

E/C/T/EV/5

UNITED NATIONS
ECONOMIC AND SOCIAL COUNCIL

PREPARATORY COMMITTEE

of the

INTERNATIONAL CONFERENCE ON TRADE AND EMPLOYMENT

Verbatim Report

of the

FIFTH PLENARY MEETING

held at

Church House, Westminster, S.W.1

on

Tuesday, 26th November 1946

at

10.30 a.m.

Chairman: M. M. SUTENS (Belgium)

(From the Shorthand Notes of
W.B. GURNEY, SONS & FUNNELL
58 Victoria Street,
Westminster, S.W.1)

THE CHAIRMAN (Interpretation): Gentlemen, the meeting is open. The first item of our agenda is the President's Report on Credentials. I have myself examined, with the help of the Vice-President, Mr Augenthaler, and Mr Renouf, of the Legal Department of the Secretariat, and found the credentials to be in proper and right form. This question is dealt with in Document 8. We can now pass to the second item.

The second item is the adoption by the Committee of the Resolution submitted by the United States Delegation aiming at the convocation of a meeting which would negotiate multilateral commercial agreements concerning mostly tariff concessions. The relevant document, which you have in front of you, bears the reference E/C/T/27. Are there any remarks to be made concerning this Resolution? . . . The Resolution is adopted.

The third item of the agenda is the adoption of three Resolutions. The first of them concerns the Report of the first meeting of the Preparatory Committee. (Document E/C/T/28). The second Resolution concerns the appointment of a Drafting Committee. (Document E/C/T/29.)

The third concerns the second session of the Preparatory Committee, E/PC/T/25. Are there any remarks concerning these resolutions? They are adopted.

The fourth item on the Agenda is the adoption of the resolutions and the reports of the different Committees. Committee I was presided over by Mr Wunsz King, Chinese Ambassador to Belgium, and I ask him to present the report of his Committee.

MR WUNSZ KING (China): Mr Chairman, before formally presenting the Report of Committee I, I would like to call your attention to a typographical error in document E/PC/T.16, on page 12, seven lines from the bottom, in regard to the draft resolution on international action relating to employment. The words, "The Preparatory Committee of" should be deleted. They were allowed to creep into the paper quite inadvertently. It is a pure typographical error. Having cleared up this point, I have the honour to present to you and to the Plenary Session of the Committee this Report of Committee I, to which is appended the text of the suggested Chapter on Employment, containing seven Articles. At the same time, you will see that there is also included in the report a draft resolution on international action relating to employment. These texts and the report itself have been unanimously approved by Committee I. I therefore venture to submit this document to you for your consideration and adoption.

THE CHAIRMAN: (Interpretation): I wish to thank Mr Wunsz King, and I should like to ask if the Committee will approve the report of Committee I. The report is approved. I call upon the Chairman of Committee II, Dr Coombs, to present his report.

DR COOMBS (Australia): Mr Chairman, I understand that the Report of Committee II, which is embodied in E/PC/T/30 has been circulated. I have the honour to present it for the consideration of the Committee.

THE CHAIRMAN (interpretation): Everybody has been able to become acquainted with that document. Are there any remarks? Is everybody agreed to adopt it? It is approved. In the absence of Mr Malik, the Chairman of the Mixed Committee, composed of Committees I and II, I call upon the Vice-Chairman of that Mixed Committee, Dr. Coombs, to present the report.

DR COOMBS (Australia): Mr Chairman, I understand that the report of the Joint Committee on Industrial Development has been circulated to the Committee. On

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behalf of Mr Malik, the Chairman of the Joint Committee, I have the honour to present the report for the consideration of the Committee.

THE CHAIRMAN (interpretation): I take it there are no remarks to be made concerning this document. Therefore, it is adopted.

In the absence of Mr Dieterlin, the Chairman of Committee III, I call upon Mr Gonzalez, the Vice-Chairman of that Committee, and I ask him to present the report of that Committee.

MR GONZALEZ (Chile) (interpretation): Mr Chairman, I have the honour to present the report of our Committee which has been circulated, and I hope that it will be approved.

THE CHAIRMAN (interpretation): Everybody has become acquainted with this report. I take it there are no remarks. Therefore, it is adopted.

I now call on Mr Helmore, Chairman of Committee 4, to present that Committee's Report.

MR HELMORE (UK): Mr Chairman, I have the honour to present the report of Committee IV, which was appointed to consider the policy of intergovernmental commodity arrangements. I should like to call the attention of the Committee to the fact that we included in our Report a draft resolution, to which I understand we shall return in a few minutes.

THE CHAIRMAN (interpretation): Are there any remarks concerning the Report of Committee IV? It is approved.

In the absence of the Chairman and Vice-Chairman of Committee V, I call upon the Executive Secretary, Mr Wyndham White, asking him to present the report of that Committee.

THE EXECUTIVE SECRETARY (Mr Wyndham White): Mr Chairman, in the absence of the presiding officers of Committee V, it falls to me to have the honour to present to the Plenary Session the Report of Committee V which has been circulated as document E/PC//T/18.

THE CHAIRMAN (interpretation): Are there any remarks? This Report is therefore adopted.

Now we have a resolution to consider. This concerns Industrial Development, and will be proposed by the Chairman of the Joint Committee of Committees I and II. This document bears the number E/PC/T/26. Dr. Coombs is

called upon to present this resolution.

DR COOMBS (Australia): Mr Chairman, I understand that the terms of the resolution are before the Committee. I have much pleasure in moving its adoption.

THE CHAIRMAN (interpretation): Are there any remarks? The resolution is adopted.

We have to examine now the Note from the Secretariat concerning a resolution "relating to intergovernmental consultation and action on commodity problems prior to the establishment of the International Trade Organization." This resolution will be presented by the Chairman of Committee IV, Mr Helmore, together with an amendment suggested by the United States delegation.

MR HELMORE (UK): Mr Chairman, I have the honour to present the resolution which was sent forward by my Committee in its report. The relevant passage in the report which refers to this resolution will be found by delegates in paragraph 2 of document E/PC/T/17.

THE CHAIRMAN (interpretation): The United States delegate might wish to speak on his amendment.

MR WILCOX (USA): Mr Chairman, I propose the amendment to this resolution which is set forth on page 3 of document 24. The resolution as originally proposed by the Committee requests the Executive Secretary of the Preparatory Committee to keep in touch with such consultation with respect to intergovernmental commodity arrangements. The only change that is made in this resolution is to request the Secretary General of the United Nations to appoint an Interim Co-ordinating Committee for Intergovernmental Commodity Arrangements; to perform this function with the Executive Secretary of this Committee as Chairman, and a representative from the Food and Agriculture Organization to be concerned with agricultural primary commodities, and a person to be selected at the discretion of the Secretary-General to be concerned with non-agricultural primary commodities. An identical resolution is being presented by my Government at the session of the Food and Agriculture Organization's Commission which is now meeting in Washington.

THE CHAIRMAN (interpretation): Is everybody acquainted with the text of this Note?

THE EXECUTIVE SECRETARY: Mr Chairman, as representing the Economic Department of the United Nations and, in that capacity, the Secretary-General, I merely wish to enter a slight reservation on the form, without insisting that from the point

of view of the Secretary-General a modification in the form of this resolution is necessary. I would merely wish to have it noted that I feel that this resolution should be interpreted in such a way as to enable the Secretary-General to carry out the spirit or the objective of the resolution in such manner as he may deem the most appropriate constitutionally. I think that there is an argument for saying that action of this kind resides more properly in the Economic and Social Council itself on the motion of this Committee rather than by executive action taken by the Secretary-General on the motion of this Committee; but, as I say, I do not think that that need involve any amendment in the terms of the resolution. I merely make that statement as an indication of an interpretation of the resolution that may be necessary in carrying it out.

WILCOX (USA): Mr Chairman, that interpretation is entirely acceptable.

THE CHAIRMAN (interpretation): In view of those remarks, I take it there are no observations. The document is therefore adopted.

