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SPEECH OF THE PRESIDENT OF THE CHILEAN DELEGATION,  
MR. WALTER MULLER, AT THE UNITED NATIONS CONFERENCE  
ON TRADE & EMPLOYMENT IN HAVANA, NOVEMBER 29 1947

Mr. Chairman, Fellow Delegates:

Since its inception as an independent country, Chile has contributed as far as it was able, to all efforts tending to increase and strengthen peaceful and harmonious living amongst nations. All attempts inspired in these ideals have had our sincere collaboration and thus our name has been associated with the noblest and highest efforts undertaken in both the political and economic and social fields.

In the League of Nations where we were led by the magnificent dream of President Wilson, in the dependent organizations, and in the International Trade Organization we strove for nations to settle their differences peacefully because social classes and the different elements of society had to collaborate harmoniously for the achievement of the welfare of humanity.

When, following the horrors of the last war the great Wilsonian ideal was <sup>resurrected</sup> by President Roosevelt, we went to San Francisco with the same desire to contribute, to the best of our ability, to a peace that should become reality in all international fields and so that the possibilities of progress and well-being should be opened equally to all nations and to all peoples.

Thus we have attended the meetings called by the United Nations endeavoring to establish agreements with which, with a regional character all countries members of the western hemisphere had already complied as members of the Pan-American Union.

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Inspired by the same sentiments, we went, first of all, to London to the initial meeting of the Preparatory Committee that was to draft the Charter we are considering, then to New York and to Geneva, and now to Havana. Article 55 A of the Charter of the United Nations which we must bear in mind establishes as one of the principle aims of that organization, that of "promoting higher standards of living, full employment, and conditions of economic and social progress and development" for all.

Agricultural, industrial and mining production, the industrialization of raw materials and the trade that promotes national and international exchange of goods can have but one basic aim; that of obtaining a higher standard of living for our peoples.

There are, however, fundamental differences in the standards of living of different countries as there are discrepancies in the degree of development of their agricultural, industrial and other productions. Some have obtained a high degree of progress in one or all of these branches of industry; others are in a state of incipient development of industries and there are those for whom the stage of industrialization has not as yet begun, this development being but a legitimate hope of future improvement. There are many factors that might explain the difference of this development in these countries. In the under-developed ones their backwardness is due to their lack of population, that is to say, a reduced consumer market; to an insufficient capitalization, that is to say, money being scarce and expensive. Industrial production costs in countries of infant economics are obviously much higher than those of the better developed nations which, due to their volume of production, to their more perfect and modern mechanization and to their great domestic consumption, are able to sell at lower prices.

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These latter countries did not arrive at their present stage of development by sponsoring a policy of free interchange and reduction of customs barriers, but, on the contrary, by protecting their own industries until they were able to eliminate these barriers.

It is, therefore, not to be wondered at that smaller nations should be adverse to accepting in toto the measures which might jeopardize the defense and development of their own productions which is necessary for the improvement of their standards of living.

To comprehend the reservations which we have made to the / provisions of the Draft Charter, and which we will repeat at this Conference, it is indispensable that we give the honourable delegates some explanation regarding the economic situation of my country; a situation which is very similar to that of many other Latin-American Republics. We have obtained a high political development in a free and democratic country. Our working classes are well organized, have full facilities for expressing their desires and have a strong political influence and make known and insist upon the fulfillment of their wishes for a better standard of living. Unfortunately, our economic development has not followed the same rhythm as that of our political growth, which places us in the position of permanently desiring a <sup>better</sup> / organized improvement yet lacking the material possibility of doing so. The raising of salaries without a corresponding increase of production has brought about a process of inflation and/<sup>the</sup>scaring of the cost of living.

Our problem is fundamentally one of an economic nature and that is why we feel that any rational measure based on the Charter with a view to facilitate economic development will receive our approval, and for the same reasons, we must say that any measures which may tend to stultify and impede our progress along these lines will be rejected. As is the case in many other countries of the world, our social problem is the outcome of a weak economy which, though it might develop satisfactorily with the raw materials we possess in

sufficient quantities, cannot do so due to the lack of sufficient capitals to accelerate its growth.

We contributed in Geneva to the drafting of the part of the Charter which refers to the international investments of capitals earmarked for the economic developments of nations, and we must say that great progress was made at that conference in this matter. But we believe that world needs regarding capital, and more especially the needs of those countries possessed of incipient economies require more long range and farther reaching measures than mere guarantees of security to the investors.

We desire foreign capital to be invested in our country, but always on an equal footing and subject to the same laws as are our own. Our legislation offers such investors the guarantees of being free to withdraw their capitals at will and also a certain amortization, giving them, by agreements with our Exchange Control, the necessary foreign currency to do so. We are grateful to the Great Republic of the North for the National Loans we have obtained from them as well as any future loans we may need in the years to come, but we believe that a lacuna in the Charter must be filled regarding the mechanism needed to aid the international investments of private capitals. In spite of the many different international conferences held prior and after the war, there is no organism which will make it easy for an industrialist in an underdeveloped country and requiring capital, to contact the great capitalistic states and thus have the latter invest greater amounts of money than he could obtain in his own country, to help in the better economic development of the world.

