SECOND SESSION OF THE PREPARATORY COMMITTEE OF THE
UNITED NATIONS CONFERENCE ON TRADE AND EMPLOYMENT

VERBATIM REPORT

SECOND MEETING OF COMMISSION A
HELD ON TUESDAY, 27 MAY 1947, AT 3.0 P.M., IN
THE PALAIS DES NATIONS, GENEVA

M. MAX SUETENS (Chairman) (Belgium)

Delegates wishing to make corrections in their speeches should address their communications to the Documents Clearance Office, Room 220 (Tel. 2247).
CHAIRMAN (Interpretation): Gentlemen, the Meeting is called to order.

As I told you this morning, we will start our afternoon meeting with discussion of a paper, E/PC/T/78, which is the Second Report of the Drafting Committee on Charter Negotiations.

Would the Chairman of this Committee like to add some comments on the Report?

Mr. E.T. HAWKINS (Chairman, Charter Steering Committee): Mr. Chairman, I do not think much is needed in the way of comment. All the Committee has done is to schedule the meetings for Chapter VIII and Chapters I and II. In doing this, it has set the date for the discussion rather late, in the hope that Committee B, to which the discussion will be assigned, will have completed its work on Chapter VII by the time the new matter is taken up. We thought probably that would be more practicable.

CHAIRMAN (Interpretation): Does anybody wish to speak on this Report? M. Baraduc.

M. PIERRE BARADUC (France) (Interpretation): I am sorry, Mr. Chairman, that I myself was not at the Committee meeting, but from discussions I had this morning I realise that a certain number of Delegations would not be able to conduct, as speedily as suggested here, simultaneous discussions on tariff negotiations and on the Charter. I believe it is necessary to take into account the small Delegations, for which this time-table would present certain difficulties. I would suggest, for example, that in the mornings we should discuss the Charter and that we should leave every afternoon free for the tariff negotiations. This is simply a suggestion on my part.
As far as we are concerned, we should probably be able to do the two things at the same time, but I have heard from other Delegations that they could not keep up such a pace. I would also like to ask the representatives of the United States and of the United Kingdom if they have not heard similar criticisms on this scheme.

CHAIRMAN: The Delegate of Cuba.

Dr. GUSTAVO GUTIERREZ (Cuba): When the discussion of this time-table was taken up with the Steering Committee, we co-operated with other Members of that Committee in framing it. At the same time we thought that too many things were included in this short amount of time. We did not raise any formal objection because we thought we could push ahead with the work in the time allotted and at the same time undertake the tariff negotiations. We have also found it impossible to attend at the same time several meetings of the different negotiating teams, the different sub-committees and special committees; it is really more than we can do. We know that several other Delegations are in the same difficulty, so we second the proposal made by the French Delegate. We could go ahead with the schedule as it is, but try to have the morning dedicated to the Charter discussions and the afternoon for the tariff negotiations.
Mr. J.T. CPUANG (China): The Chinese delegation supports the proposals put forward by the French and Cuban delegations. As a matter of fact we think that it is utterly impossible for our delegation to do this double work as it is scheduled.

CHAIRMAN (Interpretation): I believe that I should not allow this discussion to go astray. We are not discussing our time-table proper, the whole of our time-table, but Mr. Hawkins has proposed dates for the Study of Chapters VIII, II, and I. I, of course, realise the difficulty mentioned by Mr. Baraduc and other delegates but I think it has always been arranged that we should begin by following the order of our time-table and see, after a few days, whether it is possible for us to keep to the time-table or not. But today is the first day and I think it is a bit too early to decide. I think we should look at the time-table circulated, and if you look at it you will see that Thursday, Friday and Saturday have been left without any matter to discuss, and I suggest that these days could be usefully occupied in discussing tariff negotiations. /I suggest that we do not immediately discuss the question of the time-table but merely decide now whether we agree to the date fixed for discussion of Chapters VIII, II and I, and if after a while, we consider that we cannot follow the time-table or that some delegations are unable to adhere to it, then we can always revise it.

Mr. Gustavo GUTIERREZ (Cuba) (Interpretation): Mr. Chairman, the Cuban delegation have no objection of course to disposing first of the suggestions made as to the setting out of the work, but they reserve the right to state the case immediately afterwards about the time-table because, up to this time, we have already started and we have found that it does not work.
Mr. BARADUC (France) (Interpretation): I apologise: when I opened this debate I did not intend in any way to slow down our discussions here, but when this morning I was told that some of the tariff negotiations had to be suspended or adjourned in view of the discussions taking place on the Charter I wondered whether it was a good idea to adjourn temporarily the discussions on tariffs. But, of course, I agree with you that the situation will not arise this week, in view of the fact mentioned by you that we have three days free. But in future I wonder whether it would not be a good idea for the two Working Parties, those working on the Charter and those working on Tariff Negotiations, to come together and have some sort of agreement and hear the complaints of some of the smaller delegations.

CHAIRMAN (Interpretation): I think the suggestion just made by the delegate for France is an excellent one and that the two Steering Committees might meet and hear the complaints of the delegations which find themselves overworked by the time-table.

This being said, are all delegations in favour of the Report?

The Report is adopted.
CHAIRMAN (Interpretation) (Contd.): We resume the discussion on Article 9 of the Charter, it being understood that we reserve until tomorrow any discussions on the United States amendment regarding Capital Investments. I will remind the Committee that in addition to that amendment, the United States delegation submitted four more amendments, which are all more or less substantial amendments.

I would ask the delegate for the United States to explain to us the consequences of his amendment.

MR. C. WILCOX (United States): Mr. Chairman, the amendments that are suggested for the first sentence in Article 9 on Economic Development - the first proposal is the addition of the term "countries or dependant territories". The purpose there is to give recognition as to the desirability of promoting the development of dependent countries as well as the development of self-government.

