Fourth meeting
held on Thursday, 14 November 1946 at 10.30 a.m.
Chairman: Dr. WUNSZ KING (China)

1. Summary and Verbatim Records

The CHAIRMAN asked that Delegations inform the Secretariat of any amendments or corrections to the summary or verbatim records of Committee meetings.


The CHAIRMAN invited the Committee's attention to the revised draft of its Report (Document E/PC/T/C.1/14 Rev.1). No substantive changes had been made; it had merely been drawn up in the form approved for all the reports to be submitted to the Preparatory Committee. He wished to thank Mr. MEADE on behalf of the Committee for the admirable way in which he had carried out his duties as Rapporteur.

Mr. MEADE (United Kingdom) desired to point out one substantive change in the revised version of the Draft Report. The Legal Adviser, it appeared, found paragraph 6 on page 2 of the original draft to be out of order, and this paragraph had expressed the Committee's appreciation of the manner in which the Chairman and Secretariat had facilitated its work. He wished to emphasize that this tribute to the skill and firm guidance of the Chairman and the efficient services
of the Secretariat had been struck out through no wish of his own and he adhered to sentiments set out in that paragraph.

The CHAIRMAN asked the Committee for any comments that they might think fit to make on the revised Draft Report.

Part II, paragraph 4

Mr. PIERSON (United States) had some doubts as to the terms of the last sentence of paragraph 4 of (B) on page 4. He suggested that the implication of the word "unfettered" might be modified by changing the sentence to read "this choice should be unfettered, although of course, it is recognized that the measures taken should be compatible with....".

This amendment was approved.

Part II, paragraph 5

In paragraph 5 of (C), Mr. PIERSON suggested the insertion of the words "aside from trade barriers" after the word "condition" in the second line. Reference had been made to trade barriers on the previous page, and this alteration would preserve the necessary continuity.

After some discussion, in which the Delegates for Australia and India took part, the following draft, suggested by Mr. MEADE (United Kingdom), was approved:

"5. Full employment of labour in any country is not the sole condition which, in addition to other factors such as the level of trade barriers, determines the level of effective demand....".

Part II, paragraph 14

Dr. COOKE (Australia) wished to insert the words "for Members of the Fund" after "contain" in the opening sentence of the paragraph. This suggestion was approved.
In sub-paragraph (a) of paragraph 14 of (F) on page 8, Mr. PIERSON suggested that some more specific reference might be made to what the articles of agreement of the International Monetary Fund actually did say.

After an exchange of views of possible alternatives Mr. MEADE proposed the following text:

"14. (a) First, the provisions of the Fund relating to exchange control permit the control of capital exports, so that no country suffering from an external deflationary pressure need find its troubles intensified by flight of capital from its currency."

This amendment was agreed to.

French Text

Mr. DESOLEE de MAREDSOUS (Belgium-Luxembourg) and Mr. IGONET (France), whilst agreeing that the French translation of the Draft Report was generally good, suggested that certain technical terms had not been very happily rendered into French. They hoped, therefore, that some revision of the French text, with special reference to the technical terms employed, might be undertaken.

Adoption of the Report

The Draft Report E/PC/T/C.1/14—Rev.1 as amended was unanimously adopted.

3. Consultation with the Representatives of the International Chamber of Commerce (Document E/PC/T/C.1/16), and with the Representative of the World Federation of Trade Unions (Document E/PC/T/21)

Mr. W. B. PHILLIPS, Sir HERBERT DAVIS and Mr. R. BARTON representing the International Chamber of Commerce, and Mr. JEAN DURET, Mr. E. SILZ and Mr. R. ROUS representing the World Federation of Trade Unions, were introduced to the Committee by the Chairman.

After a brief resume of the Committee's work, the CHAIRMAN called upon the representatives of these Organizations to make statements. Since these Organizations were closely concerned with employment problems, their views would be of particular interest to the Committee.
Mr. WALLACE PHILLIPS appreciated this opportunity to appear before the Committee. He begged leave for Sir HERBERT DAVIS to address the Committee. Sir HERBERT was one of the Members of the International Chamber of Commerce's Committee on Methods to Maximize Employment which had just met in Paris and adopted a resolution which might be of considerable interest to the Committee.

