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

VERBATIM REPORT

SIXTH MEETING

HELD ON SATURDAY, 23 AUGUST 1947 at 9.30 A.M.

IN THE

PALAIS DES NATIONS, GENEVA.

M. Max SUTENS (Chairman) (Belgium)

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CHAIRMAN (Interpretation): The Meeting is called to order.

The first speaker on my list is the First Delegate of Czechoslovakia and I will now call upon him.

H.E. Dr. Z. AUGENTHALER (Czechoslovakia): (Interpretation): Mr. Chairman, Ladies and Gentlemen, now that our work here is completed, I would like first of all to thank you yourself, Mr. Chairman, and all my colleagues from all Delegations for their friendly co-operation, which enabled us to overcome the inevitable difficulties and to present to the world the Draft Charter which is before you now.

It is only thanks to this spirit that we were in a position to complete the strenuous task which the Economic and Social Council entrusted to us in February 1946.

In the interval before the World Conference, our Governments, the Governments of all other countries and public opinion will make criticisms on our work which I am sure we all would like to be severe but in which we would also like to find as much goodwill as we have displayed ourselves in our work in this historic and hospitable capital of the Republic and Canton of Geneva.

Certainly the Draft is a compromise. I would even say that every line of its text is one, and for that reason it cannot please, in any country of the world, those who like things to be either black or white. Absolute black and white only exist theoretically and probably other colours have even greater rights to existence and, au fond, they make life beautiful.

Our work can be appraised by a reliable criterion. This criterion is the provisions of the Charter of the United Nations, particularly Article 55, which says that, with a view to the

creation of conditions of stability and well-being which are necessary for peaceful and friendly relations among nations, based on respect for the principle of equality and self-determination of the people, the United Nations shall promote higher standards of living, full employment, and economic and social development.

The Draft which will be the basis of discussions at the World Conference on Trade and Employment will therefore simply enlarge on these basic ideas and give them concrete expression in a code intended for daily use.

One fact about the Charter which is, in my opinion, a novelty is that it endeavours to open up an entirely new commercial policy, namely, by superseding or substantially reducing the importance of traditional trade agreements such as we have known before, especially since 1860.

The success of this undertaking primarily depends on how many countries will be prepared to accept the Charter as a general rule for their commercial policy, and what will happen if a number of countries retain their present policies or develop other methods not provided for in the Charter. This important question will probably only be answered at the World Conference at Havana at the end of this year.

Thanks to the Economic and Social Council, which invited practically all countries of the world, we shall have there a unique opportunity of elucidating this problem, which is certainly one of those which will substantially influence the operation of the future International Trade Organization.

But this belongs to the future. Czechoslovakia, for one, would be happy if the Charter were universal and if all nations were Members of the Organization.

CHAIRMAN (Interpretation): I thank the First Delegate of Czechoslovakia for his statement. I will now call upon the First Delegate of India.

Sir RAGHAVAN PILLAI (India): Mr. Chairman, fellow Delegates, Ladies and Gentlemen, addressing the Preparatory Committee in April last, I spoke of the magnitude of the economic tasks awaiting us in my country and of the deep and genuine interest we have accordingly felt in the work of this Conference. To this feeling has now been imparted a special sense of urgency, because, with partition, there have been created in the two new Dominions of India and Pakistan conditions in which the early and rapid execution of our programmes of economic development has been brought within practical realisation. The Charter, therefore, now holds for us an added interest and a new significance. Nor is its importance to us to be judged solely by its treatment of the needs of particular types of economy. True, certain chapters such as the one dealing with economic development are of special significance to us, but our interest in the Charter because of our stake in international trade rests on a wider basis, and the Charter, as a whole and in every part, is of vital concern to us.

The Charter as it has emerged from the intensive discussions to which it has been subjected during the past three months is on the whole a more satisfactory document than any previous version. True, it still leaves some gaps, superficially indicative of an irreconcilable divergence of views among the nations represented at this Conference. It must be recognised, however, that on certain issues, especially those concerning voting and membership, it would be fruitless and even inadvisable to attempt to discover an acceptable basis of agreement except at the World Conference and that the forcing of a decision, however provisional, at an

earlier stage might be both harmful and tendencious. It might be said, too, that the Charter betrays insufficient organic integration and suffers, in parts, from the defects of patchwork such as must inevitably result when strands of economic policy of widely varying nature and purpose are woven into one economic pattern. This criticism, in moderation and within limits, is just. On the other hand, it must be remembered that the Charter is not dominated by any single or exclusive economic philosophy but represents in essentials a fair compromise between conflicting lines of economic thought and policy and provides the widest basis for international economic collaboration.

The Charter is noteworthy not only for what it contains but for what it does not contain. The Indian Delegation has throughout held the view that the Charter should not be allowed to develop into an extravagant document, cataloguing and penalising all possible economic delinquencies, known and unknown. I cannot truthfully say that blemishes of this character have not already crept into the Charter and that some of the "Donts" listed in the Charter are not of a type which few countries, if left to themselves, would wish to infringe but which, when expressed in mandatory form, would appear to involve a serious deprivation of a country's freedom of action. That the Charter does not contain many more of such minor blemishes is due to the wise restraint shown by Delegations in face of argument and persuasion, and I hope that while every effort will be made at the World Conference to improve and perfect the Charter nothing will be done to enlarge its scope and content.

At the opening session of this Conference I undertook on behalf of the Indian Delegation to do everything reasonably possible to make the Conference a success. I think we can fairly claim that we have redeemed our pledge. We came here with a number of reservations to the New York draft. Today we only have two reservations of major importance. One of these relates to Article 12 dealing with international investment, but here we have undertaken to recommend the text included in the Charter to our Government for study and consideration. The subject, I should like here to emphasize, is one of exceptional difficulty for us, and one on which we would hesitate to arrive at any decision without the most careful consideration of the problem in all its bearings. Our second major reservation concerns Article 13 - Governmental Assistance to Economic

Development - with special reference to the use of quantitative restrictions for protective purposes. Here, while maintaining the reservation, we have reported the position reached to our Government and are now awaiting further instructions.

