

PREPARATORY COMMITTEE OF THE INTERNATIONAL CONFERENCE
ON TRADE AND EMPLOYMENT

PLENARY MEETING

Sixth Session
held on Tuesday 26 November 1946 at 3 p.m.

Chairman: Mr. M. SUTENS (Belgium)

5.* Final statements on the work of the First Session of the
Preparatory Committee. (Continuation)

The CHAIRMAN called upon Mr. NEHRU (India).

Mr. NEHRU (India) said: Mr. Chairman, the results of our work in this Committee have been reviewed by some of my distinguished colleagues. You also, Sir, in your capacity as Chairman - and, might I add, a Chairman who has won our very deep respect by his unflinching courtesy and sense of fairness - have made some observations on the subject. We have decided, Sir, to publish the results of our work in the form of a Report which will be placed for consideration before our respective governments and peoples. I do not propose in this final meeting to attempt a detailed exposition of the proposals, for we are, most of us, tired men, and there must be some interval for reflection before we make any such attempt. I would like, however, to say a few words of an explanatory character on this subject, as a possible aid to the study of the Report. If my remarks are not wholly confined to points on which complete agreement has been reached, I trust that my motive will not be misunderstood. If I might explain, Sir, some of us who were a bit sceptical as to the outcome of this Conference, are now inclined to take a somewhat different view.

* For first part of section 5 see E/PC/T/31.

The first point I would like to refer to is the scope and character of our discussions in the present session of the Committee. Since most of our meetings have been held in private - although I must say, in fairness to ourselves, that the Indian Delegation has always been in favour of maximum publicity being given to such discussions - it is possible that some misunderstanding may have been caused. This will be cleared up when the Report is published, but I take this opportunity to repeat that we came here, not to enter into any kind of commitment, but merely to exchange views and ideas with our colleagues from other countries. We have not departed from that position and the views expressed by the various delegations, including our own, as set out in the Report, will be placed, on our return to India, before our Government and people. The entire problem will then be examined in the light of these views and of other expressions of opinion, and also perhaps of new developments in the economic and other fields, in preparation for the later meetings. The drafting process is largely mechanical, but in the Spring meeting of this Committee we hope to be able to go a step further in elucidating points of doubt and resolving differences of opinion.

The fact that on a number of points divergent views have been expressed is not an unhealthy sign and we may still be able to confound the pessimists who are doubtful about the prospects of the Conference. Let them not forget that the task allotted to us by the Economic and Social Council is one of major dimensions, covering the preparation of a draft agenda, including a draft convention, for consideration by an International Conference. We have been asked by the Council to bear in mind that the purpose of this Conference is to promote the expansion of production, exchange and consumption of goods in all countries and to pay special attention to the needs of countries which are still not fully developed. If we have been able to complete the exploratory stage of this vast labour in the short space of six weeks, I think, Sir, that

this is an achievement of which we have no reason to be ashamed. "Much haste, less speed" is a maxim we would do well to remember, for we are dealing with an intricate problem and no country - least of all one in the position of India which has still to develop its resources to the full - could be expected to enter into long-term commitments affecting the development of the national economy without studying the prospects carefully.

I said, Sir, that the Report of the Committee would soon be presented for consideration to our respective Governments and peoples. What their reactions will be, it is too early to say, but I would like to assure the Committee that, so far as India is concerned, the views put forward by every delegation will be examined by us with the utmost care. Our general approach to this problem has already been indicated in the first plenary session and the later meetings. We have made it clear that the primary objective to which all our efforts and planning in India are increasingly being directed is a broad social objective, namely, the liquidation of Indian poverty and the raising of the standards of living of our vast population. In order to reach this objective, we must increase production and create a better balance between industry and agriculture, which means that we must adopt a policy of industrial development and the modernization of our methods of production. There are other considerations also: first, economic progress must be rapid, for our population is expanding fast and we are constantly threatened by famine and shortage; secondly, the benefits of economic progress must be shared equitably among the people; and thirdly, our resources which are not unlimited must be used in the best interests of the community as a whole. It is for these reasons that we are trying to build up a type of economy which while giving adequate scope to private enterprise will place the control and direction of the larger aspects of economic activity in the hands of a Government which rests on popular support.

These facts have been stated before, but I would like to emphasize again that our attitude to the problem of foreign trade is not quite the same as that of certain industrial countries which are represented here. In the past, we have been compelled to aim at an export surplus in order to meet our varied foreign obligations. The position has now changed and instead of being a debtor we have become an important creditor nation. Although we still need a very large export trade, our primary interest in the future will be the development of our own internal market. Many of our products are in world-wide demand, and the problem of finding a market for them which faces, or is expected to face, certain exporting interests in the leading industrial countries in respect of other types of products might not perhaps affect us seriously for a number of years. Since we also constitute one of the biggest potential markets for a large variety of imported products, it might not perhaps be difficult for us to adopt a trade policy of our own choice, subject of course to our adhering strictly to the objectives that we have in view.

