

PREPARATORY COMMITTEE OF THE INTERNATIONAL CONFERENCE
ON TRADE AND EMPLOYMENT

COMMITTEE I

REPORT OF THE SUB-COMMITTEE

1. At its first meeting on 21 October 1946, Committee I appointed us as a Sub-Committee, consisting of Delegates from Australia, Brazil, Cuba, India, the United Kingdom and the United States, under the chairmanship of Mr. WUNSZ-KING the CHAIRMAN of the main Committee, to work out a detailed agenda including all the proposals hitherto raised in connection with item 1 of the Committee's agenda and to prepare a synopsis of these proposals. We have held four meetings, at which we have had the benefit of the views of the Belgian delegation and from the observers from the International Labour Office, the International Monetary Fund and the International Bank for Reconstruction and Development. Our work has been greatly facilitated by the efficient services of the Secretariat.
2. We were asked by the main Committee to collate the various texts and memoranda which had been submitted by the various delegations on this subject in order to produce an orderly statement of the various views which had been put forward. We were asked, wherever possible, to reduce the different proposals to a common text for discussion by the main Committee.
3. It soon became evident in the course of our work that by spending a little time and care on this matter, we should be able to produce a single text. Indeed, we are happy to be able to report that we have been able to reach tentative agreement on all the major principles which have been raised. As our purpose has been merely to produce a detailed agenda for the main Committee, we are of course at this stage none of us committed to these points, which we put forward for the consideration of the main Committee.

4. It has appeared to us that the most convenient method of summarising the points which have been raised and the principles which we have discussed, is to produce a series of draft clauses covering employment policy. These draft clauses are accordingly appended to our report.
5. We are all agreed that there must be a very close link between the employment undertakings and the commercial provisions of the proposed International Trade Organization. We are provisionally inclined to the view that for this reason it will probably prove most convenient to include these undertakings in the Articles of Agreement of the International Trade Organization.
6. There is, however, one point concerning employment which it may prove better to treat differently. In part II of the Appendix we suggest inviting the Economic and Social Council and the appropriate international specialised agencies to consider what international action might be taken to assist in maintaining full employment and a high and stable level of world demand. We are provisionally inclined to the view that this invitation might best be extended in a separate resolution of the International Conference on Trade and Employment.
7. We are all agreed that the Articles of Agreement of the International Trade Organization should contain adequate provisions whereby a country could safeguard its economy against deflationary pressure in the event of a serious or abrupt decline in the effective demand of other countries; and we agree that this point should be borne in mind when the appropriate clauses of the other Chapters of the Charter are being discussed in the other Committees. We think that the clauses relating to employment should call upon the International Trade Organization in the exercise of its functions under the other Articles of the Charter to have regard to the need for such safeguards. We have attempted to provide for this in Clause 6 of the Appendix.

APPENDIX

I. DRAFT CLAUSES ON EMPLOYMENT

1. Members recognize that the avoidance of unemployment or under-employment through the maintenance in each country of useful employment opportunities for those able and willing to work and of high and steadily rising demand for goods and services is not of domestic concern alone, but is a necessary condition for the expansion of international trade and, in general, for the realization of the purposes of the Organization. They also recognize that measures to sustain demand and employment should be consistent with the other purposes and provisions of the Organization, and that in the choice of such measures, each country should seek to avoid creating balance of payments difficulties for other countries.

They agree that, while the maintenance of 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, be supplemented by international action sponsored by the Economic and Social Council of the United Nations and carried out in collaboration with the appropriate international specialized agencies, acting within their respective spheres and consistently with the terms and purposes of their basic instruments.

2. Each Member shall take action designed to achieve and maintain full employment and high and stable levels of effective demand within its own jurisdiction through measures appropriate to its political and economic institutions and compatible with the other purposes of the Organization.

3. Each Member, recognizing that all countries have a common interest in the productive use of the world's resources, agrees to take action designed progressively to develop economic resources and to raise standards of productivity within its jurisdiction through measures compatible with the other purposes of the Organization.

4. Each Member, recognizing that all countries have a common interest in the maintenance of fair labour standards, related to national productivity, agrees to take whatever action may be appropriate and feasible to eliminate sub-standard conditions of labour in production for export and generally throughout its jurisdiction.

5. Each Member agrees that, in case of a fundamental disequilibrium in its balance of payments involving other countries in persistent balance of payments difficulties which handicap them in maintaining employment, it will make its full contribution to action designed to correct the maladjustment.

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

7. Members agree to participate in arrangements undertaken or sponsored by the Economic and Social Council of the United Nations, including arrangements with the appropriate international specialized agencies

(a) for the regular collection, analysis and exchange of information on domestic employment problems, trends and policies, including information on national income, the level of demand, and the balance of payments; and

(b) for consultation with a view to concerted action on the part of governments and international specialized agencies in the field of employment policies.

II. DRAFT RESOLUTION ON INTERNATIONAL ACTION RELATING TO EMPLOYMENT

Whereas a significant contribution can be made to the achievement and the maintenance of full and productive employment and of high and stable levels of effective demand by international action sponsored by the Economic and Social Council and carried out in collaboration with the

appropriate international specialized agencies acting within their respective spheres and consistently with the terms and purposes of their basic instruments;

The United Nations Trade and Employment Conference resolves to invite the Economic and Social Council, in consultation with the appropriate international specialized agencies, to undertake at an early date special studies of the form which such international action might take, and suggests that, in addition to covering the effects on employment and production of a lowering of barriers to trade, such studies include a consideration of such measures as:

1. the concerted timing, to the extent which may be appropriate and practicable in the interests of employment policy, of national and international measures to influence credit conditions and the terms of borrowing;
 2. national or international arrangements, in suitable cases, to promote due stability in the incomes of producers of primary products, having regard equally to the interests of consuming and producing countries;
 3. the timing, to the extent which may be appropriate and practicable in the interests of employment policy, of capital expenditure on projects which are either of an international character or are internationally financed;
 4. the promotion, under appropriate safeguards, of an international flow of capital in periods of world deflationary pressure to those countries whose balance of payments needs temporary support in order to enable them to maintain domestic policies for full and productive employment.
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