Few of us here would give our enthusiastic and wholly unqualified support to the Draft, for each of us, I imagine, could wish that more of what we like and less of what we do not quite like had been written into the Charter. But herein perhaps lie the chief merit and value of the Charter. The Charter is far from perfect, judged by absolute standards; but it represents the widest field of agreement reached between representatives of 17 nations, each resolute in his own convictions, but each at all times conscious of the need to conduct the discussions which have taken place in a spirit of accommodation. And now, Mr. Chairman, let us send the Charter with our blessing to the World Conference, confident in the hope that with the agreement of all countries, it will be fashioned into a powerful instrument for the promotion of concord and harmony in the sphere of international commerce.

In conclusion, Mr. Chairman, allow me on behalf of the Indian Delegation to pay our tribute to the outstanding contribution you, personally, have made to the success of the Conference by your wisdom and understanding, your tact and decisiveness and above all, by your humanity. Allow me too to express my grateful acknowledgment to my fellow Vice-Chairmen who have so ably conducted the work of the Commission and so ungrudgingly relieved me of my own burden and especially to Mr. Wilgress who has fulfilled his multiple capacities within the Conference as outside it with distinction and grace. Lastly, may I associate the Indian Delegation with the expressions of appreciation that have been made of the invaluable assistance

given to us by Mr. Wyndham White and Mr. La Carte and by all Secretariat officials - and here let me add with pleasure our admirable team of interpreters - who have all of them by the prompt and efficient discharge of their functions not only prevented us from being dilatory but have helped to remove the feeling that our stay at Geneva however pleasant, may be of indefinite duration.

CHAIRMAN: I thank the First Delegate of India for his statement and now call upon the First Delegate of the Lebanon.

MR. M. MOBARAK (Lebanon): Ladies and Gentlemen, in order to appreciate the work we have accomplished here during practically five months, in the course of which no efforts were spared so as to realise a text embodying the miracle of satisfying the greatest number of us, complying with the guiding principles which are implemented by it, we must broaden our horizon and put certain general questions to ourselves.

Al Farabi, one of the greatest Moslem philosophers, stated, more than ten centuries ago, that man, being made to live in common, the perfectly organized state should include the whole world and all humanity. The latter was limited, at the period when the philosopher wrote, to a small circle of territories in the Mediterranean and a few isolated points on the Indian Ocean. I do not know whether Al Farabi would have said the same thing now.

Nevertheless, it is certain that the world is heading for a state of international organization, such that the different states, even when they are implementing their proper rights, act on behalf of the whole of the human community and that they act very often only so as to realise a common super-national goal. However, as on a national scale a planning system has often failed, similarly,

the whole of humanity should not be carried away by the fact that there exists an exclusive organization directed towards a state of control and towards the abolition of all private initiative, which for many of us is a condition of national rehabilitation.

In this connection, we will venture to recall the teachings of another Arab, Ibn Khaldoun, who, having submitted to searching scrutiny confiscations, monopolies and official control of commerce, came to the conclusion that the riches of the state are based on the population and its spirit of initiative, and the excessive intervention of the state and of the public authorities hamper these riches and the normal development of economy. What is true in the national case, is true also for the whole world.

Naturally, the value of the instrument of the Charter will be determined by the way in which it will be implemented with flexibility and the spirit of comprehension. If we have insisted on the obstacles, it is because we find it necessary to show that they must be avoided, and we are certain that they will be avoided.

It must, nevertheless, be stated that the Draft Charter represents, according to us, a machinery which might lose its stability if a tendency towards an exclusive and strict determinism prevailed over the requirements of national development.

Taking into consideration the present state of the world, which for its greater part is still in the stage of being equipped, we wonder whether we should not have greater concern for the difficulties of the countries which are still economically insufficiently developed. The Arab States specifically are on the threshold of a period of equipment, which can only be realized in common agreement between themselves, each helping the other. A certain liberty in the choice of the means which will be left to them to achieve this result is indispensable to them. They cannot succeed, except together, through the constitution of a balanced economic entity, where their agricultural zones will be the harmonious counterpart of regions liable to give birth to industrial enterprises, and through substantially increasing the buying capacity of the masses.

This Organization does not limit in any way the exchanges with the rest of the world. On the contrary, only a group of free nations, sharing the same ideals, could, after having thus enhanced the exchanges according to their own needs, turn towards the outer world and enter the general system of multilateral exchange.

On the basis of those principles, Lebanon has had to make a few reservations to the Draft Charter, which are principally concerned with the safeguarding of certain liberties in the field of preferences and of quantitative restrictions, with the purpose of helping national industries and of helping the development of neighbouring countries - countries which are a part of the same economic region.

The Preparatory Committee at Geneva has shared our point of view to a certain extent. It has drawn up two absolutely new texts which are based on our requests.

The first one provides for the possibility of creating Customs Unions, and of concluding provisionally Agreements necessary for the implementation of those Unions. The second concerns the possibility of concluding, in certain circumstances, new preferential agreements between two or several States which do not necessarily imply that they consider the creation of a Customs Union.

These new Articles do not satisfy us completely, as these possibilities are submitted to a previous authorisation, but a step forward has already been taken, and we hope that some more steps will be taken at the Havana Conference, so as to understand the attitude of Lebanon at the Geneva Preparatory Committee.

It must be noted ultimately that we have safeguarded the future, and have carefully avoided, every time that we have considered a problem on which the States of the Arab League could have a position to take at the Havana Conference, adopting a final position. We have thus left to the States the possibility of agreeing between themselves and of expressing their opinion in full knowledge of the case.