THE CHAIRMAN(Translation): The Committee of which I have the honour to be Chairman, is on the point of finishing its first session.

I will recall that it owes its origin to a resolution of the Economic and Social Council of the United Nations of 18 February, 1946, which decided to call an International Conference on Trade and Employment for the purpose of promoting expansion of production, exchange and consumption of goods and, in preparation for this Conference, "to constitute a Preparatory Committee to elaborate an annotated Draft Agenda, including a Draft Convention, for consideration by the Conference".

This Preparatory Committee brought together the delegations of eighteen countries, which were selected in such a way as to represent the various groups interests participating in world trade. The government of the USSR was unable to be represented at this session, but we all hope that it will send a delegation to the next session.

It is only fair to say that if the decision of the Economic and Social Council gave official sanction to the creation of our Committee, it owes its existence primarily to the continuous and effective action of the United States and British Governments who, in November, 1945, as an annex to the financial agreement which they concluded with each other, proposed a number of principles for collective action to afford to International Trade the security which it requires and to assure its development. After showing that trade, production, employment and consumption could not increase unless there were agreement on the principles governing trade, this document proposed firstly the elaboration of a Charter laying down these principles, and secondly, the setting up of a special Organisation, called in advance the ITO which would enable nations to co-ordinate their policy and which, further, would be responsible for supervising the working of the Charter and ensuring that its rules were respected.

The United States Government went further and elaborated a concrete Draft Charter which was submitted to the various governments.

After proceeding to a general exchange of views, the Preparatory Committee decided to take this draft as a basis for discussion. Our work was considerably facilitated by this and it is impossible to thank the American Government/for the effective assistance it rendered us on this occasion.

The Preparatory Committee worked without interruption from the 15 October onwards. After dividing into Committees according to the general items of its agenda, it held on all problems submitted to it far-reaching discussions which revealed both the high quality of the experts sent by the various nations and a desire for sincere and open collaboration. The Committee - and this is worth emphasising - did not work in a sealed chamber. It obtained all the collaboration which seemed necessary to it and did not fail to make contact both with the specialised inter-governmental institutions, particularly the International Monetary Fund, and with a certain number of extra-governmental Organisations such as the World Federation of Trade Unions and the International Chamber of Commerce. I can only congratulate ourselves on our relations with these organisations.

Thanks to these efforts, this goodwill and this collaboration, the Committee, after six weeks, has succeeded in drawing up a certain number of concrete proposals and recommendations which I shall have the honour of summarising for you, following the order of the Committees.

The object of the first Committee was to consider problems of employment. That was an object of major importance as employment appears in the title of the Conference, on the same footing as International Trade.

The Chapter of the suggested Charter dealing with this problem has been considerably developed.

It has been unanimously agreed that States should undertake concerted action for the attainment and maintenance of full productive employment of their labour and of a high and stable level of effective demand in their territory. It has also been unanimously agreed that this action should not be left to the discretion of the various governments but should be made the object of precise undertakings, for certain countries might experience difficulties in assuming the obligations in the sphere of trade provided for by the Charter if other countries were not bound by the obligation to do all in their power to maintain a high and stable level of effective demand. But there is a risk of individual action on the part of the various states not being sufficient. The specialised international institutions can, each within the framework of its respective duties, make a direct contribution to the maintenance of the volumes of employment and the stability of demand in the world. Therefore, provision must be made for an International Body under whose

sponsorship the various national governments and specialised international institutions can collaborate in co-ordinated action to maintain the volume of employment. The Body which seems most suitable for this task is the Economic and Social Council of the United Nations. A draft resolution in this sense is annexed to the Report of the Committee.

Particular attention has been devoted to the problem of the industrialisation and general economic development of new countries. By reason of the repercussions it may have on world economy and international trade, the Committee considered it necessary to have this problem considered by a Special Committee and to insert a new Chapter on this subject in the Draft Charter.

It has been unanimously agreed that the development of economic resources in all parts of the world "will improve opportunities for employment, enhance the productivity of labour, increase the demand for goods and services, contribute to economic stability, expand international trade, and raise the levels of real income, thus strengthening the ties of international understanding and accord".

It has been unanimously agreed that this general economic development should be achieved not only through individual action on the part of each state, but through the collaboration of all states. Far from opposing the advancement of countries whose resources are still in an early stage of development, as might suggest a short-term policy, the more advanced states should not prevent them from acquiring capital, raw materials, plant, modern technical means, specialised personnel and competent technicians. For their part these states should not take any measure prejudicial to the interests of the states assisting them. Collaboration of the same order is necessary to facilitate the recovery of countries whose economies have seriously suffered from the war. Apart from this general assistance, special protective measures, which may not conform to certain obligations of the Charter will doubtless have to be contemplated to facilitate, in agreement with the ITO, the establishment or recovery of certain industries. The Committee decided to continue consideration of this important problem with the assistance and in conformity with opinions of the Economic and Social Council.

Committee II which dealt with Commercial and Customs policy was certainly faced with the most difficult task, by reason of the variety, number and

complexity of the problems laid before it. It was a question of laying down for all points ordinarily appearing in trade agreements or which are essential for the exchange of goods a body of equitable rules which would become law in these matters. The text of the draft provided a very useful basis for discussion in this connection. The drafting was revised at numerous points. In many cases the proposed modifications are of a technical nature and do not alter the spirit of the Charter. Certain other modifications are of wider import. I have especially in mind the new draft proposed for quantitative restrictions which authorises a wider use of these practices, especially if it is a question of correcting a disequilibrium in the balance of payments, the modification made to take account of the recommendations of the Joint Committee on Industrial Development.

I also draw attention to the great importance of Article 18 by which governments agree to open negotiations so as to succeed, by mutual concessions, in reducing customs tariffs and in suppressing discriminatory treatment. Should any state not abide by this agreement it might be deprived of the benefit of mutual concessions granted among other states. According to the new wording of this Article, the consolidation of customs tariffs effected by nations whose tariff is low ^{be} will/considered as equal to the reduction of a high customs tariff or to the elimination of a preference. In this connection, the Committee has studied a memorandum outlining the plan of these future negotiations and the procedure to be followed in this report.

In this wide sphere, agreement was reached on the most important points. Discussion of others must be continued.

Committee III dealt with Restrictive Trade Practices. By this term is meant, generally speaking, the operation of individual enterprises or groups of enterprises acting jointly, which by fixing prices, limiting the volume of production and distributing commodities, curb competition, restrict access to markets or promote controls of a monopolistic nature.

There were differences of opinion with respect to the manner in which these practices were to be judged and the moment from which they might be considered injurious to trade, but the delegations unanimously agreed that insofar as the practices were contrary to the general purposes of the Charter they should be avoided. Since it is impossible to determine precisely and in advance which

practices are reprehensible, the Committee decided that the ITO should be empowered to hear complaints and to initiate inquiries. Should it appear, following an inquiry, that the complaint is justified, the ITO will submit its findings to all the member states asking them to take action so as to prevent the continuation or the recurrence of indictable practices, and should it deem it advisable it will recommend appropriate measures. Each member state, obviously, will act in accordance with its own legislation and procedure. The ITO on the other hand will pursue consideration of this matter and, should the need arise, it will call inter-governmental Conferences to deal with it.

Committee IV was instructed to consider and define a general policy relating to primary commodities in connection with the purposes of the ITO. This work was carried out mainly with the co-operation of the Food and Agriculture Organisation.

It was unanimously admitted that greater stability of the price of raw materials and of the real income would greatly help to maintain a satisfactory level of international trade and employment. Hence the Committee recommends the establishment of Study Groups wherever difficulties might arise or might threaten with respect to the marketing of a primary commodity. Should normal means not right the situation, inter-governmental agreements governing exports, imports, production or prices, based on the findings of a Conference which would have considered every aspect of the problem, might be reached under the auspices of the ITO. The rules to be followed are set out at length in the Report of the Committee and in the attached documents.

The Committee has reached full agreement on most of these points. A certain number of them were subject to reservations, and consideration of these matters will be carried on at a later date.

