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UNITED NATIONS
ECONOMIC AND SOCIAL COUNCIL

PREPARATORY COMMITTEE

of the

INTERNATIONAL CONFERENCE ON TRADE AND EMPLOYMENT

Verbatim Report

of the

THIRD MEETING

of

JOINT COMMITTEE ON INDUSTRIAL DEVELOPMENT

held in

The Hoare Memorial Hall,

Church House, Westminster, S.W.1.,

on

Tuesday, 29th October, 1946,

at

10.30 a.m.

Chairman: MR H.S. MALIK, C.I.E., O.B.E., (India).

(From the Shorthand Notes of
W.B. GURNEY, SONS & FUNNELL,
58 Victoria Street,
Westminster, S.W.1.)

THE CHAIRMAN: Gentlemen, we had a very interesting start to the discussion last Saturday; and perhaps it might help if I went very briefly over some of the points that were made by the different speakers. You will remember that the discussion was opened by the Delegate of the United Kingdom. The first point that he made was with regard to the acceptance of the document submitted by the Australian delegate as a basis for discussion, and that I think was generally accepted. Going on to the discussion itself, the delegate drew a distinction between the objectives and the methods that were to be accepted as legitimate for the gaining of those objectives. He described the objectives as three main ones: First, the raising of the standard of productivity through greater efficiency and technical progress; second, the diversification of economic activity, which he stressed was essential in the interests both of social and security reasons, and he also pointed out that this question was important not only for industrialized but also for the comparatively under-developed countries. The third objective he defined as industrial development - and there, if you remember, he laid stress on efficiency being considered the main criterion. Moving on to methods, he said that the first question was to decide which were the industries that were efficient and deserved encouragement, and although that was mainly a question for each country to decide for itself, still there was room for international co-operation in the sense that the I.T.O. or some organ of the Economic and Social Council of the United Nations could provide, in the form of technical and financial assistance. Then the second method was the protection of new industries, incipient industries; and there he explained that there were three ways of doing this: subsidies, quotas and tariff protection. He expressed his objections to the quota method, which he thought was damaging not only to the country practising it, but also to other countries; and he also went on to explain that subsidies, which ordinarily are considered to be a luxury of the richer countries only, could also be adopted by countries not so rich, and he set his hopes I think mainly on the machinery of

tariff protection, where he thought there was hope in the selective methods of negotiating tariffs which might be helpful to the countries that were seeking protection for their new industries. He held out a warning against indiscriminate protection. I think that about covers the remarks of the United Kingdom delegate.

MR HELMORE (UK): Mr Chairman, would you allow me to interrupt on one point, which I did not touch on at great length, but where I really think the answer to a great deal of this lies, which, as I said, was in the provision of technical assistance of various kinds by the more developed countries to the less developed.

THE CHAIRMAN: The delegate of France agreed on the importance of improving standards of living and productive efficiency in all parts of the world. But he pointed out that in industries it was not only a question of reducing costs of production, but full advantage could be gained only if that was accompanied by an increase in the wages paid to labour, which he thought was very necessary. He also pointed out that the necessary improvement in the standard of living must be a gradual process, that for some time at any rate development in one country might lead to a certain amount of dislocation and disruption in other countries, and for that purpose he advocated the setting up of some kind of international machinery that would be of an anti-crisis nature and would be able to give help to those countries that were temporarily suffering.

The delegate for Brazil advocated international investment of capital and loans on easy terms, which in his opinion would stimulate international trade and keep up high levels of employment. He also advocated the export of capital from over capitalised countries to under developed countries, as he thought this would be very helpful in maintaining high employment in the industrial countries and in bringing about the development of the under developed countries; and I understood him to say that he thought the International Trade Organisation could very well be called upon to recommend to the Bank for Reconstruction and Development the advancing of loans on easy terms.

The delegate for Lebanon took up the question of efficiency as a criterion and pointed out that that might be somewhat harmful to the smaller countries, because it was obviously more difficult for smaller and undeveloped countries to gain the high levels of efficiency immediately which were possible in the more advanced countries. He also pointed out that in so far as the non starting of industries in small countries and undeveloped countries would lead to the non utilisation of their national resources, that would create a greater inefficiency from the world point of view. He laid stress on the absolute necessity for industrialisation in small countries as he felt that that was the only way of bringing about the desired improvement in standards of living and also of bringing about real material and intellectual freedom for those countries.

The delegate for Chile made a number of important and interesting suggestions, including the suggestion that there should be an obligation on all members of the I.T.O. to help undeveloped countries to obtain the materials necessary for their economic development. He mentioned the question of

equal access to raw materials as well as capital goods and technical help. He went on to mention the question of assistance by industrialised countries to under developed countries in the supply of equipment and the reciprocal use of and exploitation of industrial patents in accordance with commercial agreements. He also mentioned the question of loans by countries possessing large currency reserves to undeveloped countries; and a number of other suggestions, about which we shall no doubt hear in detail at a later stage of the proceedings.

That about covers the discussions at the last meeting and I now throw the meeting open for further discussion.

MR LOKANATHAN (India): Mr Chairman, the Indian delegation are naturally interested very much in the work of this Committee, not merely because its deliberations will have a bearing upon the work of other Committees but also because, in their judgment, the success of this work here will affect the entire outcome of the work at this Conference.

We listened with very great interest to and were impressed by the development of the argument of the United Kingdom delegate. It is not surprising that the state of thinking in this country differs in some respects from that in other countries. I think there are a few broad considerations which we must bear in mind in discussing this question of industrial development. I think the first principle, if I may say so, should be based upon the recognition that, even more than the removal of trade barriers and restrictions, the development of resources in undeveloped countries offers perhaps the best chance and provides the most effective means of promoting and expanding trade. I think that is a very important principle to be borne in mind. Secondly, those countries have not merely

undeveloped resources but vast unused and under employed manpower which is now running to waste; and it must be utilised from the human and social point of view. Therefore the question of industrial development is really not limited to the establishment of particular industries as opposed to the development of agricultural services, a point to which the delegate of the United Kingdom, Mr Helmore, drew attention. I think it really covers a wider range. When we talk of industrial development it is not from the mere narrow point of view of developing particular types of industries; we have in mind the raising of the entire level of economic activity in the country. I think from that point of view the Australian delegation's approach is much more appropriate. I think the Australian delegation in their memorandum have stated that members should agree to promote the continued development of the economic resources of their respective countries and territories in order to assist in realising the purposes of the Organisation. This is important, Sir, to us because we believe that to consider industrial development as in opposition to agricultural development is not interpreting our ideas properly. As a matter of fact, I will go further and say that, far from there being any contradiction or opposition between agricultural development and economic development, I think the two things really hang together. India has enormous experience in this matter. She has worked for twenty-five years in the sphere of improving agricultural development; and she has worked for a further similar period in the sphere of bringing about and establishing certain industries; and both of those periods of work and experience proved unhelpful and unfortunate. It is only now that there has been a recognition that industrial development without reference to

