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

VERBATIM REPORT

FIFTEENTH MEETING OF COMMISSION B
HELD ON THURSDAY, 26 JUNE 1947, AT 2.30 P.M.
IN THE PALAIS DES NATIONS, GENEVA.

The Hon. L.D. WILGRESS (Chairman) (Canada)

N.B. It was not possible to provide verbatim records of the Twelfth, Thirteenth and Fourteenth Meetings of Commission B (19, 24 and 25 June). Please refer to Summary Records E/PC/T/B/SR/12, 13 and 14.

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CHAIRMAN: The Meeting is open.

We will resume our discussion at the point at which we left off yesterday. That brings us to Article 72, Establishment of Commissions, and on pages 17, 18 and 19 of this Document W/210 Revision 1, we have, first of all, a comment by the Australian Delegation, suggesting the establishment of a Commission to deal with matters coming under Chapter III.

There is a proposal of the Chinese Delegation to add a Commission on Economic Development; and the French Delegation also proposes an Amendment which provides for the establishment of a Commission on Economic Development and Co-ordination, and the United States Delegation propose the adding of a Commission on Economic Development and International Investment.

The suggestion of the Chair is that the discussion should be opened on all of these proposals, and after a general discussion we should then refer the subject to the Sub-Committee to take into account the views expressed in the Commission.

Do any Members wish to speak on these proposals?

The Delegate of Norway.

Mr. ERIK COLBAN (Norway): Mr. Chairman, I have no objection of principle to the establishment of a fourth Commission between the three mentioned in the New York Report, but I would like to draw the attention of the Commission to the difficulty in finding always the required experts, if we go on multiplying our Commissions, and even if we restrict the numbers of each Commission I think it will be very difficult to equip four strong Commissions properly, and I wonder whether the result aimed at could not be achieved by the

Executive Board inviting the persons with the required technical knowledge to enter into one of the three Commissions already mentioned in the Draft of New York.

I quite realise the desire which already was strongly expressed in our London Session of having a special organ to deal with economic development and reconstruction; and I also realise the importance of the point brought up, I think it was, by the U.S. Delegation, of international investment; but would it not be possible by more careful handling of the staffing of the three Commissions already provided for to get in each one of those one or more Members with the particular technical knowledge of employment and economic questions, and of questions of economic development and international investment.

I just want to warn against more or less carelessly trying to satisfy our desire for the strongest and best possible organisation by adding to the organs already contemplated, because, I repeat it, I am afraid we shall not be able to find the proper persons in all cases.

The Organisations of the United Nations already have taken away so much of the expert knowledge at our disposal that it becomes more and more difficult to establish our Organisation on the proper basis, and we should not anticipate the Secretariat being also constituted not only of translators and document officers but also of persons having technical knowledge of all the problems the ITO is called upon to deal with, but trust for co-operation between the Members of the Commission, for a number are accepted to be holding quite important positions, and the Members of the Commission should make it less necessary to establish a separate Commission in addition to the

three already mentioned; but to follow out my line of thought it would then be necessary in some way or another to indicate in 72, perhaps, or may be in another place, that we take it that these Commissions will be staffed in such a way as to be able to take into consideration the complex problems of the whole of the Charter, while having the special task of looking at business practices or commodities and so on.

CHAIRMAN: The Delegate of Australia.

Dr. H.C. COOMBS (Australia): Mr. Chairman, the Australian Delegation has advanced a suggestion that a fourth Commission should be created, and I think in view of what I want to say subsequently, it would be as well for me to explain that we put that proposal forward for three reasons. First of all, because we feel it necessary that action arising out of Chapter III should be provided for in the administrative and executive arrangements. As we have emphasized, it is our view that a successful operation of the rest of the Charter is dependent very largely upon the successful implementation of the objectives embodied in Chapter III, and we feel, therefore, that this should be recognized in the structure of the Organization, particularly as many of the other functions which the Organization will have to perform will of necessity have to take into account considerations which will arise from the undertakings in Chapter III.

In our opinion, there is practically no part of the Charter from which employment considerations can be excluded, or which have been or have to be considered against a background of a current employment and effective demand situation. Therefore, we feel it essential that the Organization should be adequately equipped on this side, just as it is proposed to equip it adequately in relation to the other parts of the Charter.

We suggested a Commission, because that is the form which is established in the rest of the Charter for dealing with the other Chapters of the Charter. We felt that it was necessary to suggest a separate Commission, on the assumption that the Commission was to be the normal form of administrative machinery,

because, as the functions of these Commissions are outlined in the Charter at present, there is a very rigid separation of their functions. In fact, a Commission is, so to speak, handed a Chapter of the Charter and there is no indication of capacity on their part to deal with matters outside that Chapter, and consequently it would appear difficult to see what provision has been made in the Organization section of the Charter for dealing with the very important content of Chapter III.

Now, I would say that we make this suggestion fully recognizing the fact that the prime responsibility internationally for the content of Chapter III will lie with other international agencies; but, none the less, the I.T.O. will have its role to perform in relation to its subject matter, and we felt some provision for administrative machinery was necessary. The Australian Delegation, however, does feel that it is necessary to raise some of the same sort of doubts which the Delegate of Norway has raised in relation to the suitability of the Commissions as the appropriate type of machinery. The Delegate of Norway has raised it only in connection with the employment function. I trust you will forgive us, Mr. Chairman, if we raise a question which may appear to be somewhat fundamental, so late in the day. The only excuse we can offer is that it is a very difficult thing to consider organizational questions in vacuum. We have been concerned primarily up to date with trying to determine what the functions of the International Trade Organization shall be, and the nature of the obligations which its Members shall undertake, and we, for our part at any rate, have ^{had} little time to consider the suitability of the structure contemplated. But by a very hurried examination of it recently, we do feel some doubts about the suitability of the Commission form for the work which we

are going to call upon the I.T.O. to do.

First of all, in many respects the Organization will have executive functions, and I think it is fair to doubt whether the type of Organization embodied in a Commission is always the most suitable for that type of work. A Commission is a suitable body to carry out an investigation, to conduct an enquiry and to make a report, but it is not a very suitable body for doing things. For instance, we have in mind particularly the Chapter which deals with industrial development, where it is the function of the Organization to assist countries to obtain advice - technical and professional and so on - in relation to their plans for industrial development. It seems to us, at a preliminary glance, that the type of Organization which would be necessary for that would have full-time employees of the Organization who were experts in particular fields; not that they themselves would provide the advice sought by the individual countries, but they would be familiar with the types of Organizations where it could be found, and perhaps even with persons in different countries of the world who might be able to provide it, and would be capable of carrying through the organization for the provision of such advice.

I just give that as an example of what appears to us to be a need to look again at what the Organization will, in fact, have to do, and to see whether the type of machinery we are establishing for it is appropriate to the function. I think a lot of mistakes have been and are being made in international organizations because we tend to have a uniform type of structure for the units we set up, quite apart from the task we are asking them to perform.