Committee V was entrusted with the complex task of determining the status of the new ITO, of defining its competence and powers and of outlining the scope of its future activities. The results achieved, though incomplete, are noteworthy, since an agreement on principle dealing with a draft charter of the Organisation was reached. Various matters however still remain pending; they include the exact tabulation of the purposes of the ITO, the number and determination of the special duties of various Committees and the serious problem of voting within the Executive Committee and the Conference. With reference to this last question, the finding of an agreement formula capable of reconciling the principle of the equality of all nations with the necessity of ensuring the effective and fruitful activity of the ITO will devolve on the representatives of the countries, at their Second Meeting.

Finally, the various principles of the Charter will have to be harmonized particularly with a view to defining the internal power of decision of the ITO in disputes, and in the settlement of differences between countries with reference to external solutions, such as arbitration and appeal to the International Court of Justice.

It is obviously difficult at the present time to submit a final report on our work since, as I have said, it is not yet completed. To be sure in order to reach agreement, the basic text has had to be rendered more supple and the regulations less rigid, particularly in matters concerning trade policy proper. Does this imply recession? I do not think so. The rules of trade policy must not be regarded as an end in themselves but as a means to achieve a higher aim, which is the development of world economic prosperity. Now it is certain that great progress has been made along these lines by concrete proposals concerning employment, the development of new countries, assistance to be rendered countries affected by the war. In general, the scope of economic collaboration is extended by the re-adjustments proposed by the Committee and this cannot but assist in the attainment of the aims pursued by us all.

Our work, as it stands, will be reconsidered in the course of a second meeting which will take place in Geneva on the 8th April, 1947. In the interval, questions left in abeyance and those on which agreement has not been reached, will have time to mature. The governments will then be able to discuss them anew, and in the light of further consideration, propose new solutions.

Furthermore, the work of the second meeting will be greatly facilitated by that of a Drafting Committee which will meet on the 20th January and will draw up draft texts for clauses where agreement has been reached and prepare alternative texts for all the others.

Moreover, it is hoped that during this Second Meeting, the member states of the Interim Committee, in accordance with the proposal of the United States Government which was approved by the Committee, will open negotiations to reduce tariff barriers and

suppress discrimination. This will be the most important attempt ever made in this field and, if successful, it will bring about stabilisation of the tariff status relating to trade dealings among the principal economic powers of the world. Such a move would supplement the Charter, rendering it practical and giving full scope to its powers.

After the Second Meeting, the Committee will have cleared the way for the International Conference on Trade and Employment which will give its work a definitive form. Many events will take place between now and then and some of our plans will doubtless undergo change. Already, however, we have achieved this result; the important economic powers of the world, convinced that sterile struggle is useless, have determined to co-operate in creating a prosperous and happy world.

With these optimistic and confident words, I should like to end my statement. (Applause).

Gentlemen, various delegations have asked for the floor, in order to give us their opinions and impressions of the results of our work. I shall call upon the various delegates following alphabetical order.

I shall begin with Mr Coombs, the head of the Australian Delegation.

MR. COOMBS (Australia): Mr. Chairman, Members of the Committee may recall that in the opening statement, which I made to this Committee on behalf of the Australian delegation I outlined five basic principles which it seemed to us should be embodied in the work of this Conference. They may recall also that the statement of those five principles followed a statement by the leader of the United States delegation of also five principles which his delegation believed fundamental. They were different, at least in emphasis, and to a considerable degree in content. I am very happy to say that the Australian delegation feels that the five principles upon which our approach to this question was based are in fact embodied in the work of the Conference, and I am also pleased to say that I believe it has been possible to achieve that result without impairing to any significant extent the five principles stated by the United States delegation, and that I believe may well be the experience of other delegations.

It is, I consider, an achievement of considerable importance. Out of this Conference has come a set of Reports in which the area of agreement is so large as to be dull enough to delight Mr. Wilcox's heart. I would like to say, however, that dull as the result may be in its absence of dissension, the process of arriving at it has to me and to my delegation been one of the most exciting experiences we have had. Twice in our generation the world has been plunged into catastrophe, once in the depression and once in the war, by forces which to ordinary people appeared as irrational and as unpredictable and beyond human control as the catastrophes of nature. Those two major catastrophes are not unrelated. There is no doubt in our minds that the seeds of the war were sown in the depression, and that the future peace of the world depends upon our capacity to build a world which is economically sane and which is progressing steadily towards better standards of life and greater justice.

Since those catastrophes I believe real progress has been

made, to a greater extent than ever before, particularly within the field of individual economics. The economic setting in which men and women must live their lives is becoming a matter within human control. To me this Conference is important because it continues that process and it continues it in a field where most progress is necessary - in the international field. I believe we have participated here in one of the many battles in the long struggle of human knowledge and human co-operation against ignorance, prejudice and fatalism. We have contributed, I feel sure, to the development of a world in which the lives and happiness of ordinary people will no longer be at the mercy of blind economic forces, but will be such that the conditions of life will be within the capacity of man to determine, subject only to the limits set by the resources of nature and the capacity of human knowledge and labour.

The task of achieving this will not be easy. Our ignorance is very great and the problem complex. There is no doubt that we shall make mistakes, possibly tragic ones, but our feet are on the road and there is hope ahead. For me and for my delegation I would say that it has been a privilege to be associated in taking these first steps.

Thank you, Mr. Chairman. (Applause).

THE CHAIRMAN: I thank Mr. Coombs for his statement. I call upon the head of the Belgium-Luxembourg delegation.

MR. KERCHOVE (Belgium-Luxembourg) (Translation): Mr. Chairman, the Belgo-Luxembourg Delegation notes with satisfaction that its desire to offer constructive co-operation in the work of the Preparatory Committee of the Conference on Trade and Employment has been most sympathetically received by the other delegations.

We may well hope that there will result from our work an instrument of multilateral contract, all-embracing and effective, worthy of ultimate acceptance by all nations. The Belgo-Luxembourg

Economic Union long ago demonstrated its faith in plurilateral trade agreements, by the part it played before the war in the agreements negotiated at Oslo and Ouchy. That agreement of a group of economic powers, inspired by an equal determination to forego policies of economic self-sufficiency and to promote mutual trade, formed, as is well known, the first experiment in the sort of agreement that has occupied us for the last six weeks.

I should like to indicate, in the form of a short analysis of the work of the five Committees, the extent and the significance of the adherence of the Belgo-Luxembourg Delegation to the agreed texts.

Committee on Employment: Before the war, the various employment policies were mainly social in character and operated within the national framework. I am not engaging in criticism or controversy when I state that the attempts at a solution, and the remedies proposed and applied, were incapable of curing the ill; today, within the Preparatory Commission, a wider, more just and more objective view prevails.

The achievement of full employment

The achievement of full employment appears no longer as the result of economic prosperity, but above all as one of its determining factors, and thus demands from those in authority in every country the broadest and most intelligent consideration.

The Conference has aimed further; it wishes to transpose the question on to the only plane on which a solution is possible, the only plane where a solution can be found consonant with the prosperity of individual countries as well as with that of the whole international economic community.

Indeed, whether it be a question of young countries or of countries already industrially developed, it is now clear that full employment can only be realised if the effective world demand increases steadily, and if the various long or short term economic policies are co-ordinated in a practical manner.

The Belgo-Luxembourg Economic Union is fully aware that approval of the aims of the Committee on Employment must not and cannot be limited to an agreement with the draft proposed, but must include the determination to co-operate continually in the undertaking.

However, the Economic Union has made a point of warning the Committee against the dangers that would arise from too precise undertakings that could not be fulfilled. However much we may co-ordinate our efforts, it is improbable that we shall be able to suppress entirely the alternation of periods of prosperity and wellbeing with periods of depression or smaller effective demand, and the Committee has acted wisely in recommending the governments concerned to provide for these cycles by reserving, for times of crisis, a series of measures designed to minimize the effects of a depression and to limit its duration.

