

Mr. Stucki, the Chief Delegate of Switzerland, did not assist matters by his uncompromising attitude. The United States member of the Sub-Committee showed himself to be equally uncompromising. Finally, it was proposed that the whole question should be referred to the Interim Commission for further study and this solution of the immediate difficulty was adopted. It had the advantage of giving Mr. Stucki no excuse to crusade against the Charter, which, in view of the influence of the greatly-respected Swiss press, would have had unfortunate repercussions on European opinion towards the Charter.

58. Thus it became clear during the early part of March that one question after another was being solved with the exception of that pertaining to the exceptions from the rule of non-discrimination in the case of countries experiencing balance of payments difficulties. This was the question to which the United Kingdom Delegation attached the most importance. They became apprehensive that at the end of the Conference the United Kingdom might be the only country unable to accept the Charter. As already indicated, they had become dissatisfied with the solutions proposed for dealing with quantitative restrictions for purposes of economic development and with new preferences. It was these considerations which led the United Kingdom Government to propose to the other countries of the British Commonwealth of Nations a postponement of the Conference. They did not pursue this idea in the absence of support from these other countries, but they did take up with the United States Government, through diplomatic channels and therefore outside the Conference, the questions which were causing them concern, particularly that of the exceptions to the rule of non-discrimination.

59. After preliminary debate in Committee III - the Commercial Policy Committee - the balance of payments questions had been referred to a Sub-Committee. This Sub-Committee in turn set up a Working Party of eight countries to consider the question of exceptions to the rule of non-discrimination. Mr. Neil Perry of Canada was elected Chairman of this Working Party, which for two months wrestled with this highly technical and difficult question. For a long period the Working Party was able to make no headway. An impasse had arisen over differences of interpretation of that part of the Geneva text of Article 23 which requires countries in balance of payments difficulties to give priority to exports for hard currency. Some of the European countries also disliked the provision precluding higher prices for goods imported from countries in whose favour the discrimination takes place. The United Kingdom was out frankly for full freedom to discriminate throughout all or nearly all of the transitional period.

60. After several weeks of frustration the United States decided to break the deadlock in the Working Party by proposing a return to the basis of their original draft of a Charter. This meant that, in place of the criteria set forth in the Geneva draft, the justification for exceptions to the rule of non-discrimination would be the condition that they had equivalent effect to exchange restrictions permitted by the International Monetary Fund. A new draft of Article 23 on this basis, submitted by the United States Delegation, also provided that discriminatory measures already in force could be continued and adapted to changing circumstances for the duration of the transitional period as determined by the Fund. At first this new draft pleased all members of the Working Party except Canada. The Canadian Delegation had to point out that the new basis was more unfavourable for Canada than that of Geneva. Moreover, Canada would be penalised through the fact that an effort had deliberately been made to avoid discrimination in