E/PC/T/C.I/W/4

UNITED NATIONS

ECONOMIC AND SOCIAL COUNCIL

PREPARATORY COMMITTEE

of the

INTERNATIONAL CONFERENCE ON TRADE AND EMPLOYMENT

Verbatim Report

of the

FOURTH MEETING

of

COMMITTEE I

held in

The Hoare Memorial Hall,

Church House, Westminster, S.W.1.

on

Thursday, 14th November, 1946

at 10.30 a.m.

CHAIRMAN: MR WUNSZ KING (China)

ERRATUM : The following corrections are to be made to the verbatim report of the Third Meeting of Committee I, (E/PC/T/C.I/PV/3):

Page 4, line 5: for "conquer" read "correct";

Page 8, line 9: should read "we will now proceed";

Page 12, line 3: from the bottom: for "undeveloped" read "under-developed"; and

Page 19, line 3 from bottom: for "further obligations" read "future complications".

(From the Shorthand Notes of W.B. GURNET, SONS & FENNELL, 58, Victoria Street, Westminster, S.W.1.)
THE CHAIRMAN: Gentlemen, I am sure you have all received copies of the Verbatim Report of the Third Meeting of this Committee. You will notice that there are a few minor corrections to be made in it.

Now, we have before us an admirable report, which was prepared by our Rapporteur. You will remember that at the last meeting we studied, examined and approved the draft clauses, seven in number, together with a draft resolution, and in the course of that meeting we had a very useful exchange of views and as a result of it the Rapporteur was asked to introduce some slight modifications in the texts as well as some references in the report in regard to certain clauses. Mr Meade, in the meanwhile, worked very hard on the report. At first he wrote a report which was distributed on the 9th November; then he wrote another report, which bears the number E/PC/T/CO/14/Rev.1, which was distributed on the 12th. This draft, which is the final one, introduces no change whatsoever in substance; it was so drafted as to be in conformity with the prescribed form which is to be applied to the reports of all Committees which are to be submitted to the Plenary Session of the Preparatory Committee for adoption. Speaking for myself, I have nothing to add to this final report, except words of praise and admiration, which I am sure are shared by all my colleagues. This document is now laid before all my colleagues for their examination and approval. I wonder if Mr Meade has anything to add to my very brief remarks.

THE RAPPORTEUR (Mr Meade, UK): Mr Chairman, there is one substantial change in the revision of the Report to which I would like to draw your attention. In the previous draft I included a paragraph 6 which I would like to read out: "Before we conclude this short account of our meetings, we wish to express our appreciation of the skill, tact and friendly but firm guidance with which our Chairman has conducted our meetings and to which we owe, in large measure, the agreement which we have been able to reach. Our work has also been greatly facilitated by the efficient services of the Secretariat." I understand that the Legal Adviser, Mr Chairman, has 2.
given his opinion that such a paragraph would be out of order in our Report. This I very much regret, as I feel myself it makes a very substantial change in the emphasis of our Report, but it was not by any wish of my own that that paragraph was excluded from the final revision. As to the other parts and paragraphs of the Report, as you say, Sir, there are absolutely no changes at all of any substance between the two reports, and if any members of the Committee have read the first Report and not read the revision, I think they need feel no hesitation at all in accepting the revision if they accept the former report.
From the point of view of economic substance the changes are absolutely nil. There have simply been alterations to avoid the first person. In the former report I talked about "We have suggested this" and now I have to talk about "The Committee has suggested this"; and also I am not allowed to say "The Committee has set up a Sub-Committee" but have been given the opinion that I should say "A Sub-Committee has been set up". These are the changes which have been made. On the more substantial points in the report I think there is nothing really for me to say, because what I have done in Part II, apart from the short general narrative statement in Part I, is to go through each of our provisional agreements and try to put down, simply expressing the various views of the various delegations, the reasons why we have included such clauses. I do not think it would be useful for me to go through them myself in any detail.

THE CHAIRMAN: I thank you, Mr Medde, for your remarks concerning myself. I feel rather embarrassed by the insertion in the old report of this paragraph, because it gives the erroneous impression that the Chairman has all the virtues and none of the vices, while the Rapporteur has neither virtues nor vices. But I must hasten to add that I myself and we all of us appreciate very much the efficient services of both the Rapporteur and the Secretariat. I am very glad that this substantial change has been made.

MR PIERSON (USA): I would just like to say, before we bury this subject of paragraph 6, that I am sure I speak for the rest of the Committee in saying that we must bow to the law in this matter but nevertheless we have our opinion concerning the work of the Chairman and the work of the Secretariat.