It was, for instance, one of the arguments which we advanced strongly for the I.T.O. having some executive functions in relation to industrial development, when we were aware that there was a Commission or sub-Commission of the Economic and Social Council operating in the same field. It was possible for the I.T.O.

to be an executive body, when it would not be possible for that sub-Committee to act in an executive way; and it would be a pity, therefore, if, having decided that the I.T.C. should have executive functions in this field for those reasons, we imposed upon the I.T.O. a type of administrative organization which deprived it of the advantage which decided us to give it the function we had in mind.

If they are to be part-time employed only, then I think we would find, as we are finding in the case of the employment in the Economic Commission of the Economic and Social Council, that it is impossible for them to work adequately without very extensive preparatory work carried out by people fully as competent as they themselves. Therefore, we may well find in some of these cases that if we adhere to the Commission form of organization, that we not only have a Commission but we have, at the same time, to go out and find experts who can be employed to work for the Commission, and who are as thoroughly trained and equipped and as competent in this field as the members of the Commission themselves, and we double our personnel difficulties to which the delegate for Norway has already referred.

On the other hand, if these people are to be full-time employed on this work and they are to be experts selected for their personal qualifications, it is on the whole/^{difficult} to see what advantages are gained from not regarding them just as employees of the International Trade Organization, who would be working in the same way as any other technical or professional staff of the Organization. It is the general structure of the ITO as I understand it that there should be a Conference and an Executive Board, and the Conference will be served by a Director-General and a staff and as the delegate for Norway has pointed out, it is presumably conceived that the Director-General and the staff will/^{of necessity} be men of considerable capacity in the fields in which the ITO is concerned. If we set up also Commissions which, so to speak, may come between the Conference and the Executive Board on the one hand, and its staff on the other, then it does raise doubts as to whether it would be possible to get people of the necessary competence as members of the staff of the Organization.

Now, Mr. Chairman, in putting these things forward I may have sounded rather more critical of the idea of the Commissions than I intended to be. I may say that perhaps the Commission form is the best form for the task we have to achieve, but I must confess some doubts, and I believe it would be wise if, when we are referring this question to a Sub-Committee, as I presume we will, we should ask the Sub-Committee to examine this question with considerable care in the light of the functions which we are going to ask the Organization to carry out; to make a judgment as to whether, in their opinion, the Commission is the most appropriate form, not necessarily for all the Chapters but for certain of them. It may well be that the Commission is the appropriate way, say, of dealing with the tariff question or with the commodity agreements question, but not necessarily the best way of dealing with other questions. I suggest, Mr. Chairman, that we invite our Sub-Committee to give some consideration to this, and that they take the opportunity to consult with other International Organizations who have had some experience perhaps over a number of years of the methods of operation of international relations on these lines.

If, as a result, it is decided that, either for some of the functions or even for all the functions of the ITC, the Commission form is the best type of organization we would then put forward very seriously certain suggestions. As I mentioned earlier, there is at present a fairly rigid statutory division between the functions of these Commissions. One thing that I think we have all learnt in this Conference is that, while you can divide this Charter up into Chapters, this division is a fairly arbitrary one and the subject matters of those Chapters overflow into one another. We have moved things around from Chapter to Chapter, and there is considerable argument going on

at the present time as to whether certain provisions should be in Chapter IV, V, or VIII. It is clear, therefore, that a division of functions which is based solely upon the contents of the Chapters is likely to lead to jurisdictional disputes between Commissions as to whether a particular job belongs to one Commission or another, and I would suggest very strongly that we do not seek to lay down in a statutory form in the Charter the specific functions of the Commissions. In fact, I would be inclined to leave it that the Organization, i.e. the Conference, could set up such Commissions as it felt necessary, and could prescribe their functions at the same time, so as to enable them to change those functions or reshuffle them if they felt it to be necessary. It does seem to me to be important that when we establish an Organization we should not burden it with a rigidity of administrative procedure which may interfere with the efficiency of its work.

For the same purpose, if we are going to have Commissions, and there will be a separation of functions between them, the problem of linking their work together does become of very great importance. Now, the one or two provisions which I can see which are designed to prevent these Commissions from working in isolation from one another are, firstly that they are all responsible to the Executive Board, and secondly that the Director-General is entitled to be present at their meetings. I would suggest that something more than that is necessary. The Commissions, particularly if they are composed of part-time people coming for short periods for particular pieces of work, are unlikely to be as familiar with the work of the ITO as they should. For instance, they would not have the sort of sense of budgetary responsibility which might be a very important factor. And we would like to suggest, Mr. Chairman, that the Sub-Committee,

when it comes to this, should give consideration to whether it would not help if the Director-General/^{was}not merely entitled to be present at these meetings, but was also entitled to participate as a full member of the Commission. That would give him a particular responsibility. His functions would be to represent, so to speak, the collective view of the Organization, to bring home to the other members of the Commission the relationship of what they were doing to the work of the other Commissions and to the work of the Organization itself and to be the mouthpiece of the common judgment of priorities, of relative importance, for it is a very critical task to keep a number of different organizations of this kind functioning harmoniously.

What I have had to say, is intended to be very tentative, and merely to raise what appears to us to be some fairly fundamental questions/^{to} which we would like the Sub-Committee to turn its mind.

CHAIRMAN: The delegate of Brazil.

Mr. L.D. MARTINS (Brazil) (Interpretation): I would like to add only a few comments to the remarkable statement made by the Australian delegate with which I completely agree. I would like to remind delegates of a few points only. I think there is a great necessity for creating a Commission on economic development, and of granting the same powers and the same perfect constitution to that Commission as are granted in the Charter and given to the other Commissions which are already mentioned in the Charter.

This new Commission on economic development will have to deal with technical matters, and it will be the organisation to study and carry out the provisions of the Charter in relation to Chapters III and IV. I do not think the Organisation can dispense with such a Commission and such a permanent and continuous body which will have to take up permanent and continuous studies if it wants to exercise the powers and carry out the duties entrusted to it by the Charter. These continuous functions must be exercised by experts who will have to collect material information, and classify and analyse that information; I do not think these functions can be entrusted to temporary representatives of the Powers. They must be continuous, especially if we look at the functions described in Article 11, paragraph 2, and in paragraphs 1, 2 and 3, of Article 12, and also in the much discussed and difficult Article 13; there we see the need of a permanent Commission to study these questions and carry out the duties of organisation relating thereto.

In fact, if we look at the Charter as a whole, we see that a balance has been provided for in the Charter between the two parts of the Charter. On the one hand, you will find it relating to developed countries, and on the other hand, you will find provisions for the industrially under-developed countries. I think that if we do not provide for a special Commission here relating to this second part of the Charter, the equilibrium of the Charter will be broken and, I should say, the scales tipped one way.

Now, to answer the arguments which were given by the Norwegian delegate that it would not be practical and that for certain practical reasons it might be difficult to set up this Commission, I would like to say that I do not see why it should be more difficult to find technicians for such a commission as to find technicians for the other Commissions which are already provided for in the Charter. In fact, the technicians who will have to deal with this now body would not be the same as the other technicians who will study and sit on the Commissions which are already mentioned in the Charter.

This question of a Commission to deal with Chapters III and IV presents a special interest to the under-developed countries, as I have just stated. If we can set up that Commission, it will be one of the most important bodies of the Organization, and it will be one of the happy solutions provided for in the Charter, because there will be the possibility of solving many problems without very often taking into consideration political factors and of studying the questions from a technical angle only.