With regard to the Joint Committee on Industrial Development, the Belgian Delegation welcomes the introduction into the Charter of a new chapter dealing with economic development. The nations today engaged in a praiseworthy effort to diversify their economic equipment, to provide their population with modern machinery or to rebuild an economy devastated by the war, will be sensible of the breadth of vision of the peoples prepared to help them by facilitating the long term accomplishment of that task within the framework of the Charter.

We are convinced that the young countries will make reasonable use of the

system of privileges and exceptions, which enables them to limit the effect of international competition on their economies. In our view, no country should make use of such a weapon to try to evade the obligations which result from world economic solidarity. We firmly believe, on the contrary, that they will devote themselves, under the wise guidance of the ITO, to ensure, by this means, a harmonious expansion of world trade, by assigning to each country its share in the chain of responsibilities, spread out over a period of time, for development and utilisation of the resources of the world. May the young countries profit by the experience of countries like our own, which have been able to achieve a high degree of industrialisation without closing their doors to the trade of other nations. After two hundred years of industrialisation we are qualified to state today that the industrial development of a nation is as compatible with freedom of exchange as it is with the acceptance of heavy responsibilities in the sphere of international trade.

Committee II. The new draft text proposed for Chapter IV deals with general commercial policy, particularly those articles relating to most-favoured-nation treatment, tariff reductions, the elimination of preferences and quantitative restrictions, and the provisions relating to urgent and unforeseen cases. This delegation is of the opinion that the amendments made in the new text relative to these questions will meet the many objections raised in the course of discussion. This delegation is convinced that these alterations are of a kind to strengthen mutual confidence between members as well as to create confidence in the future International Organisation. It behoves them now to give the Charter full play in ensuring the expansion of world trade.

This delegation expresses the hope that the negotiations arranged for the spring will lead to the full realisation of this objective, thanks to substantial reductions in high tariff rates.

Generally speaking, the provisions of the Charter relating to customs and allied questions, as they were interpreted or amended by the Committee, do not run counter to essential Belgian principles, nor to the guiding principles of the future Netherlands-Belgium-Luxembourg Customs Union. However, although agreement has been reached in many cases, on other points, as was to be expected, it has not been attained. As the Articles appear at present, they are evidently inspired by a desire to move towards freer conditions of trade. The Belgian Delegation is pleased that in several

cases it has been able to secure improvements allowing the national system of control wider scope than under the scheme originally envisaged. When need arose we did not hesitate to make express reservations, but we are happy to say that on all main points we have been able to agree.

At this point I should draw attention to the proposal, made on the initiative of the French Delegation, that the ITO should take over the international organisation for customs tariffs at present working in Belgium, and give it a wider field of action, so that there would be a permanent office in Brussels responsible for the collection, analysis and publication of the rules and regulations governing international trade, and for providing comparative rulings on given points.

Committee III has shown a spirit of great understanding in its work, coupled with a unanimous desire to work out a constructive draft. This draft is intended to prevent the efforts made by the various states to achieve the aims of the Organisation being jeopardized by the machinations of commercial enterprises which would take advantage of the preponderant influence they might have gained over international commerce, either individually or as a result of some agreement.

The agreement given unreservedly by the Belgian-Luxembourg Delegation to this principle also applies to the procedure laid down which, while giving an important role to the International Organisation, at the same time entrusts the state concerned with the largest share in control measures, investigations, decisions and repressive measures, and is designed to avoid all conflict with any national legislation.

The work of Committee IV has resulted in an almost entirely new draft of Chapter IV of the Charter. The present text which, with some slight reservations, has received the almost unanimous approval of the delegations present, meets the main requirements of the Belgian Delegation which is responsible on the one hand for upholding the interests of the home country, mainly a consumer of primary commodities, and on the other hand, the interests of the colonies, mainly producers of raw materials. A satisfactory balance has been achieved between provisions intended to protect the consumer and those aiming at safeguarding the interests of the producers.

Committee V. Considerable results have been achieved by the Committee for Organisation. They have, in fact, drawn up a draft constitution for the new Organisation. Several questions, however, have been left in abeyance. I shall

merely mention the question of the voting procedure in the Executive Board and in the Conference, in view of the particular importance of this matter and the impossibility of reconciling the opposing opinions.

The Belgian and Netherlands Delegations have suggested as a compromise that the principle of equal votes be adopted within the various committees of the ITO and that permanent seats on the Executive Committee be allotted to the economic powers that play a leading part in international trade.

Furthermore, the Netherlands, French and Belgian-Luxembourg Delegations have submitted to the Secretariat of this Committee a proposal to amend Article 76 in such a manner as to widen the scope of the provisions relating to powers of arbitration and to the competence of the International Court of Justice, in the interpretation and the settlement of any disputes that might arise.

The Belgian Delegation hopes that these proposals will receive careful consideration from the Drafting Committee that will review our work.

In conclusion, it will be seen that, subject to some reservations on certain particular points, the Belgian-Luxembourg Delegation heartily concurs with the texts which are to be submitted to the Plenary Committee.

Nevertheless, it should not be inferred from this general agreement to the suggested Charter, as it will be drawn up in New York, that we consider we are nearing the end of our task or are within sight of our goal.

It is obvious that much ground has still to be covered before the hopes arising from the admirable lead given by the government of the United States and the resolution of the Economic and Social Council can approach realisation.

This realisation does not depend, even in the main, on the Charter itself, its provisions, its text or its spirit. It must arise out of world public opinion and the growing conviction of the duty, which has devolved on our generation, to see that the principles of solidarity shall prevail over egoism both in the social field and in the economic field proper.

With this end in view, it is important that propaganda, both alert and skilful, shall arouse interest in our work among the economic circles in all countries, whether represented at this Conference or not, so that, when the Charter finally comes into force, its provisions may be known and their inter-connections fully realised.

It must be truly considered, as the words of the Charter so happily express it, as a code of progress, as an "ensemble" of solemn undertakings implying an irrevocable decision to abandon the errors of the past, as the will to cut short the miseries of the present, the resolve to create, in the light of this double experiment, a new framework worthy of that future which we all ardently hope for and desire.

THE CHAIRMAN (interpretation): I thank the delegate of Belgium-Luxembourg for his statement. Now I call upon Mr da Silva, the Head of the Brazilian Delegation.

MR DA SILVA (Brazil) (interpretation): Mr Chairman, the Brazilian Delegation came here in a spirit of hope and enthusiasm for the task awaiting us, the task, namely, of helping, in collaboration with the other countries invited by the Economic and Social Council of the United Nations, to lay the economic foundations of a lasting peace. A beginning had already been made by the conclusion of monetary, financial and other agreements, in the course of the war. The most important question still outstanding is no doubt the regulation of international trade, that is to say, the elaboration of an international statutory settlement for the governance of the world's trade after the war. Our main task in this connection must be the study of the means of freeing commerce from the trammels created either by Governments or by private monopolies. But the expansion of international trade is not in itself an end, but a means to the true ends, namely, the improvement, equalization and stabilization of the standard of living of the world's populations. For the practical attainment of these ends it was necessary that we should not confine ourselves to world trade problems in the stricter sense of the expression. We were led accordingly to consider in addition the problem of unemployment, the problem of the stabilization of raw material markets, and, above all, the problem of the industrialization of less highly developed countries and of countries whose development has been arrested or set back as a consequence of the war. We are gratified to note that the countries here assembled have all, without exception, recognized the interdependence of these problems, and the consequences resulting from the existence of profound differences in the economic structure of the different countries. It is only right, I think, to emphasize the importance of that consideration. It means that, on the one hand, there has been a more realistic conception of international trade problems, while, on the other hand, a number of practical steps have been discussed with a view to giving effect to that conception. There has been a readiness to accept, as being in the interests of all, a policy of general economic collaboration of a tangible and continuous nature, over and above the action taken under existing economic agreements between nations. The final result of our labours will accordingly be an international statutory settlement, which will not be concerned solely with the world's trade, but will

regulate international economic collaboration in many important fields. It was not possible, nor was it necessary, to arrive at definitive forms. Six weeks are a very short time for the solution of so important a problem: and the Economic and Social Council very properly decided, in accordance with the suggestions of the United States, to distribute the work over two Sessions of the Preparatory Committee, and one Session of a Drafting Committee, before summoning the Plenary International Conference. Apart from the drafting of the statutory settlement, there is another task awaiting us at our second gathering - namely, tariff negotiations. That is a practical step, which should inaugurate the new international economic policy, even before the adoption of its fundamental statutory settlement. We trust that these negotiations will yield positive results without excessive delay, in spite of the novelty and the difficulties of the proposed procedure. They will do so, if in the course of the negotiations the fundamental principles of our future statutory settlement are borne in mind, principles of fairness and of justice, and recognition of the varying requirements of the different countries. In taking leave of our colleagues of the other delegations, we desire to thank them for the spirit of comprehension displayed, which has facilitated the work of us all; and we express a wish that we may be able at our future meetings to continue this collaboration, which has had so satisfactory a beginning, in the interests of our countries and of humanity.

