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

COMMISSION A

Summary Record of the 16th Meeting held on Monday,  
23 June 1947 at 2.30 p.m. in the Palais des Nations,  
Geneva

CHAIRMAN: H.E. A. de V.F. Braga (Brazil)

The CHAIRMAN called the meeting to order and invited Dr. LOKANATHAN (India), Chairman of the Sub-committee on Chapter III to present the report of that Sub-committee.

Dr. LOKANATHAN summarized the report relating to the redrafted text which the Sub-committee had prepared for Chapter III. He remarked that in addition to the points covered in the report of the Sub-committee mention might be made of the deletion by the Sub-committee of the word "national" before "productivity" in Article 5. He explained that the Sub-committee had considered it undesirable to confine attention solely to national productivity. The Sub-committee considered that the use of the single word "productivity" would make it clear that appropriate account should be taken of whatever productivity might be relevant - whether it be national, regional, or that of a particular industry. On another point which had not been covered in the report of the Sub-committee he explained that the title of the chapter had been shortened from "Employment, Effective Demand and Economic Activity" to simply "Employment and Economic Activity", since with the addition of production in the text of the chapter the title would have become too long if an attempt had been made to

list all the aspects of economic activity covered by the present text of the chapter. He emphasized that, as indicated in the report of the Sub-committee, although an attempt had been made in redrafting the text to take more complete account of the other aspects of economic activity, it had not been the intention of the Sub-committee to divert the main emphasis of the chapter from employment.

Mr. MELANDER (Norway) expressed the approval of his Delegation for the new text but stressed that none of the amendments should be interpreted as diverting attention from the main objective of the chapter, which is to make provision for full employment.

Mr. CHEN (China) indicated his preference for the more extended title proposed by the New York Drafting Committee but after some discussion indicated that he would not press for the change if the Commission considered that the term "economic activity" clearly included "effective demand".

The meeting then proceeded to discuss the proposed new text, article by article.

Article 3. Importance of Employment, Production and Demand in Relation to the purposes of this Charter.

M. BARADUC (France) suggested that, in the French language version, the style would be improved if the last four lines were changed to read:

"est également une condition nécessaire pour atteindre les objectifs de la présente charte y compris le développement des échanges internationaux et, par conséquent, pour assurer le bien-être de tous les autres pays."

The CHAIRMAN indicated that the necessary alteration would be made in the French text.

Article 4. Maintenance of Domestic Employment.

Mr. WEBB (New Zealand) drew attention to the statement in the Sub-committee's report that "the representative of

New Zealand.... would prefer not to discuss the amendment which it had proposed to Article 4 until Article 3b and related parts of the Charter had been discussed... In the meantime the New Zealand Delegation would reserve its position in respect to Article 4".

The CHAIRMAN indicated that the reservation made by the New Zealand delegation would be recorded.

M. BARADUC proposed that at the end of paragraph 2 of Article 4 the words "other Members" should be replaced by the words "other countries" in order to be consistent with the language at the end of paragraph 1 in Article 3 where a reference is made to "the well-being of all other countries" and, also, in order to be consistent with the provisions drafted in London concerning balance of payments questions. Dr. LOKANATHAN explained that the Sub-committee had expressed no strong preference as between these two alternatives, although he personally considered the word "Members" better than "countries" in this context. M. FORTHOMME (Belgium) expressed the view that the use of the word "countries" at this point would appear to complicate the task of member countries and was in any event unnecessary since in practice no member country would deliberately try to create balance of payments difficulties for non-Members. Dr. COOMBS (Australia), speaking in his capacity as Chairman of the Consultative Committee (Non-Governmental Organizations), reported that the Representative of the World Federation of Trade Unions had suggested to the Consultative Committee that the substitution of the word "countries" would be desirable in order to avoid the impression that the use of measures which were capable of producing balance of payments difficulties for non-Members would be quite consistent with a Member's obligations under this article. Speaking for the Australian Delegation,

Dr. COOMBS expressed a preference for the words "other countries" rather than "other Members" since the intention of this article was not so much to establish an obligation between Members as it was to require Members to accept an obligation in relation to their own domestic policies and to the effects of those policies on other countries whether they be Members or non-Members.