I should like to pay due tribute to the spirit of comprehension

and of agreement which has prevailed during our work in Geneva. I hope that the efforts of all of us will join at Havana into a common endeavour which will enlighten and encourage humanity, which is still looking for a road towards the construction of a better world. Without being unduly optimistic, I hope that we shall be able to give a realistic appraisal of the world situation, and that we shall implement the greater part of the provisions of the present Draft, which will prevent us from returning to chaos and to economic warfare.

CHAIRMAN: I thank the Delegate of the Lebanon for his statement, and I now call on the First Delegate of Chile.

M. Angel FAIVOVICH (Chile): Mr. Chairman, ladies and gentlemen: After the beginning of this Conference five months ago, we declared that we would earnestly cooperate in its success, in conformity with the traditional behaviour of Chile in the international field. Now that our labour has come to an end, we would like to say a few words.

We declare that there is not and there cannot be strictly national economies: that it is absolutely urgent to set up a world organization for trade and economy, to put an end to a system which often has meant an anarchy, seriously jeopardising the peace of the world.

The whole political and social machinery of the peoples so deeply affected now, must be urgently sustained by a new economic, financial and commercial structure. To this end, the joint action of all nations is indispensable and urgent. It is necessary to abolish existing divisions which threaten to develop into the formation of blocs, which carry the seed of tremendous and tragic future conflicts.

Convinced that the settlement of social and political questions which confront the nations substantially depends on the solution of problems of world economy, we must point out that this Conference has accomplished a work of paramount importance in embodying in the text of the Charter a set of principles and rules which, if applied in the spirit which inspires them and with a clear understanding of the various degrees of economic development of the peoples, will make it possible for them to develop themselves in an atmosphere of understanding and of respect for their national interests.

It is obvious that the original provisions of the Charter have been improved. A number of concepts have been clarified; specific exceptions to the general rules have been introduced; ambiguous interpretations have been eliminated, and the door has been opened to a number of suggestions which at the beginning seemed to meet strong opposition. It could be said that in the text of the Charter a certain balance has been struck between the various views discussed in the Conference. We consider, however, that this code does not meet, yet, all our requirements and aspirations. The strong conflict of interests has prevented us from agreeing on various occasions on fully satisfactory formulae; but it is obvious that we have fashioned an instrument which, duly improved in Havana, will give the world an opportunity of creating an International Organization to guide and facilitate the economic development and commercial exchange; foster full employment and higher standards of living; stimulate the movement of productive capital, and finally, reconcile and solve the difficulties inherent in these fundamental problems.

We have established the framework of an international body which will be able to receive life and reality if all the nations

leaving aside their selfishness and ambitions and misunderstanding, undertake jointly the march towards an effective and loyal co-operation. Those countries which now hold in their hands the fate of the world are particularly responsible when the work of the Conference has been accomplished.

As regards the negotiations concerning the multilateral treaty, we hope that, in a spirit of an equitable valuation of the interests of each country, it will be possible to lower the customs duties and eliminate preferential systems which really constitute an obstacle for the development of commercial exchanges. A failure in this field would mean that the objectives mentioned in the text of the International Charter have not found an echo in real life.

In this case, as in the case of the Charter, the responsibility of the nations which have the largest population and the largest interests in world trade, is also evident. The experience of the period between the First and the Second World Wars shows the necessity to put an end to economic warfare, failing which the anxiety will continue to prevail in the world. It will become more and more difficult for the nations to live, political and social crises will become more acute, and finally this generation may well be witness of a new disaster to mankind. This we do not want, and to avert this catastrophe the Conference has accomplished a fruitful work which we now submit to the countries of the world and which <sup>it</sup> will now be the task of the Havana Conference to improve.

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CHAIRMAN: You have heard the Delegate of Chile, and I now call upon the Representative of the International Chamber of Commerce.

The translation will not be simultaneous.

Mr. WALLACE B. PHILLIPS (International Chamber of Commerce):

Mr. Chairman and Gentlemen, as the Delegate of the International Chamber of Commerce it is my happy privilege at this closing session of the Preparatory Committee's deliberations dealing with the Charter to express to you, Mr. Chairman, to the Members of the Consultative Committee, to the delegates, and last but not least to the extremely hard pressed Executive Secretary and his staff the appreciation of the International Chamber of Commerce for the many courtesies tendered to our several representatives throughout this long conference.

On previous occasions I have stated to this Committee the fact that the International Chamber of Commerce is very serious in conscientiously endeavouring to fulfil its duties and responsibilities as outlined by the Economic and Social Council for Category A Non-governmental organizations. In conformity with this attitude, the Chamber throughout the Conference has maintained a competent staff frequently supported by business leaders familiar with the subjects under review.

For a considerable time prior to the opening session here in Geneva the ICC's national committees devoted much study to the London draft of the Charter; their comments were coordinated in Paris by the very efficient economic staff of the Chamber and in the very few days available following receipt of the New York drafting committee's revisions produced a Report, subsequently published as International Chamber of Commerce Brochure 106, which was approved by the Executive Committee of the Chamber

especially convened in Paris for this purpose. The Chamber's Report was circulated by the conference to all members of the Preparatory Committee shortly after the opening session. I hope, Mr. Chairman and Gentlemen, you will have found that this document was helpful in your deliberations.

It is a matter of great regret to the International Chamber that under the Rules adopted for this conference the Chamber's representatives have not been afforded access to the working documents and have been unable to act as observers at any but the plenary sessions. Had greater freedom of participation been permitted, a more important contribution could have been made.

The purposes of the International Chamber of Commerce as laid down in its Constitution are as follows:

"To represent all the economic factors of international business, including finance, industry, transportation and commerce;

"To ascertain and to express the considered judgment of those interested in international business;

"To secure effective and consistent action both in improving the conditions of business between nations and in applying solutions for international economic problems; and

"To encourage intercourse and better understanding between business men and business organizations of various countries."

