

JOINT SUB-COMMITTEE OF COMMITTEES II AND VI

NOTES ON TWENTY-SECOND MEETING

Hold at the Capitol, Havana, Cuba  
21 January 1948, at 6.00 p.m.

Chairman: Dr. H. C. COOMBS (Australia)

The Sub-Committee commenced the examination of the Mexican proposal for the establishment of a Committee for Economic Development (E/CONF.2/C.6/12 pages 11, 12 and 13). Mr. SAENZ (Mexico), declared that instead of discussing the specific text suggested by his delegation, the Sub-Committee should take up the principles included in it. The present charter was unsatisfactory because it did not contain sufficient precise and positive provisions for the development of production in economically undeveloped countries. The Charter should be more than an instrument for the reduction of barriers to international trade, it must be also an instrument for economic development. It was with the intention of filling this gap that the Mexican delegation suggested the creation of a body which would deal with the day by day problems of the ITO relating to the task of promoting economic development. If such a body were established as an autonomous organ, it would have certain political advantages; if on the other hand it were a subordinate organ within the Organization, this would have great advantages of a practical nature.

Mr. HURTADO (Colombia), supported entirely the point of view of the Mexican delegation.

Mr. IPONET (France), agreed with the general usefulness of a body such as the one favoured by the Mexican delegation. As to the details, he wondered what the functions of the proposed Committee would be and what would be its relationship to the other organs of the future ITO.

The Mexican proposal was also strongly supported by Dr. USMANI (Pakistan), who pointed out that Articles 10 and 11, were now more positive than in the original draft, and that therefore some body was necessary to carry out the functions included in them. Such a body would be a useful counterpart and at the same time a good complement to the Tariff Committee and thus would give a better balance to the Charter and to the future Organization.

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There should be no serious overlapping between the work of the ITO's Economic Development Committee and the Sub-Commission on Economic Development of the Economic and Social Council.

Mr. DAC (China) said he was in favour of a permanent statutory organ of the Organization to carry out the functions of the future ITO with respect to economic development. As to the type of the machinery, he had no positive preferences but felt that it was necessary to define the relationship of the organ to the Executive Board and the Conference. The terms of reference should be in general terms.

Dr. OTANEZ (Venezuela) said, that the creation of a body as proposed by Mexico would be a useful addition to the Organization and would accomplish an important task in the interest of the economically undeveloped nations.

Mr. TORRES (Brazil) supported the Mexican proposal. He was in favour of creating at the Havana Conference an economic development organ with at least a minimum of functions to complement the functions of other organs of the Organization. There were many Articles which could be implemented by the economic development organ. The text of the article establishing an economic development committee should be flexible so as to leave room for the later allocation of additional functions that would not overlap the functions of other bodies in other agencies. There need not be duplication between the functions of the Economic and Social Council and those of the ITO and other Specialized Agencies. The function of the Economic and Social Council was to advise and to establish general policy lines as to what the Specialized Agencies should do. The Economic and Social Council should allocate functions to the different agencies in a complementary manner so that there would be no overlap. The Economic Development Committee of the Organization should be created with functions flowing directly from the Charter, e.g. those arising, from Article 13. As regards the field of general executive functions it was advisable to send a resolution to the first Conference.

Mr. GAIFFIER (Belgium), thought that the Sub-Committee might be able to reach an agreement on the general principle behind the Mexican proposal. Differences of opinion might exist as to the details. It would be useful to ask the Interim Commission to study carefully those details and submit recommendations to the first Conference of the ITO.

Mr. HAIDER (Iraq) said that the Economic Development Committee could see to it that the stability sought by the Charter should not freeze economic conditions and prevent expansion. It could also take care of the day by day work of the ITO. It was necessary to consider what kind of an organ was envisaged, what should be its composition, at what level it should work. Would it consist of the representatives of governments or of officials of

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the ITO working at the executive and technical level? What would be its powers and functions in relation to those of the Executive Board, the Conference and the Tariff Committee?

Mr. RUBIN (United States of America) stated that he fully agreed with the necessity of establishing within the ITO practical means of carrying out the provisions aiming at economic development. He pointed out that the problem, of choosing the best means for this purpose was of a highly complex nature, since it involved the question of the relationship of the suggested body with other organs of the ITO such as the Executive Board, the Tariff Committee and the Conference, and also with other specialized agencies. He emphasized the importance of the questions raised by the representative of Iraq.

Mr. ZORLU (Turkey) approved the Mexican proposal.

Mr. SHACKLE (United Kingdom) remarked that the provisions for economic development had two aspects, the first of a technical nature, e.g. in relation to Article 10, the second of an executive nature, e.g. in relation to Article 13. The Interim Commission could take care of the technical aspect. The executive functions must be decided at Havana. This raised the whole problem of allocation of functions within the Organization to subsidiary organs. The segregation of specific functions in compartments should be avoided. There should be due co-ordination of subordinate organs and due co-ordination with the functions of other inter-governmental organizations.

Mr. COOMBS (Australia) agreed with the representative of Mexico that the Charter was deficient in positive aspects both as regards its contribution to greater stability and its contribution to economic development and improvement of standards of living of underdeveloped countries. However, he did not attach too much importance to the precise words of the obligations of the Charter. The question was whether the Charter made possible action of the kind desired. There were two reasons why the ITO should be concerned with economic development. In the first place there were serious gaps in the activities of international organizations in this field, and there were functions which should be performed but were not being performed. It was true that in some cases there were bodies that could carry out these functions but they were either not carrying them out or not carrying them out effectively. Since it was impossible to separate trade from production, the ITO had a role to play. In the second place tariffs, quantitative restrictions, etc. were not random occurrences. Commercial policy was one facet of general economic policy. Tariff quotas, etc. were the results of action by Governments to secure greater stability

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and to foster the economic development of natural resources. Anybody who must consider and pass judgment on questions of commercial policy would be working in an intellectual vacuum unless he were also concerned with economic development.

The ITO must perform both these functions. It must introduce greater order into the measures of commercial policy, which countries adopted, and it must help them to achieve the objectives of those measures. These two facets were closely interwoven. The functions of the ITO in the fields of commercial policy and economic development must be performed by the Organization and not by a splinter of the Organization. The functions of the Organization must be regarded as a unity and not segregated in different compartments.

As an administrator he emphasized that a committee did not act. A committee gave directions, criticized, rejected and approved, but it could not carry on the day to day activities of the Organization. This must be left to a permanent staff, which might work under the supervision of a Committee. The internal structure of the Organization must be left for the examination of the Interim Commission, which would report to the first Conference. The Mexican proposal must be examined in the light of the assignments to be given to the Interim Commission and of a broad survey which should be made in Havana of the internal structure of the ITO.

At the suggestion of the Chairman the Sub-Committee appointed Working Party No. 4 composed of the representatives of Australia, Belgium, Mexico, Pakistan and the United States of America to consider the Mexican proposal for the establishment of a Committee for Economic Development, to consult with the various Sub-Committees concerned with other organs of the Organization and to make recommendations to the Joint Sub-Committee.

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