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PREPARATORY COMMITTEE OF THE INTERNATIONAL CONFERENCE
ON TRADE AND EMPLOYMENT

COMMITTEE I

BELGIAN DELEGATION
NOTE REGARDING THE DRAFTING OF ARTICLES
RELATING TO EMPLOYMENT POLICY

The Belgian Delegation records its agreement with the general principles emerging from the general discussion held on Monday October 21, and especially with that of the obligation of each member-country to carry out a co-ordinated internal policy for maintaining the highest possible and most stable level of employment, production and national income.

This implies obligations on the international plane: collaboration in measures of economic policy taken by other member-countries through the exchange of information, the desire to attain common objectives by appropriate national methods, participation in international agreements for the stabilisation of the prices of raw materials, the industrialisation of countries backward in economic development, the synchronising of the various policies of credit, etc.

The realisation of these aims will necessitate drawing up the statutes of an international body responsible for receiving information, proceeding to recommendations, and eventually taking sanctions against those countries which, even in good faith, did not fulfil all their obligations towards the other members.

THE BELGIAN DELEGATION, noting that the various articles proposed for the formulation of these aims already closely resemble one another, relies on the drafting sub-committee to produce a common text, reserving, of course, the right to express approval or criticism later.

However, before the sub-committee begins its work, the Belgian Delegation desires to express a wish : that the expression "full employment policy" should be replaced by some more precise formula, such as "the attainment of the highest possible and most stable level of employment", or "the attainment and maintenance of the highest possible level of employment."

This desire is prompted by several reasons.

1. We are a Committee of experts, and economists will be the first to admit that it is impossible to guarantee to public opinion the certainty of complete success in employment policy. Hence, would it not be desirable, in order to spare a body of opinion which has a tendency to over-simplify any problem possible disillusionment, to make use of a more modest and more realistic formula. However, the Belgian Delegation is the first to hope that this pessimistic hypothesis will not be realised.

2. In addition to this reason founded on expediency, there is another, based on the basic conception of what constitutes an employment policy. Here the Belgian Delegation prefers the definitions given in the "White Paper on Full Employment" published by the British Government in May 1944, and also those contained in the Canadian Document "Labour and Income" published in Ottawa in April 1945, to the more ambitious one given by Sir William Beveridge in his work "Full Employment in a Free Society". In the latter work, the aim of full employment policy is defined as assuring that the number of situations vacant always exceeds the number of persons unemployed. Various preliminary documents distributed to members of Committee I seem to accept this definition as the best. The Belgian delegation cannot agree with this point of view. Such a definition attributes to the policy of employment the aim of creating a reverse situation to that of unemployment; to create an excess of effective demand.

The permanent maintenance of full employment of all available productive forces would oblige countries which wish to realise this to resort to methods of complete economic control and this would entirely abolish individual initiative and the free choice of the consumer.

In fact, an excess of effective demand cannot but lead to a system of rationing ensuring that goods in short supply should be evenly distributed and to a control of available manpower, that being insufficient for requirements effective at existing prices.

The experience of wartime economy has shown that, in this state of disequilibrium, the principle of the distribution of goods according to the free choice of consumers is increasingly set aside. In this system, collective expenditure takes precedence over private expenditure and the role of the price system is transformed. Prices cease to govern the distribution of consumer goods and of production elements. They become a system of production cost totals in an economy directed towards ends determined by the administration. This evolution, logical when the object is a wartime economy, is in direct contradiction with the aims of an infinitely more complex and varied peacetime economy.

The attitude of the Belgian Delegation is to avoid a plan which compels the country to follow an economic policy meticulously directed by a system of individual authorisations. On the national plane, it prefers the adoption of an economic policy, aiming at the creation of general conditions in which individual decisions of consumers and producers can have free play and at the same time requiring of the latter a better understanding of collective interests than is the case with a liberal economy.

In conclusion, the Belgian Delegation considers that the more cautious formula which it puts forward would avoid later misinterpretations of the basic concept of this employment policy.

According to the American Charter, this policy should be carried out by means of provisions appropriate to the political and economic institutions of the member countries. The use of the expression "full employment" might be wrongly interpreted as an undertaking to pursue the aim defined by Lord Beveridge and the Belgian Delegation is not in agreement with this concept.

Finally there is another argument for coming back from this emergency policy to that of the stabilisation of economic activity to the widest possible extent, while taking into account other social or political requirements of equal, or even greater importance. Without claiming to do away completely with fluctuations in economic activity, we shall aim, with some sort of price regulation as guide, to keep the variations of economic activity within relatively narrow limits, and to do away with the excesses of boom and slump periods. Indeed harder times do not always imply only disadvantages. It is in the course of such periods that the necessity for reducing cost price induces the heads of business concerns to intensify the rationalisation of their activities and to promote technical progress. Consequently it is for reasons of economic structural policy that the Belgian Delegation is likewise not in favour of a permanent system of excess of effective demand, because in this case natural stimulants to progress disappear and have to be replaced by governmental incentives.

For the same reason the Belgian Delegation rejects the maintenance and repetition of easy money systems, since Belgian experience in the years 1919-30 has demonstrated the resulting delay in economic reconstruction.

The Belgian Delegation therefore asks that the Drafting Committee take account of their observations in the drawing up of the articles contemplated.

Furthermore, the Belgian Delegation requests the translators to translate the expression "effective demand" by "demande effective" in French. The documents circulated at the request of the Australian Delegation translate this expression by "demande réelle" or by an equivalent expression which has not, in the terminology of economics, such a precise meaning as "demande effective".