It will be noted from the preceding four points that the Constitution of the International Chamber of Commerce complements the objectives of the Charter and it is called to your attention to emphasize the fact that the Chamber, through its influential National Committees, will maintain the keenest interest in the ITO and will leave no stone unturned in order to assist in achieving the greatest possible stimulus to a freer flow of international trade.

It is proposed to submit immediately the new draft Charter to the International Chamber of Commerce National Committees and the resultant conclusions will be presented for consideration to the Havana Conference.

Formulation of a World Trade Charter is not to be done in a day; the present draft is a milestone on a long road. It is the very earnest desire of the International Chamber of Commerce to have the principles of a strong Charter universally accepted.

CHAIRMAN (Interpretation): I thank the delegate for Chile and will now call on the first delegate for the Netherlands.

Dr. A.B. SPEEKENBRINK, (Netherlands): Mr. Chairman, ladies and gentlemen, at the opening meetings of this conference the Minister of Economic Affairs, in his capacity as President of our delegation, made a speech from which I might recall, in your mind and in the minds of our distinguished colleagues, a few points. Firstly, Minister Huysmans mentioned that in the tariff negotiations which form such an important part of our work here in Geneva, the Netherlands, Belgium and Luxembourg negotiate with joint delegations which also represent the Belgian Congo and the overseas parts of the Kingdom of the Netherlands. With these negotiations which are still in progress we do not deal now as to-day we talk about the end of our activities with regard to the Draft Charter. Therefore I wish to limit myself to the observation that you all now have seen the Benelux delegation in action, demonstrating the earnest and steady way in which the three countries forming part of the Customs Union work in the direction of a close integration of their economies. This is not only for their own well-being but also for that of Europe where the aftermath of the last war makes itself so severely and so cruelly felt.

With regard to the Charter discussions, our three countries have no joint delegations, although it goes without saying that the delegation of the Netherlands and that of the Belgian-Luxembourg Economic Union have worked in close contact. Where differences of opinion existed we have not been afraid to show them to you, and you will no doubt have noticed that these differences are certainly not fundamental. You must keep in mind that as a result of the last war, and especially the late liberation of the Netherlands, there is still a great difference in the present, - I repeat - the present economic

situation of the three partners of our Customs Union.

Thus, the Netherlands delegation acted in the Charter discussions as a separate unit representing the interests of the metropolitan country as well as those of all the overseas parts of the Kingdom of the Netherlands.

However, in the course of the debates, we had some times reasons to refer to the second important fact that Minister Huysmans mentioned in our opening meeting. I mean the fact that the political structure of the Kingdom of the Netherlands is in the course of reconstruction. Therefore, when I now state that in general we agree with the present text of the Draft Charter that the Preparatory Committee will present to the World Conference, I must repeat the reservation the President of our delegation made in view of that reconstruction of our Kingdom.

Mr. Chairman, if I said that "in general we agree with the present text of the Draft Charter", and although we have made no formal reservations this does not mean that the Netherlands delegation is entirely satisfied. Notwithstanding all the hard work here in Geneva, the Preparatory Committee has not been able to discuss certain important problems in such a way that we can say we fully foresee the consequences of several important additions to and changes of the original Draft Charter. During the course of our debates - especially with regard to certain articles of Chapter IV (Commercial Policy), and also of Chapter VII (Organisations and Functions), and VIII (Settlement of Disputes) - I referred several times to this fact.

Although accepting the present text of the draft Charter, the Netherlands will come with an open mind to the World Conference, and be prepared - especially with regard to certain difficult articles - to support amendments if there is reason for it, and that not only with regard to those articles, such as article 75 and Article 93 where we concluded our work with a number of alternative proposals.

Thereby we will keep in mind that the Charter is not destined only to rule our economic life in this transition period after the war, but also, and certainly to no less extent in the more distant future, when - let us hope - solutions will have been found for our present difficulties.

On the whole, however, my delegation is of the opinion that the result of the work of the Preparatory Committee in Geneva is of great importance and that many improvements have been brought about in the Charter. Where we spoke before of the London compromise we now have reason to mention the Geneva compromise, which is in many ways a better one.

So, for example, I think that with regard to the form of the document before us, the re-arrangement of the Articles, especially in the Chapter on Commercial Policy, is a great improvement as are the new arrangements with regard to Chapter VIII of the New York draft. The new order of the different Chapters and articles is certainly more clear and logical. Clear drafting and logical order are also obtained by re-writing a rather large number of articles. The material changes which result from this re-drafting are often of minor importance. Thus, the Chapters on Employment, Restrictive Business Practices, and Inter-governmental Commodity Arrangements have, on the whole, the same contents as in the New York draft, although we think that definite improvements have been made.

My delegation also considers very important the revision of the Chapter on Economic Development, and welcomes the addition of an Article on Investments. With regard to that Article, we only regret that the rules on investments which are now incorporated in the Charter, were drastically curtailed as compared with those that were originally proposed.

We also welcome the insertion of the more detailed provisions on governmental assistance to economic development, which we now

find in the Charter.

As to the very important Chapter on Commercial Policy, - as I said before, - we still have certain doubts, and I might express here my fear that the escape clauses in this Chapter have not been thoroughly considered in their cohesion and consequences. I might mention for instance Article 21, sub-paragraph 3(b) about which I still am not very happy, although my delegation made no formal reservation. To give another example with regard to another Chapter, we still feel worried about paragraph 3 of Article 92 of Chapter VIII. However, again my delegation did not stress their point as we consider the present text of Article 91 on the reference to the International Court of Justice a definite improvement and a very valuable addition to the Draft Charter.

Mr. Chairman, I shall not take more of your time as I expressed before our favourable opinion with regard to the results of the discussions in Geneva. I therefore conclude with my sincere thanks to you and your vice-presidents for the guidance you all have given to the Executive Secretary and his staff for their admirable work, to our work, and to my fellow delegates for the spirit of good fellowship and mutual understanding that was always present at our meetings.

