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

VERBATIM REPORT

FIRST MEETING OF COMMISSION A  
HELD ON TUESDAY, 27 MAY 1947, AT 10.30 A.M., IN  
THE PALAIS DES NATIONS, GENEVA

M. MAX SUBTENS (Chairman) (Belgium)

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CHAIRMAN (Interpretation): The meeting is called to order. Before starting with the discussion on Chapter IV of the Draft Charter, I wish to draw your attention to document W.78 of the 23rd May, which is the Second Report of the Charter Steering Committee. I intend to have the document debated and approved this afternoon, and we will start the meeting of this afternoon with the discussion and approval.

CHAIRMAN (Interpretation): We pass on now to the discussion of Chapter IV, Economic Development. We shall deal with that Chapter in exactly the same way as we dealt with Chapter III; that is to say, we shall endeavour to reach agreement in the Committee and we shall refer to sub-committees, which will be appointed at a later date, establishing final drafts reconciling the various views, and so on.

We will begin with article 9. I would remind you that the United States Delegation has proposed two amendments to this Article; one is a revision of the title and the second is the addition of a paragraph with regard to capital investments. I suppose you have all taken cognisance of these two proposals and we can now discuss them.

Dr. GUSTAVO GUTIERREZ (Cuba): Mr. Chairman, before going into discussion of the title of Article 9, the Cuban Delegation desires to bring to the attention of the Committee certain points relating to the matters concerned in Chapter IV. We consider this Chapter one of the most important for those countries not fully developed economically.

As our Chairman made clear in his statement at the Plenary Session, we consider that this Chapter is unbalanced. It relates mainly to problems of commerce and customs duties and leaves very little for the economic development of those countries which have not achieved a full state of industrialisation. We consider that the industrialisation of a country which has not yet completed its economic development does no harm to the fully industrialised countries but, on the contrary, is extremely helpful, in the expansion of their industries as well as in

world trade. The only difficulty is the transitional period, during which the highly industrialised countries have to adjust their economies. This is clearly stated in the findings in the publication of the League of Nations entitled: "Industrialisation and World Trade, 1945", that the development of the less industrialised countries is the responsibility not only of those countries but also of the community of nations. This was clearly stated for the Western Hemisphere at Mexico.

We also feel that, in the circumstances, the obligation of an undeveloped country should have its counterpart in the co-operation of the other countries secured by the Charter, and which will give to the under-developed countries the necessary freedom of action.

We have found - we must say, with some regret - a certain suggestion by the Secretariat, following a resolution by the Economic and Social Council of the United Nations, as to the taking out of this Charter the first part of Paragraph 2 of Article 11, where we find some of the very few practical methods outside of the general economic principle stated without limitation. The only thing that looks like implementation is taken away and if that is taken away, in our opinion, nothing remains of Chapter IV.

We are very much in agreement in the main with the proposal of the United States that gives some implementation, but the proposal of the United States to start with a modification of an item of this Chapter is so important to us that we must confess we have not completed the study of this proposal and therefore we will not be in a position to express our views on it, probably until tomorrow. Nevertheless, we do not want to raise any obstacle to the discussion of Chapter IV and we are ready to take part in the discussion of the rest but reserve our point of view on the first proposal. As I say, we can discuss the rest after having heard the proposal of Czechoslovakia in relation to the suggestion of the Economic and Social Council.

CHAIRMAN (Interpretation): Does any delegate wish to speak on the United States amendment? This United States amendment, I repeat, consists in adding a sentence to Article 9 reading as follows: "They also recognize the importance of private and public international capital movements, into productive investments in promoting and facilitating such development."

I will add that this amendment also provides for a change in the title of Article 9 and in the title of Chapter IV itself.

Mr.OLAIR WILCOX (United States): We received this morning, about half an hour ago, a number of proposed amendments to Chapter IV none of which we have as yet had an opportunity to read. I do not know whether other delegations received our proposed amendments at an earlier date, or whether they have had an opportunity of reading them. I am prepared to speak on the subject if it is the desire of the Committee that we go ahead at this time, but before doing so I should like to know whether the members of the Committee would like to have a few more hours to read the amendments which have been distributed before entering into the discussion.

