

32. Thus it appeared at Havana that only the Benelux countries and Canada stood for the full acceptance of the basic principles of multilateral trade. Even Canada was not absolutely pure because we too had our balance of payments difficulties and were zealous in protecting our own position as regards that section of the Charter. Among the Benelux countries there were times when the Netherlands was in disagreement with its Belgian partner on account of Dutch concern over special measures to protect agriculture. The hope that the larger number of under-developed countries represented at Havana would accept the Geneva compromise was in part vitiated by this lack of unity in the ranks of the Geneva countries. When it was pointed out to the under-developed countries that the Geneva draft provided for the use of quantitative restrictions and of preferences for purposes of economic development, but subject to the prior approval of the Organization, they were able to reply that prior approval was not a prerequisite for the use of quantitative restrictions for balance of payments reasons or for the protection of agriculture under certain conditions.

33. The situation during the first month at Havana looked so hopeless that the practice grew up of having informal meetings from time to time of the heads of leading delegations from countries genuinely interested in establishing the International Trade Organization upon a sound basis. At these meetings the general situation of the Conference was discussed. At one of the meetings, held early in December and presided over by Mr. Clayton of the United States, it was decided to give up the fight then ensuing upon the question of weighted voting versus one state-one vote. It was felt that it would clear the air and help to create a better atmosphere at the Conference if the inevitable concession to the majority was made then rather than allowing the deadlock over this question to continue indefinitely. Accordingly the United States, United Kingdom and Canadian Delegations, the three chief proponents of weighted voting, declared their acceptance of the principle of one state-one vote, subject to the later decision regarding the composition of the Executive Board of the Organization being satisfactory to these delegations, i.e., that provision be made for permanent seats on the Executive Board to be allocated to the countries of chief economic importance. Instead of this move clearing the air and helping to create a better atmosphere, it had the reverse effect. It made the majority more conscious of their numerical strength and encouraged them to hope for more concessions.

34. In view of this situation, I proposed at one of the informal meetings, held shortly before Christmas, that the Conference should be adjourned to be called together again after the Bogota Conference had clarified the situation of United States financial assistance to the economic development of Latin America. I took this position in accordance with instructions from Ottawa that rather than attempting to frame a Charter flexible enough to fit the lowest common denominator, the leading trading nations should build up from the basis of the General Agreement on Tariffs and Trade, concluded at Geneva on October 30, 1947, i.e., the selective rather than the universal approach. That Agreement contained a provision (Article XXV) for regular meetings of the Contracting Parties, in other words, for an embryo organization.

35. This proposal led to a searching discussion at informal meetings on the situation of the Conference. The United States Delegation telegraphed to Washington for instructions. However, it was decided to continue the Conference in the hope of hammering out a generally acceptable solution. It was felt that to adjourn the Conference would be to deal a fatal