

PRESS CONFERENCE

given by Mr. E. WYNDHAM WHITE

Executive Secretary of the Preparatory
Committee of the United Nations
Conference on Trade and Employment
on Friday, 11 July 1947.

The Secretary: We again have Mr. Wyndham White, the Executive Secretary of the I.T.O., who is going to bring us up to date with what has been going on in the Conference.

Mr. E. WYNDHAM WHITE : The theme for the Press Conference today was given to me by one of your Colleagues who came to see me the other day, and what he said to me was : "Well, how do you think on the whole, things are getting on in relation to what you had expected when this Conference started"? That was certainly a question that made one think, and I tried to give him an honest answer. I thought I would try and say something on those lines this morning, rather than go through a somewhat detailed description of the discussions such as we have had before.

I divided the subject into two parts; first of all, the Tariff discussions; and secondly, the Charter discussions.

Taking the Tariff discussions - looking at the situation on 10th April, I think quite a lot of people would have said : well, this operation is not possible at all, to have seventeen countries simultaneously negotiating complicated Trade Agreements. It is a fine idea, but it is unrealisable, and anyway, it is not very practical to expect people, a good many of whom are confronted with acute and fundamental post-war reconstruction problems, really to settle down to do business seriously about Tariff negotiations.

I must say I share the view of those who say it is an impossible enterprise, and I must confess, I embarked on it with a considerable amount of trepidation. It was entirely new ground. There is no precedent for an operation so complex or grandiose on which one could work, and therefore, we were breaking new ground.

You know what we did when I first had the privilege of meeting you was to explain the plan of work we had made, the dates on which we had agreed for starting negotiations, and how we proposed to conduct them. How do we stand today in relation to that programme, which you will remember I described to you as being very tentative, extremely ambitious, and tinged with optimism.

Well, looking at the balance sheet today, I think that we have conformed substantially to the programme which we set ourselves at that date; despite one or two major difficulties which I need not mention here since you know them better than I do, the negotiations have got under way with a speed and rhythm which corresponds quite closely to what we have ventured to project in the programme.

Up to the fifth of July, which are the latest figures I have got, no less than 101 individual negotiations have been started; five have been completed; a further 21 report satisfactory progress and may be expected to be completed within a reasonable period of time; and there are another five negotiations which are also progressing well, although they may not be completed as quickly as the other 21.

If you look at the five that have been completed, you will probably say "Well, those don't really represent much, do they?" The 21 and the 5 to which I referred - the other 26 - which are getting along do not include some of the major negotiations, but I do not think one would have expected the major negotiations to be included among the ones that would finish soonest. It is in the nature of things that the major negotiations are the more complicated ones, and I do not seriously expect to see the major negotiations completed before the last days of the negotiation itself.

I do not want to give the impression that there are no difficulties and that everything goes smoothly and life is wonderful; In fact, there would be no great virtue in negotiations which were smooth and simple. The virtue is in concluding negotiations which are difficult. Therefore, looking over the Tariff negotiations as a whole, I will say, that it would be nice to be able to say that there was some progress and that things were going quickly, but on balance, and taking all the factors into account, things are not going too badly.

There is one other reflection which one ought to make in judging these Tariff negotiations. We have been here three months, the Delegations which are conducting Tariff negotiations include necessarily a lot of people who are also engaged in Charter discussions, and those Charter discussions - you have read the Document and you know what it is like, the complexity and scope of it - have been going on concurrently with the Tariff discussions; there are full discussions in Plenary Committees, Sub-Committees, and Working Parties, and all these have been going on involving people who are also engaged in the commercial negotiations. But beyond that the Delegations in this Conference are pretty important in representative negotiations, - they are being conducted by people who are also taking an important part in the conduct of their respective ministries and departments. They have got to keep in daily touch with the people back home who are instructing the Delegations, and given those Administrative difficulties, I must say that I think it is not a bad balance sheet for three months work. If you compare it with the course of an ordinary bilateral trade discussion, I think it comes out pretty well.

I know most of you have had some experience of following bilateral trade negotiations, and as I have said so often before, they usually have long periods of discussion and Tariff negotiations on issues and points, and at the last moment with a spasmodic jerk the result comes out. I think, taking three months under present conditions in clearing the ground is really not too bad, and the test will be what happens in the period between now and August 15th or shortly thereafter, which is the date which we have set as the limit for the conclusion of the negotiations.

