

**ECONOMIC
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SOCIAL COUNCIL**

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VERBATIM RECORD OF THE SIXTIETH MEETING OF THE ECONOMIC AND SOCIAL COUNCIL
(Tenth Meeting of the Fourth Session)

Lake Success, New York
Saturday, 8 March 1947 at 11:00 am

PRESENT:

The PRESIDENT: SIR RAMASWAMI MUDALIAR

Mr. Kaminsky	Byelorussian SSR
Mr. Davidson	Canada
Mr. Santa Cruz	Chile
Mr. Wu	China
Mr. Belt	Cuba
Mr. Papanek	Czechoslovakia
Mr. Boris	France
Mr. Kirpalani	India
Mr. Malik	Lebanon
Mr. van Kleffens	Netherlands
Mr. Nash	New Zealand
Mr. Colbjørnsen	Norway
	Peru
Mr. Tarhan	Turkey
Mr. Morozov	Union of Soviet Socialist Republics
Mr. Fleming	United Kingdom
Mr. Stinebower	United States of America
Mr. Zuloaga	Venezuela

The PRESIDENT: The Council is in session.

Before we take up the next item on the Agenda, I should like to present to the Council the report of the Working Group for Asia and the Far East of

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the Temporary Sub-Commission on Economic Reconstruction of Devastated Areas. It is a printed book, which has been circulated. The Council will, I hope, consider this some time next week. In considering it, as in the case of the Economic Commission for Europe, the Council will have to consider the setting up of an Economic Commission for Asia and the Far East, the terms of reference of the Commission, the membership of the Commission, and the method of procedure of work which the Council may like to indicate to the Commission.

REPORT OF THE PREPARATORY COMMITTEE OF THE INTERNATIONAL CONFERENCE ON
TRADE AND EMPLOYMENT.

The next item on the agenda is the Report of the Preparatory Committee of the International Conference on Trade and Employment, the Resolution on Development. The subject is dealt with in Chapter II, "Industrial Development," from pages 6 to 9, and the Resolution referred to is on page 48 of the Report. It will be understood that the Report of the International Trade Conference is in itself not open for discussion at this stage, nor is the Draft Charter proposed by the International Trade Conference. Items 2 and 3 are now taken out of this Report because they have a bearing on subjects which we have been discussing and because the Preparatory Committee has suggested that the Economic and Social Council may discuss them at this stage.

But I hope, in pursuance of the Resolution which the Economic and Social Council has already adopted, that the draft agenda and a draft convention, if it is desired by the Council, would come up for ^{the} consideration of the Economic and Social Council before the Inter-Governmental Conference is convened. The Economic and Social Council decided ^{at} the Second Session that this draft agenda and the draft convention would be considered and with the remarks of the Economic and Social Council, would go forward to the World Conference on this subject which it is proposed to be convened. It is likely that the Economic and Social Council will meet after the middle of July, and I would only like to suggest to those Members of the Council who are also represented on the Preparatory Committee that it would be most helpful if the draft agenda is ready for consideration at that session of the Economic and Social Council.

As regards Item 2, the Preparatory Committee has suggested, on page 9, that those Members of the Preparatory Committee who are not Members of the Economic and Social Council may be given an opportunity of partaking in a

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discussion of this subject when the subject is taken up for consideration. There are four countries which are not Members of the Economic and Social Council, but which are Members of the Preparatory Committee, and these four countries have been invited by the Secretariat, in anticipation of the Economic and Social Council's approval and in pursuance of the desire of the Preparatory Committee to be present here and to take part in the discussion, if it is so desired. I take it that the Economic and Social Council would approve those countries being heard. Representatives of Australia and Brazil are here, and I hope they will have a chance of partaking in the discussion of this subject.

MR. KIRPALANI (India): Mr. President, before you take up Item 2, I had intended to raise a point of procedure with you in connection with the submission of the report of the Economic and Employment Commission to the Standing Committee on Economic Questions. May I do so now?

The PRESIDENT: I had indicated that it was my desire to recommend these questions to a committee, and I had hoped that it would go before what was generally understood to be an economic committee of the Council. I hope to suggest a committee at the end of the discussion of these items. It would then be appropriate to raise any questions regarding the competence of the committee. I have had indications from several delegations that they have alternative ideas to what I have on the idea, and they will be very welcome to make their contribution at that stage.

MR. KIRPALANI (India): Thank you, Mr. President.

MR. ZULCAGA (Venezuela): Mr. President, at the beginning of the general discussion of the report of the Economic and Employment Commission, I respectfully requested the Chair to postpone the discussion of Item 28. Do I understand that that is the case and that Item 28 will come again in its proper order?

The PRESIDENT: Yes, Item 28 will be taken up separately.