Therefore, the Brazilian delegation supports whole-heartedly and as strongly as possible the proposal which was put forward by four delegations for the creation of a special Commission to study the question arising out of the provisions of the Charter relating to Chapters III and IV.

CHAIRMAN: The delegate of France.

Mr. KOJEVE (France) (Interpretation): I am, Mr. Chairman, in practically the same position as the Australian Representative, in that I am not certain that Commissions are the most appropriate bodies; and this is the reason why our proposal is a conditional one. We state in our proposal that if it is decided to set up Commissions there should be four Commissions instead of three, and the reason for our proposal is this: The main purpose of the Organisation is the development of world trade. My country, in particular, has the greatest desire to increase its export. The reasons are well-known, but I shall summarise them.

Owing to the war we have lost the greater part of our foreign assets, and therefore it is necessary to increase our export in order to re-establish our balance of accounts. Other countries are in the same position for the same reasons.

Now it is impossible to increase exports as long as the world markets remain as they were before the war. It is therefore necessary to open and create new markets in undeveloped countries. It is therefore necessary to increase the industrial development of undeveloped countries. This is the reason why in addition to the Commissions provided for in the existing Draft of the Charter it appeared to us necessary to create a Commission to deal with the very basis of our economic exchanges.

Now here are two aspects of one problem. If it is impossible to develop a country without having free world trade, it is likewise impossible to have free world trade if the differences between the countries are too great; and the experience has shown that commercial exchanges are particularly important between countries that are highly developed and not between highly developed countries and undeveloped countries. For the various

reasons that I have just stated our Delegation suggests that the new Commission should be described as a Commission on Economic Development and Co-ordination. What we want to bring about is harmony through an intensification and increase of commercial exchanges, and we think that in order to obtain a co-ordinated economy it is necessary to see to it that its basis should be more or less homogeneous.

As regards the question raised by the Australian Delegate regarding the purposes of Chapter III of the Charter, I am not certain that a New Commission will be necessary. The Commission which we suggest should be set up will have to deal necessarily with problems of employment, because no development and co-ordination will be possible without having ensured full conditions of employment, and inversely it is necessary to ensure employment in order to ensure the necessary development and co-ordination.

Now, on the one hand, modern technical procedures require mass production, and mass production requires in its turn domestic markets that are more or less stable. On the other hand, the political division in Europe, and also in the Near East, is particularly considerable and it is necessary to contemplate an economic co-ordination which does not affect the existing political structure. If there are special organs under the United Nations to deal with these questions, I think it would be a good thing if there existed a Commission of the International Trade Organisation to assist them in this particular work.

Finally, the United States Delegation has proposed the establishment of a Commission on Economic Development and International Investment. No doubt investments are one of the most important elements for the solution of the problem with which we are confronted, but I should like to point out that

development is a purpose, while investments are only a means, and in that case I see no reason why we should not, for instance, have the phrase, "free access to raw materials and international investment", and this would make a very heavy title for this Commission; but I do think that it is not necessary to mention investments in the title, since investments are only one of the means to reach a definite purpose.

Now to conclude, I should like to say a few words on the remark made by Mr. Colban. I think his observation is a serious one, but I think it only applies to the present time, because if functions are created, men will also be found who will wish to specialise and fill up the various posts.

I think that the problem which now exists will no longer exist in two or three years.

These, Mr. Chairman, are the reasons for our proposal for the creation of a fourth Commission.

CHAIRMAN: The Delegate of China.

Mr. D.Y. DAO (China): Mr. Chairman, the previous speakers have covered most of the ground of what I wished to say in support of the Chinese Amendment, in so far as economic reasons where the Charter called for the establishment of a Commission are concerned. Therefore, I would like to confine myself to a problem of a more or less technical nature, in the light of the Draft Charter.

One of the purposes of the Charter is to encourage industrial development. We all believe that an expanding world economy depends upon two factors: one is to reduce or to eliminate trade barriers - that is the negative side of the picture - and the other is to encourage industrial and general economic development. That is the positive side of the picture.

On the negative side of the picture, we have three Chapters, and therefore we propose to set up three Commissions. It is obvious that the Commission on Commercial Policy will be a very busy one. As to the other two Commissions, the Commission on Business Practices / will occupy itself with complaints received in regard to restrictive business practices, and the other Commission on Commodities will also examine general questions; but when it comes to the stage where the commodity agreements or regulatory agreements are concluded, the administrative side of the arrangements or agreements will be undertaken by Council. So we feel the need for creating three Commissions for three types of measures; yet in the London Draft and in the New York Draft, the setting up of a Commission on economic development is left in an indeterminate stage, although I admit that the New York Draft made some advance in this direction - but not as far as we wish to go.

Now, when we come to examine the functions of the Organization as laid down in Articles 11 and 12, we see that the Organization is expected to advise Members concerning their plans for economic development. The plans for economic development may be very involved. They may be formulated by the Member Government with care and after long consideration, taking into account all the economic factors and other matter in connection therewith. Therefore, it is quite obvious

that when the Members submit a plan to the Organization for examination, neither the Conference (which will meet annually except in exceptional circumstances) nor the Executive Board (which will meet at certain intervals) could have sufficient time to examine those plans. It is quite conceivable that these plans have to be examined in detail by a body of experts, and I feel a little doubtful as to whether such a plan could be examined by the Secretariat: the Secretariat will be occupied by administrative matters.

Again, there are other functions which the Organization will be called upon to perform: to provide or arrange for the provision of technical assistance, and to lend its good offices towards the settlement of disputes, and examine the protective measures which a Member may adopt. So, from the technical point of view, there is a great need for the establishment of a permanent organ within the framework of the Organization, to carry out all the functions that are assigned to the Organization.

As I said a few moments ago that I would confine myself to remarks in support of our amendment, I will naturally refrain from making further remarks regarding the French proposal and the U.S.A. proposal, to both of which a new idea will be added and I believe that the U.S.A. proposal will also be examined by a Commission dealing with Chapter IV, so I think that the best place for the Chinese Delegation to express its views on the question of investment is when we discuss Chapter IV.

Mr. E.H. KELLOGG (United States): Mr. Chairman, to clarify our own mind I would like to ask the delegate for Australia if he is proposing to set up a fifth Commission, assuming that a fourth Commission on Economic Development for Chapter IV is set up.

Dr. H.C. COOMBS (Australia): Mr. Chairman, we are not proposing to establish a fifth Commission definitely. We suggest that the Sub-Committee should give consideration as to how the functions arise, and as to how Chapter III should be administered. It may be that we would decide about the Commission but we feel doubtful about that, even if the general form of the Organization is of a Commission type. I think tentatively, it would be our view that the requirements of Chapter III would be met by an adequately staffed section of the Director-General's staff, but that is a tentative view, and we raise the question because we want the Sub-Committee, when it is considering this question of organization generally, to ensure that it takes into account the need for adequate administration of the matters arising out of Chapter III.