THE CHAIRMAN: Thank you. Are there any other observations or comments on this document? May I take it that this document has been approved?

MR PIERSON (USA): Mr Chairman, I do have about three small points there - I think not so small as not to be worth raising. They are not matters of substance; they are matters of interest, I think, from the point of view of how the report might be read by others who had not become thoroughly familiar with our work. I should like to point out the sentences to which they refer. On page 4 of both drafts the last sentence of what is now (B).4 reads: "This choice should be unfettered, provided, of course, that the measures
chosen are compatible with the other purposes and provisions of the International Trade Organisation. It occurred to me that it might not be a good idea to suggest that the choice of a country is fettered by the purposes and provisions of the ITO, and I wonder whether the sentence would not be more happily phrased if it read, "This choice should be unfettered, although, of course, it is recognised that the measures chosen should be compatible with the other purposes." I do not think we wish to suggest that other countries are fettered, so I think the change I have suggested might be desirable here.

The second point is on that same page, in the next sentence, "Full employment of labour in any country is not the sole condition which determines the level of effective demand on the part of that country for the products of other countries", I think it would be well to say there, "Full employment of labour in any given country is not the sole condition, aside from trade barriers, determining the level of effective demand". I think we have our point of view in this Committee concerning the importance of employment for the level of effective demand for the products of other countries, but, nevertheless, I think it would be only fair if we noted the relation of this to the question of trade barrier reduction, just as we have on the previous page. I am simply suggesting that someone reading this might say, "Of course it is not the sole condition, because another condition of great importance is the level of trade barriers"; so, without changing the sense at all, I think it would be well to insert, between the commas, the phrase "aside from trade barriers", and then "determining the level" or "which determines".

The third point is not in the form of a suggestion but is in the form of a question to our Rapporteur on page 8, in the paragraph now numbered 14(a). It is said here: "In this connection it has been noted that the Articles of Agreement of the International Monetary Fund contain some important safeguards. (a) First, there is nothing to prevent the control of capital exports". I wonder whether a reader would feel that when you say merely "there is nothing to prevent" you have noted the safeguard that does appear in the Articles of Agreement. I wonder whether it would be possible to choose some other form of words a little more specific without being too specific or detailed. Do you see my point, Mr. Meade?
THE RAPPORTEUR: Yes.

MR PIERSON (USA): If we could say "It is explicitly stated that", or "The control of capital exports is contemplated", or something that would provide a more direct reference to what the Articles of the Monetary Fund actually say, I think it would be helpful if that could be done. I do not know whether Mr. Meade has an alternative draft that he would suggest there, but I think it might be helpful if we could make the note a little clearer to the reader.

THE RAPPORTEUR: Mr Chairman, the point I had in mind might be expressed perhaps something like this: "The provisions against exchange control do nothing to prevent the control of capital exports". The point is that the Fund has certain provisions against the use of exchange controls, but it is explicitly stated in the Articles of Agreement of the Fund that they may be used to prevent capital exports. That is the point I had in mind.

DR COOMBS (Australia): Could not you say "The provisions of the Fund relating to exchange control permit the control of capital imports"?

THE RAPPORTEUR: Yes.

DR COOMBS (Australia): Could I make a minor suggestion on the same paragraph, while we are on it? Would it be possible to include, after the word "contain" in the second line of paragraph 14, a note reading "for members of the International Monetary Fund"; so that it would read, "...it has been noted that the Articles of Agreement of the International Monetary Fund contain for members of the Fund some important safeguards"?

THE CHAIRMAN: Let me dispose of this third one first. The United States, the United Kingdom and the Australian delegates have amended part (a) of 14 in such a way as it will read — perhaps the Secretary would be good enough to read it out in the new form.

THE SECRETARY: "In this connection, it has been noted that the Articles of Agreement of the International Monetary Fund contain, for members of the Fund, some important safeguards."

THE RAPPORTEUR: And then: "(a) First, the provisions of the Fund relating to exchange control permit the control of capital imports".

THE CHAIRMAN: Does that meet the point raised by Mr.Pierson?
MR PIERSON (USA): Yes.

THE CHAIRMAN: Then we have the two amendments on page 4, under (B)4. The first one is in the last sentence: "This choice should be unfettered, although, of course, it is recognised", etc., etc.

MR LOKANATHAN (India): I should like to suggest that the first portion of the sentence beginning "Here again the choice of measures should be left to the government of each individual country" be left as it is, and then we would include Mr Pierson's amendment, "although, of course, it is recognised that measures chosen should be compatible", and so on.

