I. PROGRAMME OF MEETINGS

Saturday 19 October 1946

A. Plenary Meetings

Nil.

B. Committee Meetings

Time
10.30 a.m. Committee IV : Commodities (Inter-governmental Commodity Arrangements)

Room
Committee Room IV-"G"

II. AGENDA

Saturday 19 October 1946

Committee Meetings

Committee IV

1. Further consideration of Provisional Agenda

2. Consideration of request of International Chamber of Commerce to attend the meetings of the Committee.
III. RECORD OF MEETINGS

A. Plenary Meetings

Third Plenary Session of the Preparatory Committee

Held on Thursday, 17 October 1946 at 3.00 p.m.

Chairman: Mr. J. SUESENS (Belgium)

General Statements by Delegations

MR. WUNSZ KING (China) said:

"We are assembled here today charged with the supremely important task of drawing up an international code of commercial relations between the nations, with twin objects in view: the attainment of an expanding world economy and the realization of a stable level of full employment. To this end, we are also charged with the task of preparing a Charter for an international trade organization which will add another important link in the whole set up of international mechanism designed to promote and co-ordinate all phases of economic activities, thereby enabling us to fulfill the solemn pledges we have made during the war.

"As we look beyond this conference room, we see everywhere serious economic dislocation and maladjustment due to the war - in some countries cities still in ruins; industry and agriculture still crippled; transport still in chaos; and in many others financial and monetary conditions far from being satisfactory; normal demands shifted; trends of trade altered; and economic structure permanently changed. In spite of the heroic efforts of individual countries to rebuild anew their ruined economy, or to reconvert their war production to peace-time goods, every country is still beset with difficulties and bottlenecks which no one country can surmount individually without concerted action on an international basis. This is a challenge to the statesmen of today, who are called upon to construct a new world economic system.

"We all remember that similar attempts to restore world economic life were made, though belatedly and spasmodically, after the First World War. The recovery was slow and unstable. It soon relapsed, after a short spell of boom, with disastrous consequences with which we are all familiar. In the early '30's, when the world was swept by waves of depression, every country, either voluntary or involuntarily, had to adopt a policy of "sauve qui peut". In desperation, everyone tried vainly to erect breakwaters against the onset of the depression and to break away from the traditional anchorage on which the system of international trade had been built since the early days of the last century. Upon the wreckage of a free and multilateral exchange of goods, everyone sought to take refuge in the formation of exclusive trading areas, or autarchy, which sowed the seeds of economic rivalry, and, in a large measure, precipitated the Second World War.

"We now set ourselves to ensure that this post-war world should enjoy the fruits of our victory and should not suffer again the malaise of poverty among plenty. We seek to expand and not to restrict the tremendous power we possess to produce goods, the consumption of which by all peoples is the material foundation of prosperity."
"I am happy to say that our labours augur well, because, firstly, whereas the belated and spasmodic attempts made after 1918 all looked to the past, in the hope that the old system would work in a changed world, the plans which we have formulated, and are formulating, will reflect the needs of the future; secondly, the statesmen of yesterday endeavoured to uphold the objectives of the economic policy before they were agreed on how these objectives might best be achieved, while we today have not only dedicated ourselves to the high ideals and common aims of full employment, but we have also agreed on the broad outline of ways and means to achieve our common objectives; and, lastly, after the First World War, there was no concerted plan for reviving world economic activity as a whole, but today there is an integral plan for setting up all the international machinery necessary for dealing with the problems of post-war world economy.

"From the experience we have gained in the past, it is clear to us that no individual efforts, however well conceived and vigorously prosecuted, can inoculate a national economy against the contagion of world depression. It is equally obvious that no international action can be effective unless it is implemented by the individual countries concerned. To secure the support of individual countries for such action, it is vitally important that consideration must be given to the interests of both consumers and producers, and account must be taken of the varying degrees of economic development in different countries and the special factors which determine the external economy of individual countries with the rest of the world.

"The Chinese Government attaches great importance to the proposals which are now before us, the more so as special attention will, as we understand it, be given to the conditions prevailing in those countries whose industry is still in its early stages of development, as well as to the abnormal post-war situation in the national economy of those countries which suffered from devastation and dislocation due to the war. I should like to express my Government's appreciation of the initiative taken by the Government of the United States of America. The Chinese Delegation is prepared to take the suggested Charter as the basis for our discussion.

"The reduction of tariffs and the elimination of all trade barriers should be made on a balanced and equitable basis, having due regard to the progress of economic recovery from war devastation and the long-term policy of creating a balanced internal economy. Within the general framework of limitations on the grant of subsidies, allowance should be made for special difficulties arising out of disparity between internal and external price structure and for the time necessary to make the necessary adjustments. It is also important that the principle of such limitations should equally apply to manufactured goods. In the consideration of special problems inherent in the marketing of primary commodities, prompt action is essential for the maintenance of an ordered and stable production. In this connection, I wish to add that we heartily welcome positive and concrete suggestions for the purpose of achieving the early industrialization of those relatively undeveloped countries, and that, at the same time, we also feel impressed by the statement made by a number of delegates that some reasonable protection is a legitimate instrument of development.

"Although our task is a preparatory one, and on a technical level, whether or not a solid foundation will be laid for the expansion of world trade and the maintenance of full employment will largely depend on what we can accomplish by our deliberations in the field of commercial policies, which, in turn, will be shaped in the light of a general economic policy in regard to co-ordination of plans for reconstruction and foreign investment.
"I feel confident that, where the statesmen of yesterday failed, we will succeed, because not only have we pledged ourselves to the principles of international co-operation in reviving multilateral trade, as well as other economic activities, but we have also the support of a growing body of opinion that the primary objective of production is to make available to all peoples the things they require.

"In conclusion, gentlemen, I wish to assure you of the sincere co-operation on the part of the Chinese Delegation to make this conference a success."

H.E. L. ALBERTO INOCENCIO ALVAREZ (Cuba) said:

"Cuba, being a country vitally interested in the existence of a wide, vigorous and healthy international commerce, desires, in the first instance, to express its fullest sympathy with the proposals in view to create an international commercial organization governed by regulations allowing for varying positions and economic requirements of the various countries of the world.

"Cuba can state at this meeting with satisfaction that her previous history shows eloquently that in the conduct of her external political commerce she has always been consistently on the side of a liberal and equitable treatment in relationships with other States. She can show, in support of this contention, that her customs duties are amongst the lowest in the world; there is practically no restriction on the amount of her imports, subsidies, exchange control and other regulations which hamper the free exchange of international goods.

"Finally, I think it relevant to say that for nearly half a century the commercial relations of our country have been influenced in no small degree by the existence of a special regime of commerce, her chief market being determined by powerful geographical, economic and historical circumstances.

"By reason of these characteristics of internal economic life, our country views with sympathy any efforts that may be made to facilitate and expand external trade. Repeated experience, has, however, shown her that the expansion of international commercial exchange, although it represents the basis of her economic position, is not adequate to satisfy her requirements towards the obtaining of full and stable employment and a substantial and permanent increase in national income. She considers it is necessary to arrive at the full employment of her agricultural resources and the substantial and progressive development of her internal supplies.

"She further considers that the regime of her commercial relations with her chief and nearest neighbour, although not necessarily unchangeable, has for nearly half a century represented the basis on which her present economic structure has been built. For this reason she considers it essential that any change in or abandonment of such relationships should be accompanied by reasonable precautions, so that any system which takes its place should be in a position to render possible the attainment of the aims contemplated in the proposed Charter through effective measures taken to this end.

"In order that the new commercial regime that we are now trying to set up may be in a position to meet the needs and hopes of my country, it is essential that the Charter which is submitted for our discussion shall be so modified that the achievement of these ends may be facilitated, not only for those countries who possess an economic structure and are already highly developed, but also for others like ourselves faced with the urgent necessity
of setting on foot their internal industrial developments and of obtaining for the people a higher standard of life and employment.

