

SECOND SESSION OF THE PREPARATORY COMMITTEE OF THE  
UNITED NATIONS CONFERENCE ON TRADE AND EMPLOYMENT

Corrigendum to Verbatim Report of the  
Twenty-second Meeting of Commission A  
(Document E/PC/T/A/FV/22)

The following should be substituted for the remarks  
made by the Delegate of the United States on pages 13 to 20:

Mr. CLAIR WILCOX (United States): Mr. Chairman,  
officially this meeting is known as the meeting of the  
Preparatory Committee of the International Conference on  
Trade and Employment. More accurately, it should be  
described as the International Conference on Quantitative  
Restrictions. No matter what door we go in - whether it be  
marked "Employment" or "Development" or "Commercial Policy"  
or "Commodity Policy" - the door where we come out is always  
marked "Q.R."

What we are talking about is protectionism, protectionism  
in most extreme form. The fundamental issue that faces this  
Conference is whether the future pattern of international  
trade is to be one in which the quantity and direction of all  
exports and the quantity and sources of all imports are to  
be subject, in all countries, to detailed administrative  
controls; one in which all trade between nations is to  
be the subject of continuous political negotiation, with  
the lion's share of the benefits going to those countries  
that possess the greatest economic strength. This is the  
issue and the time has come when we must recognize it and  
face it.

What we, in the United States, should like to see is the  
complete outlawry of quantitative restrictions. We have recog-  
nised, however, that in the present economic situation in the  
world this is unattainable. We have accepted as second best  
the position that quantitative restrictions should be  
subjected, by international agreement, to international control.

We have listened, over the past two years, with sympathy  
and, I hope, with understanding, to the statements of the  
particular needs of particular countries. We have displayed,  
I think you will all admit, a willingness to compromise  
in an effort to reach an agreement which would be acceptable  
to all and fair to all. We have felt that we succeeded  
in reaching such an agreement in London. In that agreement,  
Mr. Chairman, we went as far as we could go.

\* Corrigendum 3 was in French only.

There comes a time when further concessions would involve the complete surrender of fundamental principles. When that time comes, compromise is no longer possible. In our opinion that time has come today.

Let us take a look at the nature of the balance of interest that we reached in London. What are the obligations that would be assumed by the United States and by other countries? We have here, for the first time in international history, a recognition that the domestic employment policies of individual countries is a matter of legitimate concern to other countries. We have here, for the first time in history, a commitment to take measures designed to maintain full employment, to maintain the adequacy of markets for the goods of other countries. Second, we have agreed to co-operate in the economic development of other countries and specifically to impose no unreasonable impediments on the exportation of capital, materials, equipment and technology which are needed for that development. There never was before, in the history of the world, such a commitment. Third, we have agreed to provide a national treatment in internal taxation and regulation; fourth, to afford Most-Favoured-Nation treatment in all customs matters; fifth, to reduce our tariffs substantially; sixth, to submit to strict control on the use of import quotas and export subsidies; seventh, to submit to a procedure of international complaints, hearings and recommendations concerning cartel arrangements in which our own domestic corporations may be participants; and eighth, we have agreed to a code of conduct to control inter-governmental commodity agreements, for which I might say there is only moderate enthusiasm in the United States.

Now, other nations have assumed such obligations too. But for many there will be numerous and detailed provisions for escape. The most important of these is in Article 26 which relates to nations in balance-of-payments difficulties. We regret the necessity for this Article, but we recognise it and we are prepared to stand by it.

The matter which is now at issue before us is the freedom of the so-called underdeveloped countries to take protective measures. One might assume, to listen to some of the discussions on this matter, that the Charter provided no liberty at all in this regard. This is not the case. Under the London and New York Drafts, an undeveloped country is free, first, to use subsidies and, second, to impose a new tariff on any commodity which it has not bound against the imposition of a tariff, or to raise a tariff on any commodity which it has not bound against increase, in the course of a trade agreement. It must be recognised that a country that reserved from an agreement a considerable number of commodities must expect to get less in the way of concessions in return, but that way is completely open for a country to do so. As Dr. Coombs has said, the question at issue is not whether protection is to be provided, but only how it may be provided.

The only matters on which a country would be required to seek the approval of the International Trade Organization are those on which it sought a release from obligations which it

voluntarily assumed, that is, where it sought permission to impose a tariff although it had bound free entry in a trade agreement; or where it sought permission to raise a tariff which it had reduced or bound against increase in a trade agreement; and finally, where it sought to use quantitative restrictions. These obligations would be assumed by the nation as a quid pro quo for those assumed by other nations, including the United States, and as a quid pro quo for the tariff reductions made by other nations including the United States.

Even under these circumstances, the Charter, as drafted at the present time, provides for a controlled release from such obligations. That provision, it seems to me can be regarded only as one of extreme generosity. There can be no case in economics or in morality for anything more. We are prepared to stand by this compromise, as Dr. Coombs has said the Government of Australia is prepared to stand by this compromise.

