

SECOND SESSION OF THE PREPARATORY COMMITTEE OF THE
UNITED NATIONS CONFERENCE ON TRADE AND EMPLOYMENT

Draft Charter

The Delegation of the United States of America submit the following proposals for amendment of Chapter III of the Draft Charter :

CHAPTER III

Production, Employment and /Effective/

Demand /and Economic Activity/

Article 3 : Importance of Production, Employment and Demand in Relation to the Purposes of this Charter

1. The Members recognize that the avoidance of unemployment or under-employment through the achievement and maintenance in each country of a high and stable level of production, of useful employment opportunities for those able and willing to work, and of a /high/ large and steadily /rising/ growing volume of effective demand for goods and services is not of domestic concern alone, but is a necessary condition for the expansion of international trade, for the well being of other countries, and in general for the realization of the purposes of this Charter.

2. Members agree that, while the achievement and maintenance of high and stable production. useful employment opportunities, and large and growing /effective/ demand /and employment/ must depend primarily on domestic measures, such

measures should be assisted by the regular interchange of information and views among Members and, so far as possible, should be supplemented by international action to be agreed upon [sponsored by] and to be carried out under the sponsorship of the Economic and Social Council of the United Nations [and carried out] in collaboration with the appropriate inter-governmental organizations acting within their respective spheres and consistently with the terms and purposes of their basic instruments.

COMMENT :

It is the purpose of the first amendments proposed to give recognition to the fact that a high and stable level of production is prerequisite to the maintenance of employment and demand. Inclusion of the phrases suggested should strengthen the text.

It is the purpose of the last amendment to make it clear that it is not the intention of the paragraph, by indirection, to confer upon the Economic and Social Council powers exceeding those conferred by the Charter of the United Nations.

Article 4 : Maintenance of Domestic Production
Employment and Demand

1. Each Member shall take action designed to achieve and maintain full and productive employment and [high and stable levels of effective] large and growing demand within its own jurisdiction, through measures appropriate to its political, economic and social institutions.

2. Measures to sustain production, employment and demand shall be consistent with the other purposes and provisions of this Charter, [and in the choice of such measures each Member] Members shall seek to avoid measures which would have the effect of creating balance-of-payments difficulties for other Members.

COMMENT :

It is the purpose of the Amendments suggested for paragraph 2 to remove the possible inference that the drafters of the paragraph had intended to impugn the motives of any Member. The change does not alter the substance of the paragraph.

Article 5 : Fair Labour Standards

Each Member, recognizing that all countries have a common interest in the maintenance of fair labour standards, related to national productivity, shall take whatever action may be appropriate and feasible to eliminate sub-standard conditions of labour in production for export and generally throughout its jurisdiction. In pursuance of this objective, Members shall give sympathetic consideration to recommendations made by the appropriate intergovernmental organizations.

COMMENT :

This amendment is designed to make it clear that it is not intended that the ITO should supersede the International Labour Organization or duplicate its functions.

Article 6 : The Removal of Maladjustments
in the Balance of Payments

Members agree that in case of In the event of the persistence of a situation in which a Member experiences a fundamental disequilibrium in their its balance of payments involving other countries in persistent and in which another Member is involved in balance of payments difficulties which handicap them it in maintaining employment carrying out a domestic programme adopted in pursuance of the provisions of Article 4, they will make their full each of the Members concerned will make its appropriate contribution to action designed to correct the maladjustment.

COMMENT :

It is the purpose of the first part of the proposed amendment to remove the implication that the persistent balance of

payments difficulties of one country must necessarily be the effect of something that has been done to it, whether intentionally or not, by another country. The suggested wording retains the commitment contained in the present draft and brings it into effect whenever the two conditions described occur at the same time.

It is the purpose of the second suggestion to broaden the concept of "maintaining employment" to include all anti-depression and stabilization measures and to tie the article in more closely with the rest of the Chapter.

When a maladjustment of the sort described occurs it should be obvious that every Member concerned should make every possible contribution to its correction. It is probable, however, that one Member may be called upon to make heavier contribution than another. This disparity is provided for by the insertion of the word "appropriate".

Article 7 : Safeguards for Members Subject to
External Deflationary Pressure

Article 7 deals with the manner in which the Organization shall perform the functions assigned to it, primarily in connection with balance of payments questions. It is recommended, therefore, that the Article be removed from Chapter III and inserted in Article 26 at the end of paragraph 3 as a new sub-paragraph (f).