I. PROGRAMME OF MEETINGS

Friday 18 October 1946

Time
10.30 a.m.
12.00 noon

A. Plenary Meetings
Fourth Plenary Session
Meeting of Heads of Delegations

B. Committee Meetings
Committee I: Employment and Economic Activity
Committee II: General Commercial Policy (Restrictions, Regulations and Discriminations)
Committee IV: Commodities (International Commodity Arrangements)
Committee III: Cartels (Restrictive Business Practices)
Committee V: Administration (Administrative & Organisation)

Room
General Committee Room Room 143
Committee Room I - 230
Committee Room II - 243
Committee Room IV - "G"
Committee Room IV - "G"
Committee Room V - "Convocation Hall"
II. AGENDA

Friday 18 October 1946

Plenary Meetings

Fourth Plenary Session

Continuation of general statements by Delegations on the scope of the work of the Preparatory Committee.

Committee Meetings

1. Election of Chairman and Vice-Chairmen

2. Preliminary consideration of agenda and programme of work.

3. Explanation by Secretariat of arrangements for records of Committee meetings.

4. Date of next meeting.

III. RECORD OF MEETINGS

Second Plenary Session of the Preparatory Committee

Held on Thursday, 17 October 1946 at 11 a.m.

Chairman: Mr. M. SUETENS (Belgium)

General Statements by Delegations

MR. WILCOX (United States of America) said:

"When a dog bites a man, according to a saying that is common in my country, the event goes unrecorded in the press. But when a man bites a dog, the story is good for a headline on page one. So it is with the popular appraisal of the progress that has been made, since the war, toward the reconstruction of a world order. The difficulties that have been encountered and the persisting threat of failure are uppermost in every mind. The solid successes that have been achieved are taken for granted, as if they were a matter of routine. This attitude is understandable; conflict is exciting; agreement is dull. But it is sadly lacking perspective; the big news, the important news, is not that nations have encountered difficulties, but that they have surmounted them; not that their efforts are threatened with failure, but that they have been attended by so large a measure of success.

"The world has gone a long way, in the last few years, towards binding itself together in a network of agencies for international co-operation. The organization of the United Nations has been established; the General Assembly, the Security Council, and the Economic and Social Council, with their several commissions and sub-commissions, are now going concerns. The United Nations Relief and Rehabilitation Administration, the Food and Agriculture Organization, the International Monetary Fund, the International Bank for Reconstruction and Development, the Civil Aviation Organization, the United Nations Educational, Scientific and Cultural Organization, and the World Health Organization have joined the International Labour Organization as specialized international agencies. The nations are developing the programme and
organizing the institutions through which they can work together, side by side, to reconstruct a shattered world. For so much in the way of concrete accomplishment, in so short a time, there is no precedent in history.

"Much has been done; much remains to be done. The General Assembly, meeting this month in New York, will act upon the recommendation of the Economic and Social Council for the establishment of an international organization for refugees. The United Maritime Consultative Council, meeting in Washington, will consider the creation of a world-wide inter-governmental organization for maritime affairs. A reconstituted international telecommunications organization is now under discussion in Moscow, and a conference to plan for such a body may be held in the spring of 1947. And finally our own committee has been charged with the responsibility of writing a constitution for an organization in the field of international trade.

"Of the many tasks of economic reconstruction that remain, ours is by all odds the most important. Unless we bring this work to completion, the hopes of those builders who preceded us can never be fulfilled. If the peoples who now depend upon relief are soon to become self-supporting, if those who now must borrow are eventually to repay, if currencies are permanently to be stabilized, if workers on farms and in factories are to enjoy the highest possible levels of real income, if standards of nutrition and health are to be raised, if cultural interchange is to bear fruit in daily life, the world must be freed, in large measure, of the barriers that now obstruct the flow of goods and services. If political and economic order is to be rebuilt, we must provide, in our world trade charter, the solid foundation upon which the super-structure of international co-operation is to stand.

"From the project of establishing an international trade organization, I take it, there is no dissent. But with regard to details, there will be many views. It would be well, therefore, at the outset, to find the fundamental principles on which all nations can agree. Of such principles, I should like to suggest five; and, with your permission, I shall state them, dogmatically, and comment briefly upon each.