The second amendment proposes the deletion of the phrase "contribute ultimately to economic stability". Delegates will remember that this point was discussed by the Committee in London in connection with the report on this Chapter. The phrase was deleted from the report, but by inadvertence, I believe, it was allowed to remain in the text of the Charter. What the phrase says is that highly industrialised countries have greater economic stability than undeveloped countries. If the Committee wishes it to go on record in support of this statement as a matter of principle, I think it may raise some question concerning some of the statements that are made in connection with Chapter II, where the suggestion is clear that highly developed countries are susceptible to considerable instability.

A third amendment proposes the substitution of the phrase "standards of living" for "levels of real income". This is in line,
I believe, with the suggestion made by Mr. Nash in an earlier statement to this Committee. It was our view that "standards of living" is more generally understood and less susceptible of misinterpretation. We are not insistent on this point.

The fourth amendment suggests dropping the phrase "thus strengthening the ties of international understanding and accord". This suggestion does not involve any lack of enthusiasm for international understanding and accord, but on reflection it seemed to us that this was the purpose of the whole Charter that this phrase as it appears probably belongs in Chapter I rather than in this Chapter, and appearing in this context it involves, perhaps, unnecessary ornamentation. On this point, also, we are not insistent.

MR. J. HELMORE (United Kingdom): Mr. Chairman, if I might refer to the first of the amendments put down by the United States delegation, which is to add the words "or dependent territories", I would like to say that in the view of my delegation this discloses a fault in the drafting of this Chapter as a whole, or rather a fault which occurred because this Chapter was inserted at a later stage than the developments of the other parts of the Charter, particularly in Chapter V. In Chapter V, Article 38 there is a paragraph which is called Territorial Application of Chapter V, and there it is said that if there are two or more customs territories under the jurisdiction of any Member, each such customs territory shall be considered as though it were a separate Member for the purpose of interpreting the provisions of Chapter V."
Now if you look at Article 13 of the Chapter we are now discussing, it provides that Members may take protective measures in certain circumstances. Well clearly "Member" there is intended to mean separate customs territories. A separate customs territory is the only separate entity which can take a protective measure in this context, but it is nowhere provided in Chapter IV. That "Member" does, even in the Article, even refer to a separate customs territory; and that seems to me to point to the need for looking at the whole of this Chapter and seeing whether the words "Member", "Country", "Territory", "Dependent Territory" and so on are rightly used; and I am not sure that the Preparatory Committee will really be able to do that properly until it has considered Article 88(4), which refers to a particular class of territory which is, as it were, neither independent nor dependent. It is self-governing in respect of matters covered by the Charter, that is to say, it is self-governing in respect of its plans and aspirations and projects for industrial development, and therefore it seems to us that there is some further complication to be worked out there, and indeed, it might require to be looked at in relation to the definition of who can become Members of the Organisation in Chapter 2.

I use the opportunity of the introduction of the words "dependent territories" here to point out those matters which really, it seems to us, require clearing up. Whether it is profitable to try to clear them up at this stage in the consideration of Chapter 4 is a matter on which I would welcome the views of the Committee. As for the insertion of "dependent
territories" here, I think it is undoubtedly true that a dependent territory - that is to say, one that is not at all self-governing in these matters - is likely indeed to be relatively under-developed; but that is not because being in a state of dependence has kept it under-developed, it is because its political and economic development go together, and as countries become politically developed they tend to become industrially developed or economically developed - or the other way about. So I am not at all sure whether it is right or wrong to put this in here. On the whole I think it is wrong, in that the implication is that dependence has in some way retarded economic development. One might just as well say that a lack of economic development has retarded political development. On the whole I think it is better to leave the words as they were - just refer to countries as yet relatively undeveloped.

I am sure that that question can be finally settled until we know what are going to be the exact provisions about the territorial application of this Chapter.

With regard to the other Amendments which the United States Delegation has mentioned, I do not think we have any strong views on the particular questions of drafting.

On one point, I hope of correction: I heard the Interpreter say that I had made this series of remarks "pour clarifier la situation". If I did so, say I was making a series of remarks in order to clarify the situation, I withdraw it unreservedly!

CHAIRMAN (Interjection): Mr. Helmore, the Delegate of the United Kingdom, has raised a question already dealt with in a document which has been circulated, Document 110, circulated on 23rd May, 1947. Mr. Helmore himself pointed out that he did not
believe we should now attempt to solve this problem.

I believe myself that we should take up the question in connection with Chapter 8, and more particularly with Article 88, paragraph 4.

If the Committee is in agreement with what I have just said, I propose we leave Article 9 as it stands, as far as the United States Amendment is concerned, and that we take up the matter again, if necessary, when we discuss 88.
Mr. AUGENTHALER (Czechoslovakia): Mr. Chairman, I should say that I agree entirely with your proposal that this question should be discussed later, especially as Czechoslovakia has no trouble with her dependent territories. As to other amendments of the United States delegation, we agree entirely that there is no need to leave in this Article 9 "contribute ultimately to economic stability", and in the last amendment "thus strengthening the ties of international understanding and accord". As to the point of "real income," of standard of living, I would like to point out that this question is discussed, as far as I know, in the Sub-Committee for the interpretation of Articles 3 and 4, so I think that would be better left until the formulation could be found.

There is one more point. I would like to know why, in this Article, the words "increased demand for goods and services" are used, while in other parts of the Charter the word "services" is no more employed, especially in part 6 of the Charter. So I wonder if it would not be better to leave "goods and services" throughout the whole Charter.

M. BARADUC (France) (Interpretation): I do not want, Mr. Chairman, to start a lengthy discussion on the French text. I have said this morning that I would agree to the United States amendments, provided that the French text be amended to "territoires en dépendant". I know that the distinguished interpreters have, from time to time, adopted the Secretariat version and sometimes my version. I would like the French translation section to be informed so that there should be no ambiguity in the text.
Mr. L.C. WEBB (New Zealand): Mr. Chairman, the New Zealand delegation would submit that the words "ultimately to contribute to economic stability" have a useful place in this Article because they express a truth of some importance that undeveloped economies are dependent on a small range of products, and that usually those products are primary products which are less stable in the world's markets than manufactured products. Furthermore, we do not see any inconsistency with Chapter III if this phrase is left in Article 9, because there are, of course, other sources of economic instability.