Now we find, however, that this provision to set up a procedure, under which we should return to certain countries part of the price they were paying for the benefits conferred upon them by the other nations of the world, is under vigorous attack. This very considerable concession we are told is not enough. What then is enough? What is desired, it seems to be clear, is complete freedom at any time to impose on the imports of any products any quantitative limits that a country may desire. There is only one way in which this proposal can be described; it is a prescription for economic anarchy.

Of all the forms of restrictionism ever devised by the mind of man, Q.R. is the worst. Beside it protective tariffs appears to be a liberal method of strangling trade. In the case of a tariff, the total volume of imports can expand with the expansion of demand. There is flexibility in the volume of trade. Under a quota system, the volume of trade is rigidly restricted, and no matter how much more people may wish to buy or consume, not one single more unit will be admitted than the controlling authority thinks fit. In the case of tariffs, the direction of trade and the sources of imports can shift which changes in quality and cost and price. Under a quota system, the direction of trade and the sources of imports are rigidly fixed by public authority without regard to quality, cost or price. Under a tariff, equality of treatment of all other states can be assured. Under a quota system, no matter how detailed our rules, no matter how carefully we police them there must almost inevitably be discrimination as amongst other states. If these rules were further to be relaxed, we should emerge from this meeting with nothing more than a multilateral agreement to fasten bilateralism on world trade. Finally, Q.R. makes all international commerce a matter of political negotiation - goods move, not on the basis of quality, service and price, but on the basis of deals completed, country by country, product by product, and day by day, between public officials. All economic relations between nations are moved into the area of political conflict.

If Q.R. is to be fastened on the commerce of the world without let or hindrance, the restrictionism of the Fifties and the Sixties will make the restrictionism of the Thirties look like absolute free trade. If this is to be the outcome of our negotiations here, I say all our hopes for economic stability, for economic development and for economic peace are doomed to failure. We all know that the folly of the past brought us to tragedy. What reason is there to suppose that even greater folly in the future would bring us to a better fate?

On this matter I want to repeat that we have gone as far as we can go. If we were to emerge from this meeting with a Charter that was in its very terms a sanctification of autarchy, an incitement to economic aggression, a guarantee of economic warfare, there is not the remotest possibility that it would be accepted by the Congress or the people of the United States. We should not even present it to them for their consideration.

In the trade negotiations, it has been our hope that we should achieve an agreement which would be to the mutual advantage of the participating states. We have been prepared to offer substantial reduction in our tariffs, providing readier access to our markets for all the other countries of the world. Now we are faced with the proposal that the concessions that are made to us, the quid pro quo for our concessions, may be withdrawn unilaterally, at any time and to any extent that another party to the contract may choose. That is the meaning of freedom - absolute and uncontrolled freedom - to use Q.R. A trade agreement that afforded so complete an escape for one party to the contract would not be worth the paper on which it was written. We cannot make tariff concessions on this basis. We will not do so.

I have always supposed, Mr. Chairman, that the future economic policy of the United States is a matter of great importance to the other nations of the world. I have been led to believe that a reduction of American tariffs would be looked upon with considerable favour by other states, and that an increase in our tariffs or the general imposition of import quotas would be regarded as a serious blow to their essential interests. If this is indeed the case, I must ask other countries to consider for a moment the direction in which they are asking us to go, and what the consequences are likely to be.

If the trading pattern now written into the Charter is ultimately adopted, they will be able to sell more goods in the United States. There will be no official limit on the total quantity they can sell. They will not be told that some part or all of our market has been reserved for somebody else. They will not be told that we will not take their goods because we do not like their policies. They will not be told that we will not take their goods unless they pledge themselves to take specific quantities of ours. They will not find themselves excluded from other markets by the fact that we have pre-empted them for ourselves.

But let us suppose that any one of a dozen amendments that are now before us should be adopted and that all restraints on Quantitative Restrictions are finally destroyed. Does anyone suppose, if the scourge of restrictionism in its most virulent form is to sweep over a large part of the world that the rest of us, or specifically, that the United States would remain completely immune? Suppose that we eventually succumb, what then? Other countries may be told when they approach us with their goods that they can sell to us but only up to a certain limit, regardless of quality. They may be told that they cannot sell to us unless they agree to take specific quantities of specific goods - not harmonicas perhaps, but something else - in return. They may be told that our market is reserved for someone else. They may be told they cannot sell to us until they modify domestic policies we do not like. They may discover, when they attempt to sell in other markets that we have been there first to freeze them out.

I do not utter these words, Mr. Chairman, as a threat. I want to make it perfectly clear that that is not the way we want to do business. And, unless we are driven to it, it is not the way that we shall do business. But if some of the proposals now before us were adopted, this is the destination towards which we should be asked to turn our feet.

I repeat the fundamental issue is whether the future pattern of international trade is to be one in which the quantity and direction of all exports and the quantity and sources of all imports is to be subject in all countries to detailed administrative controls; in which all trade between nations is to be the subject of continuous political negotiation, with the lion's share of the benefits going to those countries that possess the greatest economic strength. When that issue and the possible effects of its wrong solution are clearly understood, I shall have no doubt as to the decision that this Committee will make.