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

SUMMARY RECORD

Ninth Meeting in Executive Session held on Friday,
23 May 1947 at 10.30 a.m. at the
Palais des Nations, Geneva

Chairman : M. Max Suetens (Belgium)

The CHAIRMAN referred to the need for the selection of Vice-Chairmen to assist in conducting the meetings of the Commissions to be established for further consideration of the draft Charter. He nominated Mr. COLBAN (Norway) as first Vice-Chairman of Commission A. Mr. WILCOX (United States) nominated the representative of Brazil (Mr. FERREIRA BRAGA) as the second Vice-Chairman of that Commission. The nominations were approved unanimously by the Committee.

The CHAIRMAN then referred to his proposed reply to the Secretary of the Economic and Employment Commission in response to an inquiry requesting the views of the Preparatory Committee on the most appropriate form of international action to maintain world full employment and economic stability (E/PC/T/Del 35). The CHAIRMAN mentioned that this paper had been in the hands of Delegations for some time and that, as no comments had been received on it, he would propose to despatch the message immediately in order that it might be received before the commencement of the session of the Economic and Employment Commission on June 2. Mr. HELMORE (United Kingdom) and Mr. GARCIA-OLDINI

(Chile), without dissenting from the proposed reply, suggested that in the future it would be appreciated if advance notice could be given of the intention to consider an item in the Committee. The CHAIRMAN assured the meeting that, so far as possible, advance notice would be given in the future, but in this particular case, as it had been indicated in the paper that the meeting of the Economic and Employment Commission was to open within the next few days, the Committee would doubtless be prepared to act on this matter at the present meeting. The CHAIRMAN agreed to a suggestion made by Mr. HELMORE that the references in the reply to certain sections of the Report of the First Session should be broadened to cover other sections which would also be of interest to the Economic and Employment Commission. The despatch of the proposed reply was approved.

Article 6

The CHAIRMAN invited discussion of the amendments which had been proposed to Article 6 (E/PC/T/W.87, Rev. 1).

Following an explanation by Mr. PHILLIPS (Australia) of the proposed Australian amendment, several Delegates spoke in support of the general principle of that amendment. In supporting the substance of the amendment, M. NATHAN (France) indicated that some further changes might be required since the present draft appeared to stress too much the bilateral aspect. M. JUSSIANT (Belgium) also expressed the view that the amendment should recognize that a disequilibrium in any country's balance of payments has multilateral effects and should be met with a multilateral solution. Dr. LOKANATHAN (India), while supporting the amendment in substance, regretted the apparent implication that a country with a balance of payments surplus is necessarily at fault. Mr. WILCOX (United States) objected to the amendment

as drafted and suggested that the language of the article should be neutral as to the attribution of blame for the situation and should require each member to make his appropriate contribution. Mr. DEUTSCH (Canada) doubted that the persistence of a favourable balance of payments is necessarily harmful. He remarked that the effect of such a favourable balance depends on whether the existence of such a balance is accompanied by a suitable programme of international investment which might render its effects generally beneficial. Mr. HELMORE (United Kingdom), while agreeing with the idea behind the Australian amendment, sympathized with the observations made by the representatives of Canada and India and agreed with Mr. WILCOX that the article should not presume to attribute blame to the creditor country in every case. He proposed an amended version of the article (see Document E/PC/T/W/111).

Mr. CHWANG (China) supported the United Kingdom proposal. Mr. LUXFORD (International Bank for Reconstruction and Development) expressed the agreement of the Bank and the Fund with the apparent desire of the Australian amendment to ensure that equilibrium in a country's balance of payments is achieved at the highest possible level. He remarked that it would be wrong, however, to imply that the country with a surplus is necessarily at fault. He observed that for instance, the deficit experienced by a country may be due to the limited range of products available in that country for export, and that similarly the surplus accruing to another country may be due to the fact that importing countries are pursuing inflationary policies. In such hypothetical cases it might be improper to attribute blame one way or another. Mr. WEBB (New Zealand) supported the Australian

amendment but suggested that the word "persistently" in the first line of the present Australian draft might be deleted. Mr. PHILLIPS (Australia) expressed the view that in the light of the discussion a compromise should be possible. He pointed out, in reply to the remarks of Mr. WILCOX, that the intention of the Australian draft had not been to attribute blame but merely to locate the source of the deficit without necessarily implying any judgement concerning the intentions of that country. He thought that the words "persistently favourable" provided a definition of the type of balance of payments situation which was relevant. The article did not purport to cover all balance of payments situations. In reply to M. NATHAN and M. JUSSIANT he expressed the view that Article 26, paragraph 5, dealt adequately with the multilateral aspects and doubted the wisdom of amending the present article which was intended to deal with a special case when the balance-of-payments position of a particular country happens to be exerting deflationary pressure on other countries. At the suggestion of M. JUSSIANT, M. NATHAN proposed an amended text (see document E/PC/T/W/115) for consideration along with the proposals which others had made.

Mr. FRESQUET (Cuba) indicated his support for the United States amendment.

The CHAIRMAN announced that the discussion on this article was now closed and the various amendments would be referred to the Ad Hoc Sub-committee which had previously been established to consider Articles 3 - 5. He suggested that the Sub-committee, which would be under the chairmanship of Dr. LOKANATHAN, should consult with other Delegations which had made proposals.

The meeting rose at 12.30 p.m.