

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

SUMMARY RECORD OF THE TWENTY-THIRD MEETING OF COMMISSION B

Held on Tuesday, 15th July 1947 at 2.30 p.m. in
the Palais des Nations, Geneva.

The Commission commenced its discussion upon the questions of the voting procedures of the Conference and of membership in the Executive Board. It was agreed that the question of voting procedures should be discussed first.

Mr. COLBAN (Norway) said that at the first session his attitude had been in favour of the procedure of one State/one vote but he had been ready to be convinced that a system of weighted voting was practical. He was still ready to be so convinced.

Dr. NAUDE (South Africa) appealed to the members of the Commission to approach the problem before them in a search for the truth and not with preconceived ideas.

Dr. COOMBS (Australia) said that the Australian delegation at the first session had expressed preference for the one State/one vote system but that it had been open to conviction that some other system was more suitable. Since the first session the Australian delegation's reflections on this subject had tended to confirm that preference. It considered that any departure from the one State/one vote principle would need to be justified. The Australian delegation recognized the fact that some countries were more important as regards economic relationships than others and

that it was therefore proper that those countries should have special weight attachable to their words and actions. However, he considered that it was not necessary to make any special provision in the Charter to ensure that special weight. Regarding a system of weighted voting, it was very difficult to estimate the factors which should be considered in formulating any such system and it would therefore appear that efforts to formulate such a system would degenerate into a process of haggling. A system of weighted voting was also hardly just in that all members of the Organization would be sacrificing their freedom of action to a certain extent and would be deriving therefrom certain benefits; that sacrifice of freedom and that derivation of obligations had precisely the same effect proportionately for small countries as for large countries. The Drafting Committee in New York had endeavoured to formulate a system of weighted voting objectively and with some ingenuity but had failed to reach agreement. For all these reasons the Australian delegation considered that the best thing to do would be to adopt a system of one State/one vote, relying upon the natural importance which all members would attach to the views of countries of great economic strength.

Mr. PARANIGUA (Brazil) supported Mr. Colban's appeal to delegates to approach this subject with an open mind. The problem before the Commission was a very old problem and no ground for compromise could be found inasmuch as the degree of control over the Organization entrusted to all States should be identical. To do otherwise would be to undermine the confidence of the majority of countries in the Organization.

Mr. WUNSZ KING (China) likewise assured the Commission that he had an open mind on this question. He wondered whether it might not be more practical to approach the question of the composition of the Executive Board first before taking up the question of voting procedures.

After a short discussion the Commission agreed with the Chairman that a general discussion should be held in which members of the Commission should concentrate upon the question of voting, but that if they found it necessary to refer in their arguments to the composition of the Executive Board they would be at liberty to do so.

Mr. HOLMES (United Kingdom) expressed the view of his delegation that the provision of "one State, one vote" was not a wholly satisfactory one. They did not, of course, suggest that this system of voting should be carried over to questions of minor importance but the Organization would be called upon to make important decisions and carry grave responsibilities and it was felt that such circumstances necessitated a system of weighted voting. Contrary to the theory that weighted voting would favour the more industrialised and highly developed nations, this system would give such nations responsibility commensurate with their greater contribution to and experience in the field of world trade. The Organization must operate extremely well and would depend to a large extent on the experience of larger nations.

Mr. KOJEVE (France) stated that his delegation had from the beginning supported the system of "one State, one vote," and cited three reasons for this view. First "weighted voting" already existed in a certain sense in that the threat of withdrawal from the Organization by a large country would carry a great deal more weight in view of the consequences to the Organization than the threat of withdrawal by a smaller country whose withdrawal would affect only itself. While he agreed that weighted voting was likely to strengthen the position of average countries, it was also possible that this advantage would be outweighed by the fact that it might also make powerful countries even stronger and weaker countries even more weak. As for the Organization calling upon

the experience of highly industrialized countries, it was felt that the support of a few additional votes would have little effect upon the Organization's acceptance of reasonable advice based on experience.

Secondly, the opinions of economically and industrially undeveloped countries should carry as much weight as those of larger countries in deciding questions in connection with their development, as the development of the weaker countries was equally as important a purpose of the Organization as the development of world trade which was concerned with the maintenance of the economic power of more highly developed countries.

Thirdly, he was not at all satisfied with the criteria which had been selected and suggested for the weighting of votes and felt that it would be very difficult to formulate such criteria fairly and objectively. For these reasons he was in favour of the original solution suggested by the United States Delegation.

MR. COUILLARD (Canada) stated that the Canadian Delegation, while not categorically supporting either the principle of weighted voting or the principle of "one State, one vote," favoured the principle of weighted voting. Bearing in mind the nature of the Organization which would be a specialized agency dealing with specific aspects of international economic relations, the Canadian Delegation advocated that its membership should be on as broad a basis as possible and should be extended on functional principles. It was difficult to conceive how an economically, and from the point of view of the Organization, a functionally unimportant member, should carry the same voting power as an economically and functionally important member. This actually would be the converse of the system of weighted voting now under discussion. On the other hand it was felt that the system of "one State, one vote" would be undemocratic and unrealistic for if a voting system

were to be founded on the purely democratic principle it would have to be founded upon representation by population.

