

V. COMMERCIAL POLICY

In each treaty an agreed clause imposed upon the ex-enemy State an obligation to grant, for a period of eighteen months, what amounted, broadly speaking, to most-favoured-nation treatment to any of the United Nations which in fact was prepared reciprocally to grant similar treatment to the ex-enemy State concerned. The U.S.S.R., however, proposed two exceptions to this rule—(a) for branches of industry where there was no private enterprise, and (b) except in the Italian treaty, for commercial relations with “neighbouring countries.” The most important “neighbouring country” in each case is the U.S.S.R., already active in pressing for bilateral agreements and capital participations, which have tied the economies of these countries very closely to the U.S.S.R. The admission of the U.S.S.R. exceptions would therefore have made the article as a whole practically meaningless, and indeed the absence of any similar proposal in the Italian treaty made it reasonable to suppose that this was precisely the intention in mind.

The debates upon this article therefore raised the whole issue of the rival commercial philosophies of the United States and the U.S.S.R. While some of the states outside the Soviet Bloc have not in recent years been enthusiastic supporters of every aspect of United States commercial policy, it seemed so probable that the formal ratification of the U.S.S.R. views would have left it open to that country to apply to Eastern Europe such an extremely exclusive policy that on this issue their proposals received no support except from the other members of the Soviet Bloc, Ethiopia, and the Netherlands abstaining in the Plenary Session votes. It is particularly worthy of notice that, in a statement attached to the Record of the Balkans Economic Commission, the United Kingdom delegation has placed itself formally on record in favour of the principle that “equality of terms should be given to all the United Nations without discrimination,” and has declared that this major objective can be assured only by including in the peace treaties the interpretation of the most-favoured-nation principle which had been embodied in the United Kingdom, United States, and French draft.

In the case of Italy, the Canadian delegation wished to extend the most-favoured-nation obligations by lengthening the period stipulated in the draft treaty from eighteen months to three years. Eighteen months, it was argued, was too short a period for Italy to negotiate a new series of commercial treaties. As the article was an agreed one, no one of the Big Four was in a position to vote for this proposal without the unanimous agreement of the others. It was, however, carried, in the Italian Commission, by 12 to 8, and in the Plenary Session, by 12 to 9, New Zealand voting with the majority.

The commercial policy clause in each treaty also contained a paragraph sponsored by the United States and the United Kingdom which in effect interpreted the most-favoured-nation principle in relation to civil aviation. The Netherlands and French delegations proposed a further elaboration designed to make this interpretation more positive.