

UNITED NATIONS
ECONOMIC AND SOCIAL COUNCIL
PREPARATORY COMMITTEE
of the
INTERNATIONAL CONFERENCE ON TRADE AND EMPLOYMENT

Verbatim Report
of the
THIRD MEETING
of
COMMITTEE I
held in
Committee Room V.
Church House, Westminster

on
Thursday, 7th November, 1946

at 3 p.m.

CHAIRMAN:

MR. WUNSZ-KING (CHINA)

CORRECTION: In Part 2 of the Verbatim
Report of the Second Meeting of Committee
I (E/PC/T/C.I/PV/2), page 57, line 4,
for "Mr. Lewis" read "Mr. NOURSE".

(From the shorthand notes of
W. B. GURNEY, SON & FUNNELL,
58 Victoria St.,
Westminster S.W.1.)

THE CHAIRMAN: The meeting is open. First of all I must apologise for not having been able to call a full meeting of this Committee at an earlier date than today. It is for two reasons: in the first place, your poor Chairman has been giving one concession after another in the matter of meeting arrangements to some of the other Committees whose programmes of work are far more heavily loaded than our own, and secondly, the Sub-Committee which was appointed by this Committee worked very hard in finding and attempting to enlarge the area of agreement - and this attempt has been attended with some success, as Members will find in Document E/PC/T/C.I/11. That document embodies certain propositions which have reduced the differences, and we have been able to arrive at a common text. As will be remembered, the Sub-Committee started off with the very modest object of working out a detailed agenda for our work and preparing a new synopsis for the use of the Committee, but very soon we set ourselves to the far more ambitious task of preparing and agreeing upon a common text. As I have pointed out, this common text is to be found in this document, where Members will find a set of draft clauses of seven Articles as well as a draft Resolution. This document is now before the Committee for consideration and adoption.

This document is the outcome of sincere efforts on the part of all my colleagues on the Sub-Committee, with the help of our Belgian colleague and a number of observers, to meet each-other's point of view and thus to find and explore a common ground for agreement. Our task has been greatly facilitated by the efficient services of the Secretariat. At the same time, while we were doing our work at the Sub-Committee stage, we were much encouraged by the knowledge that other colleagues of ours who did not actually take part in the work of the Sub-Committee, were watching our progress with great interest and in the same spirit of understanding. In this connection I wish to tell you that the Sub-Committee appointed Mr. Meade, of the United Kingdom, as Rapporteur of the Sub-Committee, and I must say he has done a very fine job, to which

this document bears eloquent testimony. I take great pleasure in suggesting that this Committee should ask Mr. Hoade to be good enough to continue his work as the Rapporteur of the Committee.

As Members will see, this document, which was prepared by the Rapporteur with the help of the Secretariat, is composed of two main parts, the main body of the Report with an Appendix. The Appendix is again divided into two parts, one the draft clauses on employment and the other a draft Resolution on international action relating to employment. The first part is composed of seven Clauses. The first is a general statement of principles and purposes.

Clauses 2 to 5 contain some international undertakings to take action which is designed to sustain demand and employment, to develop economic resources and raise standards of productivity, to maintain fair labour conditions, and last but not least, to conquer maladjustment in the case of a fundamental disequilibrium in the balance of payments.

Clause 6 contains an escape clause within the general framework of the Charter of the ITO, and finally, Clause 7 provides for exchange of information and for consultation on employment problems, etc.

It is the view of the Sub-Committee that these Clauses might conveniently be included in the Articles of Agreement of the ITO.

This leads me to the second part of the Appendix, that is, the Draft Resolution on international action relating to employment. By that Draft Resolution we would like to suggest that the International Conference on Trade and Employment should invite the Economic and Social Council and the specialised agencies to undertake some special studies of the measures which will assist in maintaining employment and demand. As you will see, four categories of such contemplated measures have been listed in the list which is intended to be suggestive and not exhaustive. I think it would be better to treat this matter in the form of a resolution.

My brief narrative would be incomplete without adding a word in regard to the second item on the agenda, that is to say, the international agreement relating to industrial development. As you are certainly aware, this part of our agenda, insofar as it concerns this Committee, has, to all intents and purposes, been disposed of in the sense that this question and all other related matters have been well taken care of in the Joint Committee on Industrial Development. I understand, and I am very happy to say, that this Joint Committee is making good progress. Moreover, if

I am not mistaken, I should add that some aspects of this problem in their bearing on employment policy have been covered in the text which is now before you.

Now, Gentlemen, I would like to propose that, in order to facilitate our work today, we might proceed to discuss this document and the appendix to the report paragraph by paragraph. At the same time, we have here two other papers on employment policy, one by the Netherlands Delegate and the other by the Polish observer, which are also very helpful. If this is agreeable to the Committee, I would suggest that we proceed with the text paragraph by paragraph. I am wondering whether Mr. Meade, the rapporteur, has anything to add to my remarks.

MR. MEADE (United Kingdom): I think that at this stage I have nothing I would like to add to your remarks, Mr. Chairman. I think ^{what} you have said very well expresses the measure of agreement that we have been able to reach in the Sub-Committee on this question and the main points that we have included in our report.

MR. GOTZEN (Netherlands): I would like to compliment the members of the Sub-Committee and especially its rapporteur. The Sub-Committee, in the course of its discussions, has gradually grown into a fully-fledged drafting sub-committee. The draft clauses and resolution are now submitted for our views. You told the Committee, Mr. Chairman, that there were some suggestions submitted by the Netherlands Delegation on this matter. As you know, one of those suggestions was that the Netherlands Delegation held the view that, in so far as international employment policy covers the fields closely linked with, but nevertheless distinct from, the field of work of the ITO, it might be advisable to set up a separate convention and create a separate executive agency for this special purpose.

However, having studied the form and contents of the present draft clauses and resolution, I am prepared to accept the opinion of the

Sub-Committee on this matter. I shall, therefore, restrict myself to a few remarks when we are discussing the various articles separately.

There is only one point which I should like to stress now. If we accept Clause 6 of the draft, it seems necessary to draw special attention of the other Committees to the matter dealt with therein, so as to enable them to raise the question in their discussions also.

MR. DESCLÈRE de MAREDSOUS (Belgium-Luxembourg): (Interpretation): It is with pleasure that, on behalf of the Belgium-Luxembourg customs union, I mark our general agreement with the text which has been submitted to us. We are particularly grateful that a definition has been found which is wide enough to allow of our acceptance, since it marks due respect for the freedom of the individual in the various fields which are concerned by this general text of this resolution.

If one seeks full employment, there are two methods which can be applied, and we are happy to see that the method recommended in this text is the one which we have given preference to in Belgium. It is quite clear from the document which has been submitted that the necessity of international coordination of activities under the general auspices of the Economic and Social Council is considered as an essential element for the regular development and increase of the economic activities, and therefore for the normal development and raising of the standard of productivity and standard of living. Full employment can be achieved through two different sets of methods, either through full control of consumption and of production activities, through the narrow establishment of a series of plans for the development of these activities, which would entail a limitation of the freedom of the individual as an individual, of producers, of businesses, and so on. That is only possible in the case of a fairly closed economy, and in that particular type of

control one might even say that development of international trading would not provide an encouragement, but rather constitute an obstacle to this type of development of economic activities.

The second method gives much more leeway to the freedom of the individual in his capacity of consumer or of producer, and to ensure the success of that second type of system, a great number of conditions have to be fulfilled. It is not merely a question of the balance of payments. It is necessary to provide for harmonious development of the potential of production and for close cooperation in the field of international development. Coordination and interplay are necessary in both cases, but in the second case the responsibility should be attributed to an international organisation and is even more delicate and greater. Belgium has looked for the establishment of full employment according to this second type of method, and hence we are particularly anxious to find a clear definition of the functions of the International Trade Organisation, and we attach particular importance in this connection to the end of paragraph (1) of the draft Articles. It is not sufficient to consider the balance of payments or the possibility of pressure on various activities from outside influences. It is likewise necessary that all policies, monetary, price and so on, and all the aspects of economic policy should be carefully directed.

