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

COMMISSION A

Summary Record of the Eighteenth Meeting held on
Wednesday, 25 June 1947 at 2.30 p.m. in the
Palais des Nations, Geneva.

Chairman: Mr. Max Suetens (Belgium)

ARTICLE 33

In the continuation of the discussion of the New Zealand
Amendment (W.101):

Mr. DEUTSCH (Canada) thought that the Charter provided
already for different types of economies, such as countries with
free trading enterprises and countries with a varying degree of
planning. In fact the Charter was a compromise, and it was
intended to be so. Nothing in the Charter ruled out the adoption
of programmes of full employment, indeed Members are under the
obligation to maintain full employment and the Section dealing
with balance of payments recognised this obligation. Under the
Charter, Members were permitted to plan their foreign trade, by
means of tariffs and subsidies, and as to the application of
quantitative restrictions there had to be general limitations
because these restrictions, in his opinion, had the most
destructive effect upon world trade. It was necessary that all
countries made sacrifices in keeping to these limitations. The
New Zealand Amendment created a very large loophole in the
provisions which ruled quantitative restrictions.

The aims of this Amendment were already recognised by the Charter, perhaps not in the necessary detail; to make them applicable to the case of New Zealand, they should be examined by the Sub-Committee. He thought that the Amendment involved a major change in the fundamental principles of the Charter and his delegation could not accept it.

Dr. COOMBS (Australia) stated that the Australian Delegation was in the strongest sympathy with the New Zealand domestic policy of maintenance of high levels of employment and effective demand, the first two pre-requisites of an expanding world trade policy. One could feel less concerned for the future development of world trade if other countries would maintain a similar approach.

It was, however, possible that an unwise interpretation of these two principles of economic policy would lead to a contraction of world trade and would handicap specialisation in the production of goods between countries. It was recognised and provisions were made in London for a situation in which a country wished to develop its national resources without resorting to an increase of its foreign indebtedness and, it would be unfair to say that the London Conference did not attempt to meet the circumstances of economies of the type of New Zealand.

The essence of the speech of the New Zealand Delegate was that countries which so desired should have the right to plan international trade as an end in itself, not only as a means of realization of their domestic social policy. A policy of planning could however succeed only if the planning of international trade was consistent with the general purposes of the Charter and with the interests of other countries, and if the country did not attempt to obtain privileges which were denied to other people.

Although he realised the difficulties, he did not think that it was impossible to resolve them, because he was sure that the New Zealand Delegation recognised that economies of its type should assume obligations which are parallel with the obligations of other economies.

The critical issue of the New Zealand Amendment was that of the necessity of protection for the development of specialisation. The misuse of protection could however destroy international specialisation and might lead to the development of a series of isolated independent economies, and to low standards of living.

The Charter was designed to impose a certain degree of discipline in the use of protective devices. If the Charter contained provisions to enable countries to plan their foreign trade, and to plan it not only for the sake of full employment and development of national resources, then it should impose upon the planning countries the same obligations as were imposed on other countries. Dr. COOMBS wished to confine the discussions to the question whether it were possible to write into the Charter, without destroying its general fabric, provisions for a country with a planned international trade, on the understanding that such countries should be subjected to the same obligations as were imposed on other countries. Generally speaking he thought that provisions for countries like New Zealand should be embodied in those parts of the Charter which dealt with the parallel obligations of other countries; for instance the Articles on quantitative restrictions should be worded in such a way as to apply to the varying types of economy. He was sure that the New Zealand Delegation would agree to an approach the basis of which was that no privileges which were not granted to other countries should be afforded to its type of economy.

He suggested that the issue be referred to a small Sub-Committee and felt confident that a solution would be found.

M. FORTHOUME (Belgium) supported the statement made by the Canadian Delegate.

Mr. HOLMES (United Kingdom) stated that his Delegation studied the New Zealand Amendment with sympathetic interest, and found that it was largely and fairly met by the present Charter. He felt that the Charter must be drafted in such a way that the United States could become a Member. Without minimising the difficulties of this issue he shared the restrained optimism of Dr. COOMBS' masterly analysis.

Chapters III and IV of the Charter were in his opinion modelled on the lines proposed by the New Zealand Delegation. The Charter recognised that, in so far as it did not adversely affect other Members' interests, it was for the countries themselves to decide on the pattern of their policy and its implementation. He also thought that there was a good measure of latitude in the Charter to meet special cases on the basis of give and take. It might not be unfair to say that some measures taken in New Zealand in the past might have led to certain complaints by others had for instance Article 13:1 been in force.

The Conference should make every effort to give reasonable satisfaction to all countries who wished to join the Organisation and whose individual circumstances required special attention, and he thought that a competent Sub-Committee should be able to deal with the Amendment.

Mr. WEBB (New Zealand) wished to correct the impression that New Zealand was seeking protection for all domestic industries with no other restraint than that resting in its will. New Zealand did not desire that. The Amendment referred to

Article 35, and that in itself would prevent such aims. After careful study of Article 26, and the relevant pages of the London Report, he thought that it entailed the forsaking of the system of import selection if and when a Member had enough foreign exchange to finance all types of imports.

He thought that it was logical to introduce the Amendment in connection with Article 33 because his Delegation wished that the Charter should provide explicitly for their types of economy. If nothing was provided countries like New Zealand would be forced by the Charter into a rather damaging choice between going over to free trading or going in the direction of state monopoly, and he did not think that the Conference would desire to push them further towards the state monopoly system. He shared the optimism of Dr. COOMBS that a solution could be found.

The CHAIRMAN proposed, and the Commission approved, that a Sub-Committee on Article 33 should be set up composed of the representatives of the following countries:

Australia, Czechoslovakia, New Zealand, United Kingdom,
United States,
with himself as Chairman.

In replying to a question of the Czechoslovak Delegate, the Chairman stated that the Czechoslovak Amendment to Article 33 (W.187) should be referred to the Sub-Committee on Articles 31 & 32.

The Meeting rose at 4 p.m.