industrial development cannot lead us anywhere. That experience was one which proved to us that unless the general purchasing power was improved it would not be possible to raise the standard of living of the people. We were trying to bring better seeds to the agriculturists; we were trying to improve the implements of the workers, but we found that they had not the knowledge to use those things, and that knowledge can come only when there is a general improvement in technique, and so on. Similarly, we were trying to bring about industrial expansion at one period, but in spite of the fact that some protective duties were given, the development was not rapid, for two reasons. In the first place, we found that unless simultaneously with the establishment of particular industries there was also the development of what may be called external economics - external to that particular industry - it would not be possible for that industry to expand very much; because unless you have a good transport system, unless you have a banking and financial organisation, unless again you have the knowledge and the skilled labour, and so on, external to the particular industry, it is not possible for any one industry to go very far; and therefore the raising of the development of the economies that are external to a particular industry is the essential condition of the promotion of industry in a country.

The second factor that hampered our development was that we found that unless the whole economic development was built upon an expansionist basis it was easy for us to reach an equality between supply and demand at a very low level. For instance, our sugar industry developed but on a very low consumption we attained a certain amount of economic equilibrium. Again, our steel industry also reached a

certain amount of equilibrium on a very low level of consumption and we came to a dead stop in the drive for further industrialisation because there was no effective demand for goods; and hence it was that we came across this idea that, unless the general effective demand was increased by the promotion of not merely particular industries but by improving agriculture and other types of industries, there was no possibility of a real expansion. Hence we have now come to feel that the concept of industrial development should not be on the narrow point of particular industries but from the general point of view of all industries, including agricultural services. That takes me on to the second point, urged by Mr Helmore, namely, the diversification of industry.

I do not really differ from that view, but the diversification which Mr. Helmore had in mind was rather different from that which we have in mind. I quite recognise, as we all do, that the specialisation in one or two particular products, whether in agriculture or in industry, would not be proper, and there should be a wider and better distribution of activities, but so far as Indian opinion is concerned, we feel that there should be a diversification of products, and that can come not merely by having a wider range of agricultural activity or industrial activity, but by having a wider range of all kinds of activities.

The question of efficiency, on which the United Kingdom Delegate laid some stress, is of great interest itself. I think nobody would be found who would say that efficiency is a wholly irrelevant criterion. On the contrary. It is very important. But I think that in interpreting the term "efficiency" we have in turn to bear in mind the considerations that are relevant. The question of costs is one of the most difficult and complicated concepts. What is the cost of a particular industry is a very different thing from the cost of the whole economy. There are certain costs which may be regarded as most important from a particular industrialist's point of view, but from the whole economy's point of view, the costs that are appropriate to the economy are different from the costs that are appropriate to a particular industry.

To take one illustration, the position where you have a very large amount of undeveloped resources, unused labour, running to waste. Any employment of those factors of production would not add to the cost, because they are all in the nature of what may be called overheads. Therefore, the utilisation of such unused resources is not going to increase costs at all. Therefore, while from the narrow point of view it may be a cost factor, from the social

point of view the utilisation of it is not going to add to costs at all; in reality it is going to reduce social costs. That is why, since in any case much of the labour is unemployed and is running to waste, most of the costs of overheads cannot necessarily enter into the narrow calculations of cost.

There is also another point of view in regard to efficiency which I have already brought out in one of my previous remarks, and that is that the question of efficiency and what is an economic line of production is one thing from the short-term point of view and quite a different thing from the long-term point of view. Unless you have regard to the time factor here, you are likely to go very far wrong. I can give from my own country any number of illustrations to prove that what was regarded as an uneconomic line of production not only turned out to be fully economic, but was also, during this war, something that served us very greatly. Take the iron and steel industry, which was established just before the last Great War. Everyone, at least outside India, thought it was going to be an uneconomic proposition. On the contrary, although in the initial stages that industry had to be protected by a heavy import duty, it was found later on not merely that that industry served a very important war purpose and defence purpose, but it has become a completely economic proposition, because today, for several ranges of steel products, there is absolutely no need for protection.

If you are going to base your criteria on the basis of efficiency, the question that has to be asked is what you mean by efficiency. Is it efficiency in the short term or in the long term, and what is the kind of efficiency that you have in mind? Again, efficiency may be, in my humble judgment, a very narrow concept in this context, because there are a number of industries that are vital to a nation. I think the whole set of industries that are covered by the general composite term "defence industries" are concerned. I think that every country has got a right to have those defence industries, and

in modern times he is a bold man who will say that only this industry is defence and that industry is not defence. Even the textile industry, which is a consumer goods industry, is in certain respects and countries a defence industry. Therefore there must be a wider interpretation. I am very glad to find that the Australian Delegation have recognised that very much, and in the industries which they consider as suitable for protection and for various other aids they have definitely included those industries which are necessary from the point of view of defence and from the point of view of diversification of the economy. I fully endorse that idea.

Therefore, apart from the question of defence there is also what you might call the insurance premium. Every country feels it is worth while incurring certain social costs in order that it may have a strong economic basis. The development of that structure, based upon a wide foundation of economic development, is I think a very essential thing for every country.

Again, Indian experience is also relevant in another sphere. We have found that when you approach this question from the point of view of infant industries, you do not find that they are infant industries at all. I am saying this because we in India have given much thought to this subject. The infant industry argument is one which is suitable to advanced industrial nations. If the United States of America today wants to develop synthetic rubber as an industry, and therefore resorts to certain protective measures, that is a case of an infant industry. There is an infant industry, and that infant has to be protected and nourished. But that argument has very limited value in the case of an undeveloped economy like ours, because there it is not one industry that is infant - the whole of the industries are infants from that point of view. Therefore, which particular industry is to be regarded as an infant is a matter which should depend on all sorts of considerations which can be taken into account only by that country. That is the main reason why

the argument that if you have an infant industry you can give some protection, but not otherwise, and therefore you must be selective, is all right up to a point, but we have found that that is not a help, because unless certain basic industries or key industries are promoted which would afford the nations facilities for the establishment of certain other subsidiary and consumer goods industries, it is not possible to have any economic expansion. Hence the establishment of basic or key industries is an essential function of all national economies today, and therefore the development of such basic and key industries requires all the aids and helps.