THE CHAIRMAN (interpretation): I thank Mr da Silva. I now call upon Mr Robertson, of the Canadian Delegation.

MR ROBERTSON (Canada): Mr Chairman, in the absence of Mr Hector McKinnon and his colleagues who have borne the heat and burden of the day, it is my privilege to say a few words on behalf of the Canadian Delegation.

Now that the Conference is coming to an end, I think it is possible for the real workers to look back over the work of the past six weeks with considerable satisfaction. When the Conference opened, many felt that if it succeeded only in conducting a preliminary reconnoitre of the steps which would have to be taken before an International Trade Organization could be set up, it would not have been a failure. The problems to be solved were so complex, and the economies of the various countries represented were so diverse, that it seemed unreasonable to expect much greater progress than that. In the upshot, the main problems have

been explored, and a wide area of preliminary agreement has been reached between delegations. Our Governments will now have before them agreed drafts of many articles of a trade charter, and we turn over to the Interim Drafting Committee a wealth of concrete proposals. Differences, of course, remain. But after the thorough discussions which have taken place here, it should be much easier to compose them when the Committee meets at Geneva. This wide measure of agreement on the official level appears all the more gratifying when account is taken of the varying economic situations in which the countries represented here find themselves. Some of them have been devastated by the war; others have escaped unravaged. Some of them are mature industrial economies, anxious to find expanded markets for their manufactures; others are under-developed industrially, and wish to diversify and increase their industrial production. Some of them believe in wide schemes of Government ownership of industry; others put more reliance on the initiative of private enterprise. Out of this diversity might well have come merely confusion of tongues and confusion of counsels. That instead there has emerged such wide preliminary agreement is a tribute to the good will and hard work of the delegates. Even more, it is a confirmation of the fundamental attachment of the Governments represented here to the purposes for which this Conference was called. Differences remain over emphasis and methods; but all are agreed that Governments must take concerted action to free the channels of trade and to maintain a high and stable level of employment. If we can create an institutional structure to outlaw those practices which have had such a harmful effect on world trade in the past, and to settle recurring commercial difficulties, we will have done much to rid the peoples of the world of the fear of insecurity, want and unemployment. All countries are affected by changes in the volume and pattern of world trade - my own country not least of all. We must see to it that such trade is expanded as much as possible. If goods can be made to pass freely and in good volume through the arteries of international trade, this lively current will ultimately have a tonic effect on the fortunes and wellbeing of individuals all over the world. For the success which has been achieved already, Mr Chairman, the Canadian Delegation feel that you have been in no small measure responsible. Your long experience and unfailing courtesy have been constantly

at the service of the Conference, and have helped it over many difficulties. We are also indebted to the hospitality of the United Kingdom Government, which has done so much for the comfort and convenience of the delegates. We would like to pay a special tribute to the initiative of the United States Delegation in presenting to the Conference such a carefully prepared draft charter for its consideration. The Canadian Delegation also wishes to associate itself with the appreciation already voiced of the services rendered by the International Secretariat.

We have made a good start. But much still remains to be accomplished, and I am sure that there is no one here who is in danger of falling into complacency. The Canadian Delegation take the preliminary agreement which has been reached here as a good augury for final success when we continue our work next year.

THE CHAIRMAN (interpretation): I thank Mr Robertson for his speech. I now call upon Mr Bianchi, the Ambassador of Chile.

MR BIANCHI (Chile): Mr Chairman, the Chilean Delegation has followed with great satisfaction the deliberations of this Preparatory Conference on Trade and Employment, during which the representatives of seventeen countries have, with efficiency and entire frankness, exchanged points of view on the many economic problems, the importance of which no one will deny. In accordance with the statement I made in one of the first Plenary Sessions of this Conference, the Chilean Delegation has endeavoured to cooperate in every possible way in the discussions which have taken place, trying to make clear the situation of countries which, like our own, are in the initial stages of economic development and which, for this reason, have not yet been completely and efficiently absorbed into international trade. In general, our Delegation has been preoccupied with ensuring that the Conference should give adequate consideration to the main object of the future World Conference as set out by the Economic and Social Council of the United Nations in its Resolution of the 18th February last, namely, the increase of production and the exchange and consumption of goods, and not merely limit itself to the study of how to eliminate present hindrances to world trade. We have made clear that the elimination of any qualitative or quantitative hindrances to international trade must be allied with questions of productive capacity and balance of payments,

as these obstacles, at least in Chile, arise out of necessity and only when such necessity is removed will it be possible to eliminate the obstacles resulting therefrom. It is for this reason that the Chilean Delegation proposed to earnestly the inclusion in the Charter of a Chapter on Industrialization. The Chapter finally approved, while it does not entirely satisfy us, is a great step forward, although we should have preferred it to be more concise and were, in fact, prepared to formulate even more concrete proposals than those originally put forward. We fully appreciate the immense difficulties in the way of reconciling the many diverse points of view on this matter and arriving at an agreement sufficiently elastic to include them all, and at the same time concise enough to make the agreement something more than a mere declaration of opinion. We hope that work will continue along these lines, and that shortly the functions of the different organizations of economic cooperation created by the United Nations will be brought into harmony, enabling them to carry out their tasks in an efficient and well coordinated manner. In this way, the causes which have obliged many countries to adopt restrictive measures which hinder the free expansion of international trade and the welfare of peoples, would be removed.

With the object of ensuring frank and ample consideration of all problems with which this Conference must deal, the Chilean Delegation has also endeavoured to see that other questions which might perhaps be considered in greater detail or more competently at other Conferences should not be forgotten, since they are also closely interwoven with the main matters dealt with by the present Conference, for example, the problem of services. In the opinion of this Delegation, the general and comprehensive terms embodied in certain Chapters of the American Charter seem more appropriate than the new proposals put forward by other Delegations.

Another guiding principle of the Chilean Delegation has been that the problems confronting the small nations as well as the great should be considered on a footing of absolute equality. The Delegation is gratified to note that among the exceptions to the most-favoured-nation clause, the exceptions in force between neighbouring countries are recognised as being included. As a result, Chile will be able to negotiate the elimination of this exception from her agreements, as other countries will do with similar exceptions.

Inspired by the same principle, our Delegation has not accepted new proposals tending to alter the equality of voting within the International Organisation which may come into being from these deliberations. With regard to State trading - a matter of some importance today, when a large number of enterprises are, to a greater or lesser degree, of that type - the Chilean Delegation has clearly set out its view that such enterprises should enjoy the same liberties and advantages as those of a private character, in so far as commercial considerations are concerned.

In view of the economic structure of our country and the nature of our foreign trade, similar, moreover, to that of many other South American countries - based on the export of two or three primary products - the Chilean Delegation has requested that consideration should be given to the provision of a safeguard with respect to the grave problem of the cost of raw materials.

With regard to the question of "full employment", our Delegation wishes to record its satisfaction that the principle of raising the

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standard of living of the working-classes has been considered, a point to which I had pleasure in referring at one of the inaugural meetings of this Conference.