The PRESIDENT: Item 2 is now open for discussion. The real issue is whether paragraph 3 of Article 11 of the Draft Charter should be included provisionally in the Chapter on Economic Development, and whether the Council agrees to that inclusion. We have a paper, E/311, dated 6 March 1947, prepared by the Secretariat, which in accordance with the recommendation of the Preparatory Committee, puts forward a resolution for the consideration of the Council.

MR. STINEBOWER (United States): Mr. President, I suppose, like many of my colleagues, I am reluctant to open this discussion merely to repeat what I said in the debate we have had for the last two days, but as a means of starting the discussion, may I point out that the document before us, E/311, is a faithful reproduction in appropriate form of the recommendation of the Economic and Employment Commission. The representative of the United Kingdom stated--and I agreed with his statement--that this seems to us to be a rather casual and backhanded way of answering an inquiry put to us by a committee set up by and responsible to this Council. They have asked us a question and, in effect, we say, "Well, perhaps at the moment we don't see any reason why you should not do this."

We feel, on reflection, that the views put forward and considered in the Economic and Employment Commission are not as persuasive as they may have seemed to the Economic and Employment Commission. The Rapporteur of that Commission told us yesterday that, among their reasons for taking this action, was that it was still rather early to determine the allocation of functions among international organizations in this field of economic development, that we do not even yet have an International Trade Organization, and it was therefore very difficult to answer the question of the Preparatory Committee.

Mr. President, I submit that that is a perfect example of circulatory argument because, in effect, it says we do not know what the International Trade Organization is going to do and we are not going to tell them what we think they ought to do. The Preparatory Committee, which will reassemble in Geneva, needs advice as to what the views of this Council are as to the appropriate functions--or perhaps I should put it this way: as to whether the International Trade Organization should appropriately have functions in the field of economic development.

In the view of the United States, the International Trade Organization should have these functions. We would suggest that this resolution in E/P11 be made more positive and that we say to the Preparatory Committee, "We approve the removal of the square brackets from item 11."

The representative of Canada yesterday raised a further issue in connection with this item. He suggested that perhaps the word "shall" in this sub-article should be changed to the word "may". On that we have no particularly strong views. We did agree, as a Member of the London Preparatory Committee, to this word "shall" here, and we shall listen with interest to any of the views that are put forward on that subject.

Mr. President, I did neglect to say one thing that I should like to say. We attach a great deal of importance to an agreement with your statement that it would be unwise--it may not even be in order--to get into questions of drafting, so in speaking of the words "shall" and "may", instead of going to the precise words of the text, would be a suggestion or an instruction--as you will--that this Article should be made permissive rather than mandatory. But I do not want, by deciding the precise language, to imply that we favour any redrafting here in this Council of this text.

MR. COLBJORNSEN (Norway): Mr. President, during the general discussion, you will remember that I voiced the opinion of the Norwegian Government that this paragraph 3 should be omitted, and I gave the reasons which I shall, without repeating too much what I said, still expand upon somewhat here. The reason is the danger of duplication and waste, the very real danger of duplication and waste inherent in the multiplication of specialized agencies and constant overlapping of work going on there. This is a very real danger which I think was apparent already a year ago when we spoke of it at our second Council meeting in May and June of last year, in the third Council meeting, and at the General Assembly.

The chief Norwegian representative to the General Assembly pointed to the peril of a serious reaction among the Governments and the public, or the world. And the representative of the United States in the Fifth Committee, Senator Vandenberg, stressed this point very much. He said he was in complete agreement with what the chief Norwegian representative had said in the Assembly--which was good commonsense to everybody, or ought to be--and he went as far, later on,^{as} to state that this was the main danger to the whole United Nations set-up.

We have already now several specialized agencies with very large staffs, many hundreds of people, three to four hundred people doing work, or maybe not doing it, which in the whole League of Nations was entrusted to staffs of something like 5 or 10 or 15 people, doing much larger work than is being done by the specialized agencies. There is a danger of staffing the specialized agencies with five, maybe six times as many people as really should be there, and several times as many as the Governments really can afford in hard cash, in dollars.

Now if we give new functions, if we single^{out} new technical functions here for ITO, of course that will mean that the ITO which anyhow will probably have to engage a couple of hundred people, may very well add another 50 or 100 people to take care of this. And as an excuse for this enlarged staff, they may

say: "Well, the Economic and Social Council has specifically instructed us to do so and you do not mean to say that we shall not properly carry out the instructions of the Economic and Social Council." That will be used as an excuse for a further overmanning of the staff of the new specialized agency.