That takes me to the question of the methods of promoting industrial development. I think we should all agree with the Australian proposals that there should be a frank acceptance of this understanding that the use of protective measures to the increase of production of manufactured commodities is not merely a mere concession to us, but is an undoubted obligation on our own part, and other countries should recognise this obligation.

I venture to think also that besides protective tariffs and subsidies, quantitative restrictions and quotas are not merely legitimate, but essential. I think the idea that quantitative regulations are all right when you suffer from the balance of trade difficulty but not valid in other contexts is not an idea which we can accept, because there are certain methods of protection where a quota restriction would be much more effective, and we could have the protection at a lower cost if we adopted the quota system. For instance, it is quite conceivable that combined with a system of subsidy you can have a quota by which the native producers would be helped without, however, the consumer being put to enormous expense. Therefore, I do not have the same apprehension for this which the United Kingdom Delegate had in the matter of quotas. I think quotas have their place in the scheme of protection of undeveloped economies.

There is only one other point I should like to touch on, and it is this, that every country has got its own pattern of production and that is being constantly undermined and affected by developments in other countries. It is not for any country to say that such and such a country should not do this, or should only do that. What, on the other hand, is more important and useful from the international point of view is the arrangements that we can make in order to facilitate the changing pattern of industry and economy in each country. When, for instance, Indonesia is affected by the growth of the synthetic rubber industry in the United States, there is not any use in trying to say that America should not have synthetic rubber. It is much better to say, "What is the international organisation to do in order to enable Indonesia to readjust herself to this attack from the United States." That is the way of progress. Similarly, if Chilean nitrate is affected by synthetic nitrate, the international organisation ought to provide facilities for Chile to readjust her economy and find out what other channels of trade and occupation are wanted. Therefore, in my judgment there should be a recognition of the obligation of all countries to provide the means for readjustment of the economy whenever conditions change in each country.

Those are some of the general ideas that we have in this matter, but when we come to a more detailed consideration of all these provisions, I think we shall be able to place before you more detailed suggestions. On the whole, we believe that the method of approach of the Australian Delegation has our sympathy and our acceptance. Of course, we may differ in a few matters; for instance, on the question of what particular industries are deserving of protection. I think we should like to have some further time for reflection and consideration.

We have our own criteria as to which industries ought to be protected; in the past those criteria have not been satisfactory and we are trying to evolve new criteria. Whether those criteria will be acceptable or not to other bodies will be a matter for consideration, but we shall have no objection to presenting to the international body the sort of criteria we ourselves have. In no case has protection been granted in our country without investigation and careful scrutiny of various considerations, one of the most important being whether, on the whole, the net burden on the country will be low or high. When we speak of these things, therefore, it is not as if we wanted a blind, indiscriminate protection, but we do say that when protection has to be given it must not be understood as a confession of weakness, but as part of the essential basis of building up the economy of the world and thereby promoting trade and the expansion of trade.

Mr. CHARLES UGONET (France) (Interpretation): May I ask for the translation to be given, as it was rather difficult to follow the words of our Indian colleague because of the speed?

(The speech of the Delegate of India was then interpreted into French).

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(The Delegate of France expressed the wish that Delegates speaking in English would remember to speak more slowly in order to assist the Interpreters)

THE CHAIRMAN: I think that request was made some time ago at one of the other meetings, on behalf of the Interpreters, - that if there were pauses at convenient intervals and a speech paced at a speed at which it could be conveniently followed by the Interpreters, it would be most helpful.

MR DEUTSCH (Canada): Mr Chairman, the Canadian delegation is sympathetic to the desire of certain countries to promote the development of their economies. We agree that their legitimate desires in that respect should be facilitated. The problem with which we are faced, as has already been pointed out, is the question of procedure and method. Our main anxiety is that the procedure and methods used should not be such as would destroy the main purposes of the organization that we are trying to establish. I do not want to go over the ground that has been so excellently covered by the delegates from the United Kingdom and from India. We think that the Australian paper offers a promising approach; and I would like to support the suggestion of the delegate of the United Kingdom, that we take the Australian paper as a basis of our discussion.

THE CHAIRMAN: Thank you. The delegate of Czechoslovakia.

MR AUGENTHALER (Czechoslovakia): Mr Chairman and Gentlemen, I will try to speak as slowly and as correctly as possible for the sake of the Interpreters.

I suppose I would be in general agreement with all those present if I pointed out that one of the principal duties of each country is to have in view the full development of the economic resources of that particular country and thus work towards full employment and steadily rising standards of living. We fully recognize that there are certain countries which for different reasons are on a lower degree of economic development, and that it should be one of the aims of any organization dealing

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with international economic or financial problems to assist them in their efforts to attain to better conditions of life. That is why we are in full sympathy with those countries who decided to develop their industrial life. Of course, there are not only whole countries less economically developed than others, but each country also has its own backward areas which have to be taken care of in one way or another. On the other hand, I would like to state that in a certain way the so-called superiority of some industrial countries - and by that I mean especially some European countries - is rapidly diminishing in comparison with that of less-developed countries. The two world wars and the period between them have resulted in a great set-back to many European countries, and it is well known that, especially to-day, industrial installations are in many respects inferior to those used by newly built-up industries. Mr Chairman, there are not only infant industries, but those that are senile too. That is why we think that the object of the International Bank of Reconstruction and Development is rightly to assist in the reconstruction and development of the territories of members by facilitating their development on the one hand and the restoration of the destroyed economy on the other. I think it would be of great assistance to all countries concerned if the International Bank would start as soon as possible its operations and thus come forward to meet the needs of the countries which are on the way to economic development and recovery and also those that need reconstructing. If it is found that the assistance which would be given by the International Bank to countries concerned is insufficient international action would be more suitable in order to make it possible for the bank to enlarge its field of action. On the other hand, it seems very necessary that all countries should be granted equality of access to raw materials and patents. As to our present meeting, we assume that the main item should be how far the countries which are on the way to developing their economies and I would add also those readjusting their economies, have to be assisted from the viewpoint of international commercial policy. We assume that in the first place

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all these countries should be protected against certain methods which are considered to be highly unfair, such as dumping and certain types of international cartels. We think that the United States proposals offer sufficient protection to all countries concerned in this direction, and if we understand the position well there is in our mind mainly the particular protection given to countries by customs duties and possibly other methods. As to customs protection, we think that it would be of very great importance if there were flexible means for adaptation of customs tariffs to changing conditions. If there is at the very beginning a too great rigidity of customs duties many countries would probably hesitate, in view of their future intentions or their envisaged possibilities, to grant reductions now, or at least they would grant them to a much lesser extent or degree than might be desirable, and they would not like to bind themselves for long periods of time. We propose therefore that the I.T.O. should be the instrument for harmonizing the actions of nations in order that the economic development of the world should proceed in a way which would not only help the less developed countries but would also prevent too great disturbances and fluctuations in international relations.