Therefore, we give our support to the suggestions which have been made and we hope that the Conference in considering these problems will submit to the Economic and Social Council their wider suggestions for the development on the lines sketched in this document.

We have, however, one doubt which we would like to express here: we are not quite certain whether the text is sufficiently clear on the necessity of highly delicate interplay of economic policy. In our view the International Trade Organisation must take an interest in this and has a part to play not only in relation to the text at the end of draft Article 1. I think the scope should be much more wide, and we should be happy to see some amendment in that sense.

THE CHAIRMAN: If there are no other general comments, we will not proceed paragraph by paragraph from page 3, the Appendix.

THE SECRETARY: "1. Members recognise 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 realisation of the purposes of the Organisation. They also recognise that measures to sustain demand and employment should be consistent with the other purposes and provisions of the Organisation, 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 specialised agencies, acting within their respective spheres and consistently with the terms and purposes of their basic instruments."

THE CHAIRMAN: Do I understand correctly that the Belgium delegate has some amendment to make to this clause 1?

M. DESCLEE DE MAREDSOUS (Belgium): No; it would not be on that particular Article if there were an amendment.

Mr. GOTZEN (Netherlands): Mr Chairman, when speaking of demand the word "effective" is generally used in connection with it. So, for instance, in Article 2 of the draft clauses and in the preamble of the draft resolution we are discussing now, and I think it might be advisable to insert the word also in Article 1 after the word "rising", because it is really the effective demand we are thinking of and not demand in general, which, as we all know, in itself is unlimited.

Mr SKRINDO (Norway): The Norwegian Delegation accept this paragraph but there is a point of detail which I would like to mention. We agree with the statement relating to "high and steadily rising demand for goods and services", but in doing so, we take it that the phrase "high and steadily rising demand" means that the rising demand shall not be of an inflationary character, but a rise in demand which corresponds to available resources of commodities and services, including manpower.

Mr. LOKANATHAN (India): I do not think I see any objection personally to the addition of the word "effective" before "demand" in paragraph one. In this connection I should also like to make another small amendment, that it should read "the achievement and maintenance" of effective demand and employment; because, as we have observed several times, it is not merely a question of maintaining demand and employment in countries where it has not been achieved. Therefore I think it would be more appropriate if we added the word "achievement"; and in the second paragraph also it should read: "They agree that, while the achievement and maintenance of effective demand"—.

Mr MEADE (UK): Mr Chairman, as far as the United Kingdom is concerned, I do not think we would find any difficulty in accepting both proposed changes, putting the word "effective" before "demand" and the words "achievement and" before the word "maintenance".

THE CHAIRMAN: Two words are to be added: the word "effective" to be inserted between "rising" and "demand" in the first paragraph

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and the words "achievement and" before the word "maintenance" in the second paragraph.

Dr. COOMBS (Australia): Do you repeat the word "effective" in the second paragraph, so that it would read "the achievement and maintenance of effective demand"?

THE CHAIRMAN: If it is to be "effective", it must be "effective" everywhere. Therefore really we simply add three or four words: in the first paragraph the fourth line add the word "effective" between "rising" and "demand"; and in the second paragraph the first line, it should read "while the achievement and maintenance of effective demand.

Mr. PIERSON (USA): I move the acceptance of these amendments. Was it the intention of the Indian delegate to add the words "achievement and" in the second line of the first paragraph?

THE CHAIRMAN: Yes.

Mr. LOKANATHAN (India): Yes.

THE SECRETARY: I will now read it in the completed text:

"1. Members recognise that the avoidance of unemployment or under-employment through the achievement and maintenance in each country of useful employment opportunities for those able and willing to work and of 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 and, in general, for the realisation of the purposes of the Organisation. They also recognise that measures to sustain demand and employment should be consistent with the other purposes and provisions of the Organisation, 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 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, 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 specialised agencies, acting within their respective spheres and consistently with the terms and purposes of their basic instruments."

THE CHAIRMAN: Now will you read paragraph 2.

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

Mr. FRESQUET (Cuba): Mr Chairman, I thought we had agreed in the Subcommittee to put all the way through where we find the phrase "full employment", the words "full and productive employment".

THE CHAIRMAN: Yes, so that you suggest the addition of the words "and productive" after "full". Are there any other comments. Shall we go to paragraph 3?

THE SECRETARY: "3. Each Member, recognising 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 Organisation."

THE CHAIRMAN: Now paragraph 4.

THE SECRETARY: "4. Each Member, recognising 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."

Mr. CHANG (China): Mr Chairman, I have a few comments in connection with this paragraph. In the first place, we wonder whether the expression "sub-standard conditions of labour" is clear enough as to its implications. Do we agree on what "standard conditions of labour" are; for unless we agree to accept a certain standard which might have been adopted by some other organisation, it would be difficult to determine what are "sub-standard conditions of labour". Therefore we consider the expression "sub-standard conditions" very vague as it stands here. It may be that our Subcommittee will be able to give us some elucidation in this regard or even a definition of the term. In the second place, as this paragraph lays much stress on the elimination of sub-standard conditions of labour in production for export, we fear that we are over-emphasising the importance of such conditions in the field of international trade. It is true that in certain areas of the world conditions of labour compare unfavourably with those prevailing in other areas. It is also true that such lower conditions of labour may result in lower costs of production and thus increase the competitive capacity in trade of the commodities so produced. However, it should be remembered that the lower standard conditions of labour exist chiefly in less developed countries where labour supply is more abundant and where labour is less skilled in comparison with labour in highly industrialised countries; but any advantage gained in this way from lower cost of labour is often offset by a lower level of skill and less well organised production. It does not follow, therefore, that lower standard conditions of labour or even sweated labour would result in very much cheaper production and unfair competition in the world market, or else the world market would have been by now overwhelmed by products from the undeveloped countries. We think, therefore, lower standard conditions of labour are not an important factor in international trade; that it is unnecessary,

to have a clause like this one in our Charter, over-emphasising such conditions of labour in export production.

Finally, while we fully agree that each member should do its best to improve labour conditions in its sphere, we feel that the matter can be very well left with the I.L.O., with which the I.T.O. can always collaborate in matters of common interest. As the I.L.O. is an international specialised agency it is probably better informed and in a better position than we are to tackle the problem of labour standards, inasmuch as the problem should be studied from more angles than those of trade and employment. Moreover, we shall be thus avoiding possible overlapping and duplication. We think it is a good policy to follow up, that whenever there is an international specialised agency which has been dealing with these problems in the past it is better to leave those problems to that agency.

From the above arguments we conclude that the inclusion of a clause like this one is unnecessary; and if we do include it in the I.T.O. Charter the I.T.O. will be undertaking to do a work which properly belongs to some other organisation.

MR. IGONET (France) (interpretation): In this connection I should like to stress once more a position which I have already submitted on another occasion, namely, that the task of the International Trade Organisation would be to develop international exchanges and trade, as a means only of raising the standards of living of the population as a whole. One aspect of this task is to increase productivity and efficiency of labour through more modern methods and better equipment. Another side of the same activity is the permitting of increased consumption. Those two things must develop on parallel lines. In other words, to be more precise, it is not only a question of increasing production, but it is also necessary that the share of labour in consumption - that is, the share of real wages - should be increased. Therefore, the essential preoccupation should be the share of labour in the total remuneration. It is essential that that notion should find its due expression in the text which we shall accept here.

M. MARTINS (Brazil): I am happy to state that I entirely support the views just expressed by the French Delegate, and I hold the same views in our sub-committee.

M. READE (United Kingdom): You will remember that in the sub-committee the United Kingdom Delegation expressed, when this clause was first proposed, almost exactly the same two fears that have been expressed by the Chinese Delegate, and we have not changed our views on these two main points. The first point is that we feel countries which are underdeveloped and which have large populations - that is to say, much labour with little capital equipment, and as yet not great industrial skill - can only have a real chance of developing and industrialising if they are able, for a time, to take some advantage from the fact that their labour will be cheaper than in other countries. That, in short, is the first point.

