

SIXTH COMMITTEE: ORGANIZATION

SUMMARY RECORD OF THE FIFTH MEETING

Held at the Capitol, Havana, Cuba,  
Friday, 5 December 1947 at 10:30 a.m.

Chairman: Mr. Erick COLBAN (Norway)

DISCUSSION OF THE MEXICAN AMENDMENT TO ARTICLE 70 (CREATION OF A COMMITTEE FOR ECONOMIC DEVELOPMENT)

Mr. ESCANDON (Mexico) read the proposed terms of reference of the Committee for Economic Development. (The precise text of his proposal was not available and will be circulated as a document of the Sixth Committee as soon as possible.)

Mr. LORETO (Venezuela) warmly endorsed the Mexican amendment, calling it a most important implementation of the Charter for countries with an incipient industrial development such as his own. He urged that the establishment of the Committee on Economic Development be included in the Charter itself. The Organization could do that in accordance with the rules laid down in Article 95, i.e. by an affirmative vote of two-thirds of the Members. No other inter-governmental agency was adequately equipped to handle the task that Committee would face.

Mr. MUNOZ (Cuba) also endorsed the Mexican amendment. The establishment of the Committee for Economic Development was just as important as that of the Tariff Committee and should, therefore, likewise be included in the Charter, so as to harmonize different principles embodied in the Charter.

Mr. POLITIS (Greece) agreed with the substance of the Mexican amendment but recalling a discussion in the Second Committee suggested the inclusion of the words "and Reconstruction" so as to safeguard the needs of war devastated countries like Greece. His views were endorsed by Mr. MONDELLO (Italy).

Mr. ZORLU (Turkey) supported the Mexican proposal and added that in view of the complex nature of the problem a joint-sub-committee should be formed to study the matter, drawn from the Second and the Sixth Committee, as suggested by the Chairman.

/Mr. BANERJI

Mr. BANERJI (India) clarified the position taken by his delegation at Geneva in regard to Article 70 in the light of the assurances of the French delegation that such a Committee would in fact later be set up. He was in full accord with the principles of the Mexican amendment but found certain difficulty in defining exact scope of the propositions and functions of such a Committee and considered that the details had to be re-examined by a sub-committee.

Mr. TAMBE (Australia) recalled that Australia was always in the forefront of those who had advocated in the Preparatory Committee the assignment to the Organization of important responsibilities in the field of economic development and advanced a proposal for the establishment of a special Commission for Economic Development. However, the conclusion was reached in Geneva, that it would be unwise to specify subordinate machinery and reference to specialized commissions and committees was omitted in the Charter. This Conference should not attempt to establish such machinery which later could be adjusted only with difficulty but it should keep the Charter flexible and leave the decision to the Organization itself. The Sixth Committee being a Committee of administrative experts should concern itself with administrative aspects only and should study whether the proposed Committee would contribute to the administrative machinery for the efficient discharge of the functions of the Organization. After careful examination, it would be found that many responsibilities and functions of the Organizations arising out of Chapter III would fall to the Executive Board in the first place. How would the proposed Committee fit in with the Executive Board and its machinery? Furthermore, there were important differences between the Tariff Committee and the proposed Committee, inasmuch as the former had been assigned the definite functions of a "little conference" and was composed only of those Members who had agreed to reduce their tariffs. He urged that the simple structure of the Charter be retained and the details of the machinery be left for a later decision by the Organization.

Mr. TINOCO (Costa Rica) in support of the Mexican proposal emphasized that the need for a higher standard of living was more important than the increase of international trade for its own sake. Free interchange of merchandise suffered as much from exorbitant or discriminatory freight rates and excessive and unequal maritime insurance rates as from high tariffs. The proposed committee would concern itself with the elimination of obstacles which hampered the economic development of countries. Important functions should be assigned to it in the field of international investment, for example, the avoidance of double taxation.

/Mr. HOLMES

Mr. HOLMES (United Kingdom) felt that the Mexican amendment went too far, particularly as long as it could be assumed that the Organization would faithfully follow the purposes and objectives laid down in Chapter I. It would be better to defer the question of establishing the proposed Committee until after discussing Article 79. He agreed with the observations by the Australian and United States representatives with regard to the bearing which the decision to formalize the Committee in the Charter might have in relation with other international organizations. There was danger of overlapping among the multifarious international organizations set up after the war and duplication would be almost unavoidable. The additional expense of establishing the Committee should not be overlooked at a time when no budgetary provisions had been made. At any rate, much further study should precede a final decision in the matter.