CHAIRMAN (Interpretation): If no other delegation wishes to speak, I think we can refer the amendment to the Sub-Committee. We now pass on to Article 10. On this Article we have an Australian amendment which consists of replacing the words "within their jurisdiction" (and putting them in other places) by the following sentence: "Members within their respective jurisdiction and the Organization generally shall take ... etc." I would ask the delegate for Australia to explain his amendment.
Mr. E. Mccarthy (Australia): Mr. Chairman, the object in suggesting that the words "within their jurisdictions" be moved from where they are in the existing draft to the earlier position we suggest, is that it is really a drafting amendment. As it stands now, it suggests that the object is to raise standards of productivity within their jurisdictions. We can assume that the objective is that "nation designed progressively to develop," and so on, should be taken within their jurisdictions.

We thought the words "and the Organisation generally" followed upon the decision of the Economic and Social Council, which was circulated on 25th April, Document T.45. The particular section of Article 11 which was referred to the Economic and Social Council appears as Article 11 (2) and the decision of the Council, as set out in that circular, was that reference should be made to the fact that the Organisation could take part or could take the initiative in plans for economic development. That decision also appears in Article 11 and we suggest, in Article 11 or 11(1), the insertion of the words, "with the Organisation" after the words "shall co-operate with one another."

As the words come into both Articles 10 and 11, Mr. Chairman, should we take these Articles together or should we wait and deal with Article 11 separately?

Chairman (Interpretation): I fully agree that in the case of this problem we should discuss Articles 10 and 11 together.

The Australian amendment to Article 11, Paragraph 1, would consist in adding the words "with the Organisation" to the part of the sentence reading as follows: "Members shall
Mr. E. McCarthy (Australia): Mr. Chairman, it also raises
the question of Paragraph 2 of Article 11, and we would raise the
question - we have not made a proposal in this case - whether
at the end of Paragraph 2 we might add: "In carrying out this
function, the Organisation shall co-operate with the Commissions,
sub-commissions and specialised agencies of the Economic and
Social Council." That arises out of the last sentence of the
communication of the Resolution of the Economic and Social Council.
That is all we have to say on it. I think in the case of an
addition to Paragraph 2 of Article 11, the sub-committee which is
looking into it might like to consider it.

Chairman (Interpretation): It is indeed an important
question but one which could be dealt with in Plenary Session only
with great difficulty. If the Australian Delegate is in
agreement, I therefore suggest we refer it to the sub-committee.

The Delegate for Brazil.

Mr. J. G. Torres (Brazil): Mr. Chairman, the Brazilian
Delegation wishes to support the amendments put forward by the
Australian Delegation, for the reasons already advanced by them.

We attach great importance to this whole Chapter and we
think it would be considerably improved if these amendments were
accepted, especially in view of the Resolution of the Economic and
Social Council already referred to.

Chairman: Mr. Helmore.
Mr. J. R. C. HELMORE (United Kingdom): Mr. Chairman, I just want briefly to put forward one question for the consideration of the sub-committee: that is, that whilst I entirely agree with the spirit of the Australian amendment, it might be a pity to destroy the particular point and punch of Article 10 by inserting the words "and the Organisation generally." It seemed to us that it was much more valuable to leave in Article 10 a definite obligation on Members to take action within their own jurisdictions to develop and to raise standards of productivity. It seemed to us that the question of cooperation on this matter between Members inside the Organisation with the Economic and Social Council and with the other specialised agencies was more appropriately dealt with according to the plan of this Chapter that we developed in London in Article 11. On my suggestion, Article 10 would then read "Recognising that all countries... Members shall take action... within their respective jurisdictions designed progressively to develop industrial and other economic resources," and so on. We could then go on in Article 11 to lay down the obligations.
Mr. J.H.G. PIERSON (United States): I hardly need to speak to this question because I was going to raise the same point as Mr. Helmore has just raised. We are fully in agreement with the intent that action taken to develop industrial and other economic resources should be within the jurisdiction of the countries just as well as action to raise standards of productivity. We also fully agree with, and would second the suggestion that in Article 11, paragraph 1, Members should cooperate with the Organization as well as with other Bodies. We do feel, however, some doubt about the advisability of introducing into Article 10 a statement of obligation of the Organization, when it had seemed to us that this Article very clearly and uniquely referred to the obligation resting upon a Member country. Therefore we would be inclined to suggest that the drafting Sub-Committee give considerable thought to the advisability of not bringing the Organization into Article 10 but making the other changes which have been suggested.

Mr. R.L. FRESQUET (Cuba): Mr. Chairman, we follow the view already expressed by Mr. Helmore and Mr. Pierson: we are already establishing here in Article 10 an undertaking for members to develop industrial and other economic resources and we agree to that: but we cannot go as far as to allow the Organization to impose any economic plan of that kind upon the Members.

CHAIRMAN: (Interpretation): May I ask the delegate for Australia what are his views on what the delegates of the United Kingdom, the United States and Cuba have just said?

Mr. E. McCarthy (Australia): We rather think there is something in what has been said. We had no particular objective in suggesting it other than that, as we were proposing an amendment in another form, in another direction, it seems to follow that, arising
out of the resolution of the Economic and Social Council this
adjustment ought to be made in both.

Could I suggest that when the Drafting Committee is looking at
Article 11, they look at this Article 10 too, and we would probably
if take the view that it is covered sufficiently in Article 11, we
would then let it go in Article 10.

CHAIRMAN (Interpretation): I think therefore that the time
has come to refer this question to a sub-committee which will take
into account all the opinions expressed, and in particular the last
remark made by the delegate of Australia.

