

FIRST COMMITTEE: EMPLOYMENT AND ECONOMIC ACTIVITY

REVISED DRAFT REPORT TO THE CONFERENCE

1. The First Committee was responsible for the examination of the Geneva draft text of Chapter II on "Employment and Economic Activity", together with proposals submitted by delegations relating to the subject matter of the Chapter.
2. Mr. J. J. DEDMAN (Australia) was elected Chairman. Mr. E. WAERUM (Denmark) was elected Vice-Chairman.
3. The Committee held thirteen meetings and succeeded in resolving all issues before it (E/CONF.2/C.1/SR.1/13). Mr. DEDMAN presided at the first ten meetings and Mr. WAERUM at the last three meetings.
4. To facilitate its work the Committee established three sub-committees.
5. The First Sub-Committee was appointed to consider proposals relating to the article on "Fair Labour Standards" and consisted of the representatives of Argentina, Ceylon, China, Colombia, Cuba, Czechoslovakia, Denmark, Mexico, the Netherlands, New Zealand, Turkey, Union of South Africa, United States of America and Uruguay. Dr. D. K. LIEU (China) was chairman of this sub-committee. The Sub-Committee's report is contained in E/CONF.2/C.1/9.
6. The Second Sub-Committee was appointed to examine proposals relating to the other articles of the Chapter and consisted of the representatives of Australia, Canada, France, India, Italy, Lebanon, Norway, Peru, Philippines, United Kingdom and the United States of America. M. Jean ROYER (France) served as chairman of the sub-committee. The report of the Sub-Committee is contained in E/CONF.2/C.1/10.
7. The Third Sub-Committee was set up to consider the draft resolution on employment which had been prepared by the First Session of the Preparatory Committee, together with any new proposals which might be submitted relating to this subject. This Sub-Committee consisted of the representatives of Australia, Belgium, Brazil, France, Italy, Lebanon, Mexico, Pakistan, Poland, El Salvador, Sweden, the United Kingdom and the United States of America.

NOTE: The change agreed to by the Central Drafting Committee in respect of the French text of Article 7 appears in the French edition of the present document.

/Mr. J. H. G. PIERSON

Mr. J. H. G. PIERSON (United States) served as Chairman. The report of this Sub-Committee is given in E/CONF.2/C.1/17.

8. In the preparation of the text of the Chapter assigned to it, the First Committee has taken account of the suggestions put forward by the Central Drafting Committee in documents E/CONF.2/C.8/1/Rev.1 and E/CONF.2/C.8/7.

9. A summary list of the documents containing the proposals which were considered by the Committee in preparing the text of the Chapter is set forth in an attachment to this report as Annex 1. The reports of the Sub-Committees which examined these proposals were accepted. Certain questions which the Sub-Committees were not able to resolve have now been resolved as indicated in Annex 2. The text of Chapter II, as recommended unanimously by the First Committee for approval by the Conference, is attached to the present report as Annex 3.

10. The First Committee has already transmitted to the Conference, and a Plenary Session of the Conference has already acted upon, the text of a resolution to the Economic and Social Council relating to employment (see E/CONF.2/27 and E/CONF.2/SR.13).

ANNEX 1

IDENTIFYING DOCUMENT NUMBERS OF PROPOSALS SUBMITTED RELATING
TO CHAPTER II - EMPLOYMENT AND ECONOMIC ACTIVITY

<u>Article 2</u>	
E/CONF.2/11/Add.4	(Peru)
E/CONF.2/11/Add.18	(Italy)
E/CONF.2/11/Add.28	(Mexico)
<u>Article 3</u>	
E/CONF.2/11/Add.18	(Italy)
E/CONF.2/11/Add.28	(Mexico)
E/CONF.2/C.1/3/Add.4	(Philippines)
E/CONF.2/C.1/3/Add.7	(Norway)
<u>Article 4 (Formerly Article 5)</u>	
E/CONF.2/11/Add.32 and	(Peru)
E/CONF.2/C.1/7/Corr.1	
E/CONF.2/C.1/3/Add.6	(Denmark)
<u>Article 5 (Formerly Article 6)</u>	
E/CONF.2/11/Add.31	(Mexico)
E/CONF.2/C.1/13	(Italy)
<u>Article 6 (Formerly Article 7)</u>	
E/CONF.2/C.1/7/Add.2	(Norway)
E/CONF.2/C.1/21	(Norway)
<u>Article 7 (Formerly Article 4)</u>	
E/CONF.2/11/Add.3	(Argentina)
E/CONF.2/11/Add.4	(Peru)
E/CONF.2/11/Add.23	(Burma)
E/CONF.2/11/Add.28	(Mexico)
E/CONF.2/11/Add.31	(Mexico)
E/CONF.2/11/Add.33	(Ceylon)
E/CONF.2/C.1/3/Add.1	(Haiti)
E/CONF.2/C.1/3/Add.2	(Uruguay)
E/CONF.2/C.1/3/Add.3	(Union of South Africa)
E/CONF.2/C.1/3/Add.4	(Philippines)
E/CONF.2/C.1/3/Add.5	(Colombia)
E/CONF.2/C.1/7/Add.1	(Consequential Amendment by the United States of America)
E/CONF.2/C.1/12	(International Labour Organization)
E/CONF.2/C.1/15/Add.1	(Belgium)