The second point, in short, is that we wish to avoid overlaps between different organisations, and we have considered this to be primarily the concern of the International Labour Office.

Nevertheless, in spite of those two points the United Kingdom Delegation would wish to support this clause as it is at present drafted.

It might perhaps be useful to the committee if I explained why, holding those views, we nevertheless wish to support this clause. The first point is that the clause is now drafted so as to relate fair labour standards to national productivity. We would never be prepared to support any clause which said that all countries must have the same standard, whatever their productivity, but we would like to support a clause which would show that a country should take whatever action is appropriate and feasible to eliminate sub-standard conditions of labour on the assumption that the standards set are fair labour standards related to national productivity.

In other words, the United Kingdom will not be expected to pay the same wages as the United States of America in order to be able to compete in world markets until we have raised our productivity to the levels of our transatlantic friends. It is on that understanding, that the standards are related to productivity, that we support this Clause.

On the second point, the relations with the International Labour Organisation, you will remember that it was only at the last moment that the United Kingdom was able to agree to this Clause without a specific reference to the International Labour Organisation in it. The reason for our agreement to that is clear. There are other matters, in particular that which was mentioned in the next paragraph, paragraph 5, which very fundamentally concern the International Monetary Fund. We have none of us insisted there that the International Monetary Fund should be specifically mentioned, but it is quite clear in our minds that where other specialised agencies are vitally concerned with any matters which also concern the Trade Organisation, they should be brought into the very closest consultation. Therefore, since the maintenance of fair labour standards is of importance in commercial matters, we would support the maintenance of this clause here even though it relates mainly to the International Labour Organisation. But we hope that in any final report that this Committee may make to the Preparatory Committee as a whole it will be made quite clear that any action taken here should be in the closest consultation with the International Labour Organisation, just as any action taken under paragraph 5 should be in the closest consultation with the International Monetary Fund. I do not know whether it is possible for the Delegate of China to accept this Clause in the same spirit and understanding as we are accepting it.

MR. DESCLEE DE MAREDSOUS (Belgium)(Interpretation): I share the views expressed by the Delegate of France, but at the same time support the point of view presented to the Committee by Mr. Meade.

MR. IGONET (FRANCE)(Interpretation): I myself had not intended to say that there should be complete equality of standards of living all over the

world. One has to take into account differences of climate and general conditions. But, taking into account traditions and general conditions, it is necessary to provide for the raising of conditions of living to a maximum, and hence to provide for a progressive raising of wages.

THE CHAIRMAN: On this question, the Delegate of China thinks that this Clause is unnecessary, while some other Delegates, in particular Mr. Meade, wish to support it with - shall I say? - mental reservations.

MR. LOKANATHAN (India): On behalf of the Indian Delegation, I would like to say that we wish to reserve our final decision on this Clause. Precisely the same difficulties which have been expressed by the Delegate of China, and have been endorsed by Mr. Meade, were expressed by the Indian Delegate at that meeting. We are fully in sympathy with, and support, the principle embodied in paragraph 4. Our difficulties, apart from those mentioned already, are that it is undesirable to duplicate functions which have already been assigned to another body. The International Labour Organisation is obviously set up to do exactly the sort of things which have been put forward here, and the view of the Indian Delegation is that to place the whole range of economic functions under one organisation is difficult and dangerous. It is more from that point of view than because we are not in support of this paragraph - as a matter of fact we are very greatly in sympathy with it, and if anything is to be done to improve conditions of labour we should be the first to agree. It is not so much the wording of this Clause as that it is unnecessary, as the subject is already covered by the International Labour Organisation and it would be adding to the burden of the International Trade Organisation. Having said these things, I do not like at this stage to say we oppose it; we should rather like more time to consider the matter.

MR. PIERSON (United States): On behalf of the United States I should like to support the retention of this Clause. Without repeating the remarks of several Delegates here in defence of the Clause, with which I agree, I

should like to add two further comments. In the first place the United States would certainly feel that it was important that the report of this Committee should call attention to the work of the I.L.O. in this field and the value that we attach to continued co-operation with that Organisation. In the second place I should like to point out that we are not, in this Clause, imposing on I.T.O. a duty to apply any form of sanctions whatsoever with regard to labour standards. Therefore it seems possible and reasonable to use a word such as "sub-standard conditions", which the Delegate of China found difficult, because whereas if the I.T.O. had to enforce particular standards it would be necessary to know precisely the standards we had in mind. Since it is not intended that the I.T.O. should police labour standards, that degree of precision is not required. It is certainly not the view of the United States that the ITO has an obligation to intervene and attempt to secure compliance with a set of standards. The question seems rather to be whether, in a declaration in a Charter in which we are attempting to state our common view on a series of principles relating to employment and trade, it may not be worth while to indicate our agreement that each nation has the obligation to take whatever action may be proper and feasible in its own jurisdiction to eliminate substandard conditions. One may say that it is not worth while to make that kind of declaration, unless one is prepared to specify the means whereby it should be enforced.

Our view, however, is that it is worth while at this time, when we are undertaking to try to give our various objectives concerning trade and employment, production and industrialisation, to include a reference here to our effort and to our common belief in the value of an effort to raise the standards for the workers.

THE CHAIRMAN: It seems to me that the Delegate of India, while sharing the views of the Delegate of China, wishes to support this Clause with a reservation?

MR. LOKANATHAN (India): I hope I may make my position clear. It is that while I am not very happy about this Clause I do not think it is necessary to oppose it. We have had all the difficulties pointed out; a member which adopts the Convention should not be left in such a position that it is open to the other members to say that that member has failed to carry it out. If we have this Clause the I.T.O. will be qualified to entertain such complaints, and in my opinion it is the duty of I.T.O. to receive complaints arising out of the failure of members. That is one of the main reasons why we are not going to say "yes" or "no".

THE CHAIRMAN: As for Mr. Pierson's remarks, ^{if} I understand him correctly he would like to see some reference made in the body of the Report?

MR. PIERSON (United States): Yes, Sir.

THE CHAIRMAN: In what sense?

MR. LOKANATHAN (India): I think we should like to say that some of us reserve our position in this matter and some of us are opposed to it.

THE CHAIRMAN: That is what I understood from Mr. Pierson.

MR. PIERSON (United States): My intention was to say that we feel that the report of this Committee should recognise the important work done by the ILO in this field and should express our belief in the value of continuing to co-operate with the ILO in the matter of labour standards.

THE CHAIRMAN: Do the explanations given by the various Delegates satisfy the Delegate of China?

MR. CHANG (China): I would say that there is a need for qualifyin or adding something to the Clause to avoid further obligations arising from it.

THE CHAIRMAN: Any other comments? I should like to ask the Delegate of China whether he insists upon the exclusion of this from the text.

MR. CHANG (China): I do not insist, in the interest of solidarity, and subject to approval by my Government. But I should like to see some kind of amendment which would satisfy the Committee.

MR. MEADE: May I suggest that there are two courses open to us? If the Delegate of China could suggest an amendment which the rest of the Committee could accept, we could then maintain the Clause without reservation, subject of course to the fact that there is a reservation for all the Clauses in the sense that Delegates will in the end have to consult their Governments on everything. The alternative course would be for us to maintain the Clause here, possibly in square brackets, and say in our final report that China feels serious doubts about the Clause on two grounds, namely the definition of sub-standard conditions and the overlap with the International Labour Organisation, and to say that India feels serious doubts on the second of those two grounds.

Of course, in the report I imagine we should in any case, if the clause sounds as Mr Pearson suggests, make reference to the fact that there should be close consultation and cooperation with the International Labour Organisation. Two courses seem to be open, either to amend the clause so that it is acceptable to the Chinese Delegation and others, or to keep it as it stands and express in the covering report the reservation on two grounds of China and on one ground of India.

MR. LOKNATHLAL (India): Although my reservation was more on the ground of overlapping, it did not exclude a reservation on the second ground, because the question of the elimination of sub-standard conditions of labour is one of the duties of the International Labour Organisation. In view of that, I thought it was enough for me to refer to that without going into details. If it comes to the merits of the subject, however, I have further difficulties. In view of these difficulties, I do not want to go into the merits of the matter now, but I would point out that my reservation covered both grounds, and that the emphasis was more on the second than on the first.

