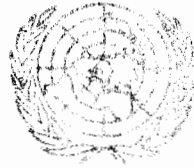


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ECONOMIC COMMITTEE

SUMMARY RECORD OF THE ONE HUNDRED AND TWENTY-THIRD MEETING

held at the Palais des Nations, Geneva,
on Wednesday, 5 September 1951, at 5.15 p.m.

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(continued)

Present:

Acting Chairman: Mr. KRISHNAMACHARI

Members:

Belgium	Mr. HUYBRECHTS
Canada	Mr. REISMAN
Chile	Mr. SCHNAKE VERGARA
China	Mr. CHA
Czechoslovakia	Mr. NOSEK
France	Mr. ABELIN
India	Mr. DESAI
Iran	Mr. KHOSROVANI
Pakistan	Mr. ISMAIL
Peru	Mr. CABADA
Philippines	Mr. GARCIA
Poland	Mr. BIRECKI
Sweden	Mr. STERNER
Union of Soviet Socialist Republics	Mr. SAKSIN
United Kingdom of Great Britain and Northern Ireland	Mr. GRAY
United States of America	Mr. LUBIN
Uruguay	Mr. CHARLONE

Representatives of a specialized agency:

International Labour Organisation	Mr. GUIGUI
	Mr. HOWENSTINE

Representatives of non-governmental organizations:

Category B and Register

Catholic International Union for Social Service	Mr. LUITEN
International Alliance of Women	Miss GINSBERG

Representatives of non-governmental organizations (continued):

Category B and Register (continued):

International Federation of University Women	Miss MILLS
Women's International League for Peace and Freedom	Mrs. BAER

Secretariat:

Mr. Weintraub	Director, Division of Economic Stability and Development
Mr. Judd	Division of Economic Stability and Development
Mr. Dumontet	Secretary to the Committee

RESOLUTION 196 (XL) ON PROCEDURES
OF THE COUNCIL OF PARLIAM. COMMISSIONS (item 6
of the agenda), E/L.252, E/L.255,

The CHAIRMAN announced a revised version of the United Kingdom draft resolution, which included among all the amendments suggested at the previous meeting the deletion of the Indian proposal set forth in paragraph 6 of the draft resolution. The Pakistani representative stated that paragraph 6 of the draft resolution be deleted. The Indian delegation could not see its way to accepting the amendment to be taken on paragraph 6, followed by a vote on the Pakistani draft resolution as a whole, with or without amendments. The CHAIRMAN announced the result of the first vote.

The CHAIRMAN (E/L.256) reminded the Committee of his proposal (E/L.256) and stated that the report by the Secretary-General should be deferred. He stated that, in view of the matter under discussion, he felt that his draft resolution should be deferred.

The CHAIRMAN, in conformity with rule 65 of the Council's rules of procedure, invited the Committee to vote on the Pakistani draft resolution.

The Pakistani draft resolution (E/L.256) was rejected by 7 votes to 2, with 1 abstention.

The CHAIRMAN observed that there remained for consideration the United Kingdom draft resolution (E/L.243/Rev.1) and the Indian proposal in section 1 of document E/L.255, that paragraph 6 thereof be deleted.

The CHAIRMAN considered that, in studying item 6 of the agenda, the Committee could not restrict itself to procedural questions but should deal with the substance of the whole question of primary commodities. He stated that the Committee and of the Council as a whole had to take into account the existing situation in world raw materials markets. He stated that the United States representative had stated that the United States was not interested in raw materials both

for the armaments industries and for stockpiling. The United States of America was not only obtaining its materials from its own sources, but was also trying to exploit other markets and attempting to conceal its real aims under a screen of so-called technical assistance. Its true aims were, in fact, to squeeze out all competition and leave a free field for United States operations. That contention was amply confirmed by the report of the United States Director of Defence Mobilization, published on 1 April 1951, on page 40 of which were listed a number of countries whose economic resources the United States was to attempt to expand. The demand for strategic materials had risen sharply owing to the accelerated production of warlike materials resulting from the pressure exercised by the United States Government through the North Atlantic Treaty Organization. There had been a consequent rise in prices of various commodities, and the shortage of raw materials was having repercussions on normal production processes in the capitalist countries. The United Kingdom representative at the sixth session of the Economic Commission for Europe (ECE) had stated that United Kingdom industry would suffer greatly from such shortages; that restricted production and increased unemployment were to be feared; and that, indeed, the re-armament programme could only be carried out at the cost of lower domestic consumption.