I think nothing that has happened so far need lead one to be particularly apprehensive about the eventual outcome of that concluding period.

Turning to the Charter, we have now spent nearly two months on a first reading of the New York Draft, that first reading will be concluded this week. In the course of that first reading a lot of difficult points have come up, some fundamental, and fundamental points and difficulties still remain to be resolved - they are being discussed in the Sub-Committee - but we have completed a new text of Chapter III, a new text of Chapter VI, and a new text of Chapter VIII. When I say a new text, I mean a revised and, we hope, an improved text.

The points which are outstanding do go pretty deep, and I should imagine most of you are aware of some of the difficulties. We have been stalled on Chapters IV and V, because of the differences of view which exist as to what protective measures can be used for economic development, and in what circumstances. I should describe that, not as a division of view between one group of countries and another group of countries, because I think all the members of the Preparatory Committee are agreed that the promotion of the economic development of undeveloped countries is a matter of the first importance, because if you are to get an

expanding world trade you have quite obviously got to expand the economy of the world, and one of the directions in which that expansion can most fruitfully take place is in the development of undeveloped countries.

On the other hand, however, if you allow the free use of protective devices for economic development, you are in danger of negating the substance of that part of the Charter which deals with the reduction and elimination of barriers to world trade, and I am thinking in particular of the question of quantitative restrictions. It is undoubtedly true to say that one of the fundamental objectives of the Charter is the elimination of quantitative restrictions, which has been described as the most vicious form of protection, since it lends itself to discrimination, it ties world trade up into a strait jacket, and also tends to subordinate world trade to government control, and hence to political considerations. On the other hand, there is no doubt at all that quantitative regulation is the most effective device for the protection of new industry - more effective for example than the tariff, because very often the protected industry represents only a very small part of the consumption which the industry produces. Therefore, if you use a high tariff, you will penalise the domestic consumer, since you have to penalise a large part of the imported element in consumption, and thus throw a burden on the whole community just for the sake of protecting one industry. The same objections can be made against subsidies, that whereas a rich and highly developed country can afford subsidies, the undeveloped country, by its nature, is less well equipped to provide the funds to make a subsidy effective.

One of the things we have got to work out here is a balance between those two lines of thought. The balance which we thought we had found in London, which is sometimes referred to as the "London compromise" rests really on the requirement of prior approval by the organisation, because in that way the imposition of quantitative regulation was subordinated to the jurisdiction of the organisation, and was not embarked upon without full prior consultation, which would enable the organisation to determine whether the objective should be sought in this way, whether the injury which would be done to other countries would not outweigh the benefits to be sought, and in particular, whether the benefits to be sought could not be attained by other means. In other words, the judgment of the organisation would not be whether the industry concerned should be developed, but what was the least harmful method in the interests of the community as a whole of developing it. That is a controversy which must be resolved, and I think it is probably the major question now which required to be resolved.

However, in spite of the large number of amendments and new suggestions - some quite important - that have been discussed, we are keeping up with the programme, and I am pretty confident that we shall terminate the Charter discussions on 31st July.

I hope we can do that without leaving unresolved these major questions. You may ask me why I think we probably can do that, and I think the answer is that the characteristic of this Conference, which may perhaps differentiate it from some

others, is that all the people concerned in it are trying to find out how they can agree: they are not trying to find out the points of difference and to isolate those points of difference. They are determined to find a formula upon which they can agree, and because they can agree on it, there is a good chance that the World Conference which we are hoping to hold this year could also agree upon it, because it would be a formula which took genuine account of real difficulties.

The Preparatory Committee itself has given concrete evidence of its confidence by dispatching yesterday to New York its Report to the Economic and Social Council, in which we recommend the convening of the World Conference on 21st November, if possible, in Havana. We make recommendations as to who we think should be invited and what the Agenda should be, and we hope to send our Chairman off in an aeroplane before very long to present our Report and any supplementary explanations to the Economic and Social Council.

Are there any questions?

Q. Could you specify what countries are to be invited according to your recommendations?

A. We have suggested that all countries with an appreciable interest in world trade should be invited, and we therefore listed as suggestions the names of Albania, Austria, Bulgaria, Eire, Finland, Hungary, Italy, Portugal, Roumania, Switzerland, Transjordan and the Yemen.