CHAIRMAN (Interpretation): I would not like, of course, to answer for the other members of the Commission, but as for myself I can say that I received all amendments on Saturday, and had full opportunity of studying them.

I believe, in any case, as regards the United States amendment just mentioned, that we can exchange our views on the subject in general.

EMM. Z.AUGENTHALER (Czechoslovakia) (Interpretation): Mr. Chairman, I would ask of the delegate of the United States if the amendment means that the Organization recommends to countries to

accept loans from abroad or whether it extends even to participation in industries: I mean, whether there is only the sense that the foreign countries are offering loans of capital to develop the industries or whether it means participation in the corresponding industries. In the latter case a country might say: "Well, I am keen to accept loans to develop my industrial life, but I am not willing to accept direct participation in the management of my industries if it would entail acting against the principles of the Charter."

MR. C. WILCOX (United States): Mr. Chairman, if it is the desire of the Committee, I would make a brief statement on the amendments that we have suggested in this connection - our suggestions as to the title of the chapter, and the title of Article 9, and the inclusion and additional sentence in Article 9, and the suggestions that we shall make as to possible amendments to Chapter I on Purposes, and to Chapter VIII on Organization are derivative from the proposal that we made with respect to Article 12.

The Charter already recognises the problem of foreign investment in two Articles - Article 12, paragraph 2, and Article 61, paragraph (c). I think that there would be a case for the inclusion of reference to this problem in Article 9, and also in Chapter I, even if our suggestions as to the amendment of Article 12 were not adopted or were modified. But it seems to me necessary to make some sort of a general statement of what we have in mind here, in order to put our suggestions with respect to the Article into their total setting.

With respect to the questions asked by the delegate of Czechoslovakia, I do not believe that there is anything in our suggestions that would require any country to accept any loan, and as far as the particular provisions of any loan or investment are concerned, that would be a matter which should be worked out between the countries involved in connection with the particular loan or investment, and there is nothing in our suggestions that would determine the provisions of any specific arrangement, and certainly there is nothing in our suggestions that would require any country to accept a foreign investment that required foreign participation in the management of the industry concerned.

I might raise some little question about the use of the word "accept". I am not sure that that does not involve the

implication that the country that receives capital is conferring a favour upon the country that supplies capital. I would assume usually in an international capital movement that there should be mutual advantage for the two countries concerned.

Now, if I may say something about what we have in mind here, it would run along this line. We have recognised in our discussions that there are, in various parts of the world, countries that are urgently in need of additional supplies of capital for their reconstruction and for their industrial development.

That capital can be supplied in three ways. It can be supplied through international organizations, such as the International Bank for Reconstruction and Development. The advantage of this mechanism is that the countries that are able to supply capital turn it over to an international organization and the loans that are then made to the countries that receive capital are internationally administered. We regard that principle as a sound principle. We think that it has very great advantages. But I think we all recognise that present needs for capital will go beyond the capacity of that institution in the immediate future.

A second possible source of capital fund is by government to government loans, either through direct loans or through institutions or agencies of governments. There has been a considerable volume of such loans and it is possible that further loans of this type will be made in the future, but in this case it is perfectly clear that the transaction becomes an inter-governmental transaction; that it therefore requires action by parliaments and that establishes something of a bottle-neck in the making of such loans; that it places a limit on the quantity of capital that can be transferred in that way; that it involves a certain rigidity and lack of flexibility in individual international capital movements.

The third possible source of capital transference, of course, is by private lending—either loans or direct investments. There is in existence in the world a large volume of savings which provides a potential source of capital funds for the reconstruction and development of the countries that need those funds.

The advantages of such private investment are:

(1) Speed. That is, individual arrangements can be made between lenders and borrowers without requiring the delays involved in parliamentary action.

