

SECOND COMMITTEE: ECONOMIC DEVELOPMENT

SUMMARY RECORD OF FIFTH MEETING

Held at the Capitol, Havana, Cuba, Friday, 5 December 1947, at 4.00 p.m.

Chairman: Mr. Ramon BETETA (Mexico)

The CHAIRMAN reviewed proposals made concerning the footnote to Chapter III on reconstruction and suggested that discussion of the articles be continued, keeping in mind in each case the question of whether development and reconstruction should be considered together.

Mr. FRESQUET (Cuba) accepted this procedure.

It was agreed there would be no sub-committee appointed at this time and that the footnote had been sufficiently discussed. It was also taken as understood that no decision on the substance of the footnote had been taken.

ARTICLE 8

Mr. LIEU (China) asked whether there might not be some misinterpretation of the word "common". He feared that there might be some danger to sovereign rights of countries by way of exploitation.

Mr. ENTEZAM (Iran) also felt some clarification should be made to avoid the possibility of exploitation. Mr. Lieu suggested an explanatory note: "the term 'common interest' is not used in any sense derogatory to the sovereign rights of any member".

Mr. COOMBS (Australia) suggested omission of the word "common".

Mr. HEIDENSTEM (Sweden) also suggested the deletion of the word "common" and the addition of the words "for the interest of humanity at large".

Similarly, Mr. MAHADEVA (Ceylon) and Mr. ASIZ (Afghanistan) thought there might be some opening for infringement of the sovereign rights of states in the present wording of the text.

Mr. COOMBS (Australia) suggested as more preferable wording: "members recognize that it is in the interest of all countries that the world's human and material resources should be productively used".

Mr. NASH (New Zealand) felt there was nothing in the Charter to permit one country to have access to another's materials without the consent of the latter country. He thought deletion of the word "common" should solve the matter.

/Mr. SHACKLE

Mr. SHACKLE (United Kingdom) thought the word "interest" had more implication and suggested that the following words be substituted: "that the productive use of the world's human and material resources will redound to the benefit of all countries..." This change was supported by Mr. LIEU (China).

Mr. OLDINI (Chile) suggested that the United Kingdom proposal be distributed. This suggestion was supported by Mr. ENTEZAN (Iran) who added that a Drafting Sub-Committee should take note of this discussion.

Mr. NASH (New Zealand) pointed out that without impinging on sovereign rights, it must be admitted that there was common interest in the resources of the world.

Mr. LIEU (China) felt that inasmuch as the representative of New Zealand at a previous meeting had suggested a form of trusteeship concerning some resources, it was most important that the terminology of Article 8 should not be ambiguous. He thought the idea of such a trusteeship was rather advanced at the present time and that the matter should be referred to a sub-committee.

The CHAIRMAN proposed that in accordance with the Rules of Procedure that the United Kingdom proposal be distributed and be referred to a sub-committee composed of the representatives of Australia, China and the United Kingdom, for drafting changes.

The Committee agreed with this proposal.

ARTICLE 9

The amendment of the delegation of Ceylon proposed the deletion of the word "progressively" in line 2 of Article 9.

Mr. RUBIN (United States of America) though not feeling strongly on the point, thought that the word "progressively" should be retained.

Mr. MAHADEVA (Ceylon) author of the amendment did not insist strongly on the deletion of the word "progressively". He said the proposal was merely a drafting amendment.

It was AGREED to take note of this drafting change and to refer it to a Drafting Committee.

Mr. BRIGNOLI (Argentina) called attention to the phrase "where necessary to reconstruct" and stressed the difference between the first stage of reconstruction of war-devastated countries and their economic development through use of natural resources.

On the suggestion of Mr. d'ANNA (Italy), supported by Mr. KOJEVE (France), it was agreed that this point fell within the decision concerning the question of "development and reconstruction" and that the matter should be left until the Committee had considered all the Articles in the Chapter.

ARTICLE 10

There being no comments on paragraph 1, the amendments to paragraph 2 submitted by Burma, Pakistan and Turkey were considered.