CHAIRMAN (Interpretation): I thank the First Delegate of the Netherlands for his statement. I will now call upon the First Delegate of Norway. The interpretation will take place after his speech has been delivered.

H.E. Mr. Erik COLBAN (Norway): Mr. Chairman, Ladies and Gentlemen, I am not going to speak about our work here in Geneva. That has been sufficiently explained by the previous speakers. I can only say that I heartily agree with the general opinion expressed, that we can be reasonably satisfied with the result. I would rather speak about the Conference.

Here, as in London and in New York, we were only 18 Delegations. In Havana we may be three times as many. That will create for the Members of the Preparatory Committee a very important obligation; that is, to continue to feel, as Members of the Preparatory Committee, that they have an obligation to hold together, to try to help the new Delegations to understand what we have done, to try to get them to fall into line with us, and to beware of the temptation to try to enlist any of the new Delegations in favour of dissenting opinions.

We are going to stick to our viewpoints in Havana, as in London and here in Geneva. But the purpose of the Conference is to eliminate the dissents, not to deepen them, and unless the Members of the Preparatory Committee feel very acutely their obligations during the Conference, we run the risk of deepening the disagreements instead of eliminating them.

We shall have all these new Delegations. We shall also, I trust - we have just heard it from the Delegate of the International Chamber of Commerce - have the non-governmental international organizations represented there. I take it - it does

not need any argument - we shall co-operate with them as we have done here. We shall benefit by their advice, by their criticism and by their constructive suggestions.

Of course, we will have representatives of the Governmental international bodies, as we have had them here. But there is one element to which I attach particular importance; that is the element which represents our public opinion - first and foremost, through the Press of the world.

You will have seen that in the document containing the text of our Charter we have now quoted the names of the Delegations expressing certain views. The reservations presented and contained in the Draft Charter stand in the names of such-and-such Delegations. I ask the Press not to over-emphasize the importance of these reservations, not to stress the fact that on certain Articles we have been unable to agree on a definite solution, that we have been brought to insert alternative proposals for consideration at Havana.

I would ask the representatives of the Press rather to stress the very great volume of agreement at which we have successfully arrived.

I hope that, as we have been able to overcome the secrecy of the attitude of the different Delegations, we shall also be able - I can only speak on my own personal behalf - in Havana to take the Press much more fully into our confidence, that our deliberations at Havana will take place in full daylight. Everybody knows what views the different Delegations here have and I cannot see any particular danger in having our Havana Commissions, on which all the Delegations will be represented, deliberating in full daylight. I only express a pious hope, but I trust it may come true.

That does not prevent private talks in Sub-committees or in technical bodies, to thresh out points of detail, or private

conversations between Heads of Delegations in order to get over points of difficulty.

Speaking about the duties and tasks of the Conference, I would mention a point to which I attach very great importance. It was mentioned by the Delegate of Canada. He said we had here a tendency to turn over too much to the Organization, and, in fact, we have turned over to the Conference quite a number of important problems. I entirely agree with Mr. Wilgress that it would perhaps be fatal to the reasonable daily work of the Organization if the Conference left the questions unsolved and asked the Organization itself to try to solve them.

The Conference at Havana must present the Organization with a ready Statute, with no blanks in it. The Organization will have immediately to start dealing with important practical problems and must not be distracted from the main task by all kinds of more or less theoretical and political discussions.

There is another point to which I would also like here to draw the attention of Delegates, as I think it ought to be brought up at the Conference - the question of finance.

We have heard - I have heard it many times, even 20 years ago - that in a war the Great Powers spend in a couple of days much more money than the whole budget of international co-operation. It may be true, but that is not an argument. In wartime we spend recklessly because we cannot discuss money; we must have our armies, we must be able to equip and to protect our fighting forces, but if we want to get rid of the war mentality we have also to come back to a reasonable sense of economy in international work.

When I read newspaper reports about the expenditure connected with different international organizations today, I feel rather frightened. How long will the Governments be willing to pay on such a scale?

I intend to make the following concrete proposal at Havana if I am there: that the Conference should instruct the Organization to set up a committee of control, to see to it that the finances of the ITO are scrutinized and the Budget only voted after a full understanding of its implications and necessity has been obtained.

One of the Delegates yesterday - I think it was the Delegate for New Zealand - referred to the difficulties - of the last three months, I think he said - in the economic field. I agree. I think we all understand the importance of this matter.

We also have difficulties in the pure political field. That makes the success of the Havana Conference so much the more necessary. Let us try - the Nations of the World - to prove that we can agree on a very big scheme such as the one we have been working on in London and here in Geneva. If we succeed, the repercussions it will also have in the pure political field cannot be anything but very great and beneficial.

I will end by expressing how very deeply I feel my gratitude to all of my fellow Delegates here. We have worked together as friends, as members of the same family, and, with the help of the excellent staff of the Secretariat under Mr. Wyndham White, we have been able, in these comparatively short months, to do more than we perhaps hoped when we met.

CHAIRMAN: I thank the First Delegate of Norway for his statement and I now call upon the First Delegate of the United Kingdom.

MR. J. WILSON (United Kingdom): Mr. Chairman, Fellow Delegates, Ladies and Gentlemen:

The Plenary meetings yesterday and today mark the end of the first of the two tasks we set ourselves when the work of this Session of the Preparatory Committee began in April. The world may not realise from the long and complex document, necessarily technical and legalistic in its terms, how much work and thought, negotiation and argument have entered into it. What I think the world will realise is the difference which the principles and provisions of this Charter, if adopted by the nations, can make to world trade and to the standard of living of all peoples as compared with the system which we knew in the nineteen thirties, with its strangling restrictions, its measures of mounting economic nationalism, and all that lurked behind these barriers in the form of uneconomic vested interests.

