

*United Nations*

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AND  
SOCIAL COUNCIL**

**CONSEIL  
ECONOMIQUE  
ET SOCIAL**

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30 October 1946  
ORIGINAL: ENGLISH

PREPARATORY COMMITTEE OF THE INTERNATIONAL CONFERENCE  
ON TRADE AND EMPLOYMENT

COMMITTEE V

ADMINISTRATION AND ORGANIZATION

Chairman - Mr. L.R. DENNISER (United States)

The third meeting of Committee V of the Preparatory Committee of the International Conference on Trade and Employment, took place at 10.30 a.m. in Convocation Hall, Church House, Westminster, on Tuesday, 29 October 1946.

The CHAIRMAN invited the Committee's further consideration of items 7, 8a and 8b of the Provisional Agenda (E/PC/T/C.V/2). After that the Committee might devote its attention to items 8(c), (d), (e), (g), (h), and (i). He proposed that a small ad hoc Committee be appointed, to examine the various points raised at the previous meeting in relation to the United States text with a view to reconciling them as far as possible in a compromise draft, and to report back to the Committee for its consideration and approval. Any delegation desiring to comment further on Articles 68-72 of the suggested Charter could do so at the present meeting. The Committee would then take up Articles 73, 74, 75, 77, 78 and 79 of the Suggested Charter.

Mr. HOLMES (United Kingdom) wondered whether paragraph 2 of Article 71 was to be considered as being in its final form. He saw no particular object in singling out food and agriculture, and thought that the second part of the first sentence might usefully be omitted. After discussion, it was agreed that the question should be considered by the Sub-Committee.

Mr. PIERCE (Canada) wished to raise the question of the preservation and transfer of pension rights and other benefits of persons joining the staff of ITO but was not clear whether it should be brought up under Article 70 or at a later stage. He hoped that the Sub-Committee would consider including in the text a provision instructing the Director-General to negotiate with member governments with a view to safeguarding such rights.

The Secretary, Mr. BRUCE TURNER, drew attention to paragraph 2 of article 70. The whole question of pension arrangements had been given much attention by the United Nations, and a comprehensive scheme including detailed proposals for the preservation of pension rights is to be submitted by the Secretary-General to the present session of the General Assembly in New York. This scheme involving the establishment of a common pensions fund, under a centralized administration, had been drawn up by a group of experts, in consultation with the various specialized agencies all of whom had agreed in principle with the desirability of the closest possible collaboration in these matters.

Mr. PALTHEY (France) thought that the terms of paragraph 2, Article 70 need not be included in the Charter itself. They would be more appropriately incorporated in the agreement to be concluded with the United Nations.

A number of other delegates, however, urged the retention of this paragraph, Mr. BURY (Australia) suggesting that in general, conditions of service in the ITO should be exactly the same as those in the Secretariat of the United Nations, with the greatest possible facilities for interchange of staff.

H. E. Mr. COLBAN (Norway) proposed that in the fourth line of paragraph 72 the phrase "from among the members of the organization" be inserted after the word "appointed"; the sentence would then read "These persons may be appointed from among the members of the organization, without regard to their nationality."

Mr. PIERCE (Canada) thought if the staff were restricted to nationals of the ITO, there could not be complete interchange of personnel with the United Nations, since the latter might include a larger number of member governments. In his view, preference should perhaps be given to members of the ITO but nationals of other United Nations Members should not necessarily be excluded.

H. E. Mr. COLBAN (Norway) saw no objection in principle to Mr. Pierce's suggestion. It was difficult to consider the problem as a whole until the exact form that ITO was to take was more definitely known.

Mr. SCHWENGER (United States) explained that the drafters of the Suggested Charter had considered the point at some length, but had not taken into account the solution proposed by the Delegate for Canada. It had been thought desirable to leave open the possibilities of recruitment in exceptional cases from outside the United Nations.

Mr. DAO (China), reverting to Article 70, suggested that the drafting committee might consider the inclusion of the text of Article VI, Section 6 of the UNESCO Constitution. He also proposed the addition of the phrase "in accordance with regulations approved by the conference" after the word "service" in paragraph 1 of Article 70.