Then, of course, we will come, sooner or later, to the crisis when the Ministers of Finance of the various countries add together all these fees for the various international clubs, in addition to their payment to the United Nations, and they will see that it is very doubtful whether they can afford it in foreign exchange. Then, of course, there may very well be a severe cut-down, both for the United Nations and the specialized agencies, a too large cut-down, so that the legitimate activities of the specialized agencies of the United Nations may really be crippled. The pendulum then will have a tendency to swing too far in the other direction. And that is exactly the danger which the United States representative, and also the Norwegian representative, and I believe also other representatives, pointed to during the General Assembly, and it is a very real danger at that.

In our opinion, it is better to foresee and forestall such a severe action. We ought to be more modest now and not propose organization set-ups which will still further increase the hundreds and thousands ^{of} employees in the various specialized agencies and the United Nations. And this is just one such item where we ought to have this in view.

As I said before, and as we heard from the exposition of the representative of the International Labour Organization, this has been taken care of and will be taken care of by other specialized agencies. The International Labour Organization has done a big job in these matters. The International Bank for Reconstruction and Development has a technical, or, will have the technical organization to cope with such matters. It is also easy for them because they are not dependent on annual contributions from the treasuries of the various Member Governments. They have their capital fund, a rather considerable working capital fund, secured, while

I believe, in the United Nations, they only have a capital fund of \$20 million dollars which is drawn on very often, as far as I can see, and probably will be drawn on again by the specialized agencies. And the more functions they get, they will have to go to the working capital fund, and get loans, at least until they can get the increased fees from the Governments, which it is very doubtful they will ever get. Those two specialized agencies are taking care of the matter.

And what about the Secretariat itself, the United Nations itself? Of course, this is a central task for the United Nations, their Economic Affairs Department, the Economic Commission, and the Sub-Commission.

If we should now force this on the new and as yet unborn International Trade Organization, it would be a very unwise thing, which I am quite sure we would regret later on. My solution is, therefore, that Item (c) on page 3 of Document E/311 should be struck out. If it is necessary to have any Council resolution, we can very well retain Items (a), (b) and (d) concerning co-ordination, and so on. I do not think it is very important to retain Item (d), but at any rate it does not do any harm. Item (c), however, should be struck out. If that is agreeable to the Council, we will probably have^{to} replace it by a few words answering in the negative the question put to us by the Preparatory Committee of the ITO, namely, that paragraph 3 of Article 11, Chapter IV should be stricken from the proposed Charter.

MR. MALIK (Lebanon): Mr. President, in answer to the specific question asked of the Council by the Preparatory Committee of the International Conference on Trade and Employment as to whether this paragraph 3 of Article 11, Chapter IV, page 27 of the Report should be included in the Charter of the ITO, I believe that the Council should give an unequivocally affirmative answer. We therefore support the proposal of the United States representative.

We would also like to see retained the word "shall" rather than to have it changed to "may". We cannot now, Mr. President, foresee the possibilities of the ITO rendering assistance to its Members in matters of economic development. It may be that its capacity to render such assistance in the future may be greater than that of any other agency and we do not want to preclude any possibility of assistance in development, from whatever source it may come. It would be very unwise, in my opinion, to close the door against any assistance in this field to be given by the ITO by not including this provision in the Charter of the proposed new specialized agency.

Of course, the problem of co-ordination of activities in this field and the economy of effort, which our Norwegian colleague is tireless in calling our attention to, is a real one, but it is a problem more for the future than for the present. To be sure, there are several agencies which may help in the economic development of underdeveloped countries. There is the ITO; there is the famous Item 28, in so far as there may emerge from it any instructions to the Secretariat to do anything about development; there is the Sub-Commission Economic on Development of the Economic and Employment Commission; there are the two Commissions on Europe and Asia and the Far East; and in so far, Mr. President, as a reconstruction of devastated areas--that oft-repeated holy phrase--that must also necessarily mean development; and finally, there are the other specialized agencies, the ILO, the FAO, UNESCO, the Bank and the Fund. All these may have bearing on development. And I submit that the problem of co-ordination will be a very real problem in the future. But to close the door for now against any budding agency's performing any important function along this line seems to me to be rather unwise.

It is the constant contention of my delegation, Mr. President, that with regard to this problem of co-ordination, it is primarily the United Nations, through this Council, that ought to do that job. We cannot delegate the work, which we are bound by the Charter to do, to specialized agencies, without seeing to it ourselves that this work is done, or at least co-ordinating the work with the various specialized agencies. So, when the time comes, the Council itself must see to it that all these five possibilities of help in the development of undeveloped areas are co-ordinated to give the maximum possible effect for these areas.

Thank you.

The PRESIDENT: I call upon the representative of Australia to come to the table and offer his remarks.

(At this point Mr. Tange, representative of Australia, took a seat at the table.)

MR. TANGE (Australia): Mr. President, I should like to express my thanks to the Council for giving this opportunity to the Australian Government to express its view on this subject now before the Council.

