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STATEMENT BY TRYGVE LIE,
THE SECRETARY-GENERAL OF THE UNITED NATIONS
TO BE READ BY MR. DAVID OWEN ON THE OCCASION OF THE SIGNING
OF THE CHARTER OF THE INTERNATIONAL TRADE ORGANIZATION AT
HAVANA, CUBA ON MARCH 24, 1948

The Secretary-General very deeply regrets that he has been unable to be present here during the concluding stages of this historic conference. He wishes me to assure you on his behalf that only the most important considerations have necessarily prevented him from leaving United Nations Headquarters at this time. He has asked that I read to you the message which he would have delivered had he been here.

I wish to pay a most sincere tribute to the delegations represented here whose unflagging efforts and spirit of compromise have now resulted in what may in the future come to be regarded as one of the most momentous landmarks in the history of international economic cooperation. The fact that you have laid the foundations for success in this great enterprise of surpassing complexity, in spite of the most formidable difficulties, is a source of very great encouragement to me, and, I am sure, to all who are concerned with international cooperation at this present time of tremendous stress and strain in international affairs. At a time when there is so much in the relationships of nations, especially those with the greatest power and responsibilities, which is discouraging, it is splendid to be able to point to a great achievement in a field of international economic cooperation presenting problems of exceptional difficulty and complexity.

No single delegation here would have drafted the Trade Charter in exactly its present form. No one is entirely satisfied, and many of you still have reservations on this point or that. But there is, I think, a general recognition that the area of agreement is now so large, and the concessions made on all sides so substantial, that it is possible to proceed with the next stage towards building an International Trade Organization founded on a most significant body of (MORE)

doctrine concerning the economic relations between nations.

This achievement stands in splendid contrast to the tragic failures of the years between the two World Wars. We all remember the high hopes of the fifty nation World Economic Conference of 1927, held under the auspices of the League of Nations, and the subsequent failure of its recommendations. We recall the further conferences of 1930, 1931, and 1933, none of which were able to find a cure for the creeping paralysis which was disrupting international economic relations. Your success is all the more remarkable when viewed against this background of inauspicious precedents.

But this history of failure has by no means been the most serious hurdle which you have had to surmount. You have met and worked together at a time in which many nations have been faced with such immediate and overwhelming economic troubles arising out of World War II, that they have had the greatest difficulty in approaching the task of long term planning for the orderly development of international trade in more normal circumstances. You have grappled successfully with this problem too, and have made wise provision for a transition period before the full code of economic conduct laid down in the Charter takes effect.

Perhaps your most significant contribution to the planning of international trade relations has been in your recognition of the essential interdependence of economic problems. In this respect, the experience of the inter-war World Economic Conferences has not, perhaps, been entirely in vain. You will recall that in its report of 1945, entitled "Commercial Policy in the Post-war- World", the League of Nations Economic and Financial Committee stated that

"...we are strongly of the opinion that the direct association of commercial policies with policies designed to secure an expansion of production and consumption and the maintenance of high and stable levels of employment is an essential prerequisite to progress towards international economic (MORE)

cooperation." The failure in the inter-war years to emphasize the essential interdependence of these issues was indeed one of the reasons for the lack of success that was then experienced".

Economic developments in the world since 1945 have, if anything, tended to strengthen these arguments in favor of the close knitting together of all the elements and aspects of international economic policy. I recently had occasion, in the Economic Report which I presented to the Economic and Social Council, to draw attention to the present most serious distortions and lack of balance in international trade. The Economic Report showed, I think conclusively, that present difficulties in international trade, and the resulting worldwide hard currency problems, were intimately associated with, and could not be considered independently of, the shifts in the distribution of the world's productive resources which were a consequence of World War II. The reconstruction of all areas to which the war brought heavy devastation is a sine qua non of any general improvement in the international trade situation.

It has, moreover, come to be regarded almost as a commonplace both by Governments and by public opinion that the maintenance of economic prosperity and full employment at home, particularly in certain countries of great economic influence, lies at the very basis of a healthy situation in international trade.

Of no less significance for the expansion of international trade is the economic progress of the underdeveloped areas of the world, since international trade per capita is generally lowest where economic development is still in its early stages.

With these considerations in mind, the Havana Conference, as also the Preparatory Committee which preceded it, has worked on the deliberate assumption that the problems involved in expanding international trade cannot themselves be solved unless other related and at least equally urgent questions receive simultaneous consideration. These questions appear in the very forefront of the Havana Charter in Article 1, and include particularly (MORE)

"the attainment of the higher standards of living, full employment and conditions of economic and social progress and development" envisages in Article 55 (a) of the Charter of the United Nations. The strong emphasis which you have placed in the Havana Charter on questions of full employment and economic development constitutes, as it seems to me, one of the most important single reasons why you have succeeded where your predecessor of the twenties and thirties failed.