On the invitation of the CHAIRMAN, Sir HERBERT DAVIS then described the Draft Resolution on methods to maximize employment to which Mr. PHILLIPS had referred. This Draft Resolution has been circulated as Document E/PC/T/C.I/16.

The CHAIRMAN then called upon M. JEAN DURET, representing the World Federation of Trade Unions, who made a statement based on Document E/PC/T/W.21, adding the following main explanatory points:

(a) A country attempting to ensure full employment by sub-standard salaries and wages in its export industries, would injure other countries' policies of full employment.

(b) A country of great economic power, remaining faithful to the principles of economic liberalism, would sooner or later face a crisis of over-production, or rather under-consumption, which would spread all over the world.

(c) Countries devastated by the war and less-developed countries should retain the opportunity of having a planned economy. The elimination of methods of quantitative restrictions and of discriminatory methods might endanger economic planning in such countries.

The CHAIRMAN thanked the representatives of the International Chamber of Commerce and the World Federation of Trade Unions for their statements. He believed that most of the points raised by them had already been considered by the Committee and were covered by the Employment provisions of the Committee. However, in view of their
importance and interest, he suggested that the two statements should be placed on record and submitted for consideration to the Drafting Committee of the Preparatory Committee. This was agreed.

Concluding remarks by the Chairman

The CHAIRMAN, before declaring the adjournement of the Committee said:

"This Committee has dealt with problems of outstanding importance. The mass-unemployment of the inter-war period has frequently been contrasted with the war-time realization of full employment. Unemployment was then cured for the sake of waging war. Considerable work and attention have been given to devising means by which unemployment can also be avoided in peace-time. Many countries have formally committed themselves to the realization of this end.

"The prevention of mass-unemployment is generally accepted as an important aim of economic policy; some countries would even say the main aim. It seems, however, that the shape of the chief employment problems varies from one group of countries to another. The fact of hidden unemployment, caused mainly by lack of sufficient education, technical skill and capital resources, means that, for the less-developed countries, the chief employment problem is the productive utilization of their human as well as material resources and consequently the diversification of employment. While the arguments for a modern employment policy in an industrialized country are sometimes based on such considerations as the loss of national income which would result from a decline in employment, the corresponding arguments in a less-developed country are likely to stress the potential loss of national income resulting from failure to carry out a programme of overall economic development."
"The implementation of policies adopted with a view to abolishing under-employment and avoiding unemployment may soon be a matter of domestic concern. However, the interdependence of countries should always be born in mind. Most countries cannot isolate themselves without facing a serious decline in their standard of living. Mutual exchange of goods and services on a multilateral basis is one of the main means of increasing the welfare of all nations. Foreign trade should be encouraged and facilitated, but attention must also be paid to the possible repercussions of domestic economic policies on other countries. But if the multilateral exchange of goods and services is to be of real value, development opportunities should be provided and measures taken to avoid a serious or abrupt decline in effective demand. When developed and less-developed countries stress the different aspects of the employment problem, this is chiefly due to the unequal distribution of wealth between countries and the subsequent disparity in their standards of living. All countries, however, have a common interest in the development of the economic resources of the world.

"I am happy to say that this Committee has reached agreement on all important aspects of the employment problems put before it. The clauses on employment will be included in the Articles of Agreement of the ITO, thus linking the undertakings relating to employment and effective demand to the obligations assumed in the other parts of the Charter. At the same time, duplication with other international specialized agencies and the Economic and Social Council is avoided. The draft resolution on international action relating to employment emphasizes the great importance which the Committee has attached to the problems which it has been considering.
"In an economically integrated world, employment problems are of an international character and ask not only for national but also for international action. It is, therefore, our hope that the Resolution will be subject to serious consideration by the Economic and Social Council and, under its guidance, by the international specialized agencies concerned."

The Committee was adjourned sine die at 12.30 a.m.