I remember that some days ago I agreed to speak for a few minutes only, and so I will conclude by saying that I wish the interim drafting committee every success in the task entrusted to it, which will complete the work begun in London - work in which the spirit of collaboration animating all delegations and the most admirable sense of justice and the dynamic personality of the President, Monsieur Max Suetens, have played the most important part. (Applause.)

THE CHAIRMAN (interpretation): I wish to thank M. Bianchi for his speech, and I now call upon Mr. Wunsz King, Ambassador of China.

WUNSZ KING (China): Mr Chairman, the conclusion of our labours at this stage marks a milestone on our long journey of the preparation of a draft instrument for the future International Conference on Trade and Employment. Nobody would expect that we, of the seventeen different economies, would have no difficulty whatsoever in finding a common and complex system of highway code applicable to different ways of traffic and that we would reach our destination by one hop. Differences of opinion, differences of emphasis, differences of approach, there were bound to be. In spite of all these, however, a large measure of agreement has been reached on a number of important issues.

We have realised that to expand international trade positive measures are as important as, if not more important than, the negative ones. We are all agreed that to maintain an all-round effective demand for goods and services, industrial development, particularly in the less developed countries, will be as important a contribution as the promotion of full and productive employment policy and the elimination of trade barriers. In giving effect to these principles, not only do we owe to our own people a great responsibility for material advancement, but we owe to each other a mutual responsibility for promoting the general well-being of the peoples of the world.

I am happy to say that in our deliberations we have placed equal emphasis on individual measures, as well as on effective international action for the promotion of an expanding world economy.

We have also recognised the imperative need for making this code of international commercial relations adaptable not only to the existing economic structure, but also to the future trends of economic development.

If we are of one mind as to the principles which we would like to see applied for short-term as well as long-term problems, I venture to hope that the success of the proposed International Trade Organisation in the future is assured. I need not remind the Conference that we are only called upon to do the preparatory work which is of a technical nature, and I think it is right to assume that what we have discussed will have to be reviewed by our respective governments. When we re-assemble next Spring, inspired by the spirit which has been manifested in this meeting and guided by the considered opinions of our governments and the public, we may be ready to find a common basis on certain questions on which we have not been able to reach agreement, or which we have had no time to discuss here in detail. What is more, we shall then be able, I hope, to attempt a new international experiment in tariff negotiations which will certainly prove to be a complicated task.

We of the Chinese delegation believe that in trade matters as in many other related matters, the success of bilateral or multilateral discussions or negotiations relating thereto can be made possible only if an attempt is made to regulate these matters on the principle of reciprocity and in a spirit of mutual helpfulness.

My remarks, however, will be incomplete if I do not record our sincere appreciation of the tact, sagacity and other outstanding qualities with which our Chairman has guided us through the fruitful discussions of a very complicated problem. We are equally grateful to all the delegates who have shown great understanding of each others' problems. We are proud to have a highly able and competent Secretariat, under the guidance of the Executive Secretary, who have

contributed in no small measure to the results we have obtained. I think all my colleagues will agree with me if I say how much we owe to the host government for their kind hospitality. Last, but not least, I would add a word of appreciation for the services rendered by the interpreters. (Applause.)

THE CHAIRMAN (Interpretation): I would like to thank the Ambassador Mr Wunsz King for his speech, and I now call upon Mr. de Blanck, Minister of Cuba.

Mr. G. de BLANCK (Cuba): Mr Chairman, the Cuban Delegation wishes to express publicly its recognition of the competence and discretion with which the Chairman of the Preparatory Committee and the Chairmen of the various Committees and Subcommittees which have carried out the work of this Conference have discharged their respective tasks. Cuba also desires to record equally its appreciation of the cordial conduct and collaboration with our Delegation on the part of each and every one of the Delegates and Advisers of the seventeen nations here represented. And we do not wish to miss this opportunity of publicly expressing our gratitude to the authorities of the United Kingdom, to the officials in London of the United Nations and to other persons and organisations for the kindness and efficiency with which they have contributed to making the time spent by our Delegation in this city an enjoyable occasion.

It can be said that the work which has been done here has been carried on in an indisputable atmosphere of comprehension of the problems peculiar to each country, and of collaboration towards the pertinent solution of those problems, within the framework of the fundamental objective which has brought us here together, of drafting the constitution of an international organisation, which being above but not ignoring the economic peculiarities of each country, will establish adequate regulations for an extensive commercial intercourse between the nations of the world.

The Cuban Delegation appreciates with satisfaction the fruits of our labour and views with optimism the final objective which we all pursue. In the course of our deliberations the solution of many problems of fundamental importance for our country have been

left pending, but in the final documents which have been elaborated, the solutions of many other problems of importance for Cuba's economy have been embodied.

It has been a satisfaction to my country to see that emphasis has been given in the Charter to the problems of employment. International trade is not an end in itself, but one of the means of showing, through an expansion in its volume, the increase of production and of the opportunities of employment in each country.

We have noted that what is important, in order that the economy of each country and the sum total of world economy may reflect the true welfare of nations, is that the benefits of production and of wealth shall be shared to their maximum extent by those who work to secure them. Cuba has seen with satisfaction that her earnest desire to establish the general principle of raising the standards of living of the labouring classes and of eliminating the sub-standard conditions of labour have been incorporated in the Chapter on Employment in the International Trade Charter. It could not have been otherwise, for how could the democratic nations here represented be opposed to considering as an obligation for the world what already constitute an obligation for their own peoples?

We have appreciated the capital importance, as a part of the regulation of international trade, that commodities be offered in the world markets free from the unfair competition of having been produced by the exploitation of human labour. The small number of reservations which a few delegations have made on this point have been due to doubts in regard to the jurisdiction of the I.T.O. in this aspect, and not to opposition to the general principle, which, to the satisfaction of our progressive sentiments, has been unanimously accepted at this Conference.

The establishment of the I.T.O. could not imply the freezing of the present economic position of the various countries of the world. Some nations have fully attained their maturity in economic matters, but many others are, however, in the early stages of their development. The regulatory principles of the I.T.O. could not be inflexibly the same for countries at different economic levels. Our purpose could not be to stop the diversification of production in the world, but, on the contrary, to increase it to its maximum in every corner of the globe. For this reason, we can point to the Chapter in the

Charter dealing with Economic Development as the most important fruit of our work. It is an initial attempt, from the international point of view, to grapple with the specific problems of countries in the early stages of economic development, and, consequently, could not be wholly successful. Much remains to be done in this matter, but it is only just to recognize that the Preparatory Committee has taken the first steps towards the solution of this problem.

Nations which have attained full development can face the international economy of free competition which we are trying to organize in conditions of maturity such that, if we do not guarantee to those nations which have not yet attained this condition of full maturity the use of the same means employed by the former in the course of their economic history, the economy of the latter would be placed under a permanent handicap. The intensification and diversification of their industries and agriculture is the only means which they possess of solving the problems of employment and of increasing the purchasing power of their peoples. Such means do not hinder, but, on the contrary, increase the possibilities of international trade. Nations which have reached economic maturity should consider the advisability of granting the countries which are in the early stages of economic development a free hand to achieve this object.

The Cuban Delegation is pleased at the realistic and practical criteria which the Preparatory Committee have applied to the problems emanating from the existence of special commercial relations between various countries.

Cuba reiterates her confidence in the final success of our labours, and with special interest wishes to record, in conclusion, its recognition of the prompt and co-operative attitude of the Delegation of the United States of America in endeavouring to reach solutions of harmony, for on its shoulders have rested the greatest tasks of the Conference, since it was the Government of the United States who submitted for our

consideration the basic document for the work of this Conference. (Applause).

THE CHAIRMAN (Interpretation): I would like to thank the Cuban Ambassador for his speech, and I now call upon Mr. Kunosi, of the Czechoslovak Delegation.

