

SECOND SESSION OF THE PREPARATORY COMMITTEE OF THE  
UNITED NATIONS CONFERENCE ON TRADE AND EMPLOYMENTNon-Governmental Organizations

Summary Record of Meeting of Consultative Committee  
with Representatives of the International Chamber of  
Commerce held at 5 p.m. on 10 June, 1947, in the  
Palais des Nations, Geneva

Chairman: Dr. H. C. Coombs

Present: H.E. Erik Colban  
M. Royer  
Mr. S. L. Holmes  
H.E. Stanislav Minovsky  
Dr. Zdenko Blazej  
Mr. M. P. Pal

Representatives of the International Chamber of  
Commerce:

Mr. Wallace B. Phillips  
Mr. John Minter  
Dr. Michael A. Heilperin

After some discussion concerning the nature of the summary records issued on meetings of the Consultative Committee, the Chairman assured the representatives of the International Chamber of Commerce that the Consultative Committee did not necessarily regard the discussion of a matter at one meeting as finally disposing of that topic and that the Committee would be prepared to discuss any such matters further if the Non-Governmental Organization concerned should indicate a desire for such further discussion at a subsequent meeting. The Executive Secretary remarked that summary records should be regarded as drafts in the first instance, and that any participant in a meeting should feel free to communicate to the Secretariat any revisions which are required to make the record accurate.

In response to a suggestion which had been made at the previous meeting, Mr. Phillips introduced for the consideration of the Consultative Committee the following revised draft of Chapter I which had been prepared by a special drafting committee appointed by the council of the ICC at its 66th session on June 2, 1947:

"CHAPTER I

The Purpose of the I.T.O.

1. - As a specialized agency of the United Nations, the International Trade Organization shall assist the Economic and Social Council in promoting high and stable levels of production and employment and rising standards of living throughout the world.
2. - The specific purpose of the Organization shall be to promote the freest possible flow of multilateral trade and commerce between nations, thus securing the fullest utilization of the world's human and material resources."

Dr. Heilperin explained that the purpose of the redraft was to state comprehensively but briefly the objectives of the ITO. He indicated that the Drafting Committee of the ICC had considered it desirable to indicate at the outset the appropriate relationship between the ITO and the Economic and Social Council and to avoid the impression that the purposes of the ITO were as broad as those established for the Council, thus duplicating most of the work of the Council. The ICC felt that promoting "the freest possible flow of multilateral trade and commerce between the nations" accurately represented the special function of the ITO within the more general objectives of the United Nations as a whole. The ITO would have the unique responsibility for furthering these general objectives through its activities in relation to international trade. Other organizations would contribute to the achievement

of these objectives in a similar manner in their special fields. The ICC felt that words such as "free" and "multilateral" indicated the conditions which the ITO should establish for international trade through the more detailed provision to be made elsewhere in the Charter concerning tariffs, quantitative restrictions, exchange control, etc. if the ITO is to ensure that international trade will serve the general purposes of the United Nations.

A member of the Committee questioned the implied constitutional relationship between the ITO and the Economic and Social Council. He observed that the ITO would derive its authority directly from its member governments.

The Chairman agreed that the ITO would be set up by the member governments of the Organization and that its precise relation to the Economic and Social Council would be a matter for subsequent negotiation between the Organization and the Council.

Another member of the Committee pointed out that provision for the working out of appropriate relations with the Economic and Social Council was already made in Article 81 and he doubted the desirability of prejudging the appropriate relationship. He added that from a procedural point of view it was difficult to see how a precise relationship, binding on both the Economic and Social Council and the ITO, could be stated in the Charter before the actual establishment of the ITO.

There was some suggestion that paragraph 1 might be more satisfactory if it were revised to read:

"The International Trade Organization shall assist in promoting high and stable levels of production and employment and rising standards of living throughout the world."

Concerning the second paragraph of the proposed draft, a member of the Committee remarked that there might be some hesitancy on the part of several Delegations to agree that in every case increasingly free trade would necessarily secure the most complete utilization of resources. He observed that the present draft of the Charter recognized that in certain circumstances a limitation on the freedom of trade might be required to secure the desired utilization of the world's resources.

Since several members had questioned the causal connection implied by the word "thus" in the proposed draft it was suggested that paragraph number 2 might be separated into two paragraphs; one of which would indicate that a purpose of the Organization was to promote the flow of international trade, while the other paragraph would recognize as a more or less separate purpose the appropriate utilization of the world's resources.

Another member remarked that the suggested draft implied not only that the most complete use of resources could not be secured without free trade, but that it could be secured through free trade alone. He observed that such a statement appeared to neglect the importance of measures not related to international trade in increasing the use of the world's resources. Domestic measures, not directly related to international trade, might be at least equally important in many cases. On this point Dr. Heilperin suggested that the language of the second paragraph might be revised from "thus securing" to read "thus assisting in securing".

Another member suggested that "the fullest utilization" might well be replaced by "the best utilization" in order to

avoid the impression that the Organization was concerned only with the completeness of the utilization.

One Member remarked that the ICC draft was admirably brief. He observed that the version of that Article in the Drafting Committee's report was probably unnecessarily complex and doubtless would have to be simplified.

During the meeting it was made clear that in discussing the ICC draft the Committee was exploring the possibilities which it might present and not expressing any preference as between the ICC draft and other drafts. It was emphasized that the views expressed on the ICC draft by various Members were necessarily non-committal at the present stage.

At the conclusion of this discussion the Chairman expressed the appreciation of the Committee for the suggestions which had been put forward and informed the representatives of the ICC that those suggestions would be drawn to the attention of any sub-committee considering Chapter I.

Mr. Phillips expressed the desire of the ICC to attend meetings of commissions or sub-committees which might be dealing with points raised at various times by the Chamber. The Chairman indicated that the Consultative Committee was intended to consider, and make recommendations concerning, the question of attendance by representatives of the Non-Governmental Organizations in Category A at meetings in which consideration was being given to points which they had raised or in which they had expressed a special interest. He assured the representatives of the ICC that the interest which they had expressed would be taken into account in making such recommendations.

Mr. Phillips informed the Committee of the discussions which had taken place at the recent Montreux Congress of the ICC. He drew attention particularly to the following section in a resolution adopted by the Congress:

"The International Chamber of Commerce has commented in detail upon the Draft Charter of the International Trade Organization in the Report approved by its Executive Committee on April 2nd, 1947. It believes - and this was its sole purpose in formulating those comments - that the final Charter would be stronger and more effective if the Preparatory Committee of the United Nations were to be guided in the course of its further work by the views of the business world. The ICC in no way claims to have said its last word on all the highly complex problems covered by the Draft Charter. In some instances it has inevitably had to confine itself for the time being to a warning against too hasty assumptions and generalizations based on controversial points of economic theory. On many problems too, such as the balance of payments, economic development, international action for stable and high levels of employment, trade relations between free enterprise and state-controlled economies and the incidence on the future of world trade of the Charter escape clauses, an immense amount of work remains to be done before it can give final shape to any detailed statement of economic policy on behalf of business."

Dr. Heilperin referred to the extensive discussion which had taken place in the Montreux Congress concerning the subject of Article 26 (particularly paragraph 3 e), involving the relation between domestic measures on the one hand and international trade on the other.

The meeting rose at 5.50 p.m. to reconvene at 4.00 p.m., Wednesday, June 18, for the purpose of hearing the representative of the World Federation of Trade Unions.