THE CHAIRMAN: Thank you. The Delegate of New Zealand.

MR JOHNSON (New Zealand): Mr Chairman, the necessity for the development of industry and the maintenance of employment not only in countries at present industrialized but also in under-developed countries appears to be generally accepted, and there seems to be an interest all over the world in that aspect of the question. This being the case, it seems to us that the question resolves itself along the following lines: First the country concerned on its own responsibility must decide what industries it should encourage, having regard to the suitability of such industries to local conditions and to the possibility of their being operated successfully on an economic basis. The next question to be considered is the form of protection or assistance necessary to encourage development of such an industry. In this case, also, it is

submitted that the country concerned is in the best position to decide the matter. It can be determined only in the light of the circumstances obtaining in relation to an individual project. In some instances, the use of tariffs may be considered a preferable course; in others, subsidies might be found satisfactory; but it will, I think, be admitted that there may be circumstances in which neither of those procedures might be workable or adequate. We accordingly support the proposals set out in the Australian document providing for the use in appropriate circumstances of tariffs, subsidies, or quantitative regulations. In connection with the Australian proposals, however, we would suggest that it should not be obligatory on all countries to set up independent National Tribunals to investigate particular industries. As already stated, the responsibility for sponsoring the development of industry and for determining the measure of assistance which might or which should be accorded devolves on Governments, and they should, we think, be free to utilise the methods best suited to the circumstances of the investigating proposals to set up particular industries; in other words, if such an investigation can be undertaken satisfactorily by Government Departments it should not be necessary, we think, to set up a special independent body for that purpose.

DR TINBERGEN (Netherlands): Mr Chairman, in the opinion of the Netherlands Delegation the Australian document is an excellent starting point for the discussion. As far as I can see, however, it deals only with the world aspect of the matter, namely, the aspect of trade policy connected with industrialisation. In this Conference it is only natural that this aspect should receive great attention; but as has been stated already by several other delegates, there are certain other aspects which are very important for the subject under discussion. The most important of these other subjects is, of course, the question of the supply of capital; it is indeed of world interest that this supply be as large as possible and that the under-developed countries which certainly have a right to further development should be brought into a position to

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obtain a part of this capital. Questions of capital supply, however, do not come within the purview of the I.T.O. but of other agencies. I take it that this Conference will formulate certain recommendations in this respect for these other agencies. In addition to the points of view already expressed, the Netherlands Delegation wish to formulate one further principle already referred to in somewhat different terms by the British Delegation, namely, that the development of the underdeveloped countries should not take place at the expense of those countries already developed. It is not necessary that there be a clash of interests; it is certainly possible to have a harmonious development, if only a certain equilibrium is preserved between the newly created capacity produced and the expanding buying power of those that are newly employed. This process will perhaps not occur on its own; it will not be certain that by a free world economy this harmonious development will be realised. Therefore it will be useful, in the opinion of my Delegation, that there be a centre - it may be the UNO Secretariat or it may be the International Bank - where all data are collected relating to

development plans of various countries concerning capital supplies

actual or to be expected.

I am thinking at this moment also, Mr Chairman, of calculations made by the well-known Australian statistician, Mr Colin Clarke. Mr Colin Clarke, in his book, "The Economics of 1960", makes estimates of the future development of the world's economy, and, although I do not pretend that these calculations could not be criticised on many points, I nevertheless do maintain that it would be very useful if those calculations were extended, were improved, and were used as one of the directives of world policy as to development of under developed countries. Speaking for my own country, I have already felt the need, in formulating development plans for the Netherlands, of more knowledge of future developments of the world markets, and the Netherlands Government has already asked the Secretariat of United Nations to continue and to expand and, if possible, to improve, the sort of calculations I have in mind. I think, Mr Chairman, that if such a centre were available, where all the data could be found and at which it could be put at the disposal of countries formulating their development plans, some of the harm could be avoided that in a purely free development certainly would occur.

MR PIERSON (USA): Mr Chairman, it is the policy of the United States to support and encourage fully and actively the industrialisation of the less developed countries, because this will contribute to the economic welfare of the United States and of the world. The United States has furthered this policy in the following ways: by contributing heavily to the International Bank, by making direct industrialisation loans to foreign countries, by sponsoring technical industrial missions to other countries, by urging that the Economic and Social Council of the United Nations allocate adequate funds and personnel to ensure a well-rounded programme by the United Nations to assist and promote the

industrialisation of less developed countries; and by proposing inclusion in the International Trade Organisation of certain positive functions to promote industrialisation, including the possibility of expanding the machinery of the Organisation. The United States considers that industrialisation must be directed along efficient lines if its benefits are to be achieved. Inefficient industrialisation is an economic burden to the country in which it takes place and to the world as a whole. Nevertheless, it is recognised that some industries potentially efficient may require governmental assistance in their initial years. The United States believes that the main international function of promoting the industrialisation and the economic development of under-developed countries should be centred in the Economic and Social Council, under which there is a newly-created Sub-Commission on Economic Development under the Economic and Employment Commission, and in co-ordination with which there is already the work being undertaken by the Bank as well as by other specialised agencies, including I.L.O. and F.A.O. It is our view that by centring the work there we will have taken the surest road to effective performance of the positive functions that are required. In that connection I should like to point out that the question of timing, among others, is involved, since that work can presumably go ahead within the coming months and the coming year before the International Trade Organisation, however it might finally decide to dispose of the matter, could get under way.

I should also like to point out that at the last meetings of the Economic and Social Council there was a great measure of unanimity in support of the establishment and writing of terms of reference for that Sub-Commission on

Economic Development, whose terms I should like to read now: "This Sub-Commission on Economic Development is to study and advise the Commission on the principles and problems of long term economic development, with particular attention to the inadequately developed parts of the world, having the objectives of - (i) promoting the fullest and most effective utilisation of natural resources, labour and capital; (ii) raising the level of consumption; and (iii) studying the effects of industrialisation and changes of a technological order upon the world economic situation."

At that same meeting the Delegate from China presented a most constructive proposal, which was referred to that Sub-Commission for its consideration at its first meetings.