"Without pretending to enter at this moment into detailed consideration of the modifications necessary for reaching the goals already referred to, we should like to set out briefly the general principles which should be introduced into the Charter, so that it meets the requirements and aspirations of other countries in a similar position to ourselves.

"These principles are as follows:

"Firstly, the achievement of complete employment is not sufficient to increase the purchasing power of countries. It is necessary at the same time to set up a wage system, working conditions and social benefits which will allow the working classes to enjoy an adequate standard of living, raising as far as possible its level of life and purchasing power.

"Secondly, in countries which are at the outset of their industrial development or are single commodity producers, it is essential, in order to arrive at complete employment, that different varieties of agricultural and industrial employment be envisaged, for which and adequate methods of protection must be introduced for the creation and development of agricultural and industrial undertakings.

"These two first points are consistent with the position which has repeatedly been taken up by Cuba in international conferences, when she was represented, such as, amongst others, those of Hot Springs, Chapultepec and Caracas.

"Thirdly, with regard to the system of preferential tariffs which is in force in our country, we are of opinion that its suppression must be made conditional on the following:

(a) That its suppression should not be merely the automatic consequence of putting into operation the terms of the Charter. A prior agreement between the countries maintaining such should be necessary, or alternatively the exercise by any one of them of its right to bring it to an end; and

(b) That in order to attain and enjoy tariffs analogous to the preferential ones, Member States must show that they have a monetary system and real wage scales together with working conditions and social protection for the workmen similar to those possessed by countries which enjoy such preference.

"Fourthly, subsidies should be considered and treated as though they were tariffs in respect of all the aims and objects of the Charter.

"Fifthly, the regulation laid down in the Charter for the operation of inter-governmental conventions on primary commodities should be supplemented by the introduction of the following principles:

(a) The representative period to be taken as a basis for the fixing of quotas should be that period covering the years during which imports were not restricted by quantitative measures, by high protective tariffs or other trade barriers.
(b) A reasonable and just price level must be in operation, proportionate to those countries which are in a position to maintain efficient production by imports allowing the upkeep of the purchasing power of its people, as importers and consumers, to a level sufficient to maintain a worthy standard of living. This will be achieved primarily on a basis of working conditions giving the working people freedom from economic want and provide agriculture with adequate returns to meet its render it possible that consumer countries obtain the products that they require to import at a reasonable cost and in regular and stable conditions. By effective production is meant not that which reduces prices through the exploitation of the working man and the maintenance of a low level of life, but one which is achieved in a natural way on a basis of adequate, pay, so that the working man can lead a worthy life through good technical, agricultural and industrial processes.

(c) That the Councils which are to be set up for the administration of each international convention should come into being independently of the International Commercial Organization after the said Organization has recommended the ratification of the convention under discussion, without prejudice to similar Councils maintaining close relationships both advisory and consultative with the Organization. Similarly the voting system adopted by the Councils should lead to a just balance between the interests of the producing and consuming countries.

H.E. ERIK COLBAN (Norway) said:

"Hardly any country is more interested in the freedom of international trade than Norway. Our main industries are based upon the export trade and could not exist without it. Our import trade is vital in order to cover the needs of our population. Although outside the scope of our present task, but in order to give a full picture, we wish also to mention that the freedom of international shipping is a necessary condition for our whole economic life. This situation makes it obvious that Norway must welcome all attempts to liberate the international economic life from as many restrictive measures as possible. Consequently, Norway will co-operate wholeheartedly in the task before our Committee. We understand that - as it was I believe pointed out in the introductory speech of the President of the Board of Trade - we cannot all of us obtain everything we want without on our side making concessions. But we hope that solutions may be found whereby we shall all receive reasonable satisfaction for what we consider to be our legitimate expectations.

"We shall not today enter into any details, but there are certain guiding principles which we find it right to submit at once.

"Traditionally Norway adheres to the Most Favoured Nations Clause and we consider that it should be one of the main duties of our Committee to work out such proposals as would establish the Most Favoured Nations Clause as a guiding principle in all international trade. The Most Favoured Nations Clause should be applied unconditionally and not only in tariff questions, but to the whole network of rules governing international trade.

"Between the two great wars the quota system was given very wide application. We consider that it would be in the interest of all of us to get away from this system. We realize that both with regard to
the application of the Most Favoured Nations clause and with regard to the quota system certain particular situations may require special consideration. But such exceptional measures as might be decided upon should not be allowed to go further than very strictly necessary.

"The Norwegian Delegation are of opinion that the establishment of an unconditional and generally applicable Most Favoured Nations clause combined with the abolition of a wide-spread quota system should lead to the re-establishment of multilateral trade which we consider an essential condition for development of the economic life of all countries. We believe, however, that these principles for international trade cannot be maintained unless the countries of the world, and perhaps particularly the highly industrialised countries, do in fact pursue an economic policy which makes it possible to achieve and maintain high and stable levels of employment. All countries should endeavour to achieve these aims without creating unemployment in other countries. Only in this way will effective demand for goods and services render possible such exchange of goods and services, for instance, shipping services, which would be to the advantage of all and to the detriment of none.

"Once more, the Norwegian Delegation promises to do its best to further the purposes of our Committee. We now enter upon the detailed discussions of the manifold aspects of the problems before us, and we would like to express our appreciation of the preparatory work done by the United States in the White Paper submitted to us, containing a draft of a full Charter of an International Trade and Employment Organization. We feel that the paper will be of great help to the Committee in its coming work. There are points in it to which we agree; others on which we need further explanation; and perhaps some on which we entertain doubts. But the paper as a whole will certainly prove a valuable contribution to our documentation."

MR. ALFANDAND (France) said:

"First of all the French Delegation wishes to acknowledge the initiative taken by the Government of the United States whose proposals form the basis of the work of this Committee. The suggestions made to us, mark the culmination of a long series of efforts which began long before the war, in America itself, and which were, I believe, first promoted by Mr. Cordell Hull. The forerunners of the White Book are to be found in the commercial treaties which the United States have concluded during the last fifteen years with the majority of the nations of the world and in the economic provisions of the Atlantic Charter, and at famous Article VII of the Lease-Lend agreement, which we owe to the genius of the great ROOSEVELT who, at the crisis of the war, was already thinking of finding a solution for the most complex problems of peace.

"Thus, in its inspiration, if not in its application, the line pursued in this sphere by the American Government always remains straight. If this line is erroneous, one can say that the American Government perseveres diabolically in its error. For our part, we do not think it is. We believe that the chief columns on which the edifice is to be built - the raising of the standards of living and the promotion of full employment, the lowering of customs barriers, multilateral exchanges, the principle of non-discrimination - are necessary both for the security and the prosperity of the world.

"It is true, and the Hon. Mr. WILCOX pointed it out himself this morning, that the United States has not always put into practice the lesson is preached. It is true that the maintenance of a tariff - often of a prohibitive nature on the American frontiers, contributed to a large extent, after the last war, to the creation and spreading of the crises which affected all nations, including the United States themselves.

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"The Proposals submitted to us today, the praiseworthy educative effort of the administration with regard to the American people, the feelings of Congress, give us grounds for hoping that this time the United States understand that their immediate economic interests and their long term political interests require their active participation in the development of international trade. But I am not one of those who imagine that only selfish motives have inspired the suggestions made to us, and that America's motive in proposing to the world a system which may result in placing a certain number of countries in a state of inferiority in international competition, is merely to acquire a better position for its formidable capacity for expansion. Rather, I admire the idealism of the authors of this document and I trust in the complete sincerity of Mr. WILCOX when he declares that his country is seeking to draw up a charter and to create an organization which will apply with equal justice to all the nations of the world.

"If that is really the case, I should like to state briefly the conditions necessary for the achievement of the task confronting us.

"In an official document, the declaration of 28 May 1946, signed by Mr. BYRNEs and M. Leon BLUM, the Government of the French Republic and the Government of the United States stated their

"complete agreement on the general principles they wished to apply for the removal of restrictions to international trade and the expansion of exchanges indispensable to the prosperity of the world and the achievement of a lasting peace.