Mr. L. GOTZEN (Netherlands): There is only a small ques-
tion of wording which I should like to raise now. Throughout the
Chapter when we speak about that matter, we speak about measures
"consistent" with the other provisions of this Charter. Now, only
in this Article we use the word "compatible." I do not know
whether that is quite the same, but if it is not, perhaps we had
better use the word "consistent."

CHAIRMAN (Interpretation): I believe that such a question is
precisely the kind of question to be solved by the sub-committee.

I therefore think that we can - leaving out the first amend-
ment of the Australian delegation which has been referred to the
Sub-committee, and also the second amendment in paragraph 1, that
is the one proposed by the United States delegation which deals
only with a small matter of drafting, replacing the word "and" by
the word "with" in another part of the Article - we can pass on to
paragraph 2 of Article 11 immediately.
CHAIRMAN (Interpretation): We therefore pass on to paragraph 2 of Article 11. I will remind you that Article 11 has already a long history. Originally, as you may remember, Article 11 consisted of three paragraphs. The Drafting Committee in New York deleted paragraph 3 and incorporated it as the first sentence of paragraph 2 of the same Article. However, the Drafting Committee cautiously put between square brackets that part of paragraph 2 pending the decision to be made by the Economic and Social Council. Such decision was therefore made on 29th March, 1946 and you can find it in document 55, dated 5th April, 1947. This decision should enable us now to delete the square brackets, but it might necessitate some alteration to the paragraph. On that particular paragraph there are four amendments, one of which comes from the Secretariat. We should take up now the first amendment which is submitted by the Cuban delegation, and which consists in adding the words "specially as for the ways and means of financing said plans". That part of the sentence would come at the end of the first sentence. I wonder, however, in view of the discussion which took place this morning on Movement and Investment of Capital if it is still necessary to have this amendment, and whether it might not be better to reserve its discussion until after the discussion of Capital Investment.

MR. R. L. FRESQUET (Cuba): Mr. Chairman, we were aware that we would be suspected of being too specific with our amendment, and but now I am aware that our amendment may be misunderstood, we are not concerned about the actual financing, but also with the plans and ways and means of finance. It is useful, in the case of small countries who do not have enough research personnel, to plan in the proper way either the finances or the actual engineering or execution of economic plans, so we insisted on that in order to
benefit also from the advice that such an organization as the ITO may give to the small countries. Thank you.

CHAIRMAN (Interpretation): In that case, it might be found that the Cuban amendment is closely related with one of the United States amendments, which explained the term "technical assistance". We have a United States amendment, it may be different but it stresses also the same point and reads as follows "and assist in the procurement of appropriate engineering and other technical assistance".

I now recommend that the two amendments should ultimately be put together and be made into one single drafting. I will thus refer the question to the sub-committee.

MR. J.R.C. HELMORE (United Kingdom): Mr. Chairman, I am not absolutely sure which was the other amendment, besides the Cuban, which you are proposing to send to the sub-committee.

CHAIRMAN (Interpretation): The amendment I referred to was the United States amendment which is on page 4 of document 125. It consists in adding at the end of the first sentence of paragraph 2 "and assist in the procurement of appropriate engineering and other technical assistance". This amendment, though different in form, is similar in spirit and has pursued the same idea as the Cuban amendment. It has been said, if there is any doubt, in the commentary that "the term 'technical assistance' has been widely misunderstood to mean that the ITO proposes to establish industrial and scientific research laboratories, execute construction projects, and generally go into the business of providing industrial technology".

Mr. J.R.C. HELMORE (United Kingdom): Thank you very much Mr. Chairman. I take it we are not leaving the subject of the first part of the United States amendment?
Mr. AUGENTHALER (Czechoslovakia): I think we are in full agreement with the United States proposal for the wording of this paragraph 2. I suppose, of course, it means that the Organisation is not entitled to take any initiative as to the countries, but that the words "upon request of each Member" are binding towards the whole of the Article. Therefore, we thought that it would be better, maybe, to put "That Member", rather than to express the same idea in the second paragraph: "The Organisation may, etc." We would put "That Member may make a Recommendation".

CHAIRMAN (Interpretation): This seems obvious, Mr. Delegate.

Mr. HELMORE (United Kingdom): Mr. Chairman, I am not quite sure how one gets at that interpretation. I have understood the point of the Czechoslovak Delegate rightly. The paragraph now begins by saying "the Organisation upon the request of any Member may advise such Member" - and that goes down to the end of the first sentence, with which, I imagine, most Delegates here are in agreement.

Then, a new sentence: "the Organisation may in accordance with the principles of this Chapter consult with and make Recommendations to Members and appropriate inter-Governmental Organisations relating to the encouragement of the industrial and general economic development of Member countries". How the Organisation may on the request of a Member make Recommendations to appropriate inter-Governmental Organisations about the general economic development of Member countries, I am not quite sure; and I was going to raise the question whether the New York Drafting Committee in transferring that sentence from another Article altogether have not made a mistake, and that it would be better
to revert to the London text and leave the general proposition for the consulting and making Recommendations in the general powers of the Organisation as we had it in London.

Mr. FRESQUET (Cuba): I wondered if the objections to the New York wording can be overcome. If we may make a separate paragraph of the last sentence of paragraph 2.

CHAIRMAN (Interpretation): So that in a sentence, "It may, in accordance with the principles of the Charter, consult and make Recommendations to appropriate inter-Governmental Organisations".

I think that we can consider the Debate ended on this question, and that the Sub-Committee may profit by the views expressed on it.

Mr. NAUDE (South Africa): As a Member of the Drafting Committee at the beginning of its work, while there may be possibly very sound sense in what you said, the only point we are interested in at the moment is, how are the words "in accordance with the principles of this Chapter" interpreted in connection with a situation such as one can conceive? Is the Organisation to be entitled to advise a Member of the ITO that its general economic development in a certain direction is unwise - or that it would be wise to develop a high productive power? I throw out the question because it seems to me there is a certain doubt about what precisely the Organisation may do in the framing of that sentence.