Nevertheless, Sir, it would be a mistake to suppose that we have at any time considered the possibility of adopting an autarchic trade policy. We fully appreciate the benefits of multilateralism, and since as a creditor nation we are anxious to secure the smooth and speedy liquidation of our claims, we are vitally interested in the expansion of world trade on a non-discriminatory basis. We also recognize that there is a close inter-dependence between our country and other countries in economic and other matters and that the success of our own programme of development would to some extent depend on the attainment of a high level of employment and economic activity in the rest of the world. Finally - and I would like to emphasize that this is a point to which we attach the greatest importance - we believe firmly in the principle of international co-operation and so long as we are Members of the United Nations, it will be our constant endeavour to promote the cause

for which it stands by participating in any scheme of co-operative relationship which meets the vital requirements of all countries and is based on respect for the principle of equal rights and self-determination of peoples.

It is against this background, Sir, that some of the proposals of this Committee will be examined by our Government and people. We have covered a great deal of ground in the present session and have registered a number of gains. Unquestionably, the most important gain is the opportunity which these meetings have given us of establishing contacts and personal friendships and of exchanging ideas with our colleagues from other countries. We have learnt a great deal from them and have endeavoured to give them an insight into our own problems and difficulties. We came here to educate ourselves and to prepare the ground for the later Conference, and I think we can reasonably claim that our mission has not been unsuccessful. The number of points on which agreement has been reached at expert level is commendably large. We have not committed our Governments in any way, but I do not think that much fault will be found with the agreed views put forward in the report on such subjects as employment policy, commodity policy, the character and functions of the proposed organization and certain aspects of commercial policy.

Even more important from our own point of view is the new draft chapter which has been prepared for consideration and study by member Governments on the subject of economic development. In our comments on the United States proposals for the expansion of world trade and employment, which were subsequently presented in the shape of a draft charter, we deplored the fact that so little understanding was shown of the problems and needs of the undeveloped countries. We also gave the expression to the view that the entire approach of the proposals was of a negative rather than of a positive character. We recognize, Sir, that an attempt has been made to meet this criticism, and that there is some change in the attitude of the more advanced countries. There is now a clearer recognition of the right and duty of all members to promote what has been described as "the continuing

industrial and general economic development of their respective countries." Members have been advised to agree to give an undertaking that they will co-operate in such matters as the provision of capital funds, technical assistance and equipment, needed by the less developed economies. Finally, some advance has also been made in other directions, e.g. the right of member countries to give special assistance to particular industries in the shape of protective and other measures, has now been fully recognized.

We have undoubtedly moved forward, Sir, but the question that is likely to be asked in India, is, have we moved far enough? Certain objectives and principles have been accepted, and the draft chapter on economic development provides some measure of freedom to use tariffs and subsidies for the purpose of protecting industry. But a developing country which is faced with special problems of the type so often discussed in our meetings, may not find it possible to give up its right to use more direct methods of trade regulations which may be vitally necessary for the execution of its development plans. The suggestion has been made that if it wishes to use such methods it should ask for release from its obligations from the Trade Organization, and an elaborate procedure has been suggested for enquiries into such applications. This is not the time, Sir, to discuss these matters in detail and the proposals will in any case soon be released for publications. It does seem to me, however, that it is not by imposing such restrictions and laying down a procedure which may lead to delays and to prove a source of conflict and irritation that the cause of economic development and industrialization can be advanced. In India, Sir, we have had some experience of outside interference with our trade and tariff policies and of the hampering effect of certain procedures which have been followed in this connection. We have won our fiscal freedom after a long struggle and are planning to use it for the purpose of developing our national economy in the interests of our people. Certain suggestions that we have put forward for consideration are

designed to ensure that these rights are exercised for purposes of development in a rational manner, subject to any international criteria which may be agreed upon and with due regard to the legitimate interests of other countries with which we have trade relations. I have not the time, Sir, to go further into this matter, but I would like to say, before ending this subject, that having achieved so much in the present session, we must make a determined effort to reach some agreement on this point and also on certain other points on which there is still some difference of opinion, so that the great task which has been entrusted to us by the Economic and Social Council may be successfully accomplished.

At this point, the CHAIRMAN called upon Mr. Wallace B. Phillips, Delegate to the International Chamber of Commerce.

Mr. PHILLIPS (International Chamber of Commerce) said: As Delegate of the International Chamber of Commerce, I have followed with absorbed interest, the day to day developments of the work of the several Committees and speaking as the representative of World Business, may I be permitted to congratulate the Members of this Conference on the successful results achieved which have only been possible due to the enormous amount of work and time devoted to this Meeting by everyone participating.

The Membership of the International Chamber of Commerce includes 31 Countries, each with a National Committee and collectively, representatives of these Committees comprise the Council of the Chamber. In each of these groups are the leaders of Trade, Industry and Banking of their respective countries.

The Chamber has established a number of Committees for the purposes of studying and submitting proposals on many phases of International Trade and, of course, has considered carefully the original United States proposals which have eventuated in this Conference.

In studying the Report of Committee I, the International Chamber of Commerce observes that no mention is made of consultation with Non-governmental Organizations although our Non-governmental Organization in particular, is uniquely equipped to make a substantial contribution on methods best adapted to assist employment. The International Chamber of Commerce

Committee on Methods to Maximize Employment, numbers amongst its Members, several World authorities on this most important subject and much study has been given to it.