"These principles are actually stated in the proposals submitted to this Committee. The Constituent assembly has ratified this agreement concluded by the French Government.

"This attitude corresponds both to the political ideals and the interests of my country.

"Just as, in internal policy, no one dreams of disputing that our ideals are democratic, so in foreign policy, our diplomacy is founded upon the principles of collective security and international organization, principles to which we are attached as closely and as actively as possible by all our French traditions.

"Moreover, the French Government and people know that France, if it is to live and if it is to develop its prosperity and its influence, must be able to count on international trade. Economic isolationism is a luxury which we cannot afford. In declaring our support for the development of exchanges between nations, we are not making a choice, we are merely stating a self evident truth, a fact which all French Governments, whatever their political colour or leanings may be, have to face and will have to face. France depends on foreign sources for more than one third of the coal, for the whole of the oil, for ninety per cent of the non-ferrous metals, ninety six per cent of the cotton, eighty three per cent of the steel, sixty seven per cent of the fats, fifty four per cent of the wood pulp normally consumed by its industries. Unlike the Germany of Hitler and Schacht, it does not possess the coal to enable it to replace its raw materials by synthetic products. Therefore, it must buy abroad, and to pay, it must sell abroad. This necessity for exporting becomes more imperative today than before the war, as other sources of foreign income are in process of disappearing through the progressive liquidation of French capital invested abroad."
"As the goods which it needs are produced in most countries by countries to which it does not export in sufficient quantities, France must normally prefer a system of exchanges and multilateral payments to the method of bilateral clearing. In order to find a market for its products, it looks everywhere for outlets and consequently for the removal of obstacles to trade.

"Finally, we know that economic discrimination between nations would result in the formation of hostile blocs, and in the creation of different price levels, varying according to these blocs, which is contrary both to our political ideals and our economic principles.

"This official statement having been made, I now wish to call the attention of the Committee to a consideration which, indeed, has been widely expressed in the work of American experts; it is as follows: an international organization on economic relations presupposes between all nations participating a relative equivalency in their respective conditions of production. As Mr. Leon Blum pointed out to M. CLAYTON last March 'This equivalency is the basic condition of equality.'

"Now, this state of equivalency does not, by any means, exist today between the nations of the world and, in this connection, may I cite the case of my own country, which is akin to that of many nations of Europe.

"France only participated to her full strength in the beginning and the end of the war, but she suffered more than if she had fought from beginning to end. I am not thinking solely of the systematic looting and devastation of the enemy nor of the material destructions carried out on our soil by this enemy, nor even of those destructions (understandably enough) brought about by our friends. I am thinking also of the general depreciation of the means of production which was neither kept in order nor renewed for five years and which gradually fell into a miserable state of delapidation. May I dwell on this point for a moment. There is a sort of counterpart of war, the discipline of labour which it imposes on a whole nation, the concentration of effort on scientific and technical progress which has become today a necessary condition of victory. One must point out that the war has substantially increased the power of production of the United States, of Canada and of many other countries of the Western Hemisphere. In spite of the burden of taxes, in spite of the mass of debts contracted, in spite of the intensely generous help given to the other Allies, in spite of all these things, these countries have increased their wealth and national revenue.

"In France, on the contrary, war brought impoverishment and a loss of substance. Everything depreciated: wealth, revenue, power of production. And furthermore, and this is an essential point. often neglected, these blows fell on a nation which had not yet recovered from its victory in the other war, in which she made an effort which was probably beyond her strength and which had resulted for her in the loss of a great part of her foreign assets, in the devaluation of her currency as a result of the reconstruction of the devastated regions, which remained one of her liabilities in the extension, and later in the increase, of her military expenses, as the spirit of revenge was awakening in nazified Germany. Consequently France is a nation twice ruined in the course of this thirty years war and she must face, not only the task of material reconstruction, but also the indispensable task of modernizing and re-equipping her production equipment.
"France realizes completely the task which lies before her. She knows it will take several hard difficult years to achieve such an undertaking. She is drawing up her plan for reconstruction and modernization which will be submitted to the Government in the course of a few weeks. Thus, one might say that France, this ancient country, presented to a considerable extent the characteristics of a new country. Speaking in her name and in the name of the territories overseas, associated with her, I declare that we have the utmost sympathy with the arguments advanced here by other nations who wish to see their youthful industry duly equipped, before facing the competition of other great nations in the world markets.

"Who, then, can dispute the necessity for making special provision, to ensure this relative equivalency in the conditions governing production which I mentioned just now, or the necessity for an interim period to permit of the progressive restoration of the balance of payments and the application of such measures as would allow the industry and agriculture of France to compete fearlessly with the outside world.

"This interim period, gentlemen, is already taken into account in the proposals made to us. We shall, however, perhaps have occasion to make observations and amendments on the draft which has been adopted by American experts.

"During the whole of the initial period, it is not possible for the French Government to accept the abolition of a quantitative control of imports, which in spite of credits obtained, is indispensable, to achieve a proper balance of payments.

"I will venture to recall here the French-American statement of 26 May, 1946, to which I have just referred and which summarizes perfectly the needs of France, as recognized moreover, by our American friends. The French Government specifies that it is obliged to control imports in the form of an import programme, but this control will only be applied as long as it is necessary to safeguard the equilibrium of the balance of accounts and to ensure the methodical carrying out of the reconstruction and modernization plan. The granting by the French Government of import licences, within the limits of this programme, will be carried out without discrimination between the different foreign sources of supply, as soon as France possesses or is in a position to acquire, a sufficient amount of free currency to allow her to purchase beyond the limits of bilateral commercial and financial agreements.

"This text seems clear to me. We simply ask that the future Charter should take account of the necessities imposed on our country by the results of two Wars in which, as a result of its geographical position, it suffered as much as, and doubtlessly more than any of the nations represented here.

"We believe that, during this period, the more favoured nations will all have to facilitate the exports of countries which are in a situation comparable to our own, and accept the fact, if they limit their imports. We hope that this will be one of the important advantages of the future Charter.

"In closing, I should like to say how much France wishes that the organization which we have in view, may be extended to all the countries in the world as soon as possible."
"As in the case with the prosperity of all of us, we cannot conceive of future security without the participation of all the great economic powers, and it seems to us that such a goal can be attained. In our opinion, there exists no necessary relationship between the form of production and distribution system adopted within a State and its foreign economic policy. The United States can perfectly well continue to apply the most orthodox principles of private enterprise, France and other countries of Europe can turn towards planned economy, the Soviet Union can uphold the Marxist ideal of collectivism, without our all having to refuse to support a policy of international organization based on Liberty and Equality.

"If France considers that she cannot, without serious danger, isolate herself from the world, she also believes that peace and the well-being of the peoples demand that this world should be "one". Situated between east and west and hostile to the formation of blocs, she can only subscribe to any attempt which, on the universal plane, tends to create a real solidarity between nations."

MR. R. K. NEHRU, I.C.S. (India) said:

"Yesterday, in our Executive Session, I made a brief statement on the Indian attitude to the proposals for the expansion of trade and employment. On the more general aspects of this question (and I presume at this stage we can only make a very general statement), I have very little further to say. Since we are meeting in a Plenary Session, however — and it is only right that the larger public whose interest we claim to represent should know how our minds are working — I would like, with your permission, Sir, to repeat some of the points I made yesterday. I must ask my fellow Delegates to forgive me for presenting the same ideas again, so soon after yesterday's proceedings, but I have really not had the time to clothe them in a new language or to attempt any other elaboration of the main theme, and I can only hope, therefore, that they will bear with me patiently for a very few minutes. The American proposals, Sir, have served a useful purpose in focussing attention on major problems of trade and tariff policy. Our own approach to this problem is very different, and, as you will see from the document which we have placed before the Committee, on many points the disagreement between our experts and the American experts is fundamental. This has not, however, prevented us from carrying on discussions in the friendliest spirit with the Department of State Mission which came to Delhi only a few weeks ago to ascertain our views on the proposal. We feel, Sir, that the American experts have made a valuable contribution to the study of this question of trade and employment which affects the welfare and happiness of the common man in all countries, and we would like them to know that, so far as India is concerned, the importance of their work in drawing attention to some of these problems is fully recognized.