I do not know whether the Sub-Committee you have mentioned can also solve this, but it is a matter of principle, and it seems to me to need some attention.
CHAIRMAN (Interpretation): It would be difficult for me to answer this question, but I am sure there is in this room someone who attended the meeting of the Drafting Committee either in London or New York, and would be able to explain the exact meaning of that sentence, and whether it should be interpreted as the South African Delegate has just suggested it.

In any case, when I read the text of this paragraph, it seems to me that it is clear sense. It is said "the Organisation may in accordance with the principles of this Chapter consult with and make Recommendations to Members" and so on. It seems clear the Organisation is entitled to advise the Members in regard to the encouragement of the industrial and general economic development.

Mr. NAUDE (South Africa): I do not think the Drafting Committee in New York - speaking as a Member of it - discussed this matter au fond, as you suggested. I was not present in London when this particular subject was discussed; but nevertheless the phrase "in accordance with the principles of this Chapter" reminds one of a great deal of rather general language in this Chapter unspecifically, and I am doubtful whether all Members would be willing to give the ITO the power on its own initiative to make Recommendations to Members of the Organisation as to economic development and as to the direction.

I do not press the point - it can be left right where it is. It can be left to the Drafting Committee to solve.
Mr. HELMORE (United Kingdom): I cannot remember very accurately what took place in London, but perhaps I can try and deal with the point underlying the South African delegate's question which I think is the same point which worried the Czechoslovakian delegate, and indeed myself when I spoke. It seems to me that in Chapter IV we are in the process of constructing obligations and rights for members and that if this sentence appears here in this context, though it only says "consult with and make recommendations", there is an implication that, having made a recommendation to one, under powers conferred in the Chapter that constructs obligations, there is some particular necessity to take notice of that recommendation, either to adopt it or to feel slightly red in the face if one has to explain why one does not adopt it. What we did in London when a sentence was not clear, was, first of all, to construct this Chapter and then to look at the first Article dealing with the functions and structure of the Organization, and we wrote a paragraph under Functions to conform to this Article. Clearly the Organization does have a function to perform in connection with all the economic developments on the Article, and there we said it should be the functions of the Organization to consult with and to make recommendations and reports to members regarding any matter relating to the purposes of the Organization or the operation of the Charter including the following which is sub-paragraph (d): "recommendations as to measures for implementing the objectives of the Organization in encouraging and assisting the industrial and general economic development of members". I think the sense of those words is very much less
specific and direct and that if they appear there, they do allow the Organization to perform the useful functions which is to say from our central position we see this happening in the field of industrial development and we wonder whether it is right or we wonder whether it is going too slowly or too fast, but it does not put into this Chapter, with its obligation on members, the opportunity for the Organization to make direct recommendations about the development or reconstruction plans of individuals.

Mr. MAUDE (South Africa): Mr. Chairman, I might just add this. If the general interpretation of the London Report was borne in mind by the Drafting Committee, I think the matter might be dropped.
CHAIRMAN: Dr. Augenthaler.

H. E. Dr. Z. AUGENTHALER (CzechoSlovakia): Mr. Chairman, I have a small remark to make. When I was in London, I saw a play "Is your Honeymoon really necessary?", and now I am wondering if the words "the Organisation" are really necessary in this part of this Article.

There is something in human nature in general which tends to give good advice to others. It is always rather difficult to give good advice to one's own Government, but to other Governments it is extremely easy (Laughter), especially if the Government is far removed and there are no direct dangers of complications. That is why I thought maybe this part of this Article is not so necessary here at all. In practice, it would probably be that some countries would be introducing some new branch of industry. For this new branch they would require some technical or financial aid; they would approach the Organisation, possibly, and request this aid. In this case the question would be discussed and probably the Organisation might make certain recommendations to the Member requesting this aid, or might make recommendations to some other organisations, for instance, to the International Bank. But I cannot see how the Organisation, on its own initiative, could deal with the problems of the internal plans of any country.

CHAIRMAN: The Delegate of Brazil.

Mr. J.G. TORRES (Brazil): Mr. Chairman, if I remember correctly, the idea of putting this paragraph in Article 61 was to give to the Organisation some function that would make it the business of the Organisation to advise on specific projects
of industrialisation or other economic development. In New York it was deemed advisable to make Article 61 more general and to transfer this particular part of 61 to that part of Chapter IV that seemed to be consistent with what we had in mind.

I think it would be very desirable to bear this thought in mind and provide for such functions upon the request of the interested Member. I see, for instance, in the American amendment – with which we are in general agreement – that the word "shall" was substituted for "may" and I wonder whether that does not somehow weaken the Article or the Paragraph, because if it is true that the matter does not concern the I.T.O. alone, we want to make sure, on the other hand, that, whatever concerns the I.T.O., the I.T.O. should have the obligation to do it.

On the specific amendment of the Secretariat, I wonder again whether it is advisable to insert the expression relating to the Economic and Social Council, because, as it is an operative paragraph or Article, it seems to us that it would make it more involved. Unless this point is made clear to me, I do not know whether or not it is necessary to consult the Economic and Social Council on these specific projects.

CHAIRMAN (Interpretation): Gentlemen, we all agree that Paragraph 2 of Article 11 is to be referred to the sub-committee, but before doing so I would like to have the opinion of the Committee on the two amendments already submitted – that of Czechoslovakia, which I understand is only a drafting amendment and should not take us a very long time, and that of the United States, which consists of the substitution of the word
"powers" for the word "competence". I would ask the Delegate of Czecholovakia if he has anything to say on his amendment, and then I will give the floor to the Delegate of the United States.

H.E. Dr. Z. AUGENTHALER (Czecholovakia) (Interpretation): Mr. Chairman, I fully agree with the text submitted by the Delegate of the United States.

