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20 May 1947SECOND SESSION OF THE PREPARATORY COMMITTEE OF THE
UNITED NATIONS CONFERENCE ON TRADE AND EMPLOYMENT

(1)

Annotated AgendaPrepared by the Secretariat for the Discussion of

(2)

Chapter IIICHAPTER IIIEMPLOYMENT, EFFECTIVE DEMAND AND ECONOMIC ACTIVITY

The Delegation of Cuba proposes that the title of the chapter be redrafted to read as follows (E/PC/T/W/95):

"Demand, Production and Employment"

The Delegation of the United States of America proposes that the title of this chapter be revised to read as follows (E/PC/T/W/86):

"Production, Employment and Effective/
Demand [and Economic Activity]" (3)

Article 3 - Importance of Employment in Relation to the Purposes
of this Charter

The Delegation of the United States of America proposes that the title of this article be revised to read as follows (E/PC/T/W/86):

"Importance of Production, Employment and
Demand in Relation to the Purposes of this
Charter "

- (1) Incorporating proposals put forward by Delegations as noted in the commentary on the Report of the Drafting Committee and as reported to the Secretariat by Delegations prior to 10.30 a.m., May 19. (see E/PC/T/DNL/24 and 31; E/PC/T/W/83; E/PC/T/71 and 71 Add. 1). A revision of the section of the original paper relating to Chapter IV will be issued shortly (see last para. of E/PC/T/71 Add. 1).
- (2) In accordance with previous practice it is suggested that the discussion of Chapters I and II be deferred in order that they might be considered in conjunction with Chapter VIII to which they particularly relate.
- (3) Where possible underlining has been used to indicate proposed additions and square brackets to indicate proposed deletions.

* The earlier unrevised edition of this paper relating to Chapter IV as well as III, was erroneously designated as E/PC/T/70.

The Delegation of Cuba proposes the addition of the following new paragraph at the beginning of this article (E/PC/T/W/95):

"1. (a) The Members recognize the interdependence of demand, production and employment in the achievement and maintenance of economic stability.

"(b) The Members recognize that the achievement and maintenance of large and growing demand, high and stable production and useful employment opportunity are the responsibility not exclusively of governments but of all sections of society acting in cooperation."

The Delegation of Czechoslovakia may submit observations or amendments relating to the present text of this article.

Paragraph 1

Under the above-mentioned proposal of the Delegation of Cuba, this paragraph would become number 2.

The Delegation of New Zealand proposes the following revision of this paragraph (E/PC/T/W/96):

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

The Delegation of the United States of America proposes the following changes in the text of this paragraph (E/PC/T/W/86):

"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,"

The Secretariat would point out that, in the D.C. Report,⁽⁴⁾ the objective in respect of "effective demand" is stated in different terms in this paragraph (line 6 - "high and steadily rising") and in paragraph 1(b) of Article 1 (lines 4 and 5 of subparagraph b - "high and steadily rising levels") as compared with the expression of this objective in paragraph 1 of article 4 (line 3 - "high and stable levels"). Since the objective would seem to be the same in all three cases, it would appear to be desirable to employ uniform language to express that objective. The Preparatory Committee may wish to determine at this stage whether it would be desirable to adopt a single version of this objective to be used throughout.

Paragraph 2

Under the above-mentioned proposal of the Delegation of Cuba this paragraph would become number 3. The Delegation of Cuba would propose that this paragraph be revised as follows (E/PC/T/W/95):

"Members agree that while the achievement and maintenance of [effective demand] high and stable production and useful employment opportunities based upon a large and growing demand must depend primarily on domestic measures, such measures should be assisted [by the regular exchange of information and views among Members], and, so far as possible [should be] supplemented by international action [sponsored by] as stipulated in the Charter or to be agreed upon 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 intergovernmental organizations acting within their respective spheres and consistently with the terms and purposes of their basic instruments.

"Members furthermore agree that the regular interchange of information and views among Members with respect to possible cooperation is indispensable and should be facilitated by the Organization."

The Delegation of the Netherlands proposes the following revision of this paragraph (E/PC/T/W/94):

"Members agree that, while the achievement and maintenance of effective demand and employment must depend primarily on domestic measures, such measures should be assisted by the regular exchange of information and views among Members and, so far as possible, should be supplemented by concerted action among Members whose substantial interests are affected, sponsored by the Economic and Social Council of the United Nations and carried out in collaboration with

(4) The expression "D.C. Report" as used in this document represents the Report of the Drafting Committee (E/PC/T/34).

the appropriate inter-governmental organizations acting within their respective spheres and consistently with the terms and purposes of their basic instruments."

The Delegation of New Zealand proposes the following revision in the text of the first two lines of this paragraph (E/PC/T/W/96):

"Members agree that, while the achievement and maintenance of high and steadily rising levels of effective demand and..."

The Delegation of the United States of America proposes the following revision of this paragraph (E/PC/T/W/86):

"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 / exchange / 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 intergovernmental organizations acting within their respective spheres and consistently with the terms and purposes of their basic instruments."

Article 4 -- Maintenance of Domestic Employment

The Delegation of the United States of America proposes that the title of this article be revised to read as follows (E/PC/T/W/86):

"Maintenance of Domestic Production
Employment and Demand"

The Delegation of Cuba desires to support the revisions in this article proposed by the Delegation of the United States of America (in E/PC/T/W/86) but suggests that in paragraph 2 the words "seek to" before "avoid" should be deleted (E/PC/T/W/95).

Paragraph 1

The Delegation of Czechoslovakia may submit observations or amendments relating to this paragraph.

The Delegation of New Zealand proposes that, in the third line of the present text of this paragraph, the words "high and stable levels" should be deleted to be replaced by "high and steadily rising levels" (E/PC/T/W/96).

The Delegation of the United States of America proposes the following revision in the text of this paragraph (E/PC/T/W/86):

"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."

Concerning the expression "high and stable levels of effective demand" (line 3) in the D. C. Report, please see the observation above relating to a similar expression in paragraph 1 of Article 3.

Paragraph 2

The Delegation of the United States of America proposes the following revision in the text of this paragraph (E/PC/T/W86):

"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."

Article 5 - Fair Labour Standards

The reservation mentioned in the commentary of the D. C. Report (page 6) was made by the Delegate of China.

The Delegation of Cuba proposes the following revision in the text of this article (E/PC/T/W/95):

"Each Member, recognizing that all countries have a common interest in the achievement and 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."

The Delegation of Czechoslovakia may submit observations or amendments relating to this article.

The Delegation of New Zealand proposes that, in the last two lines of the present text of this article, the words "for export and generally" should be deleted (E/PC/T/W/96).

The Delegation of the United Kingdom proposes the following revision in the text of this article (E/PC/T/W/85):

"Each Member, recognizing that all countries have a common interest in the maintenance of fair labour standards, related to national productivity, shall take severally and in collaboration with the appropriate inter-governmental organizations whatever action may be /appropriate/ desirable and feasible to eliminate sub-standard conditions of labour in production for export and generally throughout its jurisdiction."

The Delegation of the United States of America proposes the following revision in the present text of this article (E/PC/T/W/86):

"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."

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

The Delegation of Australia proposes the following substitute text for the present text of this Article (E/PC/T/W/93):

- "1. If the balance of payments of a Member is persistently favourable, to such a degree that the disequilibrium involves other Members in balance of payments difficulties which handicap them in maintaining employment or in avoiding trade restrictions -
- (a) that Member shall take action designed to correct the disequilibrium; and
 - (b) other Members affected shall take action appropriate in the circumstances, in the light of their respective capacities and responsibilities, designed to assist in correcting the disequilibrium.
2. Action taken by Members in accordance with this Article shall be through measures appropriate to their respective political, economic and social institutions, and shall be taken with due regard to the desirability of avoiding any unnecessary contraction of world trade."

The Delegation of the United States of America proposes the following revisions in the present text of this article (E/PC/T/W/86):

"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."

Article 7 - Safeguards for Members Subject to External
Deflationary Pressure

The views on this article noted in the commentary of the D.C. Report (page 6) were expressed by the Delegate for France. To give effect to these views the Delegation of France has presented for consideration the following text as a substitute for the present draft text of Article 7 (see Document E/PC/T/W60 and Amend.1.)

"1. The Organization shall have regard to the possible need of Members to safeguard their economies against a serious and abrupt decline in the external demand for goods and services due to deflationary pressure from other countries.

"2. When a Member is subject, or foresees that it will be subject, to the prejudicial effects of such pressure, it may, after consulting the Organization in pursuance of such emergency procedure, take protective measures in derogation of the obligations contracted by it under the provisions of this Charter. In critical and exceptional circumstances such measures may be taken provisionally five days after the Organization receives notification from the Member concerned. The Organization shall take a decision as soon as possible, in accordance with the procedure referred to in sub-paragraph 3 of Article 66."

"3. In the cases provided for in paragraphs 1 and 2, the Organization, either on its own initiative or at the request of a Member whose interests are substantially affected, shall convene a Conference with a view to defining, if necessary with the assistance of the specialised agencies, the measures to be taken within the competence of the Organization."

"The Delegation of the Netherlands proposes the following revisions in the present text of this article (E/PC/T/W94):

"The Organization shall have regard, in the exercise of its functions as defined elsewhere in this Charter, to the need of Members to take action, separately or in conjunction with other Members, within the provisions of this Charter to safeguard their economies against deflationary pressure in the event of a serious or abrupt decline in the effective demand of other countries."

The Delegation of the United States of America recommends that the present Article be removed from Chapter III and inserted in Article 26 at the end of paragraph 3 as a new sub-paragraph (f) (See Document E/PC/T/W/86).

Article 8 - Consultation and Exchange of Information on
Matters relating to Employment

Preamble

Paragraph (a)

Paragraph (b)

GENERAL NOTE:

In connection with the discussion of Chapter III the attention of Delegations is drawn to the information reported in Document E/PC/T/69 concerning the activities of the Economic and Employment Commission and its Sub-Commission, and to the related inquiry from the Economic and Employment Commission discussed in Document E/PC/T/DEL/35.