I should finally in that connection like to state that the United States on that occasion instructed its representative on the Economic and Social Council, as I said before, to seek the allocation by the Council of adequate funds and secretariat staff to enable the Council to carry out the following functions in the field of industrialisation and development - and I should like to read to you those functions as they were visualised by the United States: "(1) To investigate problems in the development of industrialisation and to make recommendations concerning policies for promoting such development. (2) To develop appropriate policies of international co-operation with respect to (a) scientific, technological and economic research relating to industrial production and development; (b) the conservation of mineral and other non-agricultural resources and the adoption of improved methods of mineral and industrial production; (c) the adoption of improved technical processes to stimulate greater productivity and more effective industrial administration. (3) To furnish such technical assistance as members

of the United Nations may request within the resources of the United Nations to aid in the making of surveys of geological and mineral resources, potential markets and opportunities for industrial development in general, and to organise, in co-operation with the Governments concerned, such missions as may be needed to perform these functions. (4) To collect statistics on present and projected mineral and industrial developments, to conduct studies and inquiries concerning such developments, and to analyse their effects upon non-agricultural industries and upon the world economy in general. (5) To arrange for consultation among members of the United Nations and to consult with members on their development programmes with a view to the co-ordination of such programmes and to promote international adjustments where necessary. (6) Upon request to advise the International Bank on specific industrialisation projects and larger development programmes with a view to assisting in the elaboration of financial policies for such developmental purposes. (7) To conduct studies into the need for and methods of the international incorporation of private business plans, conducting business operations on an international or world scale."

Mr Chairman, I should like to conclude these remarks by saying simply that we accept the Australian proposal, in accordance with the suggestion made by the United Kingdom, as a basis for discussion of our work here in connection with the trade aspects. We should like, of course, to see the suggestions put forward by the delegates of Brazil and Chile and by other delegates considered in the same connection. We do have reservations with regard to parts of the content of the Australian proposal, but those can be brought out later when we come to the specific discussions.

DR COOMBS (Australia): Mr Chairman, I think I should like to start by saying that the discussion on this subject has been to many of us at any rate very encouraging. Starting off with what appeared to me to be a very enlightened and understanding statement from the United Kingdom, we have gone on from delegate to delegate, I think, to discern a very wide range of agreement on the fundamentals of this problem. Indeed, I think we could see in the United Kingdom statement and in the Indian statement (which might be regarded as embodying the points of view of two representative groups of countries in relation to this problem) a basic recognition of certain fundamental principles upon which all of us might be agreed.

I do not want to go over the ground in detail again. We have previously had an opportunity to state our point of view on this, and many delegates have done us the honour of accepting our document as a basis for discussion. There were one or two points where, I think, it is possible to bring even closer together the views which have been expressed by somewhat more careful examination of the issues involved in them, and to that end I would like to comment on one or two of the matters which have been raised.

If I can accept, as a number of other Delegates have done, the division of the subject matter embodied in the United Kingdom statement, I think it would prove of assistance. There would, I think, be little quarrel about the objectives as stated by the United Kingdom. I was particularly interested in their inclusion among the factors which were relevant to the standard of living the item of leisure, not merely because we are all interested in the increase of leisure, but because it did recognise that the standard of living was not merely a matter of goods and services becoming available, but that the standard of living is determined by the whole complex of factors affecting human existence, and leisure is one of the most important of those.

I would like to draw the attention of the United Kingdom particularly to another factor which is very relevant to this problem, and that is the diversity of employment opportunities. It does not take a very big group of people to produce a whole range of human capacity in its varying degrees, and I think that is a fundamental of the whole of the democratic philosophy. We believe, therefore, that it is important that economic organisation should contribute to the full development of that human capacity in its great variety. Without a diversified economic system there will be in all communities, particularly the ones with large populations, very great waste of human capacity and very great loss of opportunity for people to develop the particular qualities that they possess. Consequently, in those communities human life will be that much the less varied and that

much the less rich because of the narrowing of the range of opportunity. We would like, therefore, to include in this concept of standards of living the improvement of which is the underlying objective of all our work, that factor also. It is a matter to which I want to return later in the argument, since it has more immediate relevance to some of the technical matters with which we will be concerned.

The second point that I want to mention in relation to the United Kingdom Delegate's comments is to refer to the emphasis which he placed upon the importance of raising the level of technical efficiency in agriculture as something which underdeveloped countries should not overlook. I would agree completely in that, but I would like to draw his attention to the fact that action along those lines will, as the Indian Delegate has pointed out, make the development on the industrial side so much the more urgent. I think that if Mr. Helmore will cast his mind back in English history to the period of the Enclosures, he will find, amongst the writers of those days, bitter complaints of what might in effect be called the production of a proletariat by the divorcing of people from the land before there were other occupations open to them. That is a difficult problem for any community. The standard of technical efficiency in agriculture is rising, and it is a bitterly acute problem in countries with very large populations, the majority of whom have in the past been sustained by peasant agriculture on very low levels of technical competence.

In many cases it is almost impossible to raise their levels of efficiency in agriculture without moving some of them off the land. The more rapidly the level of efficiency rises, the fewer people are required. Consequently, the more rapidly it rises the more urgent it becomes to open the alternative opportunities for employment, or the results of those rising standards in agriculture will not redound to raise their standards of living, however much it may raise those of the people who still remain on the land.

That leads to the general question of efficiency. Here, I think, everybody agrees that efficiency should be a basic criterion in judging the lines along which development, and industrial development in particular, should proceed, but I think we can look into this question of efficiency. There are one or two elements which I should like to emphasize. One is that the factors determining it are not constant over periods of time. They are changing. I think you can see this problem expressed fairly clearly if you look at it from the point of view of an individual businessman wondering where he can best put his industry. I think the problem of efficiency is the reflex of the problem of location of industry, because the individual businessman clearly wants to put his enterprise in the place where the factors of production available in that place are most efficient for his purpose.

If you look back through the history of the last hundred years or so and consider the factors which determine the location of industry, you will see a progressive change, and I think the nature of this change is profoundly important to this problem of industrialisation. Back one hundred years ago, I suppose industries located themselves primarily close to their sources of raw material or their sources of power. As Britain has discovered to her great discomfort, those are no longer the determining factors, and as a result, she has had declining industries in those places, and developing industries elsewhere. To an increasing extent those factors have been replaced, in determination of the efficiency of costs of production, by closeness to the market. It is easier to transport power and materials than it is to transport finished products, and therefore, more and more business men have tended to place their industries near to the large centres of population. That is an important point.