The improvement of the standard of living ought not to be the outcome of the creation and exaggeratedly protected industries. It must be the result of a rational industrialization by means of the

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transformation of our raw materials into manufactured goods of standing and of the exploitation of our natural resources which only await the quickening influence of the worker aided by capital, technical advice, labour and a consuming market.

The highly industrialized nations ought not to place obstacles in the road of the progressive industrialization of the lesser developed countries; it is to them we turn for a constructive aid in this progress and it is from them that we will receive the benefits of their experience. The history of the commercial relations between nations shows that the improvement of living conditions and standards increases the domestic consumption and strongly increments imports of those countries. The importation of articles which might disappear due to industrialization is replaced by other imports, and by no means jeopardises commercial interchange with the great industrial nations. On the contrary, it improves it.

For many other reasons, industrialization is, as far as my country is concerned, an imperious necessity. Our principal exports are reduced to that of a few basic or manufactured goods which expose our foreign trade to serious fluctuations stemming from alterations in price in the international market. Fluctuations which are outside our control such as the sharp decrease in our export due to crises and wars which seriously affect our balance of payments. Only the diversification of our industrial production for domestic consumption as well as that of our exportable goods can in future place us in a position of safety regarding the periodic privation of raw materials and machinery which are so essential to our economic development, and, what is more important, to the maintenance of our normal way of life. If, to the above, is added the fact that very often there is a great discrepancy between the prices paid us for our exports of basic goods and those which we must pay for the industrial merchandise we import, the explanation is obvious for the disequilibrium of our balance of payments.

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This disequilibrium has obliged us to establish a series of restrictions to international trade such as Exchange controls, prohibitions to of permits for imports, quotas and so on which are no doubt restrictive measures, but which are nevertheless indispensable to the full utilization of the possibilities of exchange and also so as not to aggravate the already serious situation of our international commercial balance. It has in no way been the desire of my country to place artificial barriers and obstacles in the way of trade that has caused the establishment of such measures which, for similar reasons, are common to many countries who are trying to overcome like difficulties.

Since the commencement of the drafting of the Charter we strove to establish an equilibrium between the provisions therein contained on commerce and those referring to economic development, striving to make known the need for the specific consideration of the situation of countries of backward industrial development. Both in London and in Geneva, we presented formal proposals on these items. Some of our ideas were considered, but others failed to impress the delegates. And therefore, not ignoring the progress achieved we will insist on the points of view which we consider as indispensable for the achievement of a Charter which will be an instrument liable to favour equitably and reasonably both the interests of the countries that have arrived at their economic maturity and those of the countries that are as yet in their infancy in economic life. A charter that did not consider the different stages of development of countries objectively would be an error. A Charter that in its endeavours to bring about an apparently equitable justice was guilty of a true and great as well as a real injustice, would be a crime.

Amongst the factors which must be considered when attempting

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to make possible the normal development of the countries of infant economy, are, in the first place the possibility of concerting preferential agreements between neighbour states whose economies might be complementary and thus ensure more ample markets for their industrial production. A similar aim is that sought by provisions adequate and appropriate for the establishment of multilateral customs' agreements, the details, scope and duration of which cannot be foreseen and which must necessarily depend upon factors not immediately discernible. In both cases we feel, as we did in Geneva, that the a priori authorization of the Organization is not indispensable.

We were not successful in Geneva in our efforts to have a formula adopted that might permit the backward countries to apply quantitative restrictions as a safeguard to their own incipient industries. We understand perfectly the resistance offered to such a measure, but we feel that it can be replaced successfully by no other, and we also feel that with adequate regulation and care, the misgivings, distrust and doubts that arise, might well be laid to rest. Therefore, due to the above, we will insist on presenting a text that will give guarantees to the Organization that is to emanate from the Charter, that will avoid abuses at the same time as it permits the new economic states to give the necessary protection to their industries.

As we were in Geneva, so we are adamant here that in the International Trade Organization every state must have one vote. Any form of weighted vote is quite contrary to our conception of the equality of members of the comity of sovereign states.

In accordance with this principle, we feel that the Council of the Organization must reflect and be a mirror of the essential characteristics of the organizations and especially those that divide nations into the categories of those that are powerfully industrialized and those that have an infant industrialization and economy. Within this great framework, geographic and economic regions must be included

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and proper regard given to the importance of such divisions.

Mr. Chairman; Gentlemen, let us not repeat such theoretical attempts as those we have lately seen and which, in their desire to do a perfect piece of work, were not sufficiently objective to consider the special situations which are presented in different countries and which have already forced us to take actions and solutions foreign to those they foresaw.

In the drafting of the Charter, that is to regulate international commercial relations, it would be better to prepare it in such a way as to make possible its adaptation to the factual and objective economic situation of both the different countries and of world trade, so that even if it does not entirely fulfill the maximum expectations of a free world trade, it might at least make possible a ratification by the greatest number of states. The Organization which drafts the Charter will, in due course, take upon itself the task of a gradual perfecting and widening of the scope in tune with possibilities and experiences gained in practice. However many the acceptable exceptions the charter may have to include now, it will at least show a marked improvement upon the present chaos of international trade.

