

PREPARATORY COMMITTEE OF THE INTERNATIONAL CONFERENCE
ON TRADE AND EMPLOYMENT

COMMITTEE I

Observations concerning Employment Provisions
presented by the Polish Observer Dr. T. Lychowski

The following remarks concern the proposed text of the employment provisions in the future international agreement on world trade and employment:

1. The fundamental undertaking embodied in these provisions is, undoubtedly, the obligation "to take action designed to achieve and to maintain full employment and high and stable levels of effective demand within its own jurisdiction" by each of the contracting parties to the future agreement. It seems, however, equally sure that this undertaking will have, in practice, very different effects in various countries, depending on differing degrees of economic development.
2. Briefly then - for a highly industrialized economy which has achieved a high level of development, an "action taken to achieve and to maintain full employment" consists of an appropriate investment policy combined with an equally appropriate use of savings. Moreover, in such an economy "full employment" corresponds to a "high level of effective demand". The achievement of this undertaking lies, at such a stage of development, within the possibilities of the country concerned. There might, of course, exist certain difficulties in regard to its balance of payments; but these are, insofar as these remarks are concerned, less relevant.

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3. On the other hand, the main characteristics of an "under-developed" economy consist probably in its inability to achieve any speedy economic progress (not to speak of "full employment" or a "high level of effective demand") by its own resources. It is because of its deficiency of domestic savings that its development is belated, particularly if the inflow of foreign capital was also inadequate. Indeed, the low level of net national income per capita of such an economy prevents it - in spite of the extremely low level of consumption - from filling from its own resources the unavoidable gap between its small savings and its industrialization needs, the full use of national resources, diversification in agriculture etc. which would undoubtedly raise national income and provide, in spite of increased consumption, a higher margin of savings.

4. Thus, the fundamental undertaking "to take action designed to achieve and maintain full employment etc." when assumed by an "under-developed" economy, cannot go beyond a mere statement of aims unless accompanied by some corresponding obligation on the part of the fully developed countries. The declaratory character of the whole section relating to employment policies does not contradict this assertion. It is true that real effects in the field of international employment policies will not be achieved by subscribing to some general provisions included in the international agreement on world trade, but will need a long and co-ordinated effort by the various international specialized agencies, a series of different international and national measures etc. etc. But even a relatively short "statement of policy", if embodied into an international agreement, should be consistent with the real aspects of the problem.

5. This it would appear that such a statement should contain - in addition to the basic provision concerning action designed to achieve and maintain full employment - its logical counterpart, namely, a fundamental obligation by those countries whose production may exceed the need of their domestic full employment to help those economies where a full employment policy, by means of domestic resources only, cannot bring final and successful results.
