

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

There is circulated below the text of a letter received by the Executive Secretary from Mr. Thorsten Odhe, Observer from the International Cooperative Alliance at the Second Session. The International Cooperative Alliance had previously been advised of the arrangements for consultation with non-governmental organizations in Category A, set out in Document E/PC/T/45, Rev.1.

Mr. Odhe states in his letter that the International Cooperative Alliance is particularly interested in Chapters I, II, III, IV, VI, VII and VIII of the Draft Charter, and there is attached hereto a paper containing their comments on Chapter VI. Mr. Odhe also indicates that his organization may wish to submit further comments during the course of this Session.

THE INTERNATIONAL CO-OPERATIVE ALLIANCE

To the Executive Secretary of the Preparatory Committee
of the United Nations Conference on Trade and
Employment.

Sir,

As the observer of the International Co-operative Alliance at the Second session of the Preparatory Committee of the United Nations Conference on Trade and Employment I have been instructed to extend the best wishes of the Alliance for a successful completion of your work to elaborate the Charter of the International Trade Organisation. The International Co-operative Alliance, which represents national co-operative organisations in 26 countries with a total membership of 70 million families, is warmly interested therein that an international organisation under the auspices of the United Nations should be carried into effect, with the general purposes suggested for the International Trade Organisation - for the coordination of the different national households of the world aiming at harmonising production and consumption with a view to bringing about and safeguarding full employment and a rising living standard for the broad masses of the peoples. Hereby possibilities would also be created for gradually reducing and ultimately abolishing the international trade barriers and for the joint utilization by all nations of the abundant resources of the world.

The executive bodies of the International Co-operative Alliance are at present studying the Draft Charter elaborated by the Preparatory Committee. I have been instructed to inform you that the Alliance is particularly interested in the Chapters I-IV and VI-VIII of the Draft and desires to get an opportunity to submit to the Preparatory Committee and its sub-commissions - through its observers at the Second Session, the undersigned with Dr. Max Weber as his substitute - its comments on the different Chapters and, to be able to offer its consultation as completely and exhaustively as possible, through us to attend their meetings.

For the day I beg to submit to you some introductory comments on Chapter VI, reserving the opportunities of the Alliance to hand in complementary documentation during the course of the proceedings.

Yours sincerely,

Thorsten Odhe.

Comments on Chapter VI.

Ever since the end of the first World War the International Co-operative Alliance has been increasingly watchful of the activities of national and international cartels and combines. In their endeavours to start and carry on industrial enterprises and to mutually exchange the products of these enterprises with a view to placing at the disposal of the consumers goods at the lowest possible prices national Co-operative Wholesales and Productive Organisations have frequently encountered restrictive business practices of the kinds enumerated in Article 39 of the Draft Charter. By reason of such incidents and carried by its general desire to contribute to facilitating production on the widest possible scale by Co-operative Organisations, as well as international Co-operative Trade Exchange, the Alliance has been closely watching the developments in the field of international cartels and combines and has from time to time undertaken special investigations of international cartels and other industrial combinations.

The wide bearings of national and international monopolistic organisations on the world economic development in general have been fully understood by the Alliance, having been able to state the immediate injurious effects of monopolistic practices in a steadily increasing number of cases in which Co-operative Organisations in different countries have been directly or indirectly concerned. The harmful consequences of monopolistic combinations, particularly of those organised on an international scale and of late more and more extending their control into the field of rawmaterial production, lie not only in the limitation of production to achieve higher prices, thereby directly encroaching upon the legitimate interests of the consumers and counteracting the predominating interest of all national economies to bring about full productive employment, but also in giving rise to international conflicts of a political nature. By dividing up the international markets the monopolistic organisations, at the side of state-created obstacles to international trade, constitute a powerful impediment to the expansion of international exchange of goods. The Alliance fully agrees with the initiators of the proposals for an International Trade Organisation that in numerous cases international cartels and trusts form even more powerful and effective hindrances to an expanding international trade than excessive duties and other restrictions imposed by the state, because private restrictive agreements on an international scale are at present generally not within reach of Government measures in the different countries.

The International Co-operative Alliance expressed its views on the problems of control over international monopolistic combinations, appearing increasingly urgent in the light of the past experiences revealed during the war and of the needs for a speedy and unhampered economic reconstruction of the world, immediately after the close of hostilities. The first Post-War Conference of representatives of national Co-operative Movements affiliated to the Alliance, meeting in London on the 10th of September, 1945, unanimously resolved:

"That the United Nations Organisations be urged to take measures in restraint of the imperialistic tendencies of monopolies and cartels, thus enabling Co-operative Organisations to an equitable share of the raw materials and to develop them as a practical means of aiding the implementation of the Atlantic Charter and of safeguarding the people's aspirations for the establishment of a democratic economy of plenty, upon which the maintenance of peaceful relations among nations is declared to depend."