The Australian Government believes that the International Trade Organization should perform the function of giving advice and assistance to Members of that organization on their request, as contemplated in Article 11 of the Draft Charter. The Australian Government holds the view that ITO should be devoted to two complementary purposes; that of clearing the channels of trade and that of promoting and safeguarding the economic development of Members, particularly those Members who are now relatively less developed; and the Article which the Council is now discussing is one of several which are designed to assist Members of the Organization in achieving a more advanced state of industrial organization, an objective for which there was very general support during the discussions of the Committee, and for which clearly there is a very wide measure of support in this Council.

Apart from benefits to the Members concerned, we believe that performance of this function by the International Trade Organization would assist the Organization itself. Occasional participation by the Secretariat of the Organization, and perhaps by one or other of its commissions in the planning of industrial development,

in scrutinizing Members' plans from the point of view of the economics of a particular industry, or the economics of a regional planning project, would, we believe, prove the understanding of industrialization needs and problems, and would, we believe, help the Organization in attaining a more balanced judgment in performing its other duties, the duty of preventing the use of destructive trade practices and of encouraging the expansion of world trade on mutually advantageous lines.

Therefore, the Australian Government believes it is important that the same organization should perform both functions. As we see it, the functions suggested for the Trade Organization would not in any way impede the work of this Council or of the United Nations Secretariat or the Sub-Commission on Economic Development. In our view a serious gap in existing facilities would be filled. Unlike the representative of Norway, we do not believe that there would be duplication of activities with other specialized agencies. The choice of the agency to which a country applied for advice on its plans for economic development would depend on the essential nature of the developmental project envisaged by that country. Clearly, an agricultural project should be taken to the FAO. Only if the proposal involved commercial policy implications or spread into a wider field of industrial development would it seem necessary for the Trade Organization to be made a party to the consultation and the granting of advice. If, on the other hand, a promotion of a particular manufacturing industry were the center around which development projects operated, the reverse situation would seem to apply.

The applicant country might do better to approach the International Trade Organization, and the Trade Organization might take the responsibility for bringing in the Food and Agricultural Organization where other organizations were appropriate; in many cases, the ILO and in some cases, the World Health Organization would be interested.

The Bank for Reconstruction and Development may or may not wish to participate. If it did, so much the better. I am not sure the position is as the representative of Norway suggested--I believe a couple of days ago--that in fact, the Bank might perform many of the functions which it is now envisaged the ITO should perform. I am not sure that the Articles of Agreement of the Bank would permit it to do that sort of work except in those cases where a specific application for a loan had been made to the Bank and the Bank was obliged to make inquiry. We would believe that the Economic and Social Council, or the Secretariat or the Sub-Commission on Economic Development acting on its behalf, should always take part in certain types of projects where the country asks for a general economic survey or advice on a wide range of subjects involving international policies over a relatively wide field. The United Nations would appear to be the most appropriate agency to which a request should be directed. In these circumstances, the Economic and Social Council or agencies under its direct control should be responsible, we believe, for the coordination of consultations and the activities of various agencies which might be giving it advice.

Now, Mr. President, this is not a very tidy picture but we do not believe you can get a tidy picture in this field. You are faced with a vast problem. Fortunately, there will be a number of specialized agencies which can contribute toward the solution of this problem. In many ways, the fact that there is a problem of coordination is, in our opinion, a healthy sign that there is development on a number of fronts; and in some ways, it is a problem not different from that

which is faced by any national administration which is participating actively in national life and finds that coordination among its various agencies has to be developed. And, as the representative of Lebanon said, it is unwise to close the door now merely because one foresees that there will be a coordination problem.

The Sub-Commission on Economic Development will presumably keep itself continuously informed of the activities of the various agencies with the idea that coordination recommended by the Economic and Employment Commission seems to have merit, and will persist in keeping the Council and the United Nations informed of what is being done.

Mr. President, the Economic and Employment Commission has found objection to the allocation of this function to the ITO. We would urge the Council to make a more positive approach and recommend that the ITO Charter contain an article of the kind drafted at the First Session of the Commission.

I would agree with the representative of the United States that it would not seem necessary for the Council to approve the same wording of the text or itself discuss the actual drafting of the paragraph. We agree with the Economic and Employment Commission that it is premature to try to seek agreement on the exact allocation of detailed functions within this field. This is a matter for future consultation after the Trade Organization has been established and after there has been some experience of the use which countries will make of these facilities offered by the various agencies. By that time, moreover, the Sub-Commission on Economic Development will have completed its initial studies; and the Council then, in the light of these various considerations I have mentioned, can propose a more detailed allocation ^{of} functions or sub-division of functions as might seem necessary. It is probably wise to emphasize that this Council should be prepared to use the authority given to it by the Charter of the United Nations to insure that there is

the necessary cooperation among agencies operating in this field.