Mr. E.H. KELLOGG (United States): We are, Sir, very much impressed by the Australian comments on the Commission system. As you will recall, there was discussion on this point in London, and no doubt the Sub-Committee will have to cover this ground carefully. However, if the present form of structure is to be retained, then the United States feel that the field of economic development and investment will require particularly a Commission to implement it. Any glance at the United States suggestion on Chapter IV will show that there are many functions which, in our view, will require a body to implement them. With respect to the third Chapter, I see in its present form that the policy is to refer most of the work to

the Economic and Social Council owing to the implementing work of that Council, and for that reason, I asked Dr. Coombs whether he was insisting upon a Commission in addition to the work to be performed by the Economic and Social Council, and by its Subcommittee on Employment and Economic Stability. In London we repeatedly expressed the opinion that we did not want to see the ITO established^{as a} body to unnecessarily duplicate the work of the commissions of the Economic and Social Council.

CHAIRMAN: The delegate for Cuba.

DR. GUSTAVO GUTIERREZ (Cuba): Mr. Chairman, the Cuban Delegation is very much of the opinion of the Australian Delegation. We have stated our view many times from the beginning of the Conference, especially from the very beginning, when in Plenary Session a statement was made as to the weakness of Chapter III and Chapter IV in comparison with all the other Chapters of this document.

If we consider the way in which this matter has developed, you will remember that the original United States proposition had a Chapter III entitled "Employment Provisions". Then came afterwards Chapter IV with "General Commercial Policy". When this came up in London it was clearly seen that this had to be divided into aspects, the aspect of employment, effective demand and economic activity, as it was finally entitled, and the aspect of economic development, and then from one Chapter became two which were set up in the New York draft, Chapter III entitled "Employment, effective demand and economic activity" and Chapter IV entitled "Economic Development".

Now there is the proposal to set up a Commission to take care of the matters relating to economic development with the addition proposed by the United States Delegation to add the words "International Investment".

But there is another factor which in our opinion is most important, that is Employment and Economic activity. This Conference and this Charter is entitled a Conference and Charter on Trade and Employment, but employment is becoming every time more and more vague. We cannot have more employment if we do not have more trade, but if we relate it so closely to tariffs and trade we lose sight of the paramount objectives of these meetings, which is to give opportunity of work to the peoples of the world.

That is why we are absolutely in accordance with the Australian Delegation that the provisions and the matters contained in Chapter III must be taken care of by a Commission.

We, of course, do not think it is proper to have a new fifth Commission, but, as we are talking of setting up a Commission on Economic Development and International Investment, we could very well take out "International Investment", which is only a means to attain the goal of employment and expansion of trade, and set up a Commission under the name of "Commission on Employment and Economic Development". In that form it would be clearly stated that both Chapters III and IV would come under the sphere of influence of that Commission and we would have given to those two Chapters the implementation which is really lacking now.

CHAIRMAN: Do any other members of the Commission desire to speak on this subject?

DR. W.C. NAUDE (South Africa): It depends on what your ruling is going to be whether I should like to say something. If you are going to propose that it should go to a Sub-Committee then I should like to speak.

CHAIRMAN: I was going to propose that the matter be referred to a Sub-Committee, but it is very desirable that there should be as complete and full expression of views in this Commission as possible. Therefore I give the floor to the delegate of South Africa.

DR. W.C. NAUDE (South Africa): Mr. Chairman, our Delegation has wondered since the beginning whether this Article 72 should not simply provide for the Conference to establish such Commissions

as may be necessary, leaving it to the Conference to decide what that Commission has to do. At the same time we are very conscious of the significance of the three Commissions that are now provided for and of the balance to which so much importance has been attached in respect of Chapters III and IV. We feel, on the whole, that there is at the present time still so much doubt as to precisely how these Commissions are going to be worked, how they will fit into the Organization, that, in fact, we even wonder whether the Commissions are going to be the appropriate instruments for carrying out what we want the Organization to carry out.

Dr. Coombs suggested that a Sub-Committee might examine the matter and recommend to us a solution; alternatively the Sub-Committee might prepare material which could be further studied in this Commission itself. What it really amounts to is that our doubts, which we have had ever since the days of Church House, have simply been strengthened by this debate which has been held here now. We have always thought that the experts who have been working on this thing knew what they were about but we are beginning to feel now that we should be very careful with the multiplication of Commissions. The delegate of Norway has already spoken about the shortage of experts. I think that with four or five Commissions together with the personnel of the ITO itself we shall have a very difficult problem to find experts to cover the whole field. Not only that, I think that the ITO is already faced with tremendous problems and adding Commissions of this sort might before we know where we are render the ITO simply incapable of carrying on. It would topple under its own weight. I therefore feel that the matter really should be further studied and perhaps we might at this point simply let it go to the Sub-Committee.

As regards the particular additional Commissions that have been suggested, we are of course very sympathetic with the suggestion of an Economic Development and Coordination Commission. The French Delegation has put forward a quite sound argument. At the same time we feel also impressed with the American arguments in favour of recognising the significance of international investment. I take it that if I were an investor I should like to know that there was some security in the places where I would be investing my money. So certainly I am sympathetic with the American proposal.

But, getting back to something I said earlier about the danger of now perpetuating in a Constitution which cannot be altered very easily the various Commissions, I can visualise present developments overriding^{even} the political developments that are taking place today or tomorrow in Paris, which might quite conceivably damage the sort of structure which we might set up here.

I merely wish to emphasise that we are not certain in our minds at all how the thing is going to work and it should be referred to a Sub-Committee.

CHAIRMAN: The delegate of the Netherlands.

Dr. S.J. BARON VAN TUYLL (Netherlands): I would like to underline the remarks made by the Cuban delegate on the history of the Commissions; in fact there were only three Commissions in this Charter, because the original United States' draft Charter only mentioned very few provisions on economic development and employment. Now we see that these provisions on economic development have been extended after further study, which has led to the new Chapter IV. I, therefore, feel there is really no reason why we should now object to the setting up of a special Commission for that work which, although it was not very important at the beginning of the London Conference, has developed into an important function of the present Organisation.

I am, therefore, in favour of establishing a special Commission for economic development. As to the name of this Commission, I would first like to remark on the name the French delegate wanted to give to the Commission. I must admit I was rather concerned about the word co-ordination, as I was not quite clear in my mind what was meant by coordination, and what that Committee would have to co-ordinate. The French delegate has explained what he means, and as it is only the co-ordination of the economic policy of the countries, I am prepared to admit that co-ordination could be mentioned in the name. But to put this in its right place the Commission should, in my opinion, be named "Commission on Co-ordinated Economic Development" and not "Commission on Economic Development and Co-ordination."

I would further like to comment on the United States' suggestion to name the Commission "Commission on Economic Development and International Investment". The Netherlands delegation is in favour of including the words "International Investment" in the name of the

Commission. We do not believe the arguments put forward by the French and Cuban delegates are a sufficient reason for not mentioning these words. In our opinion international investment is one of the important means to economic development and one which entails much international co-operation. The French delegate mentioned as another means the free access to primary commodities. In our opinion it is not necessary to mention this, because free access to primary commodities is the means of economic development which can very easily be applied by every country unilaterally. There is no international co-operation necessary unilaterally to admit free access to primary commodities. Actually, on the subject of international investment, I would like to point out the problems connected with international investment are at this moment being studied in the Sub-Committee on Chapter IV, and it is not quite certain how this Chapter will in the end be left.

