

SIXTH COMMITTEE: ORGANIZATION

SUMMARY RECORD OF THE THIRTY-SIX MEETING

Held at the Capitol, Havana, Cuba,
Tuesday, 9 March 1948, at 3.00 p.m.

Chairman: Mr. E. COLBAN (Norway)

1. CONTINUATION OF DISCUSSION OF THE REPORT OF THE SUB-COMMITTEE ON
ARTICLE 1 (PURPOSE AND OBJECTIVES) (DOCUMENT E/CONF.2/C.6/98)

Mr. OTANEZ (Venezuela) stated that his delegation attached the greatest importance to the problem of disparity between prices of raw materials and manufactured goods and would support any proposal which would state the principle of equity.

Mr. POLITIS (Greece) said that because Greece primarily exported agricultural products it would wish stabilization of prices, but the insertion of the Ecuador proposal in Article 1 could not be supported because there was no organ of the Organization to implement it and the inclusion among the purposes and objectives of the Charter would create false hope of achievement.

Mr. CHIRIBOGA (Ecuador) stated that one of the most specific tasks given the Conference by the United Nations was to consider the prices in the international market of manufactured and raw materials. His proposal was a copy of sub-paragraph 5 of Resolution 36 of the Act of Chapultepec, adopted by the United States and all Latin-American countries. United States opposition to his proposal was therefore surprising.

In order to reach a satisfactory decision, a roll-call vote should be taken on the Ecuadorean proposal as amended by the representative of New Zealand.

Mr. GAIEFFIER (Belgium) felt that the purpose of the proposal was covered by Articles 11, 52 and 69; the proposal should not be included in Article 1. The Charter was intended to promote a partial return to free trade with elimination of governmental intervention in the free play of economic forces, with the exception of inter-governmental commodity agreements. The implication that the proposal would involve international planning would make it difficult for his Parliament to ratify the Charter.

/Mr. WAERUM (Denmark)

Mr. WAERUM (Denmark) opposed the inclusion of the proposal in the Charter. It was difficult to see what measures the Organization could take to establish equity between prices of raw materials and manufactured goods. There were arrangements for inter-governmental commodity agreements in the Charter and a certain degree of stabilization could be achieved under the present provisions.

Mr. NASH (New Zealand) stated that the proposal referred to the disparity between prices and his amendment approached the matter from the standpoint of equity of exchange. He agreed that the Charter was not designed to regulate prices, but the purpose of the Charter was to promote international regulation to insure adequate distribution and returns for production. The essential point of the proposal was the equity of exchange between different types of producers. Since the proposal was covered in the Articles mentioned by the representative of Belgium, there was no reason why it should not become one of the objectives of the Charter. He could not agree with the Belgian representative as to the purpose of the Charter. The Charter was designed for free trade but there was no antipathy for governmental intervention on a fair basis.

He would be able to vote for the Ecuadoran proposal if amended as follows:

"To support a general policy which takes into account the wide disparity which frequently exists in the return to producers of raw materials and to the producers of manufactured commodities, so as to stabilize as far as is practicable equity between those producers."

Mr. WUISZ-KING (China) stated that his delegation had supported the Ecuadoran amendment to Article 69 and was sympathetic to the ideas expressed in the proposal to Article 1, but the real purpose of the proposal might better be achieved by recourse to sub-paragraph (f) of Article 69, and when studies are undertaken, the Economic and Social Council should be asked to consider the Ecuadoran proposal together with the New Zealand amendment, the Act of Chapultepec and the Resolution adopted at London. While not in opposition to the principle, it would be necessary for him to vote against the proposal.

Mr. SKAUG (Norway) said he could not support the proposal for reasons similar to those expressed by the representatives of the United States, United Kingdom, Denmark and Canada. There was no fair relation between the prices of raw materials and manufactured products and he agreed with the representative of New Zealand that the problem was not, in fact, one of price, but of the standard of living as between countries. Article 1 included objectives regarding standard of living and no purpose would be served by the addition of equity of prices.

/Mr. GOMEZ-ROBLES (Guatemala)

Mr. GOMEZ-ROBLES (Guatemala) said that the purpose of the Ecuadoran proposal was to establish a general policy to adjust equilibrium between prices and the Organization should try to avoid fluctuations. From the point of view of maintenance of balance of price levels, it was necessary to add the proposal to the objectives of the Charter. He suggested wording to the effect "...to support a general policy which would endeavour to establish a just equilibrium between raw materials and manufactured goods to avoid violent fluctuations in the prices." Price control was not desired, but violent fluctuations in prices should be avoided.