It does not seem necessary, Mr. President, for the Council to spend time in the discussion of the way in which the ITO might organize itself to perform this function. All the Governments will have the opportunity of doing that at the Trade Conference. We would suggest that the Council, at this stage inform the Preparatory Committee of the Trade and Employment Conference that it believes it appropriate that the ITO Charter should contain the clause in question. In saying that, the Council could also add that it is understood throughout that the final ITO Charter and the Trade Organization itself will provide ample facilities for cooperation with the Economic and Social Council in the general sphere of economic development. In fact, if the Draft Charter is read carefully, it will be seen that it already does contain many references to the importance of coordination and cooperation with the Economic and Social Council and with other agencies.

There is one final point, Mr. President, if I may comment on the important point raised by the representative of Norway. He referred to the danger of expense. It is true, as we will remember, that the General Assembly is certainly concerned with the possibility the expense entailed in the growth of international organizations; but I would suggest that perhaps he exaggerates in regard to this particular function. The notion the Australian Government has about the way in which the Trade Organization would perform its function is that the staff required would be very small. In fact, it might be restricted to a very small number of general-purpose people who would understand the methods of analyzing the economics and industry of the project; and that for the rest, it might rely on a register of consultants, consultants not employed by the Organization at all but engaged in private business, who could be brought in in order to give advice to a Member Country. And we should not think that it would be very costly. Secondly, there is

the possibility that cost, in some cases, might be shared with the applicant country. I believe that point was discussed by the Preparatory Trade Committee in London, and the possibility should not be discounted. But all in all, Mr. President, I should not think that it would be a costly function. I do not believe that this Council should concern itself overmuch with costs in an organization which is intended to be separate from the United Nations, because representatives who have fears on that score would be in a position to raise them.

MR. KIRPALANI (India): Mr. President, may I, at the outset, congratulate the representative of the Australian Government on what I think is a very excellent statement, which he has given us, setting out the position of the Australian Government on this issue. In our view, that statement takes a broad, comprehensive, and far-sighted view of this matter. But, Mr. President, my object in intervening in this debate was not to congratulate the representative of the Australian Government, or to endorse the views which my honourable colleague from Lebanon put forward so strongly. Paragraph 3 of Article 11 was introduced in the Draft of the ITO Charter largely at the insistence of the Indian delegation in London.

I should like to say straightaway that we strongly endorse the attitude of the United States representative in so far as he suggested that in answer to the question put to us, the Council should make a much more positive reply than is implied in the draft resolution in paper E/311. Clause (c) of this draft resolution says:

"...the Council sees no reason at present for suggesting..." so and so

We would like to see a much more positive statement: The Council endorses, or the Council agrees, or the Council advises, that the ITO should do the function contemplated in paragraph 3.

Mr. President, it is perhaps necessary to emphasize that this Specialized Agency, the ITO, would also be concerned with employment, and it is in our view very desirable, indeed necessary, that the Agency advising about trade should also advise about technical assistance and economic development, because the technical assistance for economic development cannot be quite separated from supplies of raw materials, et cetera, and capital, which two functions are, I believe, commonly accepted as properly falling within the jurisdiction of the ITO.

I have great respect for my Norwegian colleague and the point which he has advocated repeatedly, but I do not, and my delegation does not, see that there is such a difficult problem of co-ordination or overlapping involved as cannot be resolved. Indeed, we would take a much more positive attitude in agreeing with the sentiments expressed by the representative of the Government of Australia. We feel that all these Specialized Agencies which are working for the common objective of giving to this world a measure of economic stability, the restoration of full employment, or raising the standards of living, have a duty and a function to perform, a positive duty and function to perform. If the standard of living or full employment can be promoted by policies and matters properly falling within the jurisdiction of the FAO, then FAO is the Agency which should take the initiative in suggesting and implementing such policies; likewise with other specialized agencies.

There would be for this Council at a later date the problem of defining not necessarily in very strict, narrow words, but defining broadly the kinds of problems that various specialized agencies should handle for achievement of the common purposes which are defined in Articles 55 and 56 of the Charter.

Mr. President, the representative of the United States, while stating that the Council should give a much more positive reply to the question put to us, suggested that the language of paragraph 3 should not be of a mandatory, but rather of a permissive character. While he did not suggest any particular word or phrase, I take it that he implied that the word "may" could perhaps conveniently be substituted for the word "shall." In any case, the gist of his observation was that this paragraph should be of a permissive and not of a mandatory character. The word "shall" here, I submit, is not really mandatory, because, first of all, assistance is to be given at the request of a Member Country.

Then, assistance is to be confined to the measure within the competence and resources of the ITO.