I am very pleased to note that in the Report of Committee V, provision is included covering suitable arrangements for consultation and co-operation with Non-Governmental Organizations.

When the International Trade Organization becomes an accomplished entity, it will be the duty of the Members of the International Chamber of Commerce to carry out its decisions and I can assure the Delegates here present that the Chamber will co-operate to the fullest extent and every effort will be made by the Leaders of World Trade to ensure success to this most important Organization.

In conclusion, may I express to you, Mr. President, to the Heads of the Delegations and to the Delegates, my grateful appreciation and thanks for the unfailing courtesy and consideration that has been afforded to me by everyone. In addition, I desire to thank Mr. WYNDHAM WHITE and his hard worked staff for the assistance they have rendered to my Associates and myself.

The CHAIRMAN then called upon Mr. Jean DURET, Delegate of the World Federation of Trade Unions.

Mr. Jean DURET (World Federation of Trade Unions) said: In view of the importance and multiplicity of the tasks facing the Preparatory Conference on Trade and Employment, the World Federation of Trade Unions desires to state its position on the problems which have been under discussion.

The unequal development of world economy after two great wars has resulted in a considerable increase in the specific weight of the economies of certain countries, whose national income has become much greater than that of all other States. The distribution of this income, which is also more unequal, constitutes a source of crises of underconsumption, the onset of which is to be foreseen and the effects of which will be more dangerous than a crisis in poorer countries whose national income is more equally distributed.

The limitations of consumption in the former countries also reduce

the opportunities for investment in their industries. There the danger of a crisis is all the greater as all controls are progressively abandoned, and reserves of purchasing power, accumulated during the War, are reduced by the rise in prices. For this reason, an energetic policy of full employment in those states is necessary to assure the prosperity of world economy.

The fundamental defect in the initial proposals made to this Conference was that they were essentially negative. In short, it was a question of a return to the doctrines of economic automatism, a source of economic well-being and stability, a doctrine which was, however, proved to be a failure in the twentieth century.

"If restrictions are abolished, everything will be alright". Such seems to be the leitmotif of Neo-liberalism. However, this formula in no way solves present-day economic antagonisms, as crises are essentially due to the contradiction between large-scale production and the limitation of the purchasing power of the masses, a contradiction which is the dominant feature of our epoch.

Therefore, the World Federation of Trade Unions stresses the necessity of establishing an order of precedence among the various problems discussed at the Conference, found on their importance and their scope.

In its opinion, one problem must enjoy priority over all others; that of a policy of full employment.

We recall briefly the arguments we have already had the opportunity of developing in Committee I.

The World Federation of Trade Unions considers that a policy of full employment must be pursued on a world scale and be imposed in all countries whose Trade Union Organizations are its members.

However, the policy of full employment can take on different aspects according to the specific conditions in each country. In certain countries, it is essentially a question of assuring regular employment for the whole labour force, or, in the well-known formula, of attaining a situation in which the demand for labour is slightly higher than the number of workers available.

A policy of full employment in those countries has a bearing on the limitation of working hours and on the remuneration of labour, and is accompanied by a policy of the redistribution of purchasing power so that the greatest part of production can be absorbed by the home market.

In other States, economically backward, the problem presents itself in a different way. Such countries can employ all their labour resources to the full and yet the situation cannot be judged satisfactory. In fact, if production methods are archaic, absence of apparent unemployment can co-exist with a very low level of national income and wretched living conditions for the whole population.

In those circumstances, the policy of full employment consists of developing national income to the maximum, supplying those nations with modern equipment and, at the same time, ensuring full employment of the labour force on this new basis.

Starting from these considerations, the WFTU considers that, in those countries, special importance should be accorded to the level of wages. It warns against a dangerous interpretation of the idea that the special economic conditions of those States necessitate the maintenance of wages at a low level. The low level of wages retards the progress of industrialization by making less urgent the substitution of the machine for man and in general the adoption of all technical refinements.

Now it is necessary for those nations to be able progressively to bridge the gap between their own economic development and that of countries economically most advanced. Therefore, it is a question of a veritable reversal of the present-day tendency, as, for twenty years, this gap has constantly tended to increase.

Finally, there are States in which the possibilities of economic development far surpass their reserves of labour, and which cannot, therefore, fully employ their production potential except through the importation of foreign labour.

In the case of those countries, it cannot be considered that full employment is achieved when all domestic labour is fully employed.

The economic development of those nations is often thwarted, moreover, and especially since the War and enemy occupation, by an insufficiency of industrial plant and raw materials. The policy of full employment must aim at putting at their disposal more abundant labour and more elaborate plant which, by allowing them to develop their production possibilities and increase their national income, will greatly serve the cause of international trade. But it will only succeed if the two aims defined above are pursued.

Certainly, improvement in technique will diminish the need for labour, but often not so much as to allow those States to dispense with foreign labour.

Therefore, in a word, we consider that for them the policy of full employment must not be limited to assuring full employment for domestic labour, but also full employment of their production potential and their economic possibilities.