A second advantage is flexibility. In general Government to Government lending deals only in large sums involving large undertakings. In the case of private capital transfers, the amount may vary, from one project to another. Also the terms may vary from one project to another as to the charges involved, the maturities and all the other details.

It is possible for borrowers and lenders to make arrangements which are to their mutual advantage. So you have, I think, in private capital transfers the advantages of greater speed and greater flexibility, and you have, I believe, the possibility of capital - a large reservoir of private savings for the reconstruction and development of those parts of the world that require it. I think it is perfectly clear that that flow of private capital has not been resumed since the war, and that there is no prospect of its resumption in the near future.

There are many reasons for that which I will not go into. There is concern on the part of possible lenders concerning the future economic prospects of potential borrowers and concerning the character of future economic and political relationships.

It is our view that something can be done, and that something should be done to encourage a renewal of the flow of private capital; and we believe that can be done without involving some of the difficulties that may have troubled such international investments in the historic past.

Certainly we believe that no country would accept - if we use 'accept' - a foreign investment to which terms are attached that would be disadvantageous to keep.

What we have proposed in the Amendments that we have suggested for this Chapter is, I think, completely consistent with the provisions that are already in the document, in the form in which it emerged from the meetings in London and New York. We do propose in the statements of purpose giving recognition to this problem as a problem related to that of economic development, and as one of the purposes of the Organisation.

We had a rather lengthy discussion in London about the question of whether there should be an economic development commission. We arrived at no decision on that question, because we referred it to the Economic and Social Council since it involved the question of jurisdiction of the International Trade Organisation in relation to other international organisations. On that point we have now had a reply from the Economic and Social Council. We believe that if the scope of the function of a Fourth Commission could be large enough to include the problem both of development and investment which we regard as closely related, that such a Commission should be established, and we propose that this Commission be charged with the function that was assigned to the Organisation in Article 61 (c) of the present Draft with respect to the preparation of mutual conventions or agreements, Articles and so forth, to be recommended to Member Governments.

One other important suggestion that we make in this connection appears in Article 12, paragraph 2. What we have done is to look at this problem of private capital movements and ask ourselves not what are the maximum rules and principles that ought to be laid down and recognised, but what is the minimum that is necessary; and what we have proposed here is to make explicit in paragraph 2 of Article 12 what was perhaps implicit in the existing Draft with respect to abstentions from unreasonable treatment of specific foreign enterprise, having made international investments; and our suggestions there are reduced to three principles:

(1) National treatment. That, however, is qualified by the provision that exceptions may be made to national treatment

by the unilateral decision of a country involved, and the only requirement is that public notice be given as to the exceptions.

(2) Most-Favoured-Nation treatment, without qualification.

(3) Adequate, effective and prompt compensation when investments are taken over by the State.

Our proposals do not go beyond that. There are many other problems involved in international investment. Our suggestion would be merely that these questions be left for the Development and Investment Commission to work out and to recommend to Member Governments for their later consideration. We do think that the minimum that a private investor in another country would require before he would consider making an investment is:

(1) That he know the terms on which that investment was to be made and the treatment that he was to get;

(2) That he be treated no less favourably than a private investor in another country is treated in dealing with a third country; and

(3) That if his property is taken away from him, he will be paid for it.

Now we have the later suggestion in our proposed third draft 2(a) which is novel, and it is the suggestion that a country which desires to receive private foreign investments may voluntarily file with the Organization a unilateral statement as to the conditions which it will accord to such investments. It may put in that statement anything that it pleases and the Organization would have no authority whatsoever to dictate or even to suggest what terms should be written in to the statement. It would be purely voluntary, it would be purely at the option of the country involved. The statement also could be modified at any time by a unilateral decision or could be withdrawn entirely. The only requirement would be that countries would continue to accord to investments made during the period when their voluntary statement was in effect, the treatment which they said that they would accord to such investments. Now, I say that it is a novel suggestion. We think it not to be unreasonable because it involves no compulsion to file and no compulsion as to the contents of the filing, and no compulsion as the modification or withdrawal. The whole thing is put in the form of voluntary action. Now, those are the provisions of the various amendments that we suggested that relate to the question of international investment, in its relation to the problem of development.