"We have listened with great interest to the observations made by the leaders of the various Delegations. The leader of the American Delegation referred to the need for cultivating a spirit of co-operation in matters affecting trade and employment. On this point, Sir, I can only repeat what I said yesterday: that the Indian people are second to none in their desire to promote co-operation between the nations in every sphere of activity. We are firmly convinced that the true interest of our country, as indeed of every other country, lies in the furtherance of international co-operation, and we are anxious that no effort should be spared in making a success of the new Institutions which are gradually being set up for this purpose. Towards the United Nations Organization in particular, the attitude of our Government has been recently defined as that of whole-hearted co-operation and unreserved adherence, both in spirit and in letter, to the provisions of the Charter. It is for this reason, Sir, that we have welcomed the Council's initiative in setting up this Committee, and have decided to accept the proposals as a convenient basis for discussion."
"There is, however, the important point to which I referred yesterday, namely, that this Committee should not be left in any doubt as to what exactly in the Indian view is implied by the idea of co-operation. We feel, Sir, that it would be helpful, from the point of view of the further discussions which are to take place in this Committee, if our views on the subject were made known. The kind of co-operation to which we in India attach importance is a relationship based on respect for the principle of equal rights and self-determination of peoples. I might add, Sir, that this principle is clearly laid down in the United Nations Charter and, so long as India is a member of the United Nations Organization, it will be the endeavour of our representatives to see that this principle does not remain a pious aspiration, but is actually applied in practice. In the economic sphere — or, more specifically, the sphere of trade and employment with which we are concerned, this would mean that no scheme of co-operation which fails to meet the essential requirements of the less developed nations (whose interests, I might add, are the interests of perhaps more than three-quarters of the world's population) or which shows undue bias in favour of a particular country or group of countries, is likely to be accepted by India as a scheme of genuine and fruitful co-operation. We are glad to see that this Committee has been advised, in drafting the agenda, to take into account the special conditions prevailing in primary producing countries and countries which are industrially backward. But we are not sure that the needs of such countries, especially in the matter of a suitable commercial policy, are fully understood, and as our own country falls in the group of the less developed economies, we feel that our position should be clearly explained. The problem which faces our country, as I pointed out yesterday, is not an exceptional one, and the views we are putting forward are no doubt shared by other nations in a similar economic position. I have in mind particularly the nations of Asia and Africa, many of which are India's immediate neighbours in whose prosperity and welfare we are deeply interested. In other parts of the world also, there are countries in the same position, which are faced with the same problems and confronted by the same difficulties. Many of these countries are not represented here today, but I am sure that, my fellow delegates will agree with me that their interests should not be overlooked. So far as India is concerned, the Committee will be interested to know that a conference of unofficial representatives of the various nations of Asia is expected to meet in Delhi early next year, and among the problems of common interest to all nations which will be discussed at this conference will be economic and trade problems. Although this conference has been sponsored by an unofficial agency, I have not the slightest doubt personally that the views expressed by our fellow Asians will have a considerable influence on the Government of India's future policy. I have mentioned this, Sir, in order to emphasize that, although our primary concern is naturally the welfare of our own country, we do not wish to take a narrow view or to seek any special advantage which is exclusively in our own interest. Our objective is to bring into existence a co-operative system which is suited to the requirements of all countries which are not fully developed, without affecting the genuine interests of the two groups are not irreconcilable that we have come to this meeting determined to play a constructive part in devising measures for the promotion of genuine international co-operation.
"Our whole attitude to these proposals for the removal of trade restrictions and trade barriers to which the principal industrial countries lay so much emphasis, is based on our conception of a sound employment or development policy. If our economic objectives are sound -- and there seems to be general agreement that the rapid economic development for all countries is a desirable objective -- then we must retain the power to regulate our trade relations with other countries by methods which are both effective and economical from our own point of view, and which will yield maximum results at minimum cost to all the interests concerned. Among these interests in any scheme of international co-operation which is accepted by us, we would give a high place to other members of the Organization. Our whole approach to this question of trade regulation is a practical approach and we feel that it is wrong to take a doctrinaire view of the soundness or otherwise of specific trade measures. Trade from our point of view (and I am glad, Sir, that this point is recognized by the American Representative and other Delegates) is not an end in itself, but a means -- and a very subsidiary means -- of giving effect to our larger economic plans. Foreign trade, I might add, is only a small fraction of our total trade, and our primary objective is the development of our vast internal market. Nevertheless, since our plans are of an expansionist character, our trade with other countries must also expand, but it will only expand if we take a rational view of the whole problem of trade regulation, and instead of rejecting certain methods of regulation on grounds which are not applicable to Indian conditions, make full and effective use of them for the purpose of building up our economy."

IR. GEORGE HAKIM (Lebanon) said:

"This Preparatory Committee is charged with a most important task. This task is nothing less than to lay down the principles of policy to be followed by all nations in their economic relations with one another. Such an undertaking is of the greatest significance for the future prosperity and peace of the world. By its success the efficiency of international co-operation in economic matters will be judged.

"It will also be the task of the Committee to draw up the Charter of the organization which is to implement those principles of international economic policy. In our deliberations, therefore, we should never lose sight of the basic principles which guide all international economic co-operation as they were laid down in the Charter of the United Nations. These guiding principles are stated in the Preamble of the Charter and in Article 55, dealing with economic and social co-operation. The Preamble states:-

"The peoples of the United Nations (are) determined ... to promote social progress and better standards of life in larger freedom AND FOR THESE ENDS to employ international machinery for the promotion of the economic and social advancement of all peoples."

Article 55 reads:-

"With a view to the creation of conditions of stability and well-being which are necessary for peaceful and friendly relations among nations based on respect for the principle of equal rights and self-determination of peoples, the United Nations shall promote:-

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(a) Higher standards of living, full employment, and conditions of economic and social progress and development; 

(b) solutions of international economic, social, health and related problems; and international cultural and educational co-operation; and 

(c) universal respect for, and observance of, human rights and fundamental freedoms for all without distinction as to race, sex, language or religion."

"These basic guiding principles lay significant emphasis on higher standards of living and on conditions of economic progress. In this emphasis special attention is paid to the economic development of the less advanced countries. Economic progress is to be promoted for all peoples. The United Nations have a special responsibility for those of their members who are still living under backward economic conditions. In order to achieve this aim of raising the standards of life of all the peoples of the world, it is not enough to provide for the full employment of men and material resources. Full employment is certainly necessary to maintain a high standard of life in the advanced countries, but full employment in the less developed countries will not in itself raise the standard of life of their populations.

"What is more important than full employment is the achievement of the most productive employment of men and resources. It is through the best and most productive utilization of economic resources that we can produce the greatest quantity of goods for the satisfaction of the needs of the populations. In fact, this is the meaning and significance of economy in the utilization of resources. Economy means the utilization of resources in such a way as to produce the maximum possible quantity of goods for the satisfaction of human wants. Full employment will not in itself necessarily mean the most productive employment. The experience of the war, as well as certain practices developed before the war, shows only too clearly that we can have full employment without necessarily satisfying the needs of consumers. In the last analysis, therefore, the problem of productive employment is more important than the problem of full employment.

"In the less developed countries it can hardly be claimed that the most productive employment of men and material resources is achieved. The methods of production in these countries are still generally primitive and not conducive to full productivity. For this reason, in these countries the standard of living of the population is still very low. Furthermore, the structure of production in many areas is such that their resources are not fully exploited. Experience shows that agriculture alone will not lead to the most productive use of human and material resources. Agricultural production has not generally been able to produce by itself a high standard of living for peoples who engage in it. Manufacture and industry is necessary if we are to raise the standard of life of the less developed territories."
"It is not an accident that the standard of living is higher where industrialization is greater, nor is it an accident that, as history shows, standards of living have only risen considerably since the industrial revolution, through mechanical and technical progress. If the United Nations, therefore, are to achieve the aim of raising the standard of life of the people of less developed countries, they should encourage the industrialization of these countries to the extent that their human and material resources allow. It may be said here that the development of industry in the less advanced countries will not only benefit the peoples of these countries, but will also further the development of world economy and the growth of production in the more advanced countries.