Mr. HOUTMAN (Belgium), while expressing thanks for the great trouble which the State Department of the United States of America had taken in translating the Suggested Charter into French, thought that revision of some of the terms employed was necessary. The Belgian delegation desired to make certain reservations with respect to the French text as at present translated.

Mr. BURY (Australia) expressed the hope that in connection with paragraph 2 of Article 68, there would be a maximum integration of budgetary arrangements between the ITO and the United Nations.

There being no further comments on Items 7, 8a and 8b, the CHAIRMAN moved that the Committee take up consideration of item 8c of the Agenda, which corresponded to Article 73 of the Suggested Charter.

In the absence of any comment, he assumed that the suggested text was agreed to.

The CHAIRMAN then asked the Committee to pass on to the consideration of Article 8d of the Draft Agenda, which corresponded to Article 74 of the Suggested Charter.

Mr. PALTHEY (France) suggested that some provision be made in Article 74 for special privileges and immunities equivalent to those afforded diplomatic personnel to be granted to the chief officials of the ITO.

The Secretary, Mr. ERUCE TURNER, said that the United Nations were at present engaged in negotiations with the United States as host Government and with other Member Governments of the United Nations as to the whole question of immunities and privileges. The Secretary-General was under instructions from the Assembly to consult with specialized agencies in this matter with a view to ensuring a reasonable degree of uniformity and co-ordination in the arrangements made for all international organizations. In the meantime, therefore, he suggested it might be wise to formulate any provisions on this subject in general rather than specific terms.

Article 74 was in fact identical with a similar paragraph in the Charter of the United Nations, and was substantially the same as that in the Constitutions of UNESCO and the World Health Organization.

The CHAIRMAN then asked the Committee to pass to Article 75.

Mr. HOLMES (United Kingdom) was of the opinion that this Article was of very great importance, though final decision thereon could not be taken at this stage. The Article appeared to be based on Articles 108 and 109 of the United Nations Charter, but he desired to know what would be the position of countries finding themselves in a minority. It might possibly be intended that this should be decided by the Conference in accordance with the rules to be adopted under paragraph 2 but the point did not appear to be specifically covered.

H. E. Mr. COLBAN (Norway) desired to know what exactly the phrase "of fundamental alterations in the objectives of the Organization" meant. In so far as new obligations on members were concerned, he was of course in agreement; but he suggested that the Committee would be on a much safer ground if they did not anticipate any such contingencies.

Mr. BURY (Australia) contended that if the ITO were to succeed, it must be able to adjust itself to changes in economic circumstances and to changes in the climate of economic thought. The Organization must be so constituted as to allow it to effect constitutional changes of a minor kind without undue difficulty.

H. E. Mr. COLBAN (Norway) was entirely in favour of flexibility in matters of less concern, but he did not like the idea of a two-thirds majority being able to bring about fundamental alterations.

Mr. HOUTMAN (Belgium) suggested that if the phrase "as envisaged in Article 1 of the Charter" were inserted at the end of the fourth line of Article 75, the point of the Delegate for Norway would be met.

Mr. ALAMIL (Cuba) asked for clarification of the meaning of this Article. He understood the last phrase of paragraph 1 of Article 75 to mean that the obligations would have effect for all the members when approved by two-thirds majority. The words that followed "and thereafter for each remaining member on acceptance by it" he understood to mean that these

amendments would not affect the position of a minority member until it had accepted them. That was an important point in the light of Article 79, which provided that a member could not leave the Organization until after the expiration of one year. He felt that a fundamental amendment should only be obligatory on a minority member, provided that it was accepted by him when he was still a member of the Organization.

Mr. NAUDE (South Africa) thought that the Article was one on which most of the delegates would prefer to think a little more. Any change in the Charter's present provisions regarding voting - for example, the adoption of a system of weighted voting as in the case of the Bank and Fund - might have an important bearing on the procedure to be adopted governing amendments.

