

UNITED NATIONS INTERNATIONAL TRADE CONFERENCE
Department of Public Information
Havana, Cuba

Press Release ITO/32
26 November 1947

ADDRESS BY LJC. RAMÓN BETETA, PRESIDENT, THE MEXICAN DELEGATION
UNITED NATIONS CONFERENCE ON TRADE AND EMPLOYMENT
HAVANA

Mr. President and Delegates:

The United Nations Conference on Trade and Employment meets at a time when -- and this must be recognized with courage and frankness -- the world tends to divide itself into two large groups with diverse ideologies seeking different ways of life, inspired in antagonistic philosophies.

I consider that one of the obvious purposes of this Conference is to find the cause of the malaise, the fear and the disorganization which afflict this divided world so as to procure that the regime we now have and in which we want to continue living -- the democratic régime which permits and encourages private initiative -- can not only endure but be improved and give the great working majorities of each one of our countries a higher standard of living, greater economic and social security and sufficient stimulus to enlarge the production of goods and services which increasingly would enrich the existence of all of us.

If our régime achieves this objective, it has -- I believe this sincerely -- no reason to fear the attacks of other régimes; but if, on the contrary, our countries should suffer a new and even more severe economic depression; if the alarming dislocation of international trade should become increasingly intensified to the point of the paralization of commerce; if, desperate, governments continue each in its own way to seek the solution of their problems by restrictive methods daily more drastic, the world crisis we feel, and which in some areas already shows characters

(MORE)

of alarming gravity, will become generalized and our peoples by more or less violent means, will be obliged to seek other systems, other horizons, other procedures capable of inspiring in them the hope of a salvation which our régime could not or did not know how to give them.

Hence the importance of this Conference cannot be exaggerated in that it signifies an exceptional opportunity to examine the problems of the world and to seek through international cooperation the remedy for a situation every day more difficult.

The purposes which guide, as general principles, the draft Charter we are to discuss in this Conference are, I am certain, acceptable and accepted by all of us: higher standards of living, full employment, economic growth of countries of incipient economy and an active, ample, sound, growing international trade. But how to harmonize these purposes and arrange them in their proper order, give them their just hierarchization? For, if to achieve one of them we make the others impossible, we shall have failed in all. Thus, for example, if we seek the development of international commerce by measures the immediate results of which may be to impede economic development, reduce employment and lower the standards of living in the less industrialized countries, far from securing a sound and prosperous international commerce, we shall have weakened it.

For the fact is that in order to decide upon the best political economy tending to promote international trade, the proscription of the existing barriers is not enough. It is, moreover, necessary to study what the nature of these barriers is, and what were the causes making their implantation necessary.

(MORE)

The obstacles to international commerce are of two classes: The first were established as emergency measures in order to procure an equilibrium in the balance of trade, the lack of which the majority of countries are lamenting. These restrictions must have a temporary character. The second, those deriving from the necessity of protecting the agriculture or the industry of some countries confronted with those of others, have, for a long time, been forms of balancing diverse economic conditions. To maintain that they should be reduced substantially and immediately is to ignore the differences of production conditions in the various countries. It is, in consequence, treating unequals with equality, an injustice comparable to according different treatments to those who, as a matter of fact, are really comparable. Distinct wage levels, diverse grade of technical advancement, different climatic conditions, dissimilarity in the volume of production and in advancement in industrial machinery are all factors which permit some countries to produce under conditions superior to those of others. In this situation, customs barriers frequently are a response to the legitimate need of compensating such differences and are, when not carried to undue extremes, adequate measures for coordinating economies and for compensating, in practice, real differences which cannot be ignored by pretending that they do not exist.

With reference to the emergency restrictions, although all of us should like to suppress them, we must recognize that their mere disappearance would not remedy the evils their implantation was meant to alleviate. If any certain country sees that its importations are much higher than its exportations, that its balance of payments is becoming more and more negative, that this endangers the stability of its currency and threatens its economy and, for these reasons, the country is forced to establish trade restrictions in the form of prohibiting importations, of quotas, of in-

(MORE)

creased tariffs, of exchange controls, of depreciation of its currency or any others, certainly the country is aware of the fact that these measures do not constitute an ideal. The alternative solution, however, is not to condemn such measures by international resolutions, but to seek an efficacious way of making the restrictions unnecessary, namely, a remedy for the maladjustment from which the country is suffering. And, in my opinion, there is but one remedy; increasing the country's production. Through increased production, the country in question can meet its needs without excessive importations, have exportable surpluses with which to pay for the imports it continues making and thus balance its foreign trade.

To obtain this increase requires internal measures in each country, but it also requires international economic cooperation to assure that the exportations will find a sure market and a just price -- for otherwise, the efforts to increase the production of exportable goods would prove useless, -- and besides this, help with equipment and machinery, -- that is, productive capital, -- so that the country can grow in healthy, normal fashion and, in this way, constitute a factor of balance instead of one of disturbance in foreign commerce.

For these reasons, none of the objectives sought by this Assembly is more important than that which seeks the economic development of all nations, great or small, industrialized or not, for growth is the unavoidable law of life and any measure which tries to oppose it is predestined to failure and to unanimous repulsion.

It might be argued that the industrial growth of all countries would counteract the development of international commerce, since, to all appearances, if all nations try to produce analogous goods, they will come to a point of competition which would undermine the

(MORE)

possibilities of commercial intercourse. Experience, however, proves the contrary. The industrialization of a country, by raising the standard of living of its people and widening the possibilities for employment, creates a new acquisitive power, since it converts the workers into consumers not only of the products they themselves manufacture, but also of those produced in other countries.