The Canadian attitude was to attempt to find a solution between the two extremes of the purely democratic principle of representation by population and the nationalistic attitude of "one State, one vote." Under the United Kingdom proposal the democratic factor of population was recognised and was also given indirect weight in the national income factor. On the other hand the nationalistic attitude was recognised and reflected by the basic vote assigned to all Members. Although the basic vote of 100 proposed by the United Kingdom seemed relatively high, the Canadian delegation was prepared to agree to it.

The Canadian delegation considered that the most important factor in weighted voting should be the value of foreign trade, a factor which would be ignored under the system of "one State, one vote." The Canadian delegation was also quite willing to discuss the inclusion of other factors in the relative weights to be assigned and took note of the argument of the French delegate regarding the unavailability of accurate statistics upon which to base these weights. This problem, however, would seem to be solved by the assurance given by the Secretariat that such statistics, including statistics on national income, were now available. As regards the problem of taking into account not only the actual importance of Members but also their potential importance, this could be solved by the fact that such statistical factors as were adopted would be based on a running three-year average and would be subject to review and amendment by the Organization in the light of changing conditions.

As regards the contention that there might be a danger and a tendency on the part of States with a large number of votes to force their decisions upon the Organization, it could be argued

that the same danger might exist under the system of "one State, one vote" in that a group of relatively small nations with common interests might endeavour to impose their decisions on larger Members who would not always be apt to accept that type of imposition and yet on whose membership the very existence of the Organization might depend. It was felt also that large States would have a proportionately larger stake in the successful operation of the Organization and would not be likely to act in such a way, either singly or in a block, as to threaten the existence of the Organization.

The Canadian delegate stated that, for the reasons given, his Delegation would support the proposal put forward by the United Kingdom in favour of the principle of weighted voting in the Conference.

Mr. de GAIFFIER (Belgium-Luxembourg) said that the two delegations he represented would approach the question before the Commission in a logical and consistent fashion. These delegations were convinced that the work of some inter-governmental organizations was vitiated by difficulties incurred in reaching decisions -- this might be the case with the International Trade Organization if the principle of "one State, one vote" were adopted. The principle of weighted voting was worth study but it did constitute a safeguard for strong economic countries and it was necessary that the economies of other types of countries should be protected. He considered that Article 64 should be considered at the same time as Article 86.

Mr. PARANAGUA (Brazil) said that he could not find any substantial argument in favour of weighted voting. The United Kingdom delegate's argument regarding inverse proportions was fallacious and his reference to larger economic powers helping smaller ones could be offset by many examples of smaller economic countries helping large ones. Although the United Kingdom was

a great economic power it did not have any great experience in tariff matters. The coalition of small countries referred to by the United Kingdom delegate on important questions affecting large countries was an extreme case -- matters before the International Trade Organization will be considered on their merits and not because of their connection with a large or a small power. There was no reason why weighted voting should only be used in the International Trade Organization -- it could be applied equally as well to any inter-governmental organization.

Mr. GUTIERREZ (Cuba) referred to the original United States Draft Charter which embodied the principle of "one State, one vote." The majority of delegates at the first session favoured this principle as did the majority of delegates at the Drafting Committee. The Cuban Delegation considered weighted voting as a new form of voting which it had always opposed. Economically important nations would be respected more for the weight of their reasons and actions than for the fact that they possessed greater voting power than others. To adopt a system of weighted voting would be to virtually prejudge the issue on many questions. If it were decided to adopt the principle of weighted voting it would also be very difficult to find a satisfactory formula. In addition, weighted voting would change the majority possessed by the small nations in the world into a minority, yet it was in these countries that the great employment problems existed. Weighted voting would also divide the world into "have" and "have not" nations and would make people lose their faith in the moral force of a decision freely adopted and accepted. The arguments expressed by the United Kingdom delegate were good reasons for organizing the Executive Board so as to give permanent membership to certain nations rather than departing from the system of "one State, one vote."

Mr. MINOVSKY (Czechoslovakia) stated that in the opinion of the Czechoslovakian Delegation the weighted vote was not justified by the arguments so far advanced in its favour. Assuming that countries of great economic importance should be enabled to exercise a greater influence than others on the result of a vote, the very economic importance of such countries would in itself be a factor influencing the strength of those countries in the Organization. As to the degree of risk incurred by nations, this could not be measured by straight statistics but must be considered according to the economic strength of each nation and its capacity to withstand an economic crisis. It should be remembered also that the Charter was not confined to questions of foreign trade but dealt also with matters which could very seriously affect the domestic life of Members. It seemed much less likely that economically weak countries could threaten the economy of fully developed States than that those fully developed States might impair the economic interests of smaller countries, nor could the stronger States be relied upon consistently to assume responsibilities and make contributions in proportion to their position in the economic world.

The Czechoslovakian Delegation therefore could not support the amendment suggesting a weighted vote.

Mr. van TUYLL (Netherlands) was more inclined to accept the system of "one State, one vote." He thought that the most important trading nations should have a larger role to play in the International Trade Organization but this should be ensured by giving them permanent status on the Executive Board rather than by adopting a system of weighted voting. Such a system was not necessary to give to those nations the influence they were entitled to -- they exercised this influence in the nature of things. It would be extremely difficult to work out a system of weighted voting when all parts of the Charter were taken into consideration.