THE CHAIRMAN: Without prejudice to the view of any Delegation, including, of course, the Chinese Delegation, I would suggest that in the interests of our work we might maintain this clause as it stands, while in the report itself we will attempt to make a reference to the fact that both the Chinese and the Indian Delegates, and I suppose the United Kingdom Delegate, too, have made reservations, and in addition to that, there should be another reference, as has been suggested by the United States Delegate, to the ILO. Is that agreeable to the Committee?

MR. MEADE (United Kingdom): With the single exception that I would hardly call the United Kingdom position a reservation. It is merely that, as the Clause is now, the United Kingdom think that these difficulties do not in fact arise. That is a minor matter

THE CHAIRMAN: Then we will again leave it to the rapporteur to deal with this matter.

MR. FRESQUET (Cuba): I would like to know what is the position of the United Kingdom. Does it make a reservation on this?

MR. MELDE (United Kingdom): The United Kingdom makes no reservation on the clause. It says that since the fair labour standards are related to national productivity and since there is no suggestion of a sanction against countries, we understand the clause to mean, as I think it does mean, that countries agree to take whatever action may be appropriate and feasible to eliminate sub-standard conditions of labour, that is, standards which are related to national productivity - that is to say, to get rid of sweating in particular industries, and so on, and to get general levels of wages up to the level of the national productivity. We have no reservation. We merely say that is what we think the text means as it stands, and therefore, it satisfies us.

MR. CHANG (China): I want to be clear that on this point, as on any others, we are not committing our Government.

MR. MELDE (United Kingdom): I hope I am not committing my Government on any clause. I should not talk with the freedom that I do if I were.

THE CHAIRMAN: And the Chairman is not committing the Committee, either. We will now take paragraph 5.

MR. GOTZEN (Netherlands): Even in time of widespread and lasting depressions there will always be employment, generally speaking, so I think the words "maintaining employment" do not fully express the exact meaning of our line of thought on this subject. It might be better to insert some such words as "the existing level of" or "the previous level of" after "maintaining".

MR. MELDE (United Kingdom): I would like to make a plea for not making that change. I much appreciate the thought that lies behind the

suggestion made by the Delegate of the Netherlands. On the other hand, this text merely says "difficulties which handicap them in maintaining employment" and does not, therefore, suggest that there should be no unemployment, as it were. It is merely difficulties which make their employment policies more difficult. I think that if we begin to try to make it precise by relating it to a previous level of employment, we shall only run into other difficulties, because I cannot help expecting that at least two other Delegations would say that they would not be content with going on with a very large level of unemployment which has been imposed on them for a long time by pressure from other countries, and as soon as we begin to relate it to a precise level, I think we shall run into difficulties. I hope the present phrase sufficiently indicates the general line of thought without trying to introduce precise criteria of what the position was a year ago, or something of that kind in which we try to be more precise; we shall run into difficulties.

THE CHAIRMAN: Does that explanation satisfy the Netherlands Delegate?

MR. GOTZEN (Netherlands): If that is the general feeling, I will not insist on that amendment.

THE CHAIRMAN: We will now take paragraph 6. This is the famous escape clause.

MR. COOMBS (Australia): As one of those who was particularly interested in the existence of an escape clause in this respect, I should like to explain, for the benefit of those who were not members of the Sub-Committee, that the purpose of this clause is to make it clear that, in the view of the Sub-Committee, there should be adequate escape clauses in their appropriate places, and that it was not appropriate to include in the provisions relating to employment the precise means of that escape in the event of the employment provisions

failing to be carried out in countries or groups of countries. It is our intention, therefore, to take particular care, when we work through the various parts of the Charter, where escape clauses of one sort or another exist, to check their adequacy against the needs of the situation outlined here, that is, the situation in which an economy may be adversely affected by deflationary pressure resulting from a serious or abrupt decline in the effective demand of other countries. Consequently, while we believe this necessity for linking these employment undertakings to the obligations accepted in other parts of the Charter is fundamental, we are quite satisfied with this way of dealing with it -- that in the part of the document relating to employment and effective demand we merely recognise the need of members to be able to take action to safeguard their economies against the decline in effective demand elsewhere, and to transfer the battle of the escape clauses to other parts of the document.

MR. DEUTSCH (Canada): As one of the countries which is concerned about the difficulties arising out of any general escape clause in this section, we think this is a proper method of dealing with this problem. It simply directs attention to the requirement that in other places in the Charter, the Organisation shall recognise this difficulty arising out of the under-employment in other countries. We think that is the proper way.

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THE CHAIRMAN: If there are no other comments, we will pass on to No. 7.

THE SECRETARY: "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 specialised agencies (a) for the regular collection, analysis and exchange of information on domestic 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 specialised agencies in the field of employment policies."

THE CHAIRMAN: Are there any comments on this?

Mr. GOTZEN (Netherlands): Mr Chairman, in the opinion of the Netherlands delegation, it is not only the level of demand which matters, but also the composition of the demand; for instance, it is of the utmost importance to know which part of the demand is directed to consumer goods and which part to capital goods. Therefore I suggest the insertion of the words "and composition" after "level" in (a).

Mr MEADE (UK): Mr Chairman, the United Kingdom would find no difficulty in accepting that. We recognise that it is an improvement in the draft.

Dr. COOMBS (Australia): The Australian delegation will agree.

M. DESCLEE DE MAREDSOUS (Belgium) (Interpretation): I am happy to agree and to support the suggestion which has just been made by the delegate for the Netherlands. It meets one of the points made earlier when I said it would not suffice to have certain types of information but it would be necessary to have a whole range of indications and data. I would suggest an additional amendment in the third line of 7 (a); that is, after the words "information on national income", add the words "and its components". A further addition would be after the words "the level of demand, and the balance of payments" add the words "and

eventually the general programmes for economic development".

Mr. MARTINS (Brazil): I am happy to support the suggestion which has just been made by the delegate for Belgium and I venture to suggest that this amendment would meet some of our previous explanations on this point. It is in fact difficult to have any useful explanation of what is national if the data in this respect are not put forward in such a manner as to be comparable as between the different countries. Therefore the delegation of Brazil is happy to support this suggested amendment.

THE CHAIRMAN: If I am not mistaken, the several amendments which have just been made amount to this: paragraph 7 (a), with the amendments, would read: "for the regular collection, analysis and exchange of information on domestic employment problems, trends and policies, including information on national income and its component parts, the level and composition of demand, the balance of payments, and eventually the programmes of economic development".

Mr. PIERSON (USA): Mr Chairman, I wonder if I may venture a suggestion. I personally think the amendment suggested by the delegate for the Netherlands to add the words "and composition" after "level" and before "of demand" is a good suggestion. I wonder, however, whether the additional suggestions supported by the delegates of Belgium and Brazil are not perhaps unnecessary and would not perhaps place an unnecessary degree of emphasis on detail. We have spoken of the level of demand, and it is rightly pointed out that we are interested also in the composition of demand; but before the words "national income" we have not used any qualifying or limiting phrase. Therefore I believe that information on national income could well cover composition of the national income as well as the total quantity; and I am inclined to feel similarly that information that nations might give on their programmes and development ultimately could be accounted for either under (a) or under the consultation with

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regard to employment policies in (b). I think we should avoid overloading these clauses with detailed requirements. I am fully in sympathy with the delegate from Brazil in his desire to see uniformity in the field of national income statistics, and I am hopeful we shall get an increased measure of uniformity. I should think we can count on that, and we can count on the assistance perhaps of such organs as the Statistical Commission in enabling different countries to collect and publish their national income figures in a more uniform manner. I just feel that here it is probably not necessary to indicate in detailed words every single thing that might be useful if we had it. I believe that my Government, for example, would expect to provide in connection with national income such useful major breakdowns as were available, and I suppose that other Governments would do likewise. I do not think we could all at once set a standard that might be difficult for some countries to obtain.