The policy of full employment, as we have just defined it, possesses, therefore, a general significance. It implies in countries a policy of increasing national income and redistributing purchasing power in favour of the working classes. It also necessitates a redistribution of purchasing power among the various nations of the world, between the rich nations and the poor nations. A whole system of international loans should be contemplated. However, these loans, rationally conceived, should not result ultimately in subjecting the economy of countries economically weaker to that of countries possessing great industrial and financial power.

We consider that for countries economically backward or weakened by the War and occupation, it is indispensable, if the policy of full employment is to be assured, to give a wide application to the transitional period clause and to allow them to use quantitative and discriminatory protective methods, "including qualitative discriminations", until they can compete on an equal footing with their most favoured rivals.

In fact, the imposition on their economics of the tempo of industrialization and reconstruction necessary for this purpose, cannot be contemplated without their being allowed to use methods of directed economy and planned organization.

Any method based exclusively on freedom of trade, market operations and monetary demand cannot assure for those countries the priority of social needs.

The very recognition of the necessity of a transitional period proves that the most convinced supporters of a return to the methods of economic liberalism understand that the complete application of their doctrine would in practice result in catastrophe.

In fact, there are too many countries where a renunciation of the practices of planned economy would quickly lead to an aggravation of the disequilibrium in their balance of payments, to a reduction in effective demand on foreign markets and to the impossibility of putting into practice the policy of full employment.

Finally, the planned and co-ordinated development of countries which, through insufficiency of their wealth and the poverty of their economy, must, by specific methods, make it possible for themselves to apply a system of large-scale production, will be irreducibly compromised. If the measures proposed to the Conference are not modified, those countries would be no longer able to re-organize rationally their production structure.

In short we believe that a country is in a transitional period as long as it remains in a position manifestly inferior to that enjoyed by its most favoured competitors, as long as there exists between its economic technique and potential and those of the most-favoured-nations a gap, the bridging of which must be the main objective of the economic policy of the state in a transitional period. A state must therefore be in a position to accelerate the rhythm of its economic development by adopting measures of economic control.

It is, however, of primary importance to know whether countries in a transitional period should in fact relinquish a part of their economic sovereignty.

It is for this reason that we asked Committee II to decide upon a body capable, if need be, of determining whether a country be in a transitional period, to what extent such a country should enjoy waiving rights and when it should cease to do so.

A satisfactory reply has yet to be given to these questions. For our part, we cannot accept a position in which subordinate organs of the ITO or other similar bodies can settle matters for themselves and decide whether or not the measures taken by States are a necessary part of the full employment policy which those states have decided to adopt.

On the basis of these considerations, the WFTU is of the opinion that:

- (a) the guaranteeing of full employment must be the primary consideration;
- (b) the body set up to carry out this policy should occupy a position of greater importance than that of the specialized monetary and banking agencies, who should adapt their policies to comply with that of the former body;
- (c) the structure of this body should be such that it could never be accused of sacrificing the interests of countries economically weak to those of the countries economically and financially the most powerful;
- (d) the Statutes and Charter to be adopted by the ITO must be sufficiently broad and flexible to make them easily acceptable to countries of the most divergent economic structures, thereby avoiding the danger of the formation of mutually antagonistic economic blocs.

The relations between member States of the ITO and non-members should be clearly defined, as should the methods which the ITO intend to use to secure the adherence of countries which have not yet joined the organization. If it is hoped to achieve this by means of sanctions and penalties, the way chosen seems to us to be fraught with danger. Such a method, far from making for normal international economic relations, would in the end result in the creation of two blocs and a state of even greater tension.

The solutions advocated by the ITO to achieve full employment must be sufficiently realistic and constructive in character to forestall deflationary crises of under-consumption and not merely to mitigate or localize them.

Once a major crisis has developed it is very difficult to localize it and to avoid its spreading across the world. This second task, however much easier than the first it may appear, is in fact one of the hardest to accomplish because of the difficulties inherent in the reversal of commercial trends.

Since this question is of the utmost importance, I must repeat once more:

A distinction must be drawn between a policy of warding off crises by means of a policy of full employment as we have defined it, and a policy aiming solely at mitigating the effects of crises, which would in our opinion be a far less efficacious policy and, in spite of appearances, one far more difficult to apply.

The WFTU believes that the methods at the disposal of the International Monetary Fund to forestall or minimize the effects of depressions and economic disturbances cannot prove sufficiently effective, since

- (i) the prohibition of the export of capital is likely to prove an illusion unless it is accompanied by control of current accounts.
- (ii) devaluation carried out in a period of under-consumption of a deflationary character cannot be considered a sufficiently effective measure.
- (iii) the establishment of restrictions with regard to so-called rare currencies is likely to be the more belated in view of the fact that rarity of the currencies in question can be determined only after the actual arrival of the crisis and the spreading in ever-widening circles of diminishing effective demand.

As we have already noted, a sudden reversal of commercial trends encounters very serious difficulties.