The work of the past four months has proceeded against the background of a darkening storm in international economic affairs; hence the criticism that our work here has been in vain and remote from the realities of the present situation. I want for our part to repudiate that suggestion. But none of us would claim that our work here can ever yield its true value unless all nations recognise that the hopes we all hold of establishing a new order in international trade are dependent for their fulfilment on the solution of the world problems which are now pressing upon us,

Even at the beginning of our work we knew that the nations were, as a result of the intensity of the war and its immediate aftermath,

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stepping into a world where the conditions of trade were completely unknown. Perhaps no one has more cause to realise this than the United Kingdom. From being, for over a century, a nation, part of whose essential needs were met from the returns on investments made in countries in many parts of the world, we have now sacrificed the greater part of those investments in financing the war. We are now dependent on the proceeds of our exports. From the low level to which we reduced them as part of our contribution to the common struggle for victory, we have to build up to a figure nearly twice that of pre-war.

In the nineteen-thirties the nations of the world were suddenly faced with the disappearance of the old gold standard system, which with all its faults (and they were many) had been the almost automatically accepted basis of international trade for a century. In its place there grew up a whole series of hastily improvised self-frustrating devices on a national basis. It is a matter for satisfaction in any case that the nations represented here have agreed to recommend the establishment of an organization which quite apart from its detailed rules provides for regular and free and frank consultation on international trade problems.

But the achievement of the Preparatory Committee has, I think, been more positive than this. The Draft Charter it has drawn up shows what is necessary to achieve a multilateral trading system based on the freest possible flow of world trade; and this we believe is in the long run as much in our own national interests as in those of the world as a whole.

As we of the Preparatory Committee part with the Draft Charter and as our thoughts turn to the task before the World Conference at Havana, we must realise the responsibility which will rest on those

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countries which have been represented here to explain and defend the various provisions of the draft we have elaborated. We are glad that so many other countries have sent observers to Geneva to follow our proceedings with such close attention. None the less it is the members of the Preparatory Committee who will be most familiar with the reasons underlying the solutions we have suggested to the most difficult problems we have faced and the pitfalls involved in other solutions.

I do not feel it is necessary to elaborate on the various Chapters and Articles of the Charter, but I should like to make a brief comment on one or two of the more important Chapters.

Once again I should like to state our welcome and support for the provisions on full employment. My Government is fully committed to internal measures for the maintenance of employment and is very well aware of the danger of sudden slumps in other parts of the world; and we accordingly welcome the obligation to maintain the highest possible volume of employment and income within each national economy and the measures which are being taken on an international scale for securing the highest possible level of employment. The full success of this project will go far beyond the scope of <sup>the</sup> International Trade Organization and will need the support of the Economic and Social Council and all the international economic organizations. That is why we trust that the World Conference will take up this wider aspect of the problem as contemplated in the Draft Resolution prepared at the London Session of this Committee.

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My second point is development. As a country which bears a great responsibility for large and important Colonial territories - for whose further development we have indeed in the past few weeks announced revolutionary new proposals - we very naturally welcome anything that can be done in this field just as we sympathise with the aspirations of those of our friends who have made the position of the so-called under-developed countries a key point in the discussions here. But we do feel that it is possible to over-stress the distinction between developed and under-developed countries. No country's economy is static: each must undergo a constant process of re-adaptation. A country which is at present mainly or wholly agricultural will undoubtedly benefit both its own economy and the world economy by sound measures to increase its own productivity. This does not mean that that development should necessarily involve too wide a range of new manufacturing industries. We must not overlook the very real advances which can be made in the field of primary production, which can be achieved by irrigation, power and transport projects and by the use of modern methods and scientific discoveries in the technique of primary production. In this field the services of the more advanced agricultural nations and the resources and knowledge at the disposal of the Food and Agriculture Organisation of the United Nations stand ready to assist in the achievement of revolutionary advances in productivity.

But if these are to be achieved (and this brings me to my third point), and are to result in the raising of the standard of living of the peoples of the world and not in so-called surpluses and economic depression, then measures such as were never adequately developed before 1939 must be used. In this connection we feel

that the Chapter dealing with primary commodities, drawing as it does on the work of the F.A.O. Preparatory Commission and the experience gained from the working of Commodity Study Groups in recent months, represents a real advance on the draft prepared in London last Autumn.

My fourth point relates to the balance of payments. It is not a matter for surprise, with the growing difficulties which many of the nations represented here are experiencing in their balance of payments, that the Preparatory Committee has been much concerned to ensure that the Articles dealing with the balance of payments and with non-discrimination should be realistically drawn. It is of the utmost importance that we should not bring discredit on the fundamental principles of non-discriminatory multilateral trading by attempting to move too far and too fast in this difficult period when many of the conditions essential for such a system have not yet been realised. We have ourselves only this week had to record a serious setback to our hopes of proceeding rapidly in the direction of convertibility and non-discriminatory trade and, as you will have seen from the exchange of letters between the Chancellor of the Exchequer and the Secretary of the United States Treasury, we have had, as an emergency measure, to call a temporary halt. Whatever the lessons to be drawn from the events of the last few weeks in our own case and that of other countries, we are certainly all in agreement that the period of recovery from the war has been far longer than most of us had hoped. As a result of serious devastation in the war areas, of crop failures and other difficulties since the war, the productive power of the nations outside the Western Hemisphere has not been restored to the extent necessary to put the world in true balance once again. Owing to these factors and to the high prices of essential imports international payments are badly out of equilibrium. Unless they can be put into balance once again much of our work here will be lost.

It is not for us here in Geneva to say how equilibrium can be restored. This is a matter which is receiving urgent and concentrated attention in many places at this time - by the Economic Commission for Europe, the Economic Commission for Asia and the Far East, and on the agricultural side by F.A.O; pre-eminently it is the subject of the important conference now being held in Paris. And it is a problem which must dominate the thought of all the governments represented here and many more besides. It is a problem of restoring our national production in each country, of building up again our war shattered economies, of replacing our war damaged or obsolete capital goods and for many of us in repairing the years of neglect prior to the war in our basic industries.