He would draw attention to various negotiations relating to supplies of raw materials carried out by capitalist countries. France, the United States of America and the United Kingdom had, both individually and at a number of joint meetings, investigated the question of the international allocation of raw materials. The same problem had also been considered by other organizations, for example, the Council of the Organization for European Economic Co-operation (OEEC). In January, 1951, the United States of America, the United Kingdom and France had issued a joint communiqué according to which a temporary central raw materials group was to be established in Washington, while groups for particular raw materials, in which both producer and consumer countries would be represented, were also proposed. That proposal was directly contrary to Articles 55 and 56 of the Charter of the United Nations, and provided proof of the fact that the United States of America wished to seize control of the sources and distribution

of raw materials to the detriment of all other members of the United Nations. Council resolution 296 (XI) clearly outlined procedures for inter-governmental consultations on problems of primary commodities. In pursuit of its aggressive aims, the United States Government had ignored the United Nations, and the International Raw Materials Conference at present sitting in Washington was typical of United States attempts to achieve economic expansion and of its desire to undermine international trade.

The measures to be taken by the various organs of the United Nations in the field of economic policy should be studied in the light of the foregoing considerations. The Economic and Social Council should approve only measures which would fully implement the basic principles of the United Nations, and which would guarantee peace, facilitate economic development and prevent a new world war.

Mr. DESAI (India) said that, the Indian delegation's objection to paragraph 6 of the revised United Kingdom draft resolution being one of principle, he felt compelled to press for the deletion of that paragraph. As he had previously pointed out, references to Chapter VI of the Havana Charter as a general guide for inter-governmental consultations had already been made by the Council in resolution 296 (XI). At that time, the possibility had still existed that the Havana Charter would be ratified and that the International Trade Organization (ITO) would come into existence. It was simply because that situation had completely changed that the Indian delegation wished to see the reference to the Havana Charter deleted from the draft resolution. That point had been stressed by the United States representative at the Council's eleventh session in the following statement:

"There would have been force in the argument put forward by the Indian representative against the recommendation of ICCICA if there had been a need for devising permanent machinery for concluding international commodity arrangements, and not just machinery for provisional use until the International Trade Organization came into existence. His Government still hoped that that would happen in the near future".

The relevant clauses of resolution 296 (XI) had been framed in the light of the circumstances then existing. If it were decided that paragraph 6 of the

revised United Kingdom draft resolution should be retained, the Indian delegation would vote against it.

Mr. LUBIN (United States of America) asked whether the Indian representative objected to the principles incorporated in the Havana Charter, or whether he merely considered that no reference to the Havana Charter should be made in view of the fact that ITO was not likely to come into existence in the near future. If the latter were the case, and there was no objection to the principles of the Havana Charter, it might be possible to draft a longer resolution incorporating those principles.

Mr. DESAI (India) replied that he had made his objections as a matter of principle. In any case, the Council would still be able at a later session to study all the details of the procedures laid down in Chapter VI of the Havana Charter with a view to determining their practicability under the present changed circumstances, and how they might be supplemented or amended to render them valid in the absence of ITO.

Mr. SAKSIN (Union of Soviet Socialist Republics), drawing attention to the irregularities which frequently occurred in the publication and distribution of the Council's documents, asked why the report by the Secretary-General under Council resolution 296 (XI) on procedures for inter-governmental consultations on problems of primary commodities (E/2039), which was dated 27 June, 1951, had not been distributed in Geneva until August. Such delays were particularly embarrassing for delegations which could not readily make contact with their governments, and which consequently found themselves unable to take part in discussions simply because they had not had sufficient time to study the relevant documentation. The Council and the Secretariat should give serious attention to that matter with a view to remedying the organizational defects involved. He requested that documents be circulated to governments not less than one week after the date of publication.

Turning to the proposals before the meeting, he observed that the United States representative had defended the inclusion of paragraph 6 in the revised

United Kingdom draft resolution. Such a recommendation simply represented an attempt to impose on States, which were not even parties to the Havana Charter, the procedural principles laid down in that Charter. From the legal point of view, it was inadmissible that States Members of the United Nations, which was the supreme international authority, should be forced to submit to the principles embodied in the Havana Charter, which had not even been ratified, and therefore had no validity in international law. Consequently, he fully supported the Indian proposal that paragraph 6 be deleted.