I have spoken at this length in order to indicate the relationship of these various provisions to one another because that explains the purpose of the suggestions that we have made concerning Article 9. I do not think that that can be reviewed in isolation from the paragraph of our proposal as a whole. We have, in connection with this, made some other minor suggestions concerning textual amendments to which I shall not refer at the present time.

M. L. GOTZEN (Netherlands): Mr. Chairman, the Netherlands delegation is of the opinion that the proposals made by the delegation of the United States of America for the amplification of the Charter by the insertion of some paragraphs concerning foreign investments are of great importance and a very valuable counterpart of those Articles dealing with economic development. In consequence the Netherlands delegation is quite willing to give its support to these amendments although on some minor points we may probably want to suggest some additions or alterations. Thank you.

Mr. L.D. MARTINS (Brazil) (Interpretation): Mr. Chairman, I wish to add to the statement just made by the delegate of the United States that the Brazilian Delegation also conceives the problem of the development of not completely developed nations as inseparable from the means to achieve such development, and I wish to remind you in this connection that in London it was the Brazilian delegation which explained the close relation between these two points. We presented at the time an amendment with regard to movements of capital, in the reciprocal interest of the country receiving such capital and the country giving it. We explained also that this influx of capital could be made in three different ways.

We shall have in due course to present three amendments to the United States amendment to Article 12, but with regard to Article 9 we wish to insist on the fact that in no case should Chapter IV be made less favourable to the under-developed nations, because this Chapter has been inserted in the Charter precisely in favour of those nations and should not apply more to the highly developed countries.

M. ANGEL FAIVOVICH (Chile) (Interpretation): For the Delegation of Chile, Chapter IV constitutes one of the most important chapters of the Charter which we are at present engaged in studying. It is obvious that if this Chapter does not determine the concrete means to achieve the development of small countries, and which those countries need, a large part of our future action will be jeopardised. For this reason the delegation of Chile accepts in principle the United States proposal as constituting a concrete step towards the ideal which we are pursuing, which is to realise the economic development of the small countries yet insufficiently developed.

Having said this and having given my agreement in principle, I reserve my right to present such alterations or comments at a later date as I may deem necessary; but we wish that Chapter IV shall achieve in the interest of the needy countries their very urgent needs in development.

DR. P.S. LOKANATHAN (India): Mr. Chairman, may I at this stage move, on behalf of the Indian delegation, a short adjournment of this meeting to consider this very vital issue. It is said that the amendments were before us on Saturday, but the delegations as a whole have had no opportunity of consultation and defining their attitude with regard to this.

It is not a question of our examining the merits of the various amendments put forward by the United States delegation. I think that on the substance of most of them we may be in agreement, but the larger question remains as to whether we should at this stage and in this Chapter bring in those features which were not there before.

The question of foreign capital is engaging the attention of the government of India, and if we are to consider this very vital issue at the present time, we may not be able to take any position at all without reference to the government of India. Apart from this there are also other reasons.

I wonder whether it would be possible for this meeting to stand adjourned at least until tomorrow, for instance, so that in the meanwhile we may consider whether it is desirable to bring the question of international investment into this Chapter. I am not for one moment suggesting that the question of international investment is irrelevant to this Chapter - certainly not. Nor do I suggest that some of the details proposed by the United States delegation are unworthy of acceptance, but I am more concerned with the larger question as to whether the structure and face of this Chapter would not alter if we are going to have a new set of ideas, and in any case we are not in a position to define clearly our attitude and we would very much appreciate a short adjournment of this meeting.

CHAIRMAN: The delegate for Belgium.

M. J. JUSSIANT (Belgium) (Interpretation): The Belgium delegation wishes to join itself to the delegations who have just supported the United States amendment, which consists in adding a sentence at the end of Article 9 and in altering the title of this Article and of Chapter IV.