The WFTU wishes also to emphasize that all measures will prove dangerously ineffective if the nations whose financial power is greatest and whose influence preponderates in world economy do not carry out a consistent

full employment policy based on a redistribution of purchasing power in favour of the working classes at home and do not practise abroad a broad policy of international lending and at the same time throw open their markets to the products of debtor nations.

The WFTU draws the attention of the Conference to the fact that world peace and prosperity depend primarily on its reaching a solution along really international lines of the problems facing it and in particular of the problem of full employment.

As you are aware, we put to the Preparatory Committee of the Conference on Trade and Employment a series of questions to which we have had no reply. We believe that the sessions to be held in New York and Geneva will provide us with more detailed information on all the points which are our special concern and that the bringing together of our respective points of view will be rich in results.

The CHAIRMAN then called upon the Delegate for the Lebanon.

Mr. DIECKHIE (Lebanon) said:

Mr. Chairman, Fellow Delegates, - It was a great honour for us to take part in this Preparatory Committee. And we feel sure that our deliberations here will have a very favourable effect on the economic well-being of nations and will bring about closer understanding and co-operation amongst the peoples of the world. Economic strife has always been at the basis of international misunderstandings. Therefore, if our work here has contributed to the amelioration of trade relations and the elimination of economic friction, we shall indeed have played an important role in laying one of the main foundations of world peace.

I am sure that the purposes of the organization as set out in the suggested Charter are in the hearts of all the peoples of the world. Our meeting here was held mainly to discuss the best means of attaining these ends - in other words, to discuss what sort of an organization we should establish to help us realize our aims.

Here we have met Delegates from different parts of the world. Some of us come from highly industrialised countries, others from the war-devastated countries, others again from countries which are still in the early stages of economic development. We all met to achieve a higher and fuller state of productive employment, an increase in the volume of international trade and a higher standard of living for all nations. Naturally our work was not always without difficulties - difficulties arising from the different problems which our countries face. Most of these difficulties, however, have been surmounted; and, despite the problems that still have to be settled, we feel sure that before long we shall have a strong and healthy Organization, fulfilling most effectively the important purposes for which it has been established, an Organization which the world so badly needs.

In conclusion, the Lebanese Delegation would like to offer their thanks to you, Mr. Chairman, for the wise guidance you have given, to the United States Delegation for preparing the Charter, to the United Kingdom for their hospitality and to the Executive Secretary and the Secretariat for their very efficient work.

The CHAIRMAN then called upon the Delegate for the Netherlands.

D. SPEEKENBRINK (Netherlands) said:

Mr. Chairman, - On the whole I think I may say we have reason to be content with the progress made at this Conference. All of us have contributed to the setting up of constructive rules aiming at expansion of world trade and employment, this being the principle idea underlying our task. If we have kept to that leading principle, we have at the same time not lost sight of responsibilities of national requirements and, in doing so, we have had to make certain reservations. These reservations, however, may be said to have been kept within reasonable bounds.

As a result of all this we may confidently look forward to the next step on our road, but in the case of the Netherlands there are two important points which I have to mention.

The first point concerns the position of Germany and the second refers to the structure of the Kingdom. The very vital importance the mid-European hinterland always has had for the Netherlands' economy is a well-known fact. I do not intend to go into details, but I think it necessary to recall here and now that, as matters stand, our economy is in danger of being made subject to an amputation it could scarcely be expected to survive. Cutting off our close economic relations with Germany, isolating German economy and basing its financing on a currency alien to that country, does concern the development of trade in Europe and therefore our work. For it is clear that such a policy would greatly hamper our possibilities to take part in international trade to our full capacity. What are the Dutch ports going to do if trade should be deviated from its natural route? What are we going to do with the export-surpluses of our agricultural production, in which throughout the years behind us enormous amounts of capital have been invested, and in which about 25 percent of our population find a living, if traditional consumers of major importance are lost to us?

These are but a few examples of the many questions which are being raised now in my country in this respect.

Whilst the Netherlands Delegation have whole-heartedly worked together with all other Delegates around this table, to arrive at a draft charter aiming at expansion of international trade, at the same time the Netherlands are faced with next-door factors involving a serious contraction of international trade, which set special problems to our economy.

I shall not dwell further on this, at present most unsatisfactory situation which f.i. has a very direct bearing on the transitional period the Netherlands have to go through.

Thus I now ask your attention for the problems my country has to face with regard to anticipated changes in the structure of the Kingdom itself. Here the situation is not yet quite clear, but on the other hand I can state that considerable progress appears to have been made in a conference

at Batavia where an understanding has been reached on a draft agreement which is being submitted to the parties concerned and may serve as the basis for developing, under the Crown, the future constitutional and other relations between the component parts of the Kingdom in Europe, in Asia and in the Western Hemisphere.

In due course, therefore, we will have to consider in which manner the different parts of the Kingdom will adhere to the plans which have been worked out at this Conference.

Mr. Chairman, I brought to the notice of all Members of this Conference two points of great importance to my country and having done this, I think I might be allowed to make very briefly a few additional observations with a direct bearing on the result of the Conference.