(Interpretation)

Mr MARTINS (Brazil): /Mr Chairman, may I point out that the author of the amendment was the delegate for Belgium and not myself. I only marked my appreciation of the suggestion because it seemed to me to meet certain considerations which I had expressed on a previous occasion. It is precisely the fact that in a country like the United States there does not seem to be one clear definition given to "national income". We witness the position where some very distinguished economists have one definition and one doctrine as to national income, while the Department of Commerce has another.

Mr PIERSON (USA): I will only say that it will take more than a few words here in our paragraph to straighten out the conceptual tangle in this field either in the United States or any other country.

M. DESCLEE DE MAREDSOUS (Belgium) (Interpretation): From the point of view of theory I quite understand the hesitation of the delegation of the United States to make out on this particular

paragraph in our text a real treatise on economic theory; but I think it is important to state that it is not only data relating to the global national income which would be of interest, but that the component parts of the national income provide an element of information of very great importance, and I would be sorry if the text submitted to our Conference would entirely neglect this important aspect of the question. There is another point of view to consider - a practical point of view. Quite a number of countries have not at this stage any such developed statistics as to the national income as, for instance, the United States have already, and I think it would be useful if our text constituted a clear pointer to the Governments of these countries towards the necessity of the elaboration of statistics and their presentation in clearer and more complete form.

Mr NEADE (UK): Mr Chairman, there is one point which I think the United Kingdom would find difficult, and I imagine some other countries would also; that is, to undertake any obligation to publish plans for the future or forecasts of what is likely to happen. For example, in this country we are trying to develop a technique which will make certain forecasts, but if our forecasts tell us there is going to be a slump, we do not want to publish that in the world in order to make our counter-measures a hundred times more difficult; and, while it is obviously desirable that the exchange of information on trends should cover information about intentions for the future as much as possible, I do not think the United Kingdom Government could readily undertake an obligation, if economic development means that, about necessarily giving all its plans about the future developments and policies. I have been trying to make a little re-draft which I hope will meet the very substantial point that lies behind this. May I read it out?

THE CHAIRMAN: Yes, please.

MR. MEADE (United Kingdom): "For the regular collection, analysis and exchange of information on domestic problems, trends and policies concerning employment and economic development" - to bring in the idea of economic development there - "including information on the level and composition of the national income, the national expenditure and the balance of payments."

THE CHAIRMAN: You drop the word "demand"?

MR. MEADE (United Kingdom): I drop the word "demand", because to my mind it is covered sufficiently by the national expenditure, when you put that against national income.

MR. DESCLÉE de BAREDSOUS (Belgium):(interpretation): I entirely accept the draft suggested by Mr. Meade.

THE CHAIRMAN: I will read it out again:

"For the regular collection, analysis and exchange of information on domestic problems, trends and policies concerning employment and economic development, including information on the composition and the level of the national expenditure, the national income and the balance of payments."

Is that correct?

MR. MEADE (United Kingdom): Except that I suggest the word "level" comes before the word "composition," "level and composition."

THE CHAIRMAN: ". . . the level and composition of the national income, the national expenditure and the balance of payments."

MR. MEADE (United Kingdom): I put it that way because it was not simply balance of payments, but it was the composition of the balance of payments which would be important on this point. I meant "the level and composition" to cover income, expenditure and balance of payments.

THE CHAIRMAN: It is to cover all three items?

MR. MEADE (United Kingdom): Yes.

THE CHAIRMAN: That is agreed. Now we come to Part II.

THE SECRETARY: "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."

THE CHAIRMAN: Might I ask Mr. Meade to be kind enough to explain to our colleagues who were not on the sub-committee the history of this Resolution which, as I understand, is really a compromise after a great deal of discussion on this subject in the sub-committee.

MR. MEADE (United Kingdom): The problem with which we were confronted was this. The United Kingdom proposed as one of the clauses which it put forward among the ordinary clauses to cover employment - and which in our minds, at that time at any rate, might be best covered in a convention outside the Charter - a clause which invited the Economic and Social Council to initiate, in consultation with the appropriate international specialised agencies, studies on these lines. However, it became clear in the course of our discussion that it would probably be inappropriate in a clause of that kind to have a long enumeration of the sort of matters which might be covered by such studies, and that this would be particularly inappropriate if the clauses became Articles of the Charter of the constitution of the International Trade Organization.

In the end the United Kingdom agreed provisionally -- possibly a little bit more provisionally than some of the other agreements reached -- that

the appropriate place for the ordinary clauses on employment is probably in the Charter of the Trade Organization, and in that case it would almost certainly be quite inappropriate to have a thing like this suddenly stuck into the Charter. It was suggested - I think by the United States Delegate - that the right way to deal with this was by a special resolution of the Conference on Trade and Employment rather than by a clause in either the constitution of the Trade Organization or a separate convention. The United Kingdom Delegation has agreed to that procedure, and indeed thinks it is an improvement on the procedure which it suggested itself. On that basis we were able to reach agreement on the terms of the draft resolution that might be put forward to the conference.

MR. HAKIM (Lebanon): I would like to raise a question with regard to paragraph 4. I think there is an objection to be made to that paragraph as it is worded at present. This paragraph asks for the promotion of the flow of capital in periods of world deflationary pressure. Now, I think the promotion of the flow of capital should not be made only in periods of world deflationary pressure to the underdeveloped countries, or to the countries which have difficulties with their balance of payments, but also in normal periods.

Another point is that the flow of capital from the developed industrialised countries to the underdeveloped countries is of advantage not only to the underdeveloped countries, but also to the industrialised countries themselves. I would like to find reference here in this paragraph to the beneficial effect on employment in the industrialised countries which this flow of capital has. I would like to explain, very briefly, that the flow of capital from the industrialised countries to the underdeveloped countries helps to check the fall or marginal deficiency of capital, and thus to maintain full employment in the industrialised countries. On the other hand, it increases the productivity of the underdeveloped countries and raises the income of the

people in those countries and the effective demand for manufactured goods produced by the industrialised countries. I think it has the further advantage of correcting the disequilibrium in the balance of payments as between the industrialised countries on the one hand and the underdeveloped countries on the other. Thus, not only those countries which have unfavourable balance of payments will benefit but also those which have a favourable balance of payments in excess of their exports over imports; they would find an outlet for their goods in the flow of capital from these countries to the underdeveloped countries.

Therefore, I suggest this paragraph should contain a statement/this ^{that} flow of capital has helped to maintain employment in those countries which have an abundance of capital, not only in periods of world deflationary pressure but in normal periods as well. May I suggest a wording to be inserted, if the committee sees fit? I would like to add the following phrase after "the promotion, under appropriate safeguards, of an international flow of capital,

"from those countries where the relative abundance of capital threatens to reduce employment, particularly"

"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."

This certainly has a relation to clauses which we have been discussing.

I would have liked to have seen some reference to this question.

It has some relation to paragraphs 3 and 5, but I could not find any convenient way of introducing this idea into those paragraphs.

If it is not stated there, I should think it would be advisable, and desirable, to state this idea in paragraph 4 of the Draft Resolution, the idea that capital export should be promoted in normal periods as well as in periods of deflationary pressure, and that benefits would accrue to employment in the capital exporting countries as well as to the development of the capital importing countries.

DR. COOMBS (Australia): The idea put forward so convincingly by the Delegate of Lebanon would appear to me to be very appropriate to the section of the Charter which deals with industrial development, and in that connection. I should perhaps inform the Delegate that the very ideas which he has been outlining here have been the subject of discussion in the Drafting Committee which has been working on industrial development. I think that it is certain that the proposed draft articles which are being prepared there in relation to industrial development will certainly put very great emphasis on the importance of the flow of capital from the industrialised to the less-developed economies and the advantages which will be derived from that by both parties to the transaction. It seems to me to be inappropriate to include it in this particular Resolution which, as I understand it, is designed for the particular purpose of emphasising that, in addition to action which can be taken in the various national fields, there are possibilities of emergency action, in times of deflationary pressure, which have their origin not in the domestic policies of the individual Governments but in the policies and activities of the various international agencies. It would appear therefore appropriate to limit the subject matter dealt with here to the significance of specially organised movements of capital in times of deflationary pressure which are organised, not entirely but at any rate in part, because of the effect they would have at that particular time in counteracting the existence of deflationary pressure elsewhere in the world.