We shall not discuss at present certain deletions of parts of sentences of this Article, which may be studied at a later date, but we consider that the United States amendment raised a very important point without changing the substance of the Article, but at the same time it improved the Article considerably, and it improved this Article because the balance established in this Article in favour of a country not completely developed is increased in favour of this country.

The economic development dealt with in Article 4 can be achieved in different ways. First of all by the national efforts of a country concerned, and there is a French proverb, which is a very important French proverb, which says, "Help yourself and Heaven will help you"; but this national development necessitates a very large effort which may at times surpass the possibilities of a country concerned. All efforts in those countries are then tending towards the one aim of improving the economic development and it may be necessary for that country to adopt restrictive measures to effect a single improvement.

These restrictive measures we precisely want to avoid. That is why we come to a second way of developing a country, which is by means of external help or participation, which is beneficial to all parties concerned; because, of course, it is no effort to the country granting the help, because there is through that help a large expansion in their trade and international relations in general with the country thus assisted.

Capital investments obviously provoke an expansion of the commodities and goods, and of trade relations, and at a later date, an increase in the possibility of a country thus helped in participating in international trade. But the external assistance or participation of the countries which are not sufficiently developed is not sufficiently precise in Chapter 4 as it stands, because we might by reading the provisions of the Chapter ask ourselves whether such help or assistance could not be limited purely and simply to the sending of a few technical experts.

Well, the Delegate of the United States has very well shown the very important part which private investments can make in development, and in answer to the Delegate of Brazil, I would say that this Amendment would certainly not be less advantageous to

the small countries, but will enable them to make their development within a general framework instead of within a narrow framework, and for these reasons I repeat we support whole-heartedly the U.S. Amendment.

CHAIRMAN: The Delegate of Australia.

Mr. McCARTHY (Australia): Mr. Chairman, the Australian Delegation generally supports the proposals made by the United States, and follows and recognises and accepts the exposition of the reasons put forward by Mr. Wilcox. We recognise that in any schemes of development, particularly in countries in the early stage of development, the import of capital is always highly important, and is one of the outstanding means of bringing about development. We also recognise that where countries want to import capital for developmental purposes, they have to secure the co-operation and the goodwill of the lenders; and the lenders are, of course, entitled to all the protection that it is practicable to give them in an Article such as this. Therefore, we accept the alteration in the title of Article 12, and in the expansion of Article 12 in the way proposed by the Delegate of the United States. In doing that, I think we recognise that we are giving almost complete support to the United States proposal.

We are in some doubt, however, as to whether the title of the whole Chapter should be altered. It does seem to us that the title "Economic Development" as it is sets out the objectives of the whole Chapter; and even though investment is an important, perhaps an outstanding, means to bring about economic development, it is only a means, as distinct from the objectives. Therefore, we would prefer that the original or existing title remain. Perhaps I could say we will not wish to press that, if the Committee as a whole thinks it desirable, but we do feel rather

more definitely on the inclusion of the last sentence which is proposed for Article 9: "such attention as we have given to the detailed proposals"; and I think we should say we are not sure we follow the whole of the Drafting amendments - we think that Article 9 should be devoted to a statement of the objections and left at that, and that the proposals for high-lighting the importance of investment, and of giving more detailed attention to the part that it will play, should be confined almost entirely to Article 12. It seems rather logical that we should start the Chapter with a statement of the importance, and then a reference to the domestic resources; and if it would help by bringing Article 12 next as a fully developed Article on the subject of the means, and in doing so bring out investments, we would agree to that.

So to sum up, Mr. Chairman, we would give as our view that we are in accord with the principles, that we agree with the alteration in the title and the expansion of Article 12, which is the most important Article from the viewpoint of the changes suggested; we would prefer the title to stay where it is, but we will not press the for it; but we would urge that Article 9 be left as it is, or at least it be included without the last sentence as suggested by the American Amendment.