"It is always worth while to repeat that the world is one. Poverty anywhere is a menace to prosperity everywhere. Fruitful economic cooperation can only be attained through the development of each for the benefit of all. In order to achieve industrialization in the less advanced countries, we must recognize that tariff protection is, in the words of the Australian delegate, the legitimate instrument of national policy. It is true that we are all interested in the expansion of world trade, but there is no inherent inconsistency between the two objectives of the expansion of world trade and the industrialization of less developed nations.

"I submit, Sir, that tariff protection practised by the less developed nations for the purpose of their industrial development will not reduce the volume of world trade, for in so far as tariff protection will result in the growth of industry and the rise of the standard of living of the people it is bound to increase the international trade of the less developed countries. Not only will they be able to produce more for export, but also their effective demand for foreign goods will increase.

"Furthermore, in so far as the population of these countries will grow with industrialization, their participation in world trade will be greater. One might be inclined to think that tariff protection of industry would reduce international trade temporarily, but even that is not true. When protection is practised by the less developed countries, for these countries will need capital goods from the old industrialized nations and will find it necessary to increase their exports in order to obtain their imports of capital goods. The result will be an increase in their foreign trade, even while they are developing their industries by means of tariff protection.

"Not only tariff protection, but also tariff preferences may be necessary for the development of industry in less advanced countries. In certain regions small nations may find it impossible to develop industries even with the aid of tariff protection. For the development of modern industry a large market is required, and many small nations do not have a sufficient population to provide such a large market. One method of securing this market would be for the small nations of a certain region whose economies are complementary to form Customs Unions among themselves, but is not the formation of a Customs Union a method of creating tariff preferences? It seems to us that the Customs Union is the extreme form of tariff preference.

"Instead of removing all tariff barriers between themselves, a group of countries may perhaps decide to reduce tariffs between themselves to half their normal level, while maintaining the normal tariffs as against other more industrialized countries. If the object of such a system of tariff preference is to develop the industry of a group of less developed countries by providing a wider market for each other's products, no harm to world trade will result.
"On the contrary, regional trade will develop and trade with other countries will, in the long run, be increased. If the system is rationally operated, it will develop industry in the regions where it is applied and will ultimately lead to an increase in international trade as a result of the rise in the region of the standard of living of the people and their greater demands for the products of other regions.

"We should, therefore, not limit ourselves to the maintenance of existing preferences, nor set an arbitrary date after which no preferences will be allowed. It will be wiser to examine any proposed system of preferences on its own merits, so as to determine whether it is prejudicial, or, on the contrary, beneficial to world production and world trade.

"In conclusion, Mr. Chairman, the Lebanese delegation stand for the policy of the fullest possible encouragement to be given to the less industrialized nations of the world. In this they also represent the general point of view of the other Arab countries with which they are bound by intimate political, economic and cultural ties. They also happen to be the only delegation from the whole region of the Middle East - a region which is still backward in its economic development. We feel that it is the duty of this Committee to study thoroughly all the measures that may be taken to encourage and promote the economic development of such less advanced countries. The aim we hope to achieve is ultimately the raising of the material and cultural standard of life of all peoples throughout the world so that they may mutually benefit one another and live together in friendship, peace and prosperity."

The meeting rose at 6 p.m.

Fourth Plenary Session of the Preparatory Committee

Held on Friday 18 October 1946 at 10.30 a.m.

Chairman: Mr. M. SUEFENS (Belgium)

General Statements by Delegations

DR. SPEKKENBRINK (Netherlands) said:

"On behalf of the Netherlands Delegation which - as you know - includes representatives of the Netherlands Indies and which also will have to keep in mind the interests of Surinam and Curaçao, I take this opportunity to make a few provisional remarks with regard to the aims of this Conference.

"On purpose I use the word "provisional" because I feel that - where this Conference has to deal with economic and social problems of such complexity and interdependency - a balanced statement can only be made at a later stage. This the more so, where as I said before, my Delegation will have to judge the Proposals which will be made at this Conference in the light of the interests of the four different parts of the Kingdom, which interests partly are of such a diverse nature.
"To prove this point, I only have to draw the attention of the Preparatory Committee to the great importance of stability in the prices of the primary products for the 70 million inhabitants of the Netherlands Indies. Moreover, in this territory the problem is not so much how to prevent unemployment but far more: how to raise the social and economic level of this population. Industrial development must be one of the further means here, as in other under-developed countries.

"Thus I can associate myself to a great extent with the opinions expressed by several of our colleagues round this table.

"On the other hand, the territory in Europe also faces a period of readjustment owing to the sufferings and consequences of the war. The late liberation of Holland and of the Netherlands Indies from a ruthless foe presents my Government with special problems for which a solution still must be found notwithstanding all the work already done in this respect. However, to be able to take further action, the Netherlands Government as well as the Governments of the three Overseas Territories will have to anticipate more or less the economic development of the world in the coming years.

"In normal times my Government would have welcomed a Conference as this; it does the more so in the present circumstances. It fully endorses the initiative of the United States Government and thereafter of the Economic and Social Council, as it considers it to be of the utmost importance for the Netherlands and the overseas parts of the Kingdom that the international trade will as much as possible be freed from the barriers which have impaired its development in the past and might again endanger this development in the future. In this respect, I fully subscribe to what has been said by my Belgian Colleague on the subject of close collaboration between the Netherlands and the Belgo-Luxemburg Economic Union.

"Mr. Chairman, I would like to take a firm stand in saying, that without an outlook such as the American Proposals ultimately suggest, the future would be without hope.

"When thus applauding the ultimate object of this Conference, we should, however, not forget that those trade barriers did not arise in that fateful period between two catastrophic wars out of the sheer whim of Governments. After the 1914-1918 war, fundamental changes had to be dealt with as is the case now. For the Netherlands, for instance, there is the fateful problem of the Mid-European Hinterland, the present loss of which makes itself so severely felt not only in the agricultural and industrial fields, but not less with regard to transport and transit trade.

"Welcoming this Conference on behalf of the Government of the United Kingdom - Sir Stafford Cripps so rightly stated: these problems cannot and may not be solved by simply exporting unemployment from one country to another. We are therefore of the opinion, that special stress should be laid on the regulation of international economic life. Keeping fully in mind the inter-dependency of international trade and employment and not laying too much stress on the word "Freedom" as yet; In our opinion there should be a regulation of full employment in a positive way, bearing in mind a set of rules which - within certain margins - must be followed by the countries of the world when trying to reach this common and so important aim. It may, however, very well be that the great intricacy of those employment problems will only allow us to reach a few general conclusions which should be worked out in a separate conference.

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"We also underline again the paramount importance of stability in the prices of raw materials. We therefore support once more the proposals for a World Food Board as prepared by the Director-General of the Food and Agriculture Organizations. These proposals have been studied and discussed at the recent Conference in Copenhagen where the general aims thereof were accepted. They read as follows:

(a) "developing and organizing production, distribution and utilization of the basic foods to provide diets on a health standard for the peoples of all countries;"

(b) "stabilizing agricultural prices at levels fair to the producers and consumers alike."

"In our opinion eventual Governmental Commodity Agreements should be put into operation as a more permanent element in the forthcoming international co-operation and collaboration.

"I want to make it quite clear that this is necessary both to avoid unwarranted expansion and too high prices as well as to avoid catastrophic contraction and slumps.

"There is even at this stage a further point to make. If we are going to set up rules and regulations which the countries are able to accept and apply when engaged in international trade, it is obvious that difficulties cannot be avoided, in the course of time. Now I consider it as one of the biggest advantages of our work that we have to frame an Organization which may be used as an instrument to avoid one-sided action and to make it possible instead to promote mutual understanding, concerted solutions and binding decisions in the interest of all.