Mr. J.H.G. PIERSON (United States): Mr. Chairman, with regard to the word "powers" as a substitute for the word "competence", I will not detain you long. Our thought there was that the word "competence" might be ambiguous; it might refer to ability, in which case the word "resources" already covered the idea and that if what we meant — and we believe we did mean — was legal right, the word "powers" was the more accurate word for expressing the idea that we all had in mind.

Our suggestion that the word "may" be substituted for the word "shall" arose out of our interpretation of the reply that the Economic and Social Council gave to the question asked by the Preparatory Committee following its London meeting.
The Economic and Social Council indicated that it was in difficulty with the language which the Preparatory Committee had adopted in London but it wished to have the Preparatory Committee take into account in the final draft of this Article the powers and obligations of other specialized agencies already in existence or to be established. Our feeling is that if the word "shall" is retained there is the danger that, by appeal to this Organization the exclusive responsibility might be established upon this Organization to assume all the duties in connection with advice concerning economic development, and from that point of view it seemed to us that a more accurate reflection of the situation as it has been left by the reply of the Economic and Social Council would be given by the use of the word "may".

Dr. P.S. LOKANATHAN (India): Mr. Chairman, we have some difficulty in accepting the amendment proposed by the United States delegation. As far as the substitution of the words "powers" for "competence" is concerned, we see no objection, but as regards the change of the word "shall" to "may", we feel some real difficulty; because although there will be the danger of making this obligatory on the Organization, still we feel that if it is replaced by the word "may" the Organization may not staff itself with sufficient personnel to do the thing which we wanted it to do. That, combined with the latest amendment proposed by the United States delegation, namely the substitution of the words: "... may advise the Member concerning its plans or arrange for the provision of such assistance and assist in the procurement of appropriate engineering and other technical assistance." These two taken together, in our opinion, seriously detract from the positive functions which the countries want the I.T.O. to undertake.
In this connection may I refer to page 8 of the London Report where the Committee that is responsible for the drafting of these Articles definitely indicated the scope of the I.T.O. in respect of these Chapters. It is there pointed out in Section J, paragraph 1:

"From the point of view of the purposes of the Charter and the effective working of the International Trade Organization, there are strong arguments for empowering the Organization to perform certain positive functions in relation to industrial development, particularly in the provision of technical aid to members in the formulation and execution of plans for development."

In the second paragraph, the matter has been even more clearly stated:

"This task, because of its essentially administrative character, would be appropriate to a specialised agency...... Furthermore it would provide the personnel of the Organization with continuous experience of the positive as well as the protective aspects of national development policies and so assist them in maintaining the balanced point of view which will be essential to the wise exercise of the discretions which the Charter entrusts to the Organisation."

We are quite aware, Sir, of the danger which you yourself just now pointed out, of the misunderstanding which the existing draft may lead to: that is to say, there might have been created in the minds of several countries the idea that the I.T.O. is going to have a large staff of engineering, technical and financial experts, who try to replace their private firms, and so on.

I quite agree that we should guard against that misunderstanding, but it would be an error if we fall into the opposite extreme and make this I.T.O. just a sort of advisory body which may or may not undertake, at its own option, the functions which we want assigned to it.
I think the drafters of these Articles in London at least believed that it was the duty of the Organization to have a nucleus staff, an advisory staff, which would be able to take matters in hand. If any particular country has any definite plan, those plans, at their own request, would be referred to this I.T.O., and the I.T.O. should have a personnel to deal with those plans, to consider them, to vet them, and, if they find that there is a prima facie case for the going forward of those plans, then the I.T.O. should be able to procure the services.

There are really two facts. One is that the I.T.O. should have some administrative personnel. If the United States amendment means that it will not have that administrative personnel, may I say, with all diffidence, that that is not the spirit in which this Article was drafted in London. I personally was responsible for at least a little of the drafting and we knew what we were leading to. Maybe that is not acceptable to this meeting but that is another matter. But so far as the idea behind this Article is concerned, we are quite certain that, while it is true we do not want the I.T.O. to have all sorts of staff which are envisaged by the Chapter, we did mean that the I.T.O. should have an advisory personnel which would be able to throw light upon the plans and to advise countries on those particular plans. And if, as I say, the I.T.O. felt that some help, some assistance, should be rendered, then the I.T.O. should provide the necessary technical, engineering and other assistance.

For these reasons, Mr. Chairman, I feel that, in the way the United States amendments have been drafted, we should find it rather hard to support them.
MR. J.C. TORRES (Brazil): Mr. Chairman, we appreciate the explanation given to us by the United States delegate for this substitution of "may". However, if it is true that we do not want to create future difficulties and conflicts between the ITO and other inter-governmental organizations, it is also true that throughout the Charter we provide for consultation, and we show that we are quite aware that this should not occur. I think that we should not worry very much about this possibility, especially because if we retain the second sentence of paragraph 2 that provides for this very same consultation, it will be taken care of. It is just a matter of writing it in the proper way in a very adequate manner.

CHAIRMAN: Monsieur Fresquet.

M. R.L. FRESQUET (Cuba): Mr. Chairman, we associate ourselves with the words expressed by the delegate from England and the delegate from Brazil, and consequently we do feel strongly against the substitution of the word "shall" for "may". We think that in a way we have framed into words the idea that we tried to express here, that is, if we say that the organization will act within the powers and resources of the organization. We do not see how, in that way, the action of the organization will go over the recommendation of the Economic and Social Council, and the substitution of the word "shall" for "may" may take completely out of the text of the Article the security of the under-developed countries who have always the advice and recommendations of the ITO in such a matter.
Mr. PIERSON (United States): Mr. Chairman, although Dr. Lokanathan has left the room, I should like just very briefly to comment on certain of his remarks, because I have the feeling that actually there is not much—perhaps not any—difference between his conception of the intent of this part of the Chapter and that of my Delegation. We fully subscribe to the idea that technical aid should be provided by thoroughly competent people, but the point that we have in mind is that this Article should be drafted so as to avoid the implication that the ITO itself would act as an entrepreneur, would itself construct public works and development projects. We believe that technical aid should be provided, but we want to make it clear that the ITO would act in an advisory capacity. Now it may not always be possible for the ITO, even though it has personnel working on economic development— it may not always be possible for the ITO to have on the premises the engineering and other experts who would go out and undertake a particular survey or a particular job of assistance for a particular country. We feel that it should be the function of the ITO to assist in the procuring of the proper technical assistance of the proper calibre to undertake advisory work. I think that leaves us in a position that is very close indeed to that expressed by Dr. Lokanathan with respect to technical aid.