MR PIERSON: That was not the passage in which I had suggested a change. The passage is on page 4, the last sentence of (B)4, and I think it would be better if it read, "This choice should be unfettered, although, of course, it is recognised that the measures chosen should be compatible", and so forth. Does that meet you?

MR LOKANATHAN (India): Yes.

THE CHAIRMAN: Then the second one relates to the first sentence of (B)5: "Full employment of labour in any country is not the sole condition, aside from trade barriers" - you want to insert those words after the word "condition"?

MR PIERSON (USA): Yes. We recognise there are at least three conditions: full employment, effective development of resources, and the level of trade barriers. All of those bear on the level of effective demand, and it would seem to me wise to put in this parenthetical phrase between commas so as not to seem in this Committee to be completely overlooking the work of the other Committees. We have made the same recognition on a previous page, and it is purely a matter of form, as far as I can judge.

MR MEADE (U.K.): Mr Chairman, I should have no difficulty in accepting that on behalf of the United Kingdom delegation.

DR COOMBS (Australia): It would be quite acceptable to the Australian delegation also.

MR JOHNSEN (New Zealand): I was wondering whether you are not limiting it a bit by putting in "aside from trade barriers". There might be some other factors which might affect the position. You could visualise a shortage of exchange,
for example, which is not necessarily accompanied by any procedure to restrict trade. It might not merely be trade barriers. I am just wondering whether that is not a limiting factor.

MR LOKANATHAN (India): If we add the words "aside from trade barriers" the meaning of the sentence becomes this, that full employment of labour and the removal of trade barriers would be the sole conditions for determining the level of effective demand. What is the idea of bringing in one particular matter? You see, as it is, the sentence clearly shows that there are several other matters, but if you bring in "aside from trade barriers" I think you have to bring in all the things that affect the level of effective demand.

MR PIERSON (USA): I would indicate further the reason why I am suggesting this change. At the bottom of page 2, the last sentence starts like this:

"In order to maintain international trade at a high and stable level, it is necessary to maintain a high and stable level of demand for goods and services throughout the world as well as to achieve a reduction in trade barriers."

It seems to me that the thought would be completed if we re-introduced a reference to trade barriers, although I will concede that there are possibly still other factors that will affect this, and I do not think our sentence in any case would seem to be exhaustive. It does appear to me that in this context it might be well to have that further allusion to one of the other main objectives of this Conference.

THE RAPPORTEUR: Mr Chairman, may I suggest a slight compromise which I think might cover both points? Might not one read the sentence as follows, "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."

MR LOKANATHAN: (India) I think that is better.

THE RAPPORTEUR: I think so.

THE CHAIRMAN: Is that acceptable to all of you? So it will read: "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." Or we might say "reduction of trade barriers instead of "level of trade barriers". Perhaps that would be a little better.
THE RAPPORTEUR: "The level of trade varies".

THE CHAIRMAN: Are there any other comments on this document?

THE RAPPORTEUR: The observer from the International Labour Office raised with me before the meeting a very small point of drafting on page 6, paragraph 8, of the revised version of the report, which begins: "On point (a) it is generally agreed that, if any agreement on labour conditions is included in the employment provisions, it must be made clear that there cannot be any single standard of fair labour conditions appropriate to all countries, but that the standard must in each case be related to the productivity of the country concerned." I think the point which the observer brought to my attention is that there may be some factors in the general standard of fair labour conditions which can be common to all countries. It is only in particular the remuneration that we have in mind. I was going to suggest inserting the word "comprehensive" -- "there cannot be any single comprehensive standard of fair labour conditions" -- to make it clear that it is when you bring in remuneration and everything that you cannot have a single standard.

THE CHAIRMAN: Are we prepared to accept the addition of the word "comprehensive"?

If there are no comments, I take it that is accepted.

MR. DESOLEE DE MAREDSOUS (Belgium-Luxembourg) (Interpretation): I would like to raise a question about the text as accepted and redrafted mostly in English. I have had occasion to compare the two texts. The French translation is excellent, but on some points it might be improved. There are some technical terms about which I do not know whether the translation is the absolute exact. On page 3 of the new French text, in paragraph 2, one translates the English term "under-employment" as "the reduction of the volume of employment." In Belgium, at least, we have a technical term which
is generally accepted, and which is "partial unemployment". I do not know whether this term is technically accepted in France, too, but I think it is clearer than the term which has been adopted. In the same paragraph "primary producers" are also discussed, and this is translated as "producers of raw materials." I wonder whether it is "basic products" rather than raw materials which are being considered. I have not had occasion to see the whole of the French text, but I think that several amendments and improvements of this sort could probably be made.