It needs no reminder from me for you to recall the complexity of the task of welding together into a coherent whole all the highly interdependent economic considerations to which I have referred. Important conflicts of interest emerged, both during the meetings of the Preparatory Committee, and here at Havana. You have rightly preferred to face up to these conflicts and resolve them, so far as is possible at this time, rather than skirt them in an attempt to reach a quick and superficial agreement. When one considers that on 10 December last your Executive Secretary announced that some 800 draft amendments has been submitted by delegations to the Draft Charter presented to you by the Preparatory Committee, the wonder is not at all that the Conference has lasted so long, but that it has been possible to achieve agreement so soon.

You are therefore now submitting to the Governments of the world, for the world, for their final judgment, a Charter embodying detailed programmes and policies which have received the most careful and critical consideration humanly possible, in a long series of meetings dating back to October 1946 and culminating in the full Havana Conference of 58 nations. It may well be some considerable time before the required number of Governments ratify the Charter, thereby allowing the creation of the International Trade Organization.

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But this does not mean that we stand still. One of the outstanding achievements of the second session of the Preparatory Committee at Geneva was the successful negotiation, between 23 of the greatest trading nations, of the General Agreement on Tariffs and Trade. The Protocol of Provisional Application of this Agreement has now been signed by ten nations, namely Australia, Belgium, Canada, Cuba, Czechoslovakia, France, Luxembourg, Netherlands, the United Kingdom and the United States. In addition I have been notified by the Government of the Netherlands that they intend to apply the General Agreement provisionally in respect of their overseas territories, and the Government of the United Kingdom has indicated that it is giving provisional application to the Agreement in respect of Newfoundland.

This preliminary action towards the implementations of the aims of the Havana Charter is of the highest importance. On the one hand, to the extent that effect is given to the tariff concessions drawn up at Geneva, in the most remarkable series of multilateral negotiations of their kind in history, the current widespread hard currency crisis will be eased to some extent, and the volume of international trade may be expected to grow. And, on the other hand, since certain fundamental features of the Havana Charter are contained in the General Agreement, already being provisionally applied by the ten countries which I have mentioned, there is a most hopeful prospect of the ultimate application of the full provisions of the Charter both by these ten countries, and by many others.

I know that you will not take it to imply lack of appreciation by me of the character of the great Charter which you have drafted here in Havana, if I express the belief that it is by positive and constructive action in the spirit of the Charter and its principles rather than by an over-legalistic attempt to regulate

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the dynamic elements in the present international economic situation, that the purposes of the Charter will best be served. The great task is to increase the volume of world trade, not only by eliminating blockages and hindrances in its channels, but by taking positive action to stimulate and expand the flow of goods and services between the nations. It is impossible to exaggerate the importance of this great task, one which will certainly call for great imagination and constructive statemanship on the part of your future Director-General and your Executive Board. I hope that the progress of ratification will be such that work on this challenging task can be begun without too much delay.

This Conference itself is taking a most important step towards the establishment of the International Trade Organization in setting up an Interim Commission to be responsible for the work that will arise during the coming period immediately ahead. Moreover, the Economic and Social Council, at its sixth session, and on your recommendation, has provided for the continuation of the Interim Coordinating Committee for International Commodity Arrangements which will press forward its work in the light of the general principles of commodity policy which you have considered here. You may count on it that I shall do everything in my power to assist the activities of these interim bodies until such time as your more permanent arrangements can take effect.

As a result of all these great decisions which I have thus briefly reviewed, I think we are now entitled to look forward hopefully to the time when the International Trade Organization will be firmly established, and enter into relations with the United Nations as one of the Specialized Agencies. The Economic and Social Council will, I am sure, welcome the full participation and cooperation of the International Trade Organization in the overall economic tasks

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of the United Nations. And, for its part, the International Trade Organization will have a great stake in the successful operation of the Economic and Social Council and other agencies, without which the achievement of its own objectives would be impossible. For the cooperation and inter-dependence of the Economic and Social Council and the Specialized Agencies must logically reflect the close relationship between the specialized aspects of our general economic problems, to which I gave some attention earlier in my remarks.

When all this is done, the structure and design of the most comprehensive machinery for the solution of international economic problems that the world has ever seen will have been completed. This will have been perhaps a decisive step in healing not only the economic but the political maladies of the world. I associate myself entirely with the words of President Grau San Martin in opening this Conference last November when he said that your task was closely linked to the task of peace, and that a successful outcome to the Conference would result in a fruitful achievement for the present, and a rich endowment for future generations.

In conclusion, I should like to express my deepest appreciation, both personally and on behalf of the United Nations, to President Grau San Martin, to the Cuban Government, and to the distinguished President of this Conference for their exceptional and patient generosity, and for their unstinted hospitality, throughout this long Conference -- in spite of what must have been for them a very considerable inconvenience. It is entirely appropriate that the Charter of the proposed International Trade Organization should come to be known to the world as the Havana Charter -- a reminder of the invaluable and special contribution which Cuba has made to the happy outcome of these proceedings.

(End of Press Release ITO/224)