With regard to the plan of work approved by the Drafting Committee at its initial meeting on 20 January, the Secretariat submits herewith certain observations which it is hoped will be of assistance to the Drafting Committee in the preparation of a Draft Charter for submission to the Second Session of the Preparatory Committee of the International Conference on Trade and Employment.

On the assumption that the Delegations will employ the Report of the First Session of the Preparatory Committee as their basic working document, references in this text will be made mainly to the Report. The word "Charter" used alone will refer to the appendix to that Report.

The observations have been prepared under the same headings as those of the Charter.

Chapter I. Purposes

Chapter II. Membership

Following the same reasoning that was accepted at the First Session, these two Chapters are temporarily left over to be considered together with Chapter VI, which refers to general administrative and organizational questions.
Chapter III. Employment

Article 3

Title

It is suggested that the title of this article (which is similar to that which appeared in the United States Draft Charter) may have become too narrow in the light of the broadening amendments to the text approved in the course of the First Session. Besides stating the direct relation of employment to the purposes of the Organization, this article now defines the main objectives of employment policy and points out the need for international action in this field.

Paragraph 1

4th line - insert "a" between "of" and "high".

5th line from end - it is felt that the sentence would read better if the words "of the Charter" were inserted after "provisions" and "other purposes and" and "Organization" were deleted.

Paragraph 1 (second sentence) Paragraph 2 (first sentence)

In order to insure conformity with the expressions used in the first sentences of Articles 3 and 4, the phrases "measures to sustain demand and employment" (paragraph 1) and "the achievement and maintenance of effective demand and employment" (paragraph 2) should be changed to, respectively, "measures to sustain employment and demand" and "the achievement and maintenance of employment and effective demand".

Paragraph 1 Paragraph 2

1st and 9th line in paragraph 1, 1st line in paragraph 2 - wording such as "Members recognize that", "They also recognize that" and "They agree that", is seemingly superfluous. If this view were agreeable to the Drafting Committee, similar amendments would have to be effected in Articles 5, 6, 7 and 9, of Chapter III.
Article 4

Article 5

2nd line, article 4, 4th line, article 5 - It may be that the Drafting Committee will find that the words "end to raise standards of productivity" in Article 5 render it unnecessary to maintain the word "productive" in Article 4. (If this word is maintained, both the articles might be interpreted as covering the same ground.)

Article 5

2nd line - in order to stress the difference between Article 5, which relates to development, and Article 4, it may be found desirable to insert after "world's" some such wording as "human end material". Otherwise, it might be thought that "resources" referred only to material means of production.

3rd line - It would seem that the word "progressively" would be better placed after "resources" in line 4. Alternatively, the word "progressively" might be deemed redundant insofar as the meaning attached to it may be considered covered by "develop".

Articles 5, 6 and 9

The formula "Members agree to" appears in various forms in these articles. The drafting would seem to be improved if "Members shall" were employed instead throughout.

Chapter IV - Economic Development

Article 10

1st line - delete "Members recognize that".

Article 11

Paragraph 2

1st line - delete "agree that they".

Paragraph 3

This paragraph might be redrafted as follows: "The Organization, at the request of any Member, shall give advice concerning the Members' plans for economic development and, within its competence and resources, shall provide such Member with technical assistance in completing its plans and carrying out its programmes."

/Hovever
However, the Economic and Employment Commission which is now in session at Lake Success, is devoting a substantial part of its agenda to the question related to economic development. The Commission will consider not only its own activities in that field but also the nature of work of its sub-commission on Economic Development and the relation of these activities to those of the Specialized Agencies.

The Commission is likely to complete its session by 1 February, and one of the outcomes of its activities will be a report to the Economic and Social Council on the whole question of economic development. It can be arranged by the members of the Drafting Committee to see the report as soon as it is adopted by the Commission.

Furthermore, several Specialized Agencies are participating in the work of the Economic and Employment Commission.

It is therefore suggested that the Drafting Committee delay final consideration of paragraph 3 until the results of the work of the Economic and Employment Commission are made available.

Article 12

It is felt that paragraphs 2, 3 and 4 are consequences of the principle established in paragraph 1 and that the wording in the present paragraph 3 could be improved. It is suggested that the article be redrafted as follows:

"Means of Economic Development

Since progressive economic development is dependent on adequate supplies of capital funds as well as materials, equipment, advanced technology, trained workers and managerial skill, Members shall:

(a) not impose unreasonable impediments that would prevent other Members from obtaining facilities for their economic development;
(b) co-operate within the limits of their power with the appropriate international organizations of which they are members in the provision of such facilities; and

/(c) in their
(c) in their treatment of other Members, business entities or persons supplying them with facilities for their industrial and general economic development not only conform to the provisions of their relevant international obligations now in effect or which they may undertake, pursuant to Paragraph (5) of Article 66 or otherwise, but also in general take no unreasonable action injurious to the interests of such other Members, business entities or persons.

"... The Organization shall receive from any affected Member or with the permission of that Member, from business entities or persons within its jurisdiction, complaints that action by another Member is inconsistent with its obligations under Paragraph 1. In the event of such complaint, the Organization may, at its discretion, request the Members concerned to enter into consultation with a view to reaching a mutually satisfactory settlement and may lend its good offices to this end."

Article 13

Since paragraphs 1 and 2 of the present text of this article establish principles on which is based the procedure set out in paragraph 3 and with a view to clarifying the text, it is suggested that the article might be presented as follows:

"Governmental Assistance to Economic Development

Special governmental assistance may be required in order to promote the establishment or reconstruction of particular industries; and such assistance may take the form of protective measures. An unwise use of such protection would impose undue burdens on the economies of Members and unwarranted restrictions on international trade and might increase unnecessarily the difficulties of adjustment for the economies of other countries. Therefore:"
(a) (same as 3(a) in Charter. Note, third line, delete comma after "measures", seventh line, delete comma after "Members")

(b) (same as 3(b) in Charter)

(c) (same as 3(c) in Charter. Note, fifth line, delete "in", substitute "at").

It should be noted that certain reservations made at the First Session of the Preparatory Committee are referred to in paragraphs 3, 4, and 5 (page 8) of Chapter II of the Report of the First Session.