He would be glad to know why, despite the objections of the Indian and other delegations, the United Kingdom and United States representatives were still seeking to impose the principles of the Havana Charter on all Members of the United Nations. The United States representative had stated that his sole object was to ensure the maintenance of existing procedures for consultation on commodity problems; was, then, the existing procedure so efficacious as to warrant its retention indefinitely? He (Mr. Saksin) felt very doubtful about that. The French representative, drawing attention to the wide fluctuations in raw material prices which were affecting producers and consumers alike, and were undermining the living standards of millions of people in Asia and the Far East, had drawn attention to the difficult situation that was arising on account of the increase in raw materials prices. The situation would be better described as critical, and the reason for it lay in the fact that, contrary to the principles of the United Nations, 80 to 90 per cent of all primary commodities were being channelled by reactionary circles in the United States of America and the United Kingdom to production for warlike purposes. The whole question had been taken out of the hands of the United Nations, and was being settled at private meetings of monopolies, whose activities were depriving millions of their livelihood and endangering the peace of the world. The United States representative's proposal that existing arrangements for inter-governmental consultation should be maintained simply reflected the attempts being made by two or three governments to dictate policies. For that reason, the Committee should, he considered, vigorously reject the United States proposal.

It had been suggested by the Uruguayan representative that the reason for the delay in the ratification of the Havana Charter lay in the different parliamentary procedures of the various countries concerned. But that Charter represented the outcome of two years of international discussions, and had still not been ratified by the necessary number of contracting States. The truth was that the advocacy of the principles of the freedom of trade was simply a subterfuge intended to conceal the activities of United States monopolies. Freedom of trade was obviously an impossibility, in view of the fact that 80 to 90 per cent of total world production of primary commodities was in the hands of monopolies. There was, moreover, fierce competition between the United States of America and the United Kingdom for supplies of those commodities. The procedures advocated by the United States delegation were not only illegal, but economically unsound to boot. There had also been much talk of abolishing tariff barriers, but the United States of America was actually increasing its tariffs, even against its allies in the North Atlantic Treaty Organization. The real reason for the non-ratification of the Havana Charter was to be found in the fierce competition which was raging between imperialist groups which were not amenable to the discipline of the United Nations but insisted on acting independently.

The ACTING CHAIRMAN, replying to the Soviet Union representative's remarks about the distribution of documents, drew attention to rule 9 of the Council's rules of procedure, regarding the circulation of documents six weeks before the opening of any session. In the particular case referred to by the Soviet Union representative, the document had been fully distributed shortly after 27 June in New York; a special additional distribution had, however, been made subsequently in Geneva and it was that extra distribution that the Soviet Union representative obviously had in mind.

Mr. LUBIN (United States of America) pointed out that Chapter VI of the Havana Charter explained why certain countries were interested in establishing principles, rather than procedures, for international action in the field of commodities. Chapter VI was designed to promote stability in the distribution of commodities in the world market, and thus to assist under-developed countries

to develop their economies. It therefore concerned the interests both of countries which produced raw materials and of those which consumed them. Again, it should be remembered that the Havana Conference had been sponsored by the United Nations. As could be seen from the official records, the Council, at its first session, had adopted a resolution recommending the convening of such a conference on international trade.

With regard to the Soviet Union representative's contention that the United States Government wished to put on a permanent basis the procedure suggested in paragraph 6 of the revised United Kingdom draft resolution, he drew attention to paragraphs 5 and 9 of that text.

With reference to the Soviet Union and Czechoslovak representatives' remarks concerning certain international activities at present taking place in Washington, it should be pointed out that the International Raw Materials Conference had been convened to meet the needs of free countries throughout the world, and to ensure them an equitable supply of raw materials. The French, United Kingdom and United States Governments had issued a statement when the conference had been established, to the effect that its function was to recommend to governments specific action to be taken in order to increase production and supplies, and to ensure the most effective distribution and use of such supplies. The major producing and consuming countries of the free world were participating in the work of the Conference. The central group comprised delegations from Australia, Brazil, Canada, France, India, Italy, the United Kingdom and the United States of America; there were, in addition, two inter-governmental organizations, one representing all the free countries of Europe and the other the Organization of American States. Twenty-seven countries were represented on the Conference's various technical committees. Provision was also made to cover the interests of non-member countries. For example, questionnaires were circulated to them in order to ascertain their requirements. An opportunity was given to non-members to participate and, when allocation systems were evolved, supplies were set aside for members and non-members on an equitable basis. In other words, the Conference was a fair and

honest attempt to meet the needs of member and non-member countries of the free world.