Another development is the necessity, or the advantage, of having industries located near places where there is a great variety of other industries, of trained and semi-trained labour, of technicians, of

technical knowledge and scientific research. Those, on the whole, have tended to intensify the desire of the business man to go to the major centre of population, and the important thing about those two factors is that they are cumulative. The more industries go to centres of population or to centres of industry, knowledge, technical facilities and research, the more it is desirable for the next one to go there, and so it goes on, and you can have an increasing cumulative effect whereby efficiency is gained more and more by concentration of industry.

On the other hand, there is nothing fundamental, unlike the old basis of proximity to raw materials and to power, there is nothing objective or fundamental in either of those two factors, because markets can be built. If you shift industries to other places, compulsorily or by persuasion in the first instance, they will build markets around themselves. Similarly, if you go on putting other industries there, they will build up their skilled labour and technical knowledge and their research centres, and every country, I believe, is experiencing within its own borders just that problem -- the problem of the tendency of overconcentration of industry -- and I think most nations are deliberately, within their own borders, taking measures to counteract it, because they recognise that this cumulative element in the situation is bad.

What we ^{do} suggest is that there is the same need to centralise on an international as well as on a national scale, that the effort to do it, in the first instance, does involve costs, but that they are not necessarily permanent costs, because as you proceed you reduce the dependence of the industry on major markets in distant places, and this is the most important thing -- you build up new centres of skill, of managerial capacity, of technical facilities, and particularly of scientific knowledge and research.

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In doing that you have, not only within the industry itself but in the whole of the industrial and intellectual life of the area where this building up process is going on, a fertilisation of capacity which itself is cumulative. We think that those factors which are now determining and affecting the location of industries are ones which need to be directed or assisted so that they operate in ways which will gradually and increasingly work to the betterment of human life, not merely in limited areas but throughout the world as a whole.

Concerning the question of methods, there has been some possibly wider difference of opinion than there was in relation to other parts of the argument, but I think the basic needs here are, firstly, that there should be a recognition of the right to use protective devices for the purpose of industrial development, and that, given that right, means must be available which are effective. It is not much use granting the right if the means to make it effective are withdrawn in another part of the document. At the same time I think there has been, in the comments that have been made round the table, a recognition of two things: firstly that a country carrying out industrialisation would be wise, in its own and in the international interest, to proceed on a wise selective basis, accepting internationally agreed criteria for the selection of industries for protection and, secondly, that they should, so far as possible, use methods which impose the minimum of harm on other people. Indeed, they should recognise that their development, as the Delegate of India pointed out so wisely, will involve not necessarily loss of opportunity but, certainly, adjustment for other countries in the world and, as he has emphasised, it will be necessary to give both the opportunity and positive assistance to countries facing that sort of adjustment in order to enable them to make it. I should just like to add that of course the more wisely countries carrying out development can proceed, the greater discretion they themselves can exercise, the more easily will other countries be able to adjust their industrial structures to their development.

There has been one phase of our own proposals which has been shown as a result of the discussion to be, I think, inadequate. We have suggested there that certain assistance should be given in relation to technical knowledge and technical facilities. I think the discussion has brought out the importance of the availability of capital and access to equipment and all forms of capital facilities on a wide scale to countries carrying through their developments, and I believe that our document is capable of very great improvement there, along the lines that have been suggested by various delegates. I was interested indeed in the reference made by the Delegate of the United States to the proposals that have been put forward to the Economic and Social Council. While I do not want to enter into an argument here about the proper home for these functions, there are one or two things which I would like to say which I think have some relevance. First of all, as I think I mentioned somewhere else, we are very anxious for the Economic and Social Council and its agencies or instruments to exercise a wide co-ordinating function in relation to economic matters, and we will be only too anxious to support any move in that direction. At the same time, so far as its activities up to date have gone, the Council is essentially a body for discussion, investigation, recommendation and advice. It has, so far at any rate, no executive functions. I would have liked to see the extracts which the Delegate of the United States read out, and while the bulk of the references he made did refer to investigation, recommendation and advice, there was provision for the furnishing of technical assistance and assistance in the carrying out of surveys and so on, matters which might properly be regarded as executive. I just raise the question without wishing to express a judgment on it; it is whether an agency of the Economic and Social Council is perhaps the best home for executive functions of that sort, or whether it might not be better to locate them in one of the specialised agencies which in other respects have executive functions. It is our inclination at the moment to think that the ITO is a proper home for

executive functions in relation to industrial development. We have got one particular reason for that and I hope the meeting will take it seriously. It is, in our opinion, of profound importance in this sort of work that the people who come to do this job - because, after all, in the end it is going to get down to individuals - should have a balanced approach to their task. I think it is a natural human failing to think that the job that you are called upon to do is the most important job in the world. It is the old story that the leather merchant has up outside his shop, "There's nothing like leather and we keep the best", and I think it is true that some tariff makers and protectionists tend to say, "There is nothing like tariffs and we have got the biggest." Similarly I think there is a tendency amongst those people whose task in the world it is to reduce trade barriers to feel that the reduction of trade barriers is the be-all and end-all of international economic relations, and since the International Trade Organisation will after all be primarily concerned with persuading countries to use greater discretion in their international economic relations, particularly in their protectionist aspects, we think it would be very valuable for them if they also had positive functions in relation to the fundamental purposes which countries themselves think their protectionist devices are serving. If the ITO is not merely an instrument for the reduction of trade barriers but also has a positive function to perform to assist countries to achieve the objectives for which trade barriers are raised without their use - or with a minimum use - then they are likely to take a more balanced point of view. They are likely to see what is at the back of the minds of people who want to use them. They will be less likely to assume that they derive from malice, or ill-will, or ignorance, and therefore they are likely to do their job of bringing about modifications of these protectionist devices with some understanding and therefore more successfully. While as I say we do not want to be dogmatic on this matter, we are prepared to discuss quite

freely, without preconceived ideas, where it is best to locate the international functions - executive functions - relating to the industrial development of under-developed countries. But we do believe, at this stage, that there are advantages from the point of view of building up in one place a balanced knowledge and understanding of these questions if the people who will ultimately come to work in the ITO and deal with us all in a chollunsterish manner see, as their purpose, not merely the reduction of trade barriers but the positive expansion of trade, raising the levels of productivity and so on in all countries. I feel that if that is so, if that is the line of development, then the ITO is likely to be looked upon not as an inspector but as a friend, someone to whom the under-developed or the fully developed with a particular problem can turn for assistance, in the confidence that that problem will be understood and that the suggestions that are put forward for its solution will not originate from a narrow doctrinaire approach to these problems but from a positive desire to see their solution achieved in ways which give full recognition to the aspirations and hopes of the countries concerned.