"The first principle is that existing barriers to international trade should be substantially reduced, so that the volume of such trade may be large -- larger, certainly, than it was between the two world wars. Readier access to foreign markets is needed if nations are to earn the foreign exchange that will enable them to pay for the imports that they require. Increased trade, with greater specialization and more active competition, should enhance the productivity of labour, cut the costs of production, enlarge the output of industry, and add to the richness and diversity of daily living. More goods should flow from less effort and levels of consumption should be heightened all around the world. A renewed sense of well-being should contribute, in turn, to domestic stability and to international peace. Abundant trade is not an end in itself; it is a means to ends that should be held in common by all mankind.

"The second principle is that international trade should be multilateral rather than bilateral. Particular transactions of course, are always bilateral; one seller deals with one buyer. But under multilateralism the pattern of trade in general is many-sided. Sellers are not compelled to confine their sales to buyers who will
deliver them equivalent values in other goods. Buyers are not required to find sellers who will accept payment in goods that the buyers have produced. Traders sell where they please, exchanging goods for money, and buy where they please, exchanging money for goods. Bilateralism, by contrast, is akin to barter. Under this system, you may sell for money, but you cannot use your money to buy where you please. Your customer insists that you must buy from him if he is to buy from you. Imports are directly tied to exports and each country must balance its accounts, not only with the world as a whole, but separately with every other country with which it deals.

"The case against bilateralism is a familiar one. By reducing the number and the size of the transactions that can be effected, it holds down the volume of world trade. By restricting the scope of available markets and sources of supply, it limits the possible economies of international specialization. By freezing trade into rigid patterns, it hinders accommodation to changing conditions. Multilateralism follows market opportunities in a search for purely economic advantage; bilateralism invites the intrusion of political considerations. It will be agreed, I trust, that nations living in the middle of the twentieth century should not be thrown back to the primitivism of barter, with all of the inconvenience, all of the costs, and all of the risks which such a system entails.

"The third principle is that international trade should be non-discriminatory. This principle would require that every nation give equal treatment to the commerce of all friendly states. It should be evident that discrimination obstructs the flow of trade, that it distorts normal relationships and prevents the most desirable division of labour, that it tends to perpetuate itself by canalizing trade and establishing vested interests and, finally, that it shifts the emphasis in commercial relations from economics to politics. Discrimination begets bilateralism as bilateralism begets discrimination. If we are to rid ourselves of either one of them, we must rid ourselves of both.

"The fourth principle is that prosperity and stability, both in industry and agriculture, are so intimately related to international trade that stabilization policies and trade policies must be consistent, each with the other. It should be recognized that the survival of progressive trade policies will depend upon the ability of nations to achieve and maintain high and stable levels of employment and upon their willingness to protect the producers of staple commodities against the sudden impact of violent change. It should be recognized, too, that the advantages of abundant trade cannot be realized if nations seek to solve their own employment problems by exporting unemployment to their neighbours, or if they attempt, over long periods, to hold the production and prices of staple commodities at levels that cannot be sustained by world demand. Programmes that are directed toward the objectives of prosperity and stability, on the one hand, and abundant trade, on the other, will not often be in conflict. But when they are, they must be compromised."
"The fifth and final principle is that the rules that govern international commerce should be so drafted that they will apply with equal fairness and with equal force to the external trade of all nations, regardless of whether their internal economies are organized upon the basis of individualism, collectivism, or some combination of the two. The United States, among other countries, will continue to entrust the management of her industry and the conduct of her trade to private enterprise, relying primarily for guidance upon freely determined market price. Some countries have taken over the entire operation of their economies, guiding production according to the requirements of a central plan. Others have committed substantial segments of their industry and trade to public ownership under varying patterns of control. There can be no question concerning the right of every nation to adopt and to maintain, without external interference, the form of economic organization that it prefers. But it should be agreed that this diversity of economic systems need not and cannot be permitted to split the world into exclusive trading blocs. Every nation stands to gain from the widest possible movement of goods and services. Every nation should recognize an obligation to buy and sell abroad, wherever mutual advantage is to be obtained. The rules that apply to diverse trading systems must differ in detail, but they should not differ in principle. That international trade should be abundant, that it should be multilateral, that it should be non-discriminatory, that stabilization policies and trade policies should be consistent -- these are propositions on which all nations, whatever their forms of economic organization, can agree.

