

PLENARY SESSION OF 23 AUGUST 1947

The Second Session of the United Nations Preparatory Committee Conference on Trade and Employment, meeting today in plenary session under its Chairman, Mr. Max SUETENS (Belgium), gave final consideration to the draft Charter for the International Trade Organization. The Draft, formally adopted yesterday, will form the basis for the World Conference on Trade and Employment to be held in Havana, Cuba, November 21

At today's meeting various delegations appraised the results of their more than four months of work in Geneva. They were unanimous in pointing out the vastness of their task, and in general expressed satisfaction with their achievements.

H.E.Dr. Zdenek AUGENTHALER (Czechoslovakia) expressed his hope that the I.T.O. Charter would receive the attention of the public and that criticism of it would be in a constructive spirit. He described the draft Charter as an enlargement of the basic ideas of the United Nations Charter, especially Article 55, under which the United Nations seek the promotion of higher standards of living, full employment and economic and social development. The Draft proposes to give these ideas concrete expression in a code intended for daily use. Czechoslovakia, for one, he said, would be happy if the I.T.O. Charter were universal and if all nations were Members of the Organization.

Sir Raghavan PILLAI (India) indicated his country's interest in the draft Charter, an interest especially important because of the recent creation of the two new Dominions of India and Pakistan.

Despite certain weaknesses, he believed that the Charter constitutes an acceptable compromise between diverse economic systems and that it offers the broadest base for international economic cooperation. Emphasizing India's particularly difficult economic position, he pointed out that India had had to retain only two reservations (Article 12 relating to international investments and Article 13 concerning government assistance for economic development). The fact that the Charter includes concessions by all delegations is perhaps one of its merits, for it represents agreement between the representatives of 17 countries each with its own convictions who were also aware of the necessity for compromise.

Mr. Mousse MOBARCK (Lebanon) said that naturally the value of the Charter will be determined by the way in which it will be implemented with flexibility and the spirit of comprehension. If we have insisted on the obstacles, it is because we find it necessary to show that they must be avoided, and we are certain that they will be avoided. He emphasized the indispensability of giving the Arab States, acting in unity, a certain liberty in achieving their development as an economic entity.

Mr. FAIVOVICH (Chile) declared that there is not and there cannot be strictly national economies; that it is absolutely urgent to set up a world organization for trade and economy, to put an end to a system which often has meant an anarchy, seriously jeopardising the peace of the world. Joint action of all nations is indispensable and urgent, he insisted.

Mr. Wallace B. PHILLIPS (International Chamber of Commerce) expressed his regret that during the Charter discussions the I.C.C. had not had access to certain documents which might have made more complete its contribution as a

governmental observer. After recalling the purposes of the I.C.C. to show that they coincide with those of the draft Charter, he stated that the national committees of the I.C.C. would consider the Draft and their resultant conclusions concerning it will be presented for consideration to the Havana Conference. The Draft he said is a milestone on a long road.

Mr. Erik COLBAN (Norway) declared that one could be reasonably satisfied with the work accomplished in Geneva on the Charter. He pointed out that three times the number of countries cooperating in the Geneva discussions would consider the Charter at the World Conference in Havana. As a result, it is the obligation of countries Members of the Preparatory Committee to assist the other countries to understand the work accomplished and to avoid too far a departure from it.

He urged the press not to overstress the reservations insisted on by certain delegations, and expressed the hope that at Havana, it would be possible to hold more public meetings and to keep journalists more completely informed. He did not see any danger in holding commission meetings in public, while holding private sessions of certain sub-committees and chiefs of delegations meetings.

The speaker then referred to earlier observations on the tendency to send questions for decision to the World Conference or even to the future Organization. The I.T.O. ought to be able to function without delay, he said, and the Conference ought to give it complete rules. The speaker also referred to the question of financing the I.T.O., and advocated that it be operated economically.

Dr. A.B.SPEEKENBRINK (The Netherlands) first of all recalled that the delegations of Belgium, Luxembourg and The Netherlands (acting also for the Belgian Congo and The Netherlands Overseas Territories) had proceeded jointly in the Tariff Negotiations with the other countries, and that the BENELUX group had shown its desire to achieve an integration of ^{the} economies of the three countries not only in their own interest but also in that of Europe so cruelly affected by the war.

As to the drafting of the Charter, the delegations of The Netherlands and Belgium-Luxembourg have worked separately and without fear of showing their divergence of views.

The speaker then called attention to certain difficulties connected with Netherland's reconstruction. While it had accepted the draft Charter in its totality and had not made special reservation, The Netherlands delegation did not fail to recognize the consequences of the modifications made in certain chapters. But on the whole it believes that the work accomplished is important and that many improvements have been made on the earlier texts.

Mr. Clair WILCOX (United States) summarized the work of the Committee in the following terms:-

"First of all, we have written the constitution of a new international organization. But we have done much more than that. We have given recognition, for the first time in an international instrument, to the interdependence of national programmes for the stabilization of production and international programmes for the liberation of trade. We have placed in the forefront of international thinking the need for developing the resources of the less developed areas of the world. We have proposed that all nations commit themselves, in a single document, to extend to one another most favoured nation treatment with respect to customs charges and requirements and national treatment with respect to internal taxation and regulation. We have asked them to reduce tariffs and to do away with all forms of discrimination. We have laid down a set of rules under which import and export quotas - the most serious of all the forms of trade restriction - can be disciplined and brought under international control. We have worked out detailed provisions to insure that the freedom that is gained by reducing visible tariffs shall not be lost by the erection of invisible tariffs. We have made the first attempt in history to apply uniform principles of non-discrimination and fair dealing to the trade of private enterprise and public enterprise. We have made the first approach, through international action, to the elimination of the abuses arising from the operations of international monopolies and cartels. We have enunciated, for the first time, a code of principles to govern the formation and the operation of intergovernmental commodity agreements."

