

14. Throughout the discussions at Havana the Canadian Delegation adhered closely to instructions conforming to the policy formulated by the Government of Canada prior to the deliberations of the Preparatory Committee. This policy has been to support fully the setting up of an International Trade Organization upon the basis of the original United States "Proposals for Expansion of World Trade and Employment". Accordingly the Canadian Delegation consistently opposed efforts to weaken the rules designed to reduce trade barriers and to permit the restoration of international trade upon a multilateral basis as soon as possible. The successive stages in the elaboration of a Charter for the International Trade Organization did bring about a weakening of these rules. This arose through the progressive introduction of exceptional provisions or "escape clauses", necessary in order to secure the adherence to the Charter of as many different countries as possible. The Canadian Delegation, when finding that the inclusion of an exceptional provision was inevitable, directed its efforts to restricting the scope of the provision as much as possible. The result of all this has been that the Charter which finally emerged at Havana represents a bold compromise, flexible enough to take care of varying needs of different economic philosophies and of different stages of economic development, yet sufficiently true to the principles of multilateral trade to give rise to the hope that the Organization, when it is set up, will prove to be one of the most successful and most enduring of all the intergovernmental organizations established during the last few years.

15. At the First Session of the Preparatory Committee in London it became apparent that the chief division of opinion was between the highly industrialized countries and those countries aspiring to rapid industrialization. This latter group became known as "the under-developed countries". They stressed the need for freedom to use any measures that would promote more rapidly their economic development. In particular they wished freedom to use quantitative restrictions to attain this end. Concessions were made to this group at London in that a separate chapter was included in the draft Charter dealing with Economic Development and the Organization was required to authorize the use, for purposes of economic development, of quantitative restrictions, differential internal taxation, mixing regulations and other devices, when these were found likely to be less harmful to international trade than other measures.

16. Another feature of the London Session was the stress laid by Australia and other countries on the need for expansionist policies in regard to employment. This clearly reflected the new economic ideas associated with the name of Lord Keynes. It was maintained that the level of employment in important countries had a greater influence on world trade than any lowering or raising of trade barriers. It was pointed out, with a certain measure of justification, that the United States draft of a Charter was entirely negative. It contained a series of "dents" about what nations must not do in the way of maintaining barriers to trade, but little of a positive character about what nations should do to expand world trade. As a result, the chapter on Employment in the original United States draft of a Charter was expanded and recognition was accorded to the need of countries to take action to protect themselves against deflationary pressure in the event of a depression in one of the important industrial countries.

17. At the second Session of the Preparatory Committee, held in Geneva, the under-developed countries continued their