I do not want to quibble over words, but if it be the purpose or the suggestion that the word "shall" shall be substituted for by the word "may", is it suggested that when a Member Country makes a request to the ITO for technical assistance in regard to the matters which are within the competence of the resources of the ITO, that the ITO should deny that? I cannot think, Mr. President, that that would be the pattern of thinking of any one of us. I venture to think that in the tasks which this Council has to perform for implementation of the purposes and objectives given in Articles 55 and 56 of the Charter, we cannot have too many people working. Information and employment agencies have existed side by side. In this field, in view of the Indian delegation, we think it is a case of the more the better.

Thank you, Mr. President.

The PRESIDENT: The next speaker will be the representative of the United Kingdom, but may I be permitted to make an observation?

So far there has been only one speech against the proposition that this should not form a part of the Charter of the International Trade Organization. I should like the Council to hear further speeches, if there are to be further speeches in support of the position which the Norwegian representative has stated.

MR. FLEMING (United Kingdom): If there is any other representative such as that, Mr. President, I shall be glad to wait.

The PRESIDENT: Do you mean that you do not desire to speak unless there is further opposition?

May I request the representative who shares the views of our Norwegian colleague to come forward.

There has always been some connection between Norway and Canada, and I call upon the representative of Canada.

MR. DAVIDSON (Canada): Mr. President, I am very glad to have this opportunity of presenting, in place of the representative of the United Kingdom, the correct viewpoint on this question.

I think I made, in general terms, our Canadian position clear with respect to the inclusion of this particular clause, yesterday, and I must say that the speeches which have been made this morning in favour of the inclusion of this particular clause, have clarified my mind much more than it was clear yesterday when I spoke. They have convinced me, as nothing else has done, Mr. President, of the wisdom of the position that we took yesterday and of the wisdom of the position that the Norwegian representative took this morning regarding the inadvisability of including this Article, at this time, in the Charter of this particular organization.

I have been very much intrigued by the interpretations which have been given to this particular clause. The Indian representative said that the word "shall" was not mandatory--much. And the Australian representative suggested that the purposes of this Article could very nicely be met if we had in the International Trade Organization a half dozen general-purpose people whose job would consist in providing all Members who request it, technical assistance, assistance in completing plans and carrying out programmes.

Now I ask the Members of the Council to consider, if they will, how feasible it would be to give the International Trade Organization a mandate in this respect, to advise Members concerning their plans for economic development--and true, it says, "within the Organization's competence and resources"--but I will come to that in a moment--"and provide such Members with technical assistance in completing its plans and carrying out its programmes." If we are going to give this mandate to the International Trade Organization, Mr. President, surely, we are going to give it to the International Trade Organization in the expectation that the International Trade Organization will carry out these functions, and surely it is evident that it can perform no useful function in this field if it is going to have a staff, limited, as the Australian representative suggested it might be, to half a dozen general-purpose people operating in this field.

I would like to remind the Members of the Council that the name of this Organization is the International Trade Organization, and while I admit freely that trade is closely tied up with questions of economic development, I submit also that there are other factors related to economic development. We, from our Canadian point of view, can go along with the general Chapter of this Report. We believe there should be a chapter dealing with this in the Report of the ITO. We can go along also with the first and second parts of this Article 11 where Members undertake "to promote continuing industrial and general economic development of their respective countries and territories in order to assist in realizing the purposes of the Organization." That shows there is a realization of the relationship between these two. But we are not certain, any more than the Preparatory Committee itself apparently was certain, any more than our Economic and Employment Commission was certain--we are not certain that this function should specifically be transferred to the International Trade Organization at this time. And until such time as we are

certain, we think that we would be well advised to take a more cautious stand and to accept the implications of the advice which has not been given us either by the Preparatory Committee and by the Economic and Employment Commission, and to say that if the Preparatory Committee was divided in its views, if the Economic and Employment Commission was indecisive, as it obviously was by this backward wording that it put into its Report, then that is the best reason I can think of as to why this Council should take its time before committing itself finally to the assignment of a function as vitally important as this is, to an organization which will have its hands full with other matters which are of primary purpose in the narrower trade field. We should take our time in doing that and, I submit, we should reserve our position and refrain at this time from making any recommendation which would have the effect of giving a mandate to the International Trade Organization in this field, which might be interpreted as giving it a prior role to the role and functions of other organizations which have already, for the last ten or more years, been doing valuable work in this field.