MR. KUNOSI (Czechoslovakia): Mr. Chairman, in the name of the Czechoslovak Delegation I would like above all to say how much we have appreciated the way in which the British Government has greeted us, and how much London, once again, has proved to be an exceptionally suitable place for difficult and important international negotiations, where its atmosphere of balanced compromise is so indispensable.

After some weeks of hard and serious work, it seems to me that a possible basis of international agreement is emerging and we may hope that after our proposed second session in Geneva we shall be able to present the Conference of all the United Nations with the draft of an acceptable and workable instrument.

I think it emerged quite clearly in our discussions that it is not possible, and that in any case it is too early to be dogmatic about principles and methods which are likely to prove the most fruitful in achieving that measure of economic collaboration which we all need and desire in order to increase the volume of world trade. Here I think it is worth mentioning that the United States Delegation, after putting forward definite proposals, approached our problems with a none the less open mind and in a spirit of conciliation concerning the problems which interest us.

Czechoslovakia is the only State from central and eastern Europe taking part in these discussions and in a way its needs and legitimate ambitions are typical of, even though not identical with those of the countries in that region of the world.

Mr. Chairman, we shall leave this Conference with the feeling

that if international trade policies in the world have to be reduced to a code of law which is to be enforced by sanctions, then full account must be taken of the actual situation and problems of the nations which were not represented. We see all the difficulties of this task, especially in a period where we all have to experiment with our own domestic economic problems, but I should like here to emphasize that we have started in the right spirit, and shall - provided we continue in a sympathetic and realistic fashion to try to dispose of the problems - in due course be able to evolve a truly democratic and effective set of rules which will be in the interest of all the democratic nations and of world peace.

We in Czechoslovakia have not practised in the past, nor do we intend to practise in the future, economic nationalism or protectionist policy, therefore my Government is willing to contribute to the reduction and gradual elimination of a number of trade barriers, but we emphasize, nevertheless, and will go on doing so, that the ways and means by which this end should be internationally achieved, should be chosen with due regard to the policy of safeguarding full employment, raising the standard of living of the different nations, and especially bearing in mind the burning problems of economic reconstruction in the countries exploited for long years by Nazi Germany.

We should not therefore forget, in the name of any theory, that our main object is to increase the volume of international trade in the interest of raising the standard of living of the large masses of working people everywhere and we should not consequently exclude methods which are appropriate to serve this end so far as they are fair and not in contradiction to our moral standards in the international field. So far as Czechoslovakia is concerned, we feel that we have made our contribution in this session and we shall continue this co-operation, assuming

that due regard is paid to our problems of economic recovery.

Mr. Chairman, we are grateful to have found, on the part of all the Delegations present here, a great measure of understanding for our thesis that it is a first duty to ourselves and to the international community to direct all our efforts in this post-war period to overcoming the handicaps created by the war and Nazi exploitation. We have asked for, and to a great extent have been accorded, a transitional period for the convalescence of our economy and now, in this public session, I should like to repeat that this transitional period will be shorter or longer according to the degree of understanding and amount of help we shall receive from those States which have not been occupied by the enemy.

Mr. Chairman and colleagues, I feel that I cannot end without commenting on one point on which we have been most insistent all through the session, and on which it has been found that it is advisable to postpone a decision. This is the point of relationship between the members of the organization and the countries outside it. We believe that this is one of the most important problems, and on the right solution of it depends to a very great extent the success of our whole undertaking. I believe there is no doubt that on the largest participation of the members of the United Nations in the International Trade Organization, depends the measure of success of our negotiations here and in Geneva as well as that of the future International Trade Organization. In preparing the Charter, we should never lose sight of this point.

We submit that if, in preparing the Charter, due regard is paid to the different economic structures as well as to the different degrees of economic development of the various countries, it is this which will, in our opinion, most effectively

facilitate participation in the Trade Organization by the largest number of countries.

We have found in this session that we have a common end in view; to raise the standard of living of the working people everywhere through increased and mutually advantageous exchange of goods, and to consolidate the peace through economic collaboration. But to achieve it we must all be prepared to modify our policies and practices in the interest of expanding world trade in which we would all participate. (Applause).

THE CHAIRMAN (Interpretation): I would like to thank Mr Kunosi for his speech.

I now call upon Mr Nathan, head of the French delegation.

MR NATHAN (France)(Interpretation): Mr Chairman and gentlemen, it is no doubt natural for one who has taken part in the work of a Committee to be tempted to pass a favourable judgment thereon. However, I think no one will contradict me when I say that all of us have worked very hard. Indeed, we should have been working too hard if, after so much work, we had not worked to good effect. It behoves us, therefore, at the end of this session, to ascertain whether we have made effective progress in the task with which we were entrusted. The answer to that question will enable us to measure the ground we have already covered, and try to measure how much remains.

In my view, it is impossible not to draw a heartening impression from the work of the Sub-Committees. I would even say it is all the more heartening since the Sub-Committees had to deal with specific and well defined subjects.

I do not want to review in detail the work that led to satisfactory results. As an illustration, I shall merely point out how remarkable it is that we should be in a position to submit to our Governments a text on steps to be taken to prevent restrictive business practices, and that this text should have been unanimously approved when, at the outset of our discussions, the various countries seemed to be separated by fundamental differences of opinion.

Once more, I do not want to dwell on particular points, for I am convinced that the Charter which we have to set up represents a whole, the different parts of which are interdependent, and therefore we have to endeavour to prepare a balance sheet of our discussions, considered as a whole.

It is thanks to the initiative of the United States that we are gathered here. The intention of the American Government was not only that the intrinsic unity of the economic world be affirmed but also that the means be defined whereby this unity, which in theory no one can deny, might be established on a practical basis.

They meant thereby to have it agreed that goods of a like nature, wherever they might be produced, are in principle equivalent, and that no distinction should be made between them except on grounds of price and quality. In other words, they wanted, on the one hand, to be excluded considerations which might be attached to goods on account of their place of origin, considerations which

might not always be of a specifically economic nature and, on the other hand, to set in motion a machinery whose working should be impeded as little as possible by problems not solely derived from production and consumption.

M. Alphonse, in a speech which he made at the opening of our discussions, showed that proposals such as these could not but meet, on fundamentals, with the warm support of France. I feel convinced that, in making these proposals, the American Government was rightly conscious of the fact that the world was awaiting them. May I just be allowed to add that the world has been awaiting them for a long time and that their introduction into the realm of practical policy would probably have been easier had it been made twenty-five years ago.

Since then, financial insecurity, the lowering of those traditions on which the activity of the main markets was built, and the war, with its train of physical and moral suffering, have led to the development of factors which represent so many obstacles in the creation of that unity of which the world feels both the need and the reality; a reality, however, which seems to slip from one's grasp, and a need which can only be satisfied at the expense of exigencies which seem to arise almost daily.

The work that has to be done in order to achieve the objective which we have all set for ourselves will be long, and the road we shall have to follow to reach our goal is fraught with difficulties born of the many different ills from which the world has had to suffer since the end of the 1914-1918 war.

Be that as it may, it seems to me that the discussions which have been going on for the last month show that it is very difficult and probably impossible to assume that the Charter which we have to draw up might fail to take into account the very important differences arising from the positions of the various member states of the United Nations. Every classification does no doubt involve a certain arbitrariness and must essentially be revised at not too distant intervals. It appears to me, however, that, from the point of view that we have in this connection, it might be said that there are at least three categories of states. First there are those who have reached an advanced stage of economic maturity and which at the same time enjoy a balance of payments showing a surplus or an equilibrium one might describe as organic. Secondly there are those states whose economic development has not, for varying reasons, reached the same degree of

advancement and perfection, and whose balance of payments is stabilised, if more or less regularly, yet on a level which cannot be considered satisfactory. Lastly, there are those countries whose economic development could not, in the still recent past, be deemed to be satisfactory, but who have to take up anew a task which for varying reasons has been interrupted, those same reasons having, to a greater or lesser extent, affected their balance of payments, which is thus, for the time being, out of equilibrium.