It is a problem of securing greater economic co-operation between countries with complementary economies, of taking action in Europe and in Asia and in many parts of the world for the mutual development of production. In our own case we shall find it necessary and desirable to have even closer economic co-operation with other countries of the Commonwealth.

I feel that the Governments represented at the Preparatory Committee must face this position frankly, not only that our work itself will be in vain unless all the governments and agencies concerned can solve this overriding problem, but also that the methods we may have to use in the intervening months and years may appear to be opposed to the principles and methods of the Draft Charter. Many of us will certainly have to assist our position by agreements with particular countries, some of whom are represented here. Such agreements if realised will not only bring additional materials and food into our national economies

for the purpose of maintaining and increasing production, they will make it possible for each one of us to make such sacrifices as will enable us to part with much needed goods to other countries in order that goods even more urgently needed may come to us in return. But in these methods, designed to meet the short term and urgent problems which are pressing upon us, the guiding principle must be that we do not establish permanently artificial channels of trade which would in the long run defeat the principles and methods we have been discussing here. To do so would reduce the total volume of world trade in goods and services and bring about a lower standard of living for the people of the world than we hope to achieve as a result of full economic co-operation on a multilateral basis. Only on such a basis can we secure for all our peoples the full benefits available from the advances of science and from the skill and resources of all nations of the world.

Mr. CLAIR WILCOX (United States): As this Committee comes to the end of its labours on a world trade charter -- begun in London ten months ago, carried forward in New York, and completed at Geneva -- it is well that we should pause to consider, in its true perspective, the document that we have now approved. For it is possible that we may have lost sight, in these last crowded days, of the significance of the work that we have done.

First of all, we have written the constitution of a new international organization. But we have done much more than that. We have given recognition, for the first time in an international instrument, to the interdependence of national programmes for the stabilization of production and international programmes for the liberation of trade. We have placed in the forefront of international thinking the need for developing the resources of the less developed areas of the world. We have proposed that all nations commit themselves, in a single document, to extend to one another most-favoured-nation treatment with respect to customs charges and requirements and national treatment with respect to internal taxation and regulation. We have asked them to reduce tariffs and to do away with all forms of discrimination. We have laid down a set of rules under which import and export quotas -- the most serious of all the forms of trade restriction -- can be disciplined and brought under international control. We have worked out detailed provisions to insure that the freedom that is gained by reducing visible tariffs shall not be lost by the erection of invisible tariffs. We have made the first attempt in history to apply uniform principles of non-discrimination and fair dealing to the trade of private enterprise and public enterprise. We have made the first approach, through international action, to the elimination of the abuses arising from the operations of international

monopolies and cartels. We have enunciated, for the first time, a code of principles to govern the formation and the operation of intergovernmental commodity agreements.

As we compare the Geneva draft of the Charter with the London and New York drafts, we must recognize that it is substantially improved. Its organization is more logical. Inconsistencies have been removed. Obscure passages have been clarified. Ambiguous passages have become precise. Certainly, no one would contend that the Charter, as it stands today, is perfect. Perfection, in instruments embodying agreements achieved through compromise, is scarcely to be attained. But the draft that we have completed at Geneva has been strengthened in material respects. And its fundamental character and balance have been retained.

Two sweeping criticisms of the Charter have recently appeared in print. According to the first, the Charter attempts to apply the principles of impractical idealism to a world that is intensely practical and all too real. According to the second, the Charter has been so riddled with exceptions that its basic principles have lost whatever meaning they may once have had. Of course, these criticisms cannot both be true. If the Charter were impractical and idealistic, it would give no room to the exceptions that are required to meet the practical problem of the real world. And if exceptions have been made to meet these problems, it can scarcely be said that the Charter remains an expression of impractical idealism.

As a matter of fact, neither of these criticisms is true. What we have done in this document should be clearly understood. We have enunciated general principles upon which we propose that nations should agree. We have made specific exceptions to these principles where they have been required by practical necessities. These exceptions are precisely defined. Many of them are temporary. All of them are limited in application. And we have proposed that resort to them should be subject to international control. Between international anarchy in economic relations and some such pattern of agreement as we have laid down here, the world will have to take its choice. There is no other way.

On balance, in the opinion of my delegation, the Charter is a document for which this Committee need offer no apologies, and we take pleasure in joining the other members of the Committee in commending it to the United Nations Conference on Trade and Employment. At the beginning of this meeting, I told the Committee that my delegation would have to introduce a number of detailed amendments arising from criticisms of the earlier drafts advanced by various groups in the United States. I am glad to

acknowledge that our satisfaction on these particular points is virtually complete and I wish to thank the other delegations here for the sympathetic consideration that they have given to our requests.

In the face of adversity and discouragement, this Committee has brought to a successful conclusion this half of its assignment. To the objective observer, the vitality of this project, the momentum which it has attained, must be a source of growing amazement. In the circumstances, the wonder must be, not that we have not accomplished more, but that we have accomplished so much.

If the task of this meeting were confined to the completion of the Draft Charter, we could now accept congratulations on a job well done. But unfortunately for the personal comfort and convenience of our delegations; though fortunately for the future peace and prosperity of the world, the task assigned to us was a more ambitious one. This task included, in addition, an agreement to carry forward, among ourselves, definitive negotiations directed - in the words that we have written into each successive version of the Charter - toward the substantial reduction of tariffs and other barriers to trade and the elimination of preferences.

This undertaking was indeed ambitious. Negotiations on tariffs, even when confined to a single pair of countries, are difficult enough. But here in Geneva, together with the completion of the Charter, we have carried forward a hundred such negotiations in the same place and at the same time. It appeared to many of us, before we began, that the mere physical obstacles to such an undertaking might be insuperable. But these obstacles have been surmounted. The machinery of negotiation has been constructed and oiled and set in motion. The wheels are turning.

Our disappointment is that they have not turned as rapidly as we had hoped.