The first remark is that the Draft Charter as it stands contains a number of what are sometimes called "Escape Clauses." These Escape Clauses, however, have been drafted by various Committees or Sub-Committees or Rapporteurs with the result that the wording is far from being uniform. No doubt the Drafting Committee will see to it that clauses of this kind, the interpretation of which may some day become very important, are worded in carefully chosen terms that are as closely uniform as will prove to be possible.

The second observation is that we have an important chapter dealing with Commodities, but it may be that, owing perhaps to pressure of work, our present draft and the sequence of its clauses are not entirely satisfactory from a point of logic. I would like to suggest that there is a very close relation between commodity policy and commodity arrangements, but commodity policy has been dealt with in various clauses of other chapters than the Commodity Arrangements. It might prove very useful indeed if the Drafting Committee should look into the possibility of an alternative draft with regard to primary commodities in which matters relating to commodity policy would constitute one single chapter together with the

Commodity Arrangements. In this respect I cannot help thinking of the Washington Conference of the FAO because this suggestion might facilitate the co-ordination of ITO, FAO and possibly other specialized agencies on such very important matters of commodity policy.

Likewise there is the question of the intricate system by which since 1930 we have been compelled to conduct our affairs to safeguard vital interests of our agriculture. I submitted particulars of this system to several Delegates, who played an important part in the drafting of the Articles regarding quantitative restrictions, state trading and subsidies. Time has been too short to reach definite conclusions in this respect, but I am confident that further study will prove that it is entirely consistent with the purposes of the Draft Charter.

The work of the Committee on Employment I think of special importance so that I may say a word of appreciation on it and express the hope that the Resolution we have agreed upon will soon be forwarded to the Economic and Social Council in order to enable this Council to undertake the studies which are deemed desirable. The Netherlands Delegation also are in full agreement with the inclusion of a new chapter on Economic Development, which they consider an important addition to the purpose of the ITO.

As a concluding remark, Mr. Chairman, I should also like to draw your attention to the Joint Statement which our French and Belgian friends and ourselves have submitted with regard to the possibility of appeal to an Economic Chamber of the International Court of Justice from decisions of the ITO. We feel that such a step is indispensable if the proposed organization is to be a success."

The CHAIRMAN then called upon the Delegate for New Zealand.

Mr. JOHNSEN (New Zealand) said:-

"Mr. Chairman and Gentlemen:- On behalf of the New Zealand Delegation may I say how pleased we have been to participate in this Conference. We share

with other the view that nothing but good can come from a meeting such as this, attended by representatives of so many nations having so wide an interest in world trade and attendant problems.

It is only through the exchange of ideas and information regarding the problems affecting our particular countries such as we have had at this Conference that it is possible to see how far it is practicable to determine a common set of rules which might form the basis on which world trade policy might be conducted. The discussions which we have had should assuredly go far towards reaching that objective.

It is clear that there is common recognition of the necessity for development of economic resources as a means of providing employment and of raising standards of living, thereby leading to an expansion of international trade. The reports of this Conference will provide a useful basis for further study of this very important and interesting subject, not only by the countries which have been represented at the Conference, but by all countries having an interest in world trade.

We hope that the good work which we have commenced at this preliminary meeting will be carried further at the next session of the Committee.

May I say in conclusion how much personal pleasure the New Zealand Delegation have derived in being associated with the representatives of other countries in this task to which our respective countries have attached themselves in the interests of the world as a whole. We have been impressed most deeply by the spirit of goodwill which has existed right throughout the Conference and we are certain that the friendships made will endure for a long time."

The CHAIRMAN then called upon the Delegate for Norway.

H.E. Mr. COLBAN (Norway) said:

I believe - as those who have spoken before me - that we may congratulate ourselves on the results at which we have provisionally arrived during our six weeks of strenuous

work. The excellent spirit and cordial atmosphere which have existed between the Delegations have certainly greatly contributed towards this.

We realise that such results as we have been able to reach are not final and as yet not binding upon our Governments. The Norwegian Delegation has made certain reservations and has expressed doubts as to whether certain texts are really the proper means of realizing our common purpose. But, in spite of our reservations and doubts, we consider that what has been achieved here in London constitutes a valuable step forward. The ideal which we have come together to try to bring nearer to its realization has in fact taken more concrete form in our minds and the texts which we have worked out represent a marked advance on anything we have had up to now.

I trust we shall succeed, because we have the will to succeed. The difficulties still not yet overcome must be further studied in the spirit of the most determined desire to solve them through mutual concessions. Concessions, which should result in bringing about such a state of affairs that every one of us may find that, after all, what now is looked upon as concessions does not really imply a sacrifice but rather a contribution to the vast construction of satisfactory world trade and satisfactory employment conditions.

I need not emphasize the importance of economic stability and well-being for the political stability and well-being of all countries.

We are all of us decided to go ahead with determination. We are all of us decided to be frank and sincere in the defence of the particular interests of our own countries. I think we may promise to examine all outstanding problems with the calm and inexcitable mind of wise men.

We are in for something that is the immediate concern not of Governments only but of all mankind. We need support of public opinion in all countries. I have had pleasure in noting the keen interest which not only other public international bodies but also the International Chamber of Commerce and the World Federation of Trade Unions have shown in

our work. It will be a great help in the furtherance of our task that these - and other - international Organizations are willing to assist us through direct contact and also, and mainly, through the influence they - each in their separate fields - may be able to exercise on public opinion and in the councils of governments.