"These are the principles that the United States has sought to embody in the Proposals for Expansion of World Trade and Employment that it published in December of last year, and to elaborate in the Suggested Charter for an International Trade Organization that it circulated to other members of this Committee during the past summer and published on September twentieth. The latter draft, in accordance with the resolution of the Economic and Social Council, has been submitted to the Council's secretariat for transmission to this Committee. We hope that it will be accepted as a working document, that it will afford a useful basis for discussion, and that it will facilitate the process of arriving at agreement on a final draft.

"The importance which my Government attaches to this enterprise is evidenced by the years of labour it has put into the writing of the Proposals and the Suggested Charter. As they stand, these documents give expression, in principle, to the policy of the United States. But they are not to be taken, in detail, as presenting a formulation which we regard as fixed or final. We have sought, through consultation with other governments and through modification of our earlier drafts, to take into account the interests and the needs of all nations, be they large or small, highly industrialized or relatively undeveloped, capitalist, socialist, or communist. But we do pretend that we have said the last word, dotted the final "i", or crossed the final "t". If we have not succeeded in meeting legitimate requirements, we shall be ready to consider further modifications. It would not be in our own interest to insist upon provisions that may be detrimental to the interests of other states. As far as we are concerned, however, our cards are on the table. The Suggested Charter expresses, in general outline, what we want.
The present draft is not a product of pure altruism. We conceive the principles which it embodies to be in the interest of the United States. We want large exports. An important part of our agricultural activity has long been directed toward sales abroad, and now our heavy, mass-production industries also are geared to a level of output which exceeds the normal, peace-time demands of our domestic market. We want large imports. The war has made great inroads on our natural resources; we have become and may increasingly become dependent upon foreign supplies of basic materials. The quantity and the variety of our demand for consumers' goods are capable of indefinite expansion. Abundant trade is essential to our industrial strength, to our economic health, to the well-being of our people.

But surely it is true that this interest is one that is shared, in greater or lesser degree, by every other nation in the world. Indeed, if the importance of untrammelled trade to the United States is great, its importance to many other nations must be compelling. Countries that are small, populous, and highly industrialized must have access to foreign markets if they are to earn the exchange with which to pay for foodstuffs and raw materials. Countries that specialize in the production of a smaller number of staple commodities must have access to such markets if they are to maintain the basis of their economic life. Countries that have been devastated by the enemy must be enabled to sell abroad if they are to obtain materials for their reconstruction. Countries that are relatively undeveloped must be enabled to make such sales if they are to acquire equipment for their industrialization. Countries that have borrowed for either of those purposes must be permitted to earn exchange if they are to service their debts. If the trade of the world were to be governed by rules the opposite of those contained in the Suggested Charter, the United States would deeply regret it, but it could adapt itself to the resulting situation; its economy would survive the strain. But other nations, in this respect, are less fortunately endowed than are we. For us, the strangulation of trade would necessitate a difficult re-adjustment. For other, it would spell catastrophe.

It will doubtless be remarked, in the course of these proceedings, that the United States has not always practiced the gospel that it now presumes to preach. This I admit. But the fact that we have sinned in the past should not be taken to justify all of us in sinning in the future, to our mutual harm. Certainly, it should not be inferred that the economic strength of the United States can be attributed to the restrictions that we have imposed on our external trade. We have within our borders an area of 3,000,000 square miles, diverse resources, and a market of 140,000,000 customers. And the founders of our republic wisely provided that this vast market should not be split by customs barriers. As for our foreign trade, I submit that our present proposals should demonstrate that we can learn from history.