MR. MEADE (United Kingdom): I should like to support in general the views expressed by the Delegate of Australia. Again I do not from any desire to argue against the view expressed by the Delegate of Lebanon, but because it seems to me that here we are simply asking the Economic and Social Council to make a special study of those things which might be done not at normal times but at times of world deflationary pressure to help to offset them. Therefore we are not dealing here with what should be a normal flow of capital from the highly developed to the under-developed countries, we are dealing with special action in periods ^{of} world deflationary pressure to get a rather special flow of capital, not necessarily merely from the highly-developed to the under-developed countries but from those countries which have favourable balances to those which have an adverse balance and so are having pressure put upon them.

There is one part, however, of the suggestions of the Delegate of Lebanon which I should be very willing to accept, and indeed I think it is rather important. That is to point out that this action would be of advantage not only to the countries receiving, but to the countries granting the loan, and I suggest that we might meet that by amending the last line to read:

"In order to enable them to maintain their demands for imports and their domestic policies for full and productive employment."

That makes it clear that such a flow would help to maintain the demand for imports on the part of the receiving countries, i.e. the demand for the exports of the lending countries. That I think would be an improvement to our text, but I suggest that the proper place for the other part of what the Delegate of Lebanon suggested is in that work which is being done by the Joint Committee on the principles which should determine the development of under-developed territories.

MR. LOKANATHAN (India): I should like to have that amendment again?

MR. MEADE (United Kingdom): "In order to enable them to maintain their demands for imports and their domestic policies for full and productive employment."

MR. LOKANATHAN (India): That covers the point made by the Delegate of Lebanon, but what is required here is "to the advantage of the lending countries," not only to the advantage of the countries whose balance of payment is adverse. I want to bring out the point that it is to the advantage of the country which is going to lend the money to another country in periods of depression. Therefore I think we ought to say, not so much to maintain the level of the imports of the country which is suffering from an adverse balance of payments, but on the contrary, to the advantage of the lending country.

MR. MEADE (United Kingdom): May I suggest an amendment to the amendment proposed by the Delegate of the United Kingdom? It is:

"To enable them to maintain their demand for the products of other countries and their domestic policies for full and productive employment."

THE CHAIRMAN: The Delegate of Lebanon wishes to include the idea of the normal flow of capital in paragraph 4, and to stress the beneficial effects not only on the receiving countries but also on the lending countries somewhere in this document. Dr. Coombs, while appreciating his suggestion, thinks that this matter should be taken care of by the Joint Committee on Industrial Development. The United Kingdom Delegate was of the same opinion, but he would like to give some recognition to the value of this proceeding by suggesting the words:

"In order to enable them to maintain their demand for the products of other countries and their domestic policies for full and productive employment."

As to the rest, he shares the view of the Delegate of Australia that it should be discussed and settled by the Joint Committee on Industrial Development. Does this amendment satisfy our colleague from Lebanon?

MR. HAKIM (Lebanon): I am quite satisfied with the explanation given by Dr. Coombs and I realise that perhaps this resolution should deal properly with periods of disequilibrium and not with normal periods.

I am therefore quite satisfied with the explanation and I would accept also the suggestion of the United Kingdom Delegate for the addition of the phrase showing that the receipt of a loan by those countries with an adverse balance of trade helps the lending countries by increasing their exports. A demand by the borrowing countries for the products of other countries of course means advantage to the exporting countries.

MR. LOKANATHAN (India): I would suggest a slight amendment to the words proposed by Mr. Meade. I want the word "then" to be omitted, because we want to emphasise the effect not only on the countries which receive the capital but on those which lend it. I would therefore propose:

"In order to ensure the maintenance of the demand for imports..."

That is to say, we would cover both types of cases. Therefore, I would suggest this wording, "in order to ensure the maintenance of the demand for imports and of domestic policies for full and productive employment."

THE CHAIRMAN: "In order to ensure the maintenance of the demand for imports and of domestic policies for full and productive employment".

MR. FRESQUET (Cuba): I entirely agree with the theory expressed by the Delegate of the Lebanon. That fact is already proved by experience in the Western Hemisphere. If we include the phrase "the maintenance of the demand for the imports, or products, of other countries", we then put all the emphasis on one side. If we use that phrase we ought to say something more about the raising of the national output, because it is not a question of lending money in order to get customers. If we change paragraph 4, we shall have to put in something about at least the maintenance of the national output.

MR. COOMBES (Australia): It seems to me that it is not necessary to make the amendment which the Indian Delegate suggested last to protect the idea that this operates to the advantage of both parties. It is of help to be able to say "demand for the products of other countries," and I think that if we do that, it does make that point clear. On the other hand, if we drop the use of the words "their" and "them" it becomes very difficult to use the phrase "products of other countries", which I think brings out the point which the Indian and Lebanese Delegates wanted to bring out, more clearly than the alternative.

MR. PIERSON (United States of America): I should like to support the amendment suggested by the United Kingdom Delegate, as amended by the rapporteur. I think the point raised by the Cuban Delegate is

really taken care of, since there is an express reference here to the maintenance of domestic policies, that is, the importing countries' domestic policies for full and productive employment, and the reference to the purchase of the products of other countries certainly implies that it maintains their production and employment. Therefore, I feel that his point, which was a very good one, is covered here, and perhaps if we attempt to cover it more completely, we shall become involved in unnecessary elaboration of the sentence.

MR. FRESQUET (Cuba): I think that also in the phrase "full and productive employment" is implicit the gain in the purchasing capacity of the country to buy products abroad. Therefore, I think that the whole paragraph is well as it was before. If we start putting things in there, we shall put emphasis on some things and forget about others. If we want to make any amendments in that paragraph, we shall have to take all the points in order not to make a disequilibrium in that balance.

MR. LOKANATHAN (India): I would be entirely agreeable to leaving it as it was. If we are going to accept the idea of the Delegate of the Lebanon and put in this point about its being of advantage to the exporting country, then I would suggest a further amendment: "In order that the level of world demand and of domestic policies for full and productive employment may be maintained." The level of world demand covers the demand for exports and the demand for imports. If we accept the United Kingdom Delegation's amendment, in which there is a reference to the demand for imports, it would mean that we would not be concerned with the question of exports. We are, however, also concerned with that aspect.

THE CHAIRMAN: After this short digression, we are gradually coming back to the point from which we started.

MR. FRESQUET (Cuba): Since this is a question of an explanation or a definition of a certain economic attitude, I would propose that we say it at the beginning of the draft resolution, and not include it among the different actions that are going to be taken. The proper place for a definition is at the beginning of the draft resolution. Therefore, I suggest to the Delegate of Lebanon that he drop his amendment, and that we will take care specifically of the case of the under-developed countries in the Joint Committee for Industrial Development, and that either the Secretariat or the rapporteur will take care of that thesis and try to point out something about it in the draft resolution.

MR. MEADE (United Kingdom): I feel that neither the suggestion made by the United Kingdom Delegate nor that made by the rapporteur was a happy one. I should like to support the view that we go back to the original text. I feel that everybody who has spoken has really expressed satisfaction with that. I hope that in those words I interpret also the view of the Delegate of the Lebanon, because I understood him to say that he was satisfied with Dr. Coombes's explanation that the right way to take care of the main point he was making was in the Joint Committee. My attempt to gild the lily by taking care of one small part of his suggestion was obviously not a happy or successful one. Might I back the proposal that we go back to the original text without any change either in the "whereas" or in the resolution, and leave the matter to be taken full care of in the Joint Committee, where I am sure it properly belongs.

THE CHAIRMAN: That seems to be the general view.