Mr. VAN TUYLL (Netherlands) suggested that fundamental alterations might be of different kinds. They might entail a further contribution to the purposes of the Organization or a different point of view which members desired stressed. What action should the two-thirds majority of members take towards the non-accepting minority? What work should be done when the views of the two-thirds majority and those of the minority cannot be reconciled?

Mr. KELLOGG (United States) in reply, explained that the Article had been based on a similar Article in the UNESCO Constitution. It was generally felt that it was the best compromise solution. It did not seem possible to bind a minority to fundamental changes in their obligations.

Mr. ALARILLA (Cuba) therefore assumed that the minority would not be bound by any votes of the two-thirds majority.

Mr. HOLMES (United Kingdom) desired information upon the position of a member who did not accept new obligations, and who did not withdraw from the Organization.

H. E. Mr. COLBAN (Norway) thought it might finally be necessary to provide for amendments becoming effective upon approval by a two-thirds majority vote subject to their not involving the imposition of new obligations upon members. In the event of such a situation arising the full Conference would then discuss it and by unanimous vote adopt a new Charter, those not agreeing to the new Charter, ceasing to be members of the Organization. It would be impossible to have, in the same Organization, members on an entirely different footing.

Mr. SCHWENGER (United States) replied that the drafters of the Articles had this dilemma in mind; it had, however, been difficult to find any formula which would make the Charter sufficiently adaptable to meet the critical situation which was now being envisaged. The purpose of the Article was to provide the necessary mechanism by which changes could be made without any serious interruption of the normal functions of the Organization. He thought that it was improbable that any amendment would so greatly change the Organization as to prompt many members to contemplate withdrawal rather than acceptance of the amendment. It had been anticipated that by the time two-thirds of the Organization had accepted an amendment, it would be well towards becoming unanimously accepted.

Mr. PIERCE (Canada) suggested that the Drafting Committee might bear in mind that while a situation where different members have accepted different obligations is anomalous, it is not necessarily intolerable as long as the fundamental purpose is shared by all members. He also proposed that the word "majority" in paragraph 2, Article 75 be changed to the word "votes".

The CHAIRMAN added that Article 76 had been omitted from the Committee's present consideration, as it was so bound up with other parts of the Charter still under consideration. He proposed therefore that the Committee consider item 8g of their provisional agenda, which referred to Article 77.

Mr. DAO (China) was of the opinion that the drafting of Article 19 of the United Nations Charter was preferable to that of Article 77, in that it was more precise.

Mr. VAN TUYLL (Netherlands) thought that the difference was due to the fact that article 19 of the United Nations Charter came under the heading of Voting, whereas Article 77 of the Suggested Charter came under the heading of Contributions of Members.

Mr. BURY (Australia) suggested that the apportionment of each member's share should be defined by the phrase "in the same proportions as in the United Nations Charter".

Mr. HOLMES (United Kingdom) thought that it would be more desirable to suggest that the same principles of apportionment as adopted by the United Nations be applied. The exact proportion of contributions might be different inasmuch as the membership of the United Nations and the ITO at an early stage might be different.

Mr. ALAMILLA (Cuba) said that Article 77 dealt with the position of a member who did not contribute; he thought that the real point at issue would better be discussed under Article 55, and suggested that it be deferred until then.

The CHAIRMAN agreed with this point of view, and added that the drafting Committee might perhaps change the title of Article 55.

At this point, the CHAIRMAN concluded the discussion of Article 77. He now proposed to appoint a Sub-committee of limited membership. It was unnecessary to add that any delegation so desiring could take part in the deliberations of the Sub-committee, but he thought that the smaller the Committee, the sooner would its work be finished. He proposed that the Committee consist of the Delegates of Australia, China, Cuba, France, Norway, United States and the United Kingdom. He invited H.E. Mr. COLBAN (Norway) to accept the chairmanship of the Sub-committee. Mr. COLBAN,

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however, in view of other commitments felt unable to accept and it was accordingly left to the Sub-Committee to elect its own Chairman.

It was decided that the next meeting of Committee V would take place after the Sub-Committee had met, probably on Thursday or Friday next.

The meeting rose at 12.45 p.m.

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