

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

SUMMARY RECORD OF THE TWENTY-FOURTH MEETING OF COMMISSION B.

Held on Wednesday, 16th July 1947, at 10.30 a.m. at
the Palais des Nations, Geneva.

The Commission resumed its discussion on the question
of voting procedures.

Mr. OLDINI (Chile) said that the Chilean delegation
found it difficult to believe that the principle of one
State/one vote was not a good one. Also, the interests of
small countries and of undeveloped countries could be
protected only by the use of this principle. It would not be
just to give large economic powers a predominant voice in the
management of the economies of industrially undeveloped
countries. The principle of one State/one vote was the only
really democratic one - it had been so found in the political
sphere and he did not see why this should not also be the case
in the economic sphere. The examples given by the United
Kingdom delegate were based upon abstract mathematics but it
was necessary to take many factors into consideration and the
whole question was more complicated than that delegate had
made it out to be. It would be extremely dangerous to try and
abandon the principle of one State/one vote. The conception
of democracy was not fixed. However, that conception should
not be more confused by adopting the principle of weighted
voting which was not based upon equality.

Mr. LAURENCE (New Zealand) said that the United Kingdom proposal was designed to give equality and the arguments which had been presented against it were attempting to justify inequality. It was not just to adopt a system whereby important economic interests would be outweighed by interests which did not have some equivalent degree of importance.

The delegate of Australia had recognized that special weight should be attached to the words and actions of the more important economic countries.

The New Zealand delegation considered that it was necessary that this special weight should be recorded in some practical way. It was true that an obstacle to the United Kingdom proposal lay in the difficulty of determining a suitable formula. However, this difficulty could be removed by sufficient ingenuity.

The delegate of Australia had argued that the International Trade Organization was not similar to a financial institution where risks are proportionate to amounts contributed. However, there had been no suggestion made that each State should contribute an equal share to the budget of the Organization.

The New Zealand delegation supported the arguments made by the Canadian delegate. The system of weighted voting had worked well in the International Monetary Fund.

Mr. GEORGE HAKIM (Lebanon) said that the delegation of Lebanon was in favour of the principle of one State/one vote. The importance and influence of great commercial nations would, in the nature of things, make themselves felt in the Organization. The delegation of Lebanon was also prepared to agree that important decisions of the Conference should be taken by a two-thirds majority to conform with the United Nations Charter.

Mr. KARMARKAR (India) said that although the United Kingdom proposal was likely to favour India, his delegation was in favour of the principle of one State/one vote. The Indian delegation considered it necessary that each member of the Organization should not feel that its vote was not an integral vote but only a partial vote. If a system of weighted voting were adopted, it would be very difficult for smaller countries to resist the temptation of aligning themselves with particular points of view, not because those points merited acceptance but because ultimate agreement on them might be to the advantage of small countries. The United Kingdom proposal was undoubtedly very important for highly industrialised countries but the time had now come when such countries should think in terms of sacrifices rather than in terms of preserving their own important position. The interests of undeveloped countries were at least as important to the prosperity of the world as the interests of highly industrialised countries. It was necessary, in order to safeguard the interests of undeveloped countries, that the principle of one State/one vote should be adopted.

Mr. WUNSZ KING (China) said that he still retained an open mind on this question. The question was so complicated that he suggested it might be postponed until after the composition of the Executive Board had been discussed or until the World Trade Conference. As regards the composition of the Executive Board, the Chinese delegation was in favour of the United Kingdom formula set out on page 55 of the Drafting Committee Report.

The CHAIRMAN said that the Chinese delegate's proposal to postpone a decision would be considered when the general discussion had been concluded.

Mr. COLBAN (Norway) thought that the United Kingdom proposal was rather modest and it was not a proposal which would concentrate the power in the hands of a very few great States, but simply underlined the importance of certain big commercial powers. The question before the Commission was a question of working out some arrangement which might take into account on the one hand the equality of all members of the Organization and on the other hand the practical necessity of securing the co-operation of certain important members.

Dr. NAUDE (South Africa) said that he could not add anything to the arguments already used by the delegates of the United Kingdom, Canada and New Zealand, which arguments he supported. The principle of one State/one vote was incorporated in the United States Charter but that Charter also provided for weighted voting in that the five Great Powers were given permanent membership in the Security Council. The principle of weighted voting had worked very well in the International Monetary Fund and the International Bank and it would seem appropriate to apply the same principle to the International Trade Organization. The United Kingdom proposal deserved close study.

Mr. MINOVSKY (Czechoslovakia) said that it was extremely unlikely that, in the work of the future Organization, members would separate themselves into groups in accordance with their size, but groupings would be formed rather on the merits of the ideas and proposals which were put forward. It was not correct to determine the number of votes of members in accordance with their populations. The delegation of Czechoslovakia did not think that a comparison should be made between the International Monetary Fund and the International Trade Organization, as the former Organization was one of banking and it was quite just

that in such an organization voting powers should be proportionate to contributions made. As every member will have the same obligations and bear the same responsibilities in the International Trade Organization, it is logical that they should all have the same voting power.

Mr. Van TUYLL (Netherlands) favoured the system of one State/one vote. As regards the remarks of Mr. Naude about weighted voting in the Security Council, he pointed out that in economic matters with which the Economic and Social Council was concerned there was no such voting.

Mr. WILCOX (United States) said that eight delegates had expressed themselves in favour of one State/one vote, five delegates had expressed themselves in favour of weighted voting, and three delegates had no firm opinion. If the latter three delegates were to support weighted voting, there would be eight delegates in favour of that principle and eight opposed to it. The United States would then be in the position of having a casting vote on that issue. If the Commission were prepared to return to the original United States draft on this question, he would support the principle of one State/one vote. If not, the United States delegation would need to re-examine the question. The Charter had been changed considerably during the two Sessions of the Preparatory Committee and for that reason the United States delegation did not consider itself committed any longer to its original draft. He was not very favourably disposed towards the United Kingdom proposal for weighted voting, which he thought would not give any really worthwhile system of weighted voting. It was impossible for the United States delegation to make up its mind on this issue until the more substantive provisions of the Charter had been finally drafted. For that reason he thought that the final decision should not be

made at the present time. He therefore proposed that a Sub-Committee should be set up to prepare alternative drafts for consideration by the Commission at a later stage.

The CHAIRMAN asked the Commission to decide first on the proposal made by the United States delegate and if this were rejected to take a decision on the proposal made by the delegate of China.

Mr. WUNSZ KING (China) said that he did not insist upon his proposal but entirely supported the proposal of the United States delegate.

Mr. PARANAGUA (Brazil) and Mr. OLDINI (Chile) supported the proposal of the United States delegate.

Mr. TANGE (Australia) said that nine members of the Commission had spoken in favour of the principle of one State/one vote, four or five had spoken against that proposal and three had an open mind. He doubted the value of setting up a Sub-Committee, as suggested by the delegate of the United States, although the Sub-Committee proposed or the Secretariat might do some useful work if it were to produce more detailed statistics which might assist the Commission in arriving at a decision.

Dr. GUSTAVO GUTIERREZ (Cuba) thought that the membership of the Sub-Committee might be increased and that it should be asked to attempt first to find a compromise between the two different views expressed in the Commission.

Mr. PARANAGUA (Brazil) also doubted the wisdom of setting up a Sub-Committee.

It was agreed that a Sub-Committee, consisting of the delegates of Canada, Brazil, France, China and the United States should be established with the terms of reference suggested by the United States Delegate as amended by the Cuban Delegate. It was also agreed that the Sub-Committee should not meet until after the Commission had discussed the question of composition of the Executive Board.