ANNEX 2

DISPOSITION OF PROPOSALS REMAINING AFTER THE SUBMISSION
OF THE SUB-COMMITTEE REPORTS

The following statement indicates, with reference to each Article, the action taken on proposals which had not been satisfied by the Sub-Committee texts or which arose after the submission of the Sub-Committee reports.

Article 2

All proposals were dealt with in the Sub-Committee's report.

Article 3

The proposal of the delegation of Norway concerning fluctuations in demand and prices (E/CONF.2/C.1/3/Add.7 and E/CONF.2/C.1/21), which had not been covered in the Sub-Committee's report, was dealt with in a modified form through the amendment of new Article 6 at the eleventh meeting of the Committee (E/CONF.2/C.1/SR.11). The question raised by this proposal was also mentioned in the preamble of the resolution on employment (E/CONF.2/27 and E/CONF.2/SR.13).

The proposal by the delegation of Italy concerning the international mobility of labour (E/CONF.2/11/Add.18 and E/CONF.2/C.1/13) was dealt with in a modified form by introducing present paragraph 1 (b) in new Article 7 (E/CONF.2/C.1/SR.9) and by Section 3 of the Resolution on Employment (E/CONF.2/27).

The proposal by the delegation of Mexico concerning migratory workers (E/CONF.2/11/Add.28) was dealt with in a modified form in Section 4 of the Resolution on Employment (E/CONF.2/27).

Article 4 (Formerly Article 5)

The proposal of the delegation of Peru regarding the disposal of surpluses during periods of widespread balance-of-payments difficulties (E/CONF.2/C.1/7/Corr.1) was withdrawn at the ninth meeting in view of the fact that the Sub-Committee had not been prepared to recommend the inclusion of a provision on this subject in Chapter II (E/CONF.2/C.1/SR.9).

Article 5 (Formerly Article 6)

As indicated above in connection with Article 3, sub-paragraph (b) was added to paragraph 1 of this Article as a result of the proposal by the delegation of Italy in E/CONF.2/C.1/13.

Article 6 (Formerly Article 7)

As in the case of the proposal relating to paragraph 3, mentioned above, the proposal by the delegation of Norway relating to present Article 6, concerning the stabilization of prices (E/CONF.2/C.1/7/Add.2 and

/E/CONF.2/C.1/21)

E/CONF.2/C.1/21), was dealt with in a modified form through the amendment of new Article 6 (E/CONF.2/C.1/SR.11) and through the preamble of the Resolution on Employment (E/CONF.2/27 and E/CONF.2/SR.13).

Article 7 (Formerly Article 4)

The provisional reservation by the delegation of Mexico mentioned in paragraph 8 of the Report of the Sub-Committee on this Article (E/CONF.2/C.1/9) was withdrawn at the eighth meeting (E/CONF.2/C.1/SR.8).

In the first sentence of paragraph 1 the word "international", referring to declarations, conventions and agreements, was changed to "inter-governmental" at the ninth meeting (E/CONF.2/C.1/SR.9). Other changes in this sentence suggested by the Drafting Committee (E/CONF.2/C.8/1/Rev.1) were not accepted (E/CONF.2/C.1/SR.12).

The problem raised by the delegation of Belgium (E/CONF.2/C.1/SR.8 and E/CONF.2/C.1/15/Add.1) concerning a possible misinterpretation of the last part of the second sentence in paragraph 1 of this Article was initially discussed at the tenth meeting (E/CONF.2/C.1/SR.10). Subsequently a suggestion was put forward by the Central Drafting Committee (E/CONF.2/C.8/1/Rev.1) which was considered by the First Committee at its eleventh and twelfth meetings. At the twelfth meeting it was decided that the English text should read "...the improvement of wages and working conditions as productivity may permit". At the thirteenth meeting, after receiving further advice from the Central Drafting Committee, the First Committee decided that the corresponding French text should read "....."