CHAIRMAN (Interpretation): The Delegate of the United Kingdom.

Mr. EELMORE (United Kingdom): I wonder if I could say a word on the question of this suggestion, that we should delete "shall" and substitute "may". As the Indian Delegate read two paragraphs of our London Report, I think perhaps it would be fair to begin by reading the following paragraph, which said:
"The Preparatory Committee is aware, however, that this problem cannot be looked at solely from the point of view of the purposes of the Charter. There are a number of inter-Governmental agencies and organisations concerned with various aspects of industrial development. These include" (and then follows a list of seven of them) — and then the Report goes on, "The Preparatory Committee assumes that the Economic and Social Council will shortly be giving consideration to the question of the appropriate division amongst various agencies of responsibilities not yet allocated in the field of economic development, and to the means whereby their activities can be adequately guaranteed"— and the decisions of the Council on these questions must be based on other, possibly wider, considerations than those that fall within the competence of the Preparatory Committee.

Now I am sure the words of that Report were within the knowledge of the Economic and Social Council when it considered its reply to our question, and they have sent us a polite reply, which does not tell us how to do our own drafting, but I am assured by a Member of my own Delegation who was on the Committee of the Economic and Social Council which drew up that reply, that the only reason they did not suggest the substitution of "shall" by "may" was that they felt it would be more polite to leave us to do it for ourselves.

If we leave in "shall" it seems to me inescapable that we can have, and shall have, before long, overlapping between the agencies. It is quite true there is provision for consultation between the agencies and with the Economic and Social Council later on, as has just been said; but these words are extremely direct. The Organisation, if a Member asks, has to take on the job of advising. There is no let-out there, it is quite
mandatory on the Organisation, and if a particular Member
who chooses to ask two Organisations, both of which have such words
in its Charter, then both the Organisations would have to do
the advising and that seems to me to be rather a ridiculous
result.

On the other hand, I think we can all understand the
anxieties expressed by various Delegations about the apparent
weakness of using the word "may", and I wonder whether it would
be possible for the Drafting Committee to look out a form of
words which would express more closely what we really mean.
What we mean, I think, is this. That if people ask for advice
they ought to get it, provided that it is right for the idea
that we should give it, and that it is not for some other agency
to give it; and if it is possible to express that thought more
closely than by using the word "may", which leaves the conditions
to be understood, perhaps we should be wise to think of it.

I have not really had time to work out the words, but
something like "The Organisation, upon the request of any Member,
shall, unless it determines that the matter falls within the
competence of another Charter or Organisation" - or whatever the
words shall be. Those words might help to solve the problem.
Mr. J.G. TORRES (Brazil): I beg to be excused for coming back on this matter for the third time. However, we would, of course, welcome any new drafting that may make this paragraph more explicit and that may do away with the fears of the delegations who are concerned with the possible dangers of this substitution. May I, however, point out that the words follow such expression already qualify the conditions under which the Organization may give this advice because it says here that the Organization, upon the request of any member, shall advise such member concerning the latter's plans for economic development within the powers and resources of the Organization. This seems to cover already, the point, as we have already decided, that we do not have any objection to finding a better drafting - at least from the standpoint of the other delegations.

CHAIRMAN (Interpretation): I believe that we can consider the discussion on this Article as closed and refer this Article to the Sub-Committee. We pass on to Article 12. There are two amendments, one presented by the United States delegation and one by the Cuban delegation. Are these delegations willing to speak on their amendments?

Mr. J.G. TORRES (Brazil): Mr. Chairman, here again we are in general agreement with the amendment of the United States. If I may call the attention of the Committee however, to the question of the title and if this is under discussion I would like to suggest whether we could word the title of Article 12, instead of "Means of Economic Development and their Promotion", "Means of Promoting Economic Development". I am not, of course, very well
versed in the English language, but it seems to me it accomplishes the same purpose and possibly in a better wording. Regarding the text itself, we would like to hear the explanation of the United States delegate.

Mr. CLAIR WILCOX (United States): Mr. Chairman, the first three suggestions for the amendment in the Article are formal. The first is to add the words "among other things" because the list does not seem to be entirely complete. It does not refer, for instance, to such matters as fuel, power and transportation and markets and so on. It is suggested that the word "advanced" be dropped because we are not advanced technologists, but need to know about elementary technology as well. The one important suggestion here is the insertion of the words "on equitable terms" which seems to us to make a stronger and more specific commitment that would be involved in the absence of those words.
CHAIRMAN: The Delegate of China.

Mr. J. T. CHWANG (China) asked permission to make a remark, but later apologised for having misunderstood the number of the paragraph which was under discussion.

CHAIRMAN (Interpretation): In this case, I think we could refer to a sub-committee the two amendments on Paragraph 1.

The Delegate of Brazil.

Mr. J.H.G.TORRES (Brazil): Mr. Chairman, there is just a minor point of drafting here. I wonder if this expression "on equitable terms" would look more adequate after "obtaining." The paragraph would then read: "Accordingly, the Members shall impose no unreasonable impediments that would prevent other Members from obtaining any such facilities for their economic development on equitable terms, and shall co-operate," etc.

CHAIRMAN: Mr. Helmore.