THE CHAIRMAN: The kind of programme I had in mind for our meeting was what we might be able to finish the general statements today, and at the end of today's session we could perhaps appoint a small drafting committee to prepare a document containing the expressions of opinion of the various Delegations on the principal heads and subheads of our subject. If this is found acceptable, I very much hope that we may be able to keep to that programme, as I believe it would be the best way of expediting the work of this Committee. I do not know whether any other Delegate wishes to speak, but I think we should all like to hear from the Observer of the International Bank, Mr. Luxford.

MR. LUXFORD (Observer, International Bank): At Saturday's meeting the Delegate of the United Kingdom stated that he believed it would be

helpful to the Joint Committee if the representative of the International Bank would indicate the contributions which the Bank could make in the field of industrialisation. I should be very happy to summarise for the Committee the scope of the Bank's functions as they relate to the problem before us.

As the Delegate of the United Kingdom has indicated, the Bank itself has a definite responsibility to assist in the development of the productive facilities and resources of the less developed countries. I will attempt to outline the nature and extent of the Bank's responsibility and the means at its disposal in discharging this responsibility. The purpose of the International Bank for Reconstruction and Development are clearly set out in Article 1 of its Articles of Agreement, and because they relate so specifically to the problem under discussion I am going to take the liberty of reading them to you. They are:

"1. To assist in the reconstruction and development of territories of members by facilitating the investment of capital for productive purposes, including the restoration of economies destroyed or disrupted by war, the reconversion of productive facilities to peacetime needs and the encouragement of the development of productive facilities and resources in less developed countries.

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(ii) To promote private foreign investment by means of guarantees or participations in loans and other investments made by private investors; and when private capital is not available on reasonable terms, to supplement private investment by providing, on suitable conditions, finance for productive purposes out of its own capital, funds raised by it and its other resources.

(iii) To promote the long-range balanced growth of international trade and the maintenance of equilibrium in balances of payments by encouraging international investment for the development of the productive resources of members, thereby assisting in raising productivity, the standard of living, and conditions of labour in their territories.

(iv) To arrange the loans made or guaranteed by it in relation to international loans through other channels so that the more useful and urgent projects, large and small alike, will be dealt with first.

(v) To conduct its operations with due regard to the effect of international investment on business conditions in the territories of members and, in the immediate post-war years, to assist in bringing about a smooth transition from a wartime to a peacetime economy.

Article 1 then proceeds to provide that "the Bank shall be guided in all its decisions" by these purposes.

It seems to me, as I have sat here following the discussion of the Joint Committee on Industrialization, that to a very substantial degree the framers of these purposes of the Bank had in mind the very problems presently under consideration here. In saying this, of course, I do not wish to indicate for even a moment that I believe the International Bank is - or was ever intended to be - the solution for all these problems. Rather, I am merely suggesting that the same general forces giving rise to this discussion were responsible for the establishment of the International Bank and that the Bank can make a contribution to the solution of these problems.

You will note, too, the delicate balance achieved in the statement of the Bank's purposes between the problems of reconstruction and the

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problems of development. Both, of course, are part of the broad problem of industrialization. In the one instance it is the task of restoring the industrial and productive potential of an economy that has felt the impact of total war; in the other instance it is the task of encouraging the development of new productive facilities in the less developed countries. In certain instances, as the discussion here has brought out, the problem of a country may be both that of reconstruction and development. Pursuant to its Charter, the Bank is charged with the responsibility of giving equitable consideration to projects for development and projects for reconstruction alike, and to arrange its assistance so that the more useful and urgent projects, large and small alike, will be dealt with first.

With the Bank's purposes thus in mind, I think it might be helpful to the Committee if I were to indicate the conditions on which the Bank may make or guarantee loans. Fortunately, again, it is possible to quote briefly from Article III, Section 4, of the Bank's Articles of Agreement and furnish you with a clearcut statement of these conditions. This section provides:

SEC. 4. CONDITIONS ON WHICH THE BANK MAY GUARANTEE OR MAKE LOANS.-

The Bank may guarantee, participate in, or make loans to any member or any political subdivision thereof and any business, industrial and agricultural enterprise in the territories of a member, subject to the following conditions:

- (i) When the member in whose territories the project is located is not itself the borrower, the member or the central bank or some comparable agency of the member which is acceptable to the bank, fully guarantees the repayment of the principal and the payment and other charges on the loan.
- (ii) The Bank is satisfied that in the prevailing market conditions the borrower would be unable otherwise to obtain the loan under conditions which in the opinion of the Bank are reasonable for the borrower.

- (iii) A competent committee, as provided for in Article V, Section 7, has submitted a written report recommending the project after a careful study of the merits of the proposal.
- (iv) In the opinion of the Bank the rate of interest and other charges are reasonable and such rate, charges and the schedule for repayment of principal are appropriate to the project.
- (v) In making or guaranteeing a loan, the Bank shall pay due regard to the prospects that the borrower, and, if the borrower is not a member, that the guarantor, will be in a position to meet its obligations under the loan; and the Bank shall act prudently in the interests both of the particular member in whose territories the project is located and of the members as a whole.
- (vi) In guaranteeing a loan made by other investors, the Bank receives suitable compensation for its risk.
- (vii) Loans made or guaranteed by the Bank shall, except in special circumstances, be for the purpose of specific projects of reconstruction or development.

These conditions, as you will note, impose a very definite responsibility upon the management of the Bank for ensuring that the Bank's resources are employed constructively and with prudence. This means that the Bank will have a real interest in the soundness of proposed projects - which, in turn, envisages that the Bank will have to consider the projects efficiency and the scope of the market available for its output. It further means that the Bank will be called upon to look beyond the narrow boundaries of the project itself. Indeed, the Bank will have to evaluate, among other things, the place of the project in the economy of the interested country and whether the balance of payments prospects for the country offer reasonable assurance that the country will be able to meet the foreign exchange commitments incident to the investment.

It also should be noted that under Article IV, Section 3, of the Articles of Agreement, the Bank is not authorised, except in exceptional circumstances, to finance the local currency portion of any project. On the contrary, the local currency expenditures involved in the project are expected to be financed locally, with the Bank merely providing financing for the foreign exchange expenditures which the project may entail.

While in a certain sense the conditions upon which the Bank is permitted to make loans do place limitations upon the extent to which it can promote reconstruction and development, it is submitted that the prudent exercise of these functions by the Bank may do much to facilitate the development of sound and useful projects, and that the Bank stands in a unique position to make an objective appraisal of a project's merits in terms of the world economy as a whole.