I would, therefore, like to suggest that the sub-Committee which will be set up to study the Commission on Economic Development and International Investment should contact the Sub-Committee on Chapter IV, to see if the name still applies to the subject of Chapter IV. At present it has not yet been decided what the provisions of Chapter IV will contain.

CHAIRMAN: I have listed as speakers the delegates of the United Kingdom, Brazil, and Chile. As we have already heard the views of nine delegations on this subject and, after these three speakers have spoken, twelve delegations will have expressed their views, I therefore propose to close the debate after I have called on these three speakers. First of all, I call on the delegate of the United Kingdom.

MR. J.E.S. FAWCETT (United Kingdom): Mr. Chairman, if I may make two brief observations. First, we think there is a danger that the Charter may become in its construction too schematic, because we have set up Commissions on matters which fall specifically in this sphere of the International Trade Organization, we may be led automatically to set up a Commission for employment which is of more general extent within the Organization, and also is closely related to the activities of many other bodies which have already been set up by the Economic and Social Council.

We think, therefore, that the description of the functions of the Commissions should not be too precise in the Charter itself, and that if a commission is set up for employment, Articles 3 and 7(b) of Chapter III should be particularly stressed, because those are the Articles which require the Organization to co-operate with outside organizations.

We think that this Commission, to avoid overlapping with the work of the Economic and Social Council and its Commissions, should have mainly a co-operative task. It should be a liaison between the Organization and those bodies on this very general problem of employment.

It perhaps may follow from that that, as Dr. Coombs, if I understood him correctly, suggested, these functions should be performed not perhaps by outside experts called in temporarily to form a commission, but that ^{they} / should be performed by permanent technical personnel in the Organization who are fully aware of the whole of the Organization's work.

CHAIRMAN: The delegate of Brazil.

Mr. MARTINS (Brazil) (Interpretation): Mr. Chairman, I would want to add a few remarks to the already long discussion which has taken place here.

As far as the title of the Commission is concerned, I should like to maintain the original text, that is to say the Commission for Economic Development.

I think that if we keep to the simple wording, we may find a general agreement on this text, whereas if we add some kind of clarification we might find some other position.

The Brazilian Delegation thinks that the Amendment which has been submitted by the French Delegation may raise some objection, and this would be to diminish the importance of economic development as far as we consider this development from a world standpoint. The programme of international co-operation must be considered not only from one side but from the world standpoint.

The development of countries can be considered from a unilateral viewpoint, taking into account the interest of already developed countries, but it can also be considered in another unilateral sense, as being necessary for countries under-developed, because the peace of the world and economic stabilities of more developed countries can also be of interest to less developed countries; and therefore it is preferable not to consider the unilateral aspect of the problem but the world aspect.

I therefore consider that no kind of clarification should be added to the words "Economic Development".

As far as Chapter III is concerned, we do not think that the proposal made by the Australian Delegation aims to create

immediately another Commission. In fact, we see that the Charter provides^{for} the creation of other Commissions, but those Commissions can be created later.

I do agree with what the Delegate of the United Kingdom said about the fact that certain organs could deal with this particular problem.

As far as the question of experts is concerned, I think that in this area we need another kind of expert - in the question of commercial policy - and therefore I think that we could find these experts without taking away experts who are dealing with other questions. Therefore, the objection which has been made that we lack experts in this matter should not prevent us from creating another Commission.

CHAIRMAN: The Delegate of Chile.

CHAIRMAN: The Delegate of Chile.

M. F. Garcia OLDINI (Chile) (Interpretation): I very much fear, Mr. Chairman, that I must prolong the discussion a little. I shall try to be brief.

It is obvious that the reasons for setting up a Commission for economic development are themselves so plain that it is unnecessary to stress them. As for the name of the Commission itself, I think this is of secondary importance. I think that what is of paramount importance is the functions of this Commission, and I understand there is no doubt whatever on this point. Now, even if this Commission is described as being a Commission for Economic Development, which will be its essential function, it will necessarily also consider problems of employment.

I should like to add that I have been deeply impressed by the second part of the remarks made by the Australian representative, which have been more or less repeated by the United Kingdom representative. It is evident that we need a number of organs to carry out the various functions listed in this Article, and the amendments proposed; but I fail to see their connection with the rest of the Organisation, and I wonder if the Australian Delegate is not right when he expresses some doubt regarding the efficiency of the work carried out by Commissions as they are described in the Chapter. Therefore, I wonder if it would not be necessary to make it clear whether there will be temporary or ad hoc special Commissions meeting from time to time, or, on the contrary, standing technical Commissions. There will be a number of recurrent problems, and in the face of this kind of permanent situation, I cannot imagine the creation of Commissions that will be likely to interrupt their work from time to time.

We can, therefore, ask ourselves whether we have to deal with

Commissions in the proper sense of the word or bodies of the Organization consisting mainly of technicians. This question raises another question: whether these technicians will be officials of the Organization or not. I do not think that all these questions can be solved here; but I should like to ask the Chairman to stress these points to the sub-Committee and point out to the Members of the sub-Committee, as already pointed out by the Australian Delegate, that they require particular study.

CHAIRMAN: We have now had a most useful discussion of this very important subject. We have been discussing the matter now for two hours and a quarter. We have given the sub-Committee a large amount of material for them to take into consideration and digest with a view to reaching a reconciliation of the various points of view which have been expressed in the Commission. Therefore, if the Commission agrees, we will now refer this matter to the sub-Committee. Agreed? (Agreed).

The only other point that arises in connection with Article 72 is Item No.5 on Page 18 of Document W/210: "The Secretariat points out that perhaps the commencing words "The Conference shall establish" should be changed to "There shall be" to conform with Article 67". This is a matter of drafting which I would suggest we should leave to the sub-Committee. Agreed? (Agreed).

Article 73 - Composition and Procedure of Commissions. In relation to paragraph 1, the United States Delegation proposes that a limit of not more than seven persons should be placed on the composition of the Commission.

The Delegate of the United Kingdom.

Mr. J.E.S. FALCETT (United Kingdom): We agree with that amendment.

CHAIRMAN: The Delegate of the Netherlands.

Dr. S.J. Baron van TUYLL (Netherlands): I would like to support the amendment of the United States Delegation. I would like to consider this suggestion in the light of the discussion which we have just had on Article 72. I believe that if the Conference realises that only a small number of members is needed in the Commissions, then it should not be too much concerned about the institution of Commissions. If we give the number of seven, then it may very well be that the Conference will decide on establishing a Commission of perhaps only three persons, and that is another reason why I think it is a very good thing to limit the number of members to a figure not higher than seven.

CHAIRMAN: Any objections to the proposal of the United States delegation?

Dr. W.C. NAUDE (South Africa): Mr. Chairman, I have no objections, on the contrary I agree. It is merely to suggest that the Sub-Committee might examine the possible need of making clear that this should be referred to the more permanent Commissions.