It will probably be said, too, that the provisions of the Suggested Charter, particularly those that deal with commercial policies and restrictions business practices, are negative rather than affirmative. It is true that the work of reducing barriers to trade and eliminating discriminatory practices is negative, in the same sense in which the work of a surgeon who removes a diseased appendix is negative. But for proposing an operation that is required to restore the body economic to full health, we offer no apologies. The other chapters of the Charter, however, particularly those that deal with employment policy, commodity arrangements, and the framework of an international trade organization, are scarcely to be described as negative. And the Charter as a whole is designed to make affirmative provision for the expansion of world trade.
The draft recognizes that provision must be made to enable underdeveloped countries to achieve a greater diversification of their economies. And, in this connection, I wish to make clear that the United States affirmatively seeks the early industrialization of the less developed sections of the world. We know, from experience, that more highly industrialized nations generate greater purchasing power, afford better markets, and attain higher levels of living. We have sought to promote industrialization by exporting plant, equipment, and know-how, by opening markets to countries that are in the early stages of their industrial development; by extending loans through the Export-Import Bank; by participating in the establishment of the International Bank. We recognize that public assistance may be required, in some cases, to enable new industries to get on their feet. But we believe that such aid should be confined to enterprises that will eventually be able to stand alone and that it should be provided directly, by public contributions, rather than indirectly by restraints on trade. The interests of underdeveloped countries in sound industrialization cannot be served, effectively, by imposing arbitrary restrictions on the flow of goods and services. We believe, finally, that the Economic and Social Council and some of the specialized agencies of the United Nations, including the proposed International Trade Organization, may make affirmative contributions to the process of industrial development, and we stand ready to consider all serious proposals that are directed toward this end.

"Every nation, of course, will feel that its own situation is in some respect peculiar; that some special provision is required to meet its needs. Exceptional cases will call for exceptional rules. And such rules must be written into the Charter where the need for them is real. But they must be particularized, limited in extent and time, and set forth in terms of fixed criteria. Mutuality of benefit and of obligation must be preserved. No special interest, however worthy, can justify a sweeping exemption from general principles. Exceptions must be made, but they cannot be made in terms so broad as to emasculate the Charter as a whole. We have been called together to create an organization that will liberate world trade. If our efforts are to succeed, it will be by virtue of the fact that each of us has come prepared to make his contribution to the common enterprise.

"In conclusion, let me repeat that my country seeks a Charter and an Organization that will apply with equal fairness to the trade of every nation in the world. If it should be shown that any one of the detailed provisions of the present draft is really detrimental to the essential interests of another state, we shall recommend that it be withdrawn or modified. I remarked, at the outset, that conflict is exciting and agreement dull. It is the hope of my delegation that the proceedings of this Committee will be dull. We shall do everything in our power to make them so."

MR. MARIO MOREIRA DA SILVA (Brazil) said:

"The organization of international trade, based on the expansion of commercial exchanges between nations, is the object which brings together at a Preparatory Meeting in this ancient city of London a group of representatives of countries interested in the establishment of world peace.

"Brazil has sent to this meeting a Delegation entrusted with the duty of expressing the sentiments of the Brazilian Government and the public opinion of Brazil: and the first duty of the Delegation is to express the hope that the results of these labours for the establishment of new means of promoting the welfare of the nations, welfare based on
justice will be successful. Brasil desires to devote all her efforts to the achievement of that aim in this period of readjustment for peace, as she did in the war period, when she contributed her resources of raw materials and the ardent youth of her population to the common cause. Having thus contributed material resources and manpower to the war, Brasil emerges with considerable arrangements of her national economy, and is all the more readily disposed to work for the organization of peace.

"Brasil has no other interests differing from those of any of the countries here assembled, all of which are directed in the last resort to a more equitable distribution of the benefits provided by Nature and reduced to his service by Man.

"The object which this meeting has in view is to study means of expanding trade between the nations and promoting their economic development. The road to that goal is by way of the revision of tariffs and other obstacles to world trade, as also by the elimination of all kinds of discriminatory treatment as between countries. Brasil has no reason to feel uneasy in the matter of this proposal, because she has no high tariffs and is not one of those nations whose state budget is based on this form of taxation. But the knowledge which we have of the requirements of countries, whose economic structure is based not so much on industry as on the production of raw materials and foodstuffs, convinces us of the inadequacy of any solution limited to increase in the distribution of the goods produced. What is primarily needed is international co-operation on the most ample scale, based on complete knowledge of the situation of each country in the world. The indefinite increase of the production of commodities is not the sole object of international commerce. Its object is rather to increase the well-being of the people by the correction of economic inequalities. It is the task of international commerce to help diminish the differences in the standards of living of the peoples, who are not equally blessed by Nature or by historic development.