Even in this, however, there is no occasion for discouragement. Each of the major trade agreements concluded by the United States before the war took from ten to eleven months to complete. This Committee has concluded more than a score of such negotiations in the past four months. On three score more, the work is well advanced. With real determination, we should complete our task in the next month or six weeks. If more time is required, the United States, for one, is prepared to give it.

The members of this Committee will be judged, in the eyes of the world, not only by the words that we have written on paper and sent forward to the World Conference, but also by the action that we shall take, here and now, to give meaning to those words. Our proposal, in the Charter, to negotiate for the substantial reduction of tariffs and the elimination of preferences will be laid down, side by side, with the provisions of our General Agreement on Tariffs and Trade. Our promise, in the one, will be measured by our performance in the other. If the General Agreement is a weak agreement, we shall be accused, by the forty nations that will join us at Havana, of giving lip service to the principles that we profess and the World Conference will convene in an atmosphere of cynicism and disillusionment. If the General Agreement is a strong agreement, success at Havana will be virtually assured, and the world will be able to face the future with new hope.

This is the time for decision. If nations do not act now, with courage and determination, they will find themselves condemned to a persisting pattern of restrictionism and discrimination that will spell antagonism abroad and misery at home. This must not happen. It need not happen. Our Committee still holds within its hands the opportunity to contribute substantially

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to the making of a better world. It is an opportunity that we dare not and can not permit to slip away.

Admittedly, these are difficult times, and difficult times require a temporary accommodation of fundamental policies. The United States has consistently sought to do everything within its power to ease the transition from an economy at war to an economy at peace. It will continue to do so. But it cannot believe that we should permit the difficulties of the present to obscure the urgent need for agreement, now, upon the policies that are to govern the trade of the world in a better future. It holds that each nation must make its appropriate contribution if such agreement is to be attained. And, equally with others, it is prepared to do its part.

In conclusion, Mr. Chairman, may I express to you, to the Officers of this Committee, and to the Secretariat, the appreciation of my Delegation for the contribution which you have made to the success of this Meeting; and to our fellow delegates, our appreciation for the sort of mutual understanding and accommodation which has eased our way on the way to final agreement.

In the intimate sessions of the last few months, we have come to know and respect one another, and to develop friendships that will remain with us during the rest of our lives. By knowing and liking and respecting one another we have that sense of unity of purpose that should contribute in no small measure to the final approval of the Charter, and the ultimate establishment of the International Trade Organization.

CHAIRMAN (Interpretation): Gentlemen, I thank Mr. Wilcox for his statement. I have no more speeches on my list.

I have listened with interest to the speeches delivered by various heads of delegations at this Conference. We have already had occasion to hear the views of the Members of the Preparatory Commission in London, <sup>and</sup> at the beginning of this Session. The impressions derived from these last two meetings is that there is no doubt that the opinions have come much nearer to each other in the course of the last few months. Of course, everybody may have some reason not to be satisfied with the Charter, but nobody would deny that there are many points on which we have reached a considerable measure of agreement. I am glad to express my gratitude to all those who have taken part in our work, and in particular to the vice-Chairman of the Conference, Mr. Erik Colban, who had already presided with such authority over the Drafting Committee in New York; and Ambassador Wilgress, Sir Raghavan Pillai, Dr. Augenthaler, Mr. Sergio I. Clark. The magnitude of our tasks has required methods of work different from those which we had adopted in London. Some 30 sub-Committees shared among themselves the study of various Articles of the Charter. I wish, more particularly, to thank the chairmen of these sub-Committees; Dr. Joensuu, Dr. Loganathan, Mr. Shackle, Mr. Holloway, Mr. Melander, Mr. Phillips, Mr. Hakim, Mr. Deutsch, Mr. Baraduc, Mr. Leondertz, Mr. Holmes, Mr. Caplan, Mr. Judd, Mr. Naude, Dr. Wunsz King, and Dr. Gutierrez. We are also particularly grateful to Mr. Wyndham White, Mr. Lacarte, and all their collaborators in the Secretariat who had already deserved the gratitude of the Preparatory Commission in the course of its first session.

(The Chairman then also addressed his thanks to the Interpreters. He said also how much everyone had appreciated the efficiency and courtesy of the staff of the European Office of the United Nations).

Gentlemen, I have already had the opportunity of hearing your tribute to the Swiss Authorities for their charming welcome in this beautiful country whose atmosphere is so favourable to the spirit of international co-operation.

Our discussions have continued since the 10th April in this atmosphere of cordiality and mutual understanding which had already prevailed in London, but in Geneva the trial was much harder. It is usually said that people who go on a long cruise together always quarrel at the end. Well, Gentlemen, we have lived together for more than four months and we have not quarrelled, and we part on the best terms. We have had to fight together through the difficult discussions on tariff negotiations and on the Charter. We have adjoining offices. We have met very frequently during the day and sometimes even during the night.

In spite of this, no personal incident has ever occurred at any time in the course of this long Conference.

This has still not yet come to an end, since the tariff negotiations will continue and, as you know, by their very nature they raise considerable difficulties, but I feel certain that the same spirit will prevail until the end.

In conclusion, I would like to thank the Specialized Agencies which have taken part in our work, namely, the Food and Agriculture Organization, the International Labour Organization,

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the International Monetary Fund, the International Bank for Reconstruction, the non-governmental organizations - more particularly the International Chamber of Commerce - which have helped with their valuable co-operation, and, finally, the Observers who have been delegated to this Preparatory Committee by a great number of Members of the United Nations Organization.

It is not without some emotion that I say to all of you now "au revoir", and I wish to thank you for your kind words. I shall never forget the happy four months which I have spent with you. I hope that links of sympathy between the Delegates will, like the Charter, help towards the understanding and general prosperity of the Nations.

Does anyone else wish to speak?

Gentlemen, the Meeting is closed.

The Meeting rose at 11.45 a.m.