MR. FLEMING (United Kingdom): Mr. President, in common with most of those who have spoken, the United Kingdom delegation would like to see a more definite answer given to the resolution put forward to us by the Preparatory Committee of the ITO, and a more positive answer given, one which would say that we think certain functions in relation to the provision of expert advice and assistance should fall to the International Trade Organization and that a paragraph, on the lines of paragraph 3, Article 11 of the Draft ITO Charter, should be included. On the other hand, it has been, I think, fairly generally agreed by all those who have spoken that it is difficult to say at this point of time just how far the International Trade Organization should go in providing expert advice and assistance. It seems to us that the minimum which would be expected of that Organization would be to provide advice regarding international implications of proposals for development, the effects, the repercussions, which any plans would have on trade and distribution of production in the world as a whole. That is the minimum. On the other hand, it would be generally agreed, I think, that it would be unfortunate if the International Trade Organization were to extend itself so far as to provide technological advice on agricultural questions arising out of developmental projects. The field which seems to be in most doubt is that of the provision of technological advice on industrial questions. And here, there is at least a possibility of overlapping with advice which the United Nations may decide it is appropriate to provide.

It is therefore important that whatever clause the World Conference on Trade and Employment decides to insert in the Charter of the ITO should not be such as to tie the hands of the ITO and compel them, whenever a country makes a request, to provide advice of a type which might more appropriately be given elsewhere. The right way to settle this difficulty, it seems to me, is by means of amicable arrangement between the specialized agencies under the co-ordinating guidance and advice of the Council itself.

Now, it is not clear, looking at this text, that it would be open to the International Trade Organization, if a clause of this kind, precisely worded as this clause is worded, were included in the Charter of the ITO, to refuse to provide advice, let us say, on this question of the agricultural implications of a developmental project. Therefore, we have great sympathy with the suggestion which was brought forward by the Canadian representative and supported, I think, by the United States representative, that the wording of the clause should be made permissive rather than mandatory. It is true that as the clause runs at present it does not deal in the same way with advice and technical assistance. As far as technical assistance is concerned, the Organization is at liberty to say that a certain type of technical assistance is not within its competence and resources to provide. It has no similar part so far as the provision of advice is concerned, and that means it must maintain a staff of advisers to give advice on any type of question which Member countries are liable to raise under this Article of its Charter.

Incidentally, it has been pointed out to me, Mr. President, that the French text of the clause in question in the Draft Charter of the ITO is in fact permissive and not mandatory. So that, if we were to decide simply to approve the text elaborated by the Preparatory Committee, we should have to make up our minds which of two equally valid texts we were approving. Therefore, while I otherwise would certainly not maintain that my delegation feels very strongly on this point and would be very reluctant to take part in out-voting countries who have a strong interest in development and feel that this is a vitally important point for them, we would ask them to consider whether, in the interests of an orderly arrangement of this business of providing technical advice and assistance and an orderly allocation of that between the agencies, it would not be better to leave to the discretion of the ITO just how far it is obliged to go into this matter, so that it can participate freely in discussions with the other agencies and with this Council.

The PRESIDENT: I propose to complete discussion of this subject and take the vote before adjourning for lunch today, but there are items of the agenda on which it is thought we might finish the discussion today. In view of the fact that we cannot do so before lunch, I should like to know if the commitments of the Members are such as to permit them to have an afternoon session, say until five o'clock, or whether their commitments do not permit of an afternoon session today.

MR. VAN KLEFFENS (Netherlands): Mr. President, if we are to have an afternoon session, I should like to make the very brief remarks I have to make at that time.

The PRESIDENT: The afternoon session will not relate to that subject. This subject must be concluded before lunch.

MR. VAN KLEFFENS (Netherlands): May I now say the very few words I have to say?

The PRESIDENT: I should like to know the views of the Members of the Council so the arrangements for this afternoon can^{be} made. That is why I have proposed it at this time.

There seems to be no objection; therefore there will be an afternoon session until five o'clock.

MR. VAN KLEFFENS (Netherlands): Mr. President, I want to be quite short and quite specific. I think that we are confronted with this situation where there is a very respectable body of opinion which would like to see a clause of the nature of Article 11, paragraph 3 of the draft Charter maintained. There are others whose opinion is equally respectable, who draw attention to the other side of the matter, and to the need of economy. I think that in these circumstances it is the duty of the Council to try and find the middle road, and we for our part have been concerned all the time with the

need for the proper co-ordination of the activities of specialized agencies-- and I may say in parentheses that the ITO is destined to be a specialized agency in this field.

Now that being so, I have been wondering whether a way out might not be found by either of two methods. The first would be to preface the third paragraph of Article 11 by the following words, which I shall read slowly in order that anybody who may wish to make notes may do so. The third paragraph of Article 11 could, it seems to me, be advantageously prefaced by the words: "Subject to the supervision of the Economic and Social Council of the United Nations, with regard to the activities in this field of specialized agencies," --that, it seems to me, would take care of this point, because the Economic and Social Council could at all times see to it that no overlapping takes place and that the need for economy is properly taken care of.