/Mr. KYIN

Mr. KYIN (Burma) stated that his proposal to substitute the word "development" for "plans" in line 7 of paragraph 2 would permit the Organization to sponsor preliminary surveys when called upon.

Mr. RUBIN (United States of America) said it had been contemplated that preliminary planning of that type would have been accomplished by the countries concerned, rather than that the Organization should formulate plans. His delegation reserved its position, pending examination of the more comprehensive amendments bearing on this point.

Mr. ARAUJO (Colombia) agreed with the representative of the United States. His delegation had submitted a new Article under Chapter III which was intended among other things to create organs for the purpose of undertaking technical studies requested by member states.

Mr. ADARKAR (India) said he would welcome provision for special studies and hoped that the paragraph would not be made restrictive.

Mr. COOMBS (Australia) saw no objection to the Burmese proposal: the appropriate limitations were contained in paragraph 1 of Article 10.

Mr. OLDINI (Chile) wondered whether, if the Organization were empowered to conduct preliminary surveys, it would be inclined to judge the plans of member states. He felt that a state should formulate its plans and seek technical assistance from the Organization only when it had insufficient means to carry on with such plans.

Mr. K. OLSEN (Food and Agriculture Organization) emphasized the vital interest of the FAO in any economic studies undertaken by a state or by the Organization. The problem of food supply would not diminish. Population growth, increased employment, and the readjustment of war-torn economies would all prevent this.

The FAO at the request of governments sent missions to various countries for general as well as specific problems. It was, in addition, operating regional programmes. In order to conserve resources and to utilize them to the fullest, the FAO has taken the initiative in this type of study. A Specialized Agency, like the FAO or the ITO could (i) make available the best talent; (ii) act as brokers for securing technicians; (iii) act as technical consultants on loans and, (iv) make available information of a technical nature.

He suggested that some countries, interested in huge programmes should not overlook the advantages of a series of smaller projects.

The CHAIRMAN stated that Committee VI had appointed a sub-committee to study the proposal of the delegate of Mexico that an Economic Development Committee be established. Since paragraph 2 of Article 10 and amendments thereto were directly related to that proposal, he suggested Committee II appoint a like sub-committee to work with the sub-committee of Committee VI,

/and that such

and that such a sub-committee should consist of the representatives of Australia, Belgium, China, Colombia, France, Pakistan, Mexico, Union of South Africa, Turkey, United States of America and Venezuela.

Mr. OLDINI (Chile) felt that because of the inter-relation, such a sub-committee was necessary, but in order to widen the scope of opinion, he would suggest that members of delegations different from those represented on Committee VI's sub-committee, be appointed.

Referring to the suggestion of Mr. LIEU (China) that those countries which had made special amendments to Chapter III should also be represented on the proposed sub-committee, Mr. WILGESS (Canada) pointed out that full opportunity was provided in the Rules of Procedure for the views of all countries to be heard.

Mr. TINOCO (Costa Rica) stated that his delegation would present its views in regard to the question of double taxation which fell within the field of economic development.

Mr. OLDINI (Chile) said that the establishment of a sub-committee of Committee II was indispensable. The terms of reference of the envisaged permanent Committee on Economic Development within the framework of the Charter would have to be based on the work accomplished by Committee II. Only five or six members would be necessary to serve as a liaison for information or as a guiding body to the sub-committee of Committee VI.

The CHAIRMAN, stating that he did not insist on his proposal, suggested that the following countries should form a sub-committee of Committee II, e.g. Burma, New Zealand, Canada, Uruguay, Chile and Sweden. In response to an intervention from Mr. HAIDER (Iraq), the latter country was also included as representing the interests of the Arab countries.

Mr. SKAUG (Norway) thought that the sub-committee appointed by Committee VI was sufficient. If a new sub-committee were appointed, however, it should study the work carried out already by other organs of the United Nations, such as that concerning double taxation. Work on this problem had been started by the League of Nations and the whole question of economic development was at present being examined by the Economic and Social Council. It was essential to avoid overlapping and confusion in this matter.