Mr. J.T. CHWANG (China): Mr. Chairman, the delegation of China support, in principle, the amendment brought forward by the delegation of the United States, which is very important, of course, to this Chapter IV. Nevertheless, the Chinese delegation would like to make a small amendment to theirs. As a matter of fact the world is not quite recovered from the war damages, and the economic situation of the whole world is not yet quite settled, therefore, a premature action may be harmful, particularly for members who want to arrive at the object of this Charter and especially for some other countries who want to contribute their share therein. The economy of each country involves many elements and therefore it is very complicated and only its own government can judge best and take the necessary measures to develop the requirements of the situation. Therefore, some of the paragraphs made by the delegation of the United States would be better changed or modified so that we can make it better for the undeveloped countries.

M. BARADUC (France) (Interpretation): The French delegation wishes, first of all, to associate itself with those delegations who have stressed the importance and interest of the United States amendment. We consider also, that those amendments bring a solution to the difficult problem raised by Chapter IV and would contribute to re-establishing the general equilibrium of the Charter. We shall, therefore, fully contribute to the necessary alterations to Chapter IV according to the wishes expressed by the delegate of the United States. I have, however, some observations to present. First of all, one detail in drafting. I am in full agreement with the first amendment to Article 9, that is to say, the insertion

of the words "for dependent territories", but I am not in agreement with the French translation of that text, and I would like the French text to read: "pour les territoires qui en dépendent", which is more in keeping with the sense. As for the last sentence to be added to Article 9, I would probably agree with the Australian delegate when he said that that sentence might be better placed in Article 12. However, the statements made this morning by the United States delegate are so important that I would ask that a verbatim text of the statements be circulated and it might be even useful to take some part of the statements and embody them into a special Article, because this matter is so important not only to the development of countries not yet fully developed, but also for other countries insofar as it fixes the condition of public or private financial assistance. I would therefore think that it might be useful to set up a special drafting Sub-Committee to examine the drafting of a special Article to be inserted in Chapter IV, and which would embody certain of the amendments offered and certain parts of the text of the United States delegate.

H.E. Dr. Z. AUGENTHALER (Czechoslovakia): Mr. Chairman, Gentlemen, I am greatly obliged to Mr. Wilcox for his interesting explanation.

Now as we reach the point where we are discussing the general principles of capital investment, may I be allowed to make certain observations on the programme as a whole. In the past we knew three categories of international economic freedom; there was freedom of movement of goods, of capital and of persons. The third freedom, I think, disappeared entirely. Now we are putting the question of freedom of movement of capital on the same level as the movement of goods. I think there is an important distinction between movement of capital and goods. Goods are imported or exported, but if we are dealing with foreign investments in a country it is nearly the same thing as if I am giving the right of citizenship to some foreign person. Now you know well that every country is extremely careful about according citizenship of its own country to some foreign persons, and they are mostly bound by certain conditions.

We are sitting here around the table, all of us representing different countries, but the Charter is not envisaged only for us: the Charter is envisaged for the whole world. Now, one day Germany, for instance, may be a Member of the Organisation. In this event, we should be obliged to accord to German investments in Czechoslovakia the equality of treatment accorded to other investors. We had certain experiences with German investments and capital participation in Czechoslovakia and I should say they were not so innocent of the catastrophe which happened in Czechoslovakia.

There are three different positions for the foreign investor, as there are in the American amendment. There is first the Most-Favoured-Nation treatment, that is, equality of treatment for all, with no distinction. There is a second principle, that is, each Member shall accord to citizens of other Members treatment no less favourable than it accords to its own citizens. That is the second principle, the national principle, but there is a third principle which accords preferential treatment to foreign investors, where they are more favoured than their own citizens. That is in the case of compensation. It may be that a country accords a more effective compensation to its own citizens, but perhaps not promptly. It may be for I do not know how many years, but the foreign investors would have preferential treatment over their own citizens.