The other solution I had in mind was, if I may refer, Mr. President, to Article 81 of the ITO Charter, which you will find on page 40, which reads as follows: "The Organization shall be brought into relationship with the United Nations Organization as soon as practicable, as one of the specialized agencies referred to in Article 57 of the Charter of the United Nations. This relationship shall be effected through an agreement with the United Nations under Article 63 of the Charter, which agreement shall be concluded, etc." Now, in this agreement it seems to me--and that would be the second solution I have to ^{propose} / --that we might insert suitable provisions in order that the chances that there should be overlapping with the activities of other specialized agencies, or that economy would not be observed, are very small indeed.

If either of these two methods were adopted, Mr. President, I think that the question as to whether the clause in Article 11, paragraph 3, should be mandatory or permissive loses very much of its importance, because if proper co-ordination with other specialized agencies is ensured, then it does not matter very much whether this is made permissive or mandatory. It is mandatory, there is still but the certainty, when engaging in activities in this field, that they would not come into conflict with parallel tasks of other specialized agencies.

MR. NASH (New Zealand): Mr. President, I do not propose to take much time. However, I did want to say two things in particular.

First; I am actually indebted to the representative from Norway for insistently drawing our attention to the fact that we might overload sections of the Organization and ultimately make it not so workable as it would be otherwise. Secondly, I thought my colleague from Canada was limiting the trade factor when he left out the word "employment" because this is a trade and employment organization even though it is called the International Trade Organization.

The other point of importance that I think we ought to stress is that this information and help can only be given, as it is written here, on request; and I cannot see any reason at all why it should not be given when requested. I can see that if they want special services of special members of the staff, there is justification in asking them to pay for special work of that type for the particular country. But if we refuse and we leave this section out, it appears to me that it would be totally inconsistent with the rest of the Article because Article 11--and running into Article 13 on the other thing--consistently calls attention to the fact that the countries might consult at certain times with the Organization. They consult with them to determine whether they are wrong. Surely it is reasonable for them, before they start to do the thing that is wrong, that they may be called up for, to ask the Organization, "Well, what is the right way to do what is necessary to be done with regard to economic development in our country?" If there are special services provided, I think they ought to be paid for. I think we must provide ~~them~~ on request, else we are totally inconsistent with the rest of the sections under economic development.

The PRESIDENT: Thank you.

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MR. NASH (New Zealand): I would like to point out one other thing. At the bottom of page 27, there is a reference that I cannot find. It says: "See Part 2, Chapter II, Section I, Paragraph 5." Well, I have read Section I, Paragraph 5, several times. It seems to have nothing whatever to do with it. It may be Section which does have something to do with it. I have not got the note, if there is another footnote.

The PRESIDENT: Thank you. It really is a correction. I am not sure whether the honourable representative saw the correction. It says "Section J, Paragraph 3, Part 2."

MR. MOROZOV (USSR) (Interpretation from Russian): Mr. President, the question which is now being discussed by the Council, I believe, has two aspects. In the first place, there is a necessity to do away with duplication and to provide for the strictest possible economy. This question was correctly referred to by the representative of Norway. I also feel that, particularly in view of the decisions on financial matters by the General Assembly, the Economic and Social Council should pay more attention to these financial considerations.

As to the second aspect of which I spoke, the question arises as to who is entitled to give advice to Member nations on their request with respect to economic development. It seems to me, at least in my opinion, Mr. President, it is only the Economic and Social Council which can fulfil these functions and not any specialized agency. Questions of economic development cover a very wide field. They cover various aspects of the economy. Therefore, it is only the Economic and Social Council which is entitled to give advice in these matters. As to the rights of specialized agencies in this respect, it seems to me that specialized agencies can give recommendations to their own Members as to basic questions which pertain to their own fields of activity.

The PRESIDENT: I propose now to take the vote of the house on this issue. There have been various suggestions as to how the actual clause should be worded, or whether any additional words should be included, or whether any observations may be made in the Preamble of the Resolution of the Economic and Social Council which point out more prominently certain aspects of co-ordination which have been referred to.

I suggest that these matters be considered in committee, and that the Council should now be asked merely to vote on the simple and straight proposition of whether it considers it appropriate to have a clause on the lines of paragraph 3 of Article 11 of the Draft Charter, or whether it does not consider it appropriate to have such a clause.

The vote that I now propose to take of the Council is: "This Council considers it appropriate to have a clause on the lines of paragraph 3 of Article 11 in the Charter of the International Trade Organization."

Those who are in favour of the resolution will please raise their hands.

(There was a show of hands.)

Those against.

(There was a show of hands.)

The resolution is adopted.

The meeting is now adjourned, and the Council will reassemble at five minutes to three.

(The meeting adjourned at 1:25 pm)