MR. IGONET (France) (Interpretation): I have likewise not had occasion to study with enough attention the French text, but I am also of the opinion of my Belgian colleague that the translation, which is in general excellent, yet deserves some improvements, either because the terms are not absolutely appropriate, or because the balance of the sentences seems to give an impression of heaviness in French. Some sentences are perhaps too long, and could be made a bit lighter. If you will permit us, we will refer this to the Secretariat, with some detailed remarks.

THE CHAIRMAN: Yes.

MR. MARTINS (Brazil) (Interpretation): I have a remark to make concerning the amendment which was suggested in the French text by the Belgian Delegate. I would like to ask the Belgian Delegate whether the meaning of the English expression "primary products" is not truly the producers of raw materials and agricultural products, and not all basic products.

THE CHAIRMAN: I think the Delegate of Belgium will be glad to answer that question.

MR. DESCLEE DE MAREDSOUS (Belgium-Luxembourg) (Interpretation): I think I would rather ask the English rapporteur what exact meaning in his language the term "primary producers" has.
THE RAPPORTEUR: I am not sure what paragraph we are dealing with, but I think that by primary production I meant, if it is anything which I drafted, that range of production which is really being dealt with by Committee IV. I will define it as such.

THE CHAIRMAN: I thank the Delegates of Belgium, France and Brazil for having pointed out certain discrepancies in the two texts, and I am quite sure that the Secretary will be good enough to call the attention of the Secretariat, in making translations, to those points. Are there any other comments on the French text? I presume I am now justified in saying that we have finally approved this document.

There is a second item on the Agenda - Consultation with the representatives of the International Chamber of Commerce and with the representatives of the World Federation of Trade Unions. I invite those representatives to attend our meeting.

(The representatives of the International Chamber of Commerce, Mr. WALLACE B. PHILLIPS, SIR HERBERT DAVIS, and MR. RICHARD LARTON; and the representatives of the World Federation of Trade Unions, MR. JEAN DURET, MR. EDOUARD SILZ and MR. RENE ROUS, took places in the Committee).

THE CHAIRMAN: On behalf of the Committee, I would like to express our warm welcome to the representatives of the International Chamber of Commerce and of the World Federation of Trade Unions. As these gentlemen have not perhaps followed our deliberations too closely, it might be useful if I were to explain very briefly the substance of our work, which has just been achieved.

We have agreed upon certain provisions -- we call them draft clauses -- regarding employment, which have been drafted in the form of Articles to be included in the future Charter of the International Trade Organisation. A detailed explanation of the thought behind these undertakings, the condition which they seek to
achieve, maintain, or indeed avoid, is contained in Part II of the Report which has just been adopted, the number of the document being E/PC/T/C.I/14/Rev.1. In addition to these draft clauses, the Committee has approved a draft Resolution on international action relating to employment. In this Resolution you will see that the Economic and Social Council is asked to undertake some special studies on certain types of international action which, in the view of this Committee, will make a significant contribution to the achievement and the maintenance of effective demand, and a full and productive employment. Four types of international action are listed in this Resolution.

In view of the close interest which the International Chamber of Commerce and the World Federation of Trade Unions have in employment matters, I know that the Committee will be very grateful to you, Gentlemen, if the representatives here, in their turn, could make a statement to us on this subject.

I call on Mr. Wallace L. Phillips, of the International Chamber of Commerce.
Mr. Chairman and Gentlemen, on behalf of the International Chamber of Commerce, I am deeply grateful for the opportunity given to me to come here accompanied by Sir Herbert Davis, one of the Members of the American Committee on Maximizing Employment of the International Chamber of Commerce, who has just returned from Paris where that Committee has adopted a resolution based on the report of Mr. Hoffman's Committee in the United States, which I think may be of considerable interest to your Committee here. Before asking Sir Herbert Davis to present in detail the comments of that Committee, may I say that in principle we have naturally looked through your Committee document to which you have just referred, and we heartily subscribe in general principles to that. In connection with our own Committee, that is purely at the moment a committee matter; it has not yet been passed by the Council of the International Chamber of Commerce, where it will come up for presentation at our next meeting in Paris in December. Therefore, we can only speak to-day informally, because we are not authorized by the Council to present to you a finalized document. But I am going to ask Sir Herbert Davis to discuss this document with you and to tell you what we have accomplished in Paris. May I present Sir Herbert Davis?

