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

Non-Governmental Organisations

Summary Record of Meeting of Consultative Committee
with Representatives of the International Chamber of
Commerce held at 3 p.m. on 30th May, 1947, in the
Palais des Nations, Geneva.

Chairman: Dr. H. C. Coombs

Present: Mr. J.R.C. Halmors
H.E. Erik Colban
Mr. H. C. Hawkins
M. Diesterlin
Mr. J. Pucik
Mr. M. P. Pai
Mr. L. P. Chao

Representatives of the International
Chamber of Commerce:

Mr. W. B. Phillips
Mr. A. R. Guinness
Dr. M. A. Heilperin
Mr. J. R. Minter

In opening the meeting the CHAIRMAN stated that the Consultative Committee would be pleased to consider any proposals concerning the Draft Charter of the International Trade Organisation which the Representatives of the International Chamber of Commerce might wish to put forward; the Committee would consider whether effect could be given to such proposals and would report to the Preparatory Committee on the issues raised.

1. Article 1 - Purposes. Representatives of the Chamber suggested that the objectives of the International Trade Organisation should be more closely defined than is done in the draft

of Chapter I. In this Chapter there should be no confusion between the short-term and the long-term aims of the Organisation. Further, the position of the Organisation, vis-a-vis, the Economic and Social Council and the other specialised agencies, should be clarified; if the Chapter were redrafted as indicated those who will be charged with the task of administering the Organisation will have a better understanding of their duties, and the principles upon which the Organisation is based will be better appreciated by public opinion all over the world.

In reply, Members of the Consultative Committee stated that it was not clear to them in what manner the International Chamber would wish Chapter I to be redrafted, bearing in mind the difficulty of securing the agreement of all members of the Preparatory Committee if an attempt is made to set forth the purposes of the Organisation in detail.

The CHAIRMAN stated that the Committee would be pleased to receive a statement in writing from the Chamber containing definite proposals for the amendment of the Chapter; he said that such a statement would be regarded as a private memorandum between the Representatives of the Chamber and the Members of the Committee.

It was agreed that the International Chamber would submit a statement on the proposed revision of Chapter I.

2. Article 6 - Removal of Maladjustments in the Balance of Payments.

The Representatives of the Chamber drew attention to the proposal contained in their memorandum of the 14th April (document E/PC/T 44) suggesting a complete revision of Article 6 so as to provide for closer co-operation between the

I.T.O. and the International Monetary Fund in dealing with problems of disequilibrium in balance of payments. In this connection reference was made also to Article 26 which, it was thought, should be deleted and partly combined with Article 25. The Representative of the British National Committee of the International Chamber of Commerce, Mr. Guinness, however, stated that not all members of his committee entirely agreed with the Chamber on the elimination of quantitative controls. He thought the intention of a government to have recourse to import quotas should be referred, before such quotas were introduced, to the I.T.O. and also to the I.M.F., but in some cases such quantitative restrictions would be justified, provided they were applied without discrimination.

Members of the Committee expressed the view that restrictions on commercial transactions as a means of dealing with balance of payments difficulties were of concern first of all to the I.T.O.; however, in connection with all problems upon which consultation between the I.T.O. and the I.M.F. could be of value, arrangements for such consultation had been provided in the Charter. The CHAIRMAN gave an assurance that the Committee would be pleased to reconsider this matter if it could be shown that the various provisions for co-operation between the I.T.O. and the Fund were inadequate.

3. Article 13 - Governmental Assistance to Economic Development.

A Representative of the Chamber expressed the opinion that Article 13 would permit governments to protect industries even though they might have little prospect of economic operation; it seemed desirable that the provisions of Chapter IV should be subordinate to those of Chapter V. However, it was stated that the Chamber would not recommend the prohibition of protection for young industries, but it was unfortunate that an

international document should legitimize this policy: they enquired whether the Preparatory Committee had considered the merits of subsidies (direct or indirect) as an alternative means of assisting infant industries; the International Chamber would prefer subsidies to tariffs for this purpose.

In reply, the CHAIRMAN said that he could not agree with the implication that there was any conflict between Chapters IV and V. Chapter V placed no prohibition upon the use of customs duties for the protection of industry and left to each member the decision whether to grant protection, subject to the possibility of duties being reduced by negotiation. Further, he informed the Representatives of the Chamber that the relative merits of subsidies and duties had been discussed at the First Session of the Preparatory Committee.

4. Chapter III - Employment, Effective Demand and Economic Activity.

The Chamber Representatives enquired whether, if Chapter III has already been redrafted at this Session, it would be advisable to leave this discussion for another occasion, but they were informed by the Chairman that the Sub-Committee to which Chapter III had been referred had not completed its studies and therefore it would not be too late for the Chamber's views to be given consideration.

Referring particularly to Articles 3 and 4, the Chamber's Representatives stated that controversial terms in trade cycle doctrine should not be used in the Charter and that Chapter III appeared to expect the achievement and maintenance of full and productive employment by means of independent action on the part of the various governments, whereas, in fact, this aim could not be achieved except by the use of international measures.

In reply, attention was drawn to Section H of Part II, Chapter I, of the Report of the First Session of the Preparatory Committee which describes the functions of the Economic and Social Council and of the specialised agencies. It was mentioned that the Preparatory Committee had taken the view that a search for remedies for unemployment on an international scale was beyond the scope of the I.T.O. and that the Economic and Employment Commission of the Economic and Social Council was the appropriate body to deal with the matter.

5. Capital Movements. Attention was drawn to the paragraphs under the heading "Capital Movements" in the Chamber's memorandum (E/PC/T/44). The CHAIRMAN stated that the subject of capital movements was receiving the attention of the Preparatory Committee in connection with Chapter IV. This subject, therefore, was not further discussed.

6. Conciliation and Arbitration. Attention was drawn to the paragraphs under the heading "Conciliation and Arbitration" on Page 39 of the Chamber's memorandum (E/PC/T/44).

7. Provision of Information. The Chamber's Representatives stated that they would welcome opportunities to assist the Preparatory Committee but that not much could be done unless they were given access to more of the Conference documents. The CHAIRMAN offered to report this to the Committee and suggested that the Non-governmental Organizations might be given, for example, the redraft of Chapter III.

8. The Next Meeting. The Chamber's Representatives asked for an opportunity to meet the Committee again during the week commencing 9th June, i.e., after the conclusion of their bi-annual congress at Montreux.