"Mr. Chairman, I would now like to conclude these provisional observations from which you will have noticed how much we are in agreement with the general purpose of this Conference and how much we welcome the directions of the Economic and Social Council with regard to the importance of stability in the prices of primary products and of promoting the economic activity of under-developed countries.

"I should, however, fail in my duty if I did not again draw the attention of the Preparatory Committee to the special problems which face the Kingdom of the Netherlands together with many other countries in this very difficult transitional period, and which to a great extent must guide our attitude at this Conference.

"I do so without any hesitation as I think that the Netherlands and the overseas parts of the Kingdom have amply shown in the past how much they value international co-operation in every respect."

MR. CAMPBELL (New Zealand) said:

"I would like firstly to say that New Zealand is in full agreement with the general objective of expanding employment and of increasing world trade and is pleased to have the opportunity to be represented at this Conference for the purpose of exploring ways and means whereby that aim might be achieved. New Zealand has a special interest in this question since her overseas trade per capita, represented by both imports and exports, is extremely high in relation to that of other countries."
"World trade is a tremendously large and complex problem which has not yet been covered by any comprehensive international set of rules. We feel, therefore, that the greatest contribution towards achieving something in that direction can be made at this meeting by a free and frank discussion of the problems as they are known to us, without attempting to be too dogmatic. That is, I understand, the purpose for which we are really here.

"If they are to have wide acceptance, any set of rules which are ultimately adopted must, of course, take cognisance of the economic position of all countries and must allow for flexibility to meet varying conditions.

"Obviously, although each have their particular problems, countries which are highly developed industrially and which have large domestic as well as export markets are, in so far as they may require to adopt measures to achieve the general purposes aimed at, in a somewhat different category from countries such as New Zealand, which has a small population, which relies largely on a narrow range of exports of primary products for its economic stability, which is as yet under-developed so far as secondary industries are concerned and which must develop suitable industries in order to diversify its economy and provide avenues for employment of its people and of its material resources, from which would flow an expansion of production and demand leading to increased world trade.

"Countries within the latter category should, it is felt, have access to means for achieving their purposes which are best suited to their particular conditions, subject to their being employed towards the generally accepted objectives. New Zealand will be glad to add its contribution to the discussions on the various aspects of commercial policy which will come under review in the Working Committees to be set up for that purpose and will co-operate to the fullest extent practicable in achieving the goal to which our task is directed."

MR. A. T. BRENNAN (Union of South Africa) said:

"I want to preface the remarks that I am making with the comments that were made similarly by my Canadian colleague, and I do so to make quite sure that, as a government official, anything that I may say now you will not be in a position to use in evidence against me afterwards. My colleagues and I from the Union of South Africa feel particularly honoured to have the privilege of sitting around this table as representatives of a country that has been appointed by the Economic and Social Council to carry out the work that has been entrusted to this particular Committee, and I regard myself as a member of that Committee. My colleagues and I like to think that including the Union of South Africa in this Committee, it may be an additional compliment was being paid quite directly to that grand old international Statesman, our Prime Minister, General Smuts.

"In looking over the names of the Committee I find that it is quite a reasonable cross-section of the old-established industrial countries and many of those, like ourselves, whose general industrialization has only commenced over relatively recent years. We are all very conscious, however, that we are part of the same big international family. Some of us, I know, feel that some of our older brothers and sisters, and in particular in the realm of international trade, have not set us entirely as good an example.
as they might have set. I recognize that some of us, not being as
developed as they were, were disposed in many cases to follow some of
the bad examples that they may have set us, and although the younger
members of that particular group are disposed to be a little critical
of some of their older brothers and sisters, and to feel towards them
that they have made some mistakes in the past and have led some of the
younger members of the international family astray, that is no reason
why they should be absolved from any criticism by some of those younger
members. In other words, those younger members may have ideas that
age alone should not necessarily be the major criterion as to whether
that calls for respect. If one had to think in terms like that one
would be disposed to say that because a billycoat has a beard one
should take off one's hat to it; - not that I for one moment regard my
brothers and sisters as goats of any variety:

"However, looking round the table and looking round the block that
I find from right to left and left to right, I feel that I want a
reasonably early point to pay particular tribute to that great and grand
country, the United States of America, and particularly for the work
that my American friends have put in with regard to assisting us to get
together here and in having something factual as a basis upon which to
operate. I notice in the original document that came out some time
later, in or about December 1945, there was a joint statement issued by
the United States and the United Kingdom regarding the understanding
reached on commercial policy, and accordingly on that basis I should
like to allocate a piece of that particular tribute to the representative
of the United Kingdom, amongst whom I know there were, not only during
the war but subsequent to the war, a large number of men, some young
men, some middle aged, some older, who were very busy in those back rooms
that one read about a long time back, who have been putting in a lot
of thinking on the material that we are working on at the moment.

"I look round here and find with regret that my Soviet colleague
is not next to me, but I am confident that at some later date he will
be there. I am equally conscious that I have a little bit to the left
of me the great United States and the United Kingdom, but I am sure that
is only a matter at present of just purely geographical position relative
to the Union of South Africa.

"Mr. Chairman, while listening to the remarks that have gone around
this room I paid particular attention and derived a great deal of
happiness and confidence in regard to the way that this Committee is
going to develop its ultimate Charter and is going to prepare its final
Agenda, in that I found without exception we are all aiming at the same
objectives. We all have the same purpose in view, but because we
enjoy living in the democratic way of life we decide that we want to
approach that particular objective by our own particular road. We do
not want to be told by somebody else which path we must follow in order
to get to that particular objective.

"I recognize that there has been a tremendous change - and each
one of us recognizes the same thing - in the development of international
trade over the last three or four or five hundred years. In company
with many of our colleagues, we have been engaged in the practical but
factual developmental aspects of international trade for a large
part of the lives of some of us, and I notice the very big advance that
has been made over a relatively recent period of history.
"I am reminded of the stories that used to be alleged with regard to, maybe, some of my own forebears - and I feel that the remarks I want to make now I make with due decorum and with full recognition of the privilege that we are enjoying in being housed in these wonderful rooms and being given such wonderful accommodation, and I am confident my remarks will not be taken amiss - in that it used to be said of some of those forebears that they started off round the world and had the Bible, the Word of God, in one hand, and samples of cotton piece goods in the other hand! In like manner it has been said that in the development of our conversations of an international nature we should comport ourselves in certain ways. I think it was quite a famous American gentleman who many years ago, or maybe not so many years ago, in regard to behaviour concerning international associations of trade and other matters of diplomacy - as there will be no diplomacy if there is no international trade - remarked that his attitude generally was to speak softly and to carry a big stick!

"Well, we are in this position here, that that generation has gone. we do not require to speak softly and carry a cane of any sort. We feel we are privileged to sit around these tables here and speak in a very clear voice, reasonably modulated, taking cognizance that our colleagues round about us are entitled to the same forum, and accordingly probably deriving and achieving very much greater results.

"To continue, Mr. Chairman, I reiterate that I regard myself as being one of the technicians in the group that is around this table, and, as I have remarked, I feel a particular interest in that there is so much community of thought in regard to what we are actually endeavouring to achieve. I think it was Abraham Lincoln who, on one of his many wonderful occasions, speaking to those round about him who had differences of opinion, merely drew their attention to the fact that they were all going to the same place. He was not talking in terms of their after-life; he was talking of the direction in which they were moving, although they were going by different roads. So we here have all been going by different roads in the past, but we are all going towards the same place, namely, the greater development of international trade, and connecting with that a development of employment, which necessarily to us means the right of every human being to work for his economic advantage and for his economic betterment; to give him the opportunity to improve as years go by, and thereby to achieve the wishes of each of our own parents, that each of our sons and daughters will start off a little better off than we started off when we arrived.