I wanted to make those few remarks just to show you that, in our opinion, investments cannot be treated in the same way as movement of goods; that probably they need some special rules entirely different from those concerning goods.

CHAIRMAN: (after the above remarks had been interpreted into French): Dr. Augenthaler, do you wish to say anything else?

H.E. Dr. Z. AUGENTHALER (Czechoslovakia) replied in French; no interpretation.

Dr. P.S. LOKANATHAN (India): Mr. Chairman, Judging by the progress of this debate, it is clear that my motion for adjournment does not meet with much favour here. If I am right in that surmise, Mr. Chairman, I should like to say, on behalf of the Indian Delegation (with whom I have now had a

chance of consultation), that we would make an appeal to the United States Delegation not to press this whole series of amendments at this stage.

We remember that when this Chapter was drafted in London it became a great selling point with us in India. We thought that this Chapter IV was something like a charter for the less developed countries. Although there were serious limitations in this Chapter, and it was also somewhat imperfect in many parts, on the whole the country accepted the principle and the spirit of this Chapter.

Now it is sought to introduce matter which of course in one sense is relevant but which in our view is somewhat extraneous, and it is also not necessary in our opinion to set out the terms and conditions of international investment in this Chapter at this stage. No-one, for instance, suggests that foreign capital should be accorded anything but fair and equitable treatment. India's history bears ample witness to the fact that at no time did India accord anything but the most generous treatment to every kind of foreign capitalist: if therefore we make this appeal, - and I am sorry I do not have the persuasive manner of Mr. Wilcox - if therefore we make this appeal to the United States delegate, it is because we feel that the whole face of this Chapter will undergo complete alteration, if not disfigurement, and we feel that in India a Chapter which is going to include all these conditions and treatments of foreign investment will not be accepted, and I think we will find it is very difficult indeed to persuade our countrymen to accept this Chapter in a modified form.

That does not imply that we are at all opposed to considering the terms and conditions of international investments in different places and in different contexts. In this Charter there is ample room for providing for such regulations and terms. 61 (c) already provides for it, and is intended to provide for it.

If you set up a Development Commission, as we hope will be done, one of the major tasks of that Development Commission would be precisely to go into the matters which the amendments of the United States Delegation are intended to cover. And again, it is not as if the lenders today and the borrowers today are all such innocent, unsophisticated people. We all know that we cannot get funds unless we guarantee equitable terms. There is already an International Bank which lends at Government level, but the funds are coming from

private capitalists, and therefore it is certain that the International Bank would already be at this task of drafting a code and defining the terms under which capital must flow from one country to another. Again, as you all know, the Economic and Social Council through its Sub-Commission on Development is engaged in this very task and, if I know the position correctly, it is already at it, and a Sub-Commission which is going to be set up very shortly will have this as one of the important matters in its agenda.

Therefore it is not as if, merely because we do not accept this amendment at this stage, borrowing and lending will cease.

Again, it is possible to lay down a general obligation on the part of the International Trade Organisation in connection with the provision of financial facilities. That sort of general obligation could be included in this Chapter. But what I do feel is that it is not desirable to go into great detail and state all the various conditions under which the loans would be given or the terms under which the borrower can borrow. All this need not be spelt out in such detail in this Chapter.

And for another reason, too. We have great difficulty in accepting this amendment: as I said in the first few remarks that I made earlier, our country is now considering and examining the whole question of the terms on which foreign capital should flow to a country. We are not against private investment as such but we are very anxious that private investment should not get an economic hold nor a political hold in the national life and we want to take proper precautions. These are questions which these delegations here in Geneva may not be able to come to a decision upon. Therefore for these various reasons I think it would be much better if some more time is given and if, when the Commission is set up, it

goes into the matter more carefully it may have the opportunity of considering the views of all the countries. The agreement which has got to be drawn up is already provided for in 61 (c) and countries which want this amendment will certainly raise the question when that agreement is discussed.