The charge had been made that, in a sense, the Conference contradicted certain articles of the Charter of the United Nations, particularly those relating to international economic co-operation. In fact, there was no contradiction between the Charter and the activities of the Conference, the latter of which represented a specific application of Articles 55 and 56 of the former. It was not the countries of the free world taking part in the work of the Conference which were acting in contradiction to Articles 55 and 56 of the Charter, but rather those outside that group, which, by their aggressive activities, were forcing other countries to adopt certain measures and were thus obstructing the attainment of higher standards of living and full employment, and of improved conditions of economic and social progress and development. He suggested that the latter group of countries should abandon their aggressive aims and co-operate with the countries of the free world in implementing the provisions of Articles 55 and 56 of the Charter of the United Nations, so as eventually to eliminate the need for holding such conferences as the International Raw Materials Conference.

Mr. NOSEK (Czechoslovakia) said that, in reply to the United States representative, he would simply refer to an article in Le Monde of 3 June, 1951, in which it had been stated that, instead of an agreement on international action to solve the raw materials problem, certain differences had arisen between the United Kingdom and United States of America, the United Kingdom Ministers having complained of the United States policy, which had led to an increase in the shortages experienced by other countries. The Americans, the article had gone on, released only very small quantities of essential raw materials such as sulphur and copper, and claimed that the United Kingdom and the other members of the Commonwealth of Nations had made large profits by selling at high prices whatever supplies they had had at their disposal. It had further been stated that in 1950 the United Kingdom's gold and dollar reserves had increased by 1,580 million dollars, and that that country could not expect at the same time to retain the raw

materials which it had sold in order to obtain gold and dollars. The article had proceeded to make the point that the United States economy was a burden on the general world economy, and that although the United Kingdom authorities tended to believe that the problem could be solved by agreement between themselves and the United States Authorities, other countries also had something to say in the matter.

Mr. SAKSIN (Union of Soviet Socialist Republics) stated that everyone knew that the Soviet Union had never harboured, and did not at present harbour, any aggressive intentions. On the other hand, the world was well informed about the facts of United States policy, among others those of its policy regarding primary commodities. In 1946, less than one year after the end of the second world war, and shortly after the agreement signed at Potsdam, a law had been enacted in the United States of America concerning the stockpiling of military commodities and raw materials. That had been the beginning of the raw material shortage. The United States of America, not content with launching the second world war, and although guilty of the deaths of millions of human beings, was preparing for a new military adventure, as was clear from its stockpiling operations.

On the other hand, ever since the end of the second world war the Soviet Union, had been conscientiously fulfilling the provisions of the Potsdam Agreement, and was exerting every effort to promote the peaceful development of other countries on equal terms.

Although the United States Congress spoke loudly of peace, the United States Administration had refused to prolong the trade agreement between the United States of America and the Soviet Union, which had nominally been in effect since 1936. That was a result of the aggressive policy of discrimination pursued by the United States Government which vainly hoped to isolate the Soviet Union by means of an economic blockade. Such a policy could hardly be termed a policy of peace compatible with the principles of the Charter of the United Nations.

Unlike the United States of America, the Soviet Union did not maintain an army on foreign soil or a navy in foreign waters. The United States armed forces were scattered over the entire world. In Korea, several thousands of miles from the United States homeland, United States armed forces had been killing thousands of peaceful people. Information on all these matters could be obtained from the United States Press itself.

Mr. LUBIN (United States of America) replied that the allegation that the United States of America had started the second world war had a truly ironical ring, coming as it did from the representative of a country which had made a pact with Hitler.

Mr. SCHNEIKE VERGARA (Chile) explained the position of the Chilean delegation following the rejection of the Pakistani proposal. Having received no instructions from the Chilean Government regarding paragraph 7 of the revised United Kingdom draft resolution, which was an essential paragraph, he would be obliged to abstain from the vote. If the draft resolution were voted on paragraph by paragraph, he would, however, be able to support the remaining paragraphs.

Mr. CHARLONE (Uruguay) proposed that the words "a later session" in paragraph 9 should be replaced by the words "the fourteenth session".

Mr. GRAY (United Kingdom) replied that, in his delegation's view, it would be premature to consider the matter further at the Council's fourteenth session, which was not very far distant. Moreover, any member could bring the matter up at its discretion. It would therefore be better to leave the question open.

Mr. CHARLONE (Uruguay) considered that the study of so important a problem should not be too long delayed, and that members would have ample time to make up their minds on the matter before the fourteenth session. The problem of primary commodities concerned the whole world, and more especially the under-developed countries, whose income was mainly derived from the export of primary

commodities and raw materials. These countries wished to see a satisfactory international system put into operation without delay. That was why the Uruguayan delegation formally proposed that it be expressly stated in paragraph 9 of the revised United Kingdom draft resolution that consideration of the question be deferred until the fourteenth session of the Council.