Q. Have Outer Mongolia, the Ukraine or Byelorussia been invited?

A. As regards the last two, they are Members of the United Nations who will be invited in any event. As regards other non-United Nations countries, these are the ones that we have specified as having an appreciable interest in world trade according to the information that we have.

I suppose it is quite clear that all the Members of the United Nations will automatically be invited?

If the States belong to the United Nations, they are automatically invited, and our recommendation is confined to countries which are not Members of the United Nations but which we consider, on this criterion, ought to be invited as well.

Q. Would it not be preferable to indicate the countries which are not to be invited?

A. No, I think that it is probably more simple to indicate to the Economic and Social Council those countries which we consider, on the basis of an objective criterion which we have stated, should be invited. We can leave it, I think, to the Economic and Social Council, whose Members are no doubt stronger in geography than we are, to determine which countries are not included. Spain, of course, you will have noticed, is absent from the list; but we have covered that by saying that we have omitted Spain in conformity with the General Assembly resolution which deals with the relations of the United Nations with Spain.

Q. Does this list mean that you have changed your intention not to invite the competent authorities of Germany, Japan and Korea, as well as dependent territories which have control over their financial powers like Ceylon, Burma and Southern Rhodesia.

A. No, we have recommended to the Council that they should make arrangements for the appropriate authorities in Japan, Germany and Korea to be represented, and we have drawn attention to the problem created by the three territories you mentioned, which although under the political sovereignty of a Member of the United Nations have full

autonomy in matters covered by the Charter, and we have suggested they should be invited to participate in the work of the Conference, and that the Council should make arrangements for an invitation to be sent to these countries through the Government of the competent metropolitan country.

Q. (Interpretation): Would it not be right to assimilate the countries devastated by the war to the under-developed countries under the terms of the Charter?

A. Provision is made in various parts of the Charter to recognise the problem of economic reconstruction, as compared with economic development, and I think that is a more accurate way of doing it than by assimilating countries which are in a different state of economic development, even though certain countries have special reconstruction problems.

Q. Have you made any suggestion as to the conditions in which the non-Member States may participate in the Conference?

A. No. We have not thought it necessary to go into that question because the assumption is that if you ask a sovereign State to participate in a Conference, they participate on the same footing as any other Governments.

Q. Mr. White, in the Working Report of July 3rd, it is stated that Chile had completed negotiations with one or two countries. It is my understanding that Chile has not as yet begun any negotiations, but is still awaiting instructions from their Government.

A. No, that is not exact. On some negotiations Chile, like other countries, is awaiting instructions, but has completed two negotiations and begun others, one of which is described as making good progress.

Q. If one or two of the serious problems are not resolved at the end of the Charter discussions, how will the results of the discussions be presented to the World Conference - in majority and minority reports, or in some other form?

A. In that event, what will happen is that there will be a text which is agreed by the majority of the Committee, and a number of reservations, and those reservations will be noted, and reasons for them, in the Report, and they will both go forward then; so the Report with the reservations in it will go forward to the World Conference.

Q. In much the same way as the London Report?

A. Yes.

Q. If a country has not political Government as a Member of the United Nations, but has independent economic status, is it true with regard to Palestine?

A. Well, the recommendation that we have made here is based upon certain effects which have become apparent in the course of the discussions, one of which effects was that these three territories which we have named have complete autonomy in the matters which will be discussed at the World Conference.

We have confined our recommendation to those territories in respect of which the effects have become manifest at these discussions. We have also not prejudiced what decision the Economic and Social Council itself may arrive at as to the nature of the representation to be afforded to those territories. If there are other territories which are brought to the attention of the Economic and Social Council as being in the same position, then no doubt the Council will take them into account; but we have confined ourselves to the effects which have emerged in the discussions of the Preparatory Committee.

Q. Can I understand that the effects on Palestine would not be discussed at all?

(The Chairman smiled.)

THE SECRETARY: If there are no other questions, I want to make one announcement.

Sir Stafford Cripps will hold a Press Conference next Monday. We will let you know, probably this afternoon, at just what hour that will take place.

The Press Conference rose at 12.35 p.m.