MR. HAKIM (Lebanon): I feel that Mr. Meade has expressed exactly my attitude and that the main point will be taken care of in the Joint Committee on Industrial Development. That was the important point which I wanted to raise, and as that is settled, this minor point need not be pressed further. So I withdraw my suggestion.

MR. COOMBES (Australia): Before we close the discussion of this, I would like to raise a question. I am not entirely sure what the status of this Preparatory Committee is in relation to resolutions and so on directed to other bodies, but on the face of it it seems to me a bit unnecessary that consideration of this resolution by the Social and Economic Council should have to wait until the United Nations Trade and Employment Conference has held its sessions. I presume that will not be before September of next year, if then. I wondered whether it was possible for this resolution to derive from the Preparatory Committee on Trade and Employment established by the Economic and Social Council and to go back to the Economic and Social Council for their consideration as soon as this present session of the Preparatory Committee has approved it. We do say in the present draft that we invite the Council to undertake at an early date..... If we do -- and I do -- think these studies are sufficiently important to be undertaken at an early date, I would like to see consideration being given to them in the appropriate place before next September.

MR. MEADE (United Kingdom): I think that is a very interesting suggestion which has been made by the Australian Delegation. On the other hand, I have some doubt whether this Committee is the right body to consider that. Rather, I think it should be considered possibly by the Heads of Delegations. I believe that my Delegation might have views on this matter which are not concerned at all with the technical policy problems relating to employment, but with the general procedure of this Preparatory Committee and its work. I would not like to express a view myself at this moment one way or the other on that. I feel it is more appropriate for the Heads of Delegations, or a body which covers all the Committees, to consider the sort of resolutions that might be taken at different times, rather than for this Committee to do it.

MR. COOMBES (Australia): Could we leave it that we do not make any change in this as it stands, but that it will be open to any Delegation interested to take this matter up in the Heads of Delegations Committee, and subsequently in the plenary sessions of the Committee, if necessary.

THE CHAIRMAN: I think that is satisfactory.

MR. PIERSON (United States of America): Would I be in order, Mr. Chairman, in going back to paragraph 7 (a)? The point went by rather quickly, and at the risk of taxing the patience of Delegates, I would like to say a couple of words about it. I do not see that the United States would experience particular difficulty in doing what is here suggested. I think we should make out at least as well as many of the other member Governments, but I have two thoughts on it. One is that I still feel that it may be a little excessive to go into the degree of detail that we have undertaken to put into this paragraph 7 (a) in the last version that was read out. I would like to say off the record that there was a member of my office in the United States Government who was quite expert in this field -- I suppose he was one of our leading experts -- and through him I have become aware of some of the difficulties in this field. He was invited to go to certain other countries and attempt to help in the development of some of these national income series. I know that he has told me of the scarcity of information in some of the countries who are members, or presumably will be members of this Organisation.

That is one thing that makes me wonder whether it really is essential for us to cross the "t" and dot the "i" on precisely the information that is needed and precisely the breakdowns, and so forth. The second thought I have is simply a question which I would like to put to the United Kingdom delegate. As the draft now reads it says that Members agree to participate, and so forth, for the regular collection, analysis and exchange of information on domestic problems, trends and policies, concerning employment and economic development, including information, &c. Well, what is the implication for the United States, in his view, of providing information on our domestic problems, trends of employment and policies in connection with economic development: what sort of information would we be there likely to be giving if we were meeting the requirement or the thought?

Mr MEADE (UK): Mr Chairman, what I had in mind - and perhaps not very happily expressed - was that one would exchange information on the problems, trends and policies, concerning those projects for economic development of one kind and another which the country had already in mind and about which it felt no hesitation in making public its intentions; but I am very conscious of the difficulties to which Mr Pierson has alluded. I might possibly mention the fact that I was in charge of the first estimates of the national income and expenditure in this country, and am not unaware of the fact that there are different ways of defining them and problems in computing them. I was wondering whether we could adopt a solution here analogous to that which we have just adopted for another clause: go right back to the text as it stood, but elaborate that in this Report; I feel that what we have got to give here is a very general idea of the sort of thing about which there has got to be collection, analysis and exchange of information. In the very first words

we had, after all, it is only information on national income, the level of demand and the balance of payments; and in the Report we could say quite well that it is the composition as well as the level that is important, and we could bring out this problem, that trends should include not only what has just happened, but what is going to happen and what is planned to happen, where it is appropriate to exchange information about that. We could deal with it much more satisfactorily in a paragraph in the Report than by trying to draft it here; and I am absolutely certain myself that as soon as the Economic and Social Council and the specialised agencies concerned really get down to this, they will unearth all these problems and will have to deal with them obviously in very great detail. The draft suggested was in order to try and make agreement more easy. I am not sure that it will, and I am not sure that the best thing really is not to take this very general indication here. I would point out to the delegates from the Netherlands and from Belgium that it only says "including information on", and "information on" is information about the level, the composition, past movements and future movements; and we could point out all these important details. Well, we could not point out all the important details; that would take many volumes, Mr Chairman; but in the Report we could indicate in a little more detail the sort of points that arise. I do not know whether that would satisfy the Committee, Mr Chairman.

Dr COOMBS: Would not it help to some extent if we made the original statement more general? I think one of the difficulties arises from the fact that to some extent the words used were particular and therefore appear to exclude other particulars. Furthermore, I am a little uncertain as to the precise meaning of the word "on" in this connection. If we said "relating to or about national income", delete "level of", and put "demand, and the balance of payments", so that it would read "information relating to or about national income, demand and the balance

of payments", then there would be no particularity: it is a general heading in each case.

Mr MEADE (UK): Yes, I would support that, Mr Chairman.

THE CHAIRMAN: We are again coming back to our original position.

M. DESCLEE DE MAREDSOUS (Belgium) (Interpretation): I am quite prepared to agree to that suggested solution, provided our Report makes sure that in some part of the text - in the convenient part of the text - it is stated quite clearly that for successful action in the field with which we are concerned here, we require statistics much more fully developed than those which are given in certain cases here, and, moreover, more serious study and enquiry not only of current statistical detail but bearing also on future developments. Provided our Report is quite explicit on these matters, I think we can agree with the solution that has just been suggested.

THE CHAIRMAN: Does it mean that as to 7 (a) it will read:

"including information relating to national income, the level of demand and balance of payments"?

Mr MEADE (UK): No - "national income, demand"--

THE CHAIRMAN: And we will give explanations in the Report about all those details.

Mr FRESQUET (Cuba): Mr Chairman, now that we have come back to this clause 7, it would appear to me that several countries - my own among them - have no financial and technical means to provide for such elaborate information as is established here as an obligation of the Members, and there will be a very striking difference between the information that can be supplied in a little country with small financial and technical means and a well-developed country with sufficient technical and financial assistance to do it; I think we should cover that point here, and I was thinking of this phrase, that in (a) we include a phrase so that it will read: "for the collection, analysis and exchange of information with a scope compatible with their

technical and financial means".

THE CHAIRMAN: The delegate of the Netherlands.

Mr GOTZEN (Netherlands): I was not going to speak about this question. Perhaps you had better finish this question first.

Mr MEADE (UK): Mr Chairman, I entirely understand the point raised by the delegate from Cuba and I think we should meet it. Could not we meet it by saying simply "including as far as possible information relating to"?

Mr FRESQUET (Cuba): I only pointed out the idea. I always expect an English-speaking country to put the final words in.

Mr GOTZEN (Netherlands): Mr Chairman, is this point finished?

THE CHAIRMAN: Yes, I think so.

Mr GOTZEN (Netherlands): Then, Mr Chairman, there is another point I want to raise in connection with paragraph 3 of the draft resolution. I am fully aware of the importance which international action can have not only for international measures on trade policy and international arrangements for the stabilisation of the income of primary producers, as dealt with in paragraphs 1 and 2, but also on measures and arrangements of national scope. In my opinion the same thing is true with regard to the timing of the execution of public works. To counteract the consequence of a world depression, a concerted action to effectuate public works on a national basis might be very valuable. I suggest, therefore, that paragraph 3 of the proposed measures should read as follows: "The timing, to the extent which may be appropriate and practicable, in the interests of employment policy, of the execution of public works on a national basis and of capital expenditure on projects which are either of an international character or internationally financed". The same stands in all those three paragraphs, Mr Chairman, as far as I can see.

