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Plans for World Agency on Trade Nearing Maturity

New Organization Would Function Within Framework of Dumbarton Oaks

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Plans for a world trade organization to function within the Dumbarton Oaks framework as an autonomous agency such as the proposed International Monetary Fund or the United Nations Food and Agriculture Organization, are gradually maturing, it was learned in Government circles over the week-end.

An inter-departmental committee on international economic organization reportedly has reached substantial agreement as to a suitable structure for the International Trade Organization. However, the exact functions of the organization or ITO, as it already has been dubbed, have still to be determined.

Trade Convention Scope

If the ITO is to exercise more than advisory and research functions, it is pointed out, authority will have to be provided it through the major trading nations agreeing to a world trade convention or entering into a series of agreements vesting authority in the ITO.

Under an international trade convention, the signatory nations would agree to refrain from adopting restrictive and discriminatory trade practices and also to take steps to reduce at least some of the trade barriers now in effect. This would require enabling legislation in the case of the United States.

The Administration reportedly is weighing the advisability of two alternative courses of action. One would be to sponsor an international commercial policy conference at which the ITO as well as other projects would be proposed and developed as the International Mone-

tary Fund and the International Bank for Reconstruction and Development were at Bretton Woods. Then, legislation authorizing the ITO and the American commitments would be submitted to Congress.

Alternative Approach

The other course would be to start from the ground here. The President would seek authorization from Congress to negotiate a trade convention with other countries. It would be stipulated that commitments by the United States would be contingent upon this country obtaining a quid pro quo. Possessed of such a Congressional mandate, the Chief Executive could take the initiative in seeking international adherence to a trade convention to check and reduce trade barriers among nations within stipulated limits.

When other major trading nations agreed to enter into such an agreement, making concessions on their part, the ITO could be designated to supervise carrying out of the agreement. Of course, ITO could be organized before or after adoption of such a world trade convention by various nations.

Failing a Congressional mandate to form a multilateral agreement for the reduction of trade barriers, or else legislation authorizing the United States to enter into an agreement or the establishment of a strong ITO, apparently the world trade agency to be set up under the Economic and Social Council would be a relatively weak organization. In such event it would resemble the United Nations Food and Agriculture Organization, it is said.

Structure of ITO

In discussing the probable structure of the ITO, it is thought that each nation would have one vote. Although the ITO has three-level representations, government, employe and employer—experience with body indicates the advisability of having the government only represented. Government officials hasten to add that this would not mean business would not be consulted and its advice heeded. On the contrary, the United States Government realizes fully the necessity for close co-operation with business if a successful ITO is to be developed, it is said.

Probably the International Cham-

ber of Commerce might present world business views while in the United States the Government also would act in close co-operation with the four national organizations especially interested in trade, that is:

The National Association of Manufacturers; the Chamber of Commerce of the United States; the American section of the International Chamber of Commerce. Advice of other groups and individual businessmen also would be sought.

Future Proposal

The Economic and Social Council as a co-ordinating body for the various international agencies might make suggestions for delimitations of fields of operations for ITO and the United Nations Food and Agriculture Organization, it is suggested. World commodity agreements as well as many types of trade controls presumably would be under ITO supervision.

The coming San Francisco conference is expected to be fully occupied in organizing the top level bodies, the General Assembly, the Security Council and the Economic and Social Council. So, it is not anticipated that much work can be done on any additional international organizations. However, it is thought that possibly an International Trade Organization will be suggested another agency for which the Economic and Social Council will act as the co-ordinating body.

In the interim between the San Francisco conference and when Congress may be asked to authorize the President to negotiate for a world trade convention or when an international commercial policy may be called and held, it is anticipated that the proposed structure and functions of an ITO can be worked out in close co-operation with American commercial interests.