Our feeling is that if you alter this Chapter in the form in which the American amendment seeks to do it will be regarded more as a Charter for the bankers than for the less industrially-developed countries, and we do not want that that impression shall prevail in any country or in any undeveloped country.

Mr. Chairman, I am sorry for having to say this, but I do hope that the delegate from the United States will consider this in the proper spirit and give sympathetic consideration to the proposal put forward by the Indian delegation.

MR. C. WILCOX (United States): Mr. Chairman, with reference to the hope expressed by the representative of Brazil that in the course of the amendment we should not detract from the provisions in the Charter with respect to development, I should say that we are in complete agreement. We believe that proper provisions with respect to investment will promote and not detract from the development programmes, and, as I say, we are in complete agreement with this point.

With respect to the points raised by the delegate for India, I shall have to admit that we are bringing this material in at the second stage of the committee work. We did not introduce it in London. You will remember, however, that the chapter on economic developments was written in London, it was brought in at that stage. The third stage of our international work on this problem, of course, will come at the time of the world conference when the report of this committee is presented and considered. We have not waited until that time to put this problem before you. Furthermore, I do not believe that we shall need to arrive at decisions on this matter in great haste, because I assume that we will remain in the pleasant environment of Geneva for several more days and weeks, perhaps months. The delegate for India has suggested that the provisions of our amendments are extraneous to the purpose or the content of the Charter. I can only point out to him that the Charter already contains in Article 12, paragraph 2 and in Article 61, paragraph (c) material on this point. He says that this would cover the problem of foreign investment in great detail, and would spell out all the terms and conditions of foreign investment. I submit that that is not the case. We have not undertaken to spell out all the terms and conditions of foreign investment, and there is here no great detail - we have tried to keep our suggestions as brief and simple as we can. He says that the development of

principle with reference to investment would be the task of the Economic Development Commission, if we set up such a Commission. If that is the case, I do not see why we should object to saying so. He said that even if we do not take action in this area, the international flow of private capital will not cease. Our concern is that the international flow of private capital has not started, and gives no prospect of starting as conditions stand today.

I have listened with a great deal of interest to the comments made by the various delegates with respect to the amendments that we have suggested, and I find such a large measure of sympathetic interest, that I believe it would be inappropriate for me to accede to the request of the delegate from India that the amendments be withdrawn. Several delegates have suggested that they support the amendments we have suggested in principle, but will desire to suggest changes in detail. With respect to that I would say that we do not feel that we have said the last word on this subject, but only the first word, and that we are, of course, willing to consider suggestions and meet problems and situations as they appear to other members of the Committee.

With respect to the suggestions of the delegate of Australia that the problem be treated in Article 12 but omitted from Article 9, I do not have a strong feeling, and I am content to leave that to the sub-committee to decide in view of its judgement as to the Chapter as a whole.

CHAIRMAN (Interpretation): We have heard this morning a very interesting discussion on the United States Amendment, and most of the Delegations who spoke spoke in favour of this Amendment. Two Delegations have asked that the question be adjourned. One Delegation asked for 24 hours adjournment, and the Delegate of India asked for a longer adjournment.

I regret to say that I am limited by our time-table, and that we have only two days for this Chapter IV. I therefore suggest we resume discussion of this United States Amendment to-morrow afternoon, and we must at least reach a provisional decision on this Amendment.

This afternoon we shall carry on with the study of other Amendments on Article 9, and in particular of the United States' Amendment on Article 9 which does not affect the question of capital investment. Then we shall pass on to Articles 10, 11 and so forth.

I have two further communications - first of all a Sub-Committee on Chapter III under the Chairmanship of the Delegate of India will hold a meeting at 5.30 this evening in Room 210; secondly, the Delegates from France and Czechoslovakia have asked that there will be a verbatim edition of Mr. Wilcox's speech. I wish to inform the Committee that the Secretariat has just told me that a verbatim record of this meeting, containing Mr. Wilcox's statement, will be circulated this evening.

The Meeting is adjourned.

The Meeting rose at 1 o'clock.