Mr. A.H. TANGE (Australia): Mr. Chairman, we have doubts about the wisdom of this amendment. The Australian delegate here raised the whole question of the wisdom or otherwise of using the general Commission structure, and he also referred to the possible danger of specifying in great detail the functions of commissions in the event that it was decided that the Commission structure was the correct one, but in the light of that second objection we feel that here again is a case where we are attempting, in the constitution of the Organization, to lay down a specific rule which cannot be altered ^{except} by an amendment to the constitution, and we would feel that it was unduly restrictive. It may be found, under certain circumstances, that we needed more than seven, in which case we would feel that this was an unwise limitation to place upon the Conference which should retain considerable flexibility within its hands to organize its subordinate organs as may be required by the activities of the Organization. For that reason we oppose the amendment.

Mr. GEORGE HAKIM (Lebanon): Mr. Chairman, I would like to support the point of view just expressed by the delegate of Australia. It may be necessary to have more than seven for certain Commissions. I have in mind the Commission for Economic Development which may be established. In that case I think the experience needed in that Commission to consider problems of development in various

parts of the world, may necessitate the increase of the number of the members of the Commission beyond seven.

CHAIRMAN: Are there any other speakers?

I therefore suggest that this United States proposal be referred to the Sub-Committee.

Mr. V. DORE (Canada): If this amendment should go through, I believe that paragraph 2 would have to be modified.

CHAIRMAN: I do not believe the proposal allows for more than seven, it could be less.

Paragraph 4. The Secretariat suggests that: "The Chairman of a Commission shall be entitled to participate, without the right to vote, in such of the deliberations of the Executive Board and of the Conference as are of concern to the Commission". Are there any comments?

Mr. F. GARCIA OLDINI (Chile) (interpretation): I should like, Mr. Chairman, to know what is the exact meaning of this amendment. The New York draft reads: "The Chairman of each Commission shall be without the right to vote, entitled to participate in the deliberations of the Executive Board of the Conference." I think that the Chairman of each Commission will be sufficiently busy not to attend meetings which are of no interest to him. But on the other hand, if this amendment goes through, it will authorise the members of a given Commission to declare that the matter is of no interest to the Chairman of another Commission.

M. KOJEVE (France) (Interpretation): I would just like to say that I share the point of view of the Chilean delegate; it would be more courteous not to assign the Chairmen of the Commissions through such a regulation.

CHAIRMAN: After those comments, I think we can safely leave it to the Sub-Committee to deal with the question of the Secretariat

(The meeting agreed)

CHAIRMAN: Paragraph 5. At the meeting of the Committee the delegates of Australia and South Africa felt this provision was redundant in view of the provisions of Article 81. The Secretariat agreed with this view.

Does any delegate disagree with the point of view of Australia and South Africa?

I suggest therefore that the sub-Committee should decide whether or not this provision is necessary in view of the silence which has reigned in this Commission.

(The meeting agreed)

CHAIRMAN: Article 74 - General Functions of Commissions.

"The United Kingdom Delegation comments upon Articles 74-77 that it is not clear whether the Commission can initiate studies, advice and recommendations or whether they can only act on the instructions and within the terms of reference assigned to them by the Conference or the Executive Board. It is assumed that the former is intended, and that this will be clarified during the discussion that will be necessary on the subject of the Commissions and particularly of the Commission on Restrictive Business Practices

Does the United Kingdom delegate wish to speak?

Mr. J.E.S. FANCETT (United Kingdom): I do not think I need add very much to our note. I think it is really a drafting point that in Article 74 the Commission shall perform such functions as the Executive Board may assign. Then the functions "shall include those specified in Articles 75, 76 and 77 respectively." This rather suggests that the functions in 75 and 77 are really functions which the Commissions may undertake only when they have been assigned specifically. We do not think that is the intention. We believe that Articles 75 and 77 lay down functions which the Commissions can undertake on their own initiative.

I would suggest that the Sub-Committee might perhaps consider whether it should not be made clear that the word "functions" was used in 75 - 77, and in 74 it was laid down ^{that} the Conference and Executive Board could assign specific tasks to the Commission in addition to their general functions. We believe that was the intention.

If I might add just one word, we oppose the Secretariat's amendment in paragraph 2(a).

CHAIRMAN : There seems to be a drafting point which it is necessary to examine in the text of Articles 74-77 to see that the intention is clearly expressed, and therefore I propose that this should be referred to the sub-Committee.

The same applies to the points raised by the Secretariat which also require consideration from the drafting point of view.

Is it agreed that this should be referred to the sub-Committee?

M. F. GARCIA OLDINI (Chile): It goes without saying that the part relating to the Commission on Economic Development should also be added.

CHAIRMAN: We will be taking up that point when we deal with Article 75, because we have a proposal from the Chinese delegation.

M. F. GARCIA OLDINI (Chile) (Interpretation): What I meant to say was that in Article 74 each Commission is mentioned by its name. Therefore the Commission on Economic Development should also be referred to.

CHAIRMAN: If the Sub-Committee did not get that point, I am sure the Legal and Drafting Committee will.

Article 75 - Functions of the Commission on Commercial Policy.

The Chinese delegate proposes a new Article to provide for the Commission on Economic Development.

In view of the discussion which has already taken place at the Commission to-day I believe we can also refer the proposal of the Chinese delegate to the Sub-Committee without further discussion.

The same applies to the proposal of the Australian delegate.

Dr. S.J. BARON VAN TUYLL: (Netherlands): My demand may be unnecessary, but I would like to ask the sub-Committee to make contact with the Committee on Chapter IV for the final drafting of the functions.

CHAIRMAN: The delegate of New Zealand.

MR. G. LAWRENCE (New Zealand): Mr. Chairman, in connection with the present text of Article 75, sub-paragraph (a), "The Commission on Commercial Policy shall have the following functions: to advise and make recommendations to the Executive Board on all matters falling within the scope of Chapter V", it states in Article 67 on the Tariff Committee that that Committee is given special functions in respect of paragraph 3 of Article 24, and in Article 62 we see that the Tariff Committee has been included as one of the principle organs. It would seem that it is necessary to make some exclusion in respect of the functions of the Commission on Commercial Policy so that duties assigned to the Tariff Committee are excluded.

CHAIRMAN: The delegate of Australia.

MR. A.H TANGE (Australia): Mr. Chairman, may I add to what the delegate of New Zealand has said: that you have, in Article 75, a provision that the Commission on Commercial Policy is to advise and make recommendations to the Executive Board on all matters falling within the scope of Chapter V; you have in Article 77, sub-paragraph (b), a provision that the Committee shall advise and make recommendations to the Executive Board on all matters arising from the provisions of paragraph 4 of Article 30, which is also in Chapter V.

That leads me on, Mr. Chairman, to elaborate a little on the point made by the Australian delegate earlier in this meeting, namely, that we believe that we shall create considerable difficulty for the Organization if we attempt to specify in Articles 75, 76 and 77, and in any other Article dealing with the proposed Economic

Development Commission, the precise range or functions of each of these Commissions. As we see it, the position is that we say in Article 74 that "The commissions shall perform such functions as the Conference or the Executive Board may assign to them". That is to say, the Conference or the Executive Board may add to the functions of the Commission. You have an element of flexibility there, but you say in Articles 75, 76 and 77 that each Commission must perform the functions related to a particular Chapter, and we understand that to mean that neither the Conference nor the Executive Board may take away from the Commission a function which is given to it by the Statute.

