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COMMITTEE ON ARRANGEMENTS FOR CONSULTATION

WITH NON-GOVERNMENTAL ORGANIZATIONS

Communication received from the National Association  
of Manufacturers (Category B Organization) dated  
August 11, 1948

Circulated to Members of the Council for information in  
accordance with the report (section 2, paragraph 4) of  
the Committee on Arrangements for Consultation with Non-  
Governmental Organizations, Decisions of the Economic and  
Social Council of 13 and 16 August 1947, (Resolution  
No.95(V) first issued as E/583, as amended by Resolution  
No.133(VI). G).

The United States representative in the Economic and Social  
Council requests that the attached communication submitted by the  
National Association of Manufacturers (Category B Organization)  
be circulated to Members of the Economic and Social Council in  
full, according to paragraph 4 of Section IV of the Report of the  
Committee on Arrangements for Consultation with Non-Governmental  
Organizations approved by the Council 13 and 16 August 1947).

"Geneva, August 6, 1948.

The Economic and Social Council now has on its agenda  
the "Report of the Secretary-General on the United Nations  
Trade and Employment Conference". This presents the so-  
called Havana draft of a Charter for establishment of an  
International Trade Organization.

Despite the fact that for five years the National  
Association of Manufacturers has advocated establishment of  
an International Trade Organization, it has not yet deter-  
mined whether it will support or oppose the Havana draft as  
a whole.

The N.A.M. is strongly opposed to two chapters of the  
Havana draft, Chapter V on "Restrictive Business Practices"  
and Chapter VI on "Inter-Governmental Commodity Agreements".

Chapter V is objectionable because it does not clearly  
condemn international private cartels; to a limited extent  
it criticizes restrictive practices affecting international  
trade but it does not specifically denounce international  
cartel agreements as intrinsically and inherently bad.  
Moreover, Chapter V as it stands gives discretion to the  
proposed Organization which empowers it to prevent any  
finding that any international cartel is harmful; it is

empowered to frustrate any attempt at any stage to effect discontinuance of the use of international cartels through the Organization.

Chapter VI sanctions inter-governmental commodity agreements; viewed economically such agreements are simply a form of inter-governmental cartels. They are even worse than private international cartels because they put the whole power of governments behind efforts to control the production, processing and distribution of particular goods or commodities. Moreover, in order to effectuate the control of production, exports, stocks and the allocation of markets, it would be necessary not only to control the producers of primary commodities, but the production, sales, and employment of every company using the particular product - in other words, a widespread use of inter-governmental commodity agreements would not only limit and in certain cases even destroy competition, but it would threaten the whole existence of the free private enterprise system of production and distribution.

Chapter VI in practice would, moreover, require the establishment of a vast and an expensive international bureaucracy for its enforcement; a sort of international central planning agency with authority to investigate and interfere in the internal economic situations of practically every member of the United Nations.

We believe that regardless of whatever position it may adopt on the Havana ITO draft as a whole, the Economic and Social Council should

(1) Declare that inter-governmental commodity agreements are bad in principle, since they recognize as sound, when conducted by governments, practices which are economically unsound when engaged in by private international cartels.

(2) Establish a special committee to formulate and present to the Council, for subsequent presentation if approved by it to United Nations Members, a proposed international convention under which subscribing nations would forbid within their borders the formation or operation of international cartels, it being understood that if a nation does not subscribe to the proposed Convention, no authority of the United Nations will be used to compel other nations to forbid their nationals from operating in such country in accord with its internal laws and business practices.

Respectfully submitted,

Noel Sargent  
Secretary  
National Association of Manufacturers."