

SECOND SESSION OF THE PREPARATORY COMMITTEE OF THE
UNITED NATIONS CONFERENCE ON TRADE AND EMPLOYMENTNon-Governmental Organizations

Summary Record of Meeting of Consultative Committee
with Representative of the World Federation of Trade
Unions held at 3 p.m. on 29 May, 1947 in the Palais
des Nations, Geneva.

Chairman: Dr. H. C. Coombs

Present: Mr. J.R.C. Helmore
M. Baraduc
H.E. Erik Colban
Mr. John H.G. Pierson
Dr. Frant. Kraus
Mr. L.P. Chao

Representative of the World Federation of
Trade Unions:
M. Jean Duret

The Consultative Committee was convened to meet with
M. Duret representing the World Federation of Trade Unions.

The CHAIRMAN explained the function of the Committee and
requested M. Duret to offer the comments of the WFTU on the
various articles of the Charter in order that his comments
might be discussed and that the Committee might consider
whether it should recommend that further discussion of the
views presented by M. Duret should take place in the full
Preparatory Committee.

M. Duret remarked that he would confine his comments
at this stage to Chapters III and IV and that his remarks
would be addressed to the text prepared by the Drafting
Committee in New York. He drew attention to the questions
and comments which he had submitted on the earlier text in
London (E/PC/T/W.11).

Chapter III as a whole.

Concerning Chapter III as a whole M. Duret expressed his regret that the term "full employment" had been omitted from all parts of the chapter with the exception of Article 4. He considered the Drafting Committee's version to represent a regression from the London report in this respect since the London report had taken fuller cognizance of the full employment objective. He observed that the concept of full employment had a different significance for a highly industrialized country than it had for an under-developed area. In the case of the under-developed areas the problem was less one of actual unemployment than of under-employment or latent unemployment. Similarly, he observed, the policy to be recommended for the achievement of full employment would be different in the case of an industrialized country than it would for an under-industrialized area. In the former case the objective would require the control of credit and the redistribution of purchasing power. In the latter case the achievement of really full employment would require appropriate assistance in the development of the technical potential of the area.

The CHAIRMAN pointed out that the objective of full employment remains not only in Chapter III, but also among the general purposes stated in Chapter I. Accordingly, he thought it fair to say that the objective applied to all sections of the Charter. He remarked that the problem of full employment in under-developed areas was recognized in Article 3 of Chapter III where a reference is made to the avoidance of "under-employment" and also in Chapter IV where the problems peculiar to under-developed areas are dealt with more extensively. Several other members of the Committee confirmed the CHAIRMAN's interpretation.

Article 3

M. DURET commented on paragraph 2 of Article 3 of the Draft Charter and on the views of the Economic and Social Council as represented in the resolution which has been circulated as document E/PC/T/56. He thought that the relationship between "domestic efforts" and "international action" should be more clearly defined and that the obligation to provide international assistance should be emphasized.

The CHAIRMAN suggested that the responsibility of countries to seek full employment might be regarded as weakened if the emphasis on international assistance were to be increased. A member of the Committee suggested that while there might be various interpretations of the statement that "the achievement and maintenance of effective demand and employment must depend primarily on domestic measures" he would be inclined to regard the word "primarily" as meaning "in the first instance" although others might interpret it as meaning that the "main burden" rested with the country itself. M. Duret remarked that it was the latter interpretation which he was questioning since devastated areas and under-developed countries could not in many cases assume the principal burden.

Article 4

Concerning Article 4 M. Duret suggested that the statement in paragraph 2 to the effect that "measures to sustain employment and demand shall be consistent with the other purposes and provisions of this Charter" should be reversed and that all other purposes or provisions of the Charter should be consistent with the achievement and maintenance of full employment. The CHAIRMAN indicated that,

in his view, the present language was not intended to establish any priority or precedence among the various objectives of the Charter but was merely intended to indicate that in the pursuit of one purpose members should respect the other purposes.

M. Duret indicated that he would attempt to formulate a proposal relating to the text of this section of the paragraph.

M. Duret noted that the words "other members" are now employed in the last part of paragraph 2 in Article 4. He expressed the view that the words "other countries" (as used in the London report and in Article 6 of the Drafting Committee's text) would be more appropriate since the creation of balance-of-payments difficulties for non-members should be avoided by members in their own interest. A disequilibrium in the balance of payments of a non-member would injure international trade and could prejudice the trade of members. He thought that the distinction between members and non-members implied in the present language of Article 4 was regrettable as it would appear to encourage the creation of economic blocs. He thought that the use of these words also prejudged the final version of Article 36 concerning relations with non-members.

A member of the Committee remarked that the use of the words "other members" was based on a recognition that under the Charter the members are assumed to be entering into obligations only in respect of other members in the first instance, and that the extension of the benefits to non-members in relation to any article of the Charter would depend on the final decision concerning Article 36. He would interpret the present article not as meaning that members were to disregard the desirability of avoiding the creation of balance-of-payments difficulties for non-members but as meaning simply that members undertook no

specific obligation under this part of the Charter to refrain from creating such difficulties for non-members. He suggested that, contrary to the view expressed by M. Duret, the use of the words "other countries" in this connection would appear to prejudge the final version of Article 36 since it would assume that the obligations of members extended specifically not only to other members but also to non-members. He remarked further that from the practical point of view the likelihood of securing universality in the application of the Charter, and hence the likelihood of avoiding the encouragement of economic blocs, might well be increased by confining such obligations at this stage to members since there would then be some inducement for countries which were non-members to adhere in order to share in the benefits available to members under the Charter.

The Next Meeting

As the schedule of other meetings made it necessary to adjourn, the Committee proposed that a meeting should be held with M. Duret again within about ten days. M. Duret indicated his desire to meet with the Committee again at that time and stated that, in the meantime, he would attempt to submit further comments, suggestions or proposals for consideration by the Consultative Committee and for possible reference to the full Preparatory Committee.

The meeting rose at 4.30 p.m.