After the Chairman had read out the New Zealand proposal, Mr. CHIROBOGA (Ecuador) said it would be acceptable if the word "producers" was changed to "prices".

Mr. NASH (New Zealand) said that prices had meaning only in relation to cost; the return to producers was the test, not the price. He could not support the suggested change.

Mr. CHIROBOGA (Ecuador) asked for a roll-call to be taken on (1) the Ecuadoran proposal, and (2) the New Zealand proposal.

On a roll-call the representatives of Argentina, Bolivia, Chile, Colombia, Costa Rica, Ecuador, Guatemala, Haiti, Panama, Peru, Poland and Venezuela supported the Ecuadoran proposal. The representatives of Australia, Austria, Belgium, Brazil, Canada, Ceylon, China, Denmark, Finland, France, Greece, Iran, Ireland, Italy, Liberia, Luxembourg, Netherlands, Norway, Pakistan, Philippines, Southern Rhodesia, Sweden, Switzerland, Turkey, United Kingdom and the United States opposed it. The representatives of Afghanistan, Burma, Cuba, Czechoslovakia, Egypt, India, Indonesian Republic, Iraq, Lebanon, Mexico, New Zealand, Portugal, Syria, Transjordan and South Africa abstained. The Chairman declared the amendment rejected.

Mr. NASH (New Zealand) stated that he did not move his amendment, and unless it met the views of the representative of Ecuador, he would withdraw it. The proposal was taken up by the representative of Mexico. It was agreed a decision should be taken upon it at the next meeting.

2. E/CONF.2/C.6/98, PARAGRAPH 5

The CHAIRMAN stated that the delegation of Argentina had proposed the addition of a paragraph regarding workers rights. The Sub-Committee had agreed with the principle of the amendment but felt it was a matter outside the scope of the Charter and should not be dealt with in Article 1.

Mr. FEDRANO (Argentina) said that the objectives of trade and employment were equally fundamental, and the inclusion of the amendment in the objectives of the Charter would contribute to social justice. It was true that the rights of workers came within the scope of the International Labour Office

/but the Trade

but the Trade Organization should also recognize these fundamental rights, thus creating a favourable situation for collaboration between the two organizations.

Mr. SERRATO (Uruguay) said that he supported the Argentine proposal with the same force with which he had supported the United States proposal to include a similar article in the Inter-American pact to be presented at Bogotá. There was no objection regarding the International Labour Office presented at that time, and the constitutions of the majority of the Latin American countries agreed in principle to the proposal.

Mr. BLUSTAJN (Poland) agreed with the principles of the Argentine proposal; the objectives were fully achieved in Poland without international commitments. His reason for feeling that the Organization was not the appropriate body came from the desire to avoid duplication of work between the specialized agencies. He agreed with the representative of Argentina that one could not distinguish between international trade problems and problems of employment and workers' rights. The Economic and Social Council was the only competent body to co-ordinate the work of the specialized agencies.

Mr. BENDA (Czechoslovakia) agreed with the representative of Poland; he would have to vote for the Argentina amendment because the principles were in the Constitution of his country.

The representative of Costa Rica also supported the proposal.

Mr. SKAUG (Norway) said that in Committee I there was no disagreement on the point that in order to have international trade there must be employment; the idea was full employment - labour standards were important but they were subsidiary to world trade. He agreed with the aims of the Argentine proposal and his negative vote would be cast only because the matter was within the purview of another specialized agency.

The CHAIRMAN concluded the sense of the Committee was that it was not possible to include the text in Article 1.

The delegation of Argentina reserved its right to bring the matter up in Plenary Session.

3. PARAGRAPH 5 OF ARTICLE 1

Mr. SAENZ (Mexico) said that he was under instructions to state that the present text of paragraph 5 was unacceptable and unless it was deleted, his delegation would reserve its position on Article 1 and would refrain from signing the Final Act.

If unqualified, the three concepts of freedom of trade, economic integration, and the transcendancy of political frontiers, were dangerous and misleading. The paragraph was a definite contradiction to Articles 15, 17 and 42. In accordance with Chapter III, less integration
/and more industrialization

and more industrialization should be sought.

He had no objection to customs unions, or economic integration if countries so desired, or of economic integration which was automatic through the blind play of economic forces, but paragraph 5 implied a planned economy whether or not a country desired it. He had no objection to exploring the possibilities of a different wording which would not lead to any misunderstandings of a political nature.

Mr. AMINI (Afghanistan) reserved his position to paragraph 5 of Article 1 pending further instructions.