"Countries, in which the production of raw materials and agricultural products is predominant, are subject to violent fluctuations where there is too rapid a reduction of their exports. Brasil agrees that increase in the volume of international trade is eminently desirable. Such increase is possible in one of two ways - either by reduction, and possibly abolition, of customs barriers or by increasing the purchasing power of the peoples. The object of these two things is the same: but the one is negative and the other positive. It is our conviction that the positive policy will do more to increase world trade than the negative policy, because the positive policy is a dynamic policy and can call into being new forces of consumption. It is on the basis of this conviction that Brazil advocates measures with a view to the industrialization of the less developed countries.

"The Brazilian Delegation proposes to submit a number of suggestions which faithfully reflect the aspirations of the Brazilian people. She does not doubt that these suggestions will meet with understanding and approval at this Conference, since it is only agreement based on realities which admits of execution and commands respect.

"The Brazilian Delegation greets the representatives of the peoples, and the efforts which they are about to make to lay economic foundations for the peace of the world; and at this inaugural meeting of the Preparatory Committee of the International Conference on Trade and Employment she respectfully salutes the City of London, which has endured nobly the rudest shocks of war, but will unquestionably emerge greater and more venerable than ever for the blessing of her people and for the advance of humanity as a whole."
DR. COOMBS (Australia) said:

"Australia, like the United States, approaches the subject-matter of this Conference with certain basic principles in mind, and they, too, number five. Since they are somewhat different from those stated by Mr. Wilcox, it may be of interest to the Conference if I enumerated them.

Our first principle is that each member government should do all in its power to ensure to every man living within its borders the opportunity of employment from which he can earn an income with which to buy the goods and services produced by others in his own and other countries. Unless this is done, it will be futile to clear the channels of trade since without jobs and incomes the wants of most men must go unsatisfied, and there will be no demand for goods to flow through the channels of trade.

The second principle is that member governments should undertake that they will make it possible for their people to use their incomes to buy goods from other countries or to invest in the development of those countries up to the limit of their currently available international resources. Only if this is done will high employment and incomes have their full effect on international trade.

The third principle is that member governments will do all in their power by developing their economic resources to open out for their people new and more varied opportunities for employment and the hope of steadily increasing rewards for their labour. Upon this principle depends the hope of an expanding volume of world trade and of higher living standards for all people.

The fourth principle is that member governments should jointly and severally take action to protect the primary producers of their own and other countries from the violent fluctuations in prices and incomes to which they have been exposed in the past. While this threat of insecurity overhangs the primary producer, he cannot hope to achieve proper levels of efficiency or reasonable standards of living.

The fifth and final principle is that the rules which are to govern international commerce and the structure of the international organization to be established to deal with it should be such as to assist member governments to fulfill these obligations. Only if this is done can those rules be accepted as just and that organization build for itself an effective place in the world as an instrument of planned and intelligent change rather than a defender of established interests.

I would not suggest that the principles I have outlined are necessarily in conflict with those enunciated by Mr. Wilcox; indeed on many points we are in full agreement. It is, however, clear that there is between them at least some difference of emphasis. For the Australian Delegation I can say that we are looking forward to the task of reconciling them. While I can assure Mr. Wilcox that the process will not be dull, I do not despair of success.

However, unlike the United States, we cannot comfort ourselves with the belief that we can face failure to build a rational world order without serious harm to our economic welfare. We are too conscious of our exposure to the economic blizzards of the world for us to have anything but the strongest sense of urgency about the task which lies ahead of us."
"This does not mean that we will not hold firmly to what we believe to be right. There is told among the natives of the part of the world from which I come a legend which expresses well our attitude - and I believe that of many of the representatives of the smaller nations. Once, the legend runs, a young native set out to sea in a frail canoe. The journey was long, and while he was yet at sea, night fell. During the night the sky became overcast, the wind swelled to a gale and the seas came mountains high. It seemed certain that the tiny craft and its master would be overwhelmed. Finally the native prayed to the Gods of his people for aid.

"But his prayer was the prayer of a man - for he prayed not that the wind would fall or the seas subside, but that his Gods would clear away the clouds that he might see the stars by which to plot his course.