Sir Herbert Davis: Mr. Chairman, if it is agreeable to you, I think that the best plan will be for me to read to you our recommendations which we in Paris are going to make to the Council of the International Chamber of Commerce. I am not sure if a copy of our recommendations has been presented to you yet.

Mr. Chairman: Yes, it has been.

Sir Herbert Davis: Is it your pleasure that I should just rest upon that, or would you like me to read the recommendations to the Committee?

Mr. Chairman: Will you please read the recommendations?

(Sir Herbert Davis then read document E/PC/T/CI/16)

Mr. Chairman: Thank you.

Sir Herbert Davis: I should explain, Mr. Chairman, that that last sentence is a recommendation to our own Council of the International Chamber of Commerce and to the National Committees. If there are any points which are not...
clear in our recommendations we will do our best to try to clarify them.

THE CHAIRMAN: The Secretary has something to say.

COMMITTEE SECRETARY: Mr Chairman, I would like to draw the attention of
the Committee to the fact that the draft resolution of the International
Chamber of Commerce was submitted to this Committee under number
E/PC/T/C.1/16, as well as a document headed: "Questions submitted by
the World Federation of Trade Unions to the International Conference on

THE CHAIRMAN: Now I have the pleasure of calling upon Mr Duret, of the
World Federation of Trade Unions.

MR DURET (WFTU) (interpretation): Mr Chairman and Gentlemen, the World
Federation of Trade Unions has exerted great pressure in order to be
heard by this Committee. It is a fact that the World Federation and
the presence of thousands of workers within the Organization give to
the problem of full employment the greatest possible importance. We do
not think that the problem of full employment is confronting only those
countries which have already achieved a high level of economic develop­
ment; we believe that the problem of full employment is a problem general
in its scope and that it has got to be faced and dealt with in a different
way by different countries. In certain countries, that is to say, the
economically more advanced countries, it is most important if the whole
of the labour force should have the assurance of regular employment, or,
following the accepted formula, of reaching a position in which the
demand for labour slightly exceeds the supply. To accomplish this,
it seems essential both to limit working hours and to raise the wages
of the workers. It is also necessary to resort to a general policy of
redistribution of purchasing power. Only thus is it possible to achieve
a constant and regular increase of national income and ensure that it
is equitably shared. This policy should be carried out in such a way as
not to obstruct policies of full employment in other countries. If, for
instance, a country should try to ensure full employment for its economic
system through the maintenance of salaries and wages at a very low level in
order to force its experts up, we believe that such a policy would injure the policy of full employment in other countries of the world. In economically backward countries - countries called by some economically backward - we believe that the problem of full employment presents itself in a different guise. Such countries can make full use of all their resources in manpower without arriving at a situation which could be described as satisfactory. If production methods are obsolete, an absence of visible employment may exist in conjunction with a very low national income and wretched conditions of living for the vast majority of the population, and we believe that in such countries, even if there is not visible unemployment, there is a latent or masked unemployment which must be fought. A full employment policy in such countries implies, therefore, increasing national income to a maximum, equipping the country with modern plant and, at the same time, conserving full employment of manpower under the new conditions. It is essential that these countries should gradually be able to reduce the disparity existing between their economic development and that of countries economically more advanced.
We should give to those countries every opportunity of levelling this disparity. It is therefore a question of actually reversing the present trend, since for the last twenty years the gap which exists between the more advanced countries and the so-called backward countries has constantly tended to widen.

Lastly, there are countries where the possibilities of economic development are considerably in excess of the reserves of manpower, and which must therefore make use of imported labour if they are to realise to the full their productive potential. I am here thinking of countries such as, for instance, France or Czechoslovakia. In such countries it would therefore be incorrect to presume that full employment had been attained when the whole of the national labour force was fully employed. The economic development of those countries, particularly since the war and occupation, has quite often been impeded by a lack of tools and raw materials. A full employment policy should aim at putting at their disposal a more plentiful supply of labour and the most modern plants. This will enable them to develop their productive resources and increase their national income, as so greatly assist the cause of world trade. But such a policy will succeed only if the two aims outlined above are kept in mind. Technical improvements will certainly reduce the demand for manpower, but not always to an extent enabling such countries to dispense with imported labour. In a word, we believe that in such countries the policy of full employment must not be limited to ensuring only to the country in question full employment of national manpower but also full employment of the potential of productivity and economic possibilities.