Mr. J.R.C.HELMORE (United Kingdom): Mr. Chairman, on the United States amendment, I only want to say that we agree with the insertion of the words "among other things", but it does seem to us to make the drafting very clumsy. If the Drafting Committee would make the phrase so that it reads: "depends, among other things," or, if the Committee would agree to it, it would be better if the words could be "requires, among other things."

I think I can refresh Mr. Wilcox's memory as to the origin of the suggestion regarding the use of the word "personnel."
There are two possible ones: one is that it was done especially to get the United Kingdom Delegation into trouble, because we have a Member of Parliament who always complains if we use the word "personnel" in a document; the other is that it is generally believed that managers do not work. (Laughter).

Before you pass both amendments to the Drafting Committee, Mr. Chairman, I wonder if we could have some explanation from the Cuban Delegation of the amendment which appears at the top of Page 5.

CHAIRMAN: Mr. Fresquet.

Mr. R. L. FRESQUET (Cuba): The Cuban Delegation thought that the word "unreasonable", at least in Spanish, had such an uncertain connotation that the idea would be better covered by using this longer but more specific phrase, but it is the same idea, I think.

CHAIRMAN: Mr. Wilcox.

Mr. CLAIR WILCOX (United States): With respect to the amendment suggested by the Delegate for Cuba, if the word "unreasonable" were to be dropped in favour of something more explicit and detailed, I think we should have to have further consideration. I recall, for instance, that in discussing this matter in London, it was clear in the minds of the Delegates and the Sub-committee that the word "unreasonable" would cover, for instance, measures that were taken in the interests of national security. I think probably the word "unreasonable" is a better word than the substitution that has been suggested.
It seems to me that excellent suggestions have been offered by the Delegates of Brazil and the United Kingdom with respect to changes in the drafting of this Article, and I shall be happy to leave those matters to the Sub-committee without further comment.

There is one matter, however, that does require some comment. I should not like to let it stand on the record that the Delegation of the United States was motivated, in introducing the word "personnel", by any desire to provide embarrassment for the Delegation of the United Kingdom. Our solicitude for the mental composure of the Delegation of the United Kingdom knows no bounds. (Laughter).

CHAIRMAN: The Delegate of South Africa.

DR. W.C. NAUDE (South Africa): I take it, Mr. Chairman, that that particular point is exhausted now (Laughter).

I am reminded, Mr. Chairman, by the discussion here on the title of this Article by a suggestion made by the South African Delegation in New York - it did not receive any popular support - and that was that there is an advantage in the dropping of titles of Articles from the whole Charter. I only hope the Drafting Committee will bear that in mind. We could avoid an awful lot of argument by simply dropping the titles of Articles - I am not saying Chapters, but Articles.

I may add, Mr. Chairman, that we have a sacrosanct example. In the United Nations Charter itself there are no titles to the Articles.
CHAIRMAN: (Interpretation): I think that it would be in certain cases extremely easy to satisfy this requirement by dropping all the titles.

Mr. J.G. TORRES (Brazil): Just two words to correct what I think was an error in translation, and for the benefit of our fellow French-speaking delegates. My second suggestion was that the expression "equitable terms" came after "obtaining", and also I understood Mr. Wilcox to say that he was favourable to suggestions which the translator apparently overlooked.

Mr. L. GOTZEN (Netherlands): Mr. Chairman, on the Cuban amendment, I was just wondering if the word "unnecessary" would not give more short expression to the thought which moved the Cuban delegation in submitting their amendment.

M. NICOLLE (Interpretation): Mr. Chairman, I see that in the French text there is no translation of the word "unreasonable", or "unnecessary", and I will recall the words of Mr. Wilcox when he said that it might be necessary in some cases for some countries to restrict the assistance to be rendered to other countries in view of the obligation of international defence, etc. in agreement with the Security Council. Therefore we wish to have also in the French text something to qualify, as it is done in the English text.

CHAIRMAN (Interpretation): It seems to me, gentlemen, that it is very difficult to go any further with this Article 12. You will see that on paragraph 2 there are very numerous amendments, two of which propose to change drastically the drafting of the paragraph as it stands - I mean the amendments of the delegations of India and the United States: and further as in the United States draft the question of investment and movement of capital is mentioned, a
question which we have reserved until tomorrow, I think it would be wiser to reserve paragraph 2 and its discussion to tomorrow's meeting as well.

Tomorrow Mr. Chundrigar, Chief of the Indian delegation who has to leave Geneva, will make a statement on the views of his delegation as to Chapter IV. We shall therefore begin our meeting by his statement.

I think before we part it will be a good idea to appoint the members of the sub-committee. We never know - they might wish to start their work even tonight! In any case I cannot lose the opportunity. I suggest that the sub-committee be composed as follows: the United States, India, France, Chile, Australia, the United Kingdom, and Brazil.

Does everyone agree with this proposal?

(The proposal was agreed).

I would ask this sub-committee, when the time comes, to call upon another French speaking delegate, other than a representative of France, to assist in putting into shape the French text.

Mr. WYNDHAM WHITE (Executive Secretary, Preparatory Committee): Mr. Chairman, following the intervention by the delegate of France at the beginning of this meeting on the difficulty which was being experienced by certain delegations to provide representatives at the same time for Charter discussions and for Tariff negotiations, I have been in touch with the Chairman of the Charter Steering Committee and the Tariff Working Party, and they have agreed to hold a joint meeting tomorrow afternoon. However, I think that that meeting can hardly yield the best results unless the delegations which are experiencing these particular difficulties could let the Secretariat know by noon tomorrow what their difficulties
are, so that we can make arrangements for these to be brought before the joint meeting and in appropriate cases for those delegations to present their views to the joint meeting and to discuss their difficulties with the two steering committees.

CHAIRMAN (Interpretation): Tomorrow morning, after the statement by the Chief Delegate of India, we shall study the amendments to this Article. We shall, however, leave over the amendments dealing with the investment and movement of capital which will be discussed in the afternoon.

The Meeting is adjourned.

(The Meeting rose at 6 p.m.)