"so we, too, do not come here in the hope that all will be made smooth. But let the great nations remember that the vagaries of their economic systems can make mockery of all our plans and endeavours, and let them measure their offering on the altar of co-operation according to their strength and their responsibility. We may then hope that by our combined obligations we will dispel the clouds of insecurity, so that we all shall see the stars and find our way, however wild and unyielding the Nature from which we wring our living, into a world where the limits of our achievements will be set by our own skill, our own wisdom, and our own courage."

MR. LEBON (Belgium-Luxembourg) said:

"It was in September 1945, in the course of financial negotiations with the Government of the United States, that the Belgian Government expressed its agreement as to the desirability of convening a Conference on Trade and Unemployment. Some months later the Joint Proposals were the subject of careful consideration by the Belgian Government Offices concerned, together with the draft Proposals previously submitted by the United States Government.

"In general the Belgian and Luxembourg Governments are agreed as to the objectives to be attained. Recovery and economic stability are inconceivable without a resumption and expansion of trade between the different countries; and this requires a relaxation of customs regulations and an alleviation of the many restrictions now in force. If any progress is to be achieved and maintained in this direction, the different states must of necessity agree to co-operate, and to maintain their co-operation.

"It is in this spirit that the Belgian and Luxembourg Governments approve the greater part of the proposals expressed in the United States draft. Their economic policy is in agreement with the general policy of the draft. The Belgo-Luxembourg Customs Union is the first economic unit since the liberation of its territory to restore freedom for a large number of commodities both in the case of imports and in the case of exports. It may be said that at the present moment one third of the in-coming trade and one third of the out-going trade of the Union are free from any restrictions. This naturally is an experiment; and the circumstances will decide whether this state of affairs can be maintained. A serious effort has already been made by our two countries to the significance of which it is worth while to draw attention. The Customs Agreement, which the Belgo Luxembourg Customs Union concluded on 5 September 1944, with the Netherlands, is also in harmony with the spirit of the Anglo-American Joint Proposals.

"These considerations are sufficient indication of the spirit in which the Belgo-Luxembourg Delegation approaches the present Conference. It is full convinced of the interest which attaches, not only for the
Belgo-Luxembourg Customs Union but for the whole world, to the
success of the Conference. We regard a standardization of economic
relations on the basis indicated in the American draft as essential.
But standardization alone will not suffice to establish economic
peace. Here is needed. It will not be enough to ensure that the
principles of freedom and the absence of discrimination prevail: it
will not be enough to lower customs duties and to alleviate, or even
abolish, all restrictions. It will also be necessary to secure,
whether by the agency of this Conference or by that of other bodies, a
minimum of co-ordination between the economic policies of the
different countries. Lack of co-ordination between the different
policies of production, export and import, might well plunge the
world into a new chaos. We see how international organizations are
being set up, such as the F.I.O., the E.E.C., the E.C.O. and the E.C.I.T.O.,
the purpose of which is to bring about co-ordination in certain
important economic connections. It is with a view to achieving
complete success in the realization of these aims that the Belgo-
Luxembourg Delegation is prepared to consider in detail the
American draft."

MR. McKINNON (Canada) said:

"The Government of Canada welcomes the opportunity it hopes will
be afforded by this meeting of making its contribution to the
attainment of what appear to be the general objectives of all the
governments represented here today.

"My colleagues and myself have come to this meeting of the
Preparatory Committee as officials, not to undertake commitments
but to assist in exploring the means for the achievement of our
common objectives relative to trade and employment. Our country
has a vital concern in connection with every aspect of these
objectives, as witness the words used by the Prime Minister of Canada
in tabling in Parliament the United States Proposals in these matters -
at that time the only proposals which had been made:

'It may be contended by some of the countries here represented
that expanding trade is the source of over-increasing employment -
and by employment I mean the entire field of productive effort, that
of the primary producer as well as that of the skilled artisan; by
others, that a high level of employment is a pre-requisite to and a
guarantor of greater and greater trade. That these two work to­
gether to the common good has been and is the belief of my government,
which in its White Paper on Employment and Income has stated as
follows:

'In pressing for international arrangements which would
permit and encourage the expansion of world trade the govern­
ment is impressed not only with the importance of trade from
the point of view of the Canadian economy but is also con­
vinced that a high degree of freedom of trade is thoroughly
compatible with and necessary to a balanced programme for
permitting a high level of employment and income.'
"The task entrusted to this Committee is to examine the subject matter placed before it, not with a view to formulating rigid decisions, which is a task for governments, but rather to assess as experts the aim and content of the various proposals placed before us and to discover, if we can, the broadest area of mutual agreement therein. Until we have done that in reasonable detail we are not in a position to pass a competent opinion as to their respective merits. Indeed, until we have done that we have not discharged the obligation laid upon us by the Economic and Social Council of which we are a Committee.