A full employment policy of the kind described above has therefore wide implications. It implies the adoption in all countries of policies designed to increase national income and redistribute purchasing power in favour of working classes. It also calls for a redistribution of purchasing power among the various nations, rich and poor. It follows that a comprehensive system of international loans should be envisaged.

This is essentially the position taken by the World Federation of Trade Unions, and we should be happy to learn how far our position coincides with
the position taken by this Committee, and later by the Conference itself. That is why we ask whether the definitions adopted by the Conference are in agreement with this conception of the question of full employment. But we should also like to enquire what measures the ITO will take if a country fails to implement a full employment policy as defined above and so does not succeed in stabilising its effective demand in the world market.

Let us suppose, gentlemen, for instance, that there exists a country of great economic power which obstinately remains faithful to the principles of economic liberalism as they have been known and understood. We believe that, without any doubt, after a longer or shorter space of time such a country will face a crisis of over-production, or rather under-consumption. Such a country will experience deflation, and from that moment on it will no longer be able to absorb sufficient quantities of products produced in other countries, and inevitably the crisis so conceived and centred in this country will spread all over the world. Therefore we should like to know what measures the ITO will take in such circumstances. The policy provided in the paragraphs I have read is in our opinion the only policy which might prevent a crisis of under-consumption in such a country and, through that crisis, grave troubles of world economy.

Lastly, the World Federation of Trade Unions wishes to know what measures are contemplated to ensure that the demand of individual states in the international market is free of fluctuation so far as physical factors of production permit. This question relates closely to the preceding one. We wish to find out what will be the policy of the ITO aimed at saving member countries from cyclical fluctuations and permitting them to have on the world market a demand determined only by the natural variations of natural conditions. It is clear that the best trade organisation cannot save a country from bad harvests.

Lastly, it seems to the World Federation of Trade Unions that Articles 19, 21 and 22 do not appear to meet this requirement. We believe that, in order to ensure to countries whose economies are weaker, the opportunity of harmonious development, we must give them the opportunity of having a planned economy. It is impossible for countries devastated by the war and
for countries which are rather late in their economic development to make up this lost ground without using methods of directing and planning their economy, and it seems to us that the elimination of methods of quantitative restrictions and the elimination in external trade of discriminatory methods might very well endanger the chances these countries have of successfully directing and planning their economies towards prosperity; and that is why the World Federation of Trade Unions, which has within its organisation countries which are very much developed economically and also countries which are under-developed, and also countries which have been devastated by the war, has felt the need to ask these few questions, and we should be most happy if an answer could be given to them.

THE CHAIRMAN: Thank you very much. Now, having heard the statements from the representatives of the International Chamber of Commerce and the World Federation of Trade Unions, I think I am expressing the feeling of this Committee when I say that most of the points raised by these Organisations have also occurred to members of the Committee during our deliberations, and they have been taken care of to a large extent covered by the employment provisions which have been adopted by this Committee. Nevertheless, as these two statements have been of considerable help and interest, I feel sure that the Committee will have pleasure in putting them on record and also, as far as possible, calling them to the attention of the Drafting Committee of the Preparatory Committee and to the attention of the next session of the Preparatory Committee, so that they might be considered again more carefully. I would like to thank these two representatives on behalf of this Committee.

Now, gentlemen, I have some closing remarks to make. 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 realisation 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. A number of countries have committed themselves to the realisation of this aim. 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 utilisation of their human as well as their material resources, and consequently the diversification of employment. While the arguments for a modern employment policy in an industrialised 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 the less developed country are likely to stress the potential loss of national income resulting from failure to carry out a programme of over-all economic development. The implementation of policies adopted with a view to abolishing under-employment and avoiding unemployment may seem to be a matter of domestic concern. However, the interdependence of countries should always be borne in mind. Most countries cannot easily achieve these aims without feeling a serious decline in their standard of living. The 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 International Trade Organization, 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 to be avoided.

The draft Resolution on international action relating to employment emphasises 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.
In conclusion, I must say a word of thanks to all my colleagues and to the rapporteur for the spirit of collaboration which they have shown in the deliberations of the Committee and the Sub-Committee. May I also add my thanks to the gentleman who sits on my right and to all his colleagues in the Secretariat, and on the interpreters staff, for the very efficient services they have given, which, together with the contributions and cooperation of all my colleagues, have so far made this Committee a success. I thank you.

I now declare that the Committee is adjourned sine die.

(The meeting rose at 12.11 p.m.)