The CHAIRMAN then called upon the Delegate for South Africa.

Mr. van der POST (South Africa) said:

"Mr. CHAIRMAN - On behalf of the Delegation of the Union of South Africa, I wish to express our pleasure in having been associated with colleagues from seventeen other countries and with the members of the Secretariat in the interesting and very useful discussions of the past six weeks.

Unfortunately our ship has had to change Captain several times, but as third pilot in charge I am pleased to have been one of the convoy now approaching port. The convoy has had some troubled waters to traverse and has sailed at times under cloudy skies. That there should have been collisions and that all of us perhaps show some scars is not surprising. But despite all the difficulties, we are pleased that the convoy has weathered such stormy seas as it may have experienced, and now is ready to drop anchor at its first port of call.

If we exclude the Economic Conference of 1933, this Conference represents - certainly in this post-war era - the first great attempt on the part of a comparatively large number of countries, representative of both hemispheres and all latitudes to meet round a table and examine the problems of employment and freer trade. Difference of opinion there were bound to be, but the mere fact that so many persons representative of eighteen nations and, therefore, of widely differing interests, could meet and devote six weeks of close scrutiny and study to a desirable and common objective is, to say the least, most encouraging. What is still more encouraging is the degree of unanimity that has been reached between us as delegates on a number of important

points. We realize of course that nothing that we have done here, commits our individual governments, but nevertheless, the cordiality and degree of understanding which have characterized our discussions, even as discussions of officials, and the degree of unanimity reached by us on points of agreement as well as of difference as the Escape Clauses testify, augur well for the future.

We certainly should not be complacent, but more certainly need not be pessimistic or even sceptical about what our association of the past few weeks has attained. Our convoy is about to disperse, only, however, to converge again within another few months and steer upon our second goal. We wish the smaller convoy, which we are dispatching to New York, success in its course and look forward to our converging at Geneva in April with well-warranted courage to undertake the greater task which will await us there.

In conclusion, Mr. CHAIRMAN, I wish on behalf of our Delegation to thank you and the various Chairmen of Committees and Sub-Committees for your and their leadership, and the Secretary and his staff, including the translators, for their very efficient services."

The CHAIRMAN then called upon the Delegate for the United Kingdom.

Mr. MARQUAND (United Kingdom) said:

"We met six weeks ago to tackle a highly technical task. This task, the United Kingdom Government believes is of critical importance not merely for my own country, but for the future of the world. Somehow we must find the way of making it clear to the peoples of the world how much it means to them. At the moment, we are in the early stages and while the task is yet incomplete it might be the resolve of us all to secure greater understanding of what we are doing.

As I said, we are engaged on a task of great technical difficulty. What was it? We had to prepare annotated agenda for a further Conference. That Conference, we hoped, would lay the foundations of an International Trade Organization. At the same time it would begin the job - the necessary job - of removing some of the obstructions to the flow of

world trade and plan measures for increasing that flow. Our task was complicated, but our objective was modestly and realistically stated. We were not to solve the major problem. We were to explore them, to examine them, to state them, perhaps to outline the means by which they could be attacked. But we were to leave the major task to the further Conference.

Setting out thus modestly, we have exceeded our expectations. We have surprised ourselves. We have found almost complete agreement in stating the problems which must be solved. Perhaps they may seem easy; but we have also been able to agree in the main on the degree of importance of the various problems and the order in which they should be tackled. More than that, we have found a remarkable measure of agreement as to what the ultimate solution of everyone of our problems must be and as to the means we can use to ensure the solutions.

This we have been able to do because we have tried to be constructive, to go forward to something new, not merely to rectify the mistakes or correct the errors of the past. We have agreed not merely that we must free world trade from obstruction, but that we must expand it. We have accepted the objective of a high and stable level of employment; we have set down, in outline at least, means by which we think it can be attained. We have agreed on methods of international action which can be taken when the supply of primary commodities threatens seriously to exceed demand. There is no difference between us as to the need for an International Trade Organization and little difference as to its constitution. There are some differences among us as to the quickest means of diversifying the economies and increasing the wealth of underdeveloped regions, but there is no difference as to the need to do so. There may be some difference of emphasis about the restoration of the economic life of central Europe, but there is no difference of principle.

I am particularly glad that it should have been in the oldest capital city of the British Commonwealth that this agreement has been sound. You may well think after your experiences here that it should be

an advantage if our standard of living could be raised. You may even think that our climate could be improved. But I can see that you have all derived benefit from breathing the air of compromise which prevails in London. May I, like others, pay tribute, Mr. Chairman, to the sagacity and tact with which you have guided us to these happy conclusions and to the smoothness and efficiency with which the Secretariat has provided our technical services.