THE CHAIRMAN: You suggest adding the words "of the execution of public works programmes on a national basis" after the word

"policy" and before "of capital expenditure"?

Mr MEADE (UK): Mr Chairman, I, of course, entirely and completely agree with the substantive idea that lies behind the proposal of the delegate from the Netherlands. However, I do wonder whether it is appropriate to put it in here. The United Kingdom had certainly in mind that such matters would be dealt with under clause 7 (b), where we should not, I think, try to spell out all the things that might be done, because there are so many of them; but when it is "consultation with a view to concerted action on the part of the Governments in the field of employment policies" — and obviously the timing of national public works would be an important element there — we think that that comes under 7 (b). As to the special study the initiation of which we wish to propose in this draft resolution, we have tried to confine things where there will be necessary international agencies or bodies of some kind or another, other than simply (it is not simply, of course, Mr Chairman) — other than merely co-ordination of national policies through an international body.

What we had in mind in clause 3 was that there were some capital projects which were either internationally financed or were of an international character in the sense, for example, of ^{transport} projects which necessarily concerned a lot of governments, and already felt in the spheres not of national policies which needed coordination but of international action by some international body or group of countries. I feel that if we begin putting into these clauses what are basically national policies - for which there should be some international coordination, certainly - there will be no end to it, and we shall have to put in everything.

THE CHAIRMAN: Personally I am wondering whether "the execution of public works on a national basis" does or does not fall within the domain of industrial development.

DR. COOMBS (Australia): I should not think so. However, I would agree with what the Delegate for the United Kingdom has said, that there are very many fields where coordination of national policies would be desirable. I think we have expressed elsewhere the hope that the Economic and Social Council will become, in some respects, the instrument of that coordination of national policies. The point here, as I understood it, was something different. This was not merely a matter of coordinating action taking place within the jurisdiction of national governments. They are a group of policies where the initiative originates in the international field, and I think it would overload the idea underlying this if we went on to list the various types of domestic policies which could, with advantage, be coordinated with the same general purpose as we are putting forward here.

MR. COTZEN (Netherlands): I can agree with what has been said by the Delegates of the United Kingdom and Australia, provided Mr. Meade, our Rapporteur, would be so kind as to put it very clearly into his report.

MR. STEYN (South Africa): May I ask one question in regard to clause 2 of the Resolution on page 5? It rather seems to me that there is a measure of duplication between this clause, which calls for studies regarding national and international arrangements which are undertaken to promote due stability in the incomes of producers, and Chapter 6 of the draft Charter sent by the American Government, where we also have provision for studies relating to certain international commodity arrangements. I was wondering whether this duplication was made deliberately, or whether the drafters of this Resolution could give us some information on that point.

MR. MEADE (United Kingdom): My idea there is that while there is inevitably some overlap it is not mere duplication. I say that for this reason. The studies which should take place under the articles on commodities are really studies to see whether there is a special problem in that particular commodity which needs special treatment from the point of view of, say, a surplus in that commodity, or something of that kind. Here we have something rather different in mind, namely, a general study as to the sort of way in which commodity policy might be influenced in order to promote stability in the income of the producers of primary products, with a view to helping to stabilise the level of general world conditions; that is to say, we think this study would be a rather general one of principles and so on, not from the point of view purely of commodity policy but from the point of view of promoting world stabilisation. The application of any principles or ideas which came out of those studies would, of course, have to rest with the commodity councils and the commodity commission of the International Trade Organization.

THE CHAIRMAN: Are you satisfied with that explanation?

MR. STEYN (South Africa): Yes, thank you.

THE CHAIRMAN: If there are no other questions or comments may I take it that this document has been approved? The first thing I would suggest is

that our Rapporteur, Mr. Heald, should be requested to continue his work as Rapporteur of the committee. I presume his first task will be to rewrite these paragraphs in the report in the light of our discussions. In regard to paragraph 4 there were the reservations made by the Indian and Chinese Delegates. In regard to paragraph 6, do I understand correctly that we should call it to the attention of the various committees as their discussions progress in regard to their spheres in escape clauses. With regard to paragraph 7(a), some reference should also be made in the report in the light of our discussions. As to the form of the Resolution, do I understand correctly that this question might be taken up by any Delegate, if he wants to do so, at any future meeting of the Heads of Delegations? Is there any other point which I might have overlooked?

DR. COOMBS (Australia): You will recall that at the meeting of the Heads of Delegations, where a decision was reached as to the form in which the final report of the Preparatory Committee as a whole should take, it was decided, I think, that the report should fall into two parts and an appendix. The first part being a sort of narrative account of the proceedings of the work of the committee, and an exposition of the main principles that were evolved; the second part should be something in the nature of a summary of conclusions which would guide the drafting committee; and the actual sections of the Charter, or any additions to that Charter, would take the form of an appendix. That was felt to be necessary because of the limited nature of the authority which Delegates to this Preparatory Committee have. I presume from that that the draft clauses relating to employment which have just been approved by the committee would in fact form part of the appendix to the final report. Therefore, it seems necessary, if we are to have our part of the report of the committee as a whole prepared and ready in the form suggested at the meeting of the Heads of Delegations, that we should have prepared a report in perhaps somewhat more elaborate form than the brief report of

the sub-committee. If it would not be too great a burden on our Rapporteur, it does seem to me that there would be a very great advantage if we could ask him to prepare a draft report to which the draft clauses on employment and the draft Resolution would be appendixes, and which would take the form required for incorporation in the final report of the Preparatory Committee. I am not sure whether that is putting too much of a burden on him, but I think it would be a very great help if we were to ask him to do that now, since the task of stating principles which have been worked out in discussions and the drawing up of a summary of conclusions is so closely inter-related with the work that he has already done. I think it would be wise to allow it to fall into less capable hands.

THE CHAIRMAN: I feel sure our Rapporteur will be only too glad to perform this task, and in the performance of this task the Secretariat will certainly help him.

MR. FRESQUET (Cuba): I would like to reserve the views of my Delegation on paragraph 2 of the Resolution until tomorrow morning. Tomorrow morning I will address our views to the Secretariat or to Mr. Meade directly.

THE CHAIRMAN: As regards paragraph 4 of the draft Resolution, I suppose there will also be some reference in the report as to the expression "domestic policies for full and productive employment." If there are no other comments I shall declare the committee adjourned sine die.

THE SECRETARY: I understand we will have another meeting, at which the committee will have an opportunity to examine the final report of the Rapporteur.

MR. MEADE (United Kingdom): I think it would be advisable. I am very touched by the very gracious expression of satisfaction with the work of the Rapporteur so far, which you have made, Mr. Chairman, and which other Delegates have supported. But the Rapporteur does not feel sufficient confidence in himself to prepare a report saying why we have adopted these

various clauses without referring it to the committee. I think some of them will have to be rather carefully expressed. I feel it would need only one more meeting, but I do think we ought to have one meeting on the draft report which is to be sent to the Preparatory Committee itself.

THE CHAIRMAN: Then I will withdraw what I have said about adjourning sine die. We must finish our work on the 9th; that is our target. Therefore, I was thinking of leaving the whole matter to our Rapporteur.

DR. COOMBS (Australia): I do not think it is necessary for the final report to be ready by the 9th. I think if the work of the Committee is complete in the sense that its members are from then on free to push on the work of the other Committees with the same skill and enthusiasm as they have completed their task here, that would be sufficient.

THE CHAIRMAN: I suggest, then, that we have another meeting in the early part of next week to examine our final report.

MR. MARTINS (Brazil) (Spoke in French - not interpreted)

THE CHAIRMAN: I simply wish to say how profoundly I am touched by the kind words which have just been spoken by our Brazilian colleague and by the signs of acclamation which greeted them. I am very deeply touched, and I will reserve my final thanks until our next meeting.

The Committee rose at 6.2 p.m.