"We have been travelling along different roads for quite a long time. Some of us wanted to go off into the jungle and got tied up with various types of vines and restrictions; others of us found that along the road which we were walking there were a number of rocks against which we stubbed our toes or against which we barked our shins; or there was a tariff wall tucked away somewhere that caused us to stumble somewhat; or we may even have had preference or various other problems that may have come in our way; but we are now at last gathered together so that we can start on something in the way of a blue-print of a road that will be sufficiently comfortable for each of us to wander along in our own time, but with due regard to the other fellow, and, at the same time, a blue-print of a road that requires a lot of preparing.
"I recognize that some of my younger colleagues and maybe some of my older colleagues of the more industrialized nations may feel that in the preparation of that blueprint they would like to contemplate using more advanced road makers - bulldozers - where some of us might not feel that we had yet arrived at that particular stage, recognizing that possibly in the development of that road we may find that that road making machinery or that bulldozer will come up against rocks, pieces of flint in the road, and that you may have sparks operating from one section of the community to another in regard to the bulldozer's steel hitting up against the flints on the roadside - and I was not for one moment referring to my Australian colleague when I was speaking of sparks flying! I was merely feeling that we know the type of road we want to prepare and we know the way we should go about it. We have been more or less handpicked as people who have devoted a lot of time and a lot of energy to the particular type of blueprint we are actually going to work out.

"I feel that the preparation of that blueprint should not take us very long actually in our present discussions, but I feel that the ultimate development of the blueprint and the road is going to take very much longer. I read in an American newspaper sometime last month, and at a time when this was being brought to light, the remarks that were made on 4 September 1946, by Mr. E. L. Claydon, the present Under-Secretary of State of the United States, who was at that time Acting Secretary of the United States, which included the words "Progress will necessarily be slow towards the attainment of our ultimate objectives, but by starting in the right direction, the nations of the world will be moving away from the chasm that will surely engulf them if they cling to the exclusionist, discriminatory practices that during the pro-war years diverted trade into uneconomic channels, resulting in a severe shrinking of trade volume, and intensified the political tensions that prepared the way for the Second World War."

"I feel that our deliberations must be directed towards an expanding economy, and, as I remarked before and I reiterate, I include in that expanding economy the right of everybody to work for his economic advantage and for his betterment. I feel that the Charter that we finally decide upon must necessarily be realistic and therefore must be elastic and flexible. Otherwise, we run the risk of setting up a machine which will be so cumbersome and so cluttered up with restrictions and strings, and tangles, and require the pulling of so many wires that when we look back on it afterwards and history looks back on it afterwards, it will be found that instead of producing something that was really worthwhile, we have failed in the job that is our particular job as technicians, namely the preparing of the blueprint.

"I think there is a quotation from Tennyson to the effect that -

"The war drums throb no longer
And the battle flags are furled
In the Parliament of man
And the Federation of the world"

"I think we have a particular job, to set up a piece of that edifice I recognize that it is not going to be a rapid process. It is going to be very slow, but I recognize at the same time that although it may be slow in terms of our lives, it is going to be wonderfully fast in terms of history."
MR. H. MARQUAND (United Kingdom) said:

"When he welcomed the delegates to this Conference Sir Stafford Cripps described the attitude of the United Kingdom Government to the problems of the restoration and organization of international trade. There is, therefore, no need for me to repeat that explanation. Having heard the views of the other delegations, however, there are some words which I should now like to add.

"The British Government is basing its whole economic policy upon the belief that it is possible by wise planning to establish a high and stable level of employment. Some of the basic ideas behind that policy were contained in a White Paper on Employment Policy which was issued in 1944. At that time there was a Coalition Government in this country. Consequently, both the major political parties in Britain are committed to the support of the principles laid down in that White Paper. I will read an extract from the White Paper which has special relevance to the matters which we are now discussing:--

'A country will not suffer from mass unemployment so long as the total demand for its goods and services is maintained at a high level, but in this country we are obliged to consider external no less than internal demand. The Government are, therefore, seeking to create, through collaboration between the nations, conditions of international trade which will make it possible for all countries to pursue policies of full employment to their mutual advantage.'

"And then in another paragraph the White Paper says:--

'A country dependent on exports, and relying largely, as we do, on the export of manufactured goods of high quality, needs prosperity in its overseas markets. This cannot be achieved without effective collaboration among the nations. It is, therefore, an essential part of the Government's employment policy to cooperate actively with other nations, in the first place for the re-establishment of general economic stability after the shocks of the war, and, next, for the progressive expansion of trade.'

"I would like to emphasize again that that is a document common to both the major political parties in this country. Now when the war ended we had a very full opportunity of discussing with the Government of the United States of America ways and means of restoring and expanding international trade. After those discussions had taken place the Government of the United States of America published their Proposals for the establishment of an International Trade Organization. When they were published, the two Governments, the Government of the United Kingdom and the Government of the United States of America, made this statement:--

'These Proposals have the endorsement of the Executive Branch of the Government of the United States and have been submitted to other Governments as a basis for discussion preliminary to the holding of such a Conference. Equally, the Government of the United Kingdom is in full agreement on all important points in these Proposals and accepts them as a basis for international discussion, and it will, in common with the United States Government, use its best endeavours to bring such discussions to a successful conclusion in the light of the views expressed by other countries.'
'Since then we have been able to hold brief separate discussions on these proposals with the Government of India and the Governments of the Dominions. During these recent days we have heard for the first time the considered pronouncements of the Governments of other nations represented here.

'Now I noted with interest and warm approval the praise and thanks which all the delegations extended to the Government of the United States for the initiative which it has taken in formulating proposals and a draft Charter. As I have said already, we are in full agreement with the important points contained in the proposals.

'We were not parties to the drafting of the Charter, but like other delegations we find it a useful, a helpful document, which will aid us in our detailed discussions during this Conference. It is apparent from what we have heard that these questions are not simple; that many difficulties will appear as we go into details; but the difficulties are small indeed compared with the dangers we incur if we do not set up an organization.

'I was much impressed by the clear warning given to us by the Delegate of the United States of America when he said that very large countries like his own, with abundant natural resources, could probably survive a failure to gain international agreement on these matters, but that for the rest of us failure would spell catastrophe. I agree very strongly indeed with that view.

'I was glad, too, that he stated so clearly his conviction that the differences in economic philosophy which do exist between us need not prevent our collaboration in the effort to establish an International Trade Organization. We certainly agree with him about that.

'The delegate of India appeared to have some doubts about this. I would like to assure him that the present British Government would not have agreed to the proposals if they had involved any commitment to abandon our political principles.

'Well, Sir, already we have gained the gratifying impression that though there is a difference of emphasis, there is such a wide area of agreement on principles and aims that the differences of detail can be overcome. We agree that the freeing of trade and the reduction of barriers are essential to secure prosperity for the peoples of the world, they are not by themselves sufficient. Thus we are in sympathy with the Delegates from Belgium and Luxembourg, Brazil, China, and I dare say with others who may have made this point also, but those are the ones I noted. We are in agreement with them that more than negative decisions are required from this Conference, and thus we have great sympathy with the Australian plea that constructive suggestions should be put forward. In Committee we shall ourselves endeavour to do that and to bring forward constructive proposals, to which we have given a great deal of thought.

'On this general question of the industrialization of the countries not so fully developed as some of our countries are, I would like to say to the Delegates of China and India, Latin America and the Lebanon, that they will not find us without sympathy for their point of view.
"We have great experience in these matters and we would like to make it available and place our experience at their disposal. And there is one piece of experience which I can assure them we shall never forget. King George III a very long time ago tried to prevent an undeveloped country from becoming more diversified in its economic structure, and the result of that is the slight division which separates us this morning!"

"Sir, the Delegates from Canada and Czechoslovakia have indicated that this is an occasion for the study by experts of the detailed implications of a policy of international trade organization; that it is not an occasion for Governments to decide whether or not they will set up an international organization; it is an occasion for the experts to consider the implications of that and advise upon it to the Economic and Social Council. We very much agree with that view of the purposes of this Conference. We are convinced that it can do its work only by detailed discussion among experts. We do not want to prolong this stage of discussion too much. It already does seem to us quite a long time since we first entered into these discussions with the United States of America. It is nearly twelve months since these proposals were published, and we are beginning to feel that it is time that somebody got a move on and that an organization was brought into being. We do not want to delay. Therefore I think we want, in a final word, to say to the Conference: Let us now get down to work; because these detailed discussions must go on; they must be pursued with rapidity, and they must have all the intelligence and all the attention we can bring to bear upon them."