Mr. KRAUS (Czechoslovakia) supported the proposed substitution of the words "other countries" on the ground that the use of the term "other Members" in this article might be interpreted as encouraging the formation of economic blocs. Dr. KORTEWEG (Netherlands) also supported the proposal, adding that in this particular context, since the reference was intended to be to conditions generally in a country, the text should not refer to "Members" or "governments" but to "countries". Mr. MEADE (United Kingdom) expressed the preference of his Delegation for the proposed substitution but emphasized that such an alteration in Article 4 should not be accompanied by a similar alteration in Article 6 because Article 6 relates to specific obligations of Members towards other Members and does not represent, as does Article 4, a general undertaking to refrain from types of domestic measures which will cause trouble to others. M. BARADUC (France) agreed that the proposed change in Article 4 would not require a change in Article 6. Mr. HAKIM (Lebanon), Mr. CHEN (China) and Mr. WILCOX (United States) added their support to the suggestion originally made by the Representative of France. M. FORTHOUME (Belgium) indicated his willingness to accept the proposed change. Accordingly, the last sentence of Article 4 was changed to read "Members shall seek to avoid measures which would have the effect of creating balance of payments difficulties for other countries".

Article 5. Fair Labour Standards

This article was adopted without discussion.

Article 6. Removal of Maladjustments within the Balance of Payments.

M. BARADUC pointed out that the word "desirability" in the second paragraph of the English text appeared in the French text as "nécessité". He questioned whether these words could be regarded as comparable in meaning and suggested that the last part of the French text following the word "compte" should be changed to read "du fait qu'il est préférable d'employer des méthodes visant au développement plutôt qu'au resserrement des échanges internationaux."

Mr. WEBB (New Zealand) placed on record the view of his Delegation that the wording of this article was unsatisfactory and expressed the hope that between now and the World Conference it might be possible to evolve a text which would more correctly express the implied intention. In particular he doubted that the text made clear which types of balance of payments difficulties the article was really intended to deal with. He questioned the use of the words "major factor" and suggested that the words "significant factor" might be more appropriate. He regretted the addition of the words "handicap them in carrying out the provisions of Article 4 without resort to trade restrictions" which he considered unnecessary and limiting on the scope of the article. He suggested that the words "other countries" rather than "other Members" might be used in this article as appropriately as in Article 4. The CHAIRMAN indicated that the remarks by the Representative of New Zealand would be recorded. Mr. VAN DER POST (South Africa) agreed with the Representative of New Zealand that an attempt might be made to improve the wording of the article.

Mr. MEADE (United Kingdom) pointed out certain improvements in the new text. In the first place, he felt that the new text avoided more satisfactorily than the previous text the impression that the single Member which has a "favorable balance of payments" is alone in causing the whole trouble. Secondly, he considered that the article had been improved by making clear that other countries were not expected to attempt in the first instance to overcome their balance of payments difficulties by restricting imports. Finally, he welcomed the provision for remedial action by all Members concerned.

M. BARADUC (France), while agreeing with the Representative of the United Kingdom concerning the merits of the English language text, requested that an attempt be made to improve the French language text. The CHAIRMAN pointed out that the Subcommittee had indicated in its report that it expected the French and English language versions to be reviewed at a later stage in order to ensure that they are strictly comparable in meaning. M. BARADUC proposed that the French speaking delegations should meet at an early date to study the best possible French language text.

The CHAIRMAN agreed with the suggestion made by the French Delegation and indicated that the English language text of Article 6 would be regarded as approved but that some improvements might be made in the French language text in the interest of comparability. The CHAIRMAN intimated that it might be necessary later to approve formally the French language text if any changes were found to be required.

Article 7. Exchange of Information and Consultation  
Article 8. Safeguards for Members Subject to External Deflationary Pressure.

Mr. CHEN (China) questioned the desirability of changing the order of Articles 7 and 8. Dr. LOKANATHAN explained that,

as indicated in the report of the Sub-committee, the present Article 8 was placed after the present Article 7 in order to emphasize the desirability of seeking consultation for the purpose of resolving economic difficulties wherever possible without resorting to release from Charter obligations. .

Articles 7 and 8 in their present order were approved.

The CHAIRMAN expressed the thanks of the Commission to all members of the Sub-committee, and particularly to its Chairman, for the text which they had prepared.

The meeting rose at 5.48 p.m.