On the first category there is nothing to be said. We agree with very many other nations in thinking that nothing is more important for the development of international exchange than the efforts which might lead to the full and effective use of the resources in manpower and raw material of those countries whose economic life has fallen behind that of other states, which, until now, were in a better position to take advantage of their natural resources and human ingenuity.

It was an effort of this kind that, in the 19th century, led to the improvement of the standards of living. The desire for full employment urges us to improve on this effort of the nineteenth century, renewing it by recourse to other methods. That, however, is a very long and exacting task which will necessitate the co-operation of all concerned, and above all of countries of the third category as well as those of the first.

I may be allowed to observe that, for those states who have by a very great effort to make up for a limited delay in their economic development, this work will have the effect of restoring their balance of payments. They ask for nothing better than to revert as quickly as possible to a livelihood to be ensured by the product of the sale of goods of interest to the remainder of the world and by their ability to produce capital. The fact that they have at their disposal an industrial, agricultural and economic background of long tradition, technicians immediately available for the work that they are called upon to do, and highly skilled labour, should rapidly enable them to bring active assistance to the collective effort.

I do not think there is reason to believe that we are renouncing universal principles because at the same time we recognise the existence of particular situations, each giving rise to duties as well as to privileges, none of which are exactly alike. Concern for the universal principles should lead us to judge objectively these particular situations and to determine, as it were from an impersonal standpoint, what precisely are the privileges and duties these

situations involve. There can be no doubt that the effect of our discussions has been to amend in this sense the text prepared before we met.

Does the new text take sufficiently into account the diversity of these situations? Does it already possess sufficient elasticity to allow autonomous economic developments within the common structure? Only after careful examination can we make such a statement. I believe I may say that thanks to the breadth of vision of those high authorities who were responsible for the drafting of the original text, a great step forward has been made. It would perhaps be well if the diversity of these situations were more explicitly recognised, and if it were stated at the same time, without the shadow of a doubt, that our objective is a common one, and though each country may only be able to move towards it at its own pace, at least the direction should be the same for all.

I myself believe that although it is indeed important, as I have just explained, that individual situations be taken into account, there can be no lasting improvement unless those benefiting under justified exceptional treatment are prepared to accept the automatic control exercised by foreign competition in their home markets. I am convinced that there is no country that has not more to gain than to lose by taking an increased part in international trade.

On the other hand, it is certainly of the utmost importance that steps should be taken to prevent customs frontiers becoming crystallised in their present shape. The enlarging of customs territories must lead to acceleration and multiplication of trade relations. If we are to promote this, we must authorise the intermediate measures which will facilitate it. I am happy to see that provisions inspired by these requirements have been introduced into the Draft Charter, even though only rather timidly.

There is another point to which I would now like to draw your attention. If it is to be recognised that, especially at the time of the entry into force of the Organisation, elasticity should be the rule, and the greatest possible account should be taken of individual circumstances, it is essential that the Organisation itself should be in a position to institute such inquiries as would enable it to assess the somewhat irreducible essence of these circumstances. This is what makes the question of the statutes of the Organisation a matter of particular importance.

In this regard I believe that valuable experience has already been gained through our present discussions. It is absolutely indispensable that the

measures to which we shall have recourse receive the complete adherence of the public opinion of all the member states. To this end, it is essential that the reasons leading to the adoption of these methods, and those which may result in the recognition of certain exceptions, should be the subject of the most public discussion. I think you will agree with me when I say that we do not know one another well enough. A great English political writer stated in a famous book that no parliamentary government was possible in a country where in every county it was said of the next, "I don't know anything about it, except that that is where the beggars come from." This idea, although profound, is absolutely true. I believe it would be as true if the sentence were changed to run as follows, "I don't know anything about the next county, except that that is where the police come from." It is therefore necessary, if the International Trade Organisation is to yield all the results we have the right to expect from it, that each member country should know that no other member country is playing the part either of the beggar or of the policeman. Only public discussion can produce this result. I believe also that we must add the notion of perfect equality between member states, which is saying, in effect, that, subject to reconsideration, it seems to me desirable in the present stage of our discussions to assume that in the I.T.O. Conference each state will dispose of a single vote. But as soon as it is a question of setting in motion economic machinery, nothing is more important than to ensure continuity of policy and to give the states which play the predominant part in world trade a true sense of their responsibilities. For this reason, it seems to me that provision should be made for permanent seats on the Executive Board of the Organisation.

There is no doubt that under any regime - and this applies both to national and to international life - trade is directly affected by politics. This influence is brought to bear in a thousand ways, some brutal, some subtle to the point of being almost imperceptible.

It is to be wondered whether it would be advisable to go on increasing this influence. In any case, we believe that in determining the relationship between the I.T.O. and the wider and less specialized councils, the fact should be borne in mind that this influence will always make itself felt, whatever steps are taken. In the initial stage, however, what will be the duties of the Organisation? It will see to it that each Member State is provided with indispensable information regarding the position and needs of all other Member States. This information and the conclusions drawn from it will be the subject of discussion. That is the very basis of a sort of parliamentary system, of a parliament whose duties will consist in making recommendations rather than in enacting laws. Does that mean that the I.T.O. must be given no authority? I do not think so. If its authority, however, is to appear justified and based on reality, decisions which might entail sanctions against or condemnation of one or several Member States should, in a sphere where laws can only be enacted gradually and probably very slowly, express the opinion of a body set up in such a way as to eliminate the possibility of anyone thinking that the grounds of such pronouncements conceal certain interests, whether these be of national concern to certain Member States, or result from more or less stable combinations having achieved a majority. It is, therefore, in my opinion, essential to crown the structure with a Supreme Court, which, taking into account the intentions upon which the I.T.O. is based, would render de facto rather than de jure decisions. Drawing inspiration from a recent speech of Her Majesty the Queen of England, I shall say that if the supremacy of the law is to be recognized, then the law must be the servant and not the tyrant of society. It would seem that it is due to a combination of the influence of tradition and of the recognition of the fact that adaptations are necessary, that what is known as Common Law in Great Britain, owes its efficacy and authority. That is one of the examples which it would be well to ponder. I do not propose, of course, to give here an outline of what the I.T.O. should be. I only wish to draw attention to the complexity which will be required in this Organization. Most of the processes of economic life used to consist of a more or less unconscious groping towards a state of balance, never clearly

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defined. Now these adjustments which came about gradually, and which were justified or invalidated, but always corrected in the course of time, are to be replaced by institutions empowered to apply those methods which we are attempting to make clear. The passage from reflex to voluntary action offers grave risks, and always calls for great precautions. For my part, I think that the reflex actions which have taken place in the last twenty-five years, that is to say, born of poverty and uncertainty, should at least be corrected, and that this cannot be done unless they are submitted to the light of conscience. That is why I consider the lead given by the United States so opportune.

I do not wish to conclude without reiterating my faith in world unity and in the possibility of a wide measure of international agreement and cooperation. Often, in reading the Draft Charter, or in listening to our American colleagues, I have found myself thinking that they were inspired by a concern for logic which is more usually considered as French; and I have felt that the appeals to empiricism made by my colleagues of the French Delegation and myself, and the idea which we have upheld, that account must be taken of all situations, as well those which have been lost for the moment, as those which have been gained, could quite well be inspired by that prudence which is generally ascribed to the Anglo-Saxons. This shows clearly that we are on common ground which in my opinion our discussions have largely contributed to define, and therefore we are now far better equipped to start building than we were a month ago. The building of the Tower of Babel no longer seems an over-ambitious project.

THE CHAIRMAN: (interpretation): I should like to thank Mr Nathan for his speech.

Gentlemen, if you agree, I propose now to adjourn and to resume at precisely three o'clock. Ten speakers have spoken this morning. Ten more speakers have to speak this afternoon. With some luck and good will we can hope to end by this evening. Therefore, Gentlemen, the meeting is adjourned, and we will resume at precisely three o'clock.

(The Meeting rose at 12.50)

(For Verbatim Report of Afternoon Session, see E/PC/T/PV/6)