Mr. KUMLIN (Sweden) doubted whether the creation of the Committee was the proper means to achieve the purpose of it with which he fully agreed and he suggested Article 70 be adopted without the Mexican amendment in first reading. In that case, the same discussion could later be developed in the Organization when fuller documentation and a better knowledge of voting procedures would make a decision much easier.

Mr. GAIFFIER (Belgium) while fully endorsing the aims behind the Mexican amendment, stated that he could only support it if he could be convinced that the creation of the Committee would in fact achieve them. In the near future such a Committee might not be needed anymore and it might then be very difficult to change the Charter. Flexibility of the Charter offered the greatest advantage for all countries and should therefore be retained.

Mr. COUILLARD (Canada) suggested postponing the decision until other international organizations and organs of the United Nations dealing with economic development were fully organized and properly functioning. And even inside of the Organization until Chapter III had been finally decided upon, it was not possible to define the scope and functions of the Committee without risking overlapping and duplication. Before discussing the matter further, it was necessary to know (1) the functions of the Organization, (2) the functions of other United Nations organs, (3) the decisions of the Economic and Social Council, particularly regarding duplications and expenses, and (4) the nature and contents of the special agreements between the Organization and other bodies as provided for in Article 84.

Mr. ROUCHDY (Egypt) supported the Mexican amendment and the creation of a sub-committee to study all aspects of the proposed Committee and of the functions of other United Nations organs.

/Mr. WOULDROUN

Mr. WOULDEROUN (Luxembourg) had certain reservations to make about the Mexican amendment with the principles of which he sympathized. He endorsed the need for a careful study of all interested bodies and called the attention to the responsibilities of specialized agencies and of the organs of the Economic and Social Council like the Economic and Employment Commission, the Sub-Commission on Economic Development, the Economic Commissions for Europe and the Far East and the proposed Economic Commission for Latin America. All these organs were more or less seized with questions of economic development, as were also the International Bank for Reconstruction and Development, the Food and Agriculture Organization and the International Labour Organization. The Mexican proposal to permit the proposed Committee to intercede with the International Bank was fraught with dangerous implications in view of the fact that the Bank partly depended upon private money markets and had to remain entirely autonomous as was recognized in the relationship agreement the Bank concluded with the United Nations. The question of double taxation, mentioned by the representative of Costa Rica, was already the subject of a study by the Fiscal Commission of the Council, which could advise the Organization of the results of their investigation. The smaller countries particularly had to be careful to avoid duplication and overlapping so as to keep the Organization from being over-complicated and avoid unnecessary expenses.

Mr. KOJEVE (France) suggested that, before a decision on the Mexican amendment was taken, the relations between the Organization and other organs dealing with international finance (as mentioned in Article 84) be more fully studied. Only after the completion of that study should the sub-committee be appointed. He also endorsed the insertion of the words "and Reconstruction" offered by the representatives of Italy and France.

Mr. ZORLU (Turkey) supported the creation of the Committee and of the sub-committee to study the Mexican amendment jointly with Committee II. He pointed out that while the increase of purchasing power by means of multilateral agreements to reduce tariffs had been applied on a large scale, other methods to the same end by assisting in the economic development of under-developed countries had never been tested. His delegation considered the latter method to be the really durable one while the former would improve conditions for a short time only. He was grateful to the high industrialized countries for their including in the Charter provisions for a general reduction of tariff barriers, but felt that unless this move was implemented with the necessary economic development, the under-developed countries would find themselves in a worse position than before. Internal purchasing power in agricultural countries could not increase pace with that in industrialized countries and the disequilibrium in the balance of payments was bound to increase.

/Mr. W. KING

Mr. W. KING (China) supported the Mexican amendment. It should not be too difficult to avoid duplication and over-lapping after a proper study in a sub-committee of the problems involved. The Committee would have to deal with practical matters while the Council's organs would only be studying theoretical aspects of the problems.

Mr. WATERSON (Union of South Africa) appreciated the motives underlying the Mexican amendment which deserved careful study but expressed certain doubts regarding it. Experience had shown that outside economic assistance to a country depended on the latter's political and financial stability.

From his experience as Minister of Economic Development, he felt that it would be very difficult to de-limit the functions of the proposed Committee the ramifications of which would be numerous.

Referring to the remarks of the representative of Costa Rica, he felt that to entrust the committee with the examination of such questions as capital investment, freight and double taxation would be contrary to the provisions of Article 79.

Instead of establishing a rigid, unwieldy organization, it would be better to leave until a later stage the question of setting up machinery for Chapter III.