On the question of preparing well articulated and productive programmes of reconstruction and development for the Bank's consideration, I would like to quote a brief paragraph from the First Annual Report by the Executive Directors on September 27th of this year. It stated:

"The Bank is equipped now to consider applications for loans to cover such programs and to investigate them with reasonable despatch. Indeed, the Bank is prepared to consider furnishing technical assistance in the preparation of loan applications. The Articles of Agreement of the Bank prescribe the standards which it must apply in the consideration of such applications. It is obvious, therefore, that in order to avoid unnecessary delay in the consideration of applications for loans, they must be supported by adequate data which will enable the Bank to determine whether or not they conform to the prescribed standards".

Thus you see that the Bank not only is prepared to consider applications for such loans now, but, in addition, it is prepared to consider furnishing technical assistance in the preparation of loan applications.

There remains the question of the resources available to the Bank in carrying out its investment programme. Since this factor is of pivotal importance in evaluating the contribution the Bank can make to reconstruction and development, and since it has been my experience that the limitations upon these resources are not always clearly understood, I want to take this opportunity to present to the Committee a summary of the facts.

The Bank's present subscribed capital is approximately \$7,670,000,000. Of this amount 20 per cent, or approximately \$1,500,000,000 may be called by the Bank for the purpose of making direct loans out of capital. And the Bank is in the process of calling up this 20 per cent at the present time.

But the great bulk of the capital thus paid in to the Bank will be in the form of local currencies, which may be loaned by the Bank only with the permission of the respective member countries. Since many countries today are not in a position to be capital exporters on any substantial scale, it follows that a large part of the capital so called will not be available in the near future for direct loans by the Bank. Notwithstanding these limitations, however, the Bank probably will have presently available for direct loans out of capital somewhere in the neighbourhood of \$750,000,000.

But most of the money which the Bank makes available for reconstruction and development must be raised by the Bank borrowing from private and institutional investors in the money market. And today this means primarily the money markets of the United States and possibly a few other countries, such as Canada.

While the Bank will be able to offer investors an obligation upon which each of the 38 member Governments will have made a pro rata guarantee for the full amount borrowed, it nevertheless is perfectly obvious that the success of the Bank's marketing programme will depend in no small way upon the market's confidence in the Bank's management and in the soundness

of its lending policy. Conversely, it means that not only does the Bank have a responsibility for making prudent loans to protect the member Governments as a whole from having to make good on defaults, but in addition, it has a real responsibility to protect the interests of the investing public. I hardly need to add that the Bank feels these responsibilities deeply and it will do its utmost to discharge them faithfully.

I call these matters to your attention because I believe it will facilitate the Committee's work if it appreciates not only what the Bank can do in the field of reconstruction and development, but also the very real limitations which exist with reference to its operations. I would hope, too, that by candidly acquainting you with the nature of some of the Bank's problems, perhaps you may be a little more tolerant if from time to time it may be necessary for the Bank to be cautious in the extent to which it is prepared to commit itself on proposals which may be made.

Finally, I want to say that we in the Bank want you to know that we have a very great interest in the successful outcome of these commercial policy discussions and in the achievement of trading arrangements among the nations which are conducive to a high level of exchange of goods on a multilateral basis. Indeed, the success of your efforts will contribute materially to the ease with which member Governments will be able to meet their obligations to the Bank.

We, therefore, want to make it entirely clear to this Committee, and to the Preparatory Commission as a whole, that the International Bank is most willing and anxious to co-operate fully in the forging of a sound and constructive charter for the International Trade Organisation.

THE CHAIRMAN: Thank you.

(The French Delegate asked that a complete translation should be furnished later of the statement made by Mr. Luford on behalf of the International Bank.)

THE CHAIRMAN: Certainly. I think that can be arranged. I do not know if any other delegate wishes to make a statement?

MR HOW (China): The Chinese Delegation would like to accept the proposal made by the Australian Delegation as the basis for further discussion. In this connection I should like to express the appreciation of the Chinese Delegation for the mention made by the United States Delegation of the memorandum submitted by the Chinese Delegation to the United Nations Economic and Social Council. At a later date we would like to elaborate a little more our proposals on the subject of industrialization. I think one of the points which have not been covered in the discussions at this meeting of the Joint Committee is the fact that we made a proposal that an International Code of Fair Practices and Business Ethics should be introduced for investments in these underdeveloped areas and for industrial relations. As I said, we would like to submit to the Joint Committee at a later date a statement elaborating the points, using the memorandum already submitted as a basis. Thank you.

THE CHAIRMAN: Thank you. Now, there seem to be two ways of proceeding with the work of this Committee. One is to have the Secretariat prepare a detailed agenda on the basis of the documents submitted as well as the discussions that have so far taken place. The other way would be to appoint a small Drafting Committee and entrust that body with the responsibility of preparing a Report which would contain the different heads and subheads of our subject, with the recommendations of the Committee itself based on the documents and in the light of the discussions that have taken place.

Of course, the Committee would have to see that it is on as wide a basis as possible and covers the principal points that have been stressed by the different speakers. I had thought of the second alternative, because it seemed to me that that would expedite the work of the Committee, and I think the Chairmen of Committees I and II are very anxious that we should finish the work of this Committee so that they can get on with some of the subjects which they are discussing, and I gather that they will be helped a good deal in their discussions if we conclude our work. So may I take it that the procedure of now appointing a Drafting Sub-Committee is acceptable? Are there any comments on that? Do I take it that is agreed to?

I would suggest for your approval that the membership of the Drafting Sub-Committee may be as follows:-
Australia, Brazil, China, France, India, U.K., and the U.S.A. Is that approved? I take it that is approved.

With regard to the meeting of the Drafting Sub-Committee, the provisional date and time are Thursday, October 31st, at 3 p.m. The place where we shall meet will be announced.

MR SHACKLE (U.K.): I had one suggestion to make, that is, that the Sub-Committee may think it desirable to call upon the representative of the International Bank. I take it that that will be provided for. I have some doubts as regards the suggested date of the meeting - Thursday. We are already at Tuesday, and I know that delegates are finding themselves very pressed with business, and I am wondering whether a somewhat later meeting might not be advisable.

THE CHAIRMAN: I would myself be inclined to think that Friday would be better - for one thing it would give the Secretariat a little more time to prepare the necessary material for the Sub-Committee to work on - but I gather that there is already

a meeting scheduled for eight o'clock.

MR SHACKLE (U.K.): I do not want to press the point.

THE CHAIRMAN: We will leave it, then, as Thursday, at 3 p.m. If there is no other point, I declare the meeting adjourned.

(The meeting adjourned at 12.50 p.m.)