When the President of the Board of Trade welcomed this Conference at its first Session he said that in discussions such as these every nation must be prepared to give as well as to take. The United Kingdom Delegation at this Conference has followed that advice. So, I wholeheartedly recognize, have all other Delegations. But when we separate let us not imagine that the need for agreement and understanding has diminished. The prize that we seek to win is so great that we may all of us justly incur risks in order to gain it. Our need is urgent and time presses.

You will return now to report to your Governments. The Government of the United Kingdom hopes that every Government will look with a favourable eye upon these reports. I hope that these Governments will be able to send their Delegates to breathe the air of inspiration in Geneva in the Spring - an inspiration to resolve every difference and to carry through there with speed the bigger task of establishing world trade upon firmer and more lasting foundations than in the past." (Applause)

The CHAIRMAN then called upon the Delegate for the United States.

Mr. WILCOX (United States) said:-

"Today we come to the end, not of one meeting, but of six. We have completed a series of Conferences on international economic policy, dealing respectively with employment, industrial development, commercial relations, restrictive business practices, commodity arrangements, and the establishment of a new organization for world trade.

We have dealt with a subject matter that presents, in its combination of diversity, complexity, and political sensitivity, a problem so difficult that it might well have defied the negotiators!

art. Yet on every major issue that has been before us, in every one of these conferences, we have come, almost all of us, to an identity of views. We have worked steadily and quietly, in an atmosphere of cordial co-operation, where each has sought to find his own interest in a purpose that is common to us all. And we have completed our task within the time that we allotted to it when we met.

We have arrived at wide agreement, speaking as experts without committing our governments, on nine-tenths or more of the text of a new charter for world trade, employment, and economic development. I am happy that the preparatory work that was done within my own government has contributed to this result. But I am equally happy that the draft that is now taking form has a better balance, a greater realism, and a finer precision than the one with which we began. The document that is emerging will give expression, not to the lowest common denominator, but to the highest common denominator of our views. The principles on which we have built are sound. Our work has been well done. We have gone farther and faster, I am sure, than any one of us had dared to hope was possible six weeks ago.

We have made a good beginning, but it is only a beginning. The instrument that we have forged in London must be polished this winter in New York, hardened with the alloy of trade negotiations next spring in Geneva, tested in the conference of many nations that will follow, accepted by world opinion, and put into operation by governments. The way ahead of us is long and may be difficult. But we are facing in the right direction and we have taken the first sure steps toward our common goal. And in this there is a great promise for a worried and a weary world.

As we have struggled here with the technicalities of unconditional most-favoured-nation treatment, disequilibrium in the balance of payments, non-discrimination in the administration of quantitative restrictions,

and procedures to be followed in multilateral selective negotiations on tariffs and preferences, we have not lost sight, I trust, of the deeper problems that underlie these mysteries. For the questions that we have really been discussing are whether there is to be economic peace or economic war, whether nations are to be drawn together or torn apart, whether men are to have work or be idle, whether their families are to eat or go hungry, whether their children are to face the future with confidence or with fear. Our answer to all of these questions is written in the Charter for the world to read.

In conclusion, Mr. CHAIRMAN, I should like to express, for my colleagues and myself, our gratitude for the many courtesies that have been shown us during these meetings, our admiration for the men with whom we have worked both day and night over the past six weeks, our affection for those whom we have come to know as personal friends, our deep appreciation of the spirit of good-will that has animated all of the deliberations of this Committee, from the beginning to the end. We are pleased and we are proud to have been associated with such a group in such an enterprise."

The CHAIRMAN said that he had listened with the greatest attention to the statements made by the various delegates, and was glad to note that each one carried the same impression as that to which he himself had referred in his opening speech.

Before declaring the meeting closed, he wished to say how very touched he had been by the sympathetic references to himself made in the speeches of his colleagues. They had all worked hard but their work had been made easier by the close and earnest attention that they had devoted to it, and by the sense of humour which had prevailed throughout.

He would like to express to the United Kingdom Delegate on his own behalf and on that of his colleagues, their appreciation of the hospitality that they had received in the well-loved city of London. Of Church

House and its somewhat devious byways they would retain very happy memories. The admirable results that had been attained were due in no small measure to the guidance of the Chairmen of the various Committees, and he regretted that some of them were absent from this final meeting. They had all shown themselves to be masters of the tasks assigned to them. In conclusion, he would like to thank Mr. Wyndham-White and Mr. Lacarte for the exemplary way in which they had discharged their arduous duties.

Speaking in English, the CHAIRMAN thanked all the members of the Secretariat for the very hard work that they had put in, and particularly the interpreters, whose task had sometimes appeared to be a thankless one. In returning his grateful thanks, the CHAIRMAN wished the delegates the compliments of the season, and looked forward to meeting them again in Geneva in the spring.

Mr. SPEEKENERINK (Netherlands) on behalf of his colleagues wished to express his great appreciation of the debt which the Conference owed to the impartial and wise guidance of the Chairman.

He had steered the Conference with a tact and ability which was beyond all praise, and the fact that it had been possible for the work of the Conference to be concluded at an earlier date than anyone had dared to hope, was due in no small measure to their Chairman.

The CHAIRMAN then declared the sixth Session of the Plenary Meeting of the Preparatory Committee closed.

The Meeting rose at 4.30 p.m.