Now, that may well mean that you will have jurisdictional arguments as between Commissions, in spite of the last sentence of Article 74 which says "The commissions shall consult with each other as necessary for the exercise of their functions". Naturally, if they are reasonable people they will consult together and the difficulty of jurisdictional disputes may not arise, but one cannot overlook the possibility that it would arise, and you would be faced with the situation where the Conference and the Executive Board, who clearly are superior bodies to the Commissions, nevertheless, would be debarred by this Chapter from making a mutual adjustment in the disposition of duties among what are essentially subordinate organs of this Organization.

It is for that reason that we are disposed to suggest that, if after discussion in Sub-Committee it is decided that a Commission of the structure of this general type should be retained, serious consideration could be given to deleting articles 75, 76 and 77. That rather drastic surgical operation would not require many

consequential amendments to earlier Articles. It would simply leave a position whereby in Article 74 "The commissions shall perform such functions as the Conference or Executive Board may assign to them", and that would leave the question completely open.

It would mean that the difficult problem of allocation would have to be faced up to. We feel it does not have to be faced up to now. Moreover, it would mean that having attempted to make your allocation and, in fact, having made your allocation of functions, you would see with the capacity of experience how that allocation works, and if, after 12 or 18 months or two years, it was decided that it would be better for this particular Commission to take over from another some particular aspect of the work of the Organization, the Conference or the Executive Board, by a very simple act of amending its rules of procedure, could achieve that. Under the present situation, neither the Conference nor the Executive Board could do that because the Charter disregards it.

CHAIRMAN: Have any other delegates any remarks on the questions involved in Articles 74 to 77?

I think that the reference to paragraph 4 of Article 12 is of a restrictive nature, and I do not see why we should only refer to paragraph 4 of Article 12, but it ought to be "as provided for in Article 12, Chapter IV."

CHAIRMAN: The Delegate of the Netherlands.

Mr. VAN TUYLL (Netherlands): Mr. Chairman, I have been listening with much interest to what has been said by the Australian Delegate. One solution for the difficulty he sees is in the elimination from the Charter of Articles 75, 76 and 77.

I have just been thinking if another solution is possible, and I may perhaps suggest that the Sub-Committee considers the other possibility of including in Article 66 a provision which gives power to the Conference to make all such provisions and regulations as are necessary to prevent over-lapping with regard to Articles 75, 76 and 77.

CHAIRMAN: The Sub-Committee will take into consideration the remark just made by the Netherlands Delegation, and also in considering the United States proposal regarding the new Article 77- A they will take into account the remarks just made by the Delegate of Brazil.

The Delegate of Australia.

Mr. TANGE (Australia): If I may just comment on the remarks of the Delegate of the Netherlands, I believe that a solution might be found along the lines that he suggested; but whether it would leave you with a suitable Draft is rather doubtful. In effect you would be led into the position of saying in one part of the Charter that certain organs shall have certain statutory functions, and elsewhere, another superior organ will take them away.

That is the end we desire, but whether or not it would be desirable drafting, if we conceive it that way, I am really doubtful.

CHAIRMAN: The Delegate of the Netherlands.

Dr. S.J. Baron van TUYLL (Netherlands): I only made the suggestion, Mr. Chairman, because I was afraid that by handing over the difficulty to the Conference they would be faced by the same problem as we would be.

CHAIRMAN: Are we now in a position to refer these Articles 74 to 77 with the proposals related thereto, to the sub-Committee? (Approved).

There are no proposals with regard to Article 78. With regard to Article 79, "The Director-General", "The United States Delegation commences that unless the responsibility for budget preparations is clearly upon the Director-General, experience has shown that this matter 'may fall between two stools.' The regulations to be approved by the Conference under paragraph 1, which are more flexible in their nature, can contain whatever provisions may be necessary in this respect. It is pointed out that the Director-General is, in any case, under the supervision of the Board. For these reasons the United States Delegation proposes the following amendment of the last sentence of paragraph 2 of Article 79 - 'He shall present through the Executive Board an annual report to the Conference on the work of the Organization and shall prepare the budget of the Organization for submission to the Conference', thereby suppressing the words "in consultation with the Executive Board". Are there any comments on the proposal of the United States Delegation?

The Delegate of Australia.

Mr. A. H. TANGE (Australia): Mr. Chairman, I think the Delegate of the United States has raised a very important point,

and that is the role of the Executive Committee in the examination of the budget. In my opinion, the present draft is unsatisfactory because I think it dodges the issue, in using the phrase to the effect that the Director-General "shall in consultation with the Executive Board prepare the budget". That leaves open the question whether it is nothing more than consultation; it leaves open the question as to how far the Executive Board may interfere with the Director-General in the preparation of the budget. It leaves uncertain the question of whether or not the Executive Board is to approve the budget and send it forward to the Conference with its approval.

Now, as I understand the United States suggestion, it is that the Director-General has complete authority in the preparation of the budget which he shall submit to the Conference. It is silent on the question of whether or not he submits it to the Executive Board. Should I ask the Delegate of the United States whether he envisages that the Director-General would in fact present the budget to the Executive Board and, if so, how would the Executive Board express its opinion on the budget? Would it be by attaching to the budget, separately, its comments when it went forward to the Conference, or would the Executive Board have the power of amending the budget itself before it went to the Conference?

CHAIRMAN: The Delegate of the United States.

Mr. E. F. BENNETT (United States): Mr. Chairman, we had two purposes in proposing this amendment. The first purpose was to make it perfectly clear that the Director-General had the sole responsibility of getting the budget together. The second was to leave the question of broad supervision over the matter more flexible. Under paragraph 1, the Director-General

is subject to the supervision of the Board. Under the same paragraph, his duties are to be determined in accordance with regulations approved by the Conference. In that way, we felt that both the Conference and the Board could, as experience taught them, provide a method of dealing with the budget which would be effective.

CHAIRMAN: The Delegate of South Africa.

Dr. W. C. NAUDE (South Africa): Mr. Chairman, I am sorry to pursue this point. We feel strongly that it could be made quite clear where the responsibility lies. Our own preference is to put it something after this style, that "the Director-General shall prepare the budget of the Organization, and, upon approval of the Executive Board, submit it to the Conference". We recognise, of course, the point made by the United States Delegate. The sub-Committee will no doubt see to it that proper arrangements are made, and I will not carry the discussion any further.

CHAIRMAN: Are there any other comments?

The Delegate of Australia.

Mr. A.H. TANGE (Australia): Mr. Chairman, I am quite satisfied by the explanation given by the Delegate of the United States and fully agree with the objective they are aiming at. There might be a little difficulty with the final words of the draft: "prepare the budget of the Organization for submission to the Conference". That seems to embody the idea that, in any case, this budget of the Director-General must go forward to the Conference. That in fact may not be the position. There may be a decision made under the regulations power of the Conference to the effect that it should go to the Executive Board, and the

Executive Board may then send it forward as its Budget. Perhaps the sub-Committee might consider deleting the words after "Organization", and it would simply read that the Director-General "shall prepare the budget of the Organization". As it is, other Articles clearly provide that it is the Conference which must pass the budget, but the question as to the status in which it passes could be left open for determination by regulations.