Mr. GAZDAR (Pakistan) felt that if the principles of Article I of the Charter were adopted, the Conference had to adopt some provisions, also for their implementation. Underdeveloped countries like Pakistan needed machinery in the Organization for economic development.

Concerning the question of duplication of work, he pointed out that contrary to other organizations the Organization would deal with the problem in practice; besides, co-ordination could always be arranged.

The Sixth Committee should take its decisions on the Mexican proposal independently of other committees; the Plenary Session could later decide to appoint a joint committee, if necessary.

Mr. LIMA (El Salvador) said that the two aspects of the Mexican proposal - (1) the amendment of Article 70, and (2) the structure of the proposed Committee - could be examined separately. The second aspect could be examined later in conjunction with the structure of other bodies of the Organization.

With regard to the first aspect there seemed to be general agreement on the need for an Economic Development Committee. The El Salvador delegation favoured the immediate establishment of a permanent committee which would link the financial and economic development activities of the Organization to related activities of other organizations. The argument of duplication of work with other United Nations bodies was not convincing since duplication was unavoidable at the formative stage and could be eliminated later.

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Moreover if a system of weighted voting were adopted the under-developed countries would not have an adequate representation corresponding to their needs on the Executive Board which according to the Charter would exercise certain powers over the activities of the Commissions

He suggested the inclusion of the committee in Article 70 at the first reading and the examination later of the committee's structure.

Mr HERNANDEZ (Venezuela) noting that the majority favoured the Mexican proposal proposed the closure of the debate and the appointment of a sub committee for further examination of the matter

Mr BLUESZTEIN (Poland) noted a general desire that the Organization should concentrate on economic development Without criticizing any particular organization he thought that the numerous international attempts to promote economic development had not been successful

Co ordination of economic development activities by the Committee envisaged in the Mexican proposal would constitute an interference in the work of the Economic and Social Council which was the supreme co ordinating organ in the economic field The terms of reference of the Committee should be based on Chapter III Article 10 which limited considerably the work of the Organization in the field of economic development

Poland's experience with international economic commissions was not a very happy one Poland needed not advice but finance

In reply to a remark by the representative of Venezuela the CHAIRMAN declared that the debate would be closed after the list of speakers had been exhausted

Mr NASH (New Zealand) noted that the matter was of such importance that both at Lake Success and in Geneva it had been decided to set up Commissions dealing with economic development Chapter III covered all points the only remaining question was whether Article 70 should be amended so as to include a committee on economic development That however had to be decided by the Second Committee Mr Nash consequently supported the Chairman's suggestion to communicate with the Second Committee concerning the question of appointing a joint sub committee of the Second and Sixth Committees

Mr ESCANDON (Mexico) noted the general pre occupation of the Conference with the problem of economic development which was fundamental to economically less developed countries He reserved the right to answer later in detail some of the objections raised against his proposal

He pointed out however that in order to make the Charter complete and avoid doubts machinery had to be provided to carry out all its aims The matter was of practical importance to under-developed countries which were in the majority at the Conference

/The CHAIRMAN

The CHAIRMAN thought that it would be impossible to consider the question of amending Article 70 without taking into account the second part of the Mexican proposal and suggested that the matter should be referred to a sub-committee consisting of the representatives of Australia, Belgium, China, Colombia, France, Pakistan, Mexico, South Africa, Turkey, United States of America and Venezuela. The sub-committee would start its work after the Chairman had consulted the Chairman of the Second Committee.

The terms of reference of the sub-committee would be to study:  
1. Article 70 of the Geneva Charter; 2. The Mexican proposal on the establishment of the Economic Development Committee and on scope and functions of such a Committee; 3. The possibility of duplication of the work of other United Nations bodies; 4. Financial and other implications of the establishment of an Economic Development Committee.

Upon suggestion by Mr. AUGENTHALER (Czechoslovakia) the Chairman agreed to request the Executive Secretary to inform the Sub-Commission on Economic Development of the Economic and Social Council of the Mexican proposal.

Mr. TANGE (Australia) thought that the sub-committee should also take into account other articles of the Charter dealing with organizational matters which might have bearing on the functions of the proposed Committee.

The CHAIRMAN agreed, pointing out that the sub-committee should study the advisability of establishing an economic development committee, taking into account the Executive Board's powers and duties.

The EXECUTIVE SECRETARY said that the Secretariat would present to the sub-committee a paper showing the plans and programmes of the organs of the Economic and Social Council in the field of economic development, together with the records of the current meeting of the Sub-Commission on Economic Development.

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