

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

Summary Record of the Meeting of the Consultative
Committee with the Representative of the World
Federation of Trade Unions held at 4.30 p.m.,
Wednesday, July 2, 1947, in the Palais des Nations,
Geneva.

Chairman : Dr. H.C. COOMBS

Present : Mr. Odd Gothe
Mr. Edwin G. Arnold
Mr. M.P. Pai
M. Royer
Ing. Jaroslav Halbhuber
Dr. T.T. Chang.

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

Points 7, 8, 10, 11 in the Annexure to E/PC/T/110.

The Sub-Committee continued the discussion of Item 7 and the discussion of this item was broadened to include Items 8, 10 and 11.

M. Duret urged the adoption of an amendment to Article 6 along the lines proposed by the WFTU in Document E/PC/T/89; or, alternatively, he would accept an amendment along the lines previously proposed by a Delegation to the following effect:

11. If the balance of payments of a Member is persistently favourable, to such a degree that the disequilibrium involves other Members in balance of payments difficulties which handicap them in maintaining employment or in avoiding trade restrictions -

- (a) that Member shall take action designed to correct the disequilibrium; and
- (b) other Members affected shall take action appropriate in the circumstances, in the light of their respective capacities and responsibilities, designed to assist in correcting the disequilibrium.

2. Action taken by Members in accordance with this Article shall be through measures appropriate to their respective political, economic and social institutions, and shall be taken with due regard to the desirability of avoiding any unnecessary contraction of world trade."

The representative of the Delegation which had originally proposed the amendment which M. Duret favoured, indicated that, in his view, the present revised text of Article 6 incorporates the essential parts of that amendment.

Another member of the Sub-Committee indicated that, while he would not have objected to the substitution of the proposed amendment for paragraph 2 of the present text, he felt that the present draft was satisfactory. His Delegation had in fact also proposed earlier an amendment somewhat similar to the one supported by M. Duret but had been satisfied that the essential points were covered in the present revised text.

M. Duret doubted that the present text attached sufficient importance to the desirability of preventing rather than remedying deflationary crises. For this purpose he considered it necessary to add some amendment similar to that which he had proposed to add as Article 6 a (see E/PC/T/89).

A member of the Sub-Committee expressed the view that while Article 6 as now drafted might be open to the criticism which M. Duret had made if taken by itself, yet when that article is read in conjunction with Articles 4, 7, and 8 it could hardly be said that the chapter failed to recognize the need for preventing crises. In his opinion Article 4 clearly aimed at avoiding deflationary crises. Article 6 and the other articles to which he had referred were concerned with different stages. For instance, Article 6 might be regarded as concerned with meeting national situations if they should develop despite the provisions in Article 4. Article 7 was concerned with measures to deal with such crises which might impend on an international scale. Article 8 deals with the situation that would arise if an international crisis were to occur. While, in this Member's judgment, it might not be completely accurate to characterize the purposes of these articles exactly as he had done, he felt satisfied that this group of articles taken in combination (and along with other relevant articles in the Charter) were intended to deal with all stages of a deflationary crisis, including the taking of preventive measures in advance of a crisis. He doubted that the Charter could embody a proposal as far-reaching as the amendment which the WFTU had suggested as Article 6a, in view of the inevitable limitations on the competence of an international organization in such matters. Clearly it was necessary, in his judgment, to recognize that national governments retained in large measure the authority and responsibility for preventing or remedying crises in employment.

M. Duret remarked that the ITO should contribute more positively to the maintenance of full employment. He insisted that, contrary to those who would maintain that the "international propagation of economic depressions" involved

concepts of doubtful validity, it was possible to forecast crises and to plan in advance measures to avoid them and prevent their spread. M. Duret drew attention to the observations of the WFTU as presented on page 7 of E/PC/T/89.

Point 9.

M. Duret spoke in support of the proposal put forward in E/PC/T/89 that Article 7 should be so amended as to require the Organization to prescribe discriminatory measures to be used by Members should a crisis develop. He expressed the view that this proposal was not inconsistent with the present text of paragraph 2 of Article 7 or with the text of Article 8. In paragraph 2 of Article 7 reference is made to the taking of "appropriate measures" against the spread of such a depression. Similarly Article 8 recognizes "the need of Members to take action within the provisions of this Charter to safeguard their economies" against a serious depression originating abroad. M. Duret thought that the amendment proposed by the WFTU would make more precise the right of Members to adopt discriminatory measures against the exports of countries which maintained favourable balances of payments despite a depression in their internal economies.

The CHAIRMAN expressed the view that the adoption of such an amendment would place the emphasis on discriminatory and restrictive action rather than on expansive action as at present. He felt that such a change in emphasis would be most unfortunate.

M. Duret felt that the new text of Chapter III placed too much emphasis on action to expand international trade without taking account of the consequences which such a sustained expansion might have on certain countries if the expansion were to be maintained only by the acceptance of loans by such countries. He felt that there should be a clearer recognition of the need of countries in certain circumstances to resort to discriminatory, and even restrictive, measures. He remarked that the text of the London Report had been more satisfactory in this respect.

A Member of the Committee pointed out that the report of the sub-committee on Chapter III contained the following remarks concerning the sections in the Report of the London Session which relate to this subject:

The sub-committee "took note of the intention of the Preparatory Committee as expressed in the Report of the First Session (E/PC/T/33), particularly in Section F on page 5, paragraphs 4(b) and 4(c)(1) on page 11, paragraphs 3(1) on page 15 and Section D.2 on page 22, to insure that there be adequate safeguards in the Charter to meet situations referred to in Article 8, but to recommend non-restrictive solutions for such situations if possible either through the Organization or through the assistance of other international bodies. The Sub-Committee endorses these views" (E/PC/T/95).

The CHAIRMAN observed that the discussion had now covered the various points relating to Chapter III and that the next point on the list related to Chapter IV. He remarked that M. Duret's views on Chapter III would be brought to the attention of the Delegations to the Preparatory Committee. The CHAIRMAN added that the Consultative Committee would be prepared at the next meeting to proceed with the discussion on the points raised by the WFTU relating to Chapter IV. In this connection M. Duret remarked that he would explain the views of the WFTU on the general question of international investment at the commencement of his discussion concerning Chapter IV with the Consultative Committee.

The meeting adjourned at 6 p.m., to reconvene at 4.30 p.m., Thursday, July 3, for a continuation of the discussion with the Representative of the WFTU.