"In this spirit, Mr. Chairman, the view of the Canadian Delegation is that we should without undue delay address ourselves to the very heavy duties that await us in the various working Committees."

H.E. SENOR DON MANUEL BLANCHI (Chile) said:

"The Chilean Delegation wishes to express, through myself as their intermediary, their great satisfaction at the holding of this Conference, the object of which is to strengthen and enlarge the economic and commercial relations between the United Nations.

"I wish to recall to mind to-day that as long ago as 1855, at the drafting of our Civil Code, Chile upheld the principle of equal treatment in civil law for her own nationals and for those of other countries. From that time on she has welcomed and encouraged co-operation with all nations and has manifested at every opportunity her desire to collaborate in all plans for the moral and material benefit of humanity.

"It is, therefore, with great pleasure that the Chilean Delegation attends the present Conference; it is confident that the decisions reached will go far towards solving the many obstacles which at the moment hinder the expansion of world trade.

"Our presence here is of particular importance to us and, we venture to think, to the United Nations Organization, since Chile is one of the countries whose economic stability depends fundamentally on its foreign commerce.

"Chile, by reason of her method of production and the problems she faces in her international trade, forms part - not only because her geographical position, but also because of the circumstances already mentioned - of an economic group which includes, to a greater or lesser degree, all the Latin-American nations and other countries of similar economic development. The factor which most influences the conditions of these countries is their exports. These exports provide the means of payment for, and determine the volume of, imports; they place these Republics in a position to meet their foreign financial commitments; and to service State and private loans; they furnish a considerable part of Government and private revenue; and, finally, they constitute the most important factor in the monetary stability of those nations.

"The exports of these countries, which consist principally of raw materials and semi-manufactured products, are thus the dynamic factor in their economy; their value greatly influences the internal conditions of the nations concerned and is mainly responsible for a state of national prosperity or depression.

"From the foregoing it will be clear that the principle factor in the maintenance and development of the economies of this group of countries, lies in the assurance that prices for raw materials will not
suffer the fluctuations that took place between the years 1930 and 1940, and that prices are maintained at a reasonable level, with the double object of, firstly, stabilizing their balance of payments and, secondly, facilitating a stable capitalization.

"...we are, therefore, desirous of contributing to all measures designed to bring about easier international trade; and we believe that this aspiration should be studied from a realistic point of view, taking into account the circumstances and features of the trade of those nations whose economies are still undeveloped and, therefore, whose balances of payments are generally adverse. In our opinion, an effective solution of these problems cannot be achieved unless the elimination of international trade restrictions is accompanied by an increase of production and the industrialization of the countries concerned.

"To this effect, I should like to reiterate what I said yesterday at the meeting of the Executive Committee of this Conference, when I made reference to the text of Article 4 of the resolution adopted by the Economic and Social Council of the United Nations at its session in London on 18 February last.

"The resolution of the Council, which summoned an International Conference on Trade and Employment provides that the Preparatory Committee should take into account the special conditions prevailing in the countries whose manufacturing industry is still in its initial stages of development, and the questions that arise in connection with commodities which are subject to special problems of adjustment in international markets.

"Chile hopes that in harmony with the spirit of this resolution, an appropriate solution of the above problem will be studied in such a way as to permit those countries of undeveloped economy to attain full development, through various methods of international co-operation. In this way, a level of consumption would be assured, which would allow an effective increase in international trade.

"With regard to full employment, we believe that it should be closely linked with betterment of the standard of living of the working classes. We think that the American Proposal, with respect to which the United States Delegation has given us such an interesting explanation, is a very good basis for discussion, but the Chilean Delegation will have some observations to present when this proposal is studied in detail.

