

SECOND SESSION OF THE PREPARATORY COMMITTEE OF
THE UNITED NATIONS CONFERENCE ON TRADE AND EMPLOYMENTCHAPTER VIII -- ORGANISATIONGeneral Observations by the Chinese Delegation on the
Weighted Voting Systems Suggested in Appendices
1, 2, 7, 8, 9 and 10, "D.C. Report"

1. The general application of weighted voting to all provisions of the Charter would, in the opinion of the Chinese Delegation, not only be unfair to the Members in the early stage of industrialization but would also be unrealistic. For instance, decisions regarding the admission of New Members, the provision of technical assistance to Members to complete their plans for industrial development and approval of protective measures submitted by Members for the carrying out of the programmes of economic development, etc., would be unduly influenced against the applicant Members by a few Members possessing a large number of votes. It is obvious that, under the various proposed formulae for weighted voting, the industrialized countries would have a predominant voice in deciding issues which may be irrelevant to the economic importance a Member may possess.
2. In the draft Charter the interests of Members who would be substantially affected by any measures proposed or taken by any other Member are fully protected, since the negotiations would, in many cases, have taken place between those Members and the Member who was applying the measure; in other words, industrialized countries or countries which have a large interest in

foreign trade would be in a better position to negotiate a settlement than an under-developed country.

3. The size of foreign trade or national income is not a proper criterion to judge the effect of decisions of the Organization in relation to the Members, nor the obligations assumed by a Member. As the exports of a country may consist of few commodities, any decisions on these commodities would mean much more to that country's economy than to a country which may have a large volume of exports consisting of a wide range of manufactures.

4. From a technical point of view, no matter what formula for weighted voting may be suggested, the factors selected would be such as not to reflect the accuracy of a Member's economic importance; for instance, foreign trade, national income, percentage of trade in relation to national income, foreign trade per capita of population would, if there is combination of any of these factors, add more weight to the industrialized countries than is appropriate.

5. The purpose of weighted voting is to give a Member an appropriate voice in the issues in which its interests can be accurately assessed. All statistics available now are a mere record of past performance and therefore there is no ground for using these statistics as a base on which to judge the economic importance of a Member in the future, say in 1948/1949.

6. There can never be a satisfactory base period for these statistics because the economic position of a country is dynamic and not static. For example, in the United Kingdom's formula, the base period selected for foreign trade is 1937 and for national income, 1940. These base years would not be acceptable to China because she was already at war. Even taking an average of pre-war and post-war figures is not a satisfactory solution because, as

has been pointed out, past performances should not be used as criteria by which to judge a country's economic importance. As to the figures selected, there can never be an agreement as to what figures should be selected in all cases so as to avoid any misrepresentation in the true appraisal of a Member's economic position. Apart from the fact that the national income is, in most cases, but an estimate, the value of currency in relation to U.S. dollars could never be accurately ascertained.

The various weights as suggested under the U.K., Brazilian and French formulae appear to be arbitrarily selected and there could be endless variations as to the appropriate weight which should be given to each of the factors mentioned.