completely new system. In other words, to set up an autonomous tariff without taking into account the policies which had inspired previously the two countries whose tariff is now amalgamated.

The order in which goods are listed in this new tariff established between Belgium and the Netherlands has been based on the draft list nomenclature of goods which has been suggested by the League of Nations in 1937. This list tends towards an international unification of terminology used concerning customs duties. It results in bringing more order and clarity to the tariff and affords a scientific basis for the necessary statistics. Almost all the new duties are based on the ad valorem principle. They have been fixed at the lowest possible level comparable with an adequate protection of the vital economic interests of Belgium, Luxembourg and the Netherlands. The new customs union will afford two countries which produce raw materials and food stuffs one of the largest existing markets in the world. Their goods will enter this new territory without paying any duties, or paying extremely low duties.

On the otherhand industrial goods are accessed in such a manner as to assure our producers a stable national market without which their undertakings could not live or prosper

In as much as our purchasing power depends essentially on our manufacturing and export industry, their prosperity affects equally the countries which are our suppliers.

The new customs union corresponds to the conditions set forth by the draft Charter which this meeting will have to consider at a later stage. The average duties provided for by the new customs tariff do not exceed any one of the duties provided for in the previously existing tariffs of each of the two countries concerned.

This moderate approach to the problem of tariffs which we have imposed in all freedom and liberty constitutes, if I may so, our advanced contributions to the common aim of this international conference. If new concessions were to be asked from us we could at most accept this in the spirit of the draft Charter itself, and consolidations of certain of the tariffs provided for.

During the last few years economic nationalism has caused humanity terrible and useless sufferings. We must now in common effort put an end to the selfishness in respect of the economic welfare of the world. We are gathered here in this Geneva Conference in our attempt to do so. Let us have the courage and wisdom to proceed boldly in the way which has been proposed to us by the previous meetings of this international gathering. The Belgian and Luxembourg Economic Union has no other ambition than to contribute to the best of its ability to the common aim of this Conference.

CHAIRMAN - Gentlemen, I suggest now that we adjourn for the day and that we meet again to-morrow. To-morrow there will be two plenary public meetings, one in the morning and one in the afternoon. In the morning at 10.30 we will continue to hear general declarations. If any delegation wants to speak to-morrow and has not yet given the name of his representative, I will ask him kindly to do so as soon as possible.

The Meeting is adjourned.

The Meeting ends at 5.30 p.m.