The CHAIRMAN announced the completion of the programme of general statements by delegations and inquired whether any other delegations wished to be heard. He expressed his pleasure that the statements made had revealed no great divergence of views, and he said that the universal good will expressed in them augured well for the success of the Preparatory Committee meeting.

MR. WYNDHAM WHITE, Executive Secretary, requested approval of the amendment to Suggested Rules of Procedure referring to Rule 47 dealing with records of meetings which was adopted at the Second Preparatory Committee Executive Session held on 16 October, 1946. The redrafted Rule reads as follows:

"Rule 47

"Verbatim records of public meetings shall be available to the public. The verbatim records of private meetings shall be available to all Members of the United Nations and to specialized inter-governmental agencies."

Rule 47 was approved.

The meeting rose at 11:35 a.m.
Committee I: Employment, Economic Activity and Industrial Development

First Meeting
Held on Friday 18 October 1946 at 2.30 p.m.

At its opening meeting, Committee I, under the temporary Chairmanship of Mr. E. WYNDHAM WHITE, Executive Secretary, unanimously elected MR. WUNSZ KING (China) as Chairman, and Mr. S. D. PIERCE (Canada) as Vice-Chairman.

The Committee next considered a suggested agenda which had been submitted by the United States Delegation. Some discussion arose over item B. of this suggested agenda, relating to the question of industrial development which has been deferred to Committees I and II by the Preparatory Committee. The Committee decided to suggest to Committee II that a joint meeting of both Committees be held later in the afternoon, to consider the manner in which the question could best be dealt with.

With regard to the agenda as a whole, the Committee agreed to accept it as a provisional basis for discussion, on the understanding that a more detailed plan of work, incorporating the suggestions made to the Preparatory Committee by the United States, Australian, Brazilian and Indian Delegations, would be considered.

Committee II: General Commercial Policy
(Restrictions, Regulations and Discriminations)

First Meeting
Held on Friday 18 October 1946 at 3.45 p.m.

After opening of the meeting by the Executive Secretary of the Conference, Mr. WYNDHAM WHITE, the Head of the Australian Delegation, Dr. H.C. COOMBS, was elected Chairman, and the Head of the Netherlands Delegation, Dr. SPEKEMBERINK, Vice-Chairman.

A provisional agenda was adopted, but it was agreed that the agenda was subject to modification in the light of further discussion.

An invitation from Committee I to hold after the conclusion of the meeting a joint meeting with Committee II to consider problems connected with industrial development was adopted.

It was suggested that a plan of work should be drawn up by the Chairman and the Secretariat and be put before the next meeting of the Committee which would be held on Monday, 21 October 1946, at 3.45 p.m.
Committee III: Cartels (Restrictive Business Practices)

First Meeting
Held on Friday 18 October 1946 at 5:00 p.m.

After the Temporary Chairman, Mr. J. A. LaCARTE, Deputy Executive Secretary, opened the meeting, Mr. DIETERLIN, of France, and Mr. GONZALEZ, of Chile, were unanimously elected Chairman and Vice-Chairman, respectively.

The Committee then adopted its provisional agenda and held a brief discussion of its methods of work. These discussions will be resumed at the next meeting which will be held on Monday 21 October, 1946, at 3:00 p.m.

Committee IV: Commodities (Intergovernmental Commodity Arrangements)

First Meeting
Held on Friday 18 October 1946 at 3:45 p.m.

After the temporary Chairman (Mr. J. A. Lacarte) declared the Meeting open, Mr. J. R. C. HELDRE (United Kingdom) was elected Chairman and Mr. Bjarne ROBBERSTAD (Norway) Vice-Chairman.

Consideration of the suggested agenda was postponed until the next Meeting of the Committee.

Committee V: Administration (Administrative & Organization)

First Meeting
Held on Friday 18 October 1946 at 5:00 p.m.

The meeting was opened by the Executive Secretary who after introducing the members of the Committee Secretariat referred particularly to the rules of procedure as approved by the Plenary Meeting and in particular to the rules regarding interpretation and translation. Nominations for officers resulted in the unanimous election of Mr. L.R. EDMINSTER of the United States Delegation as Chairman and Mr. H. CAEML of Brazil as Vice-Chairman.

A suggested agenda based on the relevant provisions of the U.S. Draft Charter was briefly considered, final action being deferred until the first business meeting. In connection with the Committee's programme of Work, the view was expressed that the progress which the Committee could expect to make would depend to a certain extent on the progress made in the other Committees. It was considered, however, that the Committee could usefully begin discussion of a number of topics relating to organizational and administrative questions and that the next meeting should therefore take place on Monday 21 October 1946, at 5:00 p.m.
Committees I and II : (Joint Committee)

First Meeting
Held on Friday 18 October 1946 at 4.30 p.m.
(Hoare Memorial Hall)

According to the decisions taken by Committee I and agreed upon by Committee II, a joint session of Committee I on Employment, Economic Activity and Industrial Development, and of Committee II on General Commercial Policy, agreed to establish a Joint Committee on Industrial Development. Mr. H.S. LAMK of the Indian Delegation, was elected as Chairman of this Joint Committee, and it was agreed that Mr. WUNZ KING, Chairman of Committee I, and Mr. H.C. COOKE, Chairman of Committee II, should act as Vice-Chairmen.

It was agreed that the Chairman would consult with the Chairmen of Committees I and II about the work of the Joint Committee, which would meet after Committees I and II had held a few meetings.
IV. DOCUMENTS DISTRIBUTED

On Friday 18 October 1946

Symbol No. | Title
--- | ---
E/PC/T/4 | Provisional Agenda

V. MISCELLANEOUS

A. Accommodation

The following Delegations have offices in Church House:

<table>
<thead>
<tr>
<th>Delegation</th>
<th>Room No.</th>
<th>Tel. Ext.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australian</td>
<td>232 and 232A</td>
<td>92 and 141</td>
</tr>
<tr>
<td>Brazilian</td>
<td>233</td>
<td>143</td>
</tr>
<tr>
<td>Canadian</td>
<td>234</td>
<td>144</td>
</tr>
<tr>
<td>Chinese</td>
<td>235</td>
<td>146</td>
</tr>
<tr>
<td>French</td>
<td>349</td>
<td>151</td>
</tr>
<tr>
<td>Indian</td>
<td>346 and 347</td>
<td>156</td>
</tr>
<tr>
<td>Norwegian</td>
<td>138</td>
<td>512</td>
</tr>
<tr>
<td>United Kingdom: Delegation</td>
<td>337</td>
<td>415 and 131</td>
</tr>
<tr>
<td>Secretariat</td>
<td>333 and 340</td>
<td>495 and 155</td>
</tr>
<tr>
<td>United States</td>
<td>348 and 350</td>
<td>159</td>
</tr>
</tbody>
</table>

B. Telegrams and Cables

Delegates wishing to send telegrams or overseas cables can hand them in to the Registry, Room 547. Delegates will be asked to give their names and Delegations so that accounts can be rendered in due course.

C. Lost and Found

Lost

A Lady's brown felt hat.

A hat (belonging to M. Calmes) appears to have been taken in mistake from the hat stand outside the Delegates Lounge. A similar hat (black homburg) has been left in its place.

Will Delegates who have used the hat stand be good enough to see that they have the right hat, and if not bring it to the Lost Property Office.
Found

One fountainpen
One cigarette lighter
One door key
One despatch case.

Lost Property Office: Room 14 (Order of the Day Office).

COMMUNICATIONS TO THE EDITOR

Material for insertion in the JOURNAL should be addressed to the Editors, Room 113 and 114 (Telephone extensions 29 and 255).