Mr. SHACKLE (United Kingdom) supported the views of the representative of Australia, namely that the sub-committee appointed by Committee VI was important and representative in composition. He supported the original suggestion of the Chairman.

Mr. RUBIN (United States of America) suggested that the respective Chairmen of Committees II and VI should consult together. Consultation might also take place as to whether a further sub-committee was necessary or the addition of members to the original sub-committees.

/Mr. WILGESS

Mr. WILGRESS (Canada) supported by Mr. ENTEZAN (Iran), thought that the sub-committee of Committee VI had been given particular terms of reference in relation to the organizational side of economic development questions. He suggested consultation between the Chairmen of Committees II and VI and the creation of a joint sub-committee to report back to the two main Committees. Committee II could then consider the fundamental aspects of the sub-committee of Committee VI.

The CHAIRMAN, resuming the discussion, stated that there were three proposals: (1) the original proposal for a sub-committee of Committee II consisting of the same countries appointed by Committee VI; (2) the proposal for a sub-committee of Committee II to be composed of six members, and in which none of the original countries were represented; and (3) a proposal to the effect that Chairmen of the respective main Committees should consult together in order to see whether the sub-committee appointed by Committee VI should act as a joint committee of both main Committees II and VI and report to both Committees.

On a show of hands, the general consensus of opinion was in favour of the third proposal.

Mr. TRABOULSI (Syria) stressed the concern which all Middle-Eastern countries felt in regard to economic development.

Mr. COOMBS (Australia) thought that the precise terms of reference of the joint sub-committee should be worked out in consultation between the Chairmen of both Committees. While Committee II dealt with the functions of ITO in its relation to assistance in economic development, Committee VI was concerned with certain phases of organization within the Organization itself for carrying out such functions.

Mr. OLDINI (Chile) thought that there should be no confusion regarding the functions of the sub-committee, whose activities had been outlined by the representative of Mexico that morning, and would obviously cover Chapter III of the Charter. The adoption or rejection of amendments or changes made in certain Articles would determine the scope of any Economic Development Committee in the Organization.

Mr. RUBIN (United States of America) suggested that in the consideration of terms of reference, the proposal of the Norwegian delegation regarding the activities of specialized agencies should be taken into account.

Mr. ADARKER (India) expressed the interest of his delegation in the observations of the representative of FAO, of which the sub-committee to be appointed should be asked to take cognizance.

The CHAIRMAN then asked for comments on the amendment to paragraph 2 of Article 10 submitted by the representative of Pakistan, namely to include

/the words

the words "capital goods, equipment and materials" at the end of the paragraph.

Mr. HASNIE (Pakistan) stated that the amendment was intended to enlarge the scope of co-operation and assistance which member nations might seek from the Organization. He did not insist on the amendment but felt that the Organization should consider the possibility of extending the scope of the Article.

Mr. RUBIN (United States of America) thought that the point was covered by Article 11 (1) and also by Article 10.

Mr. HASNIE (Pakistan) stated that he was referring to the obligation of the Organization as distinct from the assistance to be given by member nations. Article 10 laid down the scope of activities of the Organization while Article 11 referred to the obligations of member governments. If no difference existed between the duties of a member nation and the Organization, he was prepared to withdraw his amendment.

Mr. DENEL (Turkey) referring to the amendment submitted by his delegation to paragraph 2 of Article 10, stated that investments had been safeguarded in the Charter without any means being provided for placing of capital in the future. His delegation would be ready to accept an alternative wording for the amendment which would provide more effective assistance to underdeveloped countries. The amendment was submitted because the intervention of the Organization would perhaps lend weight to requests for capital to the International Bank for Reconstruction and Development.

Mr. NOVQA (Mexico) supported the amendment because it was obvious that any assistance in regard to Industrial or Economic Development would be useless if not accompanied by adequate funds.

On the proposal of Mr. OLDINI (Chile) it was decided to defer discussion of the Turkish amendment to Article 10 until the next meeting, the date of which would be announced later. The CHAIRMAN suggested that no meeting of the Committee would take place on Saturday, 6 December. This proposal was accepted by the Committee.

The meeting rose at 7.30 p.m.