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The injurious effects of the monopolistic organisations have also been understood by many countries, which, as a consequence, have tried to impose public control over domestic cartels. It is typical of the anti-monopolistic measures applied in various countries that they only apply to the home market. In the United States of America the Webb-Pomerene Act of 1918, establishing an exception from the anti-trust laws for combinations engaged in the export trade, facilitated American collaboration in international cartels, while the anti-trust legislation otherwise aims at preventing monopolistic exploitation of the country's own consumers. One of the reasons for this, in all probability universal, phenomenon - as already mentioned - is the practical impossibility of securing control over international cartels through measures adopted by a single country, or through separate measures in different countries. When providing for co-ordinating measures by the Member countries aiming at the control over restrictive business practices falling into the field of activities of international monopolistic cartels the Draft Charter makes a wholehearted attempt at finding a remedy for this deficiency, which is altogether along the lines of the suggestions previously made at various occasions by the International Co-operative Alliance.

The Draft Charter lends due impressiveness to the importance of co-ordinated control measures aiming at giving publicity to the existence and activities of international industrial combinations, thereby following the recommendations of the World Economic Conference at Geneva in 1927, which resolved that

"Conference is of the opinion that publicity concerning the nature and activity of the associations is one of the most effective means, on the one hand to win the support of public opinion for such agreements as serve the public interest, on the other to prevent possible misuse."

In various laws enacted by Governments with a view to checking misuse of the power of national cartels and trusts the widest possible use has been made of the publicity instrument to implement the object of the control legislation, which is to evoke competition by outsider enterprises and market forces generally. The most effective competition against cartels abusing their domination over the market is bound to be offered by the consumers' co-operative organisations which, in accordance with their nature of the consumers' own enterprises established with the purpose to defend the interest of the consumers in the lowest possible market price, cannot be imagined joining agreements with the cartels to restrict production and keep up prices. In Sweden, as a result of co-operative initiative, the recently (in 1946) enacted Law on Combinations in Restraint of Trade, provides for most extensive publicity, aiming at forcing every agreement for the limitation of competition to be made public. To this end it has been stipulated that all cartel agreements shall be registered with a public authority, all enterprises or business entities members of any combination or partners to any agreement in restraint of trade being bound over by the Law to send in all particulars of the agreements in question to the Control authority, at the request of this authority. The Alliance is sincerely convinced that the experiences in those countries where provisions for the compulsory registration of cartels and combines in restraint of trade have been in force for a considerable time (e.g. Norway, Denmark) may call for the attention of the Preparatory Committee to give renewed consideration to the drafting of Chapter VI, articles 41-43, with a view to submitting to a closer study whether provisions for the compulsory registration of restrictive business practices within the International Trade Organisation and for giving such a register the widest possible degree of publicity might not advantageously be introduced into the Charter with the purpose of furthering the attainment of the main aims implied by Chapter VI of the Draft Charter.

As I have already mentioned Co-operative Organisations in their practical activities have at numerous occasions encountered restrictive business practices of the kinds referred to in Chapter VI and have thus been able to collect extensive and many-sided information on the particulars and tendencies of restrictive activities of national and international monopolistic combinations. It is to be assumed that the general nature of consultation to be provided to the International Trade Organisation by the International Co-operative Alliance in its capacity as a non-governmental organisation of Category (a) ought to imply also the supplying of information in this field gathered by the Co-operative Movement by the intermediary of the Alliance. If so, the Alliance submits to the consideration of the Preparatory Committee, whether it might not be useful to prescribe the procedure of this consultation in a more detailed manner, which, it seems, might easily be done by inserting appropriate provisions in Article 40, par. 1, stating the duty of the Organisation, in connection with the procedure with respect to complaints and conferences, to request not only Member Countries, but also non-governmental (and inter-governmental) organisations to furnish information relevant to the investigation of complaints and to the determination by the Organisation whether the practices in question have or are about to have the effect described in paragraph 1 of Article 39. If it will seem necessary to the Preparatory Committee to limit the number of non-governmental organisations to be consulted in this connection, it will, under all circumstances, seem fair and well adapted to the purpose to be pursued by the investigations according to Article 40 to state the express right of the International Co-operative Alliance, as the one among the international organisations in the first line keeping watch over the interests of the general consumer, to be regularly invited to take part in the investigations and hearings prescribed by this Article.