Mr. Wilcox declared that the Geneva Draft of the Charter must be recognized as a substantial improvement over the London and New York drafts: "What we have done in this document

should be clearly understood. We have enunciated general principles upon which we propose that nations should agree. We have made specific exceptions to these principles where they have been required by practical necessities. These exceptions are precisely defined. Many of them are temporary. All of them are limited in application. And we have proposed that resort to them should be subject to international control. Between international anarchy in economic relations and some such pattern of agreement as we have here laid down, the world will have to take its choice. There is no other way.

"On balance, in the opinion of my delegation, the Charter is a document for which this Committee need offer no apologies, and we take pleasure in joining the other members of the Committee in commending it to the United Nations Conference on Trade and Employment."

The speaker then referred to the other task of the Preparatory Committee, and emphasized that the Charter proposal to negotiate for the substantial reduction of tariffs and the elimination of preferences will be laid down, side by side, with the provisions of General Agreement on Tariffs and Trade. Our promise in the one will be measured by our performance in the other. Our Committee still holds within its hands the opportunity to contribute substantially to the making of a better world. Present economic difficulties must not be permitted to obscure the urgent need for agreement now upon the policies that are to govern the trade of the world in a better future.

Mr. J. Harold WILSON M.P. (United Kingdom), signalling the end of the first of the two tasks begun by the Preparatory Committee in April, said that he believed the world will realise the difference which the principles and provisions of the new Charter, if adopted by the nations, can make to world trade and to the standard of living of all peoples as compared

with the system of the nineteen thirties, with its strangling restrictions, its measures of mounting economic nationalism, and all that lurked behind these barriers in the form of uneconomic vested interests.

The fact that the work of the past four months has proceeded against the background of a darkening storm of international economic affairs, according to the speaker, has led to the unjust criticism of that work as futile and remote from present realities. At the same time, he added, "none of us would claim that our work here can ever yield its true value unless all nations recognise that the hope we all hold of establishing a new order in international trade are dependent for their fulfilment on the solution of the world problems which are now pressing upon us".

After referring to the United Kingdom's economic problems resulting from war-dislocations, he said that one of the positive achievements of the Draft Charter is that it shows what is necessary to achieve a multilateral trading system based on the freest possible flow of world trade; "this we believe is in the long run as much in our own national interests as in those of the world as a whole."

In commenting on a few of the more important chapters of the draft Charter, Mr. Wilson stated his government's welcome and support for the provisions on full employment. While expressing sympathy with the delegations which have made the position of the so-called under-developed countries a key point in the discussions, he felt that it is possible to over-stress the distinction between developed and under-developed countries. "We must not overlook the very real advances which can be made in the field of primary production, which can be achieved by irrigation, power and transport projects and by the use of modern methods and scientific discoveries in the

technique of primary production." But if these revolutionary advances in productivity are to be achieved, and are to result in the raising of the standard of living of the peoples of the world and not in so-called surplusses and economic depression, then measures such as were never adequately developed before 1939 must be used. It is in this connection that the Chapter dealing with primary commodities represents a real advance over the earlier London draft, the speaker said.

Regarding the Preparatory Committee's concern about balance of payments, Mr. Wilson said in part, "As a result of serious devastation in the war areas, of crop failures and other difficulties since the war, the productive power of the nations outside the Western Hemisphere has not been restored to the extent necessary to put the world in true balance once again. Owing to these factors and to the high prices of essential imports, international payments are badly out of equilibrium. Unless they can be put into balance once again much of our work here will be lost.

"It is not for us here in Geneva to say how the equilibrium can be restored. This is a matter which is receiving urgent and concentrated attention in many places at this time - by the Economic Commission for Europe, the Economic Commission for Asia and the Far East, and on the agricultural side by F.A.O; pre-eminently it is the subject of the important conference now being held in Paris. And it is a problem which must dominate the thought of all the governments represented here and many more besides. It is a problem of restoring our national production in each country, of building up again our war shattered economies, of replacing our war damaged or obsolete capital goods and for many of us in repairing the years of neglect prior to the war in our basic industries.

"It is a problem of securing greater economic co-operation between countries with complementary economies, of taking action in Europe and in Asia and in many parts of the world

for the mutual development of production. In our own case we shall find it necessary and desirable to have even closer economic co-operation with other countries of the Commonwealth."

However, Mr. Wilson added, in the methods chosen to meet the short term and urgent problems, permanently artificial channels of trade must not be established which would in the long run defeat the principles and methods we have been discussing here. "To do so would reduce the total volume of world trade in goods and services and bring about a lower standard of living for the people of the world than we hope to achieve as a result of full economic co-operation on a multilateral basis. Only on such a basis can we secure for all our peoples the full benefits available from the advances of science and from the skill and resources of all nations of the world."

Chairman Max STEPHENS expressed his concurrence with the speakers that there has been a genuine improvement in the Charter since its first draft in London.

After expressing his appreciation to the delegates and Secretariat personnel who had assisted in the work on the Charter, he pointed out that difficult work remains to be done in the tariff negotiations. He expressed confidence that the spirit of cordiality and mutual understanding which had characterized the Charter discussions would continue until the tariff negotiations were finished. He hoped that links of sympathy between the delegates would, like the Charter, help towards the understanding and general prosperity of the Nations.

The meeting rose at 11.45 a.m.

End.