Mr. F. GARCIA OLDINI (Chile) (Interpretation): Mr. Chairman, I think this is a very important issue and also that we must attach the responsibility of preparing the budget to someone, and that person must have the responsibility of doing the task. But I do not grasp how the Director-General could prepare the budget without consulting the Executive Committee or without getting the approval of the Executive Committee. We have two means of solving the problem. One is provided in the New York Draft Charter and the other one by the United States proposal. Now, as regards the Australian suggestion, I would like to say that I do not understand exactly how the budget could not be submitted to the Conference, because the Conference, which is composed of all the members, has of course, to take a decision on this budget.

Mr. A.H. TANGE (Australia): Mr. Chairman, my suggestion to delete the words was made in the light of Article 66 (7), which implicitly says that the Conference shall approve the budget of the Organization. Having that said there, it seems to me that no harm could be done in deleting the words, the reason being that I feel the United States text, as it stands at present, might imply that the budget estimate, having been prepared by the Director-General, must be submitted to the Conference in the form in which it is prepared. That was why I made the suggestion, but I should be quite happy to leave this for further discussion in the Sub-Committee.

CHAIRMAN: Are we now in a position to refer the United States proposal to the Sub-Committee? Agreed. There are no proposals with regard to Article 80.

Dr. W.C. NAUDE (South Africa): Mr. Chairman, I wanted to ask permission to argue the case for the deletion in paragraph 2.

Article 79, of the sentence: "The Director-General may initiate proposals for the consideration of any organ of the Organization".

If you give me the permission I could argue it now.

first of all

I must apologise/for raising this issue. I am a little nervous as it is a very delicate matter to perform, and before I go any further I would only like to have the assurance that I am not directing my remarks at any particular person whatsoever. I have the highest admiration for members of the International Civil Service whose lives are not a bed of roses. The genesis of that particular sentence is that, in the London Draft it provided that "the Director-General shall have authority to initiate proposals ...". In New York that language was slightly diluted and changed into its present form. I confess that we are still a little worried about it. We have taken the trouble to look up a few of the other constitutions of other specialised agencies, and we find that, in the FAO constitution, the language employed was that the Director-General shall formulate for consideration by the Conference and the Executive Committee on FAO, proposals for appropriate action in regard to matters coming before them. This quite definitely limits him to proposals specifically on matters which either the Conference or the Executive Committee are actually considering.

In the case of the United Nations Charter provision is made for the Secretary-General to bring to the attention of the Security Council any matter which may threaten the maintenance of peace. In this case there is a very excellent reason for giving the Secretary-General that authority in the case of a situation threatening peace. I do not need to elaborate that.

My concern at the moment is with the risk that the Director-General may initiate proposals which might be extremely unpopular. He might initiate proposals on what might quite possibly be his own set ideas which he wants to see carried out. It seems to us you run the risk of undermining the authority and loyalty of Members to the I.T.O. by giving a man authority to make proposals which may run counter to the feelings of Members of the I.T.O. It should be borne in mind that the executive organ of the I.T.O. will be the Executive Board. They, as an executive body, will no doubt be able to consider all proposals submitted to them, and if they approve, refer them to the Conference. The Director-General will be constantly in touch with them and he can submit his ideas to them and they can be formulated into a proposal if they meet with the approval of the Executive. As the Chief Executive Officers and Chief Advisers to the Executive Board, they will no doubt attach considerable weight to what he says.

I will conclude by saying I realise that perfection has never yet been reached, certainly ^{not} in international affairs. We cannot expect to have a perfect man in this position, but if we give him this power it may lead to complications. Nevertheless, the Director-General will, I am sure, be as good a man or woman as can be found, and by virtue of the powers he has under the Charter, he will be able to propagate ideas, but if this phrase is retained it might lead to a difficult situation. I propose that we suppress the

second phrase. .

CHAIRMAN: Are there any speakers on the proposition of the South African delegate?

Mr. F. GARCIA OLDINI (Chile): I second this proposal.

Mr. A.H. TANGE (Australia): We feel something useful would be lost by the deletion of this. A good deal depends on one's interpretation of the rôle of the Secretariat and the Director-General, whether one regards them as performing a merely secretarial function, or whether one considers they should perform a departmental function in the sense that a national government does. We see no reason why the Director-General should not initiate proposals for the consideration of any organ of the association, indeed, he should be encouraged in this. The main burden of the argument of the delegate of South Africa seems to be that the Director-General might make proposals which had political implications he had not foreseen, and which might create embarrassment for the Members of the Organisation. The Members of the Organisation, the Executive Board, the Commissions, and the Conference, are in a position to dispose quickly of any proposal put forward by the Director-General ill-advisedly. In most cases his proposals would be discussed in private with the exception of the Conference; and there the possibility arises that the Director-General might initiate a proposal which would perhaps create embarrassment to certain Members by being placed on the agenda of the Conference.

We feel this is a somewhat exaggerated fear. The Director-General and his subordinate staff will presumably be chosen with due regard to their sense of responsibility. We take it the Director-General in any case will be appointed for a limited term, and that will have some bearing on his sense of discretion in raising matters for consideration.

From the general point of view, we feel that the Secretariat of the International Trade Organization should be encouraged to take a positive part in the preparation of policy proposals, in the preparation of material placed before the supreme organs of the Organization - the Executive Board and the Conference. One undesirable element of deleting this sentence might be to preclude the Director-General from making proposals to the Commissions of the Organization, which are much nearer his level, and it would seem undesirable that he would be precluded from putting proposals to them.

For these reasons, Mr. Chairman, we would propose the deletion of this sentence.

CHAIRMAN: In view of the fact that the proposal submitted by the South African delegation does not meet with favour from the Australian delegation and ^{probably} from other delegations here, and also in view of the fact that no prior notice was given of this proposal, and further, in view of the late hour, I would suggest that we refer this subject to the sub-committee for them to study and attempt to reconcile the opposing views. Agreed?

Approved.

Gentlemen, we have now concluded our examination of Articles 61 - 80, which were assigned to us by the Steering Committee for consideration this week.

On Wednesday, July 2nd, we will commence our consideration of Articles 81 - 89.

Before, however, we break up today, I would like to nominate the sub-committee in order that it can get to work and deal with the points which we have been considering this week. I would nominate as members of the sub-committee representatives of eight

delegations. This is a larger number than usual - the Steering Committee has recommended us to endeavour to confine representation on the sub-committees to six, but in view of the very general interest in this Chapter, I feel that eight would not be too large a number for the purpose we have in view. This sub-committee would also consider Chapters I and II, as well as Chapter VIII, but it will not necessarily deal with the question of Voting and Membership of the Executive Board. After we have had a discussion of this important subject, Voting and Membership of the Executive Board, we will consider which is the best way to deal with them. It is proposed that the sub-committee should meet tomorrow in this room at 10.30 a.m., and they will elect their own Chairman. I nominate as members of the sub-committee representatives of the following delegations:- Australia, Belgium, Brazil, China, France, Union of South Africa, United Kingdom and United States. Is that approved?

Agreed.

There being no further business, the meeting is adjourned.

The meeting rose at 6.30 p.m.