Mr. LUBIN (United States of America) pointed out that the Council had not yet considered the report of the Ad hoc Committee on the Organization and Operation of the Council and its Commissions. It was therefore still unknown, whether the Council would hold two or three sessions in 1952. Again, the first session in that year might possibly be devoted to procedural matters. He therefore wondered whether the Uruguayan representative could agree to the phrase "to one of the sessions in 1952".

Mr. REISMAN (Canada) remarked that one reason why the matter was not being taken up substantively at the present session was that problems relating to commodities, as visualized in Chapter VI of the Havana Charter, and pursuant to the relevant Council resolutions, related mainly to surpluses. Most representatives would agree that the world was not at the moment going through a period of commodity surpluses. Instead of inserting a rigid requirement regardless of whether the urgent need existed or other more urgent problems required solution, he felt that it would be preferable to include a flexible provision, and therefore preferred the existing text of paragraph 9.

The ACTING CHAIRMAN pointed out that provision was made in rule 10 of the Council's rules of procedure for the inclusion of items on the provisional agenda of any session at the request of any Member of the United Nations.

Mr. ABELIN (France) pointed out to the Canadian representative that Chapter VI of the Havana Charter also dealt with the primary commodities market in time of shortage.

Mr. CHENEVIE (Uruguay), replying to the Canadian representative, said that it was precisely in connexion with shortages that the question of primary

commodities should be considered. Although in time of shortage the countries producing primary commodities benefited from a rise in prices, they would much prefer to see a stable and normal situation restored. If the problem were not examined soon, a period of surpluses would supervene, and the producing countries would then find themselves in a very difficult position if no system of regulation had been introduced. It would be advisable, even though shortages at present existed, to begin preparations for dealing with surpluses.

He could accept the phrase suggested by the United States representative, namely: "to one of the sessions in 1952".

Mr. GRAY (United Kingdom) pointed out that the United Kingdom draft resolution, as indicated in paragraph 9, visualized the deferment of more detailed consideration of the appropriate procedures to be adopted for the convening of study groups and international commodity conferences. He felt that it might be premature to consider at the Council's fourteenth session the setting up of permanent arrangements for convening such groups and conferences. The Uruguayan representative had apparently been referring to the question of discussing commodity problems themselves, rather than to the machinery for convening groups and conferences. If any member wished for a general discussion on such matters, that could be sought through the appropriate channels. Meanwhile, interim arrangements already existed for convening study groups and conferences, and so he had already indicated that those arrangements should continue until a later, but preferably not the fourteenth, session of the Council, when delegations would be in a better position to take up the matter again.

Mr. REISMAN (Canada) referring to the French representative's statement, said that the provisions of Chapter VI of the Havana Charter, while applicable to shortages, were related principally to problems arising from surpluses. He pointed out that interim arrangements existed, and that all member countries could make use of the procedure provided for by the Council if they so desired. France itself had displayed great initiative in setting up effective machinery to deal with shortages.

The ACTING CHAIRMAN declared the discussion closed.

Mr. GRAY (United Kingdom) said that he would accept the United States re-wording of the Uruguayan amendment to paragraph 9 of the United Kingdom draft resolution.

The ACTING CHAIRMAN then proceeded to put the revised United Kingdom draft resolution (E/L.243/Rev.1) to the vote, paragraph by paragraph.

Paragraphs 1 to 5 were adopted by 13 votes to none, with 4 abstentions.

The ACTING CHAIRMAN put to the vote the Indian proposal that paragraph 6 be deleted.

The Indian proposal was rejected by 10 votes to 4, with 3 abstentions.

Paragraph 6 of the revised United Kingdom draft resolution was adopted by 11 votes to 4, with 2 abstentions.

Paragraph 7 was adopted by 12 votes to none, with 5 abstentions.

Paragraph 8 was adopted by 13 votes to none, with 4 abstentions.

Paragraph 9, as amended was adopted by 12 votes to none, with 5 abstentions.

The revised United Kingdom draft resolution (E/L.243/Rev.1), as amended, was adopted as a whole by 11 votes to none, with 6 abstentions.

Mr. ISMAIL (Pakistan) explained that he had abstained from voting because the Pakistani Government, as he had previously mentioned, had had no opportunity of examining the draft resolution. Accordingly he fully reserved his Government's position in the matter, while regretting that the Committee had not accepted his suggestion that consideration of the question be deferred.

The meeting rose at 6.50 p.m.