"During the first part of the First Assembly held in London, Chile was elected a member of the Economic and Social Council of the United Nations for a period of three years. This election was made not only on account of our contribution to various basic industries and the characteristics of Chilean production, but also because Chile has always lent positive and sincere support to all international plans which are directed to the betterment of economic and social conditions of the world.

"I can assure you that our collaboration is and will be of the utmost loyalty, not only in this Preparatory Conference but also in any other future activity of the organizations to which the United Nations may entrust the study of these vital problems for humanity."
M. JUZENÁR (Czechoslovakia) said:

"It is very well known that Czechoslovakia, which has few raw materials, is by reason of her economic structure and her geographical position in Europe to a large extent dependent on foreign trade. After her liberation in 1918, Czechoslovakia already held an honourable position in this respect, and she will try with all the strength at her disposal to regain that position as soon as possible. It goes without saying that Czechoslovakia does not regard foreign trade as a thing by itself but as a means to raise the general standard of living, assure full employment and social security, all of which means an avoidance of economic fluctuations and crisis.

"Czechoslovakia was the first country occupied in Europe and the last which was liberated. Under German and Hungarian occupation she suffered economic losses for which there is no example in our history. These losses had a profound influence on the whole economic and financial structure of life in Czechoslovakia, and a certain period for recuperation and for a return to more normal conditions will be needed. It is difficult to foresee now the length of this period, because the economic recovery of Czechoslovakia depends not only on help which she might get from outside but also on the economic development in neighbouring countries. On this occasion I should like to acknowledge gratefully all help which up till now has been given to Czechoslovakia; and especially I should like to mention the splendid work of UNRRA, which helped us to overcome the first and worst difficulties.

"It is natural consequence of the geographical position of Czechoslovakia that her foreign trade was and shall be again mainly with countries which are Czechoslovakia's neighbours or in her proximity. For this reason, the economic stability of our market depends very much on developments in these countries. A substantial extension of trade relations with the USSR and countries of Central and South Eastern Europe is natural. That does not mean that Czechoslovakia intends to neglect her trade relations with the United States, the British Commonwealth, France and all other democratic countries. Therefore Czechoslovakia welcomed the invitation to an International Conference on Trade and Employment and agrees with the general tenor of the "Proposals" presented for the consideration of the representatives of the countries who are members of this Committee.

"We are fully conscious of the fact that our labours here are only in preparation for a Future Conference, where many more countries will be represented and whose deliberations may decide the final fate of our work. That is why we hope that the outcome of this work may provide a basis for the Future Conference and be acceptable to all. I think that we can achieve this even if we have to bear in mind the natural difficulties which will have to be overcome and which are a consequence of the fact that we deal not with two or three, but with a series of economic structures, we shall be able to achieve an agreement which is necessary in the interests of peace and the economic and social prosperity of the whole world. Because we want this prosperity for the whole world we wish good luck from the bottom of our hearts to all those countries which have taken the road towards industrialization. We have full understanding of their efforts, especially since we grapple with the same issue in Slovakia, the Eastern part of our country.

"I may assure you that Czechoslovakia will do her best for the success of this meeting."
The CHAIRMAN requested the delegations to give the Secretariat the names of the delegates who will represent them on the various committees. He also asked that any proposals for officers of the committees be sent to the Secretariat.

The meeting rose at 12.25 p.m.

Corrigendum of Summary Record of the Second Meeting of the Executive Committee of the Plenary Session Held on Wednesday, 16 October 1946, at 11.30 a.m.

The first sentence should read:

"The Committee considered the American proposals, and after extended discussion, in which various delegations put forward amendments and counter-proposals, rules were adopted which provide that representatives of the specialized agencies participating in the meetings of the Committee as observers should be admitted to all meetings of the Committee and its sub-committees, that representatives of the non-governmental agencies attending the Committee should attend all public meetings and, by invitation, private meetings, and that observers from non-member governments which are, however, members of the United Nations should have the right to attend all meetings as observers."

IV. DOCUMENTS DISTRIBUTED

On Thursday 17 October 1946

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<td>E/PC/T/2, Corr 2</td>
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COMUNICATIONS TO THE EDITORS

Material for insertion in the JOURNAL should be addressed to the Editors, Room 413 and 414 (Telephone extensions 29 and 255).