

perhaps make informal recommendations and perhaps even point out the consequences of the country's policies, but in the last analysis it cannot compel the country to change them. The argument there was that, after all, each country is sovereign, and if it wants to choose a particular form of economic organization that should be its business and nobody else's. Of course all countries are very jealous of that right. It is made clear throughout this charter that countries cannot be compelled to adopt any particular form of economic policy, and I do not think there would be any chance of getting agreement on an organization if the right of compulsion were to be insisted upon.

Hon. A. L. BEAUBIEN: You would not have got anywhere with this organization if that had been insisted on.

Mr. DEUTSCH: No, senator.

Hon. Mr. HAIG: What bothers me is that all these things give a way out to member nations.

The CHAIRMAN: Perhaps there will be a development into one world after a while.

Hon. Mr. HAIG: You are an optimist, Mr. Chairman.

The CHAIRMAN: I said "perhaps".

Hon. Mr. HAIG: With a capital P.

Mr. DEUTSCH: One of the objects of this thing was to try to work out rules and methods of behaviour whereby countries with differing forms of social and economic organization could co-operate, and co-operate in a way which would produce an expanding world trade. Of course a lot of compromises had to be made between these countries with differing forms of social and economic organizations and policy. The thought was, whether rightly or wrongly, that it would be better to find ways of working together, even though they are compromises, than to have no agreement at all. It was frequently pointed out at Geneva that the absence of any agreement represented the law of the jungle, and the question was whether you wanted the law of the jungle or some form of co-operation.

The CHAIRMAN: Better half a loaf than no bread.

Mr. DEUTSCH: That was the general thought. Whether the thing will work out remains to be seen; it depends a great deal of course on the attitude and the spirit with which the countries co-operate.

Then there are some obvious exceptions to this rule of quantitative restrictions, having to do with the usual type of things, like the protection of public morals, the protection of exhaustible natural resources, and so on. There is also a temporary exception to allow countries to liquidate their wartime controls, to give these countries a period of time in which to make adjustments.

The CHAIRMAN: Supposing the reason for imposing a quantitative restriction was inequality of exchange, must the restriction be withdrawn if the reason disappears?

Mr. DEUTSCH: You mean, Mr. Chairman, if the balance of payments improves?

The CHAIRMAN: Yes.

Mr. DEUTSCH: Then the restriction must be withdrawn.

I might pass on to the general rules on subsidies. Subsidies in general are not prohibited.

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. HOWARD: Did you say they were not prohibited?

Hon. Mr. HAIG: I thought he said they were not permitted.