The words "within its territory" were added after "conditions" in the third sentence of paragraph 1 at the eighth meeting (E/CONF.2/C.1/SR.8).

At the eighth meeting the representative of the International Labour Organization proposed a change in the third paragraph (E/CONF.2/C.1/12). This proposal was discussed at the ninth meeting and was adopted in a modified form (E/CONF.2/C.1/SR.9).

ANNEX 3

CHAPTER II

EMPLOYMENT AND ECONOMIC ACTIVITY

Article 2

Importance of Employment, Production and Demand
in relation to the Purpose of this Charter

1. The Members recognize that the avoidance of unemployment or under-employment, through the achievement and maintenance in each country of useful employment opportunities for those able and willing to work and of a large and steadily growing volume of production and effective demand for goods and services, is not of domestic concern alone, but is also a necessary condition for the achievement of the general purpose and the objectives set forth in Article 1, including the expansion of international trade, and thus for the well-being of all other countries.
2. The Members recognize that, while the avoidance of unemployment or under-employment must depend primarily on internal measures taken by individual countries, such measures should be supplemented by concerted action under the sponsorship of the Economic and Social Council of the United Nations in collaboration with the appropriate inter-governmental organizations, each of these bodies acting within its respective sphere and consistently with the terms and purposes of its basic instrument.
3. The Members recognize that the regular exchange of information and views among Members is indispensable for successful co-operation in the field of employment and economic activity and should be facilitated by the Organization.

Article 3

Maintenance of Domestic Employment

1. Each Member shall take action designed to achieve and maintain full and productive employment and large and steadily growing demand within its own territory through measures appropriate to its political, economic and social institutions.
2. Measures to sustain employment, production and demand shall be consistent with the other objectives and provisions of this Charter. Members shall seek to avoid measures which would have the effect of creating balance-of-payments difficulties for other countries.

Article 4

Article 4

Removal of Maladjustments within the Balance-of-Payments

1. In the event that a persistent maladjustment within a Member's balance-of-payments is a major factor in a situation in which other Members are involved in balance-of-payments difficulties which handicap them in carrying out the provisions of Article 3 without resort to trade restrictions, the Member shall make its full contribution, while appropriate action shall be taken by the other Members concerned, towards correcting the situation.
2. Action in accordance with this Article shall be taken with due regard to the desirability of employing methods which expand rather than contract international trade.

Article 5

Exchange of Information and Consultation

1. The Members and the Organization shall participate in arrangements made or sponsored by the Economic and Social Council of the United Nations, including arrangements with appropriate inter-governmental organizations:
 - (a) for the systematic collection, analysis and exchange of information on domestic employment problems, trends and policies, including as far as possible information relating to national income, demand and the balance-of-payments;
 - (b) for studies, relevant to the purpose and objectives set forth in Article 1, concerning international aspects of population and employment problems;
 - (c) for consultation with a view to concerted action on the part of governments and inter-governmental organizations in order to promote employment and economic activity.
2. The Organization shall, if it considers that the urgency of the situation so requires, initiate consultations among Members with a view to their taking appropriate measures against the international spread of a decline in employment, production or demand.

Article 6

Safeguards for Members subject to External
Inflationary or Deflationary Pressure

The Organization shall have regard, in the exercise of its functions under other Articles of this Charter, to the need of Members to take action
/within the

within the provisions of this Charter to safeguard their economies against inflationary or deflationary pressure from abroad. In case of deflationary pressure special consideration shall be given to the consequences for any Member of a serious or abrupt decline in the effective demand of other countries.

Article 7

Fair Labour Standards

1. The Members recognize that measures relating to employment must take fully into account the rights of workers under inter-governmental declarations, conventions and agreements. They recognize that all countries have a common interest in the achievement and maintenance of fair labour standards related to productivity, and thus in the improvement of wages and working conditions as productivity may permit. The Members recognize that unfair labour conditions, particularly in production for export, create difficulties in international trade, and, accordingly, each Member shall take whatever action may be appropriate and feasible to eliminate such conditions within its territory.
2. Members which are also members of the International Labour Organization shall co-operate with that organization in giving effect to this undertaking.
3. In all matters relating to labour standards that may be referred to the Organization in accordance with the provisions of Article 90, it shall consult and co-operate with the International Labour Organization.