My country has come to this conference and it will cooperate with all good faith in its work, with the fervent desire and the earnest hope to see a successful fulfilment of our work, and our efforts will be directed towards the end that we may obtain a Charter that at the same time as it aids the interchange and growing relations between countries, does not contain measures that will embitter our present bitter economic situation or stultify the achievement of a better economic development in the future.

Thank you Mr. Chairman.

29th November, 1947.

STATEMENT BY THE HONOURABLE M. C. M. BHABHA, MINISTER FOR COMMERCE IN  
THE GOVERNMENT OF INDIA AND LEADER OF THE INDIAN DELEGATION TO  
THE WORLD CONFERENCE ON TRADE AND COMMERCE, PLENARY SESSION Nov. 29.

Mr. President and Fellow Delegates:

I deem it a privilege and honour to be present here to-day and to be associated with you in giving final shape and form to the draft Charter for the proposed International Trade Organisation. It is no small satisfaction to us that we have been closely connected with the various stages leading to the framing of the draft Charter since the first session of the Preparatory Committee. The draft Charter still contains a wide area of disagreement, but it is our hope that as a result of the joint effort of the representatives of the countries gathered here, these differences will have largely disappeared and the Charter in its final form will have reconciled the needs and aspirations of individual countries with the requirements of international economic co-operation.

The draft Charter now before us differs materially from earlier drafts. It is a tribute to the spirit of mutual understanding and co-operation displayed by the countries represented on the Preparatory Committee that the principles originally enunciated have been modified in an attempt to meet the needs and circumstances of countries with different economic systems and in varying stages of economic development. That does not, however, imply that the present version of the draft Charter is perfect, or that it fully resolves all major issues of policy on which, unfortunately, some divergence of views still persists. The Indian Delegation will in due course ask for further consideration of the issues on which, members of the Preparatory Committee will recall, the Indian Delegation reserved its position at the second session of the Preparatory Committee at Geneva. Nor does it imply that the draft Charter as framed at present will, immediately on its enforcement, release the wheels of international trade which are clogged by all manner of restrictive practices and lead to an effective expansion of world trade on a substantial scale. If, nevertheless, the members of India are in general agreement with the broad outlines of the draft Charter, it is because they feel that, subject to the observations which I shall presently make, the revised version of the draft Charter represents the widest measure of agreement that it has been possible to reach on a subject which is free neither from technical complications nor from embarrassing controversy. At the same time it is our belief that one of the main tasks before this Conference is to seek towards agreement on the outstanding issues regarding economic development and commercial policy in a manner that will meet the legitimate aspirations of comparatively under-developed countries.

Mr. President, as I said a little while ago, our general support to the framework of the draft Charter does not imply that we believe that an automatic expansion of world trade on any substantial scale would follow upon the endorsement of the Charter by the signatory nations. That of course follows from the fact that the fundamental economic problem of the world to-day is the problem of production, and unless the productive resources of the world damaged or destroyed by the war are repaired and re-employed, and unless resources now lying undeveloped are exploited as effectively and rapidly as possible, mere liberalisation of trading conditions will not bring about a substantial and lasting increase in world trade and employment. It was, therefore, eminently right and proper that the problems of full employment and economic development should have been placed in the forefront of the draft Charter. There is, however, one aspect of this matter, Mr. President, which requires special emphasis. While there can be no F.T.O.

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...the question as to the necessity for the quick development of the productive resources of a country, the agency by which, and the terms and conditions on which such development should take place are issues which I believe must, in the last analysis, be decided by national policy. Considerable misgivings on the provisions of the Charter relating to this subject have been expressed by many countries which are either on the threshold of industrialisation or are still in the early stages of industrial development. These misgivings are genuine and cannot be disregarded. It should be the duty of the appropriate Committee of the Conference to examine with care, understanding and sympathy the viewpoints of the Delegations from these countries.

Mr. President, I think I have said enough on what I conceive to be the most fundamental aspect of our economic problem to-day. This does not mean that my Government belittles the importance of the draft Charter in its bearing on the development of international trade. On the contrary, we welcome the draft Charter as the first attempt at evolving a comprehensive body of principles for regulating the conditions of international trade. Necessarily the full effects of the operation of these principles will not be felt until the special difficulties brought about by the war and its aftermath have been successfully overcome. A code of conduct does not, however, lose its value or importance merely because it is not applicable to a particular set of circumstances or because deviations from it must be allowed to suit the special needs of particular countries for limited periods of time.

Before I conclude, Mr. President, I would like to say a word about the nature of the organisation which is to administer the International Trade Charter. Few in this Assembly or outside, Mr. President, can object to the high aims set forth in Article 1 of the draft Charter, namely "the attainment of higher standards of living, full employment and conditions of economic and social progress and development". If these objectives are to be attained, the administration of the Charter must be in the hands of a body which is fully representative of the different types of economy and which will approach its task in a spirit of mutual understanding, good will and co-operation. That way alone lies the success of any international organization.

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