To show the truth of this statement, it is sufficient to observe that the commerce between two industrialized nations is always more diversified, richer, and of greater volume than that carried on between an industrialized country, on the one hand, and one that is not, and much more than the trade between two non-industrialized countries where trade is practically non-existent. It can thus be said that the vehement desire for industrialization is compatible and coadjutant to an ever increasing international trade.

In the light of these observations, the project Charter which has been submitted to this Assembly sins through its negative character, for it devotes the greater part of its attention to seeking out rules and methods of abolishing trade restrictions instead of accentuating the positive solutions to the problem, namely: the economic development of all nations and the international co-operation required to expedite it.

The insistence upon these negative aspects has aroused misgivings among the working classes and also among the industrialists of the less developed countries, for it has made them fear that the fundamental purpose of the Charter is to wipe out trade barriers -- even in so doing it provokes the ruin of existing industries -- instead of being that of promoting international commerce through the harmonious growth of the economies of all nations.

To be able to suggest measures which will be effective in practice in returning the world to normal trade, it is indispensable to realize the differences which in fact exist in the economies of some countries with respect to those of others, among these, those that distinguish the debtor from the creditor countries.

(MORE)

The situation of a country which implants restrictions on its foreign commerce in defense of its currency and its equilibrium in an effort to continue complying with its obligations as debtor country is, as a matter of fact, quite different from that of a creditor country which keeps its tariffs high and multiplies its restrictions in order to continue protecting an already powerful industry and an agriculture of great volume and, in this way makes it more difficult each time for a creditor country to pay. The desire of creditor countries to maintain themselves liquid in times of deflation and to demand, on the one hand, payment from the debtor countries while on the other hand they obstruct it, is one of the fundamental causes of the world disturbances we are observing.

When negotiations for the lowering of tariffs are discussed, the application of general principles can become very unjust if the discrepancy existing in the economic conditions of countries are not taken into consideration, since otherwise, their effect on the economy of each country would vary with the level of the country's economic advancement and with its need to make foreign payment, or, on the contrary, to make outside investments.

So no country is more obliged, in its own interest, to reduce customs tariffs, quotas and any other restrictions on commerce than the creditor countries which should return to the world the acquisitive power it has lost and without which international trade will be paralyzed. This redistribution of acquisitive power should be made by giving debtor countries facilities for their exports and, in addition, by means of credits, new investments and re-investments.

- 7 -

It is well to note in this respect that the reduction of tariffs which the project Charter proposes discourages foreign investment in countries which are in a state of incipient development and makes difficult the payment of investments already made. Thus, an antagonism exists between two of the purposes of the Charter : that of facilitating foreign investments and that of reducing customs tariffs.

In other words, the problem must not be focused solely from the point of view of importations and exportations, but from a wider and more elevated one : that of international economic cooperation,

Moreover, there are fully developed nations which maintain very high tariffs, while others, still in the early stages of industrial development, have much lower ones. To propose a proportional reduction in such cases which would keep intact the existing inequality would not be equitable. In order to make a universal reduction of tariffs equitable, we would have to seek previously a real equilibrium of the tariffs in such a way that all reductions would start from a comparable base.

It is necessary to bear in mind, in addition, that all peoples long for industrialization because this is the road that leads towards higher standards of living. As long as we have not reached the stage where a man-hour is paid the same when applied to agriculture or mining as when applied to industry, all countries will continue striving to be manufacturers and not extractors of raw materials. For this reason, the present Conference should make every effort to find the practical means of arriving at this leveling.

- 8 -

To this end it is not sufficient to speak, as is done in the Charter, of an equality of access to markets and of the need to arrive at understandings on primary commodities. It is equally indispensable that thought be given to similar agreements with respect to the manufactured goods which have to be acquired by the producers of raw materials. If there is no control whatsoever -- and none exists -- in the field of manufactured articles, an unjust situation will be perpetuated within which a country producer of raw materials will find its production watched over, regulated and even controlled by international organizations, while there will exist absolute freedom of prices and conditions in the trade of manufactured articles -- equipment, machinery, or consumers' goods -- which must be obtained in an open market in which no attempt whatever has been made to keep prices and conditions from fluctuating.

Countries with an incipient industrialization and which, nonetheless, believe they possess the necessary conditions for completing it, -- such as the raw materials, sufficient domestic market, innate ability in their workers, capacity to absorb modern techniques and the all-powerful desire for a higher standard of living are not likely to be content with a kind of freezing of the economy of the world which makes sure that each one remains in the state of development it has been able to attain and cannot aspire to higher levels. Neither will they willingly accept that measures which were useful and effective in the industrialization of other countries be considered inadmissible for purposes of their own industrialization.

- 9 -

Although it is quite true that the Charter contains numerous escape clauses, no long-term plan of the economies of the countries can be based on such expedients.

Let the economies of the world be coordinated; let us welcome every effort to suppress excessive restrictions the emergency situation provoked. Let us seek together the return to normalcy in international commerce -- which is not return to absolute liberty, -- but let us not forget that nothing of this is possible without a sound economy in each one of our countries, that is to say, an economy in vital process of constant development. Nor is such an ideal attainable without the necessary international help which would auspiciate the growth of every country and which would coordinate and harmonize the just aims of all.