Mr. KOJEVE (France) said the basic reason for his proposal which had resulted in paragraph 5 was that he considered that economy could be brought to a stable situation only if present markets were expanded. The text was a compromise solution of an idea submitted by Middle-Eastern countries during the preparatory work in London. The theoretical reason was that there were two ways of proceeding towards the aims of freedom of trade: reducing barriers immediately or removing barriers by stages. He had felt it necessary to complement paragraph 4 by adding the newer more modern concepts of paragraph 5. He did not feel that the paragraph conflicted with economic concepts prevailing in Mexico.

Mr. KUNTER (Belgium) said that unless the paragraph was deleted he would reserve his position.

Mr. GAIFFIER (Belgium) said that the representative of Mexico had presented a view of coercive integration not contemplated in the paragraph. Paragraph 5 expressed integration freely entered into, such as the Benelux Union. The Charter should take into account general economic trends towards co-ordination and adjustment of economic policies, including regional co-operation.

Mr. POLITIS (Greece) said it appeared that those who had championed the cause of preferences were today taking a stand against them and this would mean that the overall decision of the Heads of Delegations would be re-opened.

Mr. SAENZ (Mexico) replied that the Charter was a political document, not a text book, and should be written in such a way as to avoid any misunderstanding. He had no objection to custom unions but there was nothing in Article 42 which corresponded to paragraph 5 of Article 1. The Mexican delegation had never been in favour of preferences and had accepted Article 15 in a spirit of the compromise reached by the Heads of Delegations; there was nothing in Article 15 which corresponded to paragraph 5. Parliaments and public opinion should not be confronted by the three dangerous concepts expressed in paragraph 5.

/Mr. WUNSZ-KING (China)

Mr. WUNSZ-KING (China) said that to a certain extent he shared the anxiety expressed by the representative of Mexico. Of the three concepts mentioned that of economic integration was most alarming. Perhaps the phrase "development of closer economic integration" could better be expressed by "to increase freedom of trade by encouraging the closer co-ordination on a volume basis of economic policy and programmes...."

Mr. WILCOX (United States) said that some countries were prepared to pledge individual and collective, national and international action as set forth in paragraph 5, but others were not. It appeared that Mexico would impose no obstacles to countries which desired to enter into closer economic relations, but Mexico did not desire to commit itself.

Paragraph 5 referred to Article 42 which was an exception to the general rules of the Charter and not a principle function or objective of the Organization. Consequently the difficulty created by the paragraph was that it sought to turn an exception into a commitment binding countries which did not wish to use the exception. The difficulties thus created for Mexico were therefore understandable.

The CHAIRMAN requested the representatives of Mexico, China, Turkey, Afghanistan, France, United States and Belgium to study this problem and report the next day.

4. CONSIDERATION OF THE PROPOSALS OF THE DELEGATIONS OF ARGENTINA AND CZECHOSLOVAKIA REGARDING ARTICLE 69 (FUNCTIONS) (DOCUMENT E/CONF.2/C.6/88)

Mr. BENDA (Czechoslovakia) said that his amendment was proposed in order to avoid duplication of activities of specialized agencies. However, in order to save the time of the Conference, he would withdraw the amendment and suggested that the Report should note that the Committee was of the opinion that where the United Nations had specially created organs, such as the Fiscal Commission, the Organization should make studies and recommendations in close collaboration with them.

Mr. FEDRANO (Argentina) stated that his amendment to add the word "social" before "economic" in Article 69 would more properly emphasize Article 1. However, if the Committee felt the amendment was inappropriate, he would withdraw it.

The CHAIRMAN said that when the amendment had been discussed some months before it had been felt that "social" was one of the many aspects of economic development and that it should not of itself be underlined.

Replying to the remarks of the representative of Belgium that the point was covered by sub-paragraph (e) of Article 69, Mr. FEDRANO (Argentina) said that sub-paragraph (a) referred to the functions of collecting, analyzing, etc. and was qualified by sub-paragraph (e). The concept of "social" was
/greater than

greater than merely one aspect of economic development. If the amendment was not accepted, it would be necessary to reserve the right to bring it before the Plenary Session.

Upon receiving no further observations, the CHAIRMAN concluded there was no support for the amendment, and noted the Argentine reservation.

5. INSERTION OF DATES IN ARTICLE 68 (MEMBERSHIP) (DOCUMENTS E/CONF.2/C.6/70, E/CONF.2/C.6/88 AND E/CONF.2/C.6/101)

It was agreed that the date "30 September 1949", adopted in Articles 98 and 99, should be adopted in Article 68.