

PREPARATORY COMMITTEE OF THE INTERNATIONAL CONFERENCE
ON TRADE AND EMPLOYMENT

COMMITTEE I

SUMMARY RECORD OF MEETINGS

Second Meeting (First Part)
held on Monday, 21 October 1946 at 11 a.m.

Chairman : MR. WUNSZ KING (China)

1. Schedule of Meetings

The Committee agreed to the suggestion of Mr. COLBAN (Norway) that there should be two meetings at 11 a.m. and 3 p.m., instead of the three proposed by the Secretariat.

2. Consideration of Future Programme

The CHAIRMAN drew the attention of the Committee to various documents circulated to the Committee, in particular to E/PC/T/CI/W.2, which was a comparative table indicating the United States, Australian, Brazilian and Indian proposals regarding employment. The question raised at the last meeting, as to what form the Committee's recommendations should take would be dealt with by the heads of Delegations or the Executive Committee of the Preparatory Committee. In the meantime, the Committee should proceed with its work without prejudice to this question. He believed that the Committee would complete its work in certainly not more than three weeks. A Joint Body set up by the joint session of Committees I and II would deal with the subject of Industrial Development.

He proposed that the Committee should begin its work by examining Chapter III of the United States suggested Charter article by article.

Mr. FRESQUET (Cuba) asked that the Committee should later discuss paragraph 3 of Chapter I of the suggested Charter.

Dr. COOMES (Australia) considered that since Chapter III of the

United States suggested Charter did not deal with all the aspects of employment, it would be preferable that the Committee base its discussion on the provisional agenda adopted at the last Meeting, starting either with item (I) as a whole or with its sub-paragraphs (a) to (d) individually.

Mr. LIKANATHAN (India) agreed with this suggestion.

Mr. NEADE (United Kingdom) supported the Australian suggestion and thought that the Committee might start with a general debate on the individual sub-paragraphs of item (I) which would bring out points on which Delegations might wish to express their views.

Mr. MARTINS (Brazil) proposed that two further points, International Investment and Utilization of Refugees in Countries of Immigration, should be added to the list under sub-paragraph (a). The Secretary drew attention to the proposed International Refugee Organization which would be concerned with the emigration of refugees. The Brazilian Delegate considered, however, that this question had a direct bearing on the problems before the Committee, and should be borne in mind.

Mr. PIERSON (United States of America) stated that he was prepared to accept the provisional agenda as the basis for discussion. He suggested that sub-paragraphs (a) and (b) might conveniently be discussed together, and similarly sub-paragraphs (c) and (d). Item (2) - International agreement relating to industrial development - might be treated as a third subject. It might be useful to set up a sub-committee to assemble all the proposals relating to item (I).

The Committee agreed to hold a general discussion on item (I), and then to set up a sub-committee to assemble all proposals submitted.

3. General Discussion of Sub-paragraphs (a) and (b) of Item (I) of the Provisional Agenda (E/FC/T/CI/2)

Mr. LOKANATHAN (India) felt that the proposals on employment both in the Provisional Agenda and also in the United States suggested Charter did not show sufficient appreciation with regard to the problems of less developed countries. He thought that the Committee should pay special attention to: (a) the maintenance and stability of incomes of

primary producers, (b) the diversification of employment, and (c) industrial and economic development. A fourth point which should be considered was the question of investment.

Dr. COOMBS (Australia) explained it was not so much his wish to define employment policy, as to define the obligations of one nation to another in respect of employment. There were, in his opinion, three basic undertakings which all countries should accept though their relevance might differ according to a country's stage of development. The first undertaking was that each country should take action designed to achieve and maintain full employment within its own jurisdiction. Secondly, if the export of unemployment was to be avoided, each of the signatory countries should take action individually and through existing agencies designed to ensure that its currently accruing international resources be used fully for international payments for goods and services or for investments abroad. Foreign investments should preferably not be in the form of tied loans, though admittedly these were better than no loans. Thirdly, each of the signatory nations should take action designed progressively to develop resources and raise standards of productivity within its jurisdiction.

Consequent upon the acceptance of these undertakings it would be necessary to provide, as suggested in (b), for action in the case of a member being damaged by the failure - not from lack of will but rather human weakness - of another member to fulfil its undertakings. This was a fundamental issue for what might be described as the dependent countries. It was fundamental to such countries that they should be able to look with confidence at the economic policies of the countries which are not dependent. If dependent countries were to be asked to accept obligations reducing their capacity to use the type of economic protectionist measures upon which they may have relied in the past, it was essential that they should have assurance that these measures would

not be necessary; or should these become necessary, that their use be permitted on a scale and to a degree which would make them effective for the purpose for which they were designed. There should be adequate provision for consultation and agreed action involving, where necessary, the various specialized agencies of the United Nations to deal with a threatened or an actual failure of effective demand originating wherever it may. Furthermore, the Charter of the proposed ITO should contain clauses to ensure that countries in clearly defined cases may take the action necessary to protect their economies from the spread of depression.

Such clauses would prevent the practise of restrictive measures imposed unilaterally. They would place upon the proposed ITO the responsibility of determining that a persistent failure by a country to carry out its basic obligations in relation to effective demand had occurred and that the economic interests of a complaining country had been adversely affected so as to justify its release from its obligations to the failing country.

M. IGONET (France) supported the remarks of the Australian Delegate. There were two ways in which the purchasing power of the world could be increased. First, by maintaining a high level of employment, and secondly by increasing productivity. Both were long term processes. Their acceptance would guarantee some measure of protection to less developed countries, whose economies were dependent on the economies of more highly developed countries. It was important to